

Analytics and Facilities Management: The New Frontier

► SUMMARY:

Professionals in charge of maintaining brick-and-mortar stores have never had more options to help them analyze the data behind their decisions. This is particularly important as this function is now being overseen by the top financial officers of their organizations, and they contend with rising costs and assessing their spending.

But few companies fully utilize outside expertise available to them to ensure that they are making the most effective decisions possible without expanding their staff. Outside resources can help retailers determine the programming and tools that can help them achieve their stated goals.

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Effective maintenance of their stores has become a concern at the top levels of retail organizations. But do facilities management executives have sufficient data, analysis and staffing to make the best possible use of the solutions that are available?

The results of a survey of retail executives conducted by NEST and *Chain Store Age* show that those in charge of maintaining retail stores have yet to use analytics to assess and control the rising costs of keeping their stores in the best condition possible. This appears to be true across all store sizes and price points in nearly every aspect queried. The range of options, and the tendency of many companies to keep this function in-house, is resulting in a widely fragmented field that offers great opportunity for third-party companies that offer all-in-one solutions, especially for understaffed retailers.

C-SUITE OVERSIGHT

For facilities managers, the good news is that facilities management has become a serious concern in the C-suite. Nearly half (44.9%) of the respondents noted that the CFO is involved in decision-making regarding this function. This new focus for the CFO could be a testament to the importance of financial reporting and analytics, and rising costs cited by respondents as important priorities going forward. The vice president of real estate role (which frequently oversees facilities) was cited by 34.6% as a key decisionmaker.

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of respondents said they used, or plan to use, analytics for predictive and preventive maintenance, budget appears to be the single largest concern for FM managers, both currently and going forward.

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The results indicate that managers are concerned with day-to-day operations above all else, in a still-fragmented approach. Clearly, managers are seeking tools that will help them plan and forecast their day-to-day operations. But they also are seeking tools that will help them assess and justify the costs of doing so. This is true regardless of the size of their company's stores or price point, or even the size of their own staff.

CLOSE-KNIT STAFFING

Currently, the FM function remains one that is kept to a relatively small group of staff. Fewer than half (44.3%) of respondents reported that their internal team consists of three or more people. For some, however, their team is growing. More than one-third (35.4%) of those surveyed said they planned to increase staff in the next 12 months, because of an increasing store count, or a need for additional support staff "to improve work flow," noted one respondent. Surprisingly, companies with larger staffs (three or more) and smaller staffs (fewer than three) were evenly divided in terms of planning growth. Of those respondents who are planning to add to staff, 59% were midmarket, with one third (33%) discounters.

Overall, however, retailers are keeping FM staffing as is. Nearly half (45.6%) of all respondents said they were adequately staffed and had no plans to change that within the next 12 months. An additional 15.2% noted that they were understaffed, but also had no plans to change their staff number. One reason why may be that managers are reluctant — or unable — to hire new team members. One respondent noted that "Hiring is difficult right now," while another cited budget restrictions for the lack of staff growth. Still another, who oversees high-end mid-sized stores, noted the high cost of healthcare and other employee benefits as a reason for cutting back on staff. These companies will simply have to do more with the same number of people, at least in the short term. Given that managers' dominant concerns are costs and spending, this is understandable.

COSTS & SPENDING

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It isn't surprising, then, that the vast majority of those who cited assessing spending as a top priority also are concerned with rising costs going forward. In a separate question regarding near-term concerns, rising costs are the top future concern for managers, cited by 60.5% of respondents, with increased spend cited by 33.8% and increased technology expenses by 23.4% by those replying to the survey.

FINANCIAL REPORTING AND ANALYTICS

Not only do FM executives want to use analytics to help them assess their costs, they want to be able to prove what they are doing to headquarters. Half of the respondents (50.6%) noted that they are using or would like to utilize analytics to improve their financial reporting, likely because the majority of them noted that C-suite executives are involved in decision making. But few respondents actually do. Just one in six (16.7%) are using proprietary tools for analytics, divided among different programs.

FRAGMENTED MARKET = OPPORTUNITY

There are now plethora of tools and solutions available to retailers to help them manage their facilities, but the survey indicates that the market remains underutilized and deeply fragmented, with one exception.

The overwhelming majority (82.3%) of respondents reported that they are not using a third-party technology partner. Those few retailers utilizing partners are working with many different companies, and not necessarily with firms offering advanced solutions. Of the partners mentioned, most automate standard processes such as work orders, but don't provide services such as operational improvement, staff support or cost and spend analysis. Interestingly, of the fewer than one in five (17.7%) respondents who are utilizing a third-party FM platform, 57.1% are small-box retailers. Similarly, just 11.8% of companies are utilizing energy management solutions, with no clear dominant company.

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The story changes slightly when it comes to analyzing and reporting on data. Again, while the majority (72.7%) of respondents keep the function in-house, 5.2% use external resources only, with the remainder (22.1%) using a combination of both services.

LOOKING FORWARD

NEST asked respondents to look to the future, to dream big about the ways the tools they would like to see. The responses focused largely on making their lives easier, using automation and control (including tracking service providers and learning systems). Respondents asked for ease of contracting, a full-suite dashboard that integrates operations, financing and facilities management and detailed analyses of other programs' results.



The industry must continue to innovate and educate the industry about the advantages analytics can bring to their operations, cost controls and reporting.

Others asked for better monitoring systems, including automating work orders, using the Internet of Things (IoT) to connect devices to proactively monitor status and repairs, automation to sustainability metrics capture, to real-time inventory management. One asked for “a robot to figure out problems to machines in the power equipment services field.”

Perhaps the most telling comment came from one respondent, who simply wrote, “I don’t know.”

CONCLUSION

And that may be the key: many professionals simply don’t know what they don’t know. As with any new technology or service, FM analytics is in the frontier stage. Professionals overseeing stores of all sizes and at all price points are still learning what they may need to make their jobs easier and optimize their programs and reporting.

It is clear that they want an all-in-one solution that will allow them to track their day-to-day operations, predict and prepare for future needs, and analyze and summarize the costs of doing both. However, few retailers are taking advantage of the many solutions that are available to help them so do. Their small staffs, unlikely to expand in the next year, are being asked to do more with the same or even fewer resources, and may not have time to explore their options.

Cutting through the maze of available analytics services and software to determine what best suits any individual retailer’s FM needs can be daunting. The team of a large national discounter likely has different needs from one overseeing a small regional upscale boutique.

An experienced, sophisticated analytics partner with particular expertise in retail can bring together a suite of services that can be integrated into a team’s existing efforts to create a unique solution that will create cost-efficiencies, greater transparency, and help predict what a retailer will need going forward to keep its facilities in proper order. NEST has been helping multisite businesses transform the management of their facilities and construction for more than 25 years. To find out more about how analytics can help your company assess and cut FM costs, and ease your financial reporting, contact the NEST team at (844) 650-372.

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