

## Institute of Facility Management Working Paper

# The perceived value of Facility Management in Swiss hospitals

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## **Institute of Facility Management**

The Institute of Facility Management (IFM) at the Zurich University of Applied Sciences (ZHAW) is the only Swiss provider of programmes leading to a Bachelor of Science and Master of Science degree in Facility Management. The IFM is therefore a world leader in the field of Facility Management (FM) and maintains close cooperation with industry and public institutions in applied research and development. New solutions are developed and the optimisation of FM processes is promoted. The institute provides advice on strategic decisions and supports change processes. Its research and development into new business fields, strategies, processes and fields of application is scientifically based and application-oriented.

## **The authors**

The “Hospitality Management expert group” carries out research and development projects and consultations within and around the areas of hospitality and service management. The expert group focuses on practical questions in the field of management, especially around FM in healthcare. One major area of concentration in the health care sector is new or further development of practical processes and methodologies. Our clients and partners are representatives of private and public hospitals. The authors are experts on subjects belonging to FM in healthcare.

## Abstract

**Purpose:** This article provides insight in how the value of facility management is perceived in hospitals by discussing the results of a survey carried out among leaders of support divisions from both public and private hospitals in Switzerland.

**Design/methodology/approach:** To find out about the value of facility management, the link to an online-based questionnaire was despatched to a total of 160 institutions, August 2010. The persons have been selected, as head of FM, either out of hospitals organisational charts or they had been known to the researchers out of previous projects. A total of 49 hospitals responded and took part in the survey, leading to a response rate of 29.7%. Thereof 13 (27%) were private and 36 public hospitals. Regarding the representativeness of this disposition: According the official data from the federal office of statistics (FOS, 2011), 38% of the Swiss hospitals are privately organised so their proportion in the survey was slightly underrepresented.

**Findings:** It can be stated that in practice and in theory clear terms and definitions used to underpin the meaning of value in facility management, added value or value-added, do not exist, albeit the usage of these terms does. Referring to the status of facility management as defined by hospitals facility managers themselves, the results show that their actual perception of FM's value diverges from their target.

**Research limitations/implications:** A potential problem with survey methodology is the existence of non-response bias. The present sample, providing data from 49 hospitals is sufficiently exhaustive to represent the perception of FM's value.

**Keywords:** Facility management, Value, Hospitals of German-speaking Switzerland

**Paper type:** Research paper

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## Introduction

As in most developed countries, Switzerland's health care system is under pressure. To date Swiss hospitals have not had to act within a genuinely competitive environment but due to austerity, demographical changes and other economical drivers reforms have been required. One activity coming out of the reform plan will be the implementation of DRG as a remuneration system in 2012, which will exert tremendous financial pressure on Swiss hospitals. As a countermeasure, Olmsted Teisberg (2007) suggests reforming "the nature of health sector competition", hence creating more "value for patients" (p.14). The intention here is not "cost-shifting or limiting customers' choices" (p. 14), but rather it is to minimize negative or inconsistent effects.

If Olmsted Teisberg's (2007) recommendations to create "value for patient" (p. 14) are seen as a driving force, then facility services have to be considered as essential, as such services have the potential to add value to the whole process as well as to hospital's revenue and reputation, which in turn are provided by patients (Hall, 2008; Fielder, 2007; Payne & Rees, 1999). As a facilities manager's duty is adding value to the hospitals core processes (CEN, 2006; Jensen, 2010), the person has to know the needs and expectations of a hospital's stakeholders in order to develop services, which adds value to the end-user (Olmsted Teisberg, 2007; Payne & Rees, 1999). In the field of FM, the terms "added value", value-added or "value" are very often expressed, even though a generally accepted definition cannot be found. It is even assumed that, in addition to the lack of a definition, there is also an inconsistent use of those terms. Hence, due to the conditions given to facility managers, the question arose as to how the value of FM is perceived by facility managers in their respective hospital setting. The research underlying this article looks at the value of FM in Swiss hospitals in a relatively broad context. The aim is rather to discover what heads of hospitals support divisions attribute to the concept of value and then to provide them with a fixed definition of FM value. Therefore, in this article the most significant findings, given by hospitals' head of FM, are outlined.

## Findings

The survey provides results to the question of how FM value is perceived in hospitals by its leaders.

### ***Actual versus desired status of FM in hospitals***

Hospitals head of FM were asked about the felt (actual) and desired (target) perception of six attributes associated with FM, (seen in figure one). More than three-quarter of the respondents

assume that facility management is perceived as a support provider (79%), in contrast only 21% of the participants want to do a work task that is reduced to being a support provider. A major duty of FM is to contribute a positive image, hence. 27% find that FM is actually doing this while 23% see FM's contribution to the institution's image as irrelevant. More than half (59%) of the participants are persuaded that FM is perceived as a cost factor, in contrast to the desired effect and for almost two fifth of the respondents the question in itself is unimportant. It is also visible that more than half of the participants (57%) are of the opinion that FM should enhance cost transparency, which is far from the actual situation (22%). Still, the same percentage (22%) considers enhancing cost transparency not to be a relevant task of FM. Regarding FM as cost saver, expectation and perception as well as irrelevance are almost identical. Approximately two fifth of the respondents perceive that facility management is only noticed if there is an inconsistency between service performance and service agreement, whereas three fifth are of the opinion that this statement is irrelevant. Referring to the status of facility management, this means that the actual perception diverges from the target. In the present situation less than 50% of the participants think that FM is perceived as a cost saver, a promoter of cost transparency or an image-building factor. Only the agreement of FM being a support provider exceeds the 50%-mark. Overall the answers demonstrate the limited relevance FM has in the represented hospitals.

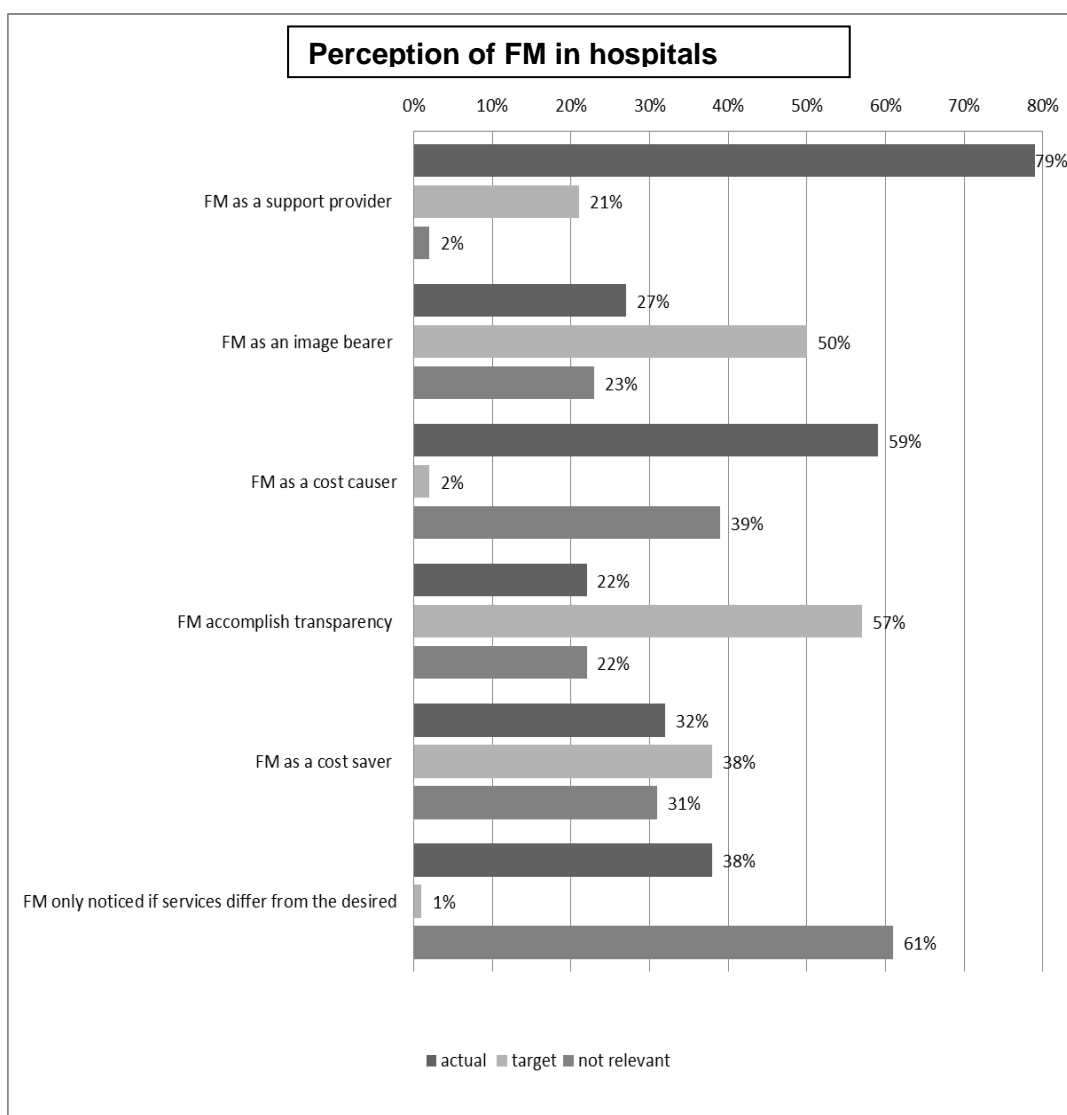


Figure 1: Value perception of FM in hospitals

The respondents were also asked to estimate the in-house appreciation of FM in comparison with the appreciation of medicine and nursing areas. Results suggest that appreciation of the medicine and nursing areas was estimated as significantly and approximately five times, higher than the FM one.

### Added value of FM

Another question dealt with the issue of defining added value. Therefore the participants were asked to rank 14 attributes, whereby the lowest score represents the most suitable attribute. Table one shows ranking and score of each attribute, calculated on the basis of their number of mentions and the number of returned questionnaires. The attributes „service quality“ and „customer satisfaction“ were set quite distinctly on the first two ranks. The difference between „customer satisfaction“ and „product quality“, on the third rank, is about 136 points. This corresponds to just 0.4 of the delta, which in total amounts to 310 points between the first and the last rank. The first mention regarding costs is on the fourth rank, followed by other cost-related mentions on ranks seven and eleven. The term „capitalized earnings value“, that is

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related to financial aspects, can be found on the second last rank. The financially-related attributes have an average of 405.25 points, while the average among the attributes concerning quality and customer satisfaction is about 224.33. This indicates that when dealing with the definition of added value of facility management in hospitals, it is recommended to take a closer look at quality approaches first. Quality approaches such as service quality and patient satisfaction are well ahead of the ranking list, the first financially related attribute, the operational costs is ranked fourth. Hence, to heads of FM financially related attributes are by far less associated with added value in determining the definition of FM added value, than quality related attributes.

Table 1: Ranking terms for definition of added value

Rank	Attribute	Score
1	Service quality	173
2	Customer / Patient satisfaction	182
3	Product quality	318
4	Operational costs	329
5	Flexibility	333
6	Processes	362
7	Maintenance costs	375
8	Interfaces	392
9	Service scope	394
10	Communication	420
11	Procurement costs	438
12	Time	467
13	Capitalized earnings value	479
14	Complaints	483

Table two takes up the issue as to which stakeholder should be paid most attention to when talking about added value of FM, when viewed from the perspective of FM leaders. Methodically the ranking has been carried out and evaluated as the preceding one. The ranking shows that the main focus lies on the external customers. The hospital staff, often in the role of customers as well, are ranked second. On the third rank appear the shareholders, defined as the state, canton or any other owner. This emphasizes the statement derived from table one, indicating that financial aspects cannot be regarded as the main drivers. It further leads to the assumption that facility management is not considered to increase the shareholder's value. Otherwise the term shareholder would be appearing on a higher rank.

Table 2: FM added value –stakeholder ranking

Rank	Stakeholder	Score
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1	External customer (patient/visitor)	85
2	Hospital staff	110
3	Shareholders (owner/state/canton)	135
4	Environment (public/surrounding area)	160

In connection with patient-related services the benefit (added value) of FM is regarded as rather high with an average of 4.3 on a six-point rating scale, one is being no benefit for neither patient- nor staff-related services and six providing high benefit. The benefit of FM for staff-related services on the same scale scored higher than the one for patients with an average of 4.6, as displayed in figure five. This comparison shows that the respondents assessed FM services as more valuable to staff then to patients.

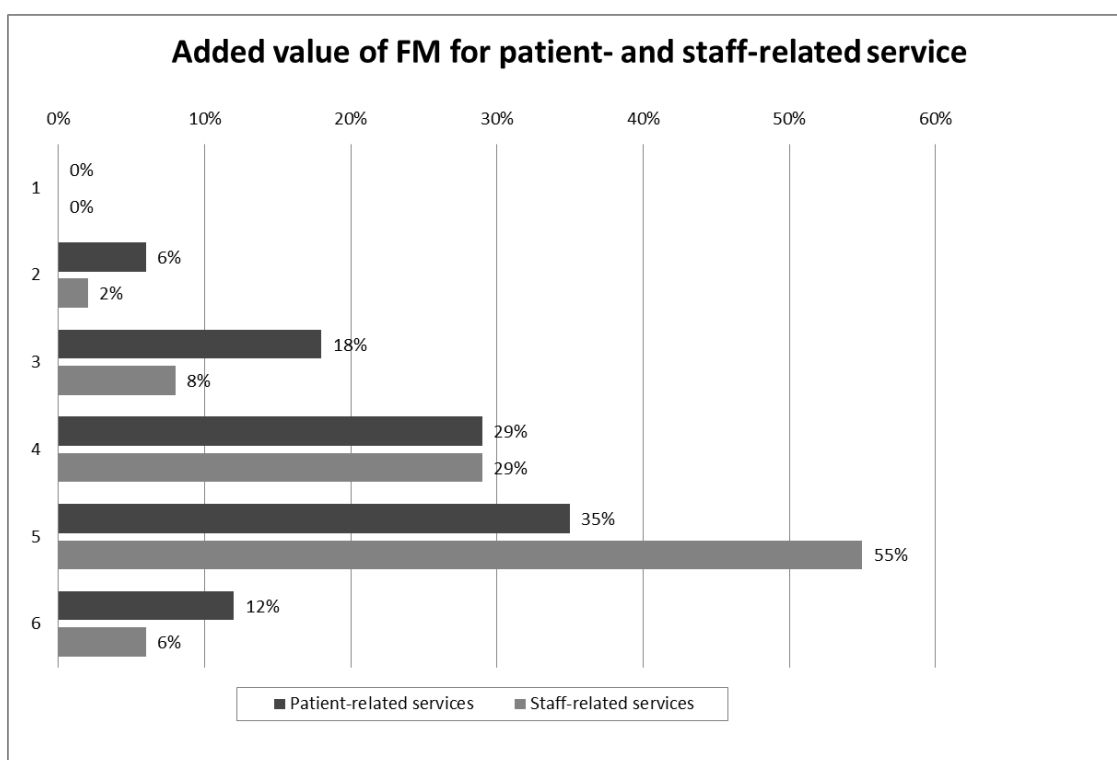


Figure 2: Added value of FM for patient- and staff-related service

## Conclusion

It can be stated that in practice and in theory clear terms and definitions used to underpin the meaning of value in facility management, added value or value-added, do not exist, albeit the usage of these terms does. Even hospital industry representatives are valuing the terms diversely, so clear definition in accordance with the use of these terms by outsiders so far remains mere wishful thinking.



Referring to the status of facility management as defined by hospitals facility managers themselves, the research findings suggest that their actual perception diverges from their target. Rather alarmingly, the high numbers of the irrelevant responses indicates how Facility Managers actually perceive the value of their work. Overall, the answers demonstrate the limited relevance FM has in the represented hospitals

Unfortunately, with regard to the current state of research, it is not possible to define and visualize added value for FM in hospitals. Agreed definitions about what (Swiss) hospitals understand under those umbrella terms have to be developed. If starting from the point of view that added value, as purported by Jensen (2010), represents the positive difference between agreed and performed service, then added value is limited to the value of services beyond the agreement made. Also if assuming that added value is the positive difference between costs and value, it must be taken into consideration that costs, according to the definition of Heskett et al (1994), are already an integral part of value. Consequently, the debate around value, added-value of support services and of facility management must be conducted more effectively, measurably and exactly. It is also necessary to take a closer look at the associated scientific papers in order to find out if the understanding of value and added value is identical, as FM is not identically understood and interpreted according to the country-specific associations. It is recommended to develop a common understanding of FM in the hospital context together with leaders of this field in order to ensure that it represents what is going on in FM practice. This approach should ultimately lead to a well-known standard ensuring a consistent use of the term.

As approximately two fifth of the respondents perceive that facility management is only noticed if there is an inconsistency between service performance and service agreement, whereas three fifth are of the opinion that this statement is irrelevant, we as researchers may say that leaders of FM are hiding their light under a bushel, as they underestimated their own performances. Furthermore the suggestion of Featherstone and Baldry (2002, p. 329) that a facility manager has to understand the organizational mission before being able to add the value of FM department to the core business, should be taken seriously, as such an attitude will also bring a higher acceptance of the FM managers within the whole organization.

This survey brought insights in how FM in hospital is viewed today. Those insights not only give a view on today's situation but also provide an initial position for further research.

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