# Birth of a Construction Management Department

By Matt Adams, P.E.

As much as we try to rely on proven management best practices and fact-based decisions, there are some areas of facilities management that are still not fully documented. For example, APPA has produced guidelines for staffing decision-making support models for housekeeping, grounds maintenance, and the trades. However, the area of capital project management is still in need of similar analysis.

While there is benchmark data to drive staffing full-time equivalents for construction management departments as they grow, the initial baseline of such a service center is not well defined. This is to say, at what point does a facility management department reach the milestone where determinants indicate that a new, dedicated service center for capital project planning and management is required for a growing institution?

## THE INCREASE OF CAPITAL PROJECTS

For some of our APPA peers, this scenario will sound familiar. As the institution has grown in size and budget over the years, the facilities department has grown as well. This has included increases in qualified staff and perhaps some direct reports to the director. However, the primary focus of all existing and new position descriptions is that of facility management in the form of "maintenance and support."

The department budget may or may not specifically differentiate between operating and capital expenditures at this point (with the exception of large capital


projects.) Nevertheless, an increasing number of small and medium capital items are being executed each year. This increase is having a direct effect on the organization, because this work is being spread among one or more of the leaders within the department, and no longer considered a small diversion from the daily workload.

While not immediately demonstrable with empirical data, it becomes clear that the workload of capital projects is now sizable, and some elements of quality of service are beginning to suffer. So the question becomes one of how to justify an organizational change to the business office. Clearly, most business officers prefer to see hard facts and numbers to justify changes (increases) in resource allocations to the facilities department. It works for the addition of housekeepers, groundskeepers, and trades workers, but this is different, and perhaps more difficult to prove.

## DELIVERING QUALITY SERVICE

If we look at capital project management within our institution, we do know there are more than a few key factors that drive performance. First and foremost is quality of service. As the workload grows, the few staff charged with managing the projects become strained to deliver, and still perform the functions required by the maintenance organization. These are sometimes subtle and sometimes obvious "cracks" that can manifest themselves in the form of:

- incomplete documentation during the planning phase of projects,
- diminished communication with the campus customers throughout the delivery process,
- incomplete specifications for contractors, and finally
- cost overruns, delays, and less than optimal results

While this is difficult to admit, the negative trend in quality of service resulting from the continual growth of capital projects is a meaningful indicator for the business office. Furthermore, difficulties with quality of service have a negative effect in other areas as well. Customers often have difficulty distinguishing the maintenance activities from the project delivery activities of the department, thereby painting the entire team with a negative perception of service.

## MAKING THE CASE

A case needs to be made for increased resources for capital project management. It is often best to prove your case in more than one manner. So the first approach is to measure the current workload on the existing staff. While most small to medium facility departments do not keep activity-specific time records for the management staff, this can be created.

Over a period of several months selected to provide a viable sample set of all workload conditions encountered during the year, record time devoted to capital projects by various affected staff. Define in advance the primary activities associated with capital project management, e.g., planning, specification writing, interfacing with campus customers, etc. Be accurate and don't overstate the time requirements.

There are additional factors that will enhance the accuracy of the data. For example, many studies have determined that when a professional stops one task that requires concentrated thought and begins another task, approximately 15 minutes of productive time is lost. So this factor can be thoughtfully applied to the records collected.

Once the data is collected, it is summed and divided by approximately 1,650 hours. This value is the average number available working hours when all the benefits and training are deducted from 2,050 hours at one of our typical institutions. It is also referred to as a full-time equivalent or FTE. Considering that growth is expected, any value of approximately 1,000 hours or 60 percent of a FTE would indicate the pending needs for a dedicated capital projects professional.

Another mathematical approach to determine the need for capital project staff is to utilize the same parameters used by the professional services industry. For years, well-qualified professional service firms have provided construction management or CM services for all industries, including the APPA community. For these services, the fees range from 2 to 4 percent of the project budget. The smaller the project, the larger the percentage charged.

For the peer group addressed in this discussion, the average capital project would be within the range of $250,000 to $500,000. At this level the fee would be 4 percent. Please remember, it is commonly understood within the CM industry that smaller projects require nearly as much professional service work as larger projects.

In conclusion, it may be time to conduct further research on effective staffing and budgeting guidelines for construction management. Improved productivity and greater institutional savings could be the result.

Matt Adams is president of Adams FM², Atlanta, GA. He can be reached at *matt@adamsfm2.com.*