Imagine three scenarios – very real for clients with whom Hixson has worked:

- **Scenario 1:** It’s been two decades since the last facility update. Work processes have changed. Associate counts have ebbed and flowed, but are now at a 20-year peak. A merger has just been announced that will add 10% to staff in an already over-crowded building. A facility master plan is required which will use the existing space differently while addressing the needs of today’s office worker. All of these changes have to occur while you keep operations 100% “live” and productive.

- **Scenario 2:** Growth in the number of people within the organization has resulted in relocation or the need for more space. One solution: re-purpose company owned and under utilized warehouse space by converting it to office space.

- **Scenario 3:** Corporate restructuring has reduced overall head count. As a result, vacant space exists. In what was once a single-tenant building, revenue may be generated by leasing the open space to tenants.

In this edition of *Insights*, we share some lessons learned that may help when planning for your office renovation project.

1. **Ask the hard questions first** and assess how these answers fit together:
   a. What is the objective of making the change? Why now?
   b. What’s the win? What’s the pain?
   c. Who is the proposed end user for this space? How will they use it?
   d. How will value ultimately be accessed?
   e. How can capital investment be minimized and property value maximized?
   f. What are the physical and cultural barriers to success?
   g. Do the existing spaces accommodate this “current reality” well? Or does a less-than-current facility make this level of change impractical and cost-prohibitive?

2. **Take a realistic look at the surrounding area.** How have the “value-perceived” amenities (e.g., convenient retail, recreation) changed over the years?

3. **Do local/area economic incentives exist?** Second-generation buildings may sometimes be offered incentives that new buildings are not.
4. Develop an “exit strategy” for the property/building. What is the highest-and-best-use for the property? If you were to convert to another use, what would be the best solution for the corporation? For a potential buyer?

5. Evaluate this information, especially the costs associated, and create a communication plan. At a minimum, a) identify an understanding of the business’ objectives, b) outline the process those objectives charted for you/your team, c) develop a summary of the findings, and d) if asked, offer recommendation(s).

If the decision is to rejuvenate the building, keep these tips in mind:

- **Capitalize on the facilities’ strengths.** What were the things about the building that made it attractive when it was new? Re-frame those strengths using current “topically appropriate” language. For example, “The areas that everyone uses (e.g., elevators, lobby, restrooms), are centrally located, which creates a productive use of space, encourages collaboration, and offers a logical place to change finish levels (for maintenance and aesthetics), thereby controlling costs and creating maximum value.”

- **Determine what features can/should be saved.** Prioritize things that need to be updated. Listed items have a cost to the owner AND a potential value to the future end user. If mechanical units, system controls and lobby lighting have recently or can be replaced or updated, investigate the possibility of a building Energy-Star rating. This means the building energy consumption is below the standard for buildings of its type and size. This is NOT a LEED Certification, but it tells the potential occupant they can expect less than “standard” utility expenses. In addition, implementing energy-conserving measures may qualify your renovated facility for tax incentives.

- **Image and first impressions are still important.** Is the building in any way memorable? Begin with curb appeal – landscaping, signage, parking lot, etc. Interior finishes and graphics almost always needs a refresh during remodels. Reasonably up-to-date finishes in elevator cabs, toilet rooms and the lobby are essential. In other common areas, new finishes such as carpet colors and patterns, paint colors, and even ceiling tiles can help update the property.

- **Understand who the potential tenants are, if conversion of or to a multi-tenant building is being considered.** A different target market and tenant size may mean a variety of finish levels (and tastes) for which you will need to be prepared.

- **Don’t do too much too quickly.** Consider a multi-action, phased re-design and re-model plan, rather than tackling the entire property at once. A phased plan provides numerous benefits, including flexibility in cash flow and financing, allowing for lease agreement variety and more. It may make sense to demolish a portion of the current built-out space(s) to show evidence of flexibility.

- **Remember to make sustainability part of the process.** Achieving LEED certification may or may not be a goal for your building, yet adding sustainable elements where feasible usually makes good business sense. Explore LEED-EB. An appropriate sustainability message may get your building on the latest “properties to visit” list.

With all of this information in hand, you should be able to make the best decision for the owner and the facility.