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Capital acquisition made simple

A facility manager's guide

How improved predictive capabilities help optimise asset management

State and local governments face a constant challenge: how to deliver traditional asset management practices balanced against community expectations and available funding. Addressing this challenge has become somewhat easier in recent years with the introduction of asset management solutions that let asset custodians conduct scenario modelling and what-if analysis.

However, these models don't always take into account the fact that funding comes from multiple sources, each with different conditions and caveats in terms of how it can be spent. This makes it challenging to determine the optimal use of funds from all sources. With a digital solution that takes this information into account, infrastructure agencies can optimise return on investment and build a compelling case for current and future funding allocation.

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Barriers to effective funding allocation

Asset life-cycle modelling is essential for best-practice long-term asset management. This lets decision-makers predict the future and understand the impacts of certain changes on the lifecycle and return on investment (ROI) of assets. For example, it lets decision-makers see what would happen if they replaced assets earlier, used a different type of technology, or allocated increased resources to certain maintenance activities. The outcomes of these models can help decision-makers clearly see the future impacts of today's decisions, facilitating smarter choices.

This approach makes it possible to optimise the value of assets over time. However, when the scenario modelling is based on incomplete information, it becomes difficult to trust the outcomes. While this approach can still significantly improve decision-making, it is limited because it doesn't include the full gamut of funding options.

Most government entities fund projects from a mixture of sources including direct revenue (such as taxes, rates and levies), grant funding (such as stimulus packages, federal and state assistance), and contributed or gifted assets (such as assets constructed by a developer and handed to council to maintain). This changes the game because grant funding comes with rules around what it can be spent on and when. Therefore, it's not possible to treat various funding sources as a single bucket of money.

It is possible to conduct scenario modelling with different types of funding and then aggregate the results. However, this manual process is time consuming and error prone, and introduces complexity. It doesn't necessarily provide a highly accurate view of all the potential outcomes, nor does it optimise the expense allocation.

Do you live in a perfect world?

Imagine a world that is almost a facility manager's Utopia. Endless streams of capital dollars flow for your discretionary use. Your staff is fewer in number than your benchmarks because of their efficiency and independence. You walk through public courtyards and lobby vestibules in slow motion, and are accompanied by theme music and an entourage of leadership staff that feel safe in your presence.

You fall asleep easily at night because everything is compliant, ahead of schedule, and under budget.

Newsflash. In the real world, capital is hard to come by - especially when fixed infrastructure assets are competing with sexier new equipment, such as CT or MRI machines that increase hospital revenue and marketed to your customers as being able to provide better care than competitors.

The challenge

Our real challenges include leadership by understaffing. Operational budget restrictions have forced us beyond lean, providing only enough techs to keep the coals lit. Each morning as you enter your office you anxiously look for the red light on your phone - a surefire indication of a call-in or two.

How can you keep morale up when everyone feels overworked?

Our walks through the building are accompanied by a barrage of requests... make it warmer, make it cooler, please get some new carpet put in this office, what's that smell and why did the power go out last night?

We walk a little faster knowing that our notepads can only take so much...

We stay awake at night wondering what will break next. How much will it cost, and will we be held accountable?

And yet, we wouldn't trade the opportunity to create a safe environment for our patients for the world.

Your facility is where people spend the best and worst times of their lives.

And ultimately, avoiding failures saves lives.

Where are you on the spectrum of facility managers?

When it comes to excelling in Facility Management, job descriptions typically list things like, extensive knowledge of trades, leadership experience, supervisory skills and the appropriate certifications.

While we've never seen a requisition that asks for the characteristics that truly motivate facility managers and keep them happy, the following pages describe some characteristics and scenarios that perhaps you can identify with.

1. **The Adrenaline Junkie**

2. **The Captain Of The Ship**

3. **The Fireman**

4. **The Magician**

Which of these "hats" have you worn lately?

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1. The adrenaline junkie

The facilities manager is someone who excels under pressure. We wake up for pipe breaks, car fires and major storms. We love being in charge of a good "situation" and are sought out to manage these events based on a track record of safety and success.

2. The captain of the ship

We face the daunting task of developing a hardy crew of technical experts, keeping them happy even through rough seas, and keeping the ship sailing in the direction that lines up with corporate goals and values.

3. The firefighter

While we may not always be busy with actual fires (see Adrenaline Junkie), we are often called to put out the flames of anger and frustration of departments within the facility. Who do they call when it is too hot or cold, noisy, smelly, or construction is just plain annoying? We are the ones who can make things happen and save the day.
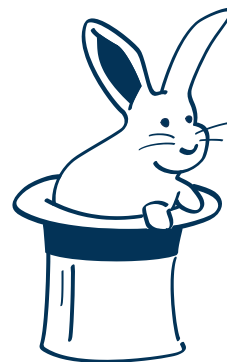
4. The magician

A facility manager is someone who can pull a quarter out from behind your ear, or better yet, a new chiller out of an empty funding source. A great facility manager can transform a physical plant into energy savings and even pull the occasional room renovation out of thin air.

Renew your focus

Unfortunately, the joys of being a facility manager tend to be few and far between. Daily activities involving mundane tasks tend to take time away from the things we love to do.

How much fun is there in compliance recordkeeping?

It seems to be a thankless job of babysitting documentation to ensure small details are perfect.

How much time and effort is put into capital planning, only to have the executives provide pennies on the dollar of your request?

Infrastructure replacement seems to always be an easy place to cut to meet a budget - especially in construction projects. Hours, days and even months are spent trying to campaign the building's need for renovation or replacements. You put together what you feel is a good plan with supporting information, only to lose it to the latest in radiology equipment.

The best facility managers have found ways to put these challenges to bed, and instead, focus on what they love to do.

Leadership, rounding, and working on innovation should be a priority. Find the ideal tool or process to end the tasks that weigh you down and instead, focus on the tasks you enjoy most.

Where to start

One of the biggest challenges facing facility managers today is requesting and receiving capital for asset repair or replacement.

How can you be more effective with capital acquisition?

How can you help the C-Suite understand the needs of the facility without compromising your success as a facility manager?

If you need help getting started, following is a list of high-impact action items that can take the stress out of your Capital Acquisition process.

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9 steps to better capital acquisition

1.
Establish an acceptable level of asset condition

This may vary based upon primary facility function. For example, is it acceptable for a Children's Hospital to be held to a higher standard of condition than an offsite office building?

2.
Determine the cost and time needed to get to acceptable asset condition levels

3.
Provide information to the C-Suite to promote a thorough understanding of all facility needs

This is best accomplished if the C-Suite can relate the condition of a facility to the "Feel" of the facility when inside that facility, and be able to distinguish that "Feel" from building to building.

4.
Prioritize assets to address the highest risk first, and detail lower risk plans for future spend

5.
Present detailed information explaining the capital need, along with detailed supporting information

Show the impact of capital approval in future condition improvements and minimize unplanned downtimes.

6.
Show the impact of a reduction in approved capital from ask

What will happen to assets if the supporting dollars are not there?

7.
Develop a capital plan that eliminates peaks and valleys

Develop a normalized capital spend curve that stays relatively similar from year to year instead of varying from large to small capital requests year to year.

8.
Keep the end goal in mind

Effective Capital Acquisition isn't just about capital approval of this year's projects, but instead, approval of an annual "bucket" of capital dollars to appropriate to the projects that your plan has identified.

9.
Stay up-to-date on the condition of your facilities

Manage changes throughout the year to allow for real-time awareness of needs as opposed to an annual review.

The "secret sauce"

What if there was a surefire way to make this process easier?

What if you could have objective data that you need at your fingertips and updated in real time?

The Facility Condition Index (FCI) is an industry standard for measuring the condition of a building. In the simplest terms, it is a correlation of today's present (depreciated) value of a building to the replacement cost of that same building. A brand new building should be approaching 100%, whereas a ten year old building with a twenty year life expectancy would be around 50%.

Software and consulting firms have found a way to modify the FCI by incorporating a conditional modifier to the Index score. It is understood that if that same 50% building goes through a significant renovation, its score will likely improve as the expected useful life is increased. The same can happen inversely - failure to maintain a building as recommended will likely increase the rate of depreciation, resulting in a shorter useful life, and also a lower FCI score.

So what?

FCI scores can be used to show the C-Suite the value of infrastructure capital spend.

It is easy to relate to a "Feel" of a building if there is a correlating score. More importantly, that score can be used to compare building to building, and establish a baseline of acceptable "Feel."

Costs can typically be pulled from a Facility Condition Assessment tool (such as Brightly Origin) to identify an actual dollar amount required to move the score from one value to another, and also what the impact of a reduction in capital may have on that score or feel.

The goal of the FCI score is to provide the support that has traditionally been missing in facility capital requests, and to receive the executive support and buy-in needed to garner the capital approval.

This tool, when used correctly, often results in a funding pool based upon planned capital spend that is managed entirely by the facilities department.

The implementation of a predictive maintenance culture and program not only supports the decision-making required to successfully achieve the desired energy savings, it also drives direct operational cost savings and will significantly increase building performance.

Additional benefits of the elimination of emergent repairs include improved patient satisfaction and care, and protection of medical services and procedural revenue streams.

Past Studies have estimated that a properly functioning predictive maintenance program can provide a savings of 8% to 12% over a program utilizing preventative maintenance alone. Depending on a facility's reliance on reactive maintenance and material condition, it could **easily recognize savings opportunities exceeding 30% to 40%.**[1]

Independent surveys indicate the following savings resulting from the initiation of a predictive maintenance program:[1]

10 times return on investment

25-30% reduction in maintenance costs

70-75% elimination of breakdowns

35-45% reduction in downtime

20-25% increase in production

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We can help

Brightly is all about Asset Life Cycle Care. We're bridging the gap between "in the trenches" facility managers and the ever-elusive capital dollars they need.

Our combined software and engineering professional services solution provides a real-time analysis of assets, the ability to monitor maintenance performance based on your CMMS data, tracking of engineering assessments and forecasting of asset useful life.

We use a proprietary Health Index calculation (Scored 0-100) for each asset, and ultimately, for each building. This creates an objective value that describes the otherwise subjective "Feel" of a building and accounts for asset risk.

With Brightly, you have access to a dynamic, real-time analysis of your assets all of the time as opposed to a traditional static facility assessment in an Excel Sheet.

Request a demo today to learn more.

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Sources
1. U.S. Department of Energy, Federal Energy Management Program, Release 3.0 Operations & Maintenance Best Practices, A Guide to Achieving Operational Efficiency, August 2010

About Brightly Software

Brightly, the global leader in intelligent asset management solutions, enables organizations to transform the performance of their assets. Brightly's sophisticated cloud-based platform leverages more than 20 years of data to deliver predictive insights that help users through the key phases of the entire asset lifecycle. More than 12,000 clients of every size worldwide depend on Brightly's complete suite of intuitive software – including CMMS, EAM, Strategic Asset Management, IoT Remote Monitoring, Sustainability and Community Engagement. Paired with award-winning training, support and consulting services, Brightly helps light the way to a bright future with smarter assets and sustainable communities. For more information, visit **brightlysoftware.com**

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