



Combating Rising Operational and Maintenance Costs in Commercial Facilities

HMCB




This white paper outlines five key strategies for controlling O&M costs, along with actionable recommendations for effective implementation.



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Moving Your Facility Maintenance Goals Forward

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Commercial facility managers face increasing pressure to control operational and maintenance (O&M) costs while maintaining high levels of service and efficiency. Rising labor, energy, and equipment costs, coupled with tighter budgets, demand innovative approaches to reduce expenses, extend asset lifespans, and improve overall building performance.

1. Implement Predictive & Preventive Maintenance

Challenges:

Reactive maintenance is typically 3-9 times more expensive than planned maintenance, leading to unexpected downtime, higher labor costs, and premature equipment failures.

Recommended Solutions:

- **Predictive Maintenance (PdM):** Leverage IoT sensors, AI, and machine learning to monitor critical systems like HVAC, elevators, and electrical equipment for early warning signs. This approach minimizes unplanned downtime and extends asset lifespans.
- **Preventive Maintenance (PM):** Establish regular inspection and servicing schedules based on manufacturer guidelines to avoid major failures.
- **CMMS Software:** Use platforms like IBM Maximo, Fiix, or UtilizeCore to automate work order management, track asset health, and generate maintenance analytics.

Expected Outcomes:

- Reduced emergency repair costs and unplanned downtime.
- Lower capital expenditure by extending equipment lifecycles.
- Improved technician efficiency through automated workflows.





2. Optimize Energy Efficiency

Challenges:

Energy is often the largest operational expense, accounting for 30-50% of a facility's total costs. Inefficient systems, outdated lighting, and poor insulation can significantly increase utility bills.



Recommended Solutions:

- **Renewable Energy Integration:** Consider solar panels, on-site battery storage, or microgrid systems to offset grid dependence and reduce long-term energy costs.
- **Automated Building Controls:** Use smart building platforms to optimize heating, cooling, and lighting based on real-time occupancy and weather conditions.
- **Smart HVAC and Lighting:** Install occupancy sensors, programmable thermostats, and LED lighting to reduce energy waste.
- **Energy Audits and Retro-Commissioning:** Identify inefficiencies (e.g., leaking ducts, improperly calibrated systems) through comprehensive energy audits.

Expected Outcomes:

- 20-40% reduction in energy costs.
- Lower carbon footprint and improved sustainability metrics.
- Eligibility for government rebates and tax credits.





3. Leverage Data & Analytics for Cost Tracking

Challenges:

Without proper data, facility managers often struggle to pinpoint cost-saving opportunities, leading to budget overruns and inefficient spending.



Recommended Solutions:

- **IoT and BIM (Building Information Modeling):** Use real-time data from IoT devices to monitor equipment performance, track energy use, and predict maintenance needs.
- **Benchmarking:** Compare your facility's performance against industry standards (e.g., ENERGY STAR) to identify inefficiencies.
- **Lifecycle Cost Analysis:** Use Total Cost of Ownership (TCO) models to assess the long-term financial impact of repair versus replacement decisions.
- **Centralized Reporting:** Implement dashboards that provide real-time insights into key performance indicators (KPIs) like energy usage, maintenance costs, and technician efficiency.

Expected Outcomes:

- Data-driven decision-making that reduces unnecessary expenses.
- Improved budget accuracy and financial planning.
- Early identification of cost-saving opportunities.





4. Outsource Non-Core Services

Challenges:

Maintaining in-house staff for specialized services can be costly, particularly when demand is variable or skill requirements are high.



Recommended Solutions:

- **HMCB as a Solution:** Outsource non-core tasks like janitorial services, landscaping, and specialized HVAC maintenance to reduce payroll and benefit expenses.
- **Performance-Based Contracts:** Negotiate contracts that tie vendor compensation to key performance metrics, ensuring consistent quality and cost control.
- **Flexible Workforce Models:** Consider 1099 contractors or temporary staff to scale operations as needed without the burden of full-time salaries and benefits.

Expected Outcomes:

- 15-30% reduction in labor costs.
- Improved focus on core business operations.
- Greater flexibility in workforce management.





5. Adopt Lean Facility Management Practices

Challenges:

Poorly organized workflows, excess inventory, and unoptimized processes lead to unnecessary costs and inefficiencies.

Recommended Solutions:

- **5S Methodology:** Implement "Sort, Set in order, Shine, Standardize, Sustain" to streamline workflows and reduce waste.
- **Inventory Management:** Adopt just-in-time (JIT) ordering to minimize stockpiling and reduce carrying costs.
- **Staff Training:** Regularly train staff on best practices for energy conservation, equipment operation, and digital tools to improve overall efficiency.

Expected Outcomes:

- Reduced operational waste.
- Faster response times and improved service quality.
- Lower overhead and carrying costs.



By shifting from reactive to proactive maintenance, leveraging smart technology, and optimizing resource use, facility managers can reduce O&M costs by 10-30% while enhancing operational resilience, improving tenant satisfaction, and extending asset lifecycles. The key is a strategic, data-driven approach that aligns facility operations with long-term business goals.