

Where You've Been  
Where You're Headed  
➤ **How to Get There**  
Consensus Building

# Make Good Facility Decisions

- Vision
- Guiding Principles
- Standards (Space Standards, Furniture Standards, light bulb Standards etc.)
- Having a Good Data Base of Information in a Format that can be Communicated Effectively

A facility vision describes a desired future state of the facilities that is a balance between the practical limitations of the workplace and desired organizational goals.

It's an ideal that is used to guide planning efforts.

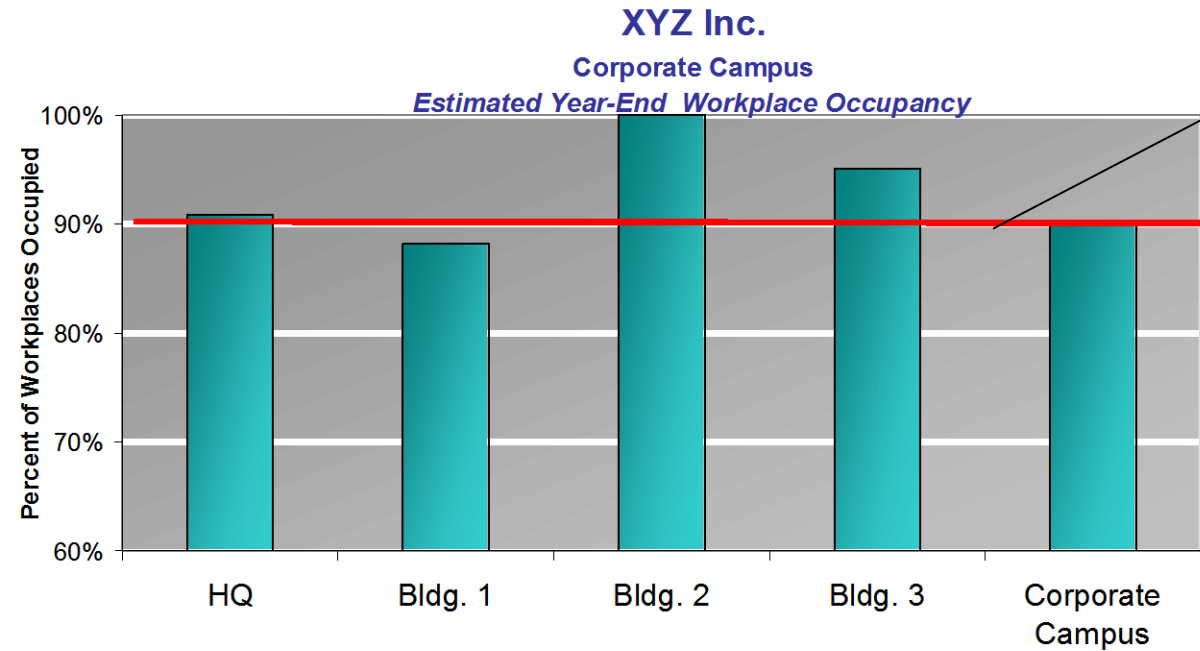


### **Facilities Vision**

*To provide a high-quality, cost-effective therapeutic environment that enables CenterPoint Human Services to deliver the right services at the right price to satisfied customers.*

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# Space Analysis



In this example, occupancy for the corporate campus is at 90%. This is the benchmark when planning for additional space needs to begin. Within a year of this survey, occupancy for the entire campus was nearing 100%. This is a critical issue because it may be possible to increase occupancy, it is usually extremely difficult to increase available parking.

# Buy/ Sell/ Hold/ Invest Analysis

Bldg.	Replacement Value	Facility Renewal Estimate	10 year Renewal/ Replacement Ratio	Real Estate Strategy
<b>Corporate Campus</b>				
HQ	\$ 8.0 MM	\$ 5.1 MM	.63	Hold & Invest
Bldg. 1	\$ 27.8 MM	\$ 5.9 MM	.21	Hold & Invest
Bldg. 2	\$7.5 MM	\$ 3.0 MM	.40	Hold & Invest
Bldg. 3	\$ 5.8 MM	\$ 1.4 MM	.24	Hold & Invest
<b>Area 1</b>				
Bldg. 4	\$ 0.7 MM	\$ 0.4 MM	.60	?
Bldg. 5	\$ 0.3 MM	\$ 0.3 MM	1.15	NA – leased
Bldg. 6	\$ 0.6 MM	\$ 0.3 MM	.54	Hold
<b>Area 2</b>				
Bldg. 7	\$ 4.3 MM	\$ 0.8 MM	.18	Hold & Invest
Bldg. 8	\$ 0.8 MM	\$ 0.2 MM	.21	Hold & Invest
Bldg. 9	\$ 5.1 MM	\$ 0.8 MM	.16	Hold & Invest
<b>Total</b>	<b>\$60.9 MM</b>	<b>\$ 18.2 MM</b>	<b>.43</b>	

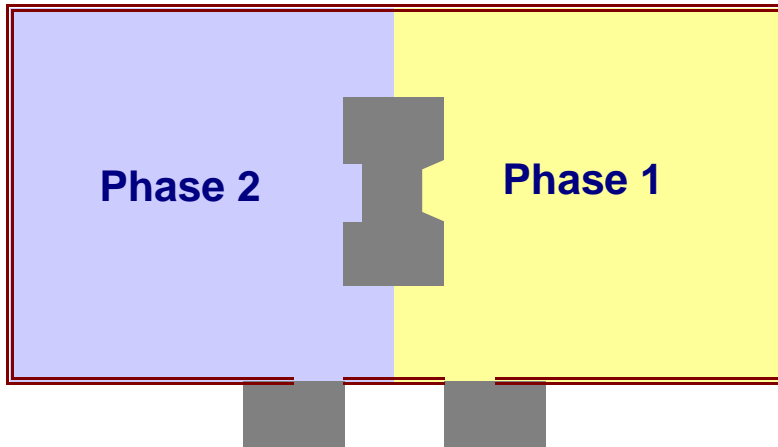
**Don't Forget Real Estate Opportunities to**  
**Reposition your Portfolio**

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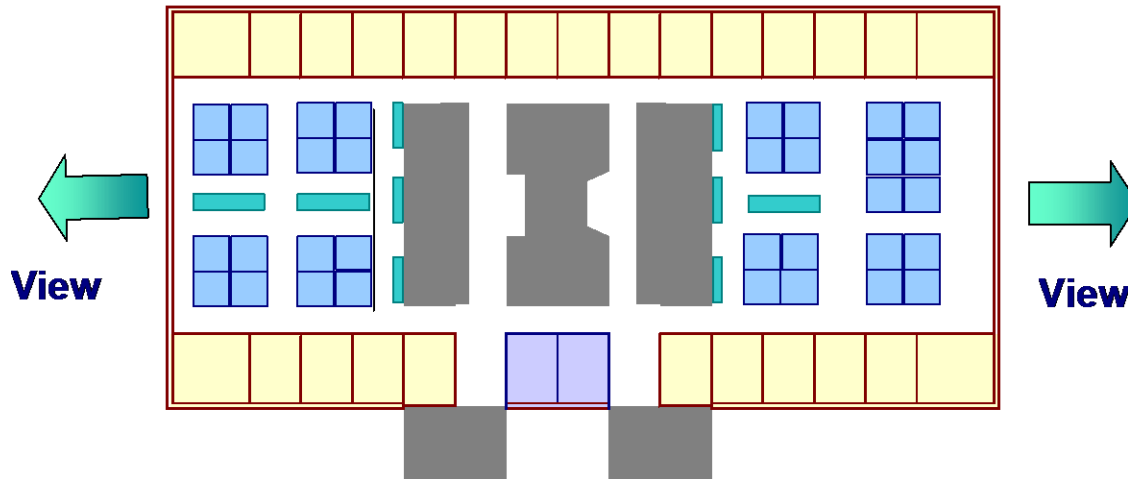
**Opportunities to build now while the**  
**Construction Market is at the bottom of the**  
**Cycle**

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# Corporate HQ Renovation



# Universal Plan

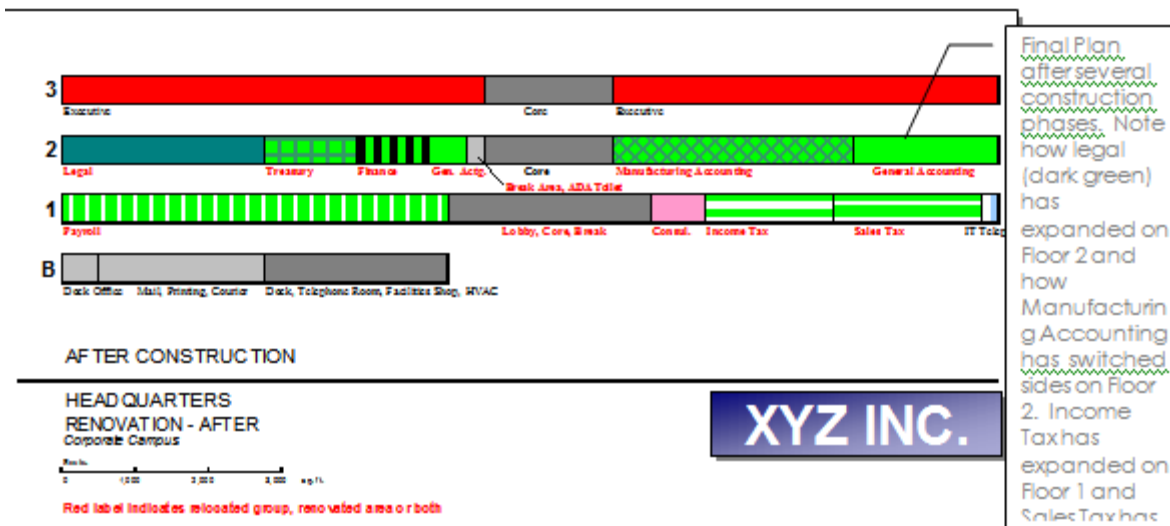
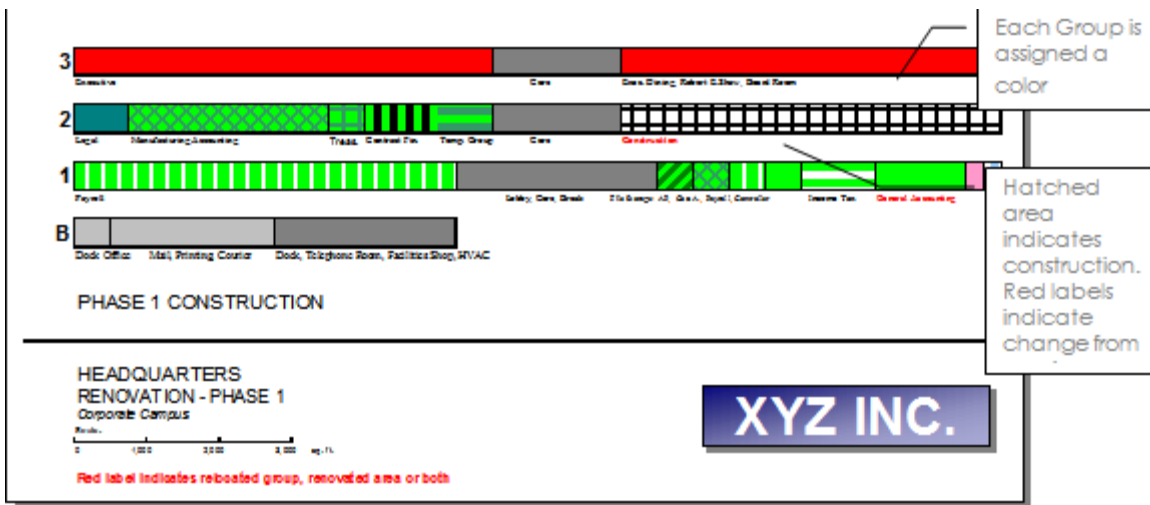


## Key

-  Office
-  Open Plan Workstations
-  Files
-  Conference Rooms
-  Core/ Service Area

Implementation of Universal Planning Concepts can provide cost avoidance of 3-4% of the NPV of construction + 10-year operating costs.

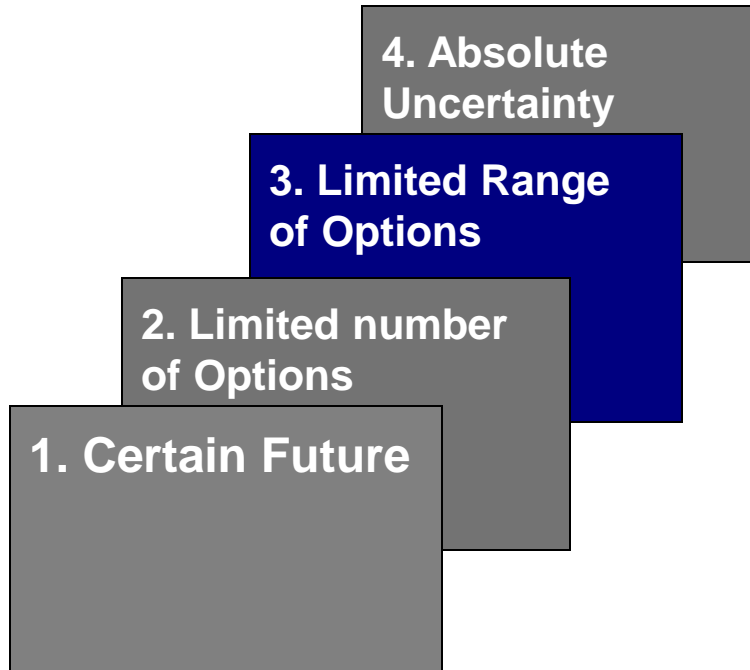
# Stacking Charts - Change Over Time



**Where You've Been**  
**Where You're Headed**  
**How to Get There**

**➤ Consensus Building**

# The Future Ain't What it Used to Be



## Space

What if we:

Expand

Contract

Stay the Same

# Markers and Triggers

## MARKERS

are milestones that  
require action

## TRIGGERS

Are unknown, future  
business actions that  
require a facility response

# Communication

- Shareholders/ Stakeholders
- Corporate Level - CFO
- Division Level - VP Facilities
- Operations Level - **Facility  
Manager**

# 3 C's of Communication

- Communicate
- Communicate
- Communicate

## **Format 1**

Facilities Status  
Report

## **Format 2**

Strategies/  
programs/  
Recommendations

## **Format 3**

Balanced Scorecard

## **Format 4**

Cost Focused  
Presentation

# Facilities Status Report

- Vision
- Guiding Principles
- Standards (Space Standards, Furniture Standards, light bulb Standards etc.)
- Having a Good Data Base of Information in a Format that can be Communicated Effectively

# 1. Facility Status Report

- Helps Crystallize Management Thinking
- Facility Overview
- Seated Population Analysis
- Issues
- Observations & Recommendations  
(How can we be more efficient?)

**Appendix**  
Stacking Charts  
Occupancy Plans  
Sq. Ft.  
Headcount  
Operating Cost

## 2. Strategies/ Programs/ Recommendations

- Report by Area – i.e. Data Center
  - Strategy – *Maintain 100% uptime*
  - Programs –
    - *Maintain Written Continuity Plan*
    - *Test and Maintain Back-Up Site*
    - *Test and Maintain Emergency Power and Batteries*
  - Recommendations
    - *Continue w/ existing service level*

# 3. Balanced Score Card

## FACILITIES DEPARTMENT SCORECARD

date

Facilities provide the infrastructure (place and technology) for business. Without them, the business could not function.

Key Facility Management and Planning measures include:

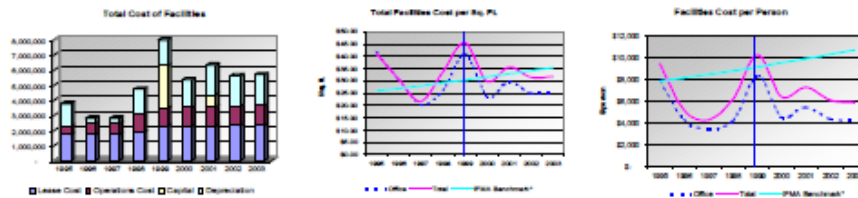
**Cost Management** - Effective cost management of the facility infrastructure frees up cash to invest in, and grow the business.

**Customer Service** - Change management, (move planning and execution), should not hold up core business change.

Effective facility planning ensures on-going facility support for changing business requirements as does best practice management of the computer center. Inefficient facility planning could jeopardize future growth and quick response to changing business needs.

**Productivity** - efficient use of the facility is one indicator of the effectiveness of facility planning and on-going change management. If the Computer center crashes or does not support business processes, financial and service targets could be missed.

### Cost Management/ Fixed Asset Utilization



### Customer Service

#### Change Management

It is essential that facility moves and relocations "stay off the critical path" of all company change efforts. Performance includes:

- \* 47 (or 7) Individual Moves - accomplished per plan
- \* 3 (or 7) Team moves - accomplished per plan
- \* 1 (or 7) Reorganization - accomplished per plan

#### Facility Planning

Good planning requires anticipation, not reaction to business needs. The following "best practices" are in place at the company to ensure that facilities continue to support business objectives:

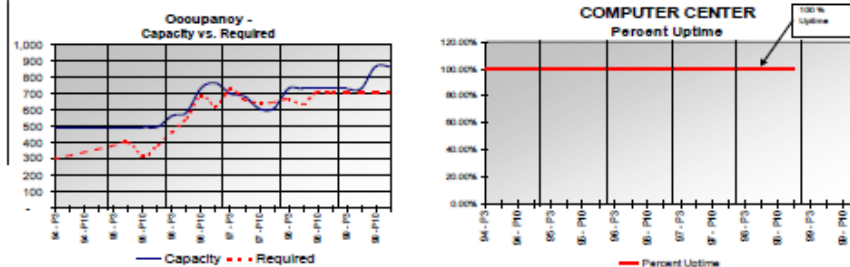
- \* Site Mission and Plan - in place and communicated
- \* Planning Horizon - Site plan looks beyond site saturation - includes market value analysis, exit strategies, time frame of more than 10 years
- \* Anticipation - next projects anticipated and & action plan developed
- \* Facilities Performance - tracking of facility utilization and effectiveness

#### Business Continuity Management

Effective Business Continuity Management requires training, testing and coordination with business units, facilities functions and Information Technology. "Best Practices" in place include:

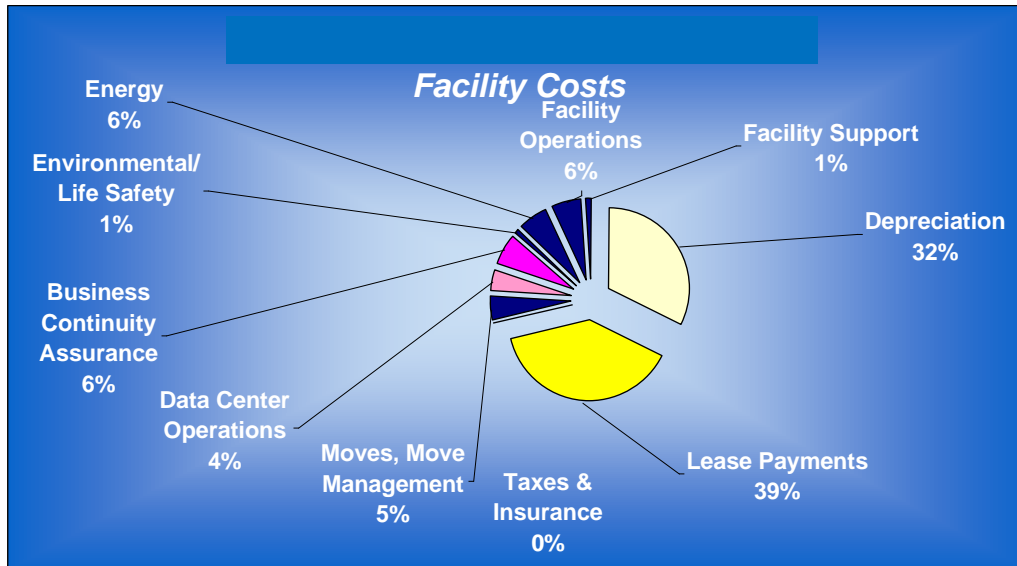
- \* Written business continuity plan
- \* Successful test of back-up site
- \* Successful test of emergency power generators

### Productivity



# 4. Cost Focused Presentation

	2005	2006	2007	2008	2009	2010
1. Depreciation	1,553,067	1,553,067	1,553,067	1,553,067	1,553,067	1,553,067
2. Lease Payments	1,875,948	2,109,821	2,109,821	2,109,821	2,146,478	2,146,478
3. Project Expense	225,440	1,300,000	100,000	1,300,000	100,000	100,000
4. Business Continuity	300,300	315,315	331,081	347,635	365,017	383,267
5. Other	853,879	884,774	908,425	932,790	957,891	983,752
<b>Total</b>	<b>4,808,634</b>	<b>6,162,977</b>	<b>5,002,394</b>	<b>6,243,313</b>	<b>5,122,453</b>	<b>5,166,565</b>



What are your trends?

Are your costs rising faster than inflation?

Are you growth or cost driven?

What is your largest line item cost?

# 4. Budget Information



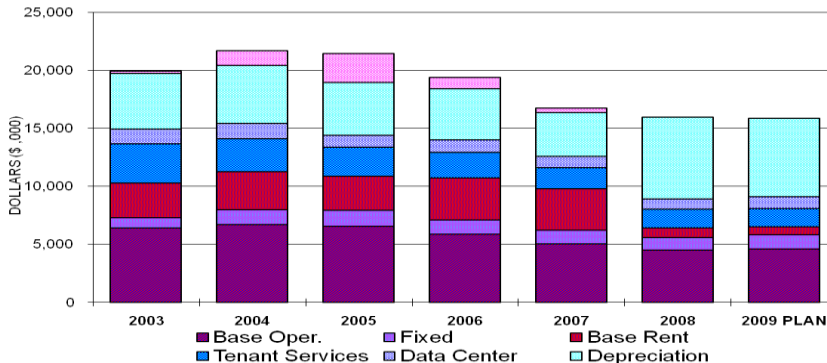
## First Financial

### BENCHMARK FACILITIES COST

This cost analysis includes all costs incurred by the Company to run office facilities. Costs vary from Facilities Dept. budget due to the inclusion of charges from non-facilities cost centers.

	BASE OPER (Excl. Fixed and Rent) (A)	FIXED (Taxes & Ins.) (B)	BASE RENT (C)	TOTAL OPER. COST (A+B+C=D)	TENANT SVCS. (Excluding Data Center) (E)	DATA CENTER (F)	TOTAL TENANT SERVICES (E+F=G)	DEPREC. (H)	OTHER (I)	TOTAL (D+G+H+I=J)	cost/ person
	\$ in thousands										
2003	6,422	880	2,979	10,281	3,378	1,309	4,687	4,775	220	19,963	6,440
2004	6,740	1,268	3,267	11,275	2,866	1,309	4,175	4,977	1,299	21,726	7,194
2005	6,553	1,419	2,916	10,888	2,498	1,015	3,513	4,592	2,489	21,482	7,959
2006	5,912	1,224	3,609	10,745	2,224	1,066	3,290	4,401	983	19,419	7,038
2007	5,066	1,161	3,572	9,799	1,825	961	2,786	3,804	399	16,788	5,548
2008	4,515	1,082	816	6,413	1,633	872	2,505	7,059	0	15,977	5,139
2009 PLAN	4,610	1,241	688	6,539	1,580	1,007	2,587	6,760	0	15,886	5,281
TOTAL	39,818	8,275	17,847	65,940	16,004	7,539	23,543	36,368	5,390	131,241	

BENCHMARK FACILITY COSTS - ALL OFFICE FACILITIES  
(\$ in Thousands)



## DEFINITIONS

- A.) **BASE OPER.** - Cleaning, Maint. & Repair, Utility Cost, Roads, Grounds, Security, Pro-rated Administrative Costs (Excl. Fixed & Rent)
- B.) **FIXED** - Taxes and Insurance
- C.) **BASE RENT** - Lease Payments
- E.) **TENANT SERVICES** - Shipping & Receiving, Furniture Control, Moves, Relocations, Tenant Maint and Repair Receptionist/ Other Security, Pro-Rated Administrative Costs
- F.) **DATA CENTER** Work, utilities and support (over and above standard tenant services) for Corporate Data Center
- H.) **DEPRECIATION**
- I.) **OTHER** Corporate charges, adjustments, rental income

# Capital Budgeting Process

- Surface
- Analyze
- Approve/ Disapprove
- Budget
- Spend

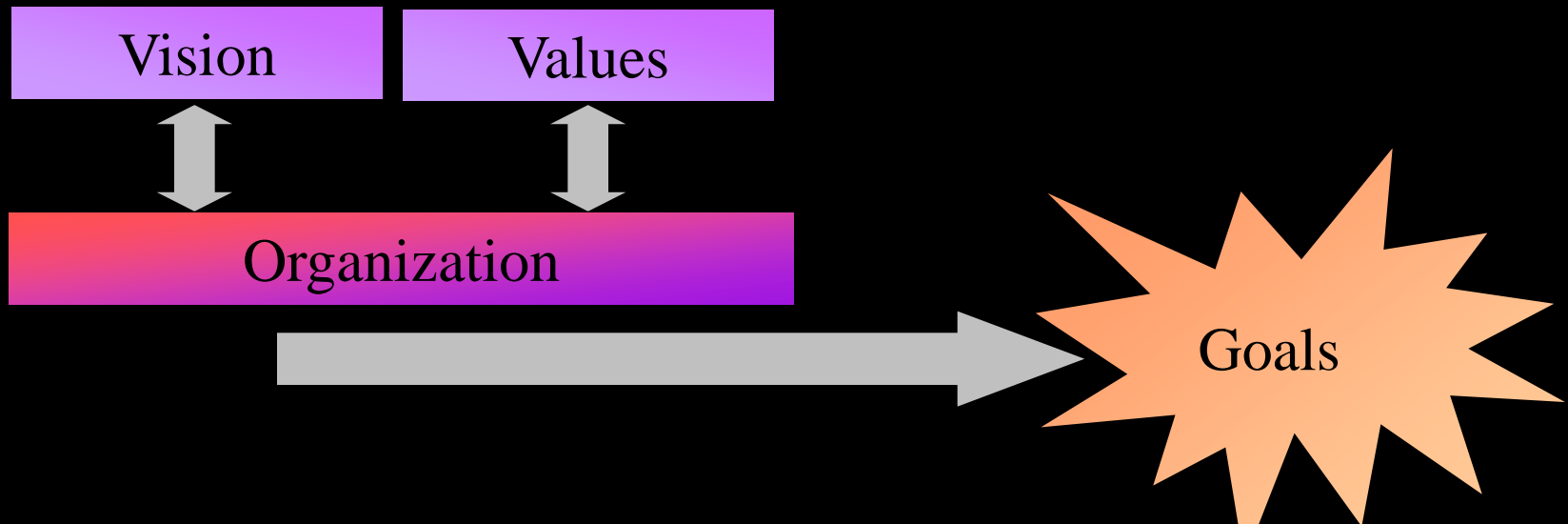
# SFP Value Adds

- Control Capital & Operating Expense
- Reduce Risk of Unplanned Expenditures
- Avoid Regretted Investment
- Improve Asset Utilization
- Measure & Manage Asset Performance
- Quickly Assess Changes to Plan
- Can Postpone Select Projects
- Targeted benefit per capital and operational dollar spent

# SFP Benefits

- Updated Occupancy Plans
- Benchmarking
- Knowledge Book
- Current Processes Documented
- Benefits of Cost Avoidance

# Capital Budget & The Business Plan



**Effectiveness of Capital Budget Indicative of Success in Communicating Strategic Business Plan Throughout the Organization**

## **Strategic ~~Facilities Planning~~ Alignment:**

*Strategic ~~Facilities Planning~~ Alignment is a systematic and continuous process where organizations make decisions about desired future facility infrastructure needs, then determine how future needs will be fulfilled and how success will be evaluated.*

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