



McBride
Consulting LLC

Back to Work: Post COVID-19 Asset Prioritization

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What are the Asset Prioritization challenges facing our clients and how can McBride help?

The COVID-19 pandemic has interrupted normal business processes and procedures for nearly every sector. Organizations who practiced the traditional model of in-person work environments had to quickly pivot and find a new virtual approach to maintain operations in the ever-changing public health environment. In many cases, this new approach has proven that in-person work is now a thing of the past, and virtual working environments are effective and more suitable for many employees. With a reduced need for in-person office space, organizations are left with a surplus of square footage in their real estate portfolios and must answer the following question: ***What should we do with our remaining office assets?***

McBride Consulting has developed an enhanced process for portfolio prioritization to address a myriad of use cases, including the issues outlined above. Through careful examination of an organization's assets against a tailored set of criteria, our team can make recommendations on which assets to maintain, which assets to consolidate, and which assets to dispose of completely. Using our staff's experience implementing this type of work with multiple governmental organizations, we have developed a four-step strategic approach that can be tailored to meet the needs of any client.

Federal Real Property Statistics

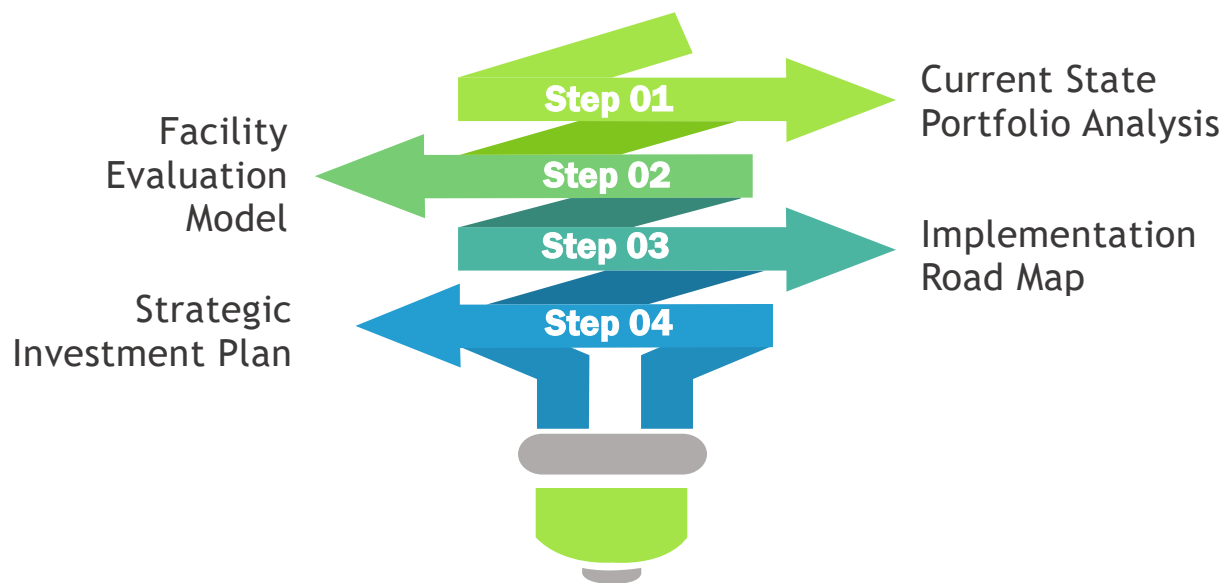
As of Fiscal Year 2019, the General Services Administration (GSA) captured the following data on buildings owned, leased, or otherwise managed by the federal government:

- 286,773 buildings total
- Over 2.8 billion square feet
- Almost \$24 billion in total annual costs
- 3,070 buildings disposed of between FY18 and FY19 (~1.1%), resulting in a future cost avoidance of \$22.9 million

Source: FY 2019 FRPP Summary of Findings Open Data Set, GSA

What is McBride's Asset Prioritization Process?

McBride Consulting's approach to strategic planning for facility investments follows four major phases or deliverables: 1) perform a current state portfolio analysis; 2) develop and execute a model to evaluate facility characteristics and provide recommendations; 3) develop a roadmap to bridge the current and future state; and 4) update and finalize the Strategic Investment Plan (SIP). These phases can be tailored and updated to address the specific needs of an organization as discovered throughout the process. The following graphic depicts the phases of the approach that are outlined in more detail below.



Step 1: Current State Portfolio Analysis: During the analysis phase, our team focuses on understanding the current state of the organization's real estate portfolio and gathering insight on what leadership views as the ideal future state. The information gathered through these efforts will inform the Facility Evaluation Model, final Road Map, and the final version of the SIP. In this phase, the team executes the following activities:

- a. Obtain clear guidance from leadership on objectives and direction;
- b. Conduct interviews with leadership and other relevant groups to understand the current state and ideal future state of the portfolio;
- c. Review the previous SIP documentation (if existing);

- d. Review data sources and historical information to gauge an understanding of the current landscape, including applicable laws, regulations, Executive Orders, and agency-specific guidance;
- e. Benchmark the current plan against other comparable organizations (if requested or necessary); and
- f. Review and obtain approval for findings with leadership.

Step 2: Facility Evaluation Model: Following Step 2, McBride develops a model to evaluate the current state of facilities against a series of criteria. Each criterion represents a focus area or area of importance to the organization, and then can be weighted based on an established level of priority that the criterion possesses relative to the rest of the criteria. An overall score is then calculated for each facility based on the criteria and weighting scheme, and that output is then analyzed to provide recommendations for negotiating the challenges presented by reductions in facility funding. This exercise enables an organization to gain insight into all existing facilities and provide context and data-driven support for identifying opportunities for consolidation of facilities. Some of the steps involved are as follows:

McBride’s Tailored Approach

Commercial off-the-shelf products exist that enable an easy “plug and play” environment for model development but potentially lack the tailored detail that some organizations require. While McBride staff members have experience with these models, we can also develop “home-grown” models that are tailored to an organization’s needs but require a higher level of effort in development and execution.

- a. Develop and identify criteria to evaluate facilities’ relative impact within the entire real estate portfolio;
- b. Determine a weighting scheme for evaluation criteria to enhance and tailor the model to the organization-specific landscape and needs;
- c. Identify and utilize existing data sources to evaluate facilities and inform the model to capture outputs; and
- d. Analyze results of the model and develop output-based recommendations.

Throughout each step of model development and execution, McBride coordinates and communicates with the appropriate organizational personnel to ensure the data and assumptions of the model are valid.

Step 3: *Implementation Road Map*: Utilizing data collected in the first two phases, McBride develops a Road Map for transition from the current state to the ideal future state. A gap analysis is conducted based on the information gathered through interviews and surveys, and the outputs of the Facility Evaluation Model to determine what steps need to be taken to bridge the gaps from current to ideal future state. This road map will include clearly defined objectives, processes, milestones, timelines, and cost projections.

Step 4: *Strategic Investment Plan (SIP)*: Bringing together the first three phases, McBride develops and reviews a draft SIP with the relevant leadership groups before publishing the final version of the plan. The SIP must meet all requirements as outlined by leadership and must be consistent with public laws, Executive Orders, and Office of Management and Budget (OMB) mandates. It must also include actionable tasks to ensure that the facilities program consistently implements its provisions.

What are the benefits of McBride's approach?

Utilizing a quantitative evaluation model to prioritize investments can be a large undertaking, but the benefits that come from this type of approach are far greater than the results of a more qualitative, “gut-feeling” approach that is often used in its place. By developing and applying this model to a portfolio, we can improve upon the existing approach and reap many benefits, including the following:

- Data-driven decision making for transparent, defensible results;
- Efficient model updates as decisions are made, landscapes change, or political environments evolve;
- Detailed analytics for each evaluated asset to quantify asset performance;
- Scenario drills to identify reductions or surpluses in budget, change of strategic direction, or other unanticipated changes; and
- Criterion weights that can be changed based on organizational shifts.

Through our approach, our team can help pave the way for improvements to our client's real estate portfolios.

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