

CHAPTER 4: PHYSICAL ASSETS AND FACILITIES MANAGEMENT

Introduction

- Selecting a site for business is a great challenge because it involves investments in real estate, fixed assets and other commitments.
- An organization manages two kinds of assets, i.e., intangible and physical.
- Physical assets and facilities should be managed efficiently because they can be a source of an organization.

Location Planning

Locating a strategic place for the organization to be the Headquarter or to operate from is the responsibility of the facilities management department.

Office Space Planning

It refers to the design of a physical office that optimizes the workflow, staff movement and interaction and location of office equipment by considering the aesthetics and well-being of the employees and clients.

Factors to be Considered in Designing Office Layout

1. Work flow
2. Communication
3. Supervision
4. Minimizing staff movement
5. Proper tables and chairs
6. Lighting
7. Ventilation

Physical Assets

Fixed assets - land, buildings, fixtures and fittings

Current assets – inventory, debtors, cash at bank and cash in hand

Intangible assets –goodwill, patents and trademarks

Consideration for Purchasing Fixed Assets

1. Specification
2. Cost
3. Layout
4. Location
5. Maintenance
6. Quantity
7. Support
8. Time frame
9. Training
10. Utilization
11. Vendor

Management of Physical Assets

The management of physical assets involves the acquisition, maintenance and disposal of the assets.

Acquisition Process

1. Recognize a need
2. Select suppliers
3. Place the order
4. Track the order
5. Receive the order
6. Inspect the asset
7. Test run

Leasing

- Leasing is like hiring or renting an asset.

Advantages

- It avoids huge up front investment.
- It is affordable due to regular instalments.

- The company does not have to incur maintenance costs
- It is a good option for short-run needs of assets

Disadvantages

- It cannot be used as collateral.
- It constrains the lessee from making any modification to the asset.
- It is expensive in the long run.
- Leasing is complex and the company must study the terms and conditions meticulously.

Facilities Management

Definition- Managing and co-ordinating interrelated people, process and place issues and functions within the corporation or organization.

Maintenance Manual

The maintenance manual should contain guidelines and procedures pertaining to a variety of areas related to maintenance.

Category of Maintenance Manual

1. Custodial maintenance
2. Corrective maintenance
3. Emergency maintenance
4. Deferred maintenance

Security

- Security refers to the state, feeling or means of being secure; protection from espionage, theft and attack.

Security Management

1. Formulation and revision of security policy and procedure
2. Identification of resources to be monitored

3. Surveillance of the resources
4. Security screening of employees
5. Security awareness and training for staff
6. Security personnel and services
7. Security devices

Outsourcing

- Outsourcing means purchasing from a person or an organization a product or service that had been produced by the organization.

Advantages	Disadvantages
The organization can concentrate on core activities.	The organization could be over dependent on the provision of services.
Management can pay attention to main business.	The management may lose secrecy and confidentiality of information and processes
Outsourcing gives cost savings compared to doing it by itself.	The organization might have to incur more costs if the outsourcing organization is closed down.
The organization does not have to employ specialist.	Its own staff lacks familiarity with related activities which can be made part of staff development.
Product or work done by external part can maintain quality.	The organization could lose control unless it monitors closely the service level and operations of the provider.