



# **SMART OPPORTUNITIES FOR SAVINGS**

NAVIGATING THE FACILITIES BUDGET SHORTFALL



# COVID-19 HAS LEVELED FACILITIES BUDGETS

The economic effects of the pandemic have put tremendous pressure on organizational budgets across the country. [Tax revenues have been slashed.](#) Tuitions have been refunded. Schools, government services and businesses have moved online. [Consumer confidence has plummeted.](#)

**THE BUDGET SHORTFALL IS STRAINING COMMUNITY SPACES.**



# **FACILITIES BUDGET: A NATURAL TARGET**

Facilities capital and operational budgets typically make up a significant expense line for any organization, making them natural targets in times of financial strain. We're headed for uncharted territory. The organizations that successfully navigate the waters ahead will be those that align today's budget sacrifices with a long-term strategy.

**ENTER FACILITIES BUDGET S.O.S. — SMART OPPORTUNITY FOR SAVINGS.**



# WHAT IS A SMART OPPORTUNITY FOR SAVINGS?

**"CONSTRAINTS  
SHAPE AND  
FOCUS PROBLEMS  
AND PROVIDE  
CLEAR  
CHALLENGES  
TO OVERCOME."**

– MARISSA MAYER

A smart opportunity for savings is a short-term budget reduction that continues to move your organization toward its long-term vision. Make no mistake: **THESE SAVINGS MAY BE UNCOMFORTABLE, BUT THEY ARE ONLY TEMPORARY.** No one likes to do more with less. But as your organization adapts to its constraints, it will make new discoveries about itself and the people it serves. And in the future, it will thrive.

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Generally speaking, **SMART OPPORTUNITIES FOR SAVINGS** in the facilities budget fall into one of four categories: space management, project selection, operations and service level. This eBook will provide guidance and advice for finding savings in those categories, links to stories from organizations like yours that taken advantage of these opportunities, tips for creating broad support for changes and more. Every organization has different needs, so some parts of this eBook might be more applicable to you than others. You can jump to any section by selecting it above.



## SPACE MANAGEMENT

# WHAT TO DO WITH WHAT YOU HAVE

It turns out that even empty space is costly. Heating and cooling systems are kept running. Water systems are still flushed and tested. Mechanical systems need to be inspected and maintained. The truth is, most facilities costs are fixed, whether people occupy the facilities or not.

In the next few pages, you'll discover **TWO DIFFERENT STRATEGIES** for reducing and eliminating fixed costs.

### FIXED FACILITIES COSTS HIDING IN PLAIN SIGHT

- Fire detection systems
- Generators
- Elevator inspection and maintenance
- Grounds work
- Air filtration



## SPACE MANAGEMENT

# STRATEGY ONE: FORCED HIATUS

### USE THE FORCED HIATUS STRATEGY WHEN:

- Budget shortfalls are likely to be temporary and
- The space in question is deemed valuable enough to bring back online.

One way to put a substantial dent in fixed facilities costs is to mothball a space for a year or two. This strategy does involve the cost of weatherizing the space, so you don't need to run utilities to it. But after weatherization, most utility, maintenance and custodial costs stop.



## SPACE MANAGEMENT

# STRATEGY TWO: PERMANENT DIVESTMENT

Sometimes, you have to let a space go, either through sale or demolition. This is not an easy decision to reach — every space is someone's favorite. You can't make such a momentous choice on instinct and emotion. Before you decide to divest completely, gather facilities data and review historical and peer performance.

[Learn how Sightlines Return on Physical Assets \(ROPA\) can help you make confident decisions about your physical assets.](#)

### USE THE PERMANENT DIVESTMENT STRATEGY WHEN:

Significant actions are necessary to ensure your organization's medium to long-term viability.



## SPACE MANAGEMENT

# DRAMATIC CHANGES AND IMMEASURABLE POSSIBILITIES

Smart opportunities for savings around space are often challenging – and sometimes politically charged – because they literally change the landscape of your organization and your community. And that amount of change can be too dramatic for some to handle.

On the other hand, temporarily mothballing or permanently divesting from a space allows you to save a significant amount of money with a single decision. That simplicity has appeal.

Focusing on space management not only provides budget relief, but also it can help you shape your facilities portfolio to a more sustainable future.

[Learn how Virginia Commonwealth University \(VCU\) assessed its facilities backlog, clarified the operational resources needed to reduce future backlogs and tied capital and operating stories together to develop effective long-term facilities strategies.](#)



## CAPITAL PROJECT SELECTION

# HOW TO MAKE A SMART MOVE

With all the pressure on organizational finances, **IT CAN SEEM WISE TO PAUSE OR ELIMINATE PLANS FOR CAPITAL EXPENDITURES.**

New buildings and renovations get put on hold. Renewal funding for building upkeep is eliminated. But this is a wicked combination for facilities, as **THESE CONDITIONS ACCELERATE DEFERRED MAINTENANCE AND IMPEDE INVESTMENTS.** For projects that do move forward, the stakes are enormous: Deliver revenue or jeopardize the future of the organization.

But how do you choose which projects should move forward and which should wait? Ask yourself **THREE QUESTIONS** when considering a capital project.

[Watch this video for facilities considerations to make when capital planning.](#)

1

PROJECT SELECTION QUESTION ONE

# WILL THIS PROJECT AFFECT BUSINESS CONTINUITY?

When reviewing a potential project, it's important to detail and prioritize any critical issues related to building reliability. **IMAGINE THE SYSTEMS AND AREAS OF YOUR FACILITY IT WOULD BE CATASTROPHIC TO LOSE AND MOVE THESE PROJECTS TO THE FRONT OF THE LINE.** Unplanned outages create sizable expenses that make difficult budget scenarios unmanageable.

## Systems and Areas That Affect Building Reliability

- Boilers
- HVAC
- Electric
- Plumbing
- Roofing

[Read how Hawaii's Konwaena High School completed a roof repair in a matter of weeks using Job Order Contracting.](#)

2

PROJECT SELECTION QUESTION TWO

## **WILL THIS PROJECT HELP US AVOID COSTS?**

Sometimes, **COMPLETING A CAPITAL PROJECT CAN SAVE AN ORGANIZATION MONEY IN THE LONG-TERM. MIND-BLOWING, BUT TRUE.**

Consider energy use. Installing a new, high-efficiency system can reduce annual utility costs significantly. Over time, the savings outpace the cost of the project.

These kinds of projects are smart opportunities for savings, to be sure. But often the low-hanging fruit — like energy systems — has already been picked.

To find areas of cost avoidance, **SEARCH FOR BUILDINGS AND SYSTEMS THAT COMMAND A DISPROPORTIONATE AMOUNT OF TIME AND RESOURCES** to maintain. Targeting those areas for investment can help you **AVOID OPERATING COSTS.**

3

PROJECT SELECTION QUESTION THREE

## WILL THIS PROJECT HELP US CREATE REVENUE?

Times are tough. Any chance your organization has to react to customer needs and generate revenue is an avenue worth exploring. Would repurposing or improving a space inside a facility allow you to provide a service your community needs, increase appeal and recover lost income?

Be imaginative. Organizations often have more space at their disposal than it seems.

While not a “savings,” these smart investments can help reduce the need for — or the magnitude of — budget cuts.

[Read how the Texas Tech University updated its football locker room to give it a leg up in attracting recruits.](#)



## CAPITAL PROJECT SELECTION

# BECAUSE INACTION CAN BE COSTLY.

**"THERE ARE RISKS  
AND COSTS TO  
ACTION. BUT THEY  
ARE FAR LESS  
THAN THE LONG  
RANGE RISKS OF  
COMFORTABLE  
INACTION."**

– JOHN F. KENNEDY

[Discover how to take capital plans from assessment to action in this free eBook.](#)

In times of financial strain, pausing all capital projects is an option. But it's not the only option. By gathering the right data and asking the right questions, you can select projects that will help you **SAVE MONEY OR GENERATE REVENUE.**



## OPERATIONAL IMPROVEMENTS

# BETTER WAYS TO DO WHAT YOU DO BEST

If you want to uncover smart opportunities for savings, take a long look at your operations. There are often ways to streamline operations in a way that maximizes efficiency and creates savings.

Let's take a look at how rethinking **STAFFING AND WORK PROCESSES** can help relieve budgetary pressures.



## OPERATIONAL IMPROVEMENTS

# SHARPEN YOUR STAFFING

It's as unfortunate as it is predictable: When budgets get tight, organizations look to save on payroll. But that doesn't mean letting people go is a given. Taking a fresh **LOOK AT THE AMOUNT, TYPE AND ORGANIZATION OF TRADES GROUPS** can create savings and better service in the long-term.

Look at the **INTERPLAY BETWEEN WORKERS AND SUPERVISORS**. Too many of one in relation to the other often leads to lower performance or efficiency.

Consider how the maintenance team is organized: **SHOPS VERSUS ZONES**. Each has its benefits. Determine if re-organizing to the other mode or a hybrid can deliver similar levels at a fraction of the cost.

[Read this interview to find out how Washington State University integrated its work groups.](#)

### **EXAMINE THE MIX OF TRADES STAFF: MECHANICAL, STRUCTURAL AND GENERAL.**

Given the demands of modern buildings, ask yourself whether historical staffing models match current needs. Facilities teams will always need a mix of trades skills. But having the appropriate skills on-hand may require a hard look at actively changing the historical composition of your staff.



OPERATIONAL IMPROVEMENTS

## **WORKING SMARTER, NOT HARDER**

Time is money. And if your organization takes an excessive amount of time to receive, plan and schedule work, that process could be costing you. Here are **THREE PROCESS INEFFICIENCIES** to look for in your effort to weed out waste.

1

INEFFICIENCY ONE

## WORK REQUEST CHAOS

When work requests don't flow through the same entry point, waste is inevitable. Work requests via email, phone call or face-to-face conversation give the illusion of efficiency, but they are dens of waste. Time spent on ad hoc work potentially displaces a higher-priority project.

**RECEIVING WORK THROUGH A CENTRALIZED SYSTEM** helps manage the staff's time and effort, reducing waste.

From time to time, the work orders you receive will be beyond the scope of what your staff can do, and it will be necessary to supplement your internal facilities team with an outside crew.

**TRADITIONAL CONSTRUCTION PROCUREMENT HAS INEFFICIENCIES BAKED INTO THE PROCESS. WAITING FOR BIDS TO COME IN.** Verifying pricing. Haggling over costs and timelines. Meanwhile, your physical assets depreciate, and your organization is further removed from its goals.

1

INEFFICIENCY ONE

## WORK REQUEST CHAOS

[Learn more about how Gordian's Job Order Contracting can help you contract for construction work with less hassle and more efficiency.](#)

But there are alternatives to traditional procurement. Job Order Contracting (JOC), for instance, is an Indefinite Delivery/Indefinite Quantity (IDIQ) program that **MAKES PROJECT DELIVERY HYPER-EFFICIENT.**

Instead of putting individual projects out to bid and getting a contract for each, JOC allows you to **COMPLETE MULTIPLE PROJECTS WITH ONE UMBRELLA CONTRACT AVAILABLE** to a pool of local contractors. Prices are preset, so you know exactly what each project will cost.

When you need to go outside of your team for a repair or renovation, but you don't want to waste time with traditional procurement, Job Order Contracting is an efficient option for project delivery.

2

INEFFICIENCY TWO

## UNCLEAR PRIORITIES

Receiving work consistently and efficiently is just the first step. Work must be prioritized as well. Classifying work by type, program or service level allows for effective scheduling. Ideally, prioritizing work helps staff focus on reliability and asset preservation efforts and keeps them out of reactive mode.

Do your part to satisfy customers. Be sure to **COMMUNICATE PRIORITIES TO THOSE REQUESTING WORK** so they understand why work is scheduled as it is and have clear expectations of when their request will be filled.

### CLASSIFY PROJECTS BY:

#### Work Type

- Building reliability
- Asset preservation
- Systems – Mechanical, Electrical, Plumbing
- Building envelope

#### Program or Department

- Department of Housing
- Engineering Lab
- Cardiology Unit

#### Service Level

- Wall patching
- Parking lot renovation
- Server installation

3

INEFFICIENCY THREE

## POOR PREPARATION

**"BY FAILING TO  
PREPARE, YOU ARE  
PREPARING TO  
FAIL."**

– BENJAMIN  
FRANKLIN

What's the old adage? "By failing to prepare, you are preparing to fail." It holds true for facilities operations.

**WORK SHOULD NOT BE SCHEDULED UNTIL ALL  
RELEVANT PREPARATIONS HAVE BEEN MADE.**

Waiting until all materials are available to begin work reduces time wasted traveling from the job site to the supplies. And waste eliminated is money saved.



## OPERATIONAL IMPROVEMENTS

# WHAT YOU DO EVERYDAY MATTERS.

[Check out this infographic for advice for adapting operations in times of crisis.](#)

### **OPERATIONAL CHANGES ARE DIFFICULT.**

Old habits are hard to break. New routines create friction. Entrenched attitudes take a Herculean effort to pry loose.

But the work to restructure staff and root out inefficiency is worth getting dirt under your fingernails. Not only could **IMPROVING OPERATIONS CREATE A SMART OPPORTUNITY FOR SAVINGS,** but it could redefine the services your facilities group delivers to the greater organization.



SERVICE LEVEL

# THE GREAT IDENTITY CRISIS

**BUDGET REDUCTIONS ARE LIKELY TO RESULT IN SERVICE REDUCTIONS.** It's just simple economics. User experience must balance with resource availability.

Here's the good news: Service reductions are often less demanding to execute and can result in significant savings. On the flip side, service reductions are politically harrowing. That's because they get to questions of identity.

**WHAT SERVICES GET TO THE CORE OF WHO YOU ARE?**

Let's look at steps your organization can take to decide.

1

STEP ONE

# GATHER AND SHARE INFO

**GATHER DATA ON THE RESOURCES YOU HAVE AVAILABLE FOR FACILITIES OPERATIONS** and share it with decision-makers. Let people know the stakes of the circumstances. Provide context by **COMPARING THE CURRENT SITUATION TO YOUR ORGANIZATION'S HISTORICAL BENCHMARKS,** industry standards and comparable peers.

Showing your colleagues what the organization is up against will provide a backdrop for hard conversations around service levels and introduce a level of impartiality that can be valuable during trying financial times.

[Learn how Merced County used facilities data to help create a long-term investment plan.](#)

## KEY METRICS TO SHARE MAY INCLUDE:

- Operating Budget/ Square Foot
- Staff/Square Foot
- Supervisor to Staff Ratios
- Material Costs
- Current Capital Investments



### STEP TWO

# SHOW HOW FAR THE MONEY GOES

Clearly communicate how resource levels impact service. If you have 60% of the budget you used to have, illustrate what 60% of current services looks like.

It's critical to engage the organization in your efforts to balance resources and service. You must **CONNECT DIMINISHING SERVICE WITH DIMINISHING RESOURCES** to stabilize the perspective of your customers and stakeholders. Level with them, and you may be able to improve their opinion of the choices you make, even as service levels decline.

Mapping resources to service and comparing those figures with past performance allows a plan to take shape. But there's still one step to go.

3

## STEP THREE

# LISTEN TO USERS

Business metrics are absolutely necessary to the process, but business metrics alone are insufficient.

**INVOLVING KEY FACILITY USERS IN SERVICE LEVEL DECISIONS WILL DETERMINE THE** best path forward.

Invite users into appearance and customer service decisions. Do they need trash removed every day? Are they okay with vacuuming every other week? What if the lobby isn't re-painted until next year?

It's important that the people who use your facility see that these service reductions don't just fall out of the sky. **PEOPLE CAN PROCESS TRADEOFFS.** They understand compromise. But not if you don't bring them into the conversation.

Talking to users can help you align decisions with customer preferences and create broad support for your choices.

[Read more about aligning facilities plans with user needs in this blog post.](#)



SERVICE LEVEL

## ACHIEVING BALANCE

The budget shortfall will constrain service levels. But if you **GATHER AND SHARE DATA, TIE RESOURCES TO SERVICE LEVELS AND COLLECT USER INPUT**, you can make service reductions without sacrificing your identity.



# SMART OPPORTUNITIES FOR SAVINGS TODAY. PROSPERITY TOMORROW.

Finding ways to save money in a crisis isn't about slashing the budget. It's not about taking things away. But operating within your means will lead to hard choices and doing things differently.

The organizations that **MAKE DECISIONS QUICKLY AND IN ALIGNMENT WITH LONG-TERM STRATEGIES** will emerge more quickly and in better condition than those don't.

Space. Capital Projects. Operations. Service. If your organization is willing to contemplate smart opportunities for savings in these areas, you will position yourself to come out of these circumstances on solid footing.



## ABOUT GORDIAN

Gordian is the world's leading provider of facility and construction cost data, software and services for all phases of the building lifecycle. From planning to design, procurement, construction and operations, Gordian delivers groundbreaking solutions to contractors, architects, engineers, business and financial officers and facility owners in local, state and federal governments, education, healthcare and other industries. A pioneer of Job Order Contracting (JOC), Gordian's offerings also include our proprietary RSMeans data and Sightlines Facility Intelligence solutions. We develop and maintain the largest collection of labor, material and equipment data and associated costs for all areas of construction. Gordian's solutions are accessed through our innovative software platforms and supported by a team of industry experts proven to help clients maximize efficiency, optimize cost savings and increase building quality.

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[Want to learn more about Gordian? Watch this video about our solutions for every phase of the building lifecycle.](#)