Consolidating Maintenance Services:  
**Will it Save You Money or Destroy the Entire Program?**

Ever since the financial collapse in 2007 organizations have been looking for ways to lower the operating costs of their facility management operations. More times than not they seem to look at the maintenance function for the easy fix to their need to spend less money. Many of these organizations are large ‘campus style’ facilities. These facilities can be city or state governments, military bases, school systems, and most commonly, universities. These organizations often have multiple maintenance teams to manage heating and cooling plants, office buildings, classroom buildings, and student residences.

The questions which are asked by upper management is: *Why do we have two, three or even four separate individual maintenance organizations and structures with all of the support equipment and processes like fleet, tools and equipment, parts and supplies, and support staff like clerks and even certain management personal?* It is a logical question to ask and it should be asked if your management team is engaged in the process at even the most basic level. The problem is they are not engaged until they wake up and realize they are in the survival mode, which may be too late to turn the ship around and fix the process of how you manage and lead the organization.

In the past year or so I have seen a rising trend with organizations to consolidate maintenance services within the organization in the attempt to save money. Many of these are universities.

The typical medium to large university has at least three maintenance groups:
- One for the plant which includes major heating and cooling plants, water and waste water systems, roads and paths, and managing the electrical grid for the entire property
- A different group to manage the classroom space and the student residencies
- Then one to manage all sporting venues

This structure begs for the question to be asked…*Why?*

This problem is compounded by the fact that the outsourcing industry is constantly approaching the owners and property managers with the promises of streamlining the organization and lowering the cost. In many cases, the outsourcer would like to combine the maintenance, custodial, and food businesses into one organization. So the question is which is the best method to organize and manage the facility services in these large ‘campus style’ organizations?
Let’s look at each type of organization and discuss the pros and cons. Keep in mind there are hundreds of ways to organize the property which makes it impossible for me to list or describe them all in detail for this article. But, I hope you will be able to get the gist of the structure I am talking about so you can readjust it for your particular situation and ultimately make some good sound decisions about how you are structured.

**Decentralized Model:** This is the first because it is the most common one seen. In this scenario you have a self-standing facility management organization and structure for each of the major business groups. **Central Plant** - which handles all major heating and cooling, electrical, and possibly the roads, grounds, and sidewalks etc., a **Central Facility Group** - which will handle all classroom and office building structures which will include all electrical, HVAC, plumbing, structures, etc. Once you get past the main valves and disconnects, or in some cases when the utilities pass through the building walls or foundations. And finally a group which handles only the residences and dorm structures and like the facility group they handle all crafts once the supplies pass into their area of responsibility. These individual groups often have their own capital program, purchasing, supply, fleet, and dedicated maintenance teams and contractors etc.

The decentralized facility groups typically enjoy higher customer satisfaction than the centralized structure along with more of a team attitude and ownership. All they do is take care of the dorms and residences for example so the mission is very clear and hopefully the end results will be the same.

The negatives for the decentralized are that within a large campus style environment each group becomes its own silo which reduces the campus wide teamwork culture and also can lead to multiple ways of performing the same work. Technical methods and specifications can be different between the groups as well as parts and supply specifications. Which means you can have three different ways to wire the same motor, three different types of disconnects, three different types of motors etc., and ultimately three different performances, life cycles, and operating costs. And the negative that management is concerned about is the redundancy in management and support personnel as well as capital support equipment. It is important to note that with the decentralized structure the higher management is decentralized as well. So even from the very top of the organization there may completely different cultures and visions for the mission of the team hence the management styles and performance outcomes will be different as well. This makes it difficult, if not impossible, for the overall campus style facility or company to march with the same cadence.
**Centralized Model:** The centralized organization brings all of the facility management and maintenance groups into one organization so control of standards and procedures now become consistent across the entire organization. There is now question that a centralized approach is more efficient, the quality of repairs and installations are higher, and more consistency in the approach to asset and equipment reliability. The most common negative is typically a reduction in customer satisfaction. To prevent the lowering of customer satisfaction from happening, the program and process must be managed by a very strong leadership team with best-in-class performance measures in place so that all can easily see even the most subtle changes in performance.

The best way to structure the centralized approach is to have all engineering, maintenance, capital planning, project management, main plant, roads and grounds, supplies and procurement, and contractor services all fall under the leadership of a director of engineering and maintenance. That person’s counterpart, or peer, would be the director of facility operations or the person who actually manages the day-to-day operations of each type of building service like residences, sport venues, classrooms, research buildings, etc.

So reading the above sort of makes you want to go with the centralized organization because of the benefits and the control and organization, right? But beware an organization of that size and complexity requires an *outstanding* organizational team and an *exceptional* leader to keep everyone in the ‘sandbox’ happy and working well together. Constant auditing of the processes and programs and a very strict set of performance measures to measure the day-to-day performance of all aspects of the organization including a constant handle on customer satisfaction will be required.

I have always been a very structured type of leader and want control of all aspects of engineering and maintenance so that the engineering team has the authority to control all maintenance and replacement of assets inside the fence. To be able to do this you need the centralized approach. To master the customer satisfaction component, I liked to decentralize some maintenance or develop zone groups that have direct contact with our customers but at the same time report back through the engineering and maintenance structure to ensure consistency of repair performance, capital replacement, and new equipment and building construction.

Remember, whichever way you structure if your measure the right things you will always be able to determine which one in best for your organization.