

## Instructions for Optimal Viewing

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- 1) Press the left mouse button.
- 2) Press the **Page Down** key on your keyboard. If you wish to return to a previous page press the **Page Up** key.
- 3) If you're using a mouse with a scroll wheel simply move the wheel one notch in the direction you wish to go.

A winter scene featuring a bare tree with snow on its branches against a blue, snowy background. A snowy owl is perched on a branch in the lower right corner.

IFMA

Corporate Headquarters Council

*Winter 2003*



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## ***From Your President***

Welcome to the New Year! I hope that everyone experienced a great holiday season and is prepared for the many adventures that lay before us. I use the word “adventures” intentionally because I think it properly reflects the hectic, hi-tech environment that facility professionals must routinely address. It is easy to get caught up in the myriad of tasks that “come with the territory” and fail to look at what is going on around us. We too often fail to notice what is really happening and therefore don’t take advantage of the many small lessons that are available to us in life. Look at nature as an example. We frequently take Mother Nature for granted and think that we humans have a corner on the market for good ideas. NOT SO! We can learn to cope better with the physical world and with each other by some practical application of nature’s ways.

I was reminded of this after reading an article about geese. Yes, geese. You know, those big birds that fly south in the winter and return north each summer? Let me share a few observations from the article.

**Geese Fact:** As each bird flaps its wings, an updraft is created for the bird following in formation. This enables the flock to fly farther and conserve energy.

**Human Lesson:** When people share a common goal or direction, they get where they want to go quicker and easier than going it alone. Teamwork. A spirit of teamwork enables groups and organizations to more readily achieve their common goals.

**Geese Fact:** When the lead goose in the formation gets tired, it rotates back and another bird takes its place.

**Human Lesson:** Geese instinctively share the task of leadership and never resent the leader. How often have we seen organizations fail because of a lack of involvement or having too many “chiefs”? The concept of shared leadership is based upon the belief that each person has a valuable contribution to make to the group. This is recognized and embraced in successful organizations.

**Geese Fact:** Geese in formation “honk” from behind to encourage those up front to keep on going.

**Human Lesson:** We need to learn the value of a good support system and do whatever we can to encourage others to be successful.

I think you can see the analogy here. These actions can readily be applied to our everyday lives. The high tech world that we live in provides a dazzling and unique environment for us. However, an occasional reflection on the simpler things, such as those found in nature, is good for the soul. Enjoy 2003.

*Buck Fisher, CFM, President*



## Business Case for Green Design

*Sustainable design is more than good intentions; it's a way of reaching business goals*

In the past, one obstacle to sustainable design has been cost. That's no longer the case, as numerous facilities show. A building designed and built with a sustainable approach does not have to cost more per square foot than what might be called a "status quo" project. But sustainable design does require the facility executive to create a business case to justify an approach that is very different from the traditional approach. That business case is a key element in the decision-making and budgeting process.

Most of the business case can be created around hard, tangible elements – return on investment, cost of capital, hurdle rates, worker productivity, energy costs, and long-term operations and maintenance concerns – but some soft

considerations may also be of great importance, depending on a company's culture, brand strategy and focus on the quality of the work environment. That makes it important to look beyond the traditional project-cost model toward one that will recognize the value of an investment in a green building.

What's important in developing those models is to focus on how dollars are allocated and to what end results. As in any construction project, there is a finite amount of money to be spent and choices to be made. Those choices must be based on the initial strategic decision to use a sustainable design. That decision, in turn, should be drawn from a solid understanding of the ways in which a sustainable approach can help the organization achieve business success.

The decision to build green then determines what trade-offs are made within the budget, protecting the key elements of the sustainable design from being cut to accommodate other things. And it's the job of the business case to show how sustainability supports the organization's mission.

## Real Costs and Opportunity Costs

Choices made during the design process affect far more than just construction costs. That means it's important to go beyond the first-cost budget mindset. A simple formula sums things up: real costs + opportunity costs = building value.

The starting point is to define real costs, the ones that show up in the accounting ledgers. Simply stated, a building's real cost – more typically referred to as life cycle cost – is not only the amount spent building the facility, but also the ongoing expenses for heating, cooling, lighting, repair, and maintenance. According to the National Research Council, 60 to 85 percent of a building's real costs are related to operations; the initial construction cost is 10 percent or less.

Clearly, the longer an organization owns a building, the more important it is to minimize operating costs. The business case must use the impact of these costs over the life of the building – 30 to 40 years of typical useful life for corporate facilities; 75 years or more for public sector buildings – to determine how much should be invested during construction to reduce operating costs. And those

reductions can be significant: The National Wildlife Federation headquarters building uses approximately 40 percent less energy per year than a “status quo” building would.

With operating costs, the business case should be based on factors that drive the organization’s decision-making:

- If the building is owner-occupied, the organization will care about the value added by decreasing operating costs; higher cash flow yields higher value.
- If a tenant is paying energy costs, the longer the occupancy period, the more important the savings.
- The price of energy will affect the payback period with respect to energy savings.
- The interest rate on the money that is invested to achieve operating cost savings is also important.

Without getting deeply involved in appraisal theory and the true impact of cost savings on a building’s residual value, a relatively simple problem can be used to profile a simple payback equation. With

information about occupancy time and energy costs, combined with the company’s investment decision criteria, the facility executive can calculate the correct amount to spend today to achieve savings that will come in the future.

Many times, the investment decision criteria are as simple as being willing to spend \$100 today if it will save you \$25 per year – thus a simple four-year payback. Payback periods usually appeal to decision makers if they can see it occurring during their tenure.

Instead of payback periods, other companies may base investment decisions on what is known as a hurdle rate: a required return on capital investments. If a company has a hurdle rate of 11 percent and it spends \$100 today, it will want savings of about \$130 or more within four years (instead of the previous example of \$100). The hurdle rate calculation can be turned around: Calculating the present value of the \$25 annual savings, discounted at an 11 percent hurdle rate, shows that the maximum allowable investment is \$77.55 if considered over a four-year period.

### **Understanding Opportunity Costs**

As important as they are, real costs are not the only costs to be considered. Also important are opportunity costs. What benefits does the organization miss out on if it chooses not to include sustainable features, and what is the value of these potential benefits? In many cases, opportunity costs, hinge on how a building affects employees.

- Healthy indoor environments can increase employee productivity, according to an increasing number of case studies. Because workers are by far the largest expense for most companies (for offices, salaries are 72 times higher than energy costs, and they account for 92 percent of the life cycle cost of a building), this has a tremendous effect on overall costs.
- On average, Americans spend more than 90 percent of their time indoors, according to the U.S. Environmental Protection Agency and the American College of Allergy, Asthma & Immunology. Employees in buildings with healthy interiors have less absenteeism and tend to stay in their jobs longer.

One major area of potential concern is asthma attacks, which can be triggered by poor indoor air quality. More than 17 million Americans suffer from asthma, including 4.8 million children; 10 million school days are missed each year because of asthma.

- The new International Nederlanden (ING) Bank headquarters in Amsterdam uses only 10 percent of the energy of the building it replaced, and worker-absenteeism has fallen by 15 percent since the move into the new building. The combined energy and absenteeism savings equals \$3.4 million per year.
- In another well-known example, the West Bend Mutual Insurance Company documented a 16 percent productivity gain in the early 1990s following a move into a new 150,000 square-foot green building. Its annual payroll at the time was \$13 million; the increased productivity was worth more than \$2 million a year. Design strategies included day lighting, individually controlled workstation environments, connectivity to nature and improved lighting. Energy costs

were reduced by an estimated 40 percent.

- A healthy indoor environment can reduce the likelihood of lawsuits and insurance claims. In *Bloomquist v. Wapello*, for example, plaintiffs successfully sued employers and building on the grounds that inadequate ventilation and pesticide applications made the workplace unsafe.

What is the real value of these employee-related improvements? An indication comes from research conducted by Carnegie Mellon University for the General Services Administration (GSA) in 1999. That research found that costs associated with employees amounted to 78 percent of total operations costs, while costs connected directly to the built environment – rent, operations and maintenance, and office moves – made up only 9 percent. Clearly, any measures that improve worker health, productivity and retention can have a tremendous impact. The question then is how does a sustainable building help to accomplish those goals?

According to a growing number of facility executives, measures as simple as providing more daylight and operable windows can have profound effects. As evidence, they point to the fact that office workers are often dissatisfied with temperature, indoor air quality, acoustics, and lighting.

### **Enhance Asset Value and Profits**

A high-performance facility can offer competitive advantage and improve real estate value. What's more, green high-performance buildings may sell or lease faster and attract and retain tenants better because they combine superior amenity and comfort with lower occupancy costs and more competitive terms. Energy efficiency buffers operating budgets from potential short-or-long term increases in energy prices.

A recently built incubator lab provided Monsanto with the perfect opportunity to blend two business strategies; recruiting top talent and demonstrating the company's brand attributes. It achieved these goals with a green building that was attractive to scientists because of its work environment and also efficient to operate, producing savings that fell to the bottom line. The building earned a LEED (Leadership in Energy and Environmental Design) rating by the U.S. Green

Building Council. That designation supports the company's brand, which is wants to represent biosensitive products. Industry experts estimated that the company would have had to spend three times the cost of the building in advertising to match the value of the press coverage the building received.

The GSA puts heavy emphasis on minimizing operating costs as well as on achieving the socially conscious goal of motivating change through example. With a portfolio of more

than 340 million square feet – one of the largest in the nation outside of the REITs – GSA is single-handedly creating markets for sustainable products and facilities. By reducing energy use over the life cycle of its buildings and building systems, GSA is having a substantial positive impact on the environment; at the same time its example has produced an indirect, trickle-down effect on the private sector. In addition, Monsanto employees and GSA tenants are benefiting from the improved working environments. Both organizations are benefiting from the full spectrum of advantages offered by sustainable design.

The priorities of every organization are different. Facility executives must take a close look at their companies, then construct business cases to reflect the organization's main drivers from competitive advantage and success.

*Steven Morton, Senior VP & Director of HOK  
Building Operating Management November 02 Issue*

### **SPRING CONFERENCE: HOLD THE DATE!**

The Corporate Headquarters Council will hold its 2003 spring conference on May 15 and 16 in Cincinnati, Ohio. Council vice president Colleen McCafferty and her colleagues at Hixson are busy organizing another outstanding CHC event. Our host will be Fidelity Investments, who will give us the opportunity to visit their Covington, Kentucky campus (just across the river from Cincinnati) and hear about the design and construction processes utilized. Along with an excellent speaker who comes highly recommended, we hope to include a site visit to the Cincinnati Reds' new baseball stadium currently under construction but scheduled for spring completion. (Hot dogs and beer anyone?) Of course there will be ample opportunity to network with new acquaintances and "catch up" with old friends.

The conference agenda will soon be finalized and made available to you along with the conference registration, lodging, and transportation information. If you have any questions, please contact council president Buck Fisher via e-mail at [buck.fisher@sas.com](mailto:buck.fisher@sas.com). We look forward to seeing you in Cincinnati!

The Red's New Great American Ball Park



## Accolades



Dennis Adams of Sprint passed his CFM exam.  
Way to go, Dennis!

Any others? We'd like to highlight your success!

### ***Honda Receives Certification***

American Honda's Northwest Regional Facility, located in Gresham, Oregon is the first mixed-use facility of its kind to receive a 2.0 Gold LEED certification rating by the United States Green Building Council (USGBC), the nation's leading coalition for the advancement of buildings that are environmentally responsible. A large part of the 212,888 square foot facility was designed and constructed with recycled materials and environmental features. These features include: light shelves to maximize natural lighting, a 90,000-gallon rainwater harvesting system, which collects rainwater from the roof and reuses it for landscape irrigation and as a source of "gray water" for restrooms. Hallway flooring made of recycled automobile tires, conference room tables made of compressed sunflower seeds and conference room wall coverings made from recycled telephone books.

Submitted by CHC member Garth Sellers, [Garth\\_Sellers@ahm.honda.com](mailto:Garth_Sellers@ahm.honda.com)

## Safety Corner—Test Your Knowledge

### A. Know the damages of working in cold weather

As the days grow shorter and the temperatures fall in most areas, some of your workers can face the added safety risk of exposure. Test your knowledge of how to best prepare workers for winter weather by answering True or False to the following statements. Then check your answers below:

1. Hypothermia, a dangerous drop in body temperature, frequently occurs among workers only after the outside air temperature has fallen below freezing.
2. Consuming hot drinks, especially caffeine-free drinks, is an excellent way for workers to stay warm.
3. Rubbing or lightly smacking a frostbitten area of the body is a good way to get the blood flowing back into that part of the body again.



### B. Reduce On-the-Job Stress

Healthcare workers must cope with some of the most stressful situations found in any workplace. That means well-developed stress-reduction techniques that work in hospitals and nursing homes likely work well in other job settings, too.

Test your knowledge of easing workplace stress by answering True or False to the following statements. Then check your answers below:

1. Gathering people together to talk about things that create stress is a waste of time. It frequently just turns into a gripe-fest.
2. An overly organized work setting doesn't really ease stress since people worry about having to do things "the right way."
3. Ensuring that the workload fits with your workers' capabilities and resources is a good way to reduce stressful situations.

**Answers on Page 13**

## *The Corporate Headquarters Council eMail List*

Our new listserv is at last up and running. Rolled out on October 16th, an email from IFMA Council Resource Manager Erica Oliver announcing the new listserve, with an explanation on how to send commands to the listserv, arrived in the computers of all Corporate Headquarters Council members, along with those who had not renewed their membership to the council within a certain period (just in case they were late sending dues).

As it soon became clear, a fair number of our members did not read Erica's email and have not had experience with a listserv. Messages requesting removal from the list were posted to the entire list instead of sending the appropriate command to the listserv, and they began to pile up, even after being repeatedly instructed by various members on how to send the "remove" command. After a few days, the hubbub subsided. We thank all members for their patience.

The list is the council's most important vehicle for communicating with its membership. Through the list, council officers can post information, ballots, and meeting details. Council members can post questions, seeking the expertise of our rich resource of information: our membership! IFMA news can be disseminated instantly using the listserve. Those of you who requested removal because you are not familiar with the function of a list, come back! You are missing out on the valuable tool that is the council's primary form of communication.



Recent postings have included a request for input regarding a commercial real estate agent's demand for commission; a query regarding other companies' percentage of budget for amenities such as coffee; a benchmarking survey that a project manager conducted for her company; and a question regarding an RFP for a remodel. The value of a tool like this cannot be stressed enough. Quite literally, you have a wealth of experts to call upon at your fingertips! We encourage everyone to take advantage of this tremendous resource.

Because of the rash of emails at the listserv's inception, Erica programmed the list so that replies would go only to the sender instead of to the entire list. As it is most helpful when all of the members can see the responses, we'd like to know if you would like the list programmed so that all the members can see all of the responses to a post. Please email Sue Thompson at [sthompson@accessgroup.org](mailto:sthompson@accessgroup.org) and let her know your thoughts. Responses are archived, so we can send commands to the list if we wish to see the replies to the questions, but whether or not the list is programmed to show all of the responses is up to you. The question one member posted regarding a real estate agent's expected commission generated more than fifty replies. You might not want your mailbox full of these replies, or you might be interested in what other members are talking about. Let us know. (Also see the option of receiving listserve messages in digest form, below.)

If you removed yourself from the list and would now like to participate, please contact Erica at [erica.oliver@ifma.org](mailto:erica.oliver@ifma.org) and request to be reinstated. And if you send commands to the list, remember that you must send from the email address on file with IFMA headquarters. (Some of you may have tried to send a command to the listserv and it was not processed because you used a different email address than the one with which you signed up with IFMA and the listserv did not recognize it.)

### Listserve Command Instructions

You can manage your listserv account by sending commands to the address [listserv@listserver.ifma.org](mailto:listserv@listserver.ifma.org). When sending a command, you should leave the subject line blank, and have nothing else included in the body of the email but the command itself.

- To leave the list: **SET CHC NOMAIL**
- If you would like a copy of the messages you send to the listserv, send the command **SET CHC REPRO** and listserv will send you a copy of your own

messages, so that you can see that the message was distributed and did not get damaged on the way.

- Contributions sent to this list are automatically archived. You can get a list of the available archive files by sending the command **INDEX CHC**. You can then order these files with a **GET CHC LOG** command, or using listserv's database search facilities. For more information, send the command **INFO DATABASE**.
- This list is available in digest form, which will cut down on the number of messages you receive by creating one email that contains several emails. If you wish to receive the digested version of the postings, send the **SET CHC DIGEST** command.
- Please note that it is presently possible for all CHC members to determine that you are signed up to the list through the use of the **REVIEW** command, which returns the email address and name of all the subscribers. If you do not want your name to be visible, just issue a **SET CHC CONCEAL** command.



### ***CHC Newsletter Articles Needed***

The next issue of our newsletter will be in March 2003. We are always looking for content. You don't have to be a great writer---we are great editors! If you have an experience to share that would be of interest to our membership, or information that would educate the council, write something up and send it along by email to [shelly\\_kelly@navyfederal.org](mailto:shelly_kelly@navyfederal.org).

## Safety Corner Answers

### Know the damages of working in cold weather

1. False. Workers frequently suffer hypothermia in above-freezing temperatures. Hypothermia is most common when it's windy outside, when workers have gone long hours and are exhausted, and when they're wearing damp clothing. Other risk factors include age, weight, and certain medical conditions, such as anemia or poor blood circulation.
2. True. While hot coffee is most often the drink of choice for workers in cold climates, caffeinated drinks should be avoided. While caffeine may, at first, help workers feel energized, it soon saps them of that energy and leaves them more susceptible to hypothermia.
3. False. Workers should never rub or smack a frostbitten body part. Instead, protect frostbitten areas with warm clothing and seek immediate medical help.

### Reduce On-The-Job Stress

1. False. Allowing people to get together from time to time to discuss their most stressful work situations is a great way to identify workplace stressors. But it's also therapeutic in itself. People are heartened to know others face the same challenges and that alone is a stress-reducer.
2. False. An organized and efficient workplace helps reduce stress by allowing workers to feel they have control over their environment. Plus, work levels are actually reduced through efficiency, so people don't feel burned-out by day's end.
3. True. The single biggest cause of workplace stress is feeling like you can't complete the assigned job in a reasonable manner. Workers who are asked to do too much with too little simply don't last long on the job.

### ASTRONOMICAL EVENT FORESEEN

Keep an eye on the heavens for our new web site. You'll be able to view it soon with your own browser. An official announcement will be made.

[www.ifmachc.org](http://www.ifmachc.org)





**What:** IFMA's Management Summit

**When:** February 23-25, 2003

**Where:** Del Lago Conference Center & Resort  
Montgomery, Texas (60 miles north of Houston)

IFMA's Management Summit is a valuable education and networking event that will assist facility managers who are seeking to take on a more strategic role in their organizations. Opening with a town meeting, golf tournament and networking reception, the conference follows with a day and a-half of educational programming covering these topic areas:

- Business Ethics
- Diverse Demographics in the Workplace
- Energy
- FM Core Competencies
- Leadership
- Security
- Sustainability
- Technology

Plan on attending! For more information, go to [http://www.ifma.org/management\\_summit/default.cfm](http://www.ifma.org/management_summit/default.cfm).