

HOW TO GET A YES

Proven tactics boost the chances of getting FM projects funded

by greg zimmerman, executive editor

Money may not grow on trees, but if you successfully cultivate relationships with your organization's financial folks, the CFO's office can become just as natural a source of facility funding as the proverbial money tree. However, it's not likely you'll go from zero to flush with cash in 30 seconds. As Jim Cooke, national facilities operations manager for Toyota Motor Sales, USA, says, "This isn't rocket science, but it sure isn't easy either."

Indeed, for many facility managers, presenting a funding proposal is the bane of their professional existence. Folks with engineering or operations backgrounds often struggle not just with the soft skills, like public speaking, marketing and campaigning, but also the financial expertise required to construct a proposal in terms that will resonate with those holding the organization's purse strings.

Getting a "yes" on a facility funding proposal is one part salesmanship, one part public relations, and one part stick-to-itiveness. Successful facility managers are the ones who have developed a system that works consistently, and successful facility management organizations are well-funded ones. So understanding all that goes

into a successful facility funding proposal — from laying groundwork to campaigning to understanding the difference between a smooth, quick presentation and one that will get you laughed out of the boardroom — is a career must for any facility manager.

Stacking the Deck

Long before you even consider putting pen to paper on a formal proposal, there are several steps to be taken that can help stack the deck in favor of getting the money you need. Basically, success or failure comes down to credibility. Stormy Friday, president of The Friday Group, gives a succinct summary of what needs to be done to begin earning that credibility: "Be out and about. Build relationships. Be visible. Build bridges. Know who the upper managers rely on and trust, and go to them first. Campaign. Get friendly with their administrative assistants — they'll be the ones who get you on the calendar."

At first blush, that may sound overwhelming, but if you really think about it, those are all strategies that should be standard operating procedure for facility managers, regardless of whether or not they're about to ask for money.

Friday says she thinks the key to stacking the deck in favor of a “yes” is simply having a personal relationship beyond presenter/listener. “I really believe in the ‘accidental bump-ins,’” she says. “Have a sense of when executives will be in the elevator, and literally have your one-minute elevator speech ready.”

The “accidental bump-in” is a good time just to plumb top managers’ opinions, says Cooke. In other words, you shouldn’t even mention you’re about to propose something formally. “Talk to them just to get their opinion without any pressure,” he says. “Ask them, ‘Hey, what do you think about renewable energy?’ Find out what they’re passionate about. Try to understand them. Find out what makes them tick.”

Friday suggests finding out if senior executives have their own role models or organization they’ve modeled parts of the company after. And then research what those other organizations are doing and how you can incorporate some of those strategies into your own plans.

But most importantly, facility managers must have confidence in their worth to the organization. “Sometimes people in facilities get too involved in the day-to-day activities to realize how

Proposing a Staffing Increase

Making the case for an increase in staffing is one of the more difficult proposals facility managers may have to write. That’s especially true in a down economy. But it’s not impossible and the case should be made on a financial benefit basis, just like any other facility proposal.

»»» “In the case of staffing, you make the case that adding a body will save us X,” says John Balzer, vice president, facility planning and development, Froedtert Hospital and Community Health. To do that, though, you have to have pretty detailed numbers of how that will happen. Will you be able to complete a higher percentage of preventive maintenance, which allows equipment to stay in service longer? Will you be able to offer better facility customer service to make building occupants more productive? Will you be able to start a new service or make an existing one (like a BAS) more efficient? It’s important to build the answers to those questions out of data.

»»» Another tip is to compare your organization to others, especially those you know your financial folks admire. “This is why your network is important,” says Stormy Friday, president of The Friday Group. “Show what other organizations have done and what’s working for them in regards to staffing.”

»»» Increased staffing may be a back-up plan if a facility equipment proposal doesn’t pass or if a facility is aging. For example, Bob Holesko, vice president of facilities, HEI Hotels & Resorts, says that for hotels that haven’t been renovated for a while, and thus need more maintenance, “that’s when I have a good shot at getting another body.”

— Greg Zimmerman

room when our chief engineer is pushing for money for new roofs, and another guy is asking for bell carts,” says Bob Holesko, vice president of facilities for HEI Hotels and Resorts. The important thing to remember, though, is you’re all on the same side, and therefore, be forceful, but not greedy. Only asking for what’s reason-

Systems. “You’re competing with a lot of other departments for money, so if you’ve got a reputation for fudging the numbers to create an emergency, you’re always going to get the leftovers.”

Building the Proposal

In most cases, an out-of-cycle funding proposal assumes that money is required above and beyond what’s included in the annual facility management or capital improvement budget. But facility managers need to start earning their credibility with that annual budget. At the end of the day, their track record for using budgeted money successfully is a huge factor in determining whether they might get more.

One tip in working with the financial department on the annual budget is recognizing that the annual budget doesn’t just cover one year.

“If a facility manager doesn’t have a long-range plan, at least five to 10 years, then that’s something they need to immediately do,” says John Balzer, vice president, facility planning and development for Froedtert Hospital and Community Health. “You have lots more credibility when it looks like you’ve thought a proposal through rather than being reactive.”

That basically means, if a building system is near failure, constant reminders in the budgeting process that a project continues to be unfunded. Be

Tips From Your Peers

»»» **“Get the accountants to become roofers.”** Tim Pennigar, project manager, engineering and operations, Duke University Health Systems, recommends going beyond simply putting proposals in the language of finance. That’s a must, but you should also get the financial folks to help you write the proposal and vet your numbers before you ever think about walking into the boardroom.



critical they are to the organization,” says Alan Whitson, president, Corporate Realty, Design & Management Institute. So understanding how much value facilities adds to the organization, and putting that into numbers at proposal time, is critical.

Part of knowing facilities’ importance is gauging where you stand compared with other departments. When you’re competing against other departments, the feeling can be at best, awkward, and at worst, contentious.

“You can feel the tension in the

able is important for enhancing your credibility anyway.

“If you know there’s about \$1 million, and you normally would get \$200,000, don’t go in there with \$1 million in projects,” says Holesko. “Have history on your side.”

It’s also important to be patient. All these soft skills take time. “A lot of stacking the deck takes time to develop your professional reputation for being a straight shooter,” says Tim Pennigar, project manager, engineering and operations, Duke University Health

as detailed as possible regarding how money in the budget will be spent, and show the consequences and risks if a project is put off for another year. "The CFO has a short-term memory," says Bob Holesko, vice president of facilities for HEI Hotels and Resorts. "It's always important to remind him or her about what you've spent to keep something

in service. There's no sense spending good money on a bad system."

For an out-of-cycle proposal, presenting a feasible risk/reward — or put another way, benefit of the project versus cost of doing nothing — is the key to success. There are as many ways to show risk/reward as there are project proposals. So facility managers, based

on the relationship they've established with their executives, must determine what resonates the most. But some general rules do apply, ranging from making the case from the risks of doing nothing to the black-and-white financial figures.

For one, poor infrastructure can have a negative effect on how the public perceives an organization. Pennigar says that because Duke University Health Systems gets a lot of funding for research, a major component of his proposals is showing how catastrophic it would be to have a failure in, say, a roof over a research facility. Donors may not be so willing to contribute in the future, and Duke University Health Systems loses some of its prestige as a research institution.



Tips From Your Peers

» » "Show a project's curb appeal and do your own PR." Bob Holesko, vice president of facilities, HEI Hotels & Resorts, tells a story about how an article appeared on the front page of a local newspaper with a photo depicting a crane delivering a new HVAC rooftop unit to one of his hotels. "Now, I can say to the financial people, 'Remember when we had that crane on the front page of the paper?' That's free advertising for the company. Anytime you have a crane showing up, get photos. It makes you look good."

"Our job is to keep buildings out of the way," says Pennigar. "If we are out there problem-solving, we're not useful. Our job needs to be problem-avoiders. It's one thing to lose a roof on a warehouse, it's another to lose one over a research facility."

Still, showing the risk to losing inventory in a warehouse is another way to calculate risk. "Point out how much the inventory in the warehouse is worth," says Whitson. "Then point out how much the inventory in the warehouse is worth if it gets wet." Along those lines, Holesko says a key component of his proposals is showing that the buildings themselves are valuable

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Be careful not to use scare tactics when depicting the risks of doing nothing. It's important that these risks be rooted in reality

assets. "We need to protect the building as an investment," he says.

Other risks of doing nothing, like increased insurance premiums—say, for

not installing sprinklers—and the cost of business disruption are also hugely important pieces of the risk calculation. "We can demonstrate the cost to

the organization if we lose business," Balzer says. "If we're out of service, people will seek other options and you may have lost a customer for good."

Don't use scare tactics to depict the risks of doing nothing, say experts. It's important that these risks be rooted in reality. "You don't want to be the boy who cries wolf," says Holesko.

Accentuate the Positive

While showing the downside of saying "no" is important, the real hay is made with hard data illustrating the benefits—financial and otherwise—to the company of saying 'yes.'

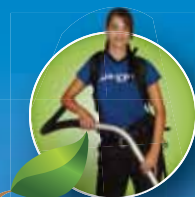
"Understand the benefits to the business," says Whitson. "Quantify those benefits, and then 'dollarize' those benefits." Whitson adds that it's critical to



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Tips From Your Peers

»» "Do not assume that more is better."

John Balzer, vice president, facility planning and development, Froedtert Hospital and Community Health, says he can guarantee you that is not the case, when it comes to handing in a proposal. "The biggest piece of advice I can give, especially to those starting their career, is to be very specific and to the point, and to focus on measurable data," he says.



know and understand the financial terms, such as discount rate, cost of capital, hurdle rate, investment horizons, etc. And then know your organization's thresholds and parameters for those metrics, and which are most important. Always relate back to those metrics.

Showing that monetary return (or hurdle rate, if your organization prefers) is often easiest with energy efficiency projects. As sophisticated facility managers know, building the proposal in terms that show dollars and not kilowatt-hours is the tack to



IF YOUR PROPOSAL IS DENIED...

In this podcast, Stormy Friday, president of The Friday Group, talks about the next steps facility managers should take if their proposal gets a 'no.' www.facilitiesnet.com/facilitiesmanagement/audiovideo/If-Your-Proposal-Is-Denied-23278

for photovoltaic panels: "We know and you know there's social value, but we can't quantify it. It is another piece for customers to recognize that we behave responsibly in terms of sustainability."

Provide two to three alternatives, e.g., the benefits of the proposal if it is accepted, the risks of doing nothing, and what would happen if the proposal is delayed for a year or two or if a less costly option is chosen.

The problem, solution and benefit to the company should be made clear in the first 90 seconds, says Whitson. Use PowerPoint because that's what executives are used to, says Friday, but dress it up a little. Use photos, or "if you're extraordinarily clever, create a simulation model or things that move and circulate. Anything's better than just a flat presentation."

The actual hard copy of the presentation must be equally short and sweet. "I'd strongly recommend, and this is not easy with people with engineering backgrounds, one page or less and using bullet points," says Balzer. "That's the only way the CFO will look at it." The biggest mistake to make is to assume more data, pages and spiffy charts will help your cause. "Leaders have a nanosecond attention span,"

take. Know your organization's acceptable return rate, but understand that it may not always be set in stone. Adding projects, or finding rebates from the utility or the government (as Holesko advocates) to lower that ROI, can make your proposal more attractive.

Adding soft benefits to the proposal is a legitimate strategy, but you certainly don't want to hang your hopes on soft gains, say the experts. Cooke puts it like this, in reference to a recent proposal

When it comes to actually building the meat and potatoes of the proposal, there's no better idea than to get financial folks to help you with the proposal. That way, your numbers are vetted and in the appropriate form before upper management lays eyes on them.

Regarding the proposal itself, the exact format will depend on the organization, but again, experts suggest a few best practices. The most important thing: Keep it short and sweet.



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says Friday, "so you can't overwhelm them with blocks of text or charts and graphs that are hard to decipher."

Another common mistake facility managers make is failing to report back on an approved project, even if nobody asked for data. "We remind everyone when we have a successful project," says Cooke. "Give updates. That provides the personal touch."

Balzer agrees: "Facility managers can make themselves more noticeable by sending quarterly reports on how their initiative is working. It's a great way to build credibility. You're saying, 'Look, I stuck my neck out and I'll report, even though you're not asking, because I'm confident enough in this initiative.'"



Tips From Your Peers

» » "Don't go back for more money until you can prove your last project is successful." Jim Cooke, national facilities operations manager, Toyota Motor Sales, USA, Inc., says that, even if a project demonstrates more modest results than you expected, don't hide those results. Instead, explain the specific reasons why that project wasn't as successful as you might have thought, why it's actually still a success in the grand scheme of things, and the specific reasons why this proposal is different.

Doing such voluntary reporting completes the credibility loop, one of the biggest factors in getting a "yes." Your personal relationship with the financial folks making the decision on your proposals is just as important as the numbers themselves — perhaps more so. As Cooke puts it, "Your credibility and personal relationships are the keys." The question to ask, he says, is this: "If I call them, will they give me the time of day?" If the answer is "yes," you've got much better odds the answer will be "yes" on your proposal as well. ■

Email comments and questions to greg.zimmerman@tradepress.com.



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