



The **Top 5** **Trends** in Facilities Management

Facilities Management (FM) is a crucial, multifaceted aspect of modern multi-site businesses, directly influencing customer experiences and corporate budgets. Today, FM faces the dual challenge of driving cost efficiencies while maintaining, if not enhancing, service quality and operational effectiveness. This e-book explores the top five trends shaping FM expenses in the coming year, providing insights into how businesses can leverage these trends for better cost management and service delivery.



TREND #1

Rethinking the Hourly Rate Model

The traditional hourly rate model has long been a cornerstone in facilities management billing practices. However, this model often leads to inefficiencies and inflated costs, making effective cost containment challenging. For example, a task estimated to take two and a half hours might be billed for three due to various inefficiencies like unnecessary breaks. Coupled with trip charges, fees, and overtime rates – which can average around **\$85 per hour** – the total cost often exceeds the actual value of the service.

The Need for a New Pricing Paradigm

The limitations of the hourly rate model have sparked interest in more equitable and transparent pricing strategies. The focus is shifting towards value-aligned pricing structures that offer predictability and fairness, both for service providers and clients.



Total Cost Pricing:

This model charges for services based on the value delivered rather than the time spent. It aligns the cost with the outcome, ensuring clients pay for the results, not just the effort. This approach can lead to more efficient work practices and stronger client-provider relationships, as the focus is on delivering quality results.



Fixed Pricing:

Under this model, services are billed at a predetermined rate, regardless of the time spent. This offers clients predictability in budgeting and eliminates the surprise of unexpected charges. Service providers are incentivized to work efficiently and effectively, as they benefit from completing tasks within the agreed timeframe.



Performance-Based Pricing:

These contracts tie compensation to specific performance metrics or outcomes. They encourage service providers to meet or exceed defined standards, as their earnings are directly linked to their performance level.



Tiered Pricing Models:

Offering different levels of service at different price points can accommodate varying client needs and budgets. This flexibility allows clients to choose a service level that aligns with their requirements and financial capabilities.

Implementing New Pricing Models

Transitioning to these new pricing models requires collaboration and trust between FM providers and clients. Both parties must understand and agree on the value metrics that will drive pricing. This involves:

Quarterly Business Reviews (QBRs):

Regularly reviewing the performance and costs of services provided. These reviews offer opportunities to assess the effectiveness of the pricing model and make necessary adjustments.

Standardizing Prices:

Establishing clear, standardized rates for different services, considering the complexity and value of each task.



Vendor Partnership:

Working closely with vendors who not only understand the services required but are also committed to delivering value. A strong partnership ensures alignment of expectations and goals.

The shift from the hourly rate to more value-based pricing models represents a significant change in the FM industry. It encourages efficiency, transparency, and a focus on delivering tangible results. This transition benefits both service providers and clients, leading to more sustainable and mutually beneficial relationships.

TREND #2

Upgrading to Advanced Work Order Management Systems

The evolution from legacy work order systems to more advanced platforms is a crucial trend in facilities management. Traditional systems, while useful for tracking job progress, often lack the depth needed for a comprehensive view of operations. This deficiency can lead to unrecognized inefficiencies and escalated costs. Advanced systems like NEST Facilitate represent a significant upgrade, offering features such as automated workflows, real-time data access, and mobile functionality. These enhancements enable businesses to optimize resource allocation, minimize equipment downtime, and significantly improve operational efficiencies, ultimately driving cost savings.



Real-World Applications and Outcomes

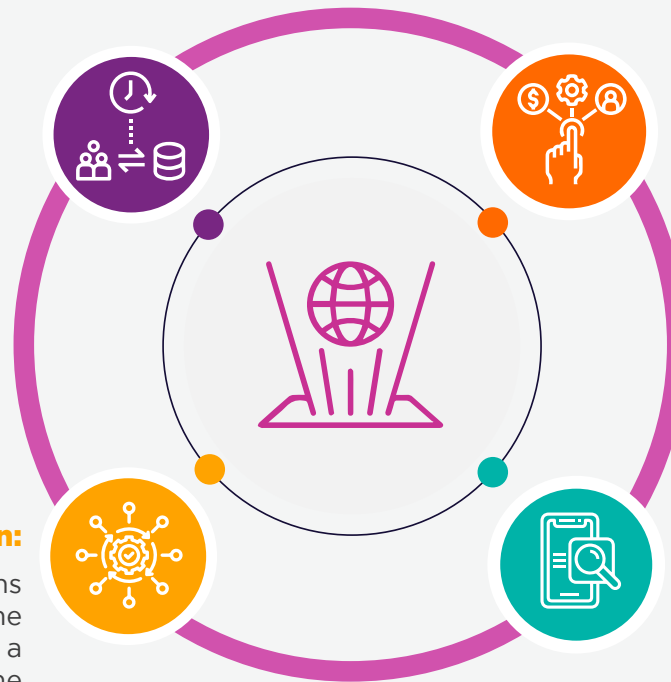
To demonstrate the tangible benefits of advanced work order management systems, consider the following real-world applications and outcomes:

Real-Time Data Access and Reporting:

Access to real-time data allows for quicker decision-making and more accurate tracking of operations. In a manufacturing setting, real-time data on equipment status can preemptively identify issues, reducing downtime and maintaining production continuity.

Automated Workflow Optimization:

By automating routine tasks, these systems reduce manual errors and free up staff time for more critical activities. For example, a healthcare facility could automate routine maintenance checks, ensuring compliance without burdening the staff with additional administrative tasks.



Enhanced Resource Allocation:

With better visibility into work orders and resource availability, managers can allocate tasks more efficiently. A university, for instance, could use this capability to prioritize maintenance tasks across campus based on urgency, resource availability, and academic calendar requirements.

Mobile Functionality for On-the-Go Management:

Field technicians equipped with mobile access can update job statuses in real-time, access critical information on-site, and receive instant notifications. This feature can significantly improve response times in industries like property management, where on-site issues require immediate attention.

Integrating the Human Element

While automation brings numerous benefits, the human element remains crucial. A solely automated system may overlook the nuances of emergency requests, potentially leading to misallocated resources or inappropriate task prioritization. Therefore, an integrated approach that combines automation with human oversight is essential. This ensures that:



Emergency Requests are Appropriately Triageed: Automated systems should be designed to flag emergency requests for human review, ensuring that they are accurately assessed and assigned to the proper skilled labor.



Balancing Priorities: The system should enable managers to downgrade less urgent tasks in favor of emergencies, effectively balancing workload and reducing costs associated with non-critical tasks.



Accurate Request Insights: Human oversight ensures that work order requests are fully understood, leading to better decision-making in assigning tasks and allocating resources.

In conclusion, upgrading to advanced work order management systems offers significant benefits in terms of operational efficiency and cost savings. However, it's critical to maintain a balance between automation and human judgment to ensure that the system delivers the best possible outcomes in real-world applications. This integrated approach maximizes the benefits of technology while preserving the essential human element in facilities management.



TREND #3

Adopting Energy-Efficient Practices in Facilities Management

Energy management has become a critical concern in facilities management, with energy consumption being a significant contributor to operational costs. Implementing energy-efficient technologies and practices is not only a cost-saving measure but also a step towards environmental responsibility. This transition includes the adoption of energy-efficient lighting, smart thermostats, renewable energy sources, and more.

Enhancing Energy Efficiency with Advanced Technologies



Smart Lighting Solutions: Replacing conventional lighting with LED technology can dramatically reduce energy consumption. Further enhancements include the use of motion sensors and dimmable lighting controls, which adjust the lighting based on occupancy and natural light availability, further reducing energy waste.



Smart Thermostats and HVAC Systems: Advanced HVAC systems equipped with smart thermostats can optimize heating, ventilation, and air conditioning based on real-time data and predictive analytics. These systems learn from usage patterns and adjust temperatures accordingly, minimizing energy use without compromising comfort.



Renewable Energy Integration: Incorporating renewable energy sources like solar panels and wind turbines helps facilities reduce dependence on non-renewable energy sources. This not only decreases energy costs but also contributes to a reduction in carbon footprint.



Energy Management Systems (EMS): Implementing EMS allows facilities to monitor and control energy consumption more effectively. These systems provide detailed insights into energy usage patterns, identifying areas where efficiency can be improved. For example, improved efficiencies resulting in fewer service visits ('truck rolls') not only reduce costs but also decrease truck emissions, contributing to environmental sustainability.

■ Training and Culture Shift

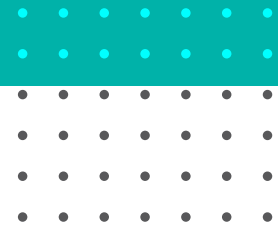
Adopting these technologies requires a shift in both infrastructure and organizational culture. Facilities management teams must be trained to operate and maintain new energy-efficient systems. This includes understanding the technical aspects of the systems and interpreting data to make informed decisions about energy use.

Promoting a culture of energy conservation among all employees is crucial. Simple practices like switching off lights & equipment when not in use, and making conscious efforts to reduce energy waste, can significantly contribute to overall energy efficiency.

■ Long-Term Benefits and Corporate Responsibility

While the initial investment in energy-efficient technologies may be significant, the long-term benefits are substantial. Reduced energy bills, lower maintenance costs, and increased lifespan of equipment are direct financial benefits. Additionally, adopting these practices enhances the organization's reputation as a responsible corporate citizen committed to sustainability and environmental stewardship.

This transition to energy-efficient practices is not just a trend but a necessary evolution in the world of facilities management. It aligns with global efforts to combat climate change and represents a forward-thinking approach to managing resources effectively and responsibly.



TREND #4

Enhancing Asset and Maintenance Management through Predictive Techniques

In the evolving landscape of facilities management, the focus on asset longevity and maintenance efficiency has become paramount for controlling costs. A standout strategy in this regard is predictive maintenance. This innovative approach leverages real-time monitoring to foresee & pre-empt equipment failures. It marks a significant shift from traditional reactive maintenance

models.

The benefits are multifaceted: enhanced safety, minimized equipment downtime, and substantial cost savings. Emergency repairs and unscheduled downtime are notoriously expensive, with the latter being 12 to 18 percent costlier than scheduled maintenance, as reported by Reliable Plant.

The Evolution and Mechanics of Predictive Maintenance

Initially, predictive maintenance relied heavily on analyzing trends and tracking equipment issues, supplemented by basic mechanical and electrical measurements. However, advancements in technology have revolutionized this approach. Today, dynamic, real-time data about mechanical and electrical conditions are at the forefront, providing more accurate insights. This data pinpoints system components needing attention before they fail, making maintenance more efficient and less intrusive.

Technologically, predictive maintenance systems are increasingly integrated with sensors and data analytics. These sensors continuously monitor equipment, collecting data on various parameters like vibration, temperature, and sound. This data is then analyzed using advanced algorithms to predict when a piece of equipment might fail. By identifying issues before they become critical, facilities can schedule maintenance more effectively, avoiding the disruption and cost of unexpected equipment failures.



Implementation and Staff Adaptation

FM teams need to be able to map specific repairs to specific units in order to optimize predictive maintenance.

Integrating predictive maintenance within existing Building Management Systems (BMS) has proven to be the most effective approach. The addition of predictive maintenance functionalities to BMS typically requires minimal additional training, as it's an extension of existing monitoring and management tasks. Although some cloud-based predictive maintenance solutions are available, they might not offer the same level of reliability as those integrated with BMS.

For facilities management staff, transitioning to a predictive maintenance model involves familiarization with new monitoring tools and data interpretation techniques. Staff training should focus on understanding sensor data, using analytics software, and making informed decisions based on predictive insights. This shift also encourages a more proactive mindset in maintenance teams, focusing on prevention rather than reaction.

Case Study: NEST's Proactive Maintenance Strategy

A practical illustration of predictive maintenance's impact can be seen in this client's case. A team of HVAC experts at NEST annually reviews HVAC service data and preventative maintenance records. This data-driven approach enables them to make informed recommendations on equipment replacement tailored to the clients' upcoming budgets.

The client, aiming for a multi-year equipment upgrade due to an increase in capital budget, collaborated with NEST. They strategically replaced HVAC units in 102 key locations, leading to a 10% reduction in total work order volume and costs, alongside a notable 15% saving in energy consumption. Remarkably, these results were achieved by replacing only a seventh of their total units. This case study underscores the efficacy of predictive maintenance in optimizing resource allocation, reducing operational costs, and enhancing energy efficiency.

TREND #5

Integrating Automation in FM Processes

Automation is revolutionizing FM processes, making them more efficient and cost-effective. By integrating automation technologies with work order management systems, organizations can streamline operations, reduce labor costs, and enhance accuracy. This trend is particularly impactful in areas such as energy and maintenance management, and it facilitates remote management of facilities, further reducing the need for on-site staffing and associated costs.

Artificial intelligence also plays an increasing role. AI impacts facilities management costs by enabling predictive maintenance and optimizing resource allocation. Predictive maintenance uses AI to forecast equipment failures before they occur, reducing downtime and extending equipment lifespan. This proactive approach minimizes unexpected repair costs. Additionally, AI analyzes real-time data for efficient energy use and inventory management, leading to cost-effective operations. By streamlining these processes, AI helps to reduce operational expenses and increase overall efficiency in facilities management.



Moving forward, dial in on these three areas of automation:

a) Automated asset tracking is revolutionizing facilities management by simplifying the monitoring of assets within and across various facilities. Utilizing advanced tagging technologies, assets can be easily scanned and tracked remotely. A range of technologies, including barcodes and durable labels, are employed to ensure consistent oversight of assets.

b) Predictive maintenance, enhanced by Industrial Internet of Things (IIoT) devices, leverages continuous sensor data to anticipate potential faults. This proactive approach allows for timely maintenance interventions, thereby preventing equipment failures.

c) Maintenance automation, often a lower priority, is critical for preventing damage and ensuring safety. Computerized maintenance management systems (CMMS), combined with barcode technology, streamline maintenance tasks, helping avoid neglect and potentially catastrophic failures



Bonus: Streamlining Reporting and Data Analysis

Consolidated reporting and data analysis are key to informed decision-making in FM. Integrating platforms like NEST Facilitate with existing business systems offers a comprehensive view of costs and key performance indicators (KPIs). This integration facilitates easy access to historical and real-time data, aiding in budget management and strategic planning, and driving cost savings.

These top trends in FM are poised to redefine how businesses manage their facilities. By embracing advanced technology, automation, energy efficiency, enhanced asset management, and smarter pricing models, organizations can achieve a delicate balance between cost savings and operational excellence. This e-book serves as a roadmap for businesses looking to navigate these trends, offering strategies for innovation and growth in the dynamic field of facilities management.

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