



Your Partner in Facility Management.....

Top 10 ways to reduce Facility Management Budget - Part 1

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In this month issue, we would like to share the top 10 ways to reduce Facility Management (FM) Budget without sacrificing the quality.

10. Use CMMS to track repairs and warranty issues

A computerized maintenance software is vital. The software will allow you to trend repairs so you'll "red flag" problem areas and be able to better track and forecast workloads. Your assets will be added to the CMMS database, thus allowing for proper retirement and planning of preventative maintenance schedule. Also, [by capturing warranty information you'll ensure that assets covered by warranty are repaired by the warranting vendors.](#)

9. Conserve Energy

Have your power usage evaluated by your local utility company. They will look for inefficiencies, suggest changes and provide pay-back periods. Additions such as an energy management system will decrease the electricity needed within your facility. [Simply revising start up and cycle times on major equipment may save money due to a lower kilo-watt usage rate.](#)

8. Perform a Total Cost Analysis (TOA)

A knowledgeable manager understands the difference between cost & price. The two terms sound similar but actually have very different meanings. Price is the initial investment necessary to acquire an asset. Cost however, includes not just the initial investment but all other costs associated with owning that asset; for instance, utility and maintenance costs. This being the case, cost should always be the benchmark, not just price, particularly the "low bid". [A Total Cost Analysis is a method that allows you to compare true costs of various options, even if the options have different useful life spans.](#)

7. Perform a Life Cycle Costing Analysis (LCC)


A Life Cycle Costing (LCA) Analysis is similar to the TCA except it utilizes the "time value of money" concept which is commonly used by accounting and procurement professionals. The LCC analysis also allows you to calculate escalating inflation rates.

[The bottom line is proper analysis of purchase decisions will allow you to make better decisions based on long term objectives. The use of these tools will also better enable you to convince management of a higher priced \(but lower cost\) option.](#)

6. Understand and exploit tax write-offs

Very few organizations have a defined process for identifying and capturing tax write offs due to depreciation and retirement. This is due to a disconnect between the accounting department and the facility department. When facilities replaces a capital asset, the retirement of the old asset needs to be relayed to accounting, with the new asset information. Your accounting department will take care of getting the proper write-offs; you just need to keep them informed. **Hint:** Be sure to ask the accounting department to communicate the savings to the organization to you at the end of each year. These dollars won't be credited to your facility budget, but they will go to the bottom line of the organization. You should get recognition for that, even if you don't actually get your hands on the dollars! **Best advice:** [take time to understand your organizations capital asset rules and then make sure you develop a process to capture these costs. Warning: don't purchase capital assets with operations and maintenance \(O&M\) dollars. If you do this, you're missing out on very valuable tax write ups!](#)

Do keep a look out for the Part 2 , next month.....



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Time Management for Facility Management

Most facilities management practitioners face a daily dilemma: too much to do and not enough time to do it in. There are too many opportunities to pursue too many problems to solve, too many projects to work on, too many people to please, too many people wanting too many pieces of your time.

Rising pressures in all aspects of the organization forces facilities staff to rethink what time means and how they can squeeze the most out of each minute. In many ways, however, time management is simply common sense. But just because it's common sense doesn't mean it's common practice. And it certainly doesn't make it easy.

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