Best Practices in Janitorial Services Contracting and Performance Measurement

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Simplar Institute

- Group of researchers and educators
- Integrated within the parties (clients/buyers and vendors)
- Developed tools, methods, & training to enhance:
  - Organizational Transformation
  - Procurement & Sourcing
  - Project & Risk Management
  - Operational Efficiency
  - Human Dimensions
  - Performance Measurements
  - Benchmarking & Workforce
  - Facility Management Professional Training
• Only **2.5%** of projects defined as successful (scope, cost, schedule, & business)
  – *PricewaterhouseCoopers, 2009*

• Only **30%** of projects completed **within 10%** of the planned cost & schedule
  – *Construction Industry Institute Performance Assessment Committee, 2015 edition*

• **24%** growth in owner’s construction indirect costs since 1995 (net of inflation and escalation)
  – *Construction Industry Institute Performance Assessment Committee, 2015 edition*
THERE WILL ALWAYS BE SOMEONE WHO SAYS THAT THEY CAN DO IT CHEAPER... BUT AT WHAT COST?
What Percent of Solicitations Are 100% Accurate?
Who Should Know More About Performing/Delivering the Services Required?
It Is More Important For The **Vendor** To Know What To Do Than It Is For Client To Know What The Vendor Should Do
What We Have Seen...
What We Have Seen…
What We Have Seen...

Client → RFP ($) → Client PM & Team

Vendor → Document → Vendor PM & Team

?
“The greatest risk I face is how to accomplish all of the things that our sales team promised we could do.”
Who brings the Owner the most Risk?

**High Performer (Low Risk)**
- Vendor 1
- Vendor 2
- Vendor 3
- Vendor 4

**Low Performer (High Risk)**
Expertise-Driven Project Delivery (XPD)
Scope of Work / Spec / Reqs

Perceptions of Owner SOWs

- Unclear
- Information is missing
- Overly prescriptive
- Unrealistic
- Discourages innovation
- The owner is “fishing”
- Misunderstands Needs

Procurement is not fair

Impact

- Fewer proposals
- Low quality proposals
- Less qualified team/indivs.
- Less competitive pricing
- Less consistent pricing
- Open to interpretation
- Have to believe the vendor
- Brings risk to the Owners
Scope Definition vs. Proposal Variation

Variation between Proposals

Scope Definition
- Poor
- Moderate
- High

347 projects
1,850 individual proposals

25% Poor
15% Moderate
13% High
What is an Effective SOW?

Core Objective

What would an Expert Vendor need (or want) to know?

ALWAYS question whether the SOW....

– Allows vendors to provide the best price?
– Gives vendors information to plan their approach?
– Enables vendors to minimize contingency?
– Prevents vendors from walking away?
STOP

Your scope of work is crucial to making this an easier process

-- this is really, REALLY important --
Expertise-Driven Project Delivery (XPD)
Selection Process Best Practices

1. Compete Expertise: Risk and Value

2. Blind Evaluations – Make it Fair – and have page limits

3. Focus on the People
1. Compete Expertise: Risk & Value

- Focus on what shows differences

- Who does this favor?
Recommendation:
*Risk & Value as the Primary Written Submittals*

**Risk Assessment**
= risks you control and risks you don’t control

**Value Added**
= additional expertise beyond requirements
Example of Solutions

Risk: **Owner’s Budget (DB Residence Hall)**

Type: Non-Controllable Risk

- **Team 1’s Plan**

  Generic Marketing Information
  NOT a Plan

- **Team 2’s Plan**

  Will say whatever they think the client wants to hear in order to get the job
Team 3’s Plan
– The Owner’s budget cannot accommodate the building program per the requirements. See the Value Added Plan for cost saving options.

From the Value Plan
– We have identified multiple Value Added options that enable us to meet the budget and still deliver the required number of beds (in order to maximize owner revenue streams):
  – Removal of underground parkade – $2,054,717 savings
  – Reduction in certain finishes (wall panels vs. dry wall) – $67,000 savings
  – Design efficiency opportunities: Adjust net-to-gross ratios in targeted areas of building program (hallways, common spaces). Reduction in building footprint results in significant material savings – net savings $1,686,149
Risk Examples: Weather

<table>
<thead>
<tr>
<th>Risk 2 Description:</th>
<th>Weather</th>
</tr>
</thead>
<tbody>
<tr>
<td>Solution:</td>
<td>Car pooling from other locations and creating a backup staffing plan</td>
</tr>
<tr>
<td>Documented Performance:</td>
<td>Setting up weather alerts and keeping logs of pick-up/drop-off locations and driver availability.</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Risk 1 Description:</th>
<th>Severe weather (such as snow storms) making it difficult or impossible for staff to reach one or more of the sites</th>
</tr>
</thead>
<tbody>
<tr>
<td>Solution:</td>
<td>Since we are also a contract snow removal provider for multiple locations and clients, both inside and out of Edmonton, we are especially aware and prepared to manage storm conditions during the winter season. We use 4x4 trucks and drivers that are trained in driving in severe conditions, that can be reallocated to transport our janitorial staff to the sites as needed in a safe and timely way. If the roads are closed (or at risk of being closed) due to the weather, then we will activate our backup plan – a crew will stay in a location close to the site in hotels in order to ensure a continued service.</td>
</tr>
<tr>
<td>Documented Performance:</td>
<td>One of our client locations is in a location 45 miles west of [redacted]. During one winter, the local employee was sick and could not make it to the job site, the weather was very bad, and road travel was hazardous. A few short hours after being aware of the situation, we were able to organize and send a team comprising of a janitorial personnel from [redacted] and a company driver with experience driving in difficult weather, with one of our 4x4 company vehicles. The team was able to leave that night, reach the site before the beginning of the work shift, and complete all contracted work duties on the site on time before morning the next day.</td>
</tr>
</tbody>
</table>
Risk 3: Perceived minimums as written in RFP are established as an exact indicator of the University's service level expectation (e.g. 1 Day Staff person/35,000 m²; annual floor finishing specification will not maintain standard in some areas).
Value Added

Item 3: Zero Waste Initiatives: Compostable Waste Management Program. Feasibility and cost analysis study of Campus wide compost program; Scholarship to University of Graduate Student of $15,000 to undertake leadership role in study.

Impact: Cost ($) $0.00

Item 4: Re-lamping program: The Contractor will replace lamps in all Three Zones (as outlined in this RFP), to a maximum of 12’. University to provide lamps and the contractor will provide labour, training and safety documentation.

Impact: Cost ($) $10,000.00/month

Item 5: Parkade Sweeping: Contractor will provide Parkade sweeping (and scrubbing).

Impact: Cost ($) $11.00 (sweep); $14.00 sweep and scrub/stall

Item 6: Pest Control: setting live traps, bar-code tracking and live-release (University provided traps).

Impact: Cost ($) $12,500/month

Item 7: CIMS Green Building Certification. Third party recognition of Green practices (both University and Contractor) by ISSA accredited auditor.

Impact: Cost ($) $0.00
2. Blind Evaluation – Make it Fair

• The evaluated proposal documents **MUST NOT**

  contain any names that can be used to identify who the Proposer is.

• Including: company names, personnel names, project names, or product names.
Blind Evaluations: standard templates, no modifications, and no names.

Also... keep it short

1-2 pages each, 2-6 pages in total + 20min Interview
3. Focus on the People

1. Get Team Members Up Front (ID in Proposal)

2. 15-25min Interview

3. Interview is One-on-One, No Notes

4. Key Question:

*On the whiteboard:* Quickly layout the project/service (from start to end) with the following:

- Identify the major activities with approximate durations
- Identify the greatest risks and where they are on the timeline
- Identify what you need from the client & when you need it
“The Greatest Risk we always face is how to accomplish all the things that our sales team promised we could do.”
RFP Templates + Legislative Advocacy

Center for Procurement Excellence

www.center4procurement.org
Expertise-Driven Project Delivery (XPD)
Selecting…

Client → RFP (¥) → P/P/P → Vendor → Vendor → Vendor → Vendor

ASU KU OU ATM BYU WILD
...Leveraging = Plan before you Sign

Client PM & Team

Vendor PM & Team

"Clarification"

Plan

Client

Vendor
1. **Cost Verification**
   - Provide a detailed cost breakdown
   - Identify why the cost proposal may be significantly different from competitors
   - Review value added options
   - Identify how payments will be made and all expectations regarding finances

2. **Preplan in Detail**
   - Coordinate the project/service with all critical parties
   - Revisit the sites to do any additional investigating
   - Prepare a high level project schedule + client activities

3. **Align expectations**
   - Review and address all assumptions
   - Clearly identify the client’s roles and responsibilities
   - Potential deal breakers
   - What is included and excluded in the proposal

4. **Identify and mitigate all uncontrollable risks**
   - Identify all risks or activities not controlled by the Offeror
   - Identify the impact of the risks
   - Identify what the client can do to mitigate the risks
   - Address how unforeseen risks will be managed
Reduced cost increases and schedule delays by 70%
Expertise-Driven Project Delivery (XPD)

Scope 01
Selection 02
Clarification 03
Execution 04
Award Contract

04
**Green Janitorial Practices**

- About 77% of FMs use at least ONE green janitorial practice

<table>
<thead>
<tr>
<th>Facility Size (RSF)</th>
<th>N</th>
<th>Janitorial procedures are audited on a periodic basis</th>
<th>Green cleaning certified staff or contract service</th>
<th>Implemented a green cleaning training program for janitorial staff</th>
<th>Green cleaning procedures are documented</th>
<th>Green cleaning training is regularly provided and documented</th>
<th>NONE</th>
</tr>
</thead>
<tbody>
<tr>
<td>Less than 50,000</td>
<td>199</td>
<td>37%</td>
<td>28%</td>
<td>14%</td>
<td>17%</td>
<td>9%</td>
<td>33%</td>
</tr>
<tr>
<td>50,001-100,000</td>
<td>504</td>
<td>49%</td>
<td>28%</td>
<td>17%</td>
<td>14%</td>
<td>14%</td>
<td>27%</td>
</tr>
<tr>
<td>100,001-250,000</td>
<td>195</td>
<td>48%</td>
<td>28%</td>
<td>26%</td>
<td>23%</td>
<td>19%</td>
<td>24%</td>
</tr>
<tr>
<td>250,001-500,000</td>
<td>147</td>
<td>54%</td>
<td>39%</td>
<td>33%</td>
<td>34%</td>
<td>24%</td>
<td>13%</td>
</tr>
<tr>
<td>500,001-750,000</td>
<td>58</td>
<td>43%</td>
<td>31%</td>
<td>31%</td>
<td>38%</td>
<td>24%</td>
<td>29%</td>
</tr>
<tr>
<td>750,001-1,000,000</td>
<td>57</td>
<td>61%</td>
<td>46%</td>
<td>32%</td>
<td>33%</td>
<td>26%</td>
<td>16%</td>
</tr>
<tr>
<td>1,000,001-1,500,000</td>
<td>49</td>
<td>57%</td>
<td>39%</td>
<td>41%</td>
<td>33%</td>
<td>39%</td>
<td>16%</td>
</tr>
<tr>
<td>1,500,001-2,000,000</td>
<td>14</td>
<td>64%</td>
<td>57%</td>
<td>43%</td>
<td>43%</td>
<td>43%</td>
<td>7%</td>
</tr>
<tr>
<td>2,000,001-3,000,000</td>
<td>22</td>
<td>77%</td>
<td>50%</td>
<td>32%</td>
<td>30%</td>
<td>30%</td>
<td>0%</td>
</tr>
<tr>
<td>More than 3,000,000</td>
<td>39</td>
<td>62%</td>
<td>41%</td>
<td>49%</td>
<td>38%</td>
<td>18%</td>
<td>13%</td>
</tr>
<tr>
<td><strong>OVERALL</strong></td>
<td>1042</td>
<td><strong>49%</strong></td>
<td><strong>33%</strong></td>
<td><strong>26%</strong></td>
<td><strong>19%</strong></td>
<td><strong>17%</strong></td>
<td><strong>23%</strong></td>
</tr>
</tbody>
</table>

- Larger sites tend to use practices more often
- Auditing was the most commonly used green practice

About ¼ of FMs don’t use any green practice

- Red: high-range value
- Green: mid-range value
- Blue: low range value
Utility Costs of Green Certification

<table>
<thead>
<tr>
<th>GREEN CERTIFICATION STATUS</th>
<th>N</th>
<th>$/GSF</th>
</tr>
</thead>
<tbody>
<tr>
<td>Plans to for certification in the next 12 months</td>
<td>8</td>
<td>$3.55</td>
</tr>
<tr>
<td>One or more buildings certified</td>
<td>55</td>
<td>$3.80</td>
</tr>
<tr>
<td>Green elements, no certification</td>
<td>140</td>
<td>$3.30</td>
</tr>
<tr>
<td>No green elements</td>
<td>52</td>
<td>$4.68</td>
</tr>
</tbody>
</table>

So, green certification may save money

Metrics need to have a purpose... positive accountability

– How do we improve?
– What does the supplier recommend?

• Read the article: www.simplar.com/janitorial
Results in Action
Total number of projects: 11
Estimated value of projects: $200+ Million
Internal estimate of project savings: $15 Million
Percent of projects where the Awarded Contractor was also the lowest cost: 64%
Average client satisfaction: 9.8
Vendor change order rate: 1.2%
Vendor delay rate: 3.7%
1\textsuperscript{st} Project

- Campus-Wide Custodial Services
Owner’s Feedback

10 year custodial contract; $62M

Savings of $500K per year

Attracts the top-performing industry suppliers
Value brought by the Vendor

- Quality Assurance Work Order System
  - Rollout of mobile access, easy navigation
  - Feeds into holistic performance measurement database.
  - Organize metrics based on building, groups, sections, or specific components
  - Already has helped the vendor identify areas for improvement
Value brought by the Vendor
Value brought by the Vendor

“This process gave the supplier the freedom to find solutions that work for them as well as us, rather than us dictating.

It is a different mindset finding solutions instead of identifying problems. They have really taken to this and they are now coming to us with solutions rather than problems”

George Thomlison
Manager
HR & Procurement, Business Services
University of Alberta
UofA’s Documented Savings

- $500k per year in upfront costs (per year pricing)
- Additional $400k on the following year of implementation
- Ancillary benefit of being able to internally reassign 3 FTEs (indirect savings of $180k annually)
# University of Alberta – Best Value Pilot Project Performance

<table>
<thead>
<tr>
<th>Project</th>
<th>Contract Value</th>
<th>Cost Savings</th>
<th>Schedule Impacts</th>
<th>Satisfaction / Performance</th>
</tr>
</thead>
<tbody>
<tr>
<td>1. Custodial Services (campus-wide)</td>
<td>$18M</td>
<td>$2M 10%</td>
<td>5.5% performance Improvement</td>
<td>10 (out of 10)</td>
</tr>
<tr>
<td>2. DB Construction (Research Facility)</td>
<td>$30M</td>
<td>$8-12M 25%</td>
<td>14-18 months</td>
<td>9.7 (out of 10)</td>
</tr>
<tr>
<td>3. Design Services (Building Redevelopment)</td>
<td>$4M</td>
<td>$500k 12%</td>
<td>0% Cost &amp; Schedule CO’s</td>
<td>$190k in Value Added Options</td>
</tr>
</tbody>
</table>
Current Status

• Implemented fully online work order tracking system

• Service performance of Quality Assurance Inspections
  (percent Met or Exceeding required service levels)

<table>
<thead>
<tr>
<th>Historical Rate (previous 5 years)</th>
<th>XPD Year 1</th>
<th>XPD Year 2</th>
</tr>
</thead>
<tbody>
<tr>
<td>85%</td>
<td>92%</td>
<td>97%</td>
</tr>
</tbody>
</table>

*based on approximately 250 inspections per year

• Comprehensive SLA for various performance criteria
  – Emergency & Non-Emergency Response Times
  – QA Inspection Results, # of Callbacks, Scheduled & Special Events
<table>
<thead>
<tr>
<th>Year</th>
<th>Baseline Cost</th>
<th>Additions (Year 1)</th>
<th>Additions (Year 2)</th>
<th>Additions (Year 3)</th>
<th>Closeout Cost</th>
<th>Percent Change</th>
</tr>
</thead>
<tbody>
<tr>
<td>Year 1</td>
<td>$5,885,407.34</td>
<td>$861,488.75</td>
<td></td>
<td></td>
<td>$6,746,896.09</td>
<td>14.6%</td>
</tr>
<tr>
<td>Year 2</td>
<td>$6,000,706.73</td>
<td>$994,344.12</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Year 3</td>
<td>$6,116,106.94</td>
<td>$1,014,227.04</td>
<td>$70,657.50</td>
<td>$535,332.20</td>
<td>$7,736,323.68</td>
<td>26.5%</td>
</tr>
<tr>
<td>Year 4</td>
<td>$6,177,268.01</td>
<td>$1,024,369.31</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

**Risk Analysis**

<table>
<thead>
<tr>
<th>Risk Impact Analysis</th>
<th># of Risks</th>
<th>Cost Impacts</th>
</tr>
</thead>
<tbody>
<tr>
<td>1) CLIENT IMPACT - Scope Change / Decision</td>
<td>5</td>
<td>$(15,753.68)</td>
</tr>
<tr>
<td>1) CLIENT IMPACT - Regulations</td>
<td>2</td>
<td>$35,905.80</td>
</tr>
<tr>
<td>1) CLIENT IMPACT - Additional Sites</td>
<td>13</td>
<td>$794,425.45</td>
</tr>
<tr>
<td>1) CLIENT IMPACT - Other</td>
<td>0</td>
<td>$-</td>
</tr>
<tr>
<td>2) VENDOR IMPACT - General Issues</td>
<td>4</td>
<td>$-</td>
</tr>
<tr>
<td>2) VENDOR IMPACT - Sub/Supplier Issues</td>
<td>0</td>
<td>$-</td>
</tr>
<tr>
<td>2) VENDOR IMPACT - Customer Service</td>
<td>0</td>
<td>$-</td>
</tr>
<tr>
<td>2) VENDOR IMPACT - Labor</td>
<td>0</td>
<td>$-</td>
</tr>
<tr>
<td>2) VENDOR IMPACT - Capital Investment</td>
<td>0</td>
<td>$-</td>
</tr>
<tr>
<td>2) VENDOR IMPACT - Other</td>
<td>0</td>
<td>$-</td>
</tr>
<tr>
<td>3) UNFORESEEN CONDITIONS</td>
<td>0</td>
<td>$-</td>
</tr>
<tr>
<td>Totals:</td>
<td>24</td>
<td>$814,578</td>
</tr>
</tbody>
</table>
Getting What You Paid For...

...and Being Able to Prove It
We can help!

- Work with procurement / purchasing / buyers
- Developing a Scope of Work and Creating the RFP
- Providing on-site Training
- Streamlining the Evaluation Process
- Manage the project & document performance

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