



Add Value To Your Organization With Strategic Planning

By Karen Kroll

The facilities department needs to be an integral part of an organization's strategic planning process. Unfortunately, few managers have the necessary skills.

In this e-book:

- The facilities manager's role in strategic planning
- The skills managers will need to hone
- How to navigate obstacles
- Help for building the strategic plan

The logo for fnPrime, featuring a stylized blue icon of a building or structure to the left of the text "fnPrime" in a bold, blue, sans-serif font, with a trademark symbol (TM) to the right.

The cost of operating and maintaining a facility is often the second largest line item in an organization's budget, right behind salaries and benefits. When facilities managers are involved in developing their organization's strategic plan, they're better able to ensure that the resources devoted to the facility are used as effectively as possible. They're also better prepared to develop strategic plans for their facilities departments that dovetail with their organizations' mission and goals.

Yet, few facilities managers have the skills needed to effectively engage in strategic planning. More than 90 percent of managers say there's a gap between the knowledge and skills their team has and what they need to excel, according to a ProFMI study. Facilities managers said they need training in capital planning, compliance and standards, and strategic planning. Among the top training topics facilities managers say their teams need are strategic and capital planning, leadership skills, and emergency management.

"Every facilities management business decision impacts an organization's real estate and facilities needs, and facilities management is connected and directly impacts every activity within an organization," says Stan Mitchell, senior consultant with Key Facilities Management International.



As a result, the facilities department needs to be an integral part of an organization's strategic planning process. For effective results, facilities managers need to fully understand the business intent of the organizations they serve. With this knowledge, they can commence their own facilities management planning in complete alignment and support, Mitchell says.

However, given the range of responsibilities many facilities managers juggle, it becomes easy to put off — often indefinitely — strategic planning. Instead, many facilities professionals find their time and energy diverted to issues that are most urgent, and to engaging in the firefighting so often necessary.

Constantly ignoring strategy hinders the ability of the facilities management function to add value to an organization. Conversely, regularly engaging in strategic planning can help the facilities management function shift from a reactive to a proactive approach, to minimize firefighting, and to provide better service, says Stormy Friday, president, The Friday Group.

“Many say they don't have time, but they don't have time not to do this,” she says. “Strategy is what can make or break an organization.”

Facilities professionals can bring a perspective to strategy that's often overlooked, Friday adds. For example, when a corporate acquisition involves purchasing existing facilities, few other executives will consider where those facilities are in their lifecycle, and how their age and condition will impact the organization's ability to pursue its goals and the bottom line.



Defining Strategic Planning



Just what does “strategic planning” mean?

“Strategic planning is finding the solutions that support the business’s value proposition. You’re looking to draw parallels to the bigger picture to boost opportunities or reduce costs,” says Paul Head, director, PH Advisory.

As an example, the facilities manager’s organization is trying to optimize the revenue it receives from a new property that’s expected to generate \$10 million daily. The facilities and real estate areas can ensure the property is ready for occupancy a month earlier than planned, but will have to spend additional money to

accomplish this. A strategic approach would conclude that it makes sense to go ahead, as the extra revenue will more than compensate for the bump in costs.

Mitchell distinguishes between the strategic, tactical, and operational levels. The strategic level is about defining the right things to do. Then, the tactical level is about doing the right things. The right things need to be done in a structured and planned way if there is any desire to deliver results in a sustainable and consistent manner, he says. Operational excellence refers to acting in a compliant, effective, and efficient way.

Identifying The Organization's Strategic Plan



Before a facilities manager can engage strategically, he or she must first identify the organization's facilities-related strategy, Friday says. By understanding where the organization is heading, the facilities manager can identify the activities that will help move it toward its strategic goals.

Friday offers this example: if the organization is growing, the facilities department needs to understand whether the growth will be organic or through acquisitions, as the two approaches will tend to impact facilities differently. If the organization is acquiring other companies, the department needs to know the facilities also being acquired, their condition, and how well they'll support the company's needs. If

the growth is organic, facilities will need to determine how well the existing portfolio can support it, she adds.

Steve Smith, director of physical IT network with Arvest Bank, strives to develop his strategic plan going out two years, given that it takes time to build capacity, whether in facilities or information technology. That's especially true lately, given the current supply chain struggles.

To ensure a data center can support the organization, for instance, he'll discuss growth goals with other executives. Then he'll estimate the rack capacity, and the kilowatt-hours, cooling, redundancy, and other tools needed five years out to support those goals.

Identifying The Facilities Manager's Role

By making the effort to be plugged into the company's thinking and regularly meeting with senior leadership, the facilities manager will gain an understanding of how the facilities management area fits into the organization's overall strategic plan, Friday says.

"To know what direction they're headed requires keeping an ear to the ground, monitoring, and reading strategic documents," she adds.

Strategic planning can't be done in a vacuum. Facilities managers need to collaborate with other departments, says Head.

For example, if the manufacturing arm expects to grow production by double digits, facilities will need to know whether they'll need more space to house products, and if so, what options are

feasible. Do they need to locate warehouse space near the production facilities, or can they work with suppliers to keep fewer raw materials on-site, freeing up space near the plant floor?

"All that planning and coordination needs to be part of larger business discussion," Head says.

In determining how the facilities department fits into the overall organizational goals, it's also important to understand the second and third order effects of decisions, and then provide options, says John Hajduk, president, Thornridge Facilities Associates and executive director of facilities services for Sodexo.

For instance, if space is constrained, before looking for additional buildings, the facilities professional can look at occupancy rates of current spaces, as well how the shift to remote working impacts utilization.

Gaining Skills Needed For Strategic Planning



One of the top skills needed for strategic planning is communication.

“If you’re not talking with people, you’re not finding out what’s coming down the road,” Smith says.

To ensure the facilities plans support the organization’s goals, facilities managers need to make consistent, conscious efforts to connect with individuals. Smith meets with corporate executives once a quarter, with a goal of identifying their facilities and equipment needs and letting them know the projects underway within facilities management.

For instance, during the pandemic, it became

clear Smith’s team needed to upgrade employees’ laptop software. To do this safely and with minimal contact, the team hosted a drive through. Employees dropped off their devices and Smith’s team took several days to install the software.

“We did 300 each weekend for several weeks,” Smith says. “Sometimes, you have to get creative.”

The ability to collaborate also is critical, says Robert Blakey, director and instructor with FM College. Few organizational goals are met by individual actors.

The ability to review numbers and options is

similarly important, Head says.

“You’re going to be dealing with budgeting and budget planning,” he adds.

Project management skills also help, Hajduk says. At the department level, a strategic plan can be viewed as a large project. While it’s unlikely any individual will have expertise in every facet of a project, the facilities manager needs to be able to draw out expertise from individual contributors and then bring it together to drive toward the goals.

Facilities managers who feel they lack these skills can gain them in several ways. One is simply through experience.

“Time teaches you. You make mistakes and learn,” Mitchell says.

Facilities managers also can turn to strong mentors for advice and perspective or choose from myriad courses and conferences. Classes, including those in online MBA programs, also are helpful, Head says.

Many certifications, including industry-related ones such as ProFM, include strategic planning as its body of knowledge.

Monitoring facilities-related industry data also helps, Hajduk says. For instance, in setting goals to reduce energy use and trim costs, it’s helpful to know energy consumption rates within similar facilities.



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Navigating Obstacles



Engaging in strategic planning is not always straightforward. To start, leaders in other areas may not understand how facilities can help them pursue their goals, Blakey says.

“Instead, they often see (facilities) as a cost to be trimmed, while overlooking how, if the facility management piece isn’t handled effectively, the organization can hamper its ability to meet the needs of customers,” Blakey says.

“Facilities management can be an afterthought in the overall corporate strategic planning process, left without a seat at the table,” Hajduk adds.

That often leaves the facilities team unclear as to the organization’s strategic direction. That

makes it difficult for the facilities team to provide solid input on actions needed to achieve the organization’s goals.

One essential starting point in gaining a seat at the table is “having your act together,” Hajduk says. Solid work gets noticed.

“If you’re good in your facilities management role, you’ll worm your way into the executives’ world,” Friday says. The reason? “You’ll be adding value when you interact with them.”

Facilities leadership also needs to observe and connect with other groups within the organization. This will help in identifying the goals driving these groups’ actions.

Developing A Strategic Plan For The Facility Department

Along with aligning with the organization's overall strategic goals, facilities professionals increasingly need to develop plans for their departments. The objective is to develop a strategic plan that provides a platform for success, Blakey says.

That means starting with the strategic needs of the organization.

"Everything we do in the facilities strategic plan is derived from the organization's strategic plan," Blakey says.

The process is both "top down and bottom up," Friday says. The senior leadership team sets goals and works with the departments to establish action plans to implement them.

When identifying goals, focus on four to five goals. This helps reduce the risk of overpromising but underdelivering. Also, include a couple that are "stretch" goals – which means, possible, but challenging, Friday says.

In addition, take care to measure the relevant processes.

“Any metrics that don’t help in reaching this goal divert resources from where they’re needed,” Mitchell says.

For instance, rather than stating how many janitors should be assigned to a facility — which may or may not correlate to the level of cleanliness — it’s generally more effective to identify the standard to which the building needs to be cleaned.

As with any discipline, mastering strategic planning requires an investment of time and energy. The benefit? More productive, efficient operations. Moreover, unlike many functions that can be outsourced, strategic planning must remain in-house, Friday says.

“If you outsource strategic planning, you’ve given up your reason for being,” she adds.

The profound changes that occurred over the past few years have reinforced the importance of both facilities management and strategic planning.

“Organizations that plan, because they’re continually looking into the future, have generally been better able to adjust to the changes,” Hajduk says. “Those are the ones that are thriving.” ■

Karen Kroll is a frequent contributor to Building Operating Management magazine and has written extensively about real estate and facility issues.



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