Facilities Managers Public VS Private: What’s the Difference?

Shaquille O’Neil and Oscar De La Hoya recently went three rounds in the boxing ring. De La Hoya came out of retirement for this event and Shaq - well Shaq just wanted to be Shaq. It was somewhat reminiscent of Rocky Balboa Vs Thunderlips in Rocky III. Rocky of course was played by Sylvester Stallone and Thunderlips by the great Hulk Hogan.

It was interesting that the little guy won in both cases, although Shaq and the Hulk both seemed to hold back; staying within confines of the rules of the game as much as their egos would allow. These conflicts do not depict good vs. bad, rich vs. poor or the large and mighty vs. the small and skilled in this particular arena. They do show how the best of the best perform in total –and they all serve as benchmarks in their respective fields.

Shaq and De La Hoya are legends in sports and they compete in very different venues. Yet wherever they perform, they do so in facilities, facilities that must be managed and maintained. Comparing the management of facilities can be as difficult as comparing sports legions. Just as Shaq and Oscar represent two difference types of sport, public and private sectors represent two different arenas of facilities.

By Definition...

The composition of the public sector usually includes such services as public roads, public transit and education amount others. In general, the public sector provides services which benefit all of society rather than just the individual who uses the service (such as public education.) [The American Heritage® New Dictionary of Cultural Literacy, Third Edition.] The private sector is that part of an economy in which goods and services are produced by individuals, companies and/or institutions. Education, higher education in our case, may be provided by public and private institutions. Their goal is the same - to create knowledge in the students who attend the respective institution.

Which is better? Again, these venues do not depict good vs. bad, rich vs. poor or the large and mighty vs. the small and skilled. There are many behind the scenes differences and those differences are experienced by two groups of folks. The facilities managers - who are responsible for the maintenance and operations and the project managers - who are responsible for managing physical changes. Let’s see how they compare in the ring.
Round one: bureaucracy. One of the main differences is the level of bureaucracy that each sector has to contend with. The public sector is heavily regulated; nearly every project must receive approval by some governmental authority. It is not so much about obtaining permission as it is obtaining funding or funding approval. Each project request involves money, manpower, machinery and materials. [Halpin, Daniel, *Construction Management* 3rd ed., John Wiley and Sons, 2006]. Money, with little exception, is the dominant factor. Private sectors do not have to contend with legislatures, but they do generally require approval from senior administrators.

In each sector, there may not be much interest or incentive from those in authority to act quickly or to act at all. This makes long-term planning more critical and making changes difficult at best. Whether presented to a board of trustees or to a state legislature, few items are presented that do not include a price tag. So it is not just a matter of obtaining funding; it is a matter of convincing the appropriate authority that the funding you request is more important that those requests being expressed by others in their presentations of need. Since there is generally greater competition and less incentive for cooperation with public entities, the bureaucracy round goes to private entities.

Round two: procurement. Public organizations face more obstacles in the procurement of goods (machinery and materials) because of required intensity of detail and the numerous regulations that exist. Facilities and project managers often must obeyance to procurement managers to make final purchasing decisions. A complaint I often hear is that procurement managers with public entities make these decisions based primarily on a basis of costs. Issues of value (soft costs, public relations, good will) priority of need and life cycle costs acquiesce to the initial outlay of funds.

Procurement departments tend to see things in black or white. There is little notice of shades of gray between the two extremes. Therefore, purchasing agreements are typically viewed as offers that are to be accepted as is; there is rarely tolerance for negotiation, and there is an aversion to sole-sourcing. Most contracts are awarded to the lowest of a minimum of three bidders although, many entities, both public and private, now prequalify bidders and/or allow for value bidding (ah-progress!) Bottom line, the public sector procurement departments are usually more over-regulated and therefore over-worked (having to deal with the multitude of regulations.) Private sector procurement departments are leaner, faster and more flexible however; public sector procedures are often excellent, they are better organized and utilize more effective standards with a more philosophical approach. The public sector takes this round.

Cultural Engineering

Round three: corporate culture. Every business has its own internal culture. Corporate culture integrates the knowledge, beliefs and behaviors of the employees with the set of values, goals and practices that characterize the institution. The art of maneuvering within this way of life is what I have termed cultural engineering. Cultures can range from “everyone for themselves” (market culture) to “one for all and all for one” (clan culture). In general, public sectors tend to be clan cultures and privates tend to lean more toward market cultures. Since facilities departments in both sectors are cost centers they are under increased scrutiny. Wise managers position themselves carefully and have
developed extensive political networks. They have learned when and where to present their programs and needs. Successful managers are truly cultural engineers.

In facilities management there are risks to mitigate and obstacles to avoid regardless of sector. There is rarely enough funding for capital renewal so there are typically maintenance deferrals. If managers bring these deferrals to the attention of senior administrators they may be chided (why did you allow this to occur?) If they do not, they may be reprimanded (why didn’t you tell us about this sooner?) Life can be short lived if you are a messenger. There are political nuances that must be learned in order to survive being shot or having one’s credibility attacked. The facilities manager must know the ins and outs of the sector bureaucracy. This is particularly important in the public sector where close relationships with mayors, governors and/or appropriate elected officials may be useful in accomplishing one’s goal. This round scores a tie.

Round four: people. Maintaining a quality workforce is a main goal for both types of institutions but it is more difficult in the public sector. Compensation in the public sector is generally less than in the private sector but security of employment is greater. Length of employee service tends to be longer for public institutions. However, retention of low quality employees is generally higher making it more difficult for the public entities to be competitive. It is also generally more difficult to eliminate a position than to create a new position which adds to the institutional weight. The private sector wins this round.

**It’s the same, but different**

Round five: Project management. Although managing projects is often an integral part of facilities management the skill sets for the two managers are quite different. Facilities managers deal with repetitive routine tasks and project managers deal with fairly specific groups of related tasks with a specific goals and times for completion. In the public arena, project manager face long planning cycles, and short completion cycles due to the convening of legislatures and the time constraints on the availability of budgets. In both sectors it is important for the project manager to have highly developed skills in a number of areas. Project manager must know about business processes including planning, delivery methods, general conditions, effective construction management techniques, risk and disaster management and life cycle management. Project managers must know how the organization functions including functional and project management, finance and contract administration, accounting, cost monitoring and cost control. They must also know about the systems needed to sustain organizations. These include engineering systems – roads and bridges, mechanical, electrical and plumbing systems, information technology systems, and environmental regulations. On a higher level they must understand the essential business functions, productive project processes, sustainable initiatives and engineering systems of organizations. Communication for both must be fluent from a business sense and to understand corporate speak. An effective project manager will certainly win this round in either sector.

Bottom line: Who wins the match? If you are keeping score, you will find that there is no clear winner. There are advantages and disadvantages to both the public and private sectors. The primary factor for successfully working within either sector is having a thorough understanding of their formal and
informal business practices. In our ever changing world, continuous personal improvement and obtaining new knowledge are the largesse of success factors.

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