



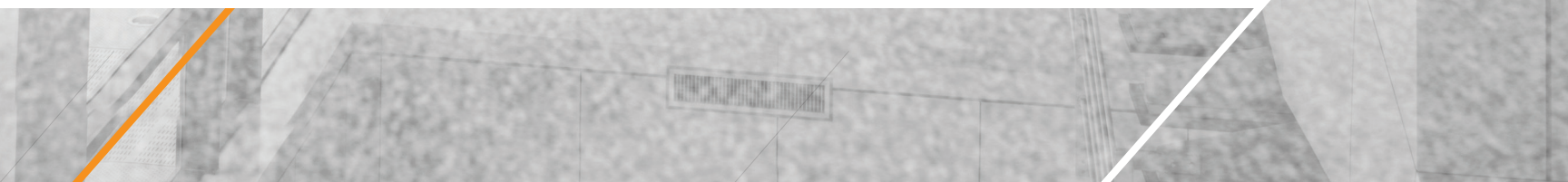
WHITEPAPER

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KPIs FOR THE CLEANING INDUSTRY

HOW TO EVALUATE
SERVICE PERFORMANCE



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HOW TO EVALUATE SERVICE PERFORMANCE

Hall of Fame baseball player Yogi Berra once said, “If you don’t know where you are going, you’ll end up someplace else.” Berra is well known for his nonsensical quotes but this one actually makes a whole lot of sense; especially in regard to measuring success.

For businesses to end up in the right place, they need to know where they are going. They need to know how they are doing against their objectives. They need actionable insights to guide their actions and improve their performance.

And that’s the job of KPIs, or Key Performance Indicators.

In this white paper, we will explore the nature of KPIs as they relate to the cleaning industry, including:

- Definition of a KPI
- The Difference Between KPIs and Metrics
- Important Characteristics of an Effective KPI
- Relevant KPIs for Facility Managers
- The Benefits of Defining KPIs
- Pitfalls to Avoid when Defining KPIs
- How to Develop and Use a KPI Report

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WHAT EXACTLY IS A KPI?

KPIs, or Key Performance Indicators, are a set of agreed-upon quantifiable measures an organization uses to determine how well it is meeting its operational and strategic goals. KPIs should reflect an organization's critical goals for success. KPIs are the most important metrics that become strategic touchstones for the organization. KPIs help the cleaning service and the facility manager evaluate the specific services received as they relate to the overall objectives of a clean, healthy and safe building environment.

KPIs ARE THE MOST IMPORTANT METRICS THAT BECOME STRATEGIC *touchstones* FOR THE ORGANIZATION



THE DIFFERENCE BETWEEN A KPI AND A METRIC

KPIs are metrics that indicate progress towards a strategic objective. All KPIs are metrics but not all metrics are KPIs. If a metric does not help us understand how we're doing against our business objective, it is not a KPI. KPIs are the *vital few* metrics that indicate progress towards strategic objectives. That's the "key" in KPIs. As Albert Einstein said, "Not everything that can be counted counts, and not everything that counts can be counted." The challenge with KPIs is to determine the metrics that can be counted that actually *count*; the metrics that contribute to a company's overall strategy. Those are the metrics that are good KPIs.

Chris Arlen, president of Service Performance, a consulting firm based in Bainbridge Island, WA, described KPIs like this:

"In older Boeing 747s, if all the instrumentation were taken out of the cockpit and laid end-to-end, it would stretch over 27 feet in length. Pilots couldn't pay

attention to all those details and displays all the time. Instead they viewed six key indicators. If something appeared out of order, pilots checked the other instruments corresponding to that key indicator. The same is true for cleaning KPIs."

CHARACTERISTICS OF AN EFFECTIVE KPI

For KPIs to be effective, they must be actionable and easy to understand. Following are 5 characteristics that make an effective KPI:

1. **Clear + Simple**

Business analytics expert Jay Liebowitz says that **an effective KPI** is one that “prompts decisions, not additional questions.” For example, “How many complaints did we receive per occupant this quarter?” is clear and simple. All team members should also have a clear understanding of his or her role in enacting a KPI.

2. **Relevant + Specific**

KPIs need to make sense. They need to be relevant to specific team members in an organization. Relevance ensures the right decision makers are measuring KPIs that relate to them.

3. **Aligned**

KPIs should always support the overall goals of an organization and not unintentionally undermine its efforts. What could be an effective metric for one team within an organization, might not be in alignment with another team. KPIs support the objectives of the entire organization.

4. **Actionable**

Overwhelming employees with large, complex goals is not the best way to achieve them. Smaller, short-term KPIs that are realistically attainable ensure that teams are more likely to succeed.

5. **Measurable**

This one is pretty obvious, but a KPI should be easy to measure. Avoid general overview goals for solid, focused ones that can produce qualitative and quantitative measures.

How many
complaints did
we receive this
quarter?



RELEVANT KPIs FOR FACILITY MANAGERS

Although each business may be unique in the KPIs they measure, here are eight of the top KPIs that a cleaning service could be measuring and reporting to the facility manager:

1. **Quality of Service**

Conducting regular audits and inspections helps to determine if a specific area of service needs improvement. It's important to note that different industries will have unique KPIs. For instance, a healthcare client may prioritize disinfection, while an office building may consider lobby cleanliness a more critical KPI.

2. **Client Satisfaction and Responsiveness**

Cleaning contractors should engage client contacts with customer service surveys to fully understand their level of satisfaction with the services they are providing. If they don't, that's a red flag. Within this KPI, metrics such as the number of customer complaints and compliments received, as well as the number of special requests received and successfully completed are important.

Another important factor to consider is the **Net Promoter Score** (NPS), an index typically ranging from -100 to 100 that measures the willingness of customers to recommend a company's products or services to others. A contractor with a low NPS score can be a major red flag for client contacts.

3. **Employee Productivity**

Employee productivity can be measured by how many square feet are cleaned per facility by the number of direct labor hours it takes. Another way to look at this metric would be to compare the labor allocation required to perform the scope of work versus the actual time labor was utilized. Within this KPI, metrics such as employee absenteeism, the availability of on-site training for new employees on procedures, adherence to safety regulations and employee retention and negative attrition should be measured.

4. **Safety**

Incidents that occur at the workplace that could result in a serious injury or damage are often called “near misses” or “close calls.” A near-miss safety management program can help prevent future incidents. OSHA defines a near miss as an incident in which no property was damaged and no personal injury was sustained, but where, given a slight shift in time or position, damage or injury could have occurred.

The Safety KPI includes these near misses as well as the number of actual work-related incidents occurring during a work shift, and the number of days an employee lost due to a work-related incident. Also included in the KPI is floor safety, which can be measured by conducting floor slip resistance testing and determining the number of slip/fall accidents.

5. **Health**

Making sure a facility is healthy is certainly a top KPI. Complete removal of contaminants, both visible and invisible is crucial and should be accurately assessed. According to **Rex Morrison**, founder of the 501c3, Process Cleaning for Healthy Schools, “complete removal of soil by standardizing the right tasks and tools is the path to performance benefits, and a carefully crafted process minimizes labor, maximizes ergonomics, addresses bottom-line needs and protects health.”

Using **ISSA's Clean Standard** as a guide, the healthiness of a facility can also be determined using ATP monitoring, which has shown to be an objective and reliable means to measure cleanliness.

6. **Disinfection**

How is disinfection being handled? What are the protocols? Those are post-pandemic questions that should be asked and tracked. Once we identify disinfection needs, schedules, and protocols, it's essential that we can track and continuously improve our processes. Is electrostatic spray disinfection used to destroy bacteria and pathogens on all surfaces? Are we using safer ingredients for health and the environment? (Ready-to-dispense (RTD) chemical systems can reduce chemical usage by delivering accurate, pre-measured, portable dispensing in 100% recyclable containers.)

7. **Appearance**

The “appearance” metric is also important; how a building “looks”; if it “appears” clean. Obviously subjective, a building must not only “be” clean, it needs to “look” clean, as customers will judge a facility on how it appears without knowing if it's truly clean or not. Appearance is an uncomplicated metric and can be measured simply through a customer or tenant survey.



8. **Budget**

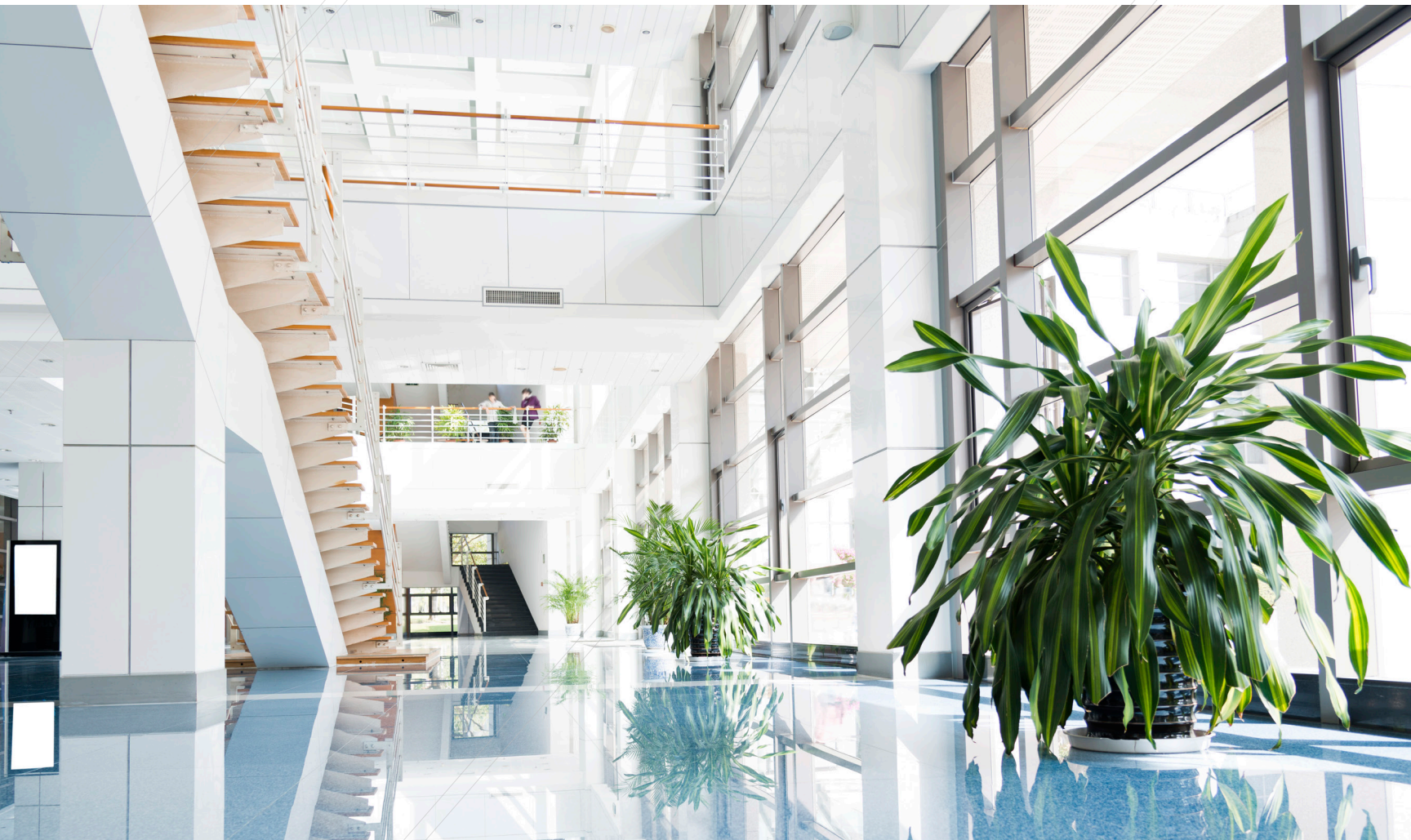
A straightforward KPI, the financial metric generally measures whether a cleaning contractor can stay within a facility manager's overall budget. Included in this KPI are audits of expenses budgeted for janitorial services compared to actual cost, including labor, equipment, chemical and consumables cost.

This KPI should also include the contractor's ability to determine ways to save the facility manager money by offering innovative ways to reduce labor, supply and even management cost. This KPI shows how motivated the contractor is to help streamline the facility manager's budget.

9. **Employee Engagement**

A critical metric in the Employee engagement KPI is employee retention and turnover. A customer should be concerned if the contractor is showing high employee turnover or low retention. The inability to recruit and keep quality cleaners should be a red flag for a customer because it often leads to poor quality of service.

The role of the janitorial team's account manager cannot be underestimated as well, when measuring success. Clear and transparent communication with customers, understanding a customer's goals and relating those expectations to his or her team members will help to ensure a strong and mutually-beneficial relationship that is continually nourished and maintained.





BENEFITS OF DEFINING KPIs

Defining and establishing the correct KPIs helps keep a business on track and always improving. Here are 4 direct benefits:

1. Establishes a Focus

When all team members have a clear understanding of the metrics that are being measured, they will be better able to focus on what needs to be done to achieve the level of service demanded by their organization and customer.

2. Offers Clarity

Clear communication regarding expectations puts everyone, both contractors and customers, on the same page and helps to eliminate confusion.

3. Encourages Transparency

Trust is established when service contractors share KPIs with team members and client management.

4. Promotes Accountability

When team members know that their services are being evaluated on an ongoing basis, they are more likely to take ownership of their work.

focus
CLARITY
TRANSPARENCY
accountability

PITFALLS TO AVOID WHEN DEFINING KPIs

KPIs are only as useful as the role they play in a facility's strategic decision making, delivering relevant and useful information. Not aligning KPIs with strategy is just one of the pitfalls to avoid when defining the appropriate KPIs. Here are 5 others:

1. **Measuring everything.** As we have mentioned earlier, keeping in mind the "K" in Key Performance Indicators is crucial. Measuring anything and everything that can be measured regardless of its relevance is a waste of time.

2. **Copying KPIs.** KPIs should be unique to a customer and not simply a mirror of what another customer is measuring. What is important to one customer could be completely different than what is important for another.

3. **Linking KPIs to penalties.** Often customers like to use KPIs as a "gotcha" method to improve performance. Their true purpose, however, should be to determine if their strategic goals are being met; a navigational tool, to see where they are and where they need to be in terms of meeting their strategic objectives. If KPIs are indeed linked to penalties, it's important that there be an upside for the contractor who performs above and beyond.

4. **Not involving both contractor and customer in KPI selection.** Everyone needs to have "skin in the game" when it comes to selecting relevant KPIs. In order to ensure success, it's important everyone has a clear, strong understanding of what the KPIs are, and the strategy behind them.

5. **Not challenging and updating KPIs.** Once the KPIs have been determined, they are often never reviewed and updated. To be effective, it is important to periodically challenge KPIs to ensure they are still relevant. Is the correct data still being collected, and is it being collected often enough? Is the data being used correctly? Has there been a change in strategy that a new KPI could address?



DEVELOPING & USING A KPI REPORT

- Once you establish the KPIs you will report to a customer, you need to develop a way to **collect and track the data**. This can be done manually with surveys, spreadsheets and CRMs or digitally with commercial cleaning software that will pull from data already in your workflows.
- Try to **assess each KPI as a formula** (e.g., # of current employees/# of employees hired for a specific time period = turnover rate) and make sure you calculate it the same way every time.
- **Create a dashboard.** Data can be stored and managed on your internal website or on shared Excel or Google spreadsheets
- Team members need to know and understand if the services they are providing are meeting company and customer expectations. **Discussing and analyzing the results** of your KPIs with your team on a periodic basis will give everyone valuable insights into how a team is doing and provide a roadmap for improvement.
- Share the results with stakeholders. KPIs are useless if they are not communicated properly to your customers. **Sharing the KPI report** and being transparent about if and when improvements need to be made will not only garner trust but will ensure everyone is continually working towards excellence.
- **Allow your KPIs to evolve.** KPIs don't have to be set in stone. In fact, they shouldn't be. As customer needs change, so should your Key Performance Indicators. Reviewing KPIs on a consistent basis will make sure you are always looking for new and efficient ways to get the job done.

KPIs are *useless* if they are not communicated properly to your customers



CONCLUSION

Yogi Berra had the right idea. If you don't know where you're going, it's impossible to get there. Realistic and productive Key Performance Indicators can help you get to where you want to go efficiently and effectively. KPIs are an essential tool for measuring the success of a business, its ability to meet its strategic objectives and ensure that improvement is always top of mind.

With that in mind, here are some key takeaways from this white paper:

- Key Performance Indicators (KPIs) are a set of and agreed-upon measures an organization uses to determine how well it is meeting its operational and strategic goals.
- All KPIs are metrics but not all metrics should be KPIs. KPIs are the vital few metrics that indicate progress towards strategic objectives.
- Effective KPIs should be clear and simple, relevant and specific, aligned with and organization's goals and strategic objectives, actionable and measurable.
- Top KPIs a cleaning service could measure and report to the facility manager include: quality of service, client satisfaction and responsiveness, employee productivity, safety, health, appearance, budget and employee engagement.

NOT EVERYTHING THAT CAN BE
COUNTED COUNTS, AND NOT EVERYTHING
THAT COUNTS CAN BE COUNTED

- Clearly defining KPIs establish a focus of what needs to be done to achieve excellence, offers clarity regarding expectations, encourages transparency with contractors and client management and promotes accountability.
- In addition to failing to align with a company's operational and strategic goals, some pitfalls to avoid when defining KPIs include: measuring everything, not make KPIs unique to the business, linking KPIs to penalties, not involving both contractor and customer in KPI selection and not periodically challenging and updating KPIs.
- Once KPIs are established, a way to collect and track data needs to be established, either manually or digitally. A KPI report should include an assessment of each KPI as a formula and a dashboard of data. The report should be discussed and analyzed with team members on a periodic basis and shared with stakeholders. Finally, the KPIs should be allowed to evolve as needs, goals and objectives change.



At 4M, we think like the pilot at the beginning of this white paper. We work with our customers to determine what is important to ensure success and consistently measure those KPIs to improve our service. We continue to work diligently to increase our operational efficiency and become a leaner, streamlined business with a focus on achieving Lean Six Sigma quality. Lean Six Sigma is a quality and efficiency approach, a dynamic combination of two methodologies. Lean is data-driven and focused on efficiency in processes to reduce waste in various forms. Also data-driven, Six Sigma is an approach to improving a product or service by reducing process variations, identifying critical inputs, and focusing on customer requirements. Combined, Lean Six Sigma is proven to increase a business's customer satisfaction while minimizing the time, effort, materials, and money required to surpass customer expectations. To learn more about our services visit [4-m.com](https://www.4-m.com).