

An Inside Job

Jeff Dover

Controlling costs with in-house facilities management pros

Why do so many restaurant companies use in-house facilities management professionals? Simply put, it makes financial sense. Facilities management costs within the restaurant industry are extremely high when all activities, including personnel costs, are taken into account.

These charges are under constant review. Some of the justifications for using in-house facilities professionals are:

Cost Control

Overall restaurant facilities costs encompass a large portion of a store's budget. These include repair and maintenance expenses, preventive maintenance, utilities, waste and janitorial, just to name a few. A facilities professional has the knowledge and experience to minimize these costs, which adds money straight to the bottom line. They can control third-party costs by understanding how contractors and vendors can maximize value and reduce costs.

Easier Program Implementation

Facility managers are a perfect fit for the major programs restaurants continually initiate and roll out. For example, sustainability is hot, and the facility manager provides leadership to oversee and control the actions necessary to save energy and water and reduce waste.

Better Asset Management

Who else knows more about the individual assets of a store, how to maintain them and when to replace them? The facility manager is by far the most knowledgeable when it comes to these issues.

If a CMMS is in place, the facility manager can quickly determine whether to repair or replace a piece of equipment by reviewing its initial cost, age, money left on the books, length of depreciation, replacement cost and repair charge. The overall savings potential in making these types of decisions is enormous. Typically, operations would simply like to buy a new piece of equipment as an expense charge may affect the store's bonus. For facility managers without the use of a CMMS, they still have a variety of sources to readily obtain the information needed to make the correct call on replace versus repair.

Another asset management plus for facility managers is their ability to determine recommended asset replacement programs. Strategically replacing HVACs, refrigeration and cooking equipment within the proper timeframe saves in energy and maintenance costs. It also keeps the stores running without disruption. These

types of programs normally pay for themselves over a relatively short period of time.

Streamlined Capital Budgeting

Facilities professionals usually complete a store audit at least once per year to determine what major capital and/or repair and maintenance projects or equipment are needed for the upcoming budget. Generally the entire facility is surveyed, with photos showing the required projects and equipment, along with an estimated dollar amount.

Who else would the C-suite want to complete an annual audit? Restaurant managers, regional directors or outside service companies? Probably not. A facility manager knows his or her stores, as well as the history of capital and major repair projects. Facility managers are also aware of the current lease terms and agreements and will take these factors into account while preparing a restaurant's budget. Their focus will be on protecting company assets through replacement or major repair programs.

Operations personnel should accompany the facility manager during the store audit to provide input and learn from the facility manager's perspective. The facility manager can also help determine which projects and/or equipment needs to be postponed to another budget year when the overall, approved capital plan falls short of the number that was submitted. Facility managers are very well versed on keeping equipment running on a shoestring budget. Once budgets are approved, facility managers can use volume buying and/or contracting in specific or national areas to drive down project costs by using one contractor for numerous repetitive projects. Due to their experience, they handle emergency jobs quickly and efficiently by mobilizing their contractors to make the necessary repairs.

Improved Risk Management

Through continual store visits and yearly audits, facilities professionals are very adept in noticing and correcting potential risk management issues. This keeps company liabilities to a minimum. Most of these types of projects are non-negotiable, such as ADA, guest or employee safety, health department and/or authority having jurisdiction (AHJ) requests.

Seamless Contractor/Vendor Management

Facilities professional are tasked with finding a team of contractors and suppliers to keep their restaurants running smooth, minimizing costs and protecting company assets. What other internal or external departments could handle that in addition to their normal job responsibilities? Managing facilities without a dedicated facilities staff means a store will not get the proper attention and priority that is required, which may result in increased costs and risks to an organization. Facility managers are tasked to find knowledgeable, dedicated, certified contractors who are properly bonded and insured, which transfers the liabilities over to them.

Additional Benefits

Facility managers are also highly skilled at handling disasters and emergencies. They normally are on point for making timely facility decisions on preparing and

recovering from any natural disaster. They also are used in real estate or leasing decisions to provide input on the condition of properties. They handle all the preventive maintenance responsibilities for all or some of a location's HVAC/R, grease trap pumping, fire suppression, hood cleaning, security, janitorial, waste and landscaping.

As you can see, facilities duties within the restaurant industry are far and wide. These professionals are tasked with protecting valuable company assets efficiently and economically. Their worth far outweighs their costs. Who else has the knowledge to wear so many hats to manage their restaurants?

RFMA is always here to help, and I'm always looking for feedback. Feel free to contact me at jeff@rfmaonline.com or call me at (972) 805-0905, ext. 3.

Dover and out.

Jeff Dover's facilities career started in 1985. He has been employed by several major chains (Ponderosa, Steak & Ale, Bennigan's, TGI Friday's, Fuddrucker's and recently Five Guys Burgers and Fries). His technical education enabled him to take the lead as energy manager, facilities manager and director of facilities at the various brands.