

Comparative Thinking

Better Comparisons for Better Decision Making

By Joe Whitefield

C Completion
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Recently I was asked to speak to a class of university freshmen on various aspects of facilities operations on campus. As part of that presentation, I was also asked to share the best advice I had ever been given. As I sorted through a significant list, I settled on a basic statement that has changed my approach to addressing the many professional and personal challenges of daily life:

“There are no solutions, only trade-offs.”

I shared how this view has led me to become more thoughtful when making decisions, particularly decisions that have major consequences or affect other people.

At its core, making decisions has always been an exercise in comparing alternatives and choosing the better or best alternative for the situation after considering the trade-offs of costs and benefits. Good decisions are the result of teasing out the advantages from an evaluation of comparable alternatives. Conversely, poor decisions usually result when the trade-offs are not considered or the process is short-changed in some manner.

Fortunately, comparative thinking comes naturally to most people. We compare things all of the time. These comparisons serve as the basis for making judgments (good/bad, better/worse,

etc.), and these judgments are the basis for making decisions. This scenario of comparison plays out numerous times a day. We compare prices of things, ourselves to others, and others to others. In fact, it can be quite difficult not to make comparisons. Unfortunately, the intuition to make comparisons is not always coupled with the skill of making solid comparisons (apples to apples) and accurate judgments.

Most facilities managers I know are both intuitive and skilled when it comes to decision-making in the workplace. That is a good thing since numerous decisions are required every day in the areas of operations, maintenance, capital projects, energy/utilities, and sustainability. Still, there are a myriad of issues that can impair the decision-making process.

ESTABLISHING INEFFECTIVE METRICS OR BASELINES

Since baselines serve as the primary standard for evaluating alternatives, it is important to begin with the correct baseline. Take energy savings projects for example. Retrofit projects and initiatives have the advantage of



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historical performance that can serve as the primary baseline. Energy savings alternatives can be evaluated against one another using a payback calculation when compared to the energy performance of the previous system.

Evaluating energy savings alternatives for a new building, however, is more challenging because there is no existing baseline with which to begin. A predicted baseline of performance must be determined. If this baseline is not adequately determined, and readily understood, faulty judgments of the alternatives can result and poor decisions made. We have all seen projects that did not live up to their predicted performance because the evaluation process overstated the benefits or understated the costs. The process starts with establishing a proper baseline. The right baseline will lead to better comparisons and better decisions.

COMPARING BENEFITS ONLY

Evaluating the trade-offs of comparable alternatives is a total value proposition. That means both the benefits and costs have to be considered for a true evaluation and accurate comparison. Facility managers are well aware of the issues with the total cost of ownership. The lesson from history is that the total costs, and not just the initial cost, should be identified and evaluated, along with the predicted benefits, as early as possible in the decision process.

More and more I hear of projects being evaluated without adequate consideration of all current and future costs. Future costs are speculative and sometimes difficult to estimate because of a long list of operational and market variables. Marketing efforts focus on benefits. However, a true evaluation must do more than imitate marketing; it

must force the issue of cost identification and present a realistic picture of the total net value of the available options.

This is the hard part. No one likes the process of identifying and evaluating costs. Still, we all know stories of projects that failed to meet expectations as a result of insufficient understanding or evaluation of the total costs.

Facilities managers everywhere want the benefits of attractive campuses and high performing facilities that are safe, clean, and functional. And while there are many similarities from campus to campus, there are also more differences that make facilities management unique. Campus mission, culture, traditions, geography,

personnel, and fiscal resources are just a few of the differences. That is what makes “solutions thinking” and a simple adoption project process ineffective—they tend to focus on a benefits-only, homogeneous approach.

They do not adequately consider the unique elements involved, or the total costs required for a true comparison of alternatives the way “trade-off thinking” requires.

Better comparisons lead to better judgments, which lead to better decisions and better projects. It is my contention that trade-off thinking will generate better solutions than solution thinking. And better is, well, better. ☺

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The advertisement features a blue and orange color scheme. At the top, the text 'COMPREHENSIVE FACILITY EXPERTS' is written in white. Below this is a large white logo with 'fm' in blue and a superscript '2' in white. The background of the ad shows a person's hands pointing at architectural blueprints on a table. The text 'FACILITY MANAGEMENT METRICS' is written in large, bold, black letters across the middle. At the bottom, contact information is provided in white text on a dark blue background.