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## Technical Report

### ISO/DTR 41030

## Facility management — Existing performance management in facility management organizations — State of the industry

ISO/TC 267

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## Foreword

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This document was prepared by Technical Committee ISO/TC 267, *Facility management*.

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## Introduction

Facility management (FM) directly involves or impacts a significant portion of the world's total workforce, indicating that improving FM can have a significant impact on how demand organizations function worldwide. As a result, effective FM performance measurement and management is essential within the FM profession to ensure FM professionals and their organizations understand and meet the objectives of demand organizations. While there is a large body of existing efforts to provide meaningful performance measures that align with demand organization objectives and business practices, there does not seem to be a clear and consistent approach across the FM industry.

This document provides a summary of existing research, methodologies and performance indicators, and creates a path forward for standard development which addresses performance measurement and management needs.

This document builds on previous efforts completed by ISO/TC 267 regarding performance measures and improvement. The underlying strategy is threefold and designed to provide efficient progress towards a well-organized collection of work outputs:

- a) exploring a broad understanding of the current state of FM performance measures and improvement across all demand organizations with an anticipated greater interest and engagement from a broad-based perspective;
- b) modularizing work output development into smaller, more focused initiatives that are part of the broader framework (allowing greater participation and a work output focused on meeting specific requirements);
- c) creating a long-range approach that can be adjusted and enhanced as circumstances dictate, allowing for improved life cycle management of the work output products.

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# Facility management — Existing performance management in facility management organizations — State of the industry

## 1 Scope

This document provides a robust understanding of existing performance measures in facility management (FM) organizations and the needs of both:

- the demand organization;
- the FM organization across the breadth of public and private sector organizations, profit and not for profit.

## 2 Normative references

The following documents are referred to in the text in such a way that some or all of their content constitutes requirements of this document. For dated references, only the edition cited applies. For undated references, the latest edition of the referenced document (including any amendments) applies.

ISO 41011, *Facility management — Vocabulary*

## 3 Terms and definitions

For the purposes of this document, the terms and definitions given in ISO 41011 apply.

ISO and IEC maintain terminology databases for use in standardization at the following addresses:

- ISO Online browsing platform: available at <https://www.iso.org/obp>
- IEC Electropedia: available at <https://www.electropedia.org/>

## 4 Context

### 4.1 History

Since its beginning in 1980s, as studies related to the history of FM show, the profession has evolved from a function with responsibility for dealing only with “hardware,” such as buildings, furniture and equipment, to a professional discipline concerned with “software,” looking at people, processes, data, environment, and health and safety.

For some, FM went from being the custodial function of a building superintendent/janitor concerned largely with operational issues of maintenance, cleaning and tenant security to a more complex one, where the cost of its management and operation has led to the need for tactical and strategic functions.

This has raised the profile of the discipline along with other support functions such as human resources management and information technology.<sup>[22]</sup>

Demand organizations range from private sector entities with a financial performance focus to public sector and federal government organizations whose primary objectives are often not financially driven. Similarly, profit versus not for profit influences the selection of the demand organization’s performance indicators and, in many instances, FM organizations become nested with supporting roles between a demand organization and a third-party service provider delivering some or all of the FM activities to the demand organization. These entities typically have different objectives.

How different countries with dissimilar social-economic milestones adopt FM must also be considered. The research by Anna-Lissa<sup>[19]</sup> reveals how the diverse approaches adopted by societies in cultivating leadership and organizational growth are directly influenced by societies and social, economic and historical progress. Every country has its own culture, type of organization and leadership, resulting in different levels of FM at different stages of development. Due to these differences in leadership and organizational structure, it is logical that the demands set for facility professionals differ and the quality realized is valued differently. Differences in FM leadership and organizational structure also impact the way in which FM is performed, measured and managed.

Historically, performance management and measurement has mainly focused on outcomes, utilizing available information to establish a quantifiable indicator, and then measuring whether the desired performance was achieved in the context of the performance measurement. More recently, performance management has expanded within FM organizations to incorporate forward-looking performance management that also incorporates measurements assessing an organization's ability to identify and adapt to future requirements versus historical performance.

Performance measurement is important because it provides the basis for an organization to assess how well it is progressing towards its predetermined objectives, to identify areas of strengths and weaknesses, and to decide on future initiatives, while aiming to improve organizational performance.<sup>[2]</sup> The function of performance measurement is to generate a class of information that will be useful in a wide variety of problems and situations. It focuses on the means and results (ends) or processes and outcomes and can be described in terms of practices and metrics. Performance measurement includes:

- enhancing improvements;
- adopting a long-term perspective;
- more precise communication;
- allocating resources to the most attractive improvement activities;
- an effective and efficient planning, control and evaluation system;
- motivating individuals and encouraging the correct organizational behaviour;
- supporting management initiatives and managing change.

Organizations can use performance measures to:

- identify success;
- identify whether they are meeting customer requirements;
- understand their processes (to confirm what they know or reveal what they do not know);
- identify where problems, bottlenecks and waste exist, and where improvements are necessary;
- ensure that decisions are based on facts, and not supposition, emotion or intuition;
- show if the improvements planned actually happened.

A performance measurement system can be defined as a complete set of performance measures and indicators derived in a consistent manner according to a forward set of rules or guidelines. It is a means of monitoring and maintaining organizational control, i.e. the process of ensuring that an organization pursues strategies that lead to the achievement of overall goals and objectives. Performance measures can be used to force an organization to focus on the right issues.

To reduce the complexity of performance measurement, a wide range of measurements must be arranged or categorized. Representing the cause-and-effect relationship of an organization's strategy has shown to be helpful to categorizing a huge number of measurements in connection to core business and surroundings.<sup>[12]</sup> On the other hand, the overview of key performance indicators (KPIs) can be useful to organizations in different contexts and on different levels: operational, tactical and strategic.



The measurements can provide performance management information that affects positive change in organizational culture, systems and process. The shift from performance measurement to performance management is accomplished by helping to set the agreed-upon performance goals, and allocating and prioritizing an organization's resources.

Many authors have reflected on general performance measurement and performance criteria, i.e. different aspects or areas of performance, and tried to link and categorize performance to concepts such as quality, effectiveness, efficiency, productivity, innovation, profitability/budgeting and others.

Performance management programmes provide feedback based on specifics rather than generalizations and are based on specific objectives derived from the desired outcome of performance measurement results.<sup>[2]</sup>

## 4.2 Impact of FM on the world

The significance of FM's impact on global gross domestic product (GDP) suggests that improved performance management and measurement can directly contribute to global economic productivity with both quantitative and qualitative benefits. This applies to practitioners, demand organizations and individuals that are directly or indirectly the beneficiaries of improved performance with clearly quantifiable benefits across all 17 of the United Nations (UN) Sustainable Development Goals (SDGs).<sup>[11]</sup>

Enhancing FM performance measurement and management represents a clear opportunity to both support demand organization objectives and complement global economic performance and established sustainable development goals.

## 4.3 State of the industry

This document discusses performance measurement and management based on a review of over 150 source documents. While common thinking exists across many of the documents, the reviewed literature is inconsistent in its use of terminology, and approaches the development of performance measurement and management with varying methodologies and performance metrics.

According to the literature, performance measurement has been developed in two phases.<sup>[16]</sup> In the first phase (which went on until the 1980s), performance measurement primarily focused on financial criteria. Since the late 1980s, the second phase revealed that the traditional performance measures had severe limitations, including the encouragement of short-term thinking, lack of a strategic focus and insufficient local optimization.

Eleven representative examples were selected from the overarching reference list which represent some of the methods or frameworks presented for analysis and definition of performance indicators. They are summarized in [Annex A](#).

## 4.4 Industry survey

In a survey conducted in the preparation of this document, there were several findings that provide more context for the opportunities and recommendations.

Here are some highlights from the survey:

- Only 40 % of the respondents are measured using performance indicators. This is a low number and likely reflects the misuse or the non-use of performance measurements in FM.
- Only 56 % of those respondents are measured based on demand organization's measures/objectives, which possibly reflects a lack of connecting the FM strategy with the organizational strategy.
- While 85 % say they differentiate between KPIs and other indicators, several other responses suggest that the difference is understood, and the respondents are correctly differentiating between them.
- 70 % use a standard or reference to develop performance measurements (i.e. ISO, IFMA, ISSA, LEED, etc.). However, the references are more related to benchmarking than performance requirements for

the specific demand organization's objectives, possibly indicating a disconnect between practice and the theory identified in the above references.

- The number of measurements ranged from a total of 8 to 65. This is a very wide variation of measurements which possibly indicates a lack of consistency in application and use of measurements, such as the difference between KPIs and non-KPIs.
- Very few respondents indicated that they have a resource assigned to analysing performance data. This suggests that even when FM organizations measure results, there is not necessarily consistent and widespread management of the results to improve performance.

## 5 Challenges

Reliable, quantitative empirical data to inform business strategies and measure organizational performance are still scarce. One reason for this lack of data and problematic interpretations of cause-effect relationships is the broad scope of FM. This makes it difficult to trace and measure the impact of particular FM input. Clear standard performance indicators are in its infancy.<sup>[12]</sup>

Additionally, the FM practice, and broader industry application of performance measurement and management, appears inconsistent in its methodology, terms, definitions and application of standardized concepts. Industry research and existing technical publications indicate a strong need for a clear and consistent performance terminology that creates a foundation for a performance management framework and an associated development methodology that incorporates historical current, and future indicators for FM.

Existing performance measurement and management frameworks and publications provide a strong reference set of methodologies and structures but lack a consistent set of terms with associated definitions and a guidance document capable of supporting the FM organization in the development of a performance management framework suited to their demand organization.

Individual methods appear appropriate to subsets of the FM organization, but none is ideally suited to meet all the requirements of FM organizations across the spectrum of demand organizations and few, if any, create a management framework capable of addressing historical, current and future performance management requirements.

A number of opportunities exist to develop an integrated framework for FM performance measurement and management capable of addressing the identified gaps. These include the following:

- Terminology related to performance measurement and management is not consistently applied or clearly understood when applied (e.g. the use of the term "KPI" to describe any performance measures, whether key or not).
- The difference between types of FM delivery organizations and the relationship to the demand organization must be addressed (e.g. FM departments within a demand organization, outsourced FM providers delivering to demand organizations).
- The option to require tests to define which KPIs are being preferred in practice, why and by whom, and how the selection and priorities are linked to organizational characteristics and the external context.
- In order to make effective use of its performance measurement outcomes, an organization must be able to make the transition from measurement to management.<sup>[2]</sup>
- Indexes are valid for consideration and inclusion with the necessary context, in addition to other measures. Usage, validity, accuracy and context of some index-related measures are important to include.
- A consideration of the illustrations for guidance on approach.
- A consideration of the metric itself to be included. More importantly, a consideration of the format as a template to propose in the standard for laying out the measures.
- The fundamental principle of the balanced scorecard (BSC), i.e. that performance is evaluated against the organization's strategic objectives, applies specifically to FM. BSC scores based on management's