

GM Adopts McDonald's Approach to Facilities Management

Standardized Procedures Save \$1 Billion, Improve Performance

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By centralizing its facilities operations, the General Motors Corporation (GM) cut more than \$1 billion from its annual budget in just five years, and is now gearing up to find another \$1 billion in structural savings, reductions, and cost avoidance.

A key factor in this success was the consolidation of 20 internal organizations into a Worldwide Facilities Group (WFG). This was no small feat, says Tom Blakeslee, director of facilities operations for the GM Technical Center. With literally hundreds of facilities occupying millions of square feet worldwide, the auto giant, one of the largest employers in the world, manufactures more than eight million vehicles a year. That level of production requires an annual budget of \$4 billion for facilities-related services alone; approximately 30,000 employees are dedicated solely to maintaining the company's machinery equipment and facilities.

"Before WFG, every division had its own facilities department--Cadillac, Oldsmobile, Pontiac, Chevrolet, etc.--and they all did their own thing," Blakeslee says. "They probably all did good work, but it was very decentralized."

As a result, there were no company-wide processes for facilities functions such as service provider selection, capital project management, and energy management. The decentralized operation made it difficult to track how much money was being spent on facilities, because facilities management was buried in so many separate budgets. And it meant a lot of people were concentrating on facilities rather than their core competency, which is to build world-class automobiles, Blakeslee says.

In addition, the separate facilities departments within GM had no contact with each other and therefore no opportunity to investigate or establish best practices. For example, Cadillac and Oldsmobile each had ten environmental engineers.

"If they share their expertise and help each other out, they probably don't need 20 engineers between them," Blakeslee says.

Realizing it needed a centralized facilities management department that could standardize initiatives and track their success, GM formed the Worldwide Facilities Group in 1994.

Shortly after WFG was established, an internal effort began to focus on common processes, using what Blakeslee terms the "McDonald's approach." McDonald's has thousands of restaurants around the world, and each one is essentially the same. If employees in one location find a way to make their processes more efficient and save even a small amount of money, the corporate savings is significant when multiplied by all the sites worldwide. That is the beauty of common

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General Motors Technology Center



The facilities department at the General Motors Technology Center has seen a 30 percent annual budget reduction as a result of the company's centralized Worldwide Facilities Group. GM has cut \$1 billion from its annual budget in just five years by adopting the practices used at the Technology Center, and is working toward employing those practices in manufacturing, as well. *(Photo courtesy of General Motors Corp.)*

Photo courtesy of General Motors Corp.

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Biography

processes, Blakeslee explains.

"When you consolidate everything, you begin to leverage resources," he says.

Today, the Worldwide Facilities Group is organized into ten centers of service that reflect the newly standardized approach:

- Facilities Management--Acts as the landlord responsible for all facilities maintenance functions in support of the core marketing, engineering, and manufacturing business.
- Programs and Services--Acts as a liaison between facilities management and the operating divisions; makes sure facilities management is meeting customer needs and expectations.
- Capital Projects--Responsible for expanding plants and assisting in building new plants and dealerships. GM currently has billions of dollars' worth of on-going capital projects.
- New Plant Implementation--Project delivery for new plant construction.
- Closed Plant Decommissioning--Manages plant closure and disposition of these properties.
- Utilities Services--Manages and provides all utilities services to all sites.
- Environmental Services--Manages and provides environmental services.
- Paint Engineering--Responsible for making sure the automobile paint is engineered properly, a very capital-intensive area of the manufacturing process.
- Financial--Management of capital and operations funding for Worldwide Facilities Group.
- Human Resources--A newly created center to handle the job-related needs of the 15,000 WFG facilities employees.

GM Technical Center as a Case Study

Blakeslee manages the facilities operations at the GM Technical Center, which is responsible for product engineering at General Motors. It employs 20,000 people in 41 buildings spread out over one square mile, with 8.9 million sf of offices, shops, and labs.

Tapping the advantages of a centralized facilities group, Blakeslee has cut the Tech Center's annual facilities budget by 30 percent. The salaried workforce has been reduced by more than half, from 242 to 120, and the number of hourly employees has been cut from 1,400 to 1,000 according to the rules of the United Auto Workers' (UAW) contract.

One way Blakeslee found to save dollars and still get the job done is to use service providers. By hiring a company to handle all the aspects of resource management (commonly known as trash hauling) at the Technical Center, for example, GM has saved more than \$1 million a year since 1997.

"We're trying to make resource management and waste disposal a common process company-wide," he says.

And by outsourcing the management of housekeeping as part of a complete redesign of janitorial services, 37 salaried positions were eliminated through attrition and reassignment. That decision alone cut \$2 million from the annual budget of the Technical Center.

Tom Blakeslee has worked for General Motors for 30 years, and has served in technical and management positions in the Pontiac and Chevrolet Divisions. At the Technical Center, where he is currently director of facilities operations, he has been superintendent, manager of plant engineering and maintenance, and a manager of prototype operations.

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Using Technology to Make Life Easier

"We're really focused on information technology in facilities management and at the Technical Center," Blakeslee says.

Two years ago, the company created a Help Desk to field customer complaints. Users can now reach a live person within 20 seconds simply by dialing the five-digit number 2-HELP.

"In the past, unless you knew the maintenance person, you didn't know who to call," says Blakeslee. "You'd call your supervisor or the dispatcher."

Now, calls to the Help Desk automatically generate a work order on Maximo, software that organizes a planned maintenance schedule for all facilities so the work can be performed on a regular basis. GM and the UAW agreed that 70 percent of all maintenance work would be proactive, versus 30 percent reactive. The Technical Center reached that goal and has since raised the bar to an 80/20 ratio.

GM is beginning to use ARCHIBUS as its CAFM software to better utilize its buildings.

"We're trying to make our space very flexible, so every time we reorganize and people move from one office to another it doesn't cost an arm and a leg," Blakeslee says.

The goal is that each planned move will automatically generate the work orders needed to make all associated tasks happen. As a common process, WFG is trying to standardize the amount of space people have to 250 sf per person.

Other technology tools, such as hand-held computers and radio phones, also make WFG executives' jobs easier.

"We have 1,000 salaried people working for us," Blakeslee explains. "Their telephone numbers are all downloaded every month to our cell phones so we can contact them easily. The Nextel phones with a radio feature enable us to reach each other even if a cell phone isn't answered. This allows us to communicate quickly, urgently, and makes us more effective."

An internal Web site that includes a Panorama Business Views performance measurement system and standards also facilitates communication with WFG customers and employees.

Looking Beyond the Technical Center

Blakeslee's goal is to incorporate the common practices developed at the Technical Center into the manufacturing side of GM. The concept of single-point management is already in place throughout the corporation in the areas of environmental engineering and utilities services. Blakeslee estimates that landlord services will be implemented in power train, truck, and car manufacturing plants--180 million sf--by the end of the year.

As a part of that process, cleanliness audits now are being conducted in manufacturing facilities across North America and Mexico. After three audits at ten GM truck plants, all met or exceeded expectations in most areas.

"We'll probably raise the bar above 88 percent by first quarter

2001," Blakeslee says.

Another standard practice GM is adopting is leasing fork trucks, rather than owning them. As the old ones become too costly to maintain, they are replaced by leased units; half the fork trucks at GM are now leased.

However, Blakeslee notes that other common processes, such as information technology, will be more difficult to institute because of the capital investment and training they require.

By Lisa Wesel

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