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## **REDUCING OVERHEAD COSTS through FACILITY DESIGN**

**By Lynn McGregor**

Astute organizations are always looking at ways of lowering their cost of doing business, but in today's economy - the need is pressing. For more than 24 years, the McGregor Design Group has been helping leading edge corporations such as Labatt Breweries of Canada, Maple Leaf Foods and Imperial Oil Limited to achieve their business objectives by creating office facilities that communicate the right message, reinforce marketing efforts, enhance productivity and reduce costs. For those companies that have yet to conduct a facility audit - now is definitely the time to do it.

The current market offers opportunities for companies with faith in their long term futures to improve their business situation. It's a good time to reduce overhead while updating facilities and planning for the long term. Here are just a few of the opportunities to consider:

### ***Rent Negotiation:***

It is a renters market. Given the number of attractive new, state of the art office buildings coming onto the market, all Landlord-s are competing for new tenants and fighting to hold onto existing ones. Even if your lease is not immediately coming due, it may well pay you to have an early discussion with your Landlord. If they don't immediately make an attractive offer - start shopping around. When they discover you are serious, you may get that attractive offer, after all.

### ***Improve the Effectiveness of Space Planning:***

It is often possible to increase the amount of headcount a facility can receive just with more creative planning. And if you are in need of new workstations, you will most likely be able to do even better, with a new space standard for staff - using more vertical space. This might provide you with options -



expansion into the salvaged space, or reduce your rental space, and associated overhead. Either way, it will be a savings.

***Using a Modular Design Approach:***

If your organization's objective is to reduce the amount of expensive construction, or the re-working of furniture systems when your firm needs to receive a >change= - understand that a modular approach could make a big difference. If you decide to make the change to a >modular= - be advised that this improvement may not save money on day one - but it will most certainly repay you handsomely in the future, probably many times over.

***Consider Employing Multiple Purpose Rooms:***

Analyzing your use of special support spaces - both inside your facility and off-site, may reveal some economies to be derived with the use of internal multi-function spaces. Some easy examples: a staff Lunchroom that also can be set up for Media Launches. Or a large Boardroom that breaks down into 3 smaller meeting rooms, when not needed for the large monthly Meeting.

***Reduce Use of Utilities:***

We are all now aware of the social and environmental benefits of sustainable design. But it is amazing to know that if these principles are applied to office space, how much money an organization can actually save. The amount of electricity and water can often be reduced by over 30%, with no compromise whatsoever. And if leases are negotiated to allow a tenant to pay for what they actually use - this can net quite a savings. Something to consider, as this step can also illustrate a social conscience to both Staff and Clients. Lead by example, and >win / win=.



***Off-Loading Administrative Support Services:***

Some firms have found that it is far more cost effective and space efficient for them to send out some of the administrative tasks that they used to process themselves internally. This does not mean that it



will always work for every organization. The security needs of a firm needs to be considered first - but if all other needs could be met with an outside service - it will most likely provide you a return. Reduced cost of staff, the supply and maintenance of equipment, the rental cost of the space for these functions. Something worth considering.

***Reduce Travel with Virtual Conferencing:***

Not all meetings are as successful when done remotely. But many, including routine and special purpose, and work if done using video or web based technology. And the savings can be even more attractive if you considered Landlord provides the conferencing facilities to its tenants as a distinguishing feature of their lease offer.

***Balance Financial Measures with Impact on Staff:***

It's very important to be aware of the impact a facility reduction and staff layoffs have on the morale of staff who are left behind. Very often the remaining staff feel like rats in a sinking ship - waiting for the axe to fall on them. A smart employer organizes the changes to communicate a very different message to remaining staff - they are the cream of the crop, that have been hand selected to steer the organization into its bright future. This can only be done if the changes are managed to illustrate improvement and not brutal slashing and burning.



Above all, consider the impact of your approach. It follows that whatever the staff are feeling - its most likely also being conveyed to clients and business associates. A firm should always look ahead of the curve and lead confidently. Reductions should never be made out of necessity - but by choice; and in preparation for good things to come. And they will come.