

GARDIAN[®]

Growing Trust Capital Facilities Stewardship Like a Boss



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Gordian

2013 ASHE President

Agenda



Understanding What
Leadership Wants

Facilities Stewardship "Like a Boss"

1. Gap Analysis Model
2. Speaking the Language of the Executive
3. Document Problems, Develop Solutions
4. Case Study
5. Lessons Learned
6. Q&A

The Importance of Trust Capital

- Leadership support is required to properly prioritize needs
- Transparency lays the groundwork for tackling capital renewal and deferred maintenance
- No trust, no funding
- Start small
- Under promise and over deliver
- Standardized planning approach

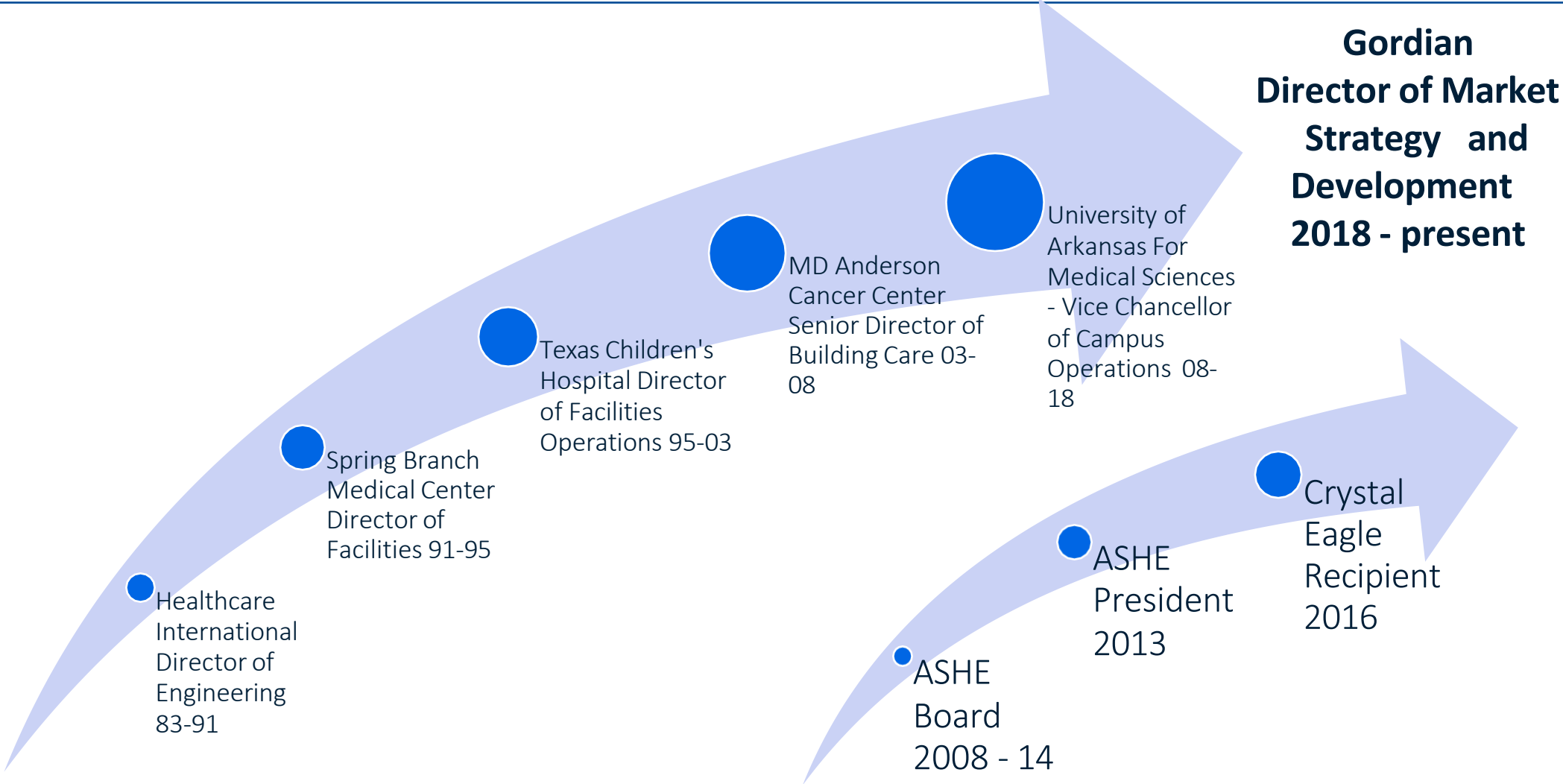


Building Trust Capital

- Communication – Must overcome the language barriers
 - Use data to bridge the gap
 - Document the property portfolio
 - Comprehensive Facility Condition Assessment
 - Negotiate (FCI) benchmark goals
- Total Cost of Renewal and Deferred Maintenance
Total Cost to Replace the Facility
- Negotiate cash flow solution for investment
 - Implement collaborative project delivery solutions
 - Large Cap (Integrated Project Delivery)
 - Small Cap (Job Order Contracting)



Growing Trust Capital Grows Careers



Gap Analysis: Recognize the Opportunity

- **Assess Current State**
- **Develop the Envisioned Future State**
- **Develop Strategies to Close the Gap**
- **Reassess Current State at Standard Cadence**

Assess The Current State

- Increasingly difficult to secure proper executive support
- Capital is in shorter supply
- Patient needs and industry requirements change fast
- RIFs have diminished facilities teams
- Hard to find qualified talent



Pictures are worth a 1000 Words

The Envisioned State

- Achieve required profitability
- Improve patient satisfaction scores
- Improve employee retention
 - Physician engagement
 - Employee satisfaction
- Grow market share
 - Expand clinical services
 - Improve disparities of care
- Recognition for quality care



A New Day

Develop Strategies To Close The Gap



Risk Mitigation

- Lower cost of operations
- Effective facilities for patient care
- Efficient stewardship solutions
 - Capital renewal
 - Deferred maintenance
- Market competitive amenities
- Data-driven sources
- Improved optics

Reassess the Current State



On-Going Risk Mitigation

Develop Routine Cadence

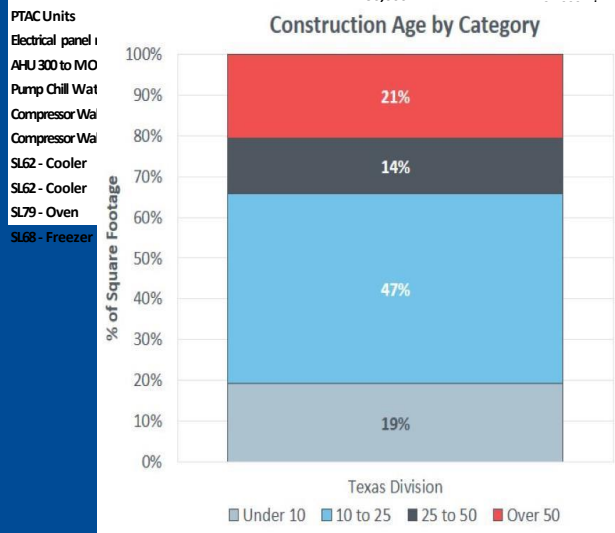
- Low Hanging Fruit Process
- Realign with Mission Priorities
- New Capital Projects
 - Impact on Deferred Maint.
 - Other Opportunities
 - ADA
 - USP
 - NFPA
 - Etc.

Step up to the Challenge – Take Ownership

- **Data is the Language of Execs**
- **Execs Are After Alignment**
- **Execs Want Allies and Experts**
- **Be Their Expert – Develop a Compelling Story**

Learn the Language of the Executive: DATA

System - System Name	R	System - Equipm	System Total	2022	2023	2024	2025	2026	System - Time
AHU OR-7	1	AHU	\$ 105,450	\$ 105,450					Past Due
AHU OR-8	2	AHU	\$ 105,450	\$ 105,450					Past Due
Main Roof	3	Roof	\$ 1,507,332	\$ 376,833	\$ 376,833	\$ 376,833	\$ 376,833		Past Due
Generator 1.200 KW	4	GEN	\$ 77,250						Past Due
Generator 2.100 KW	4	GEN	\$ 154,500						Past Due
ATS -1	4	Electrical	\$ 24,205						Past Due
ATS -2	4	Electrical	\$ 24,205						Past Due
ATS -3	4	Electrical	\$ 65,000						Past Due
Generator Combine all	3	4	Electrical	\$ 505,660	\$ 192,660	\$ 313,000			Past Due
Build Fire Wall	5	Life Safety	\$ 50,000	\$ 50,000					Past Due
AHU DS-300 hall	6	AHU	\$ 105,450		\$ 105,450				Past Due
Pump CHWP 02	7	Main Plant	\$ 5,000		\$ 5,000				4-7 Years
RTU Package PT	8	Penthouse	\$ 30,000		\$ 30,000				4-7 Years



Buildings Over 50 Years Old
 Life cycles of major building components are past due. Failures are possible. Core modernization cycles are missed.
 Highest risk

Buildings 25 to 50 Years Old
 Major envelope and mechanical life cycles come due. Functional obsolescence prevalent.
 Higher Risk

Buildings 10 to 25 Years Old
 Short life-cycle needs; primarily space renewal.
 Medium Risk

Buildings Under 10 Years Old
 Little work. "Honeymoon" period.
 Low Risk

What's the Value of the next Dollar Spent

- Execs like evidence
- Use credible resources
- Understand your limitations
- Data, technology, expertise
- Know when to "Phone a Friend"

Data For Decision Making

The Language of the Exec: ALLIES



"What do Execs Want?"

- Figuring out what leaders want creates an opportunity to get them on your side
- Outside of execs, find leaders who will benefit from what you want and get their support
- Be courageous – Ask forgiveness if necessary

The Language of the Exec: A Compelling Story

- Facility Condition Assessments (FCA)
- More available assessment options than ever
- Best practice: Look for vendors with industry experience. Those who employ architects, engineers, and analysts are a plus.



Define Risks of "Run to Fail"

Develop Solutions

- **Gather the Data – Facility Assessment**
- **Manage Resistance**
- **Acquire an Executive Sponsor**
- **Now Tell the Compelling Story**

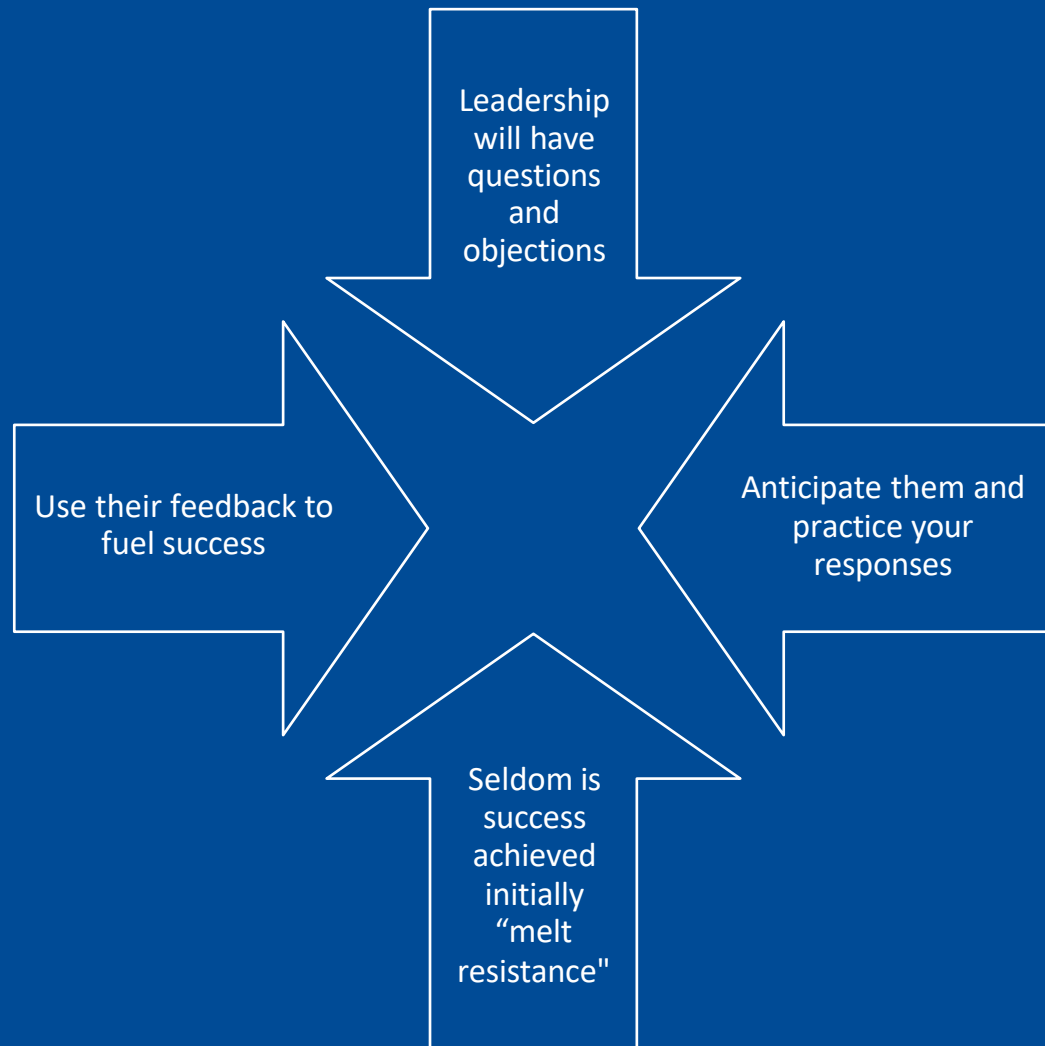
Gathering the Data Needed



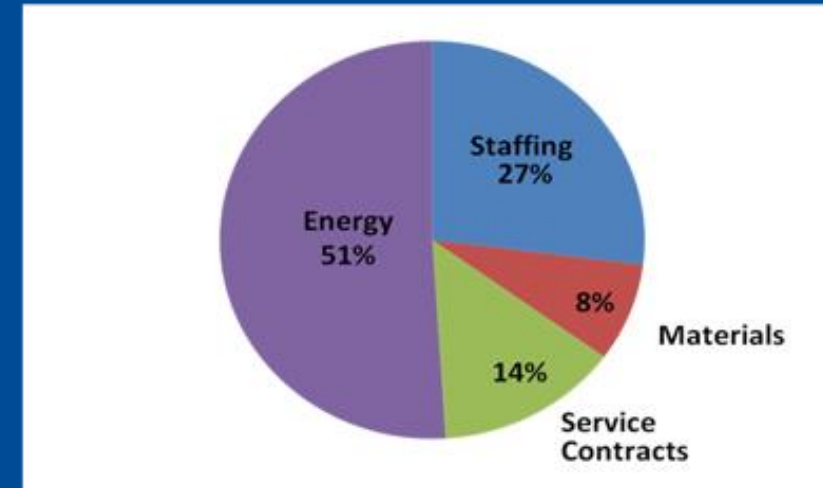
Use Qualified Professionals

- Start with a Facility Condition Assessment (FCA)
- Look for a vendor with industry experience. Those who employ architects, engineers, and analysts are a plus.
- Use a transparent ASTM approach like Uniformat II
- Establish a goal for the Institutions portfolio's Facility Condition Index (FCI)

Prepare for Resistance



Typical Hospital Operations and Maintenance Budget



Cut BTUs instead of FTEs

Tell Your Compelling Story

- Get good at PowerPoint and other presentation tools
- Use charts, graphs and other visuals
- Model action with software
- **Alignment is key:** Understand leadership's pains and speak to them



Mired in The 1950's

The Learning Objectives

- A theme of self-empowerment and actualization
- You have the capacity to plan well
- You have the strength to own your convictions
- And you have the courage to follow through

It's Within You and Your Supporting Team!

Recap: Growing Trust Capital Facilities Stewardship "Like a Boss"

- Align your needs with those of leadership
- Secure allies
- Find and gather the data you need to make your case.
Develop an FCA – Use qualified professionals
- Tell a compelling story
- Prepare for resistance
- Show leadership the outcomes of their support

Q & A

Midwest Healthcare Engineering
Conference & Trade Show



***Case Study: National Faith Based Health System
Single Division Experimentation:
Fail Fast and Recover – Iterative Learning***

Use The Technology

Eyes Open, Take Ownership, Develop Solutions, Experimentation

- **Develop Lessons Learned**
- **Implement Next Iteration**

They Used The Technology – Grew Trust Capital

Team Saw The Opportunity, Stepped Up and Took Ownership

- Major outages
- Budget justifications
- Interruption of patient care
- Emergency capital
- Expensive rental equipment
- Code issues/Inspection findings



They Used The Technology – Grew Trust Capital



Developed Solutions (Gemba)

- Found Better Data for Decision Making
- Ready & Confident
- Went out and owned it
- Facility Condition Assessment
- Leaned on facility staff
- Used qualified business partners
- Developed & informed CMMS data
- Developed Capital Recommendations

They Used The Technology – Grew Trust Capital

Experimentation

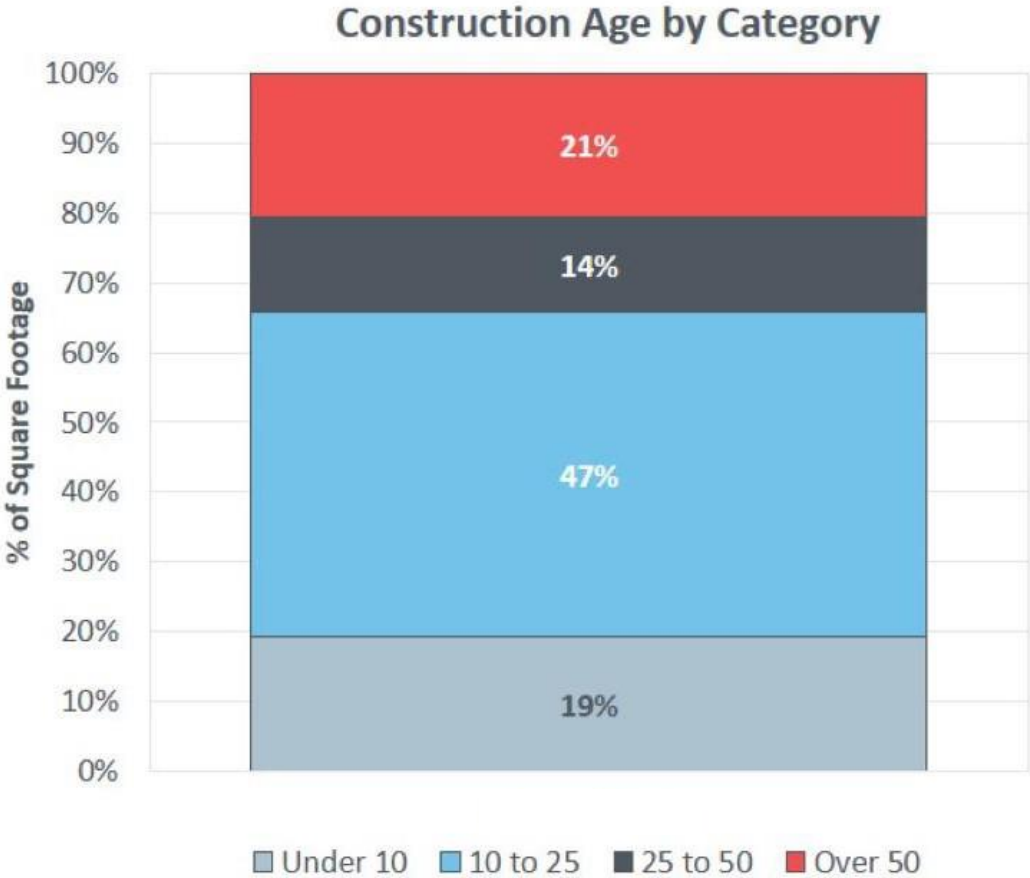
- Collected data using transparent standard Uniformat II
- Aggregated data into single dataset using best-in-class facilities assessment software
- Developed and prioritized needs for the division based on new data aggregation & multi-year cash flow
- Presented findings and recommendations to C-Suite
- C-Suite approved the recommendations

Construction Year	Hospital	Construction Year	Hospital
1948	Hospital A	2006	Hospital N
1950	Hospital B	2007	Hospital O
1963	Hospital C	2009	Hospital P
1969	Hospital D	2009	Hospital Q
1970	Hospital E	2009	Hospital R
1975	Hospital F	2009	Hospital S
1980	Hospital G	2010	Hospital T
1981	Hospital H	2010	Hospital U
1984	Hospital I	2013	Hospital V
1986	Hospital J	2015	Hospital W
1998	Hospital K	2016	Hospital X
2000	Hospital L	2017	Hospital Y
2004	Hospital M	2019	Hospital Z

Scope of Analysis: Defining Building Inventory

Understanding Age Profile

Majority of space built in the last decade, lowering risk profile



Buildings Over 50 Years Old
Life cycles of major building components are past due. Failures are possible. Core modernization cycles are missed.
Highest risk

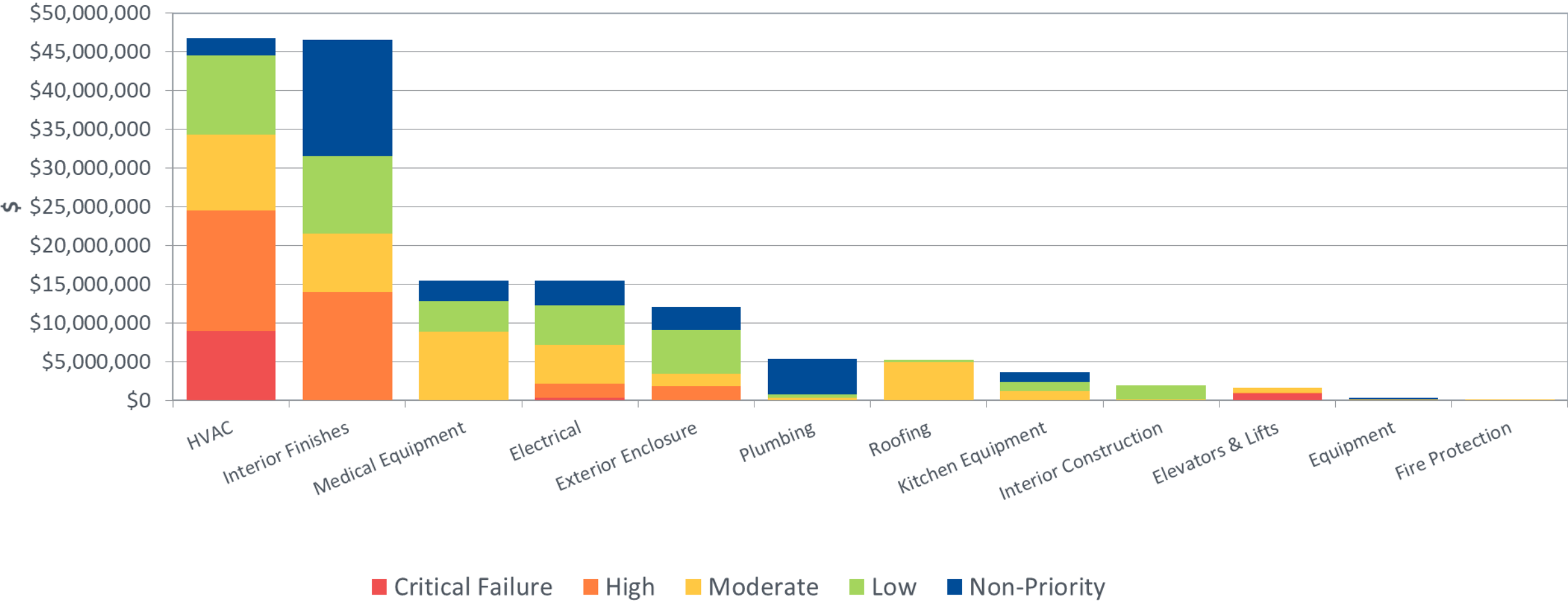
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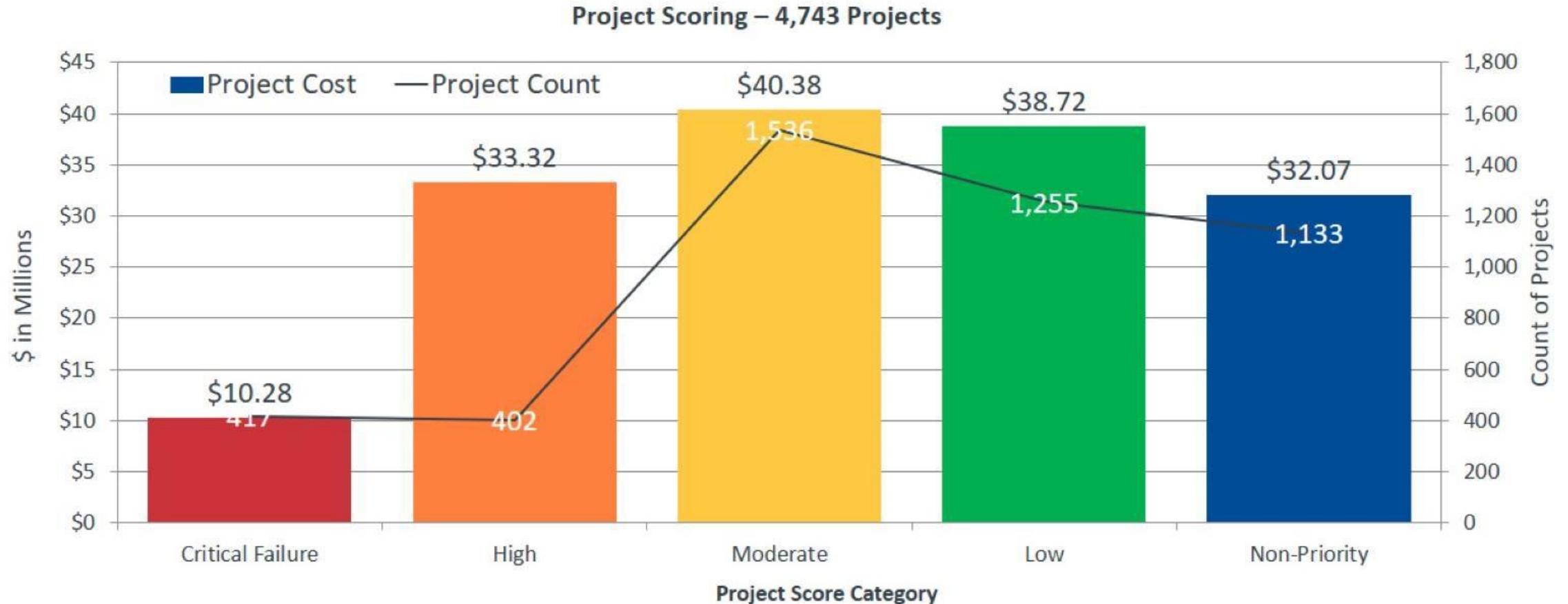
Needs By System

Majority of needs in HVAC and interior finishes



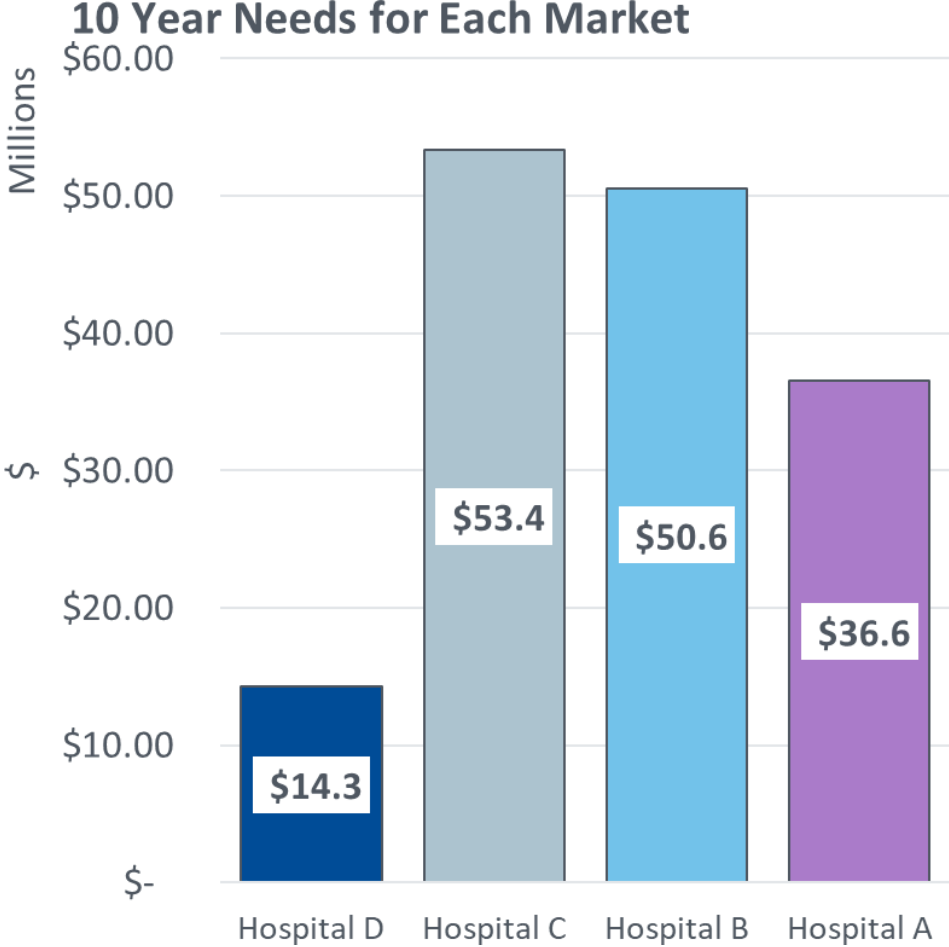
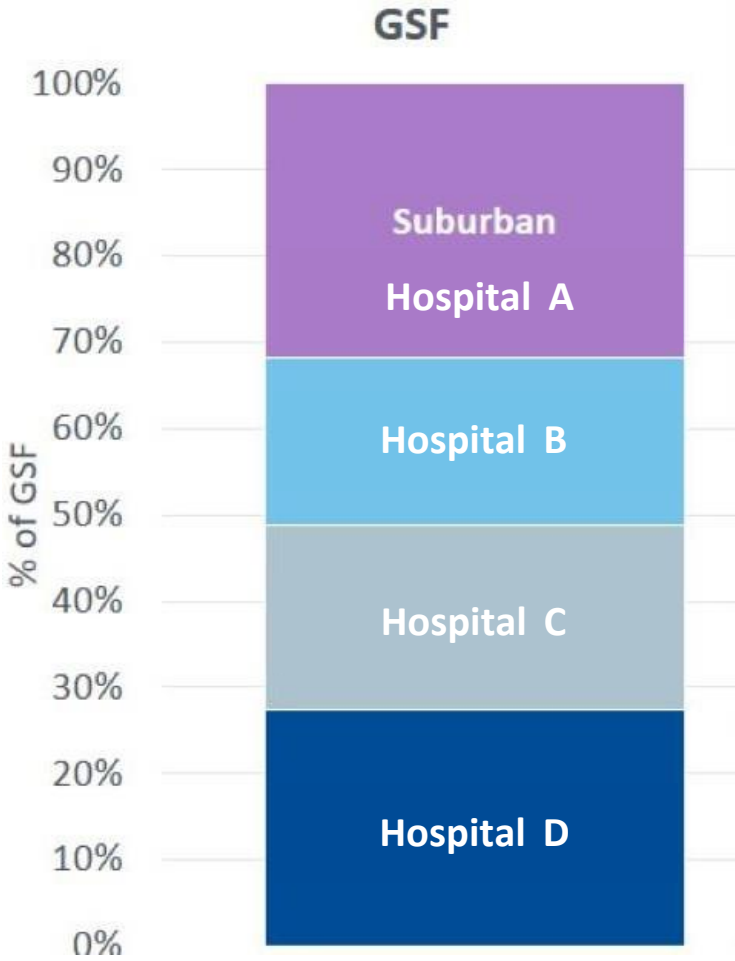
Project Scoring Distribution

Project scoring distributed by urgency, count and cost



Space Breakout by Market

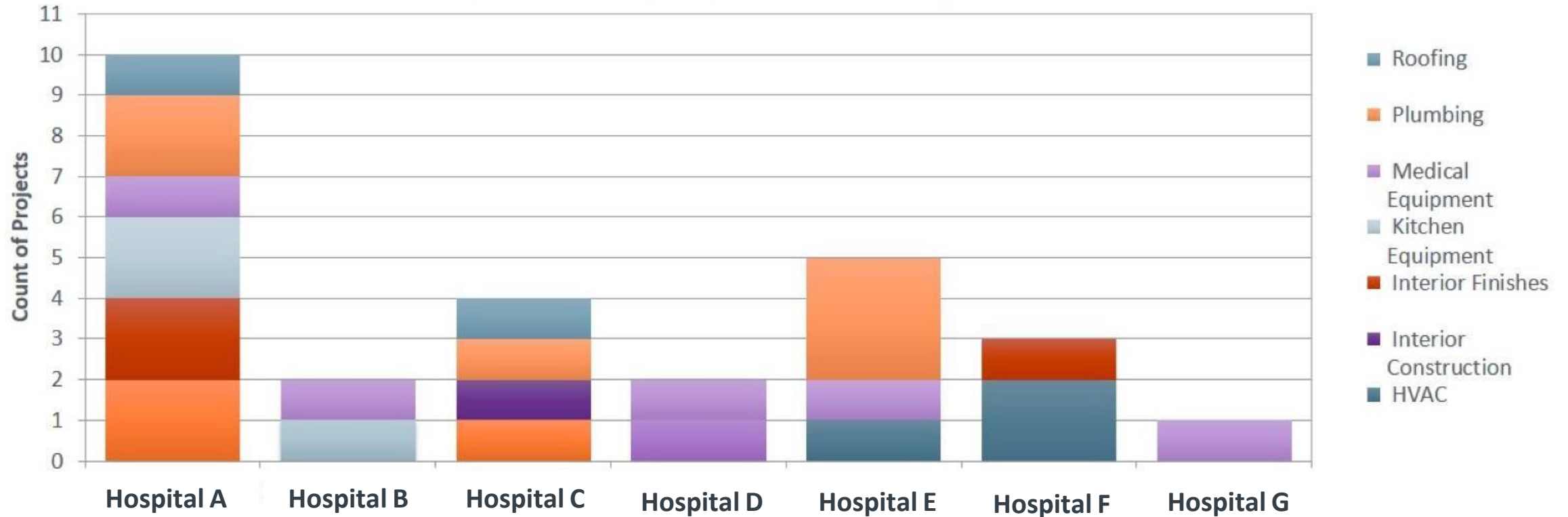
Hospital has smallest footprint but second-most 10-year needs



Modernization Needs by Hospital

Modernization needs represent updates, rather than replacements, to equipment

Count of Identified Modernization Needs by Site



**Full detailed list of modernization projects to be provided separately*

Validated the Data Met Their Needs



- Prioritized what was important
- Scheduled walkthrough "*Went to Gemba*"
- Trusted the FCA
- Verified costs and revised budgets
- Measured and confirm equipment would fit
- Looked for energy opportunities
- Verified replacement schedule (Past Due vs 7-10 years)

Comprehensive Facilities Condition Data

2nd Floor	D30 - HVAC	D3053 - Terminal and Pack	D3053286 - Central Station Air Conditioning Air Handling Unit	Replace in kind	\$	4,000.00	11+ Years
2nd Floor	D30 - HVAC	D3053 - Terminal and Pack	D3053286 - Central Station Air Conditioning Air Handling Unit	Replace in kind	\$	5,000.00	11+ Years
2nd Floor	D30 - HVAC	D3053 - Terminal and Pack	D3053286 - Central Station Air Conditioning Air Handling Unit	Replace in kind	\$	5,000.00	11+ Years
2nd Floor	D30 - HVAC	D3053 - Terminal and Pack	D3053286 - Central Station Air Conditioning Air Handling Unit	Replace in kind	\$	5,000.00	11+ Years
2nd Floor	D30 - HVAC	D3053 - Terminal and Pack	D3053286 - Central Station Air Conditioning Air Handling Unit	Replace in kind	\$	5,000.00	11+ Years
Roof	D30 - HVAC	D3053 - Terminal and Pack	D3053286 - Central Station Air Conditioning Air Handling Unit	Replace in kind	\$	12,000.00	11+ Years
1st Floor	D30 - HVAC	D3053 - Terminal and Pack	D3053286 - Central Station Air Conditioning Air Handling Unit	Replace in kind	\$	12,500.00	4-7 Years
2nd Floor	D30 - HVAC	D3053 - Terminal and Pack	D3053286 - Central Station Air Conditioning Air Handling Unit	Replace in kind	\$	4,000.00	4-7 Years
2nd Floor	D30 - HVAC	D3053 - Terminal and Pack	D3053286 - Central Station Air Conditioning Air Handling Unit	Replace in kind	\$	7,000.00	4-7 Years
2nd Floor	D30 - HVAC	D3053 - Terminal and Pack	D3053286 - Central Station Air Conditioning Air Handling Unit	Replace in kind	\$	32,500.00	4-7 Years
1st Floor	D30 - HVAC	D3023 - Heat Generating Sy	D3023186 - Boiler, Gas/Oil	Replace in kind	\$	8,000.00	11+ Years
1st Floor	D30 - HVAC	D3023 - Heat Generating Sy	D3023186 - Boiler, Gas/Oil	Replace in kind	\$	44,000.00	11+ Years
1st Floor	D30 - HVAC	D3023 - Heat Generating Sy	D3023186 - Boiler, Gas/Oil	Replace in kind	\$	44,000.00	11+ Years
1st Floor	D30 - HVAC	D3023 - Heat Generating Sy	D3023186 - Boiler, Gas/Oil	Replace in kind	\$	44,000.00	1-3 Years
1st Floor	D30 - HVAC	D3023 - Heat Generating Sy	D3023186 - Boiler, Gas/Oil	Replace in kind	\$	44,000.00	1-3 Years
1st Floor	D50 - Electrical	D5093 - Other Electrical Sy	D5093220 - Generator, Diesel, 750 KW	Replace in kind	\$	204,454.70	8-10 Years
1st Floor	D50 - Electrical	D5093 - Other Electrical Sy	D5093220 - Generator, Diesel, 750 KW	Replace in kind	\$	204,454.70	Past Due

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RTU Package PT	8	Penthouse	\$ 30,000		\$ 30,000				4-7 Years
PTAC Units	9	HVAC	\$ 75,000	\$ 25,000	\$ 25,000	\$ 25,000	\$ 25,000		Past Due
Electrical panel replacement	10	Main Hosp	\$ 900,000			\$ 300,000	\$ 300,000	\$ 300,000	Past Due
AHU 300 to MOB	11	Mech Room 2	\$ 40,000		\$ 40,000				Past Due
Pump Chill Water	12	Penthouse	\$ 10,000			\$ 10,000			1-3 Years
Compressor Walkin Cooler	13	Kitchen	\$ 5,000			\$ 5,000			Past Due
Compressor Walkin Fridge	14	Kitchen	\$ 5,000				\$ 5,000		Past Due
SL62 - Cooler	15	Kitchen	\$ 7,000				\$ 7,000		4-7 Years
SL62 - Cooler	15	Kitchen	\$ 9,000				\$ 9,000		1-3 Years
SL79 - Oven	15	Kitchen	\$ 20,000				\$ 20,000		Past Due
SL68 - Freezer	16	Kitchen	\$ 50,000				\$ 50,000		1-3 Years

Available with Facility Assessment Solutions from Gordian!

