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Perspectives - BMS Building Management Systems

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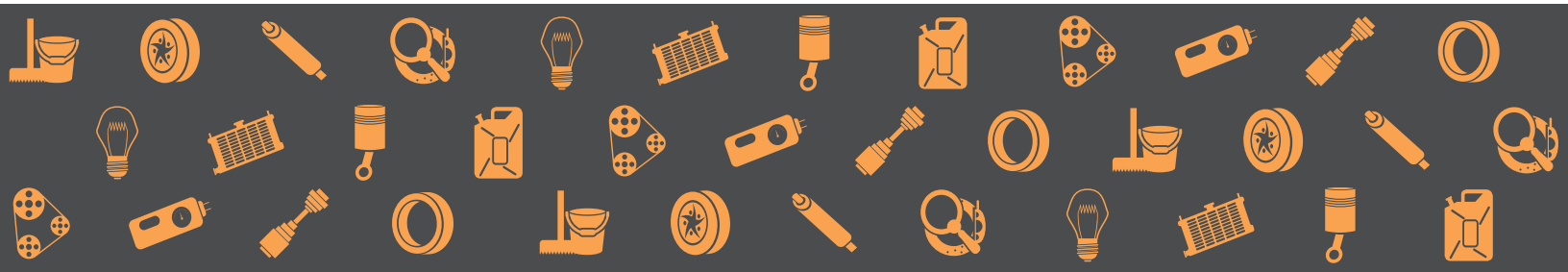
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THE ROOFTOPS PROJECT



Perspectives

BMS Building Management Services

How can not-for-profit organizations better prepare themselves to launch and sustain effective relationships with their outside janitorial, security, and maintenance service providers? **Mike Doherty**, President and CEO of BMS Building Management Services, and members of his New York City team consider these themes with Frank Loffreno and Professor James Hagy of The Rooftops Project.

BMS Building Management Services is a wholly-owned subsidiary of Vornado Real Estate. Founded in 1986 and with a presence today on the East Coast from New York to Washington/Baltimore, as well as in Chicago, BMS is a fully-integrated service provider that contracts for janitorial, security, window, and metal and marble cleaning services. Its 2,900 employees service for-profit commercial building owners, hotels, and hospitality companies, as well as not-for-profit clients such as colleges, universities, and museums. Mike Doherty is President and CEO of BMS. In our interview, he was joined by Anthony Favale, Vice President of Security; Bryan McAlary, Head Porter at 1 Penn Plaza in New York; Nelson Perez, Day Operations Manager; and Inez Woodson, Security Officer, at Vornado's 11 Penn Plaza office property, BMS's headquarters.

In delivering services at large commercial buildings in New York City, along the East Coast, and in Chicago, Mike Doherty and his teams within BMS Building Management Services are accountable to prominent investors and landlords with high standards and significant experience in structuring and managing vendor relationships. For many not-for-profit organizations considering using outside vendors for cleaning, security, or other building services for the first time, interviewing and selecting a service provider may be an unfamiliar process. Other not-for-profits may be reassessing their current vendors. We were eager to explore these themes with Mike and his colleagues during our visit.

"Commercial properties know what they are in for," Mike begins. "Remember, for-profits are renting out as landlords. They need to provide a certain level of service, or they lose tenants. It's a big deal. Also, their methods of bidding are extremely exacting. They get down to the penny. They may provide much more limited information. With not-for-profits, we have a much more open conversation: 'This is what we can spend. Here is my budget. What can you do? How can you tailor your program to help us?'"

While major property companies are likely to approach multiple vendors with a formal RFP [request for proposal] with a set scope of work, Mike finds that not-for-profit organizations may need suggestions in defining and selecting the services appropriate to their facilities and their budgets. "The not-for-profit clients require a lot more guidance," Mike observes. "They may have been doing it [with their own employees] for 30 years, but it isn't written down anywhere. I mix and match what I have done for other clients, based on a survey I have done for this client. I want my expectation and the client's to be the same."

Mike suggests that to better prepare for a meeting with a service provider, the client should test the market by comparing its properties with other similar facilities. "They do what they do. I think they have to go and look at what other people are doing. And whoever is going to handle that bid, is going to have a discussion with me, should figure out what their employees do on a daily basis." Mike believes this will help both sides in trying to identify what is needed.

Clients choosing to hire an outside company to provide building management services for the first time may be motivated by cost management. But they may also believe that a professional provider may offer improvements in service levels and access to industry innovation. At the same time, Mike understands that the shift from inside employees to an outside vendor can be a culture shift.

"It is a decision that the organization has to make," Mike reflects. "In one school, the employees were employees of the school for many years. Then the



organization decided to outsource. They realized that cleaning and security were not their area of expertise. They wanted to get back to educating kids.”

“There are studies that show that, particularly with educational institutions, when organizations outsource, they become more efficient,” Mike notes. “They may be working with equipment that is antiquated. They may be paying too much for supplies. They may not know the newest technologies. The employees may have nothing to compare [to their current practices]. We are always doing research. We get new projects, and since we manage large supply budgets [across many buildings,] we bring efficiency to the supply chain.”

Mike emphasizes sustainability as another area in which an experienced management company may be able to bring value to a client. “They may still be cleaning with ammonia and bleach, stuff that we haven’t used in years.”

There is often an impression that so-called “green” cleaning may cost more. Mike wants to dispel this impression. “It is a myth. It is good for your bottom line, it is good for your customer’s bottom line, it is good for the planet. More and more, the worry is about indoor air quality. Now we are primarily cleaning with various dilutions of hydrogen peroxide or, the newest thing, ionized water. It turns into a cleaning agent. We have machines that do it.”

BMS dedicates staff time to keep up with industry trends that may affect both service levels and sustainable outcomes, too. “Right now, I have two of my people on staff who are responsible for sustainability. They are also in charge of keeping up with equipment and supplies, attending big shows, and going booth to booth. They generally come back with a few ideas, and we go back to our clients and say, ‘We thought this might work for you; what do you think?’”

Once contracted to manage a building, Mike focuses on transition planning. “When somebody awards me a contract, it is usually 30 days before the start date. During that 30 days, I order supplies, equipment, and uniforms. We will do property walk-throughs at least four times during that 30 days, with whomever the customer designates. I want to know what your hot spots are.”

While Mike’s team is often hired to implement changes, he emphasizes that retaining existing staff is frequently valuable. “There is an advantage in employees staying on,” he says. “They know the facility. They know the customer. With schools, they know the faculty and the kids. But there can be small disadvantages, with people who have been doing it the same way for 30 years and don’t want to change. We run into that, too.”

If the client has existing employees who have worked in these facilities roles, during the transition period BMS will interview and often hire them. “We are a union shop,” Mike says. “Most of the organizations we take over have union employees. We absorb them. When it comes to handling the employees, we really use kid gloves, telling them, ‘It is going to be ok.’ And it is going to be ok.” The existing employees know the landscape of the building, as well as the people within the organization. That knowledge often contributes to an effective transition. “Somebody is doing it now,” Mike concludes. “You have to go to those people and ask, what do you do? And what would you like to do differently?” Employment by BMS may also offer training and advancement opportunities.

When Mike goes into a property, whether he is making a proposal to manage that property, or just visiting, the first thing he notices is how clean it is.

And inevitably, like most of us, he will look in the obvious places. “Nobody is happy with their bathrooms, *ever*. This is an old janitorial trick. You want the lobby to be clean, you want the bathrooms to be clean, and you want wherever the building manager sits to be clean.” There is laughter among the group. “I’m not lying,” he says.

Brian McAlary agrees. He was previously part of BMS’s team at New York Law School and is now Head Porter at 1 Penn Plaza in Manhattan. “[At New York Law School] we have the class schedules, Monday through Friday. There are also classes on Saturday and Sunday. We get a list of every class for the full semester. Our cleaning staff gets it. There are events, in the second floor event center or in the auditorium. That auditorium can hold 200 people. If you are in there for a class or for an event for an hour, or two hours, where does everyone go when it is over? The restroom. While you are in class, our staff is in there.”

Yet clean bathrooms, and clean facilities overall, may be a function of not only expertise and care but also a client’s funding realities. “It is usually a combination of things,” Mike notes. “Sometimes it’s not the cleaner’s fault. Janitorial is almost all reactive. It might be traffic. If you clean the restroom [daily] at eight o’clock at night, you aren’t coming back until eight o’clock tomorrow night unless you have someone going through during the day touching the restroom up, refreshing it. Some do, some don’t. Time is money. If we employ people, we have to pay them. My worry when [a customer reduces the budget and the] service level is dropped is that the restrooms are going to [suffer].”

Anticipating special events through a collaboration with the outside vendor can create savings, too, Brian explains. “It is about communication, number one. If we know about a special event ahead of time, say a week ahead, we have extra staff we can bring in.”

“There is an extra cost,” Mike recognizes. “But if the client doesn’t give us that information, we’ll hear, ‘Oh, by the way, tomorrow night we are having 200 people in the building for an event,’ [and] we will bring staff. They are on overtime. If you tell me three weeks in advance, and I can schedule it, it is a big difference.”

Collaboration can allow the client organization to price outside events to capture the associated costs more fully, as well. “There is an extra cost,” Mike says. “If the client tells us what the events are, how big the space is, and what they are anticipating, we can give them a cost for that event. Otherwise, we hope that they charged enough, but that is not my business.”

BMS finds that new product solutions can make a difference in cost, as well as in performance. Mike points out a product application he has used in the restrooms of the BMS headquarters space we are visiting. “A couple of years ago, we found a floor sealer that has been amazing for us. You put it on once, and it lasts years. These floors are 30 years old, and they look new.”

Frequency of service is also a matter of budget. A simple example is staying on top of burnt-out lightbulbs. “Our person will walk around the building looking,” Mike says. “But not every day. Usually the client will call and say there is a light out. We change light bulbs, but if it gets a little more complicated than that, [involving the electrical fixtures or building systems], we get someone else involved. If marble is cracking, we will point it out to the customer. Something has to be done, and this is not work we do.”



Adjustments in service frequency may be a sign of the times. For example, interior window washing is on a downward trend. "Window-cleaning is an area landlords have cut back on," Mike reflects. "When I came into this business, it was six times a year. Now it is more like twice a year."

There are other places where Mike looks for signs of service performance when he visits a future client's building for the first time. "I look at elevator tracks, stairways, the fire stairs," he explains. "If they are filthy, they either are not doing their jobs right or they are short of staff."

BMS staff need to be prepared for the unexpected, just as the building owner might if performing maintenance or security on its own. Inez Woodson, the BMS security officer who participated in our interview, recently was called upon to react when she saw a pedestrian wielding a cleaver on the sidewalk outside the building she guards. She was able to implement a building lockdown, earning appreciative comments from tenants.

Anthony Favale, formerly with the city and now Vice President of Security, commends Inez. "You don't anticipate security emergencies," he says. "But you might make suggestions to the client about how to make the building more secure. I bring my experience, making suggestions about things that are predictable like items that may 'walk away' from a desk, office contents that may not be protected."

Inez sees simple ways that clients, as well as tenant organizations in commercial buildings, can be supportive. We ask about a common example, when workers or guests may resist showing building identification. "All the time," Inez confirms. "You have to explain to them why. Most of the time, they will show it."

"Security is seen the same way as law enforcement," as Anthony sees it. "They may feel that it is an intrusion."

Whether client organizations own or rent, they can help by emphasizing to workers and guests the importance of showing building identification and respecting the building staff.

"Follow the building rules," Inez gently suggests. "A tenant will come up with a dolly, and they [sometimes] feel that they don't need to listen. I just need to follow the rules. You can hurt somebody, you can scratch the walls. There are lots of reasons. I don't make them."

Creating an incident report when someone is injured is standard BMS practice, as with other security firms and many not-for-profit organizations themselves. "If someone falls, we always have to do an incident report," Inez affirms. "Most people will cooperate. But some people are so embarrassed, they want to go right upstairs."

"Then we have to put that down: 'refused,'" Anthony points out.

Technology plays an increasing part in building security, Anthony notes. "Sometimes people are less offended if they are captured by technology, rather than coming to someone's attention. One of our buildings has facial recognition at the turnstile. It is becoming more reliable. Sometimes someone will say that they forgot their wallet. Did they forget their wallet, or were they terminated? We have to verify that. With facial recognition, they will not forget their face," he concludes with a smile.

"You will never replace the actual guard, but technology will improve what we can do," Anthony recognizes. "You need to someone to follow up on what that technology will reveal."

More familiar, seemingly mundane emergencies crop up across the BMS portfolio. "It is almost always water," Mike says with a knowing shrug. While BMS is not responsible for plumbing installation or repair, its team is on call 24/7 when clients experience leaks or flooding. They respond in New York City, for example, by employing floaters who cover people's sick days and training events. "Those are the first people we call," says Nelson Perez, the day operations manager at 11 Penn Plaza.

Duty managers also cover overnight shifts and maintain employee call trees for issues outside of business hours. "We have emergency cages [which hold standby equipment] throughout the city," Mike adds. "We can take a truck, go to one of those locations, and pull the flood pumpers, the big stuff."

When dealing with emergency situations, Mike and his team underscore the value of having both security and maintenance services in the building covered by the same provider. BMS believes this allows for better communication. "And if we have recurring problems, we evaluate it with both security and maintenance personnel," Mike says.

It is important for clients to proactively report issues, Nelson emphasizes. "The simplest thing, the one we preach the most to do, is not to feel that you are imposing on somebody to give us a call, to email or to text us. Self-report."

What makes a property owner with an existing vendor relationship go back into the market? Mike feels it is typically one of two things. "Sometimes it is mandated that every three years they go out to bid. It is part of their corporate culture. Other times it is dissatisfaction with the vendor. Most commercial organizations, hotels, [and] some schools go out to test the market every three to five years. This is perfectly understandable."

Mike encourages his clients to be vocal with maintenance providers so that providers can give the most accurate possible pricing for yearly events. And he notes again that funding can affect service levels. "The [client's] expectations don't change when the staffing levels change," he says. "Sometimes we might be able to do a much better job if we had one more person. One additional staffer can make a huge impact in aligning the client expectations with the actual budget. We try to work with the customer, try to keep within a budget they come up with every year."

Clients may not be aware that a firm like BMS is often happy to have a voice in annual budget forecasting. Mike notes, "We seldom participate in the budgeting process of our clients. Very seldom. Would we be willing? Absolutely."

Mike is always looking to the future. He believes that the future of cleaning equipment will be in automation. "The machinery is lighter, greener, and more user-friendly. There is less sound, decibel count, and less injury. That equipment is typically mine, priced into the job and amortized over the life of the contract."

He expects to see more robotic equipment as well. "They have come out with robots that vacuum, and scrub. We have tested them. I imagine there is going



to be a lot of robotic equipment coming out. Window cleaning equipment that is automatic, not manned. We had a robot cleaning a lobby. This thing learned. It had an array of sensors up front, and infrared on the bottom so that when it came to a step it wouldn't fall down. It might take two weeks, but when it hit an obstruction, it remembered when it hit the same obstruction again."

When clients are selecting materials for new construction or renovation projects, maintenance companies can offer valuable input, Mike says. He notes that the more intricate the design of the building, the harder it may be to clean. Predicting the cost upfront can avoid hard conversations in the future. "But I have had several conversations with architects who dismiss me, thinking, 'You are a janitor,'" Mike laments.

"That comes into play a lot with windows," Mike explains. "Architects build beautiful buildings. But sometimes you can't clear the windows. It may be fixed glass that doesn't open. The client says I have to clean the windows twice a year, and I may say, 'How?' We are [involved with] one project being planned right now that will have a skylight that they say may be two acres of glass. I am saying to them, 'Gotta clean it, gotta clean it!'"

Frank Loffreno (Class of 2018) concentrates his studies on real estate law. During law school, Frank has joined the Center for Real Estate Studies and is an active member of the School's real estate club and Italian club. Prior to attending law school, Frank worked at Credit Suisse in the Prime Brokerage department. While there, he aided equity swap traders by establishing more efficient trading software across their platform. Currently, Frank is externing at a private real estate investment company, where he hopes to work after graduation.



James Hagy is Distinguished Adjunct Professor of Law at New York Law School. He also founded and directs The Rooftops Project at New York Law School's Center for Real Estate Studies. More information about The Rooftops Project and Professor Hagy may be found at www.nyls.edu/rooftops.

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