



TAKING ADVANTAGE OF THE TIMES

The economic forecast is decidedly gloomy – and that’s why this is the best time in a long time to carry out an office facility project

These are times that any business would consider ‘challenging’. The dictionary tells us that word means both difficult and stimulating – certainly it rings of both opportunity and terror. Of course, as smart business people, we must focus on finding opportunities – and then take advantage of them! For some, this is the right time to buy certain stocks; for others, a good time to look at a vacation property. But it’s also the best time in a very long time to carry out an office facility project.

Very recently, the cost of outfitting office space went through the roof. The cost of construction, furniture and equipment had escalated at unprecedented rates, in part because of the high cost of oil and gas. Many firms delayed or cancelled facility projects, hoping that costs would come down in better times.

Have we reached those better times? I think we have. We may have the gloomiest of economic forecasts, but that means that prices of goods and services have dropped rapidly. If project managers wait until the economy is on the upswing, project costs will be increasing again. Now is most definitely the time to position yourself and your organization for long-term savings. Here are five ways to take advantage of the times, and reap significant financial benefits:

LEASE RATES

Lease rates typically drop in an economic slowdown. Today, however, those rates are under even greater pressure

because many new sustainably designed, state-of-the-art buildings are coming on the market. Landlords of existing properties, anxious to convince tenants to stay put, are now cutting very attractive long-term deals. This is the time to lock into a long-term agreement: even after paying a penalty for an early exit from your current lease, you could find yourself well ahead.

CONSTRUCTION COSTS

When the economy slows, a lot of projects go on hold, leaving construction crews short of work and motivated to offer competitive bids. In this market, you may be able to afford a better quality of contractor than you had previously considered. A better contractor means better management of the construction process, which should lead to even more savings.

About nine months ago, recognizing that construction costs were climbing by the minute, we invited several construction companies to prepare preliminary construction cost estimates for two law firm projects. The estimates were staggering, but based on the real market value at the time. Since then, we have gone through the real construction tender process, and we were able to build out the projects for approximately 70 per cent of the budgeted cost. This was a very welcome savings for our clients. And costs continue to drop.

FACILITY ENHANCEMENTS

This global economic slowdown means that almost any special element, finish or detail, from any part of the world, will be more competitively priced than it was just months ago. At a time like this, you can enrich the look of your facility while enhancing its durability through

the careful selection of better-quality finishes and detailing. Such elements include real stone, colour-through tiles, better-quality carpet, and ‘scrubbable’ wall coverings. Initial costs are now lower for elements that will reduce maintenance costs over an entire lease.

FURNISHING STANDARDS

This is the perfect market for requesting customizations to standard product offerings and locking into long-term purchasing agreements. One of our clients wanted a special wood veneer integrated into the firm’s new workstations. The favoured Canadian manufacturer didn’t normally work with solid wood veneers. However, in these market conditions, the manufacturer had the opportunity to source the wood species the client wanted, work out the logistics, and offer the perfect solution, at a most competitive price. This new finish has since become a ‘standard’ that the manufacturer now markets to others, increasing its ability to win market share. Clearly, this was a “win/win” situation for vendor and purchaser.

PROFESSIONAL FEES

Just as top-quality contractors provide better construction management, you will find that the best designers have the best processes in place to ensure fewer ‘extras’ and better-negotiated acquisition costs. The earlier you engage the best designers, the higher the savings: they can provide valuable assistance in site selection and lease negotiation, long before the actual office planning starts. So do your homework, investigate which design firm has the most effective, client-focused process and engage the best. In today’s competitive market, you can afford to! | **CFM&D**

Lynn McGregor is principal of McGregor Design Group, a full-service consulting firm based in Toronto (www.mcgregordesigngroup.com). She is a past president of ARIDO.