

## Features

# What should I do about KPIs

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**We first published the following article, offering insights on 'an easy way into a daunting topic', in 2005. It remains remarkably timely. Lionel Proegers offers a current view on changes over time as a footnote.**

Key Performance Indicators (KPIs) are used to define and measure progress against set objectives for an organisation. Also known as Key Success Indicators (KSIs), they present a snapshot of how an organisation is performing against (or progressing toward) its stated goals. KPIs are particularly useful in the facilities management discipline as they form an important element of a Service Level Agreement (SLA), ie, the agreed measurement criteria to determine whether a service is being delivered according to expectations.

In addition to attributing KPIs to services and activities within FM, KPIs can be usefully applied to the FM unit as a whole, whether an internal division or a corporate supplier. In such cases the KPIs are applied to the 'motherhood statements' of the organisation's mission, its identified stakeholders and its defined goals. KPIs are used to measure progress toward those goals. These measures are broader in their context and provide an overall picture at the enterprise management level. 'Profit' is probably the oldest and clearest KPI which is universally applied to a business enterprise, but on its

own it tells us very little about an organisation and, say, its performance against sustainable good practice.

So you can see that KPIs can be applied at the micro level or the macro level - and everywhere in between. Invariably business managers will use management tools such as the 'balanced scorecard' to compare divisional performance against common business objectives. The problem is that they are rarely joined up, and if they are to be reconciled from one end to the other, many management hours go into the exercise. The source and quality of information is sometimes suspect and is very often put together in a subjective way for the sake of the report, as opposed to being a real measurement tool – due invariably to pressure of time on managers. How often have you heard of the complaints in the education sector that teachers are spending more time reporting statistics than teaching, or the policeman spending more time doing paperwork than catching criminals?

When you have established the KPIs what do you do with them? You can use KPIs as a performance management tool to monitor good or bad performance, but also as a means of encouragement and reward. KPIs give everyone involved in the service a clear picture of what is important, of what they need to make happen. You have at your disposal the means to demonstrate whether people (and teams) are meeting or exceeding those indicators that they agreed to - and motivate them to reach targets if they are not met, and reward people and teams that exceed them.

### **Quantifiable measurement in FM**

KPIs are quickly discredited if they are seen to be artificial or unrealistic. KPIs must be quantifiable measurements, agreed to beforehand by stakeholders, which reflect the critical success factors of an organisation or the services to be delivered. They will differ depending on the activity, such as a business measuring the percentage of its income derived from return customers; a school measuring its success at GCSE passes and grades; an FM service desk tracking the percentage of customer calls answered in the first minute. Whatever KPIs are selected, they must reflect the organisation's goals, they must be key to its success, they must be quantifiable (measurable), and they must be realistically achievable.

If a KPI is going to be of any value, there must be a way to accurately define and measure it. So how should we quantify the relevant measurement criteria and apply these principles to the broadest of service industries: facilities management?

In FM terms, there are many and varied KPIs – mostly composed by individual managers and their teams to suit their particular circumstances. KPIs in FM are still mostly subjective, and one of the challenges has been to identify objective measures that can be selected for more precise application. A significant step forward in the FM industry recently is the creation of a register of metrics in the form of the BIFM/ARK KPI Register, which is openly accessible to everyone via the BIFM website ([www.bifm.org.uk](http://www.bifm.org.uk)).

The register sets out in logical terms (reviewed and determined by the BIFM Research, Innovation and Knowledge Committee) a hierarchy of service lines which so far represent the broad spectrum of services and activities that make up FM. This in itself is valuable as a checklist of services and can act as a 'classification' for, say, budget headings.

However, when it comes to what should be measured, it is necessary to understand the 'context' of any measure. The hierarchy of the BIFM/ARK KPI Register is probably the most comprehensive available, and is structured as:

- Service Line - the heading for each FM service described

- Activities - the range of activities grouped within a service line
- Context - the context for each metric against the activities
- Metrics - the range of 'granular' indicators.

The service lines and activities are easy to follow, but it is the context and metrics that are critical to selecting the appropriate criteria for measurement. We are generally familiar with financial metrics because business and enterprise has for centuries dealt with income and expenditure and stock control (asset management!). But when we consider the performance of the delivery of a service, we want to know not only if it meets the expected cost that we budgeted for, but also whether the expected quantity was delivered, whether it was delivered on time, whether it complies with the specified standard and quality agreed.

And so, the contextual nature of the metrics can be seen as:

- Cost - financially measurable metrics
- Compliance - conformance to statutory regulations or corporate policies
- Quality - process management and accuracy of output
- Quantity - measure of specified amounts or volumes
- Timeliness - time and motion metrics.

There is no room here for the hundreds of metrics being recorded in the BIFM/ARK KPI Register, but a visit to the website will give you a comprehensive list from which you can select and produce a report according to the needs of your particular facility.

### **Subjective or objective?**

One of the problems you may face as a facilities manager in setting up KPIs for FM is the imprecise nature of measurement, and the eventual monitoring, or scoring, of the performance against that hazy metric. Often it is left to a customer's perception of service by some scoring grade of 1 = poor to 5 = excellent, and then an attempt is made to 'weight' the collective scores to produce a balanced view of the overall performance. If there is no 'scientific' or accurate auditable measure, then you will always be subjected to customers' perceptions of the symptom without real information as to the cause. As I said earlier, the system will soon be discredited if the monitoring is not kept up to date, or accurately reported (remember that it should be used as a tool for encouragement and continuous improvement!).

My simple recommendation is to introduce metrics that are black and white, with no opportunity for 'grey'. By this I mean that a metric should be stated so that it is capable of being met or not. If you ask someone what they think of the standard of the provision of a conference room service, they will give you a subjective view which is usually scored from 1-5. If, however, one of the requirements in the SLA is stated as:

- Service Line - front of house services
- Activity - conference & meeting rooms
- Context – timeliness
- Metric - room is ready for use at specified time

then this type of granular metric is easily understood and is an auditable indicator. It is either met or not met at the point of audit – black or white – and requires no subjective judgement. You then have

the opportunity to balance the frequency of the audit, ranging from the occasional spot inspection by a supervisor, or by continuous customer feedback forms. Whatever method or frequency is chosen, the subjective judgement is taken away. At this point you can either keep it simple, or add the sophistication of performance targets where hundreds of bookings are being taken every week, to say that 98% of bookings will be ready for use at the specified time, etc.

## **Conclusion**

With more and more pressure on organisations to prove compliance with a whole raft of regulatory standards, and for organisations to be ever more competitive in a global economy, Key Performance Indicators and the processes for managing by them are likely to become more prevalent and also more sophisticated.

The good news is that as new web-based technology is developing, so your valuable management time taken in monitoring and reporting on KPIs will diminish. As the FM industry is maturing, so the sharing of information is bound to improve your ability to measure and compare service levels in this way - and instantly analyse the performance, in the shape of real-time digital dashboards. In turn, this may just prove the worth of facilities management to the enterprise that you support - and demonstrate the value of best practice in FM to the bottom line.

## ***Lionel Prodgers comments 12 years on:***

*In reviewing my article, I don't think much has changed in terms of the principles of applying KPIs. Regrettably the BIFM KPI index was never proactively updated. Rather worryingly, it is still accessible on the BIFM website for members but with no explanation as to its context 12 years ago or why the actual KPI examples have been deleted leaving only the service line and activity headings with no measures.*

*What has changed – and is shifting rapidly – is the ability to measure ‘outputs’ in real-time using wireless sensors. KPIs specified for lumen levels, ambient temperature, humidity, etc can now be monitored constantly and relayed without human intervention, which is far more efficient, accurate and very much ‘objective’ measurement. So, it appears that my prediction of real-time digital dashboards turned out to be accurate.*

*Fresh from the EuroFM conference in Madrid recently (which was excellent by the way), I took issue with Dr. Ab Reitsma, Senior Lecturer at the School of Facilities Management at Hanze University, Groningen, who was seriously advocating that SLAs and KPIs should be abandoned as they ‘build mistrust’. I asked him if that included KPIs such as IFRS and other compliance standards to which he gave no clear reply.*

*I think the days of KPI reporting ‘overload’ where suppliers were asked to provide reams of monthly statistics that no one ever looked at are nearly over. As I state in the original article, the measures need to be objective, balanced and realistic.*

*Now, we just have to watch out for artificial intelligence and the potential risk of manipulation!*

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