Examining the Rold of the Facilities Manager: A seat at the table for the keeper of the capital investment

Summary

Ernesto was in his mid-50s and had over 25 years experience working as a facilities manager. His most recent job was as the Director of Facilities for a 1000 room resort in a large metropolitan area. Part of a well-known chain, the resort consisted of five restaurants, three swimming pool areas, a casino, two lounge areas, a clubhouse, six meeting rooms, and a large area for employees consisting of dressing areas and a cafeteria. The physical plant was approximately 46,500 m^2 (500,000 ft^2) with parking and grounds averaging 16,000 m^2 (4 acres). This was a destination resort attracting visitors from all over the world for over 40 years.

Ernesto first began working at the resort 15 years ago as a general maintenance person and over the years worked his way up to Director. He enjoyed learning his craft from the best facilities managers in the business and experienced many changes in management, clientele, technology applications, and organization of the facilities department. Ernesto was credited for convincing the corporate office to invest in maintenance management software, resulting in increased profitability for the firm. The software investment helped Ernesto achieve maximum efficiency by tracking work orders, man-hours, department performance, equipment failure, downtimes, and scheduling. Highly respected by corporate administrators, Ernesto was called to implement this software system in the remaining 8 properties and train their facilities managers.

The facilities department of the resort had 25 employees. The staff was much larger in previous years, but due to the installation of the maintenance tracking software, Ernesto was able to reduce service requests and improve overall department performance. A preventative maintenance program was also implemented and greatly reduced downtimes.

Ernesto calculated major projects were more cost effective when contracted out, rather than increasing the number of employees temporarily. Several projects over the years required this strategy including a roof repair and a four-month renovation of guest rooms. In addition, every five years the pool decking and parking lot were resurfaced.

After Ernesto's grandchildren were born, he and his wife decided to leave the big city and relocate to a smaller town to be closer to the family. Even though he would be leaving a six-figure annual salary, Ernesto welcomed the change and the potential to work at a less hectic pace. He quickly was able to secure employment as a Manager of Maintenance working in a 200-room hotel in a small town for half his previous salary. One of the appealing traits of the small hotel was that it was only six years old and encompassed fewer outlets and amenities than the previous resort. The physical plant consisted of approximately 14,000 m^2 (150,000 ft^2) and parking and grounds were an additional 24,000 m^2 (6 acres).

Ernesto's new boss and General Manager was Sylvia, a fairly young GM at 26 years of age and personal friend of the hotel's owners. The owner's were not active participants in the day-to-day operations and only communicated with Sylvia twice a year to discuss financials. As long as annual sales approximated US$5 million, the owners were happy. Sylvia was cordial and introduced Ernesto to the other department heads within the hotel upon his arrival.

This new job was quite different from his prior administrative position in that it was more "hands-on." Perhaps it was because the department was much smaller, consisting of one full time worker and two part-time maintenance staff.

On his first few days of the job, Ernesto found several maintenance areas of concern following a thorough assessment of the property. Six rooms were out of service due to heating, plumbing, and minor electrical issues. In the restaurant, the disposal was broken at the dish station for over a year, the soda machine was inoperable due to a rodent problem, and the electric steamer had never been used due to improper installation. Additionally, the hotel grounds were heavily worn and portions of landscaping needed replacement.

After his first week, Ernesto called a meeting with his staff to put together a short and long-term maintenance plan. Ernesto's second in command gave two weeks' notice at the beginning of the meeting because he said he was too stressed out and felt hostility from other workers in the hotel. Committing to resolving these personnel issues, Ernesto continued the meeting to search for answers to other questions. Regarding the rooms out of commission, Ernesto was told they were waiting on bids from electricians and plumbers, which could potentially take up to 3 weeks. Regarding the kitchen issues in the restaurant, Ernesto learned the kitchen staff made their own repairs. Finally, Ernesto was told the two part-time workers were originally hired to maintain the five-acre hotel grounds, but were so busy handling excessive maintenance requests, they had no time for the grounds. The part-time workers were quick to point out they had handled a record number of maintenance requests, over 60 last month, indicating how busy they were.

Realizing the extent of the organizational problem he had on his hands, Ernesto knew that although he would not be able to purchase expensive maintenance management software, he would have to begin tracking requests and man-hours manually on spreadsheets. Gathering his data and findings, Ernesto met with Sylvia to review the issues in the maintenance department. Sylvia suggested he bring these findings to the monthly managers' meeting to tell everyone what was going on. Ernesto also inquired about the bids for the electric and plumbing work and Sylvia responded she had those completed bids on her desk, but was delaying contracting the work until additional repairs were necessary.

On the day of the managers' meeting, Ernesto happened to be walking by the conference room early in the morning and found Sylvia seated at the table with the Directors of Housekeeping, Food and Beverage, Sales and Marketing, and the Front Desk. Confused and thinking he had written the meeting time down incorrectly, Ernesto hurried into the room and apologized for not understanding the correct meeting time. Expressing confusion, Sylvia told Ernesto he was in the wrong meeting and this one was the weekly *Directors'* meeting for top hotel management, while the monthly *Managers'* meeting, which Ernesto was required to attend, was for the lower levels of managers throughout the hotel.

Target Audience

The target audience for this case study is suitable for the undergraduate level of hospitality or business disciplines. In order to maximize understanding and the potential for mastery over the lesson, this case study could be presented mid term in a facilities course, after basic managerial concepts have been adequately covered. This case serves to contextualize themes learned in prior lessons including:

- The role of the facilities manager as part of the executive management team
- The concept of maintenance as a profit source
- Communication requirements of a facilities manager
- Workload planning and staffing
- Maintenance records and recording of man-hours
- Financial responsibilities of facilities managers

Learning Outcomes

This case study demonstrates a real scenario pertaining to the relationships between facilities managers and hotel staff. Each hotel work environment is unique, but what remains consistent across all properties is facilities managers must serve hotel guests and management, often simultaneously. The key concepts presented in this case are workload planning and tracking, the service-profit chain regarding maintenance management, and the inclusion of facilities management in the firm's strategic initiatives. By the end of this lesson, the student should be able to:

- Discuss how tracking work orders and man-hours contribute to the performance of the entire hotel operation.
- Extract the series of events in this case leading to the potential for poor profit as they pertain to the service-profit chain (Heskett et al., 1994).
- Articulate a step-by-step plan to change the perception of a facilities manager from a cost-savings operations manager to a profit-generating strategic partner.

Lesson Plan

There are two possible ways to present this case study: (1) at the beginning of a facilities management course, or (2) half-way through after a base of pertinent content has been taught. The benefit to presenting the case at the beginning of the course is so students may become familiar with the story and begin to form their own ideas about plausible solutions. As content is presented throughout the course, students will be able to identify key themes and subsequently apply those themes to the case.

The second option in presenting the case study after the content has been taught offers a project for contextualizing the material learned thus far. In this mode, the case study could be used as a check for understanding of the major themes presented throughout the course. In either scenario, when the case is presented, the additional reading materials should also accompany the assignment to augment discussion.

Discussion Topics and Questions

Facilities Management Workload Planning and Tracking

- Of the tasks Ernesto identified as urgent during his first week, construct a table detailing the category of maintenance each task falls into: preventative, predictive, reactive, or deferred (Edwards, 2012, pp. 70-71) and justify your reasoning.
- For each item in #1, provide a brief explanation for how to move each task into the preventative or predictive category, if possible.
- Discuss the benefits in using a computerized maintenance management system (Lai & Yik, 2012) for organizing workloads, both from a scheduling and a budgeting perspective. Why is facilities work performance measured in man-hours?

The Service-Profit Chain

- Using the service-profit chain (Heskett, 1994) as a guide, outline the series of events Ernesto has faced in his new job and the possible outcomes as a result of those events.
- Compare your results from #1 above to the series of events which might have occurred in Ernesto's old job at the large resort in the major metropolitan area.
- Where along the service-profit chain would an intervention be appropriate to generate long-term profit in this scenario? Provide some examples of what the GM could do to support good internal service quality leading to profit.

Strategic Objectives and Facilities Management

- What are some of the current trends in the hospitality industry which facilities managers could embrace to persuade stakeholders that facilities management could contribute to the firm's strategic objectives? Choose one trend and explain how a facilities manager might go about convincing a hotel owner/investor that he or she could generate profit with this initiative (Lee & Scott, 2009).
- Contrast the role of facilities management from an operations and a strategic perspective. How are these roles different? How are they similar?
- Explain in which role a facilities manager is in a better position to protect and prolong the life of the capital investment: operations or as a strategic partner?

Instruction

The three learning outcomes attached to this case require a significant portion of time to conceptualize and execute. At the minimum, 40-60 minutes per outcome is preferred if time is only dedicated in-class. Ideally, the case should be assigned in groups using out-of-class time to formulate student answers and feedback. Alternately, the case could be distributed as homework and students return to class, divide in groups, and investigate only one outcome per group. Regardless of the plan for instruction, if the case and supplemental reading are presented prior to in-class activities, the following elements should be included to generate discussion within a 60-minute format:

Small Group Discussion

Students may gather in small groups of 4-5 each and be asked to provide a brief outline of key events in the case (5 minutes). Each group is assigned one themed learning objective and will answer the discussion questions pertaining to that objective (20 minutes).

Presentation

Depending on the number of groups for each set of questions within an objective, a representative from each group will stand at the front of the class to report their answers. Should there be more than one group per set of discussion questions, the potential to compare and contrast answers between groups could generate new ideas and more in depth discussion (25 minutes).

Check for Understanding

In the remaining time (5-10 minutes), students will be asked to take an opposing view to any of the thoughts provided during the presentation and write a few sentences defending their view. Depending on the amount of time left one or two students may wish to speak about their opposing view along with their justification.

Assessment

Depending on class size, students may work individually, in pairs, or in groups for the assessment portion of the case. An out of class reflection assignment will be given to determine if students can transfer the knowledge from the case to a real-world scenario. Each student (pair or group) will be issued a tourist destination at random, so as not to duplicate a destination (i.e. Dubai, Tokyo, London, New York, etc). The students will be asked to visit the TripAdvisor website at www.

Name of the hotel and location:

	Impact on/threats to:		
Review	**Facilities Planning/Tracking**	**Service-Profit Chain**	**Strategic Growth**
Positive Example: Name of hotel & date of customer review posting "The maintenance staff was very prompt when we had a problem."	This comment can be tracked to time of stay and used to assess customer satisfaction on a monthly basis from a facilities management standpoint.	This comment is evidence of a content and motivated maintenance staff.	The positive nature of this comment may equate to the readiness of the staff to be more involved in various strategic initiatives as the facilities manager sees fit.
Negative Example: Name of hotel & date of customer review posting "The windows in the room rattled all night in the wind and we couldn't sleep."	Response to this comment should elicit a plan to check all hotel room windows and repair/caulk those that rattle. A preventative maintenance program should also go into effect to maintain the window seals.	This comment is not directly related to the service-profit chain, unless there is already a window maintenance plan in place not being followed; in which case, management should investigate why maintenance staff is not adhering to policy and if it is a result of poor internal service quality (i.e. no time, no tools, no resources, poor communication, etc).	This negative review impacts the decisions of future potential customers who seek peace and quiet, along with a good night's sleep. Those customers who are very sensitive to negative reviews regarding quality of stay will not chose the hotel and this of course, impacts revenue and ability to grow.

tripadvisor.com and find one hotel with multiple guest reviews within their assigned destination. Students will read the reviews searching for customer feedback from a facilities point of view which posts both positive and negative feedback. Students will record two favorable and two negative facilities-based reviews and analyze the reviews' impact on facilities planning/tracking, threats to the service-profit chain, and threats to strategic growth. The following table illustrates the assignment with both positive and negative review examples:

Analysis of Teaching Objectives

Facilities Management Workload Planning and Tracking

The possible urgent tasks which could be identified during Ernesto's first week include the six rooms out of service with electrical and plumbing issues, inoperable disposal, soda dispenser, and steamer in the kitchen, worn walking paths on the grounds, and dead landscaping. Four categories of maintenance are provided in the readings. Preventative maintenance refers to regularly scheduled maintenance to prevent service interruption. Predictive maintenance is similar to preventative maintenance, however the equipment is allowed to run its useful life and replaced prior to service interruption. Budget support is a critical factor in predictive maintenance. Reactive maintenance occurs when an interruption in service calls for immediate action and is considered a preventative or predictive maintenance failure. Deferred maintenance is a delay in repair until a more affordable or convenient time period (Edwards, 2012). Students may justify different types of maintenance for each task.

A computerized maintenance management system (CMMS) is a critical strategic component for large hotels. The CMMS has the potential to capture large amounts of data regarding equipment failure, downtimes, repair costs, man-hours, start and stop times, duration and location of work performed, and the work orders themselves (Lai & Yik, 2012). The responsibility of the CMMS is the Director of Engineering, Facilities, or Maintenance. Depending on the size of the operation, the CMMS can be controlled by the front desk, or by the maintenance department if it runs 24 hours per day. A typical maintenance work order would come into the call center and a work order would be logged into the CMMS. Next, a technician would be sent to the location to complete the work, or not. In either case, real-time information is entered into the CMMS as to the status of the work order, which can be tracked. Statistical summaries are generated to provide a feedback loop about maintenance performance (Lai & Yik, 2012).

The benefits to tracking work orders are numerous and can be conducted with simple spreadsheets for smaller operations. Regardless, students should be able to identify that in a tracking system, wasted time and resources can be easily spotted and rectified so as to improve performance and be more cost efficient. Facilities work is tracked in man-hours due to the universality of the measure. As an example in this case, the part-time workers are proud to have filled 60 work orders, but how many hours did the orders take? Could the work for the 60 orders have been consolidated? Or avoided altogether with preventative maintenance?

The Service-Profit Chain

The service-profit chain is a well-known phenomenon throughout the service industries. The additional assigned reading on the service-profit chain will acquaint students with the concept that good internal service quality leads to happy employees who will provide better service, resulting in loyal customers, thus leading to increased profits (Heskett et al., 1994). The service-profit chain can also move in the opposite direction where poor internal service quality results in profit loss, and ultimately, termination of a business.

Students should first be able to point out how unhappy Marco was in the small hotel, which was an indication of poor internal service quality. When he gave his two weeks' notice, students could discuss the costs associated with turnover and loss of intellectual capital. Second, students will point out Ernesto's own dissatisfaction with Sylvia and his inferior status compared to the "Directors," or the senior management of the hotel. Sylvia's perception of maintenance as a simple operations function will illustrate Ernesto's frustration with not being seen as a strategic partner, especially in light of his former job.

Students should be able to discuss how Sylvia might go about repairing the damage to the maintenance department's reputation and even outline a plan of action to support Ernesto in a more critical role within the hotel.

Strategic Planning and Facilities Management

A very popular and important initiative currently receiving much attention in hospitality management is the inclusion of "green" or sustainable practices in hotels (Edwards, 2012). Facilities managers can exploit this trend and easily show return on investment through a variety of cost saving measures which simultaneously could be used in "green" marketing schemes. Students should be able to identify many cost saving maintenance measures such as low-energy light, low-flow plumbing, recycling, etc.

In the assigned reading by Lee and Scott (2009) a comparison emerges about the difference between facilities management as an operational function and as a strategic function. Much of the facilities literature is involved in a dispute as to the very definition of facilities management (Frapin-Beauge, Verginis, & Wood, 2008; Drion, Melisen, & Wood, 2012; Jensen et al., 2012) in hospitality due to the inconsistencies in the description of its function across many different countries. In North America, facilities management is viewed increasingly as a management coordination function, which begins at the onset of building the physical plant, and continues throughout the life of the building to manage its systems, people, and equipment for competitive advantage (Frapin-Beauge, Verginis, & Wood, 2008). In the Dutch model, facilities management includes reception, catering, security, and mail handling, while the British definition is inclusive of the planning and maintenance of both hard (i.e. maintenance of the physical plant) and soft (i.e. housekeeping, security, mailroom) services in the organization (Frapin-Beauge et al., 2008).

The inability to construct a worldwide definition of facilities management has hampered efforts to measure performance (Tucker & Pitt, 2009) and establish "added value" to justify a strategic position (Jensen, 2012). Due to the potential for this case to be adopted by faculty in a variety of countries, it is still important to delineate operational facilities management from strategic facilities management, especially in terms of protecting and prolonging the life of the capital investment. Current facilities management literature from a variety of disciplines has resurrected the balanced scorecard (Kaplan & Norton, 1996) performance measure for assessing the strategic potential of facilities management (Tucker & Pitt, 2009; Jensen et al., 2012).

In the past, other hospitality departments have faced similar struggles in their quest for strategic recognition. Food and beverage (Frapin-Beauge et al., 2008) and human resources (Barney & Wright, 1997) have also undergone vetting processes to prove value and worth through return on investment. The current conversation and endeavor for facilities management to be recognized for making strategic contributions to hospitality is critical for the long-term viability of the discipline in industry and academia.

Additional Sources Assigned

Edwards, J. (2012). Applied Facilities Management for the Hospitality Industry, pp. 1-86. San Diego, CA: Cognella.

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Stipanuk, D. M. (2006). Hospitality Facilities Management and Design, 3rd Ed., Lansing, MI: The American Hotel & Lodging Educational Institute.

Tucker, M. & Pitt, M. (2009). Customer performance measurement in facilities management: A strategic approach. International Journal of Productivity and Performance Management, 58(5), 407-422.