Covering Your Assets

LeadingAge NY

Financial Professionals
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Facilities Operations/LTC Administration – Mayo Clinic,
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LEARNING OBJECTIVES

• Learn and understand the basic principals, terminology and foundation of excellent project development as you consider improvement projects for your organization.

• Discover how group purchasing organizations can assist you in a construction project or capital improvement initiative in your community.

GPO – What is it?

GPO = Group Purchasing Organization

Is an entity that is created to leverage the purchasing power of a group of businesses to obtain discounts from vendors based on the collective buying power of the GPO members.
Your Company’s Purchases + Many Companies’ Purchases with a GPO = Lower Prices for All

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GPO STRUCTURE

- Commitment/Compliance
- Vendor Selection/Categories
- Services
- Shareback/Rebate
An effective GPO partner will provide...

- Manufacturer Discounts
- Ability to Reduce Distributor Mark-up Schedule
- Price Transparency
- Price Protection

Savings for All Operations

- Dietary
- Construction and Equipment
- Medical Supplies
- Office Supplies
- Environmental Services
Can a GPO Always Save Me Money?

Never trust someone that says they have a better price if they can’t or won’t provide an apples-to-apples comparison.

GPO Facility Services

- Facilities Management Support
- Aggregation/Standardization
- Owner Representation/PM
- Construction Procurement
- Capital Planning and Budget Management
- Market and Segment Analysis
- Vendor support
The Importance of Standardization and Vendor Management

- Remove the variability in supplier pricing and service levels
- Negotiate Improvements above and beyond the provider’s baseline
- Deliver a standard pricing matrix for each strategic supplier category
- Decrease cost, while delivering value
- Increase level of service
Senior Living Construction Trends

- **80%** Undertake a construction project in the coming year
- **55%** Extremely likely to undergo major renovations
- **50%** Likely to undergo a repositioning project

Source: Lancaster Pollard, 2014 Senior Housing and Care Survey

Construction Program

<table>
<thead>
<tr>
<th>Traditional Construction Process</th>
<th>No GPO Compliance or Identified Opportunities for Savings</th>
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<tbody>
<tr>
<td>Traditional GPO Process</td>
<td>Decreased Compliance and Savings, Increased Project Disruption</td>
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<tr>
<td>GPO Construction Program Commitment</td>
<td>Positive Compliance &amp; Savings Impact, Minimal Project Disruption</td>
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VALUE 1st
Choices | Solutions | Savings
Construction Program

- Assist in the planning and acquisition phases of new construction capital
- Build complementary relationships with general contractors, architects and equipment planners
- Maximize savings on projects
- Improve delivery and lead time with major equipment manufacturers
- Leverage project volume for greater savings
- Keep local subcontractors involved
Starting Gate

- Financial Forecasting aligning with the design to determine feasibility
- Select team members who can champion the project
- Agree upon who makes the final decisions
- Think about how they would do their job in a perfect world
- Have fun!

Basic Terminology

- Planning/Programming Services
- Schematic Design (SD)
- Design Development (DD)
- Construction Documents (CD)
- Construction Administration (CA)
Construction Process

Concept / Fundraising

- Member has a feasibility study, finished a capital plan, has approval to plan

Schematic Design

- First phase of design – concept
- Used for budgeting/estimation

Team introduces contracted suppliers to the project team so they have a clear understanding of what potential opportunities could be.
Construction Process

Design Development

- Member moves forward with design with A/E firm
- All components of design are initiated
- Specifications begin to be built

Team ID suppliers and coordinate meetings with design team and suppliers, match needs with opportunities, ID local authorized vendors when possible, assemble preliminary cost estimates through Construction Services Program.

Contract Documents

- Design documents 90-100% complete
- Project specifications complete
- Short list of General Contractors identified
- Specifications begin to be built

Team tracks progress of design, ensuring contracted suppliers are responsive, and assembles instructions to bidders to access pricing from contracted suppliers.
Construction Process

Bidding

- Plans and specifications are released for bids or pricing for project

Team reviews bids to ensure comprehensive response and understanding of complete proposal, including dividend opportunities associated with award.

Construction Process

Construction

- Build out of community according to plans and specifications
- Final FF&E purchases (Furniture, Fixture and Equipment)
- Interior design begins, if separate....

Team assists the FF&E procurement process and RFP. Ensures comprehensive response to procurement solicitation. Reviews bids for compliance with RFP.
Construction Process

Occupancy

- Equipment installation
- Commissioning
- Project closeout

Team should assist occupancy w/ orderly assembly and installation of FF&E and occupancy of the project.

Program Outcomes

- Greater fiscal control over capital initiatives, construction costs, and facility spend
- Market-best pricing with early engagement and vendor participation
- The development of standards for multi-facility efficiency and cost control
- The development of performance criteria to optimize life cycle costs
- Enterprise cost controls for purchased services
- Increased cost predictability with predictable outcomes
GPO CAPITAL SERVICES

- Roof Replacement
- Capital Improvements
- Kitchen Upgrades
- Service and Maintenance Contracts

Turn Key Solutions

- Interior Design
- Unit Turns
- Plumbing Retrofits
- Energy Saving Solutions
Capital Services Capabilities

- HUD Compliance/Authorized
- Labor Law Compliance
- Research Local Codes
- Aggregated Cost Savings

Facilities Program

- Use high quality, pre-vetted vendors with beneficial terms and conditions
- Provide greater value through additional savings
- Lock-in future savings on service agreements
- Drive standardization (where desired)
- Vendor solutions to maximize facilities programming
THANK YOU!

“Your First Call Should Be Your GPO!”