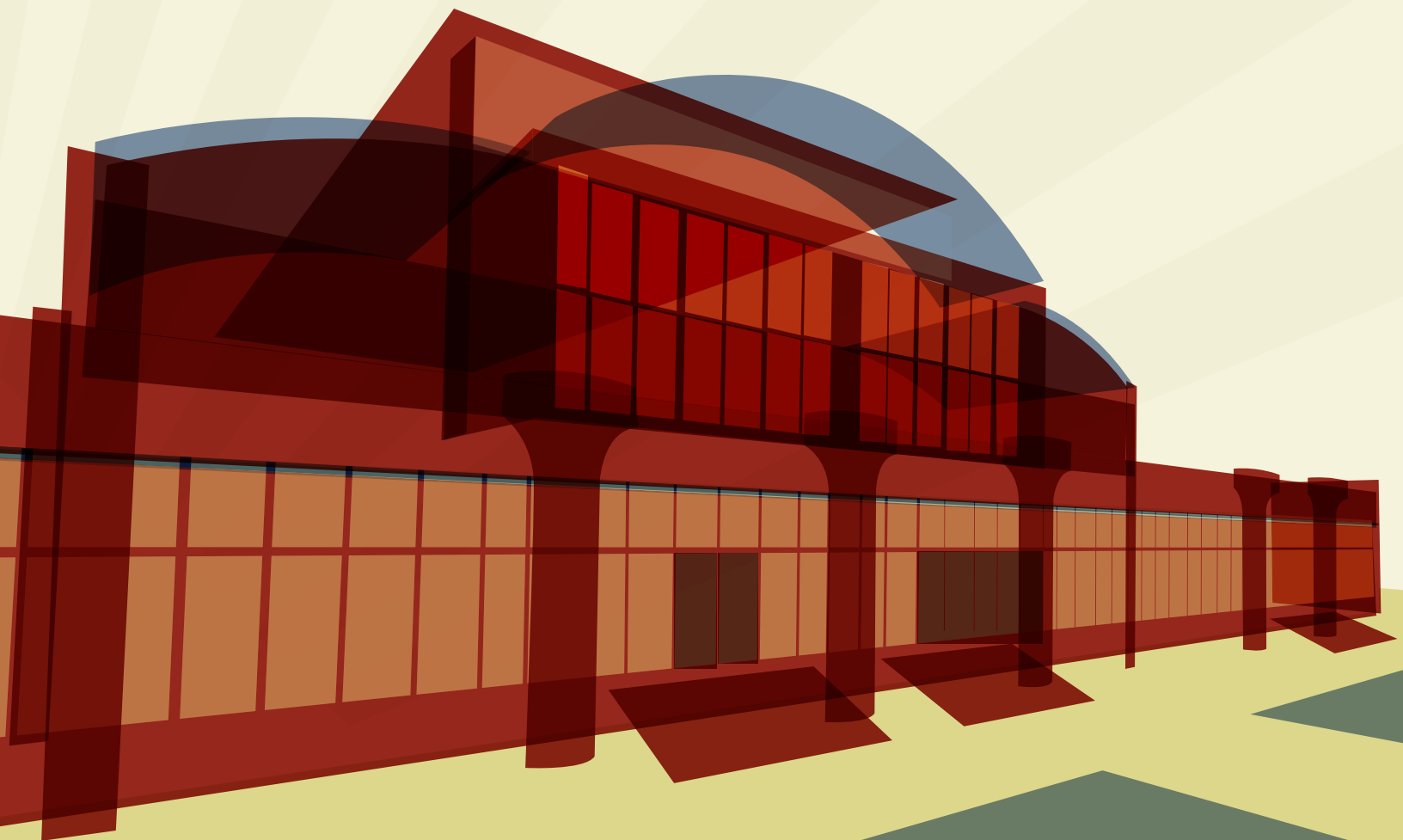


# THE 6 PRINCIPLES



# OF FACILITIES STEWARDSHIP

BY HARVEY H. KAISER AND EVA KLEIN

From an historical perspective, the buildings and grounds of an institution express the legacy of past generations. In the present, our charge is the continued management and care of capital resources for the benefit of future generations. This notion of generational trust for educational facilities is consistent with the concept of *stewardship*, a term from medieval usage meaning *the keeper of the hall* or the person entrusted with the care of another person's property or financial affairs. Or, in the words of Teddy Roosevelt, the buildings and grounds of an institution must be treated "as assets which it must turn over to the next generation increased; and not impaired in value."

The notion of *value* can, and should, mean financial value. But, value has a broader implication, which includes the value an institution ascribes to its traditions, to the protection of its symbolic features, and to the continued utility of its structural components. Ideally, a statement proclaiming stewardship principles should form the grounding for a comprehensive facilities plan or master plan. Also ideally, facilities stewardship should reflect a broad responsibility of governing board members and senior leaders—in addition to the president or chancellor. Today, as the average tenure of a president/chancellor is less than seven years, their decisions must be part of a lengthy, continuous stewardship process—protected because it is an indispensable, shared responsibility.

AN EXCERPT FROM THE NEW APPA BOOK,  
*Strategic Capital Development: The New Model For Campus Investment*

Facilities stewardship therefore means high-level and pervasive commitment to optimize capital investments, in order to achieve a high-functioning and attractive campus. It includes a major commitment to capital asset preservation and quality. Stewardship is about the long view of an institution's past and future. It ultimately forms the backdrop for hundreds of discrete facilities investment and management decisions.

Ultimately, facilities stewardship is one of the most compelling responsibilities of institutional leadership. And facilities stewardship embodies the values of the institution from the very first initiatives of any renewal process.

## SIX PRINCIPLES

The model for comprehensive *Strategic Capital Development* presented in this article is grounded in six principles of facilities stewardship.

### PRINCIPLE #1

#### LINK DIRECTLY WITH INSTITUTIONAL STRATEGIC PRIORITIES

Principle #1 may seem self-evident. Yet, strangely, in higher education, it is not always the case that campus facility investment decisions are tied directly to priorities in strategic plans. In part, this occurs because institutions do not always have strategic plans that *actually guide priorities and decision-making*. An institution may engage a planning firm for a campus master plan without first having a foundational set of strategic programmatic priorities. In such cases, master planning architects must back into a strategic plan, since the physical plan must respond, in some way, to a strategic program framework.

In other cases, a master plan may be produced that represents aspirations for facilities, but lacks any basis by which to prioritize projects that do not rise to the level of core priorities. Programmatic planning and capital planning are hard to link, as they typically are associated with distinctly different processes and cycles for operating budgets, degree program planning, and capital requests. This is especially true for public institutions.

At its best, strategic planning is about *designing the future*. An effective strategic plan:

- Takes account of the institution's internal and external contexts
- Emanates from a creative but "managed" constituent dialogue
- Eventually articulates a limited number of central directions, or priorities
- Does not attempt to plan every potential implementing tactic
- Articulates metrics to be achieved, where appropriate.

If an institution has such a plan, then the initial activities in *Strategic Capital Development* are to develop a cogent statement of high-level principles for the physical campus and its facilities—derived from, and compatible with, the articulated directions and priorities in the strategic plan.

### PRINCIPLE #2

#### MAKE FACILITIES AN INSTITUTION-WIDE LEADERSHIP RESPONSIBILITY

In higher education, the silo-style structure of administrative organizations is a problem for planning and decision-making, perhaps nowhere more than in the facilities planning realm. We err if we treat facilities stewardship as principally the responsibility of the financial and facilities managers of the institution—with others participating and providing "input." If facilities stewardship encompasses a broad array of functions from big-picture planning and capital investment decisions to pragmatic challenges of construction and operations, then that stewardship is a fully shared institution-wide responsibility of the academic, research, and student affairs leadership, along with the financial and facilities leadership.

Several successful investment models were led by multidisciplinary teams—rather than led by the facilities and finance officers. At the top level of leadership, depending on the institution, facilities planning should be a partnership of at least the chief executive, chief academic, and chief business officer. In some settings, additional vice presidents are included in the top leadership group.

Bringing in leaders who are not from the financial and facilities management structure is not just about "getting input." These academic, student affairs, research, and community/economic development administrators and faculty bring perspectives that add considerable creative value. Conversely, inclusion of senior non-facility and non-financial administrators has the benefit of immersing those participants in the financial and pragmatic aspects of the planning decisions. For example, every facilities officer knows how hard it is to sell basic infrastructure improvements as priorities—however necessary they may be. Everyone, except those who actually have to run the campus, can get more excited about a new building than about underground steam lines—although users will not hesitate to complain if their rooms are too cold or when technology breaks down. It is always useful to engage the attention of non-facilities personnel on the nature, extent, and urgency of projects that, for example, extend electrical service, control storm water, or strengthen technological capacity—if possible, making infrastructure just as much their problem as a new classroom building would be.

Another key element in engaging deans, department chairs, and faculty, is to engage them in facilities planning and prioritization at an "institutional" or "strategic" level—not only from the perspective of their own space and buildings.

### PRINCIPLE #3

#### CONDUCT COMPREHENSIVE ASSESSMENTS OF NEEDS

Although there is no way to obtain an exact dollar estimate, it is evident that higher education institutions spend consider-

able sums on capital needs assessments or capital planning. For too long, an episodic pattern of needs assessments—often consisting of only one category of needs, has characterized our capital planning. For example, institutions (or systems) occasionally undertake space utilization studies; as a result, they will have good current information about quantitative space needs and utilization. And it has become common for institutions to undertake condition audits; as a result, they develop good data, often very detailed, about deficiencies in building and infrastructure systems. Frequently, specific engineering studies are undertaken.

There are many forms of special studies; for example, housing market studies and master plans' utilities studies, way finding studies and plans, and historical preservation studies. And, of course, there are the ubiquitous master plans (which often do not include rigorous needs analysis to arrive at prioritized capital projects, and core estimates). With a master plan, a scenario for future campus development and a wish-list of facilities are achieved.

It is rare for all categories of capital needs to be studied at one time. This fact is one of the reasons that compelled the authors to expand the topic for this book from capital renewal to comprehensive *Strategic Capital Development*. A core premise of our new APPA book is that the best use of scarce resources (and an optimal campus environment) can be achieved only when all categories of needs are assessed at the same time and then prioritized to create a baseline *Strategic Capital Development Plan*. Updates for various elements, of course, are needed periodically.

## PRINCIPLE #4

### ACHIEVE CREDIBILITY FOR CAPITAL INVESTMENT DECISIONS

Perhaps the most compelling argument for achieving credibility is that credibility can lead to increased resources. A newly elected governor was recently faced with a facilities capital program recommendation in excess of \$1 billion. After reviewing the proposal, and consulting with staff respon-

sible for study findings, the governor announced endorsement and presented to the state legislature a first phase of funding for a \$300 million bond program. The justification for such a rapid review and approval was stated as trust in the credibility of the process that led to the recommended investments.

In general, credibility is markedly enhanced by sophisticated analyses; sound, reliable data; and transparency achieved by good communications strategies.



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#### ANALYSIS AS COUNTERWEIGHT TO POLITICS

Those who are at the center of capital allocation decisions for educational facilities, most typically the president or chancellor and one or more vice presidents and vice chancellors, find their decisions subject to review from both above and below—from governing boards and from the deans, department chairs, and faculty. The criteria for agreement and approval by governing boards and by faculty and staff may not be at all the same. Furthermore, in the case of public systems, the presidents/chancellors always look laterally at what their counterparts, with whom they compete for resources, are proposing and achieving. Finally, capital priorities and allocation are matters in which scores of different opinions and priorities may emerge.

It is clearly the case that politics of one kind or another often plays a considerable role in capital allocation priority decisions. People know this, and, while they will seek to use politics to their advantage, if the decisions do not go their way, they will have reasons to challenge the credibility of those decisions. It is not unusual for a legislative body to insert a project into a pub-

lic institution's capital priorities. Then, from within an institution, it is not unheard of for a particularly strong department or school to push its project to the top of a list, by sheer influence. To the extent that a new approach to *Strategic Capital Development* can rely on strong data, credible analytical approaches and findings, and open processes, the worst of politically driven decisions may be averted—thereby imbuing the outcomes with greater credibility.

#### CONSISTENT, RELIABLE DATA

Despite a large array of books, articles, seminars, and conference presentations on capital renewal/deferred maintenance and capital asset management strategies, considerable confusion still remains about the use of terminology. Incorrect use of terms and inconsistent application of terminology and methodologies do not make it easier to sell the need for resource investments.

Because it is difficult to gain consensus on proprieties, both among those who provide resources and among users of facilities, it is important that terminology be applied consistently and

understood uniformly by participants, including both decision-makers in and beneficiaries of the strategic capital development process. Definitions an institution uses should be consistent with those accepted throughout the field of higher education. One excellent reference for terminology is provided in *Asset Lifecycle Model for Total Cost of Ownership Management*, in which the authors recommend terms and metrics.<sup>1</sup>

#### COMMUNICATION

Communications strategies are at the heart of building credibility. In higher education, consensus is highly valued. Unfortunately, a prioritized capital plan forces choices in a way that makes complete consensus nearly impossible. If it is the case that not everyone will have their wishes fulfilled, then an open, process in which all participants can see the analyses developed and the resulting decisions unfold is the only plausible antidote to general unhappiness with outcomes.

Best practice case examples offer guidance on elements of a strong



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communication strategy that enhances credibility of a *Strategic Capital Development Plan*:

- Begin at project initiation
- Define stakeholders' roles and responsibilities
- Form working committees
- Develop and use Internet and media strategies
- Provide regular briefings and deliver frequent progress reports in the form of work papers
- Engage the governing board, campus leadership (administrative/academic), and faculty/staff
- Inform legislative leadership and committees regularly
- Cultivate local press and business community representatives, and engage the general public.

In the art of communications, there is one more important factor—personal leadership. The credibility of decision outcomes can be enhanced by the leadership style of the institution's chief executive officer. We have seen cases in which a leader's compelling vision, sense of humor, grasp of the complex issues, deference to technical expertise, and personal charm were critical to achieving consensus. A dash of charisma definitely leavens the dialogue and helps sell analytical outcomes.

## PRINCIPLE #5

### ENSURE ACCOUNTABILITY IN IMPLEMENTATION

As important as are credibility and transparency in the planning process, it is equally important for implementation of the Plan to be carried out responsibly.

Accountability exists on at least two levels—overall plan performance and specific project execution.

### PLAN PERFORMANCE

At the macro level, all the audiences and constituencies deserve to have periodic performance evaluation—to document progress over time in campus and facility improvements. For example, if a Plan contains a significant component for building systems renewal, it is important to report periodically on the portion of the work that has been accomplished. Periodic performance evaluation or reports on progress on the Capital Development Program is the way to sustain commitment to the Plan. Also, any major changes to the Plan must be thoroughly explained (after being thoroughly vetted). Some questions to incorporate into an overall performance review are:

- What measured improvement has been achieved in the overall condition and functionality of the facilities?
- Are there increases or decreases in the expected useful life of the capital asset portfolio?
- Has a combination of capacity and modernization projects served to “right-size” campus space, by space types?
- Is there improvement in allocation of space to programs?
- Is academic (instructional) space used more efficiently?
- Is expensive, specialized research space used productively?

## PROJECT EXECUTION

On a micro level, the level of project execution, accountability entails adherence to project budgets and schedules; effectiveness in issuance and management of complex contracts; and delivery of the intended result.

- Are capital projects adhering to project delivery budgets and schedules?
- Does the project design, bidding, and management process have adequate safeguards in place to ensure integrity and avert potential malfeasance in the use of the resources?
- Is there an improvement in facilities operating costs as a result of completed capital projects?
- What is the feedback of facilities users in the case of completed capital projects?

## PRINCIPLE #6

### SUSTAIN CONTINUITY, EVEN THROUGH LEADERSHIP CHANGES

Capital asset development and renewal are, by definition, long-term, multi-year activities. Even a single large project can take several years to plan, bid, construct, and commission. More often than not, projects are linked. A new building sets in motion a string of relocations and renovations, with use changes in other buildings. A major building modernization requires swing space solutions. Various infrastructure needs must be met in correct sequence with building projects, and so forth.

In cases where it is possible to ascertain the amounts of funding that will be available and the sequence of projects to be executed over a multi-year period, there is the clear potential of achieving greater efficiencies and fewer disruptions.

For all these reasons, leadership turnovers, if they bring radical or sudden change to capital priorities, are disruptive. Frequency of turnover in senior administrative positions is of concern because of the possibility of different philosophies about facilities stewardship and different project priorities. Institutions are especially susceptible to shifts in philosophy and priorities if they do not have a well-developed *Strategic Capital Development Plan*, in which many hands left fingerprints. Continuity is a hallmark of good facilities stewardship. A comprehensive plan, comprehensively developed, is the best defense against the shifting-sands syndrome. ☞

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### NOTES

- 1 *Asset Lifecycle Model for Total Cost of Ownership Management: Framework, Glossary, and Definitions*. Alexandria, VA: APPA, Federal Facilities Council, Holder Construction Company, International Facility Management Association, and National Association of State Facilities Administrators, 2004.