



Energy, Economics & Environment

Making the 3 E's Work Together
in Healthcare

2010

Survey Conducted In

- Phoenix
- Tampa
- Chicago
- Kansas City
- St. Louis

Prepared by

Alan Whitson, RPA, President
Corporate Realty, Design &
Management Institute
awhitson@squarefootage.net

Glenn Fischer, Executive VP
Corporate Realty, Design &
Management Institute, and
Vice President/Education for
IFMA Healthcare Council
gfischer@squarefootage.net



First Half Survey Results

Highlights

- Everyone thinks energy costs going up, it's a matter of how high
- Want to retool for sustainability?
73% Say appoint a Sustainability Manager
- Ugh factor: 94% say green washing is worse than ever
- First cost dominates purchasing decisions to the dismay of all
- Big worry: new technology may not deliver expected performance
- Reliability of infrastructure outweighs other concerns - except in Chicago
- Evidence based design employed occasionally by 67%, nearly always by 32%
- Midwest healthcare pros think they're just as sustainable as other industries

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The survey of healthcare professionals attending the “Energy, Economics & Environment: Making the 3Es Work Together in Healthcare” seminars during the first half of 2010 provided some useful insights into energy and environmental related issues at healthcare facilities.

Three out of four respondents think hospitals need a sustainability manager. However, the healthcare industry is in a state of flux, as many organizations have yet to create this job. While the background of these individuals varies, hospitals aren't tapping those with a facilities or energy related background. This is leading to an emphasis on recycling and waste management programs, while neglecting energy and water efficiency programs. There is a secondary issue at play here – the further reduction in the “sphere of influence” of the hospital facility professional. Alternatively, sustainability is becoming a core competency of facility professionals in other industries.

Too many hospitals are missing the big payoff that comes from investing in energy saving technologies. In several regions, utilities are sitting on millions of dollars in rebate and incentive funds. Hospitals are frequently failing to tap this funding source or worse they approach the utility too late to receive any money. One utility healthcare segment manager cited a hospital that buys bus passes for employees but has yet to replace its energy sucking T12 fluorescent lamps – a pre-World War II technology.

Value Proposition Gap

First cost is a factor in virtually all purchasing decisions. Nearly 80% said “initial cost” takes precedence in final selection of equipment and materials on recent projects. This is perplexing as hospitals want to be perceived as world class facilities, but remained trapped by the low bid mentality.

While facility professionals and their suppliers understand the need to emphasize higher value rather than low price – there's a gap in communicating that value proposition to the C-Suite.

Next is what is best termed the “I'm nervous (or scared to death) about that” factor. When asked about their biggest concern when installing or specifying energy saving technology, 70% responded “may not deliver projected performance.”

Exceptions, Regional Differences

You can find notable exceptions, though. Some healthcare facilities managers have devised ingenious methods of reducing energy costs without having access to capital funds. One FM in Chicago developed a 100+ item energy management operational checklist. Others have simply become assertive. Brian Weldy, VP of Sustainability for IFMA Healthcare Council and VP of Facilities for HCA, says “If you haven't had a retrofit in the past 5 to 7 years, do it now. You'll get on average a 12-14% improvement. Fluorescent technologies are incredible. There are better control systems. LEDs are economical for hard to service areas.”

Given the size of the healthcare market and the economics of healthcare, suppliers should consider this question: Are you making it safe for hospitals to buy your technology?

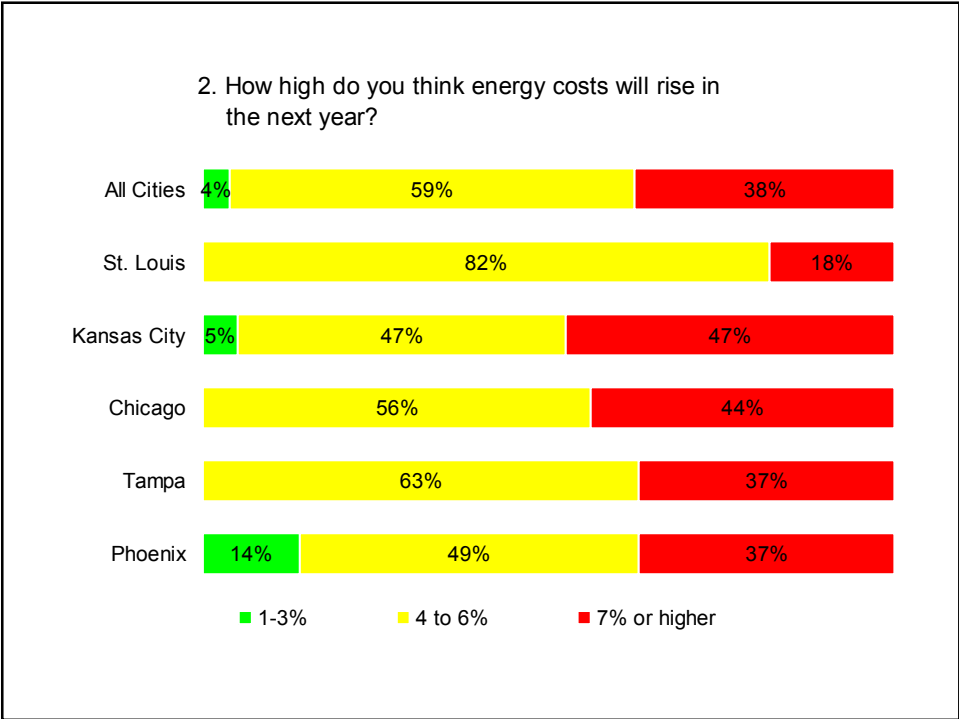
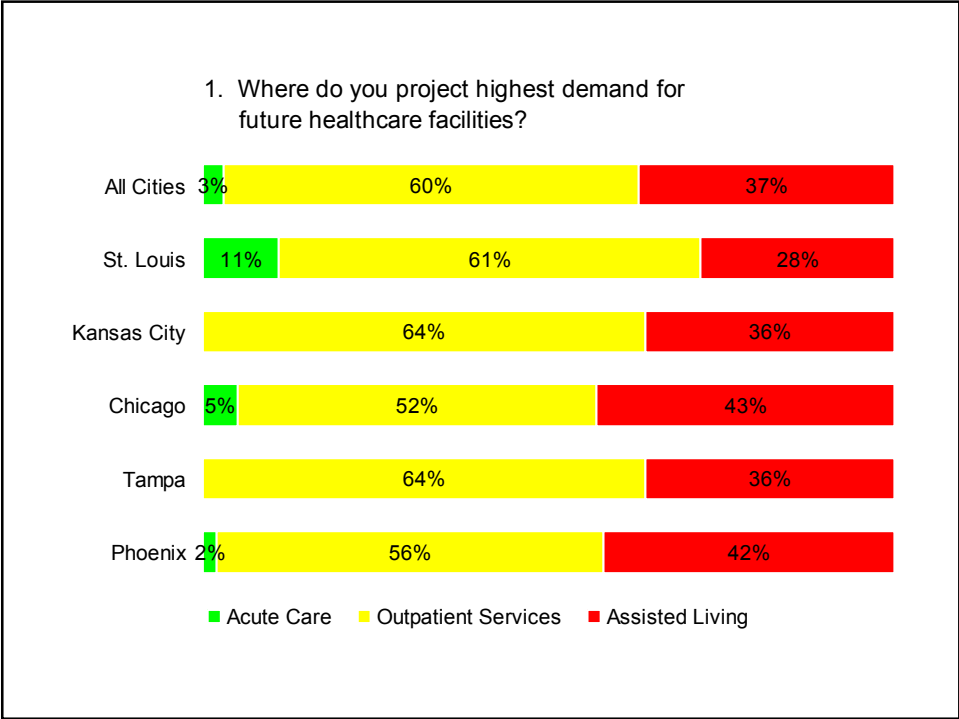
Another big concern surfaced in the survey. When asked which facility operation issues you worry the most about, 64% said reliability of infrastructure. Yet, in Chicago nearly 80% fingered “regulatory pressure” as their biggest concern.

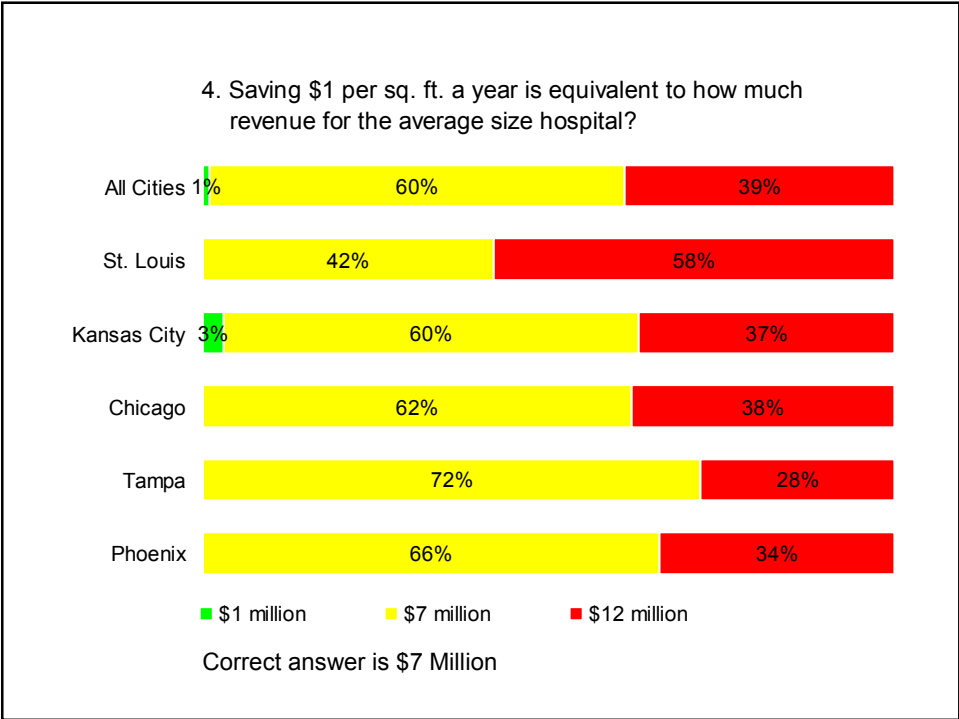
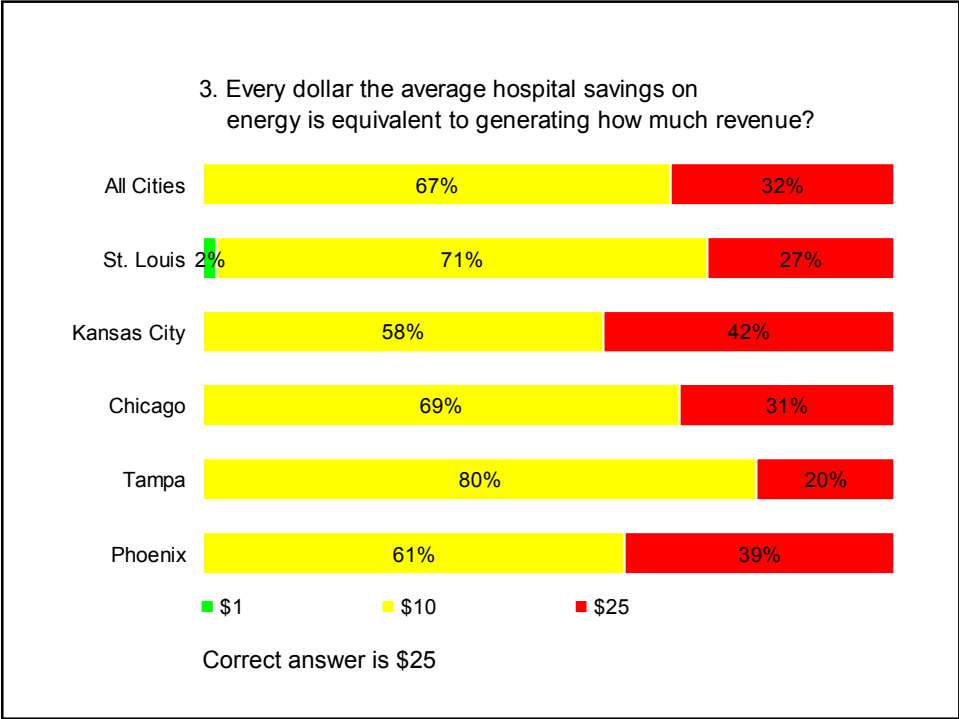
Regional differences are evident in how the industry perceives itself in implementing sustainable solutions. In the Midwest, more than 60% believe that healthcare is implementing sustainable solutions as effectively as or better than other industries. It was just the reverse in the Sunbelt cities of Phoenix and Tampa as 70% said, “We're doing worse” than other industries.

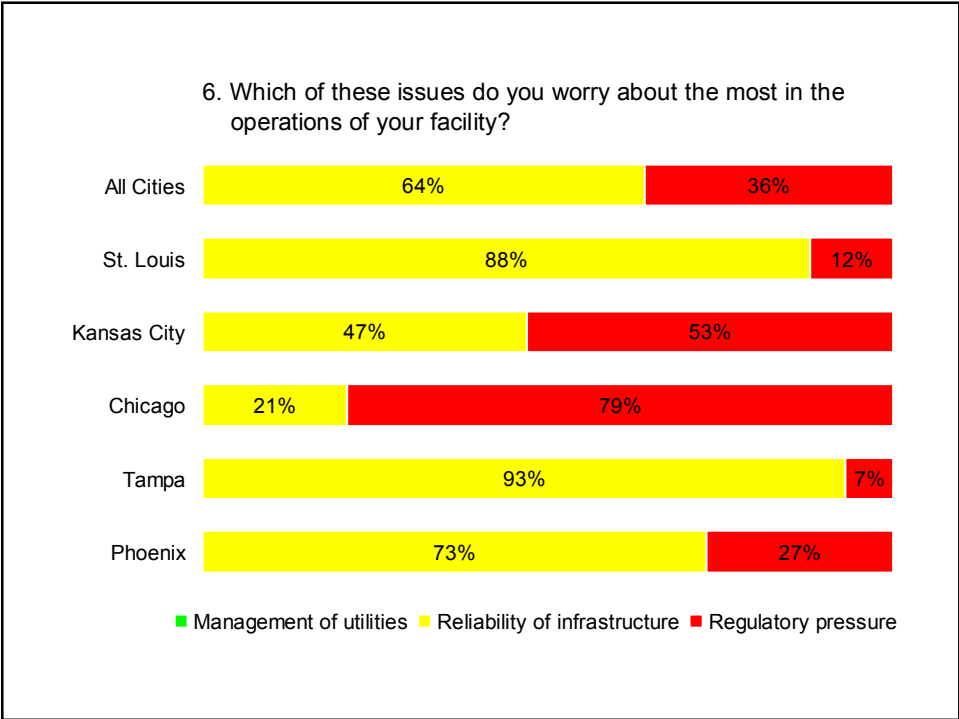
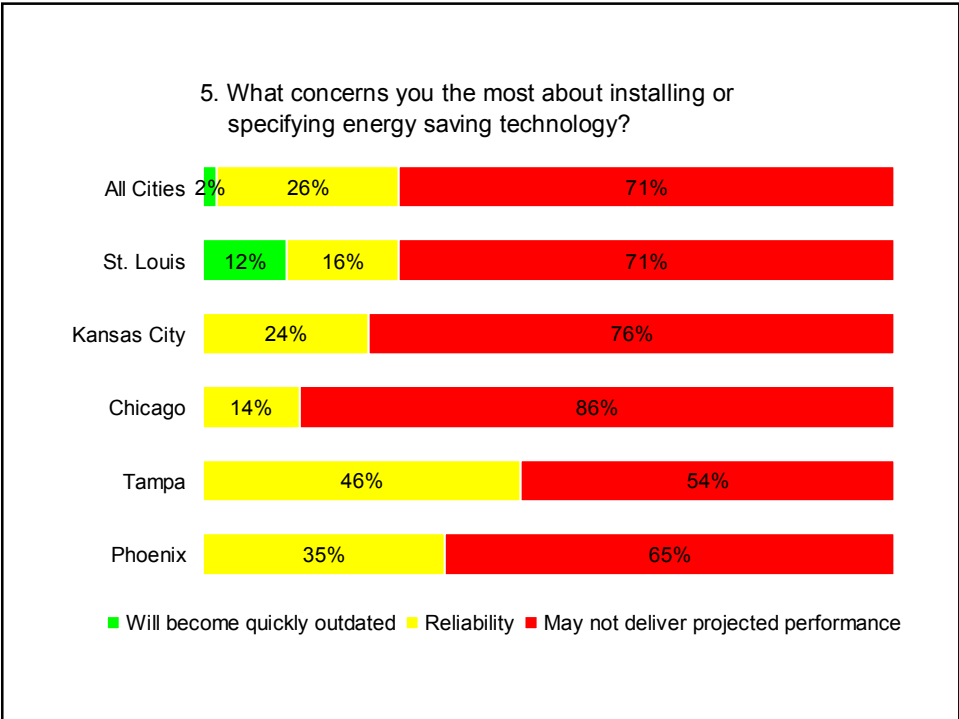
Survey Methodology

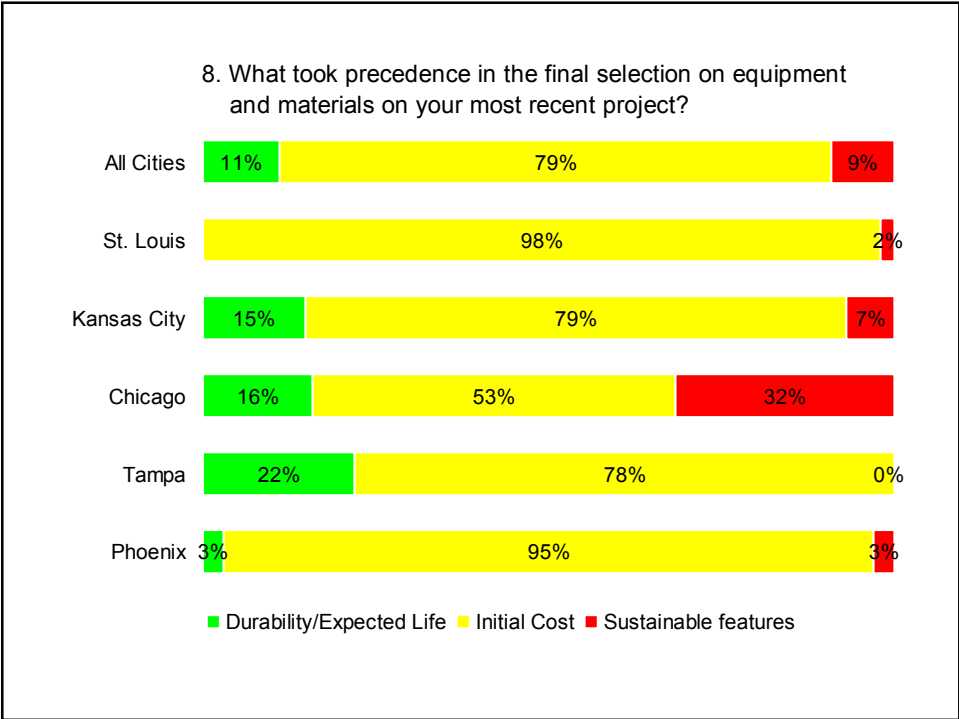
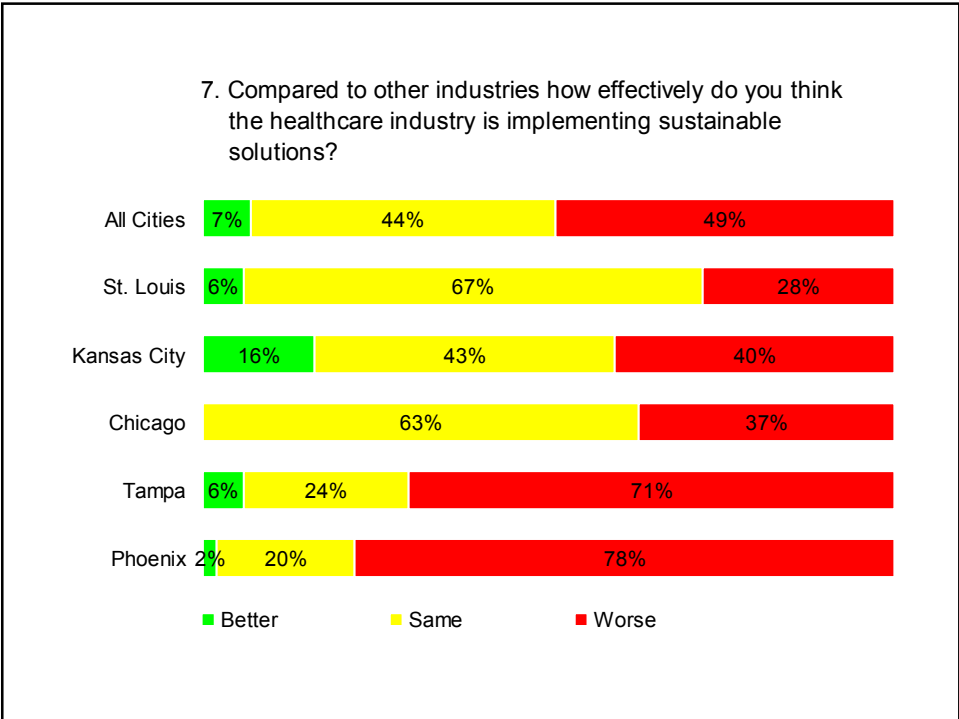
The survey was conducted of attendees at the “Energy, Economics & Environment: Making the 3Es Work Together in Healthcare” seminars held in Phoenix, Tampa, Chicago, Kansas City, and St. Louis.

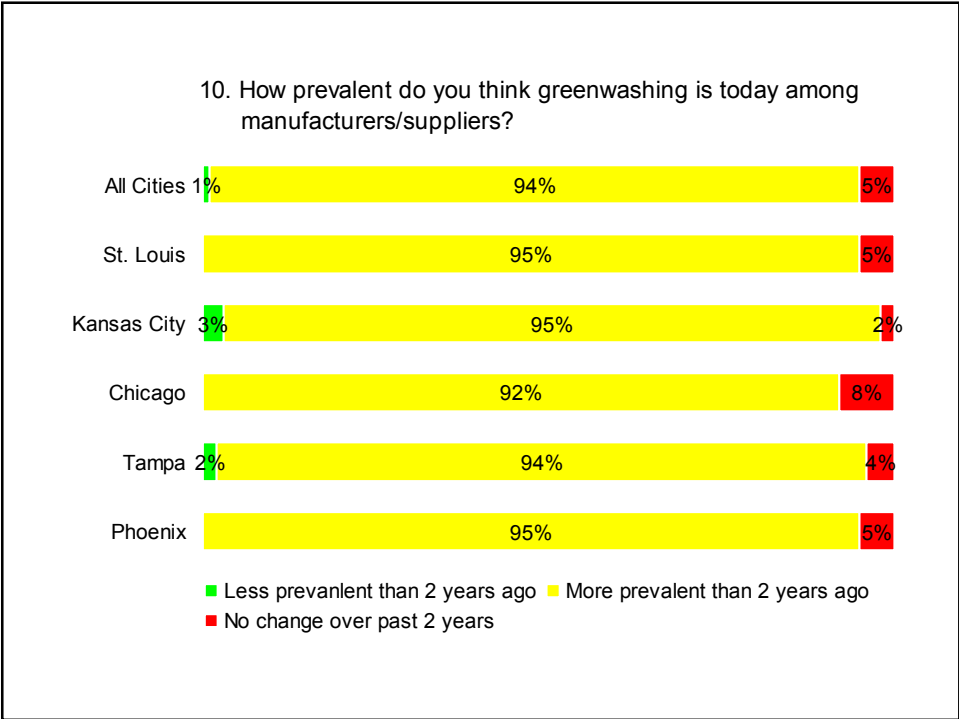
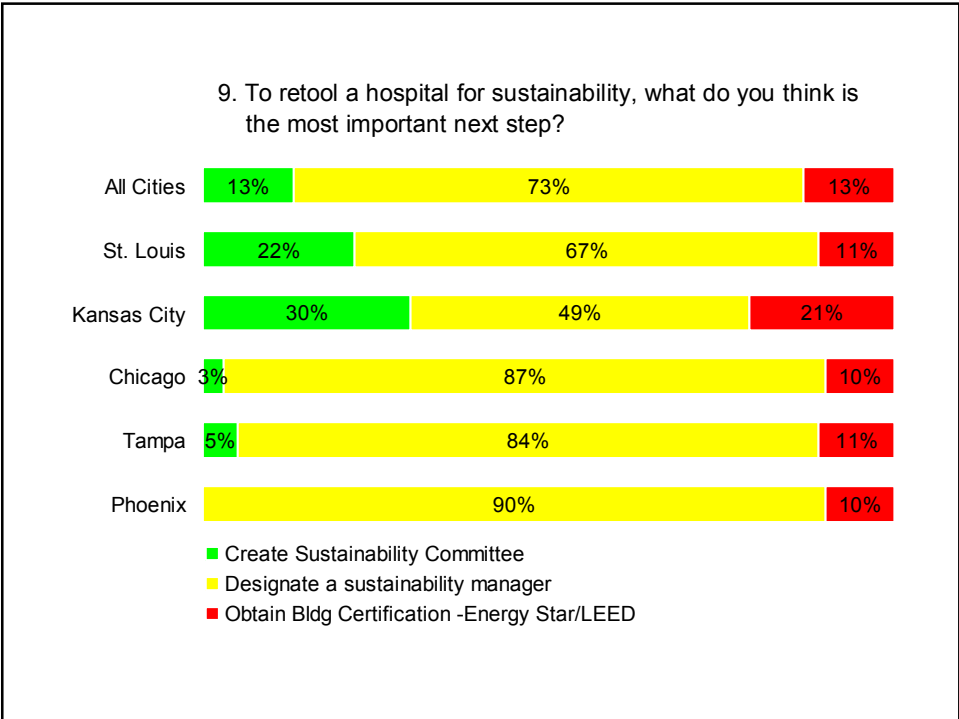
Attendees included a mix of facilities managers, engineers, project managers, AD&E professionals, and contractors. Five more cities will be surveyed as the seminar series wraps up in the third quarter of 2010. The final results will be delivered by Alan Whitson during an educational session scheduled for the Healthcare Design 2010 Conference in Las Vegas on November 13-16.

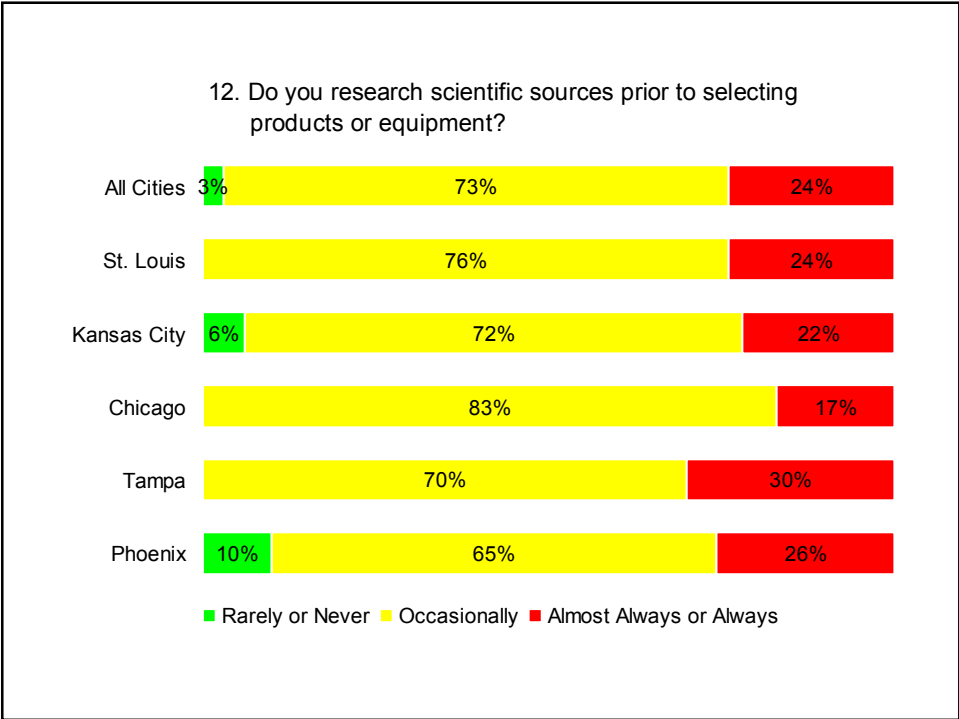
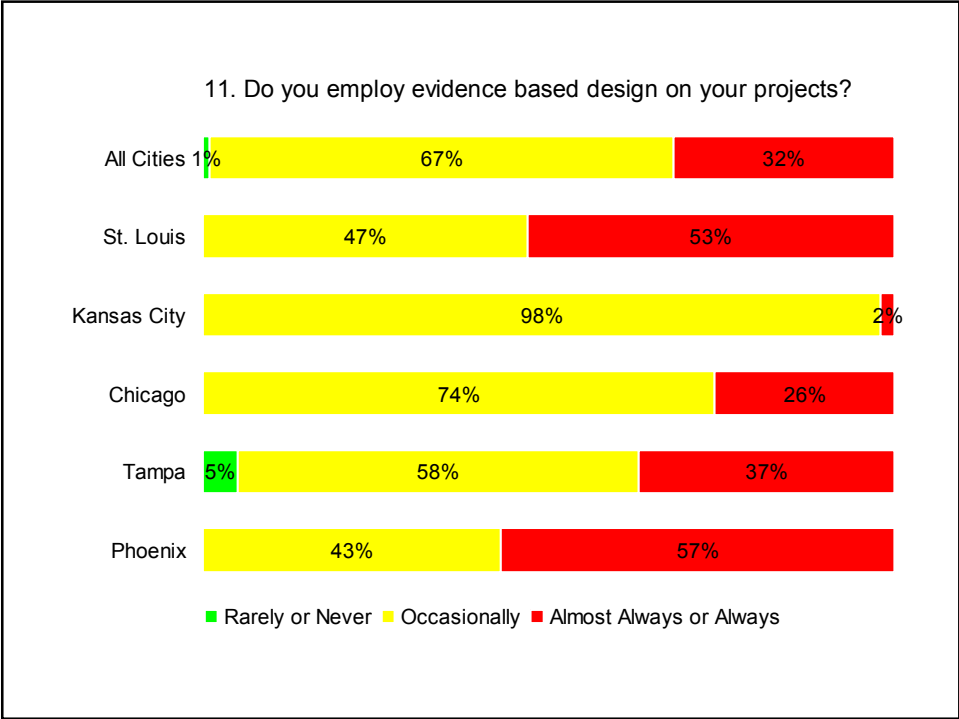














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Corporate Realty, Design & Management Institute
4850 SW Scholls Ferry Rd, #203
Portland, Oregon 97225

Contact - Glenn Fischer
p/ 503 274 7162
gfischer@squarefootage.net
www.squarefootage.net