

# Mideast facilities management needs new benchmarks

With growing challenges of inadequate asset data, site visit restrictions and limitations and misaligned RFP information, the facilities management industry is compelled to look into benchmarking as a tool for commercial and workforce deployment estimation.

The issue is: How to collect, collate and analyse data to arrive at accurate conclusions. It is essential to put together the framework to work on credible industry benchmarks. It is often seen that estimators in such circumstances apply their individual experiences or the current human resources manning levels as the basis. These assumptions can only be used for reference but not to be taken as the base while preparing the fundamental analysis.

It is useful to refer to global industry benchmarks, but in the Middle East not much analysis is available to provide more appropriate benchmarks that reflect regional conditions.

The most common FM industry benchmarks are either square foot cost based on built-up area or gross floor area (GFA), developed over the years and are based on global best practices and promoted by global institutions like IFMA, BICSc, RICS, SFG2 and serves as credible references to help align cost estimates. The FM Research and Benchmarking Institute has released benchmarks for FM professionals, covering janitorial, maintenance, utility costs and other services.

These were published in collaboration with the Royal Institution of Chartered Surveyors (RICS). The RBI benchmarking process is based on fundamental performance indicators. It is grounded in traditional benchmarking techniques for determining the best possible key performance indicators under the IFM output performance.

However, these indicators must be used only as a reference due to their region-centric assumptions. The facilities ecosystem is different due to productivity, working hours restrictions, workforce manning levels plus differing regulation and compliance levels.

There is a compelling need for the Middle East to develop its own comprehensive benchmarking study with the focus on cost analysis underlying local factors of productivity, weather conditions and local compliance ecosystem.

To analyse the FM benchmarking costs and to assess these in detail, all project related expenses should be taken into account. These are categorised as mobilisation, hard services (MEP manpower, specialised and consumables), soft services (cleaning, waste, security, consumables), operating costs, etc.

The cost aspects of these services must be strictly diagnosed and elaborated. We have to base the assumptions on these costs and its micro components after due consideration of their drivers and influencers. To conclude very accurate numbers, the right assumptions shall be applied to the key drivers of each cost component considering their sensitivities.

Staff deployment levels or salaries, which cut across all components of FM costs, are by far the most significant portion outlined. The direct and indirect cost – the salary, gratuity, visas plus other expenses including perks termed as the cost to company (CTC) – need to be assimilated if reasonable data is to be available.

The drivers of CTC are mostly role and responsibility, qualification, experience, while the influencers are dependent on both internal (project specific roles, experience, location) and external elements (market-based salaries, inflation, housing costs, etc.). In the same way, all other costs components have their drivers and influencers that need to be analysed.

It must be noted that while these intrinsic costs are arrived at, the need for comparative market data analysis is equally urgent. At our organisation, we have taken a mean average of our industry verticals such as banking, oil and gas and a few others. We based this on built-up areas with standard service levels.

Do carefully disregard any exceptions, but consider all drivers and influencers. However, the comparative data analysis can be used by collating historical data of the competitive bids, both won or lost. It is very likely that all successful tenders may not be entirely aligned to represent the apt cost as competition drives commercially unviable outcomes. However, a credible analysis can be done to arrive at some benchmarking conclusions.

There is no doubt that Industry benchmarks provide invaluable data for all. Specially in context to FM professionals, considering the state of our industry and its built environments, these can be exhaustively applied to define more accurate outcomes.

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## Worldly Wise

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Special to Gulf News