



## Haywards Information Bulletin

April 2005

### Generate More Money from Your Workplace

If you are looking for ways to maximise your bottom line, here are a number of cost saving ideas Haywards can help you with.

Corporate property and the way in which your business is organised within it, can soak up much of your well-earned revenue unnecessarily. Haywards can help you create better value for your business and even save you significant sums of money.

**Check the following list of cost saving ideas!**

#### Corporate Real Estate

---

##### Lease Re-gearing and Lease Renewals

In the current market, opportunities exist to re-gear leases both in terms of their financial and legal clauses for both the benefit of the tenant and the landlord. In some cases where Haywards have been involved, the contribution to the bottom line has been significant.

##### Rent Reviews

Every penny per square foot has a capital value implication. So the gains are worth fighting for. While landlords tend to field highly qualified personnel for this specialised area of work, tenants tend to view the cost of hiring the best as an expense. This is a false saving when considering the cost to revenue ratio, the 5-year consequence of any rent increase and implications for disposals.

##### Rates

Good rates negotiations with your Local Authority requires knowledge, patience and persistence. We often find that divides exist between facilities and rating teams so that some cost saving opportunities are missed. With strong evidence and good technicians, protracted negotiations can be worth the staying power. Savings can be substantial.

##### Service Charges

Haywards can audit the service charge to make sure any work carried out has been procured by your landlord on proper grounds. If not, we contest them on your behalf.

##### Planned Maintenance

Planned maintenance is the friend of the Finance Director who is trying to forward plan company premises expenditure. Haywards tie the lease requirements to the Planned Maintenance Programme which when managed on a systematic basis evens out expenditure. We also look at "bundling" so that works of a similar nature are carried out together, thereby saving you money and hassle.

##### Dilapidations and Reinstatement

Assessing and accruing for the costs of future reinstatement is nowadays an important part of the general accounting process (FRS 12). As well as this, Haywards also has a full building consultancy service aimed at assessing and negotiating claims.

## Haywards Information Bulletin page 2

April 2005

### Facilities Management

---

#### **Benchmarking Costs**

Particularly for organisations undergoing change, facilities costs can slowly suffer from "creep". Haywards review these costs to bring them back in line with best-in-class benchmarks.

#### **Procurement**

To control procurement costs effectively, specialist knowledge and a questioning mindset are prerequisite skills. M&E services for example, are notorious for discrepancy between services claimed compared with those delivered! Haywards runs a full Procurement Service with an emphasis on utilities, M&E services and telecommunication costs. These coupled with security, cleaning and catering, tend to represent the highest costs and warrant specific attention.

#### **Supply Chain**

The internal supply chain (i.e. the work process from idea to delivery and payment) is not often targeted for savings. A Haywards' client however, with a facilities bill of £500K p.a. and an actual supply chain cost of £126K was able to reduce this cost by 50% as a result of implementing our advice. At the same time the quality of service improved!

#### **Utilities**

The Engineering Employers' Federation has warned the Chancellor that heavy users of gas in the UK are facing 25% higher charges than their European competitors. This, together with increasing cost pressure on oil prices, in turn affecting the cost of energy, is giving rise to a challenging business climate. Check your energy consumption by reviewing the way in which you organise your workplace, people and physical assets.

### Fit Outs/Refurbishments

---

#### **Procurement**

It is possible to make capital expenditure savings of between 8%-15% when procuring for a capital project. Haywards has developed an approach that is guaranteed to save money and improve the quality of the final outcome. It also means that pre-start budgets remain in tact.

#### **Space Utilisation**

How many desks are vacant in your office today? No doubt for good reason, but depending on the cost of the fully loaded real estate component, this could represent around £50 per sq foot. Look at the different ways of working and you could save many £000's and give people better working conditions. In a recent case, Haywards reduced the real estate burden for a client by 16% and devised a more conducive working environment. Operating margins have now risen by over 50%.

---

#### **About This Information Bulletin**

This Information Bulletin is the latest in a series published by Haywards, the independent workplace consultancy. These bulletins are designed to assist companies to keep abreast of the latest thinking, trends and legislative changes that may affect the way they manage their physical assets and people.

#### **About Haywards**

Haywards is an independent consultancy helping companies to achieve more from their real estate, capital projects, facilities management services and workplace infrastructure. We provide an easy partnership, which focuses on reducing overall costs minimising exposure to risk and increasing control.

To discuss how Haywards can help you, please call Nick Cook on 01494 488 493 or email [nick.cook@haywardsltd.co.uk](mailto:nick.cook@haywardsltd.co.uk)