case study

Examining the Role of the Facilities Manager: A seat at the table for the keeper of the capital investment

By Cynthia Mejia and Kelly Virginia Phelan

Introduction

The intention of this case study is to present a real industry scenario encountered by hotel General and Facilities Managers on a daily basis. The organization and maintenance of the hotel physical plant is a challenging endeavor, complicated by the demands of the customers and employees. Relying on the service-profit chain as the theoretical foundation for this case, students should gain a greater understanding as to the importance of internal customer satisfaction (i.e. maintenance employees) which leads to external customer satisfaction, and ultimately, profits. The service-profit chain was first introduced in the mid-1990's by a group of researchers who understood the importance of supporting line level employees in order to improve customer loyalty (Heskett et al., 1994).

The actual service-profit "chain" itself connects employee satisfaction to employee loyalty, productivity, customer loyalty, and finally, profitability. However, hotel operations exist in a hectic and stressful environment which constantly challenges managers to be mindful of how employees should be supported in their roles. To make this facilities case more realistic and layered, intertwined with the theoretical premise are two additional concepts including workload planning and tracking, and the role of the facilities manager as a strategic partner in the operation. While there is no perfect solution to this case, as a result of dissecting the issues, students should have a greater awareness as to the managerial implications based on their decisions.

The physical plant of a hotel or resort represents the largest capital investment of the business, along with serving as the principal image and branding of the company (Edwards, 2012). Furthermore, the appearance of the property dictates the expectations of potential guests (Stipanuk, 2006). The role of the facilities manager is to maintain the physical plant, both inside and out, so the company may provide the goods and services to meet customers' needs, generate a profit, and ultimately grow the business (Stipanuk, 2006; Edwards, 2012).

Too often in the hospitality industry, due to the unglamorous nature of maintenance work (Frapin-Beauge et al., 2008), facilities managers have been relegated to low priority operations positions and criticized for giving inefficient and unsatisfactory performance (Lam, 2000; Lee & Scott, 2009). The purpose of this case study is to illuminate the role and importance of the facilities manager as a significant contributor to a property's profitability, thus necessitating the inclusion of this individual in the strategic planning of the business, rather than being viewed as a secondary staff member.

Cynthia Mejia *is affliated with University of Central Florida and* **Kelly Virginia Phelan** *and affliated with Texas Tech University.*

Background

Ernesto was in his mid-50s and had worked as a facilities manager for well over 25 years. Until recently, he was the Director of Facilities for a 1000 room resort in a large metropolitan area. The resort was part of a well-known chain and consisted of five restaurant outlets, three swimming pool areas, a casino, two lounge areas, a clubhouse, six meeting rooms, and an entire section devoted entirely to employees inclusive of two dressing areas and a cafeteria. The physical plant was approximately 46,500 m^2 (500,000 ft^2) with parking and grounds averaging 16,000 m^2 (4 acres). This five star property was a famous destination for over 40 years and attracted visitors from all over the world.

Ernesto was employed at the resort for 15 years where he started out as a general maintenance crewmember and worked his way up to Director. He was fortunate to work under and be trained by the best facilities managers in the business. Over his many years of employment there, Ernesto experienced numerous changes in management, clientele, technology applications, and facilities. For example, seven years ago Ernesto successfully convinced corporate administrators of the need for a computerized maintenance management system to streamline and organize building and facility maintenance. This investment helped Ernesto achieve maximum efficiency in the management of the maintenance works by tracking work orders, man-hours, department performance, equipment failure, downtimes, and scheduling. The maintenance software realized a return on investment within two years and became the model for the entire hotel chain. Ernesto was so respected by corporate he was responsible for installing the system as well as overseeing the training program for the other eight properties in the chain.

The facilities department at the resort consisted of 25 individuals, all under Ernesto's employ. Three employees were clerks for one administrator, three were HVAC specialists, three were licensed plumbers, there were two licensed electricians, eight assistants to the specialists, and the remaining five were general maintenance workers. The maintenance staff payroll averaged US$1 million annually. In previous years, the staff was much larger, numbering as many as 30 at one time. Due to the installation and adoption of the maintenance tracking software, Ernesto was able to pinpoint problem areas in the hotel and reduce service requests, thus enabling him to better utilize a smaller workforce. In addition, Ernesto implemented a preventative maintenance program which greatly reduced equipment downtimes.

From time to time, major projects were required. Nine years ago, the roof was repaired after a big storm and five years ago, a four-month renovation project of all guest rooms replaced carpeting, wall vinyl, drapes, and furniture. Every five years, the pool decking was resurfaced, as well as the parking lot. For each of these major projects, Ernesto determined hiring contractors was more efficient and less costly than temporarily hiring more internal employees to complete the work.

A Move for Ernesto

Wishing to slow down and spend time with his new grandchildren, Ernesto and his wife decided to leave the large metropolitan area and move to a small destination resort town closer to their family. Enjoying a six-figure salary for many years, Ernesto decided to trade in his earning potential for a slower pace of life and although he really enjoyed his job at the big resort, he was looking forward to working in a less hectic environment. He quickly secured a new job as the Manager of Maintenance for a 200-room hotel for half his prior salary. Ernesto's new workplace was only six years old and in addition to the guestrooms, consisted of a restaurant, one conference room, a small pool area, and five acres of groomed grounds. The physical plant consisted of approximately 14,000 m^2 (150,000 ft^2) and parking and grounds were an additional 24,000 m^2 (6 acres).

The General Manager of the hotel, Sylvia, who held the position since opening day, hired Ernesto. Sylvia was 26 years old and very proud to be running a new hotel so early in her career. She was a personal family friend of the hotel's owners, who were not interested in the day-to-day operations but rather preferred biannual communication regarding the hotel's financial status. As long as annual sales approximated US$5 million, the owners were happy. On Ernesto's first day, Sylvia introduced him to all department heads including the Directors of Housekeeping, Front Desk Director, Sales and Marketing, and Food and Beverage.

When Ernesto accepted the job, he understood it would be a "hands-on" position in addition to administrative duties. The maintenance department consisted of one additional full time worker and two part-time employees, so Ernesto accepted the additional responsibilities on the assumption that the new building would not require heavy maintenance. If the staff had been conducting adequate preventative maintenance from the beginning, the physical plant should be in good shape. The annual payroll for the maintenance department for this property was US$150,000.

An Assessment of the Physical Plant

The first few days on the new job, Ernesto assessed every room, public space, outlet, grounds, and the pool of the hotel. He was surprised to find six rooms were not available for occupancy due to various maintenance issues such as broken thermostats, broken pipes in the bathroom plumbing, and other minor electrical issues. In addition to these findings, Ernesto was informed the disposal in the kitchen had not been in operation for over a year, the soda dispenser was inoperable due to rodents chewing through the lines, and the steamer was never connected properly, so it had never been used. To his relief, Ernesto found the pool in good working order; however, the paths for the grounds were heavily worn and portions of the landscaping had died long ago. It soon became apparent to Ernesto the property was in poor shape.

Ernesto gathered his crew after his first week on the job to put a plan together to repair current issues and organize the next month's work according to the outstanding maintenance requests. Upon greeting his staff of three, Marco, his second in command, gave his two weeks' notice. Surprised by this news, Ernesto asked Marco for more details regarding his notice and Marco explained he was too stressed out due to the amount of maintenance requests. Further, he reported the hotel staff expressed a very negative attitude toward the maintenance department, which made the environment unfriendly and difficult to work in. Ernesto was stunned to hear about this lack of respect toward the maintenance department and vowed to take corrective action during the first departmental meeting.

When Ernesto inquired about the rooms out of commission, his staff said they were waiting on bids from an electrician and a plumber to make the repairs and responses from bids usually took 2 to 3 weeks. Ernesto questioned his employees about the issues in the kitchen and was told the kitchen staff made their own repairs as necessary. Finally, questioning the status of the hotel grounds, Ernesto's two part-time employees admitted the grounds were their primary responsibility for which they were hired, but they were too busy handling maintenance requests during their 20 hours per week and were unable to maintain the grounds. In their defense, the two part-time employees mentioned their record number of maintenance requests handled last month, totaling over 60. They didn't want Ernesto to think they weren't doing anything and were proud to show the stack of closed requests in the "completed" pile.

After the meeting, it became clear to Ernesto he had a major organizational problem on his hands and would need to restructure the department to improve performance. Ernesto was aware the hotel would never invest in expensive maintenance management software, but he felt he could accomplish an assessment of performance using simple spreadsheets and recording man-hours; however, this would require hours of administrative work aside from his "hands-on" duties.

Organizing and Reporting the Findings

First thing the following week, Ernesto prepared a plan of action and asked Sylvia, the GM, for a meeting. Sylvia listened carefully to Ernesto's plan and decided many of the points should be covered in the monthly managers' meeting. Ernesto was happy to hear this and looked forward to the meeting in anticipation. Before he left Sylvia's office, he asked about the delay on the bids from the electrician and plumber for the rooms out of order. Sylvia said the bids were returned and on her desk. She added she was waiting for more electrical and plumbing issues to arise before agreeing to contract the work. Ernesto was stunned by this news and told Sylvia he would be able to handle the plumbing issues and would re-assess the electric work needed. For the next two weeks, Ernesto went about "putting out fires" and fulfilling maintenance requests.

On the day of the scheduled hotel managers' meeting, Ernesto walked by the conference room early in the morning and noticed Sylvia was speaking with the Directors of Housekeeping, Food and Beverage, Sales and Marketing, and the Front Desk. Ernesto thought the managers' meeting was at 2 pm and was surprised to see everyone sitting at the table. He hurriedly entered the room and apologized for confusing the planned meeting time. With a confused look on Sylvia's face, she informed Ernesto this was the weekly *Director's* meeting reserved for top management only, not the monthly *Managers'* meeting which Ernesto needed only to attend monthly. It was at this moment Ernesto realized he had bigger problems on his hands than the maintenance issues.

Discussion

This scenario addresses several issues pertaining to the characterization of the facilities manager. In the large metropolitan resort, Ernesto enjoyed the respect and admiration of his fellow workers and company. His ability to increase performance outcomes for a large property was recognized and rewarded. In his new job, at the smaller hotel, Ernesto encountered a very different perception of maintenance work, with the potential to negatively impact both his and the department's performance. With his new understanding of the low status for his job within the operation, how can Ernesto improve maintenance operations without the support of the GM? How should Ernesto manage his staff and implement changes without the respect from the entire hotel staff? Assuming the potential for a favorable outcome for Ernesto, how could he convince those around him, especially the Directors, that he deserves a seat at the table and has the ability to contribute to the property's strategic objectives?