The Right KPIs, Metrics for High-performing, Cost-saving Space Management

An Approach and Case Study
Speakers

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Agenda

• PROBLEM: Unable to get to the right KPIs
• Actionable KPIs (Align with Strategy, objectives and Goals)
• Align with Mature Business Process
• Value of Data Analytics
• Optimize the Business
• Case Studies
Challenges - From Tactical Data to Strategic Decisions

- Inability to extract information from applications
- Information is not aggregated
- Information is not aligned to strategic goals
- Information does not include all KPI data points

Dashboard
- The right data is available at the right level

Decision Support
- Actionable information presented intuitively

Data Aggregation
- Data consolidated and organized, using data marts or BI tool directly

Individual Applications
- Transaction and Master Data Input
- Data may not be accurately maintained
- Data may reside in multiple sources
- Data may not be standardized
What are Key Performance Indicators (KPI) and why are they important....... 

• KPIs are quantifiable measurements  
  – Data Driven  
  – Standard Formula with specific units of measure  
  – Actionable  
  – Directional  

• KPIs reflect the critical success factors of organizations goals  
  – SMART goals derived from organization mission  
    • Specific  
    • Measurable  
    • Actionable  
    • Relevant  
    • Time Bound
Define Actionable KPIs tied to Business Objectives

The Balanced Scorecard

Scorecard Perspectives

The points of view from which we will measure performance
Different perspectives encourage the identification of measures that help to inform the answer to the following questions:

- "How do we look to shareholders?"
- "How do customers see us?"
- "What must we excel at?"
- "How can we continue to improve and create value?"
Align perspectives to the Real Estate Strategy

Scorecard Levels of Focus

The levels within the organization from which we will document strategy and objectives
Align perspectives to the Real Estate Strategy

- Enterprise Strategy
- RE & F Strategy
- Planning Dept Objectives
- KPIs & Metrics
Align perspectives to the Real Estate Strategy

- Enterprise Strategy
- RE & F Strategy
- Planning Dept Objectives
- KPIs & Metrics

FINANCIAL
EXTERNAL FOCUS
INTERNAL FOCUS
GROWTH / INNOVATION
Align perspectives to the Real Estate Strategy

- Enterprise Strategy
- RE & F Strategy
- Planning Dept Objectives
- KPIs & Metrics
Align perspectives to the Real Estate Strategy

“To maximize return on investments and to enable faster M&A integrations”
Align perspectives to the Real Estate Strategy

Enterprise Strategy

To maximize return on investment and enable faster M&A integrations

RE & F Strategy

Planning Dept Objectives

KPIs & Metrics

Financial > RE & F Strategic Goal

“Continually optimize real estate portfolio and reduce cost by effective planning”
Align perspectives to the Real Estate Strategy

**Enterprise Strategy**
To maximize return on investments and enable faster M&A integrations

**RE & F Strategy**
Continually optimize real estate portfolio and reduce cost by effective planning

**Planning Dept Objectives**

**KPIs & Metrics**

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Financial > Business Unit Objective

- Aggressive cost reduction
- Reduction of RE footprint
- ROI on Refurb or dispositions
Align perspectives to the Real Estate Strategy

To maximize return on investments and enable faster M&A integrations,
continually optimize the real estate portfolio and reduce costs by effective planning.

Objectives:
- Aggressive cost reduction
- Reduction of RE footprint
- ROI on Refurb on dispositions

Financial > KPIs & Metrics

- Rental Cost per S.F.
- Depreciation Cost
- Revenue / Business Group
### Align perspectives to the Real Estate Strategy

<table>
<thead>
<tr>
<th>Enterprise Strategy</th>
<th>RE &amp; F Strategy</th>
<th>Planning Dept Objectives</th>
<th>KPIs &amp; Metrics</th>
</tr>
</thead>
</table>
| To maximize return on investments and to enable faster M&A integrations             | To continually optimize real estate portfolio and reduce cost by effective planning | - Aggressive cost reduction  
- Reduction of RE footprint  
- ROI on Refurbishments or dispositions                                                | - Cost of Occupancy  
- Depreciation Cost  
- Revenue / Business Group  
- Churn                                                                               |
| To deliver services excellence at reduced costs                                      | To deliver globally compliant facilities and services                            | Provide Accurate Timely and Efficient Reporting of Relevant Information                   | - Time to respond to requests                                                  |
| To enhance business performance through actionable information                        | To develop framework and tools to implement the Enterprise Vision                | Delivery of integrated workplace solutions  
Assurance of compliant & resilient facilities                                         | - % of Vacancy  
- Design Capacity v. Actual Capacity  
- Shared v. Dedicated Space  
- Space per Person                                                                     |
| To support business growth                                                            | To develop world class leadership and technical capability with the right behaviours to ensure RE&F success | Development of our people                                                              | - Data Quality Index                                                             |

**FINANCIAL**

**EXTERNAL FOCUS**

**INTERNAL FOCUS**

**GROWTH / INNOVATION**
Capability Maturity Model

The term "maturity" relates to the degree of formality and optimization of processes.
Process Maturity

- Undefined Business Process
- Defined Business Process
- Automated Business Process
- Measured Business Process
- Optimized Business Process

EXAMPLE PROCESS: Move Request

Real Estate & Facilities Organization

Executive

Management

Operational

Service Providers

Requestors
Process Maturity


Real Estate & Facilities Organization

Executive

Requestors  Service Providers

Operational


EXAMPLE PROCESS: Move Request

IWMS APPLICATION

Auto Assignment

Approval

Closeout

Satisfaction

Service Providers

Requestors
Process Maturity


EXAMPLE PROCESS: Move Request

Increase customer satisfaction ratings

Establish Objective

Establish Measure

Time to complete Moves

Target

Benchmark

Approval

IWMS APPLICATION

Closeout

Service Providers

Satisfaction

Requestors
Better correlation of data to business measures
From data source to KPI

Aggregated and Distributed Metrics

Strategic KPIs
- Total Amount of Space
- Cost per Area (sf) or Headcount
- Total RE Obligations per building
- Lease Costs
- Cost of Operations

Management-Level (Performance Indicators)
- Total % Utilization (by Building by Floor)
- Space Supply versus Demand (forecasted)
- Area (sf) per person per Building
- Space Cost per RSF ($) (before/after planning)
- Organizational Profile of Space (past/present/future)
- Churn rate

Operational Metrics (Indicators)
- Total Headcount per Building/Floor
- Total Capacity per Building/Floor
- Total Expense per Cost center
- Amount of vacant or unoccupied space for entire property portfolio (Sq. feet / sq. meters and average %)

Diagnostic Metrics

Data in Silos
**Decision Support and Data Analytics**

**Key Performance Drivers**
- **Area (s. f.) per Person**
  - Maximize Space Efficiency
  - Identify consolidation opportunities
  - Maximize disposition cycle times
  - Implement space standards
  - Execute alternative workplace strategies
- **Cost per Area (s. f.)**
  - Maximize Space Use Economics
  - Move from Class A Space to Class B/C (where appropriate)
  - Implement selective outsourcing strategies
  - Reduce headcount (where appropriate)
  - Reduce service levels (where appropriate)

**Actions (Operations)**
- **Total Cost per Person**
  - Reduce Costs by 50%
  - Identify consolidation opportunities
  - Implement space standards
  - Execute alternative workplace strategies

**DRIVER: Reduce Costs by 50%**

**Undefined Business Process** → **Defined Business Process** → **Automated Business Process** → **Measured Business Process** → **Optimized Business Process**
# Global Real Estate Scorecard

<table>
<thead>
<tr>
<th>Metric</th>
<th>Q1</th>
<th>Q2 YTD</th>
<th>Q3 YTD</th>
<th>Q4 YTD</th>
</tr>
</thead>
<tbody>
<tr>
<td>Adjusted Gross Expense ( Millions of Dollars)</td>
<td>$45</td>
<td>$43</td>
<td>$90</td>
<td>$135</td>
</tr>
<tr>
<td>GRE Cost ( Millions of Dollars)</td>
<td>$40.5</td>
<td>$38.7</td>
<td>$81</td>
<td>$121.5</td>
</tr>
<tr>
<td>EBIT ( Millions of Dollars)</td>
<td>$4</td>
<td>$5</td>
<td>$200</td>
<td>$290</td>
</tr>
<tr>
<td>Disposition Area ( Square Feet)</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Capital Budget ( Millions of Dollars)</td>
<td>$200</td>
<td>$190</td>
<td>$400</td>
<td>$600</td>
</tr>
<tr>
<td>Gross Occupancy Area per Person ( Millions of Square Feet)</td>
<td>240</td>
<td></td>
<td>242</td>
<td>230</td>
</tr>
<tr>
<td>Average Occupancy Cost ( Dollars per Square Foot)</td>
<td>$24</td>
<td></td>
<td>$23.9</td>
<td>$24</td>
</tr>
<tr>
<td>Minority/Women Business Expenditures (Percentage of Qualified Capital Spending)</td>
<td></td>
<td></td>
<td></td>
<td>10%</td>
</tr>
<tr>
<td>Customer Satisfaction Index (Percentage of survey satisfied)</td>
<td></td>
<td></td>
<td></td>
<td>90%</td>
</tr>
<tr>
<td>GRE Employee Satisfaction (Percentage of survey satisfied)</td>
<td></td>
<td></td>
<td></td>
<td>96%</td>
</tr>
</tbody>
</table>

- **Current**
- **Target**
CASE STUDY 1
Knowledge Management Strategic Goal:

**Goal:**
- **Optimizing** real estate and facility asset **performance** by ensuring **data transparency** to support **strategic decisions** and performance measurement.

**Components:**
- **Data Aggregation:** Develop information streams to consistently obtain key data from various and disparate source systems.
- **Decision Support:** Utilize data to understand and actively manage the performance of WREF assets and RE holdings.

**Scope:**
- Key information required by COER to actively manage the property portfolio.

**Benefits (Value Proposition):**
- Informed real estate and facility decision-making.
- Single-point of data access/one interface.
- Seamless data sharing between processes and teams.
- Quality control on the information.
- Tight Integration to other corporate systems.
- All site facility data in place with high degree of accuracy.
GSK Project Approach and Outcomes

**Approach**

**Assessment**
- KPIS and Metrics

**Analysis**
- Where are these data points? Who owns them? Are systems/processes that can manage these data?

**Roadmap and benefits**
- Areas of Focus to execute strategy

**Plan and budget**
- Implementation program with process, resource and technology

**Outcomes**

**Prioritization of critical metrics**

**Gaps identified Operational and Financial measures**

**Strategic roadmap that clearly lays out an approach to close the gaps identified**

**Financial and operational benefits of access to more accurate data**
Baseline KPIs and Metrics

Prioritization

Data Management Practices

- Occupancy Cost – Gross profit
- Total Facility Cost
- Revenue / Business Group

- Shared Space v. Dedicated Space Ratio
- Space per Person
- Building Efficiency Ratio

- Contractor-Occupied Space
- Utilization/Workstation
- Vacancy count
- Designed Capacity v. Actual Capacity

- Exception Reports
- Data policies
- Data Standards
- Performance Monitoring
Data Gap Analysis

- Availability / Accessibility
- Standardization
- Policies / Performance monitoring
# Assessment and Planning

## Initiatives and Projects

<table>
<thead>
<tr>
<th>Enterprise Strategic Goals</th>
<th>RE&amp;F Strategic Data Goals</th>
<th>Key Measures</th>
<th>Gaps</th>
<th>Focus Areas</th>
</tr>
</thead>
</table>
| Deliver more products of value | • Focusing on excellence in service delivery  
• Understanding and meeting our GSK customers needs | • Provide Accurate Timely and Efficient Reporting of Relevant Information  
• Delivery of integrated workplace solutions | Operational Measures  
• Alternative Use Environment (e.g., SMART Working)  
• Ratio of Enclosed Space to Open Office  
• Time-Motion Studies to Identify Fluctuations of Use | • Space Occupancy and Utilization |
| Simplify operating the model | • Driving innovation and continuous improvement | • Aggressive cost reduction and financial governance  
• Reduction of real estate footprint  
• ROI on refurbishing buildings /Dispositions  
• Financial Savings  
• Occupancy Evaluation | Efficiency Measures  
• NO GAPS | • Reporting |
| Build Trust | • Leverage our expertise and relationships to affect change and efficiencies in our real estate footprint | • Aggressive cost reduction and financial governance  
• Reduction of real estate footprint  
• ROI on refurbishing buildings /Dispositions  
• Financial Savings  
• Occupancy Evaluation | Economic Measures  
• Depreciation cost  
• Revenue/Business Group  
• Churn Rate  
• Occupancy Cost – Revenue  
• Occupancy Cost – Gross profit | • Financial Data – Occupancy Costs and Rental costs |

## Operational Measures
- Time-Motion Studies to Identify Fluctuations of Use

## Efficiency Measures
- NO GAPS

## Economic Measures
- Depreciation cost
- Revenue/Business Group
- Churn Rate
- Occupancy Cost – Revenue
- Occupancy Cost – Grossprofit

## Reporting
- Financial Data – Occupancy Costs and Rental costs
Summary: Strategic Components

Key Components per Work Stream

**Business Impact**

- **Space Occupancy and Utilization**
  - Trending space efficiencies >> Footprint reduction and optimize operations
  - Accurate data on utilization >> Cost reduction with effective planning

- **Occupancy Costs**
  - Targeted financial savings >> Efficiency in capturing and analyzing Occupancy Costs

**Work Stream**

**Key Components**

1. Space Utilization Team
2. Process Documentation
3. Data Collection process
4. System (tool) selection / Implementation

1. Occupancy Cost Team
2. Integration Specifications
## Summary: Strategic Components

### Key Components per Work Stream

#### Business Impact

- **Financial and Decision Support**
  - Access to financial costs and revenue >> Opportunities for cost reduction and increased productivity

- **Data Governance / Data Quality**
  - Easy access to data >> Significant increase in customer satisfaction. Facility information to support M&A

### Work Stream

<table>
<thead>
<tr>
<th>Financial and Decision Support</th>
<th>Key Components</th>
<th>Business Impact</th>
</tr>
</thead>
<tbody>
<tr>
<td>1. Financial Data Team</td>
<td>1. Financial Data Team</td>
<td>1. Standards Documentation</td>
</tr>
<tr>
<td>3. Integration Specifications</td>
<td>3. Integration Specifications</td>
<td>3. Audit Processes</td>
</tr>
<tr>
<td>5. Total Facility Cost (TFC)</td>
<td>5. Total Facility Cost (TFC)</td>
<td>5. Data Visualization Tool</td>
</tr>
</tbody>
</table>
New York Presbyterian Hospital—Case Study 2

**Business Challenge**

**Space Management**
- Risk of incomplete planning information and missed revenue opportunities:

**Infrastructure Management**
- Reputational Risk resulting from poor visual appearance:

**Regulatory Compliance**
- Life Safety Risk resulting from non-compliance with regulatory standards:

**Work Order Management**
- Client/Patient Satisfaction Risk with poor work management processes:

**Business Intelligence**
- Lack of unified Business Process Measurement and Management:

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**Benefits/Results**

- Productivity increased by 30%.
- Patient satisfaction scores shows an overall improvement in the patient experience related to the physical environment.
- Decrease in Fire/Smoke incidents by 25% (high priority)
- Average work request response time reduced by 64%
- Scored a 100% during the Joint Commission survey with $1.6 M savings in the first year
Summary : The Tradeline Three

1. Align KPIs to RE&F business drivers and enterprise wide objectives
   • Align goal, objectives and actionable measures
   • Enable performance management and decision support

2. Focus on data accuracy and accessibility
   • Measure your performance and optimize the business to decrease cost

3. Focus on process maturity
   • Increase efficiencies in operations
   • Increase customer satisfaction