



Providing Constructive Solutions



Facilities Management in Tough Times

presented by:

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Agenda



- How quickly things change
- What tough times?
- What usually happens when things get tough!
- What smart operators do when things get tough!!
- What are you doing??



How Quickly Things Change



Queensland

The sunshine state's office markets set to grow as new markets emerge

“With all levels of space experiencing very tight vacancies, rents have escalated sharply for tenants trying to negotiate leases over the past 12 months.”

“New supply is needed in order to ease the pressure on businesses, and ensure these markets remains healthy.”

“Despite these record amounts of new stock entering the market, vacancy rates are unlikely to blow out as there's adequate demand to fill them”¹

¹ Steve Greenwood, Queensland Executive Director, Property Council of Australia, 1 April 2008



Just ten months later



Record levels of new office space have freed Brisbane's office markets from its supply lock-down, and taken vacancy rates upwards in the process.

Vacancy in Brisbane's CBD market rose from 1.2 percent in July 2008 to 4.2 percent in January 2009. Net absorption was the weakest in 15 years, at 18,719sqm.

Brisbane's Near-city market also rose in vacancy over the period, from 3.2 percent to 5.4 percent. While net absorption for the period was a record 61,010sqm so, too, were stock additions, at 87,675sqm.²

² Property Council of Australia, 4 February 2009



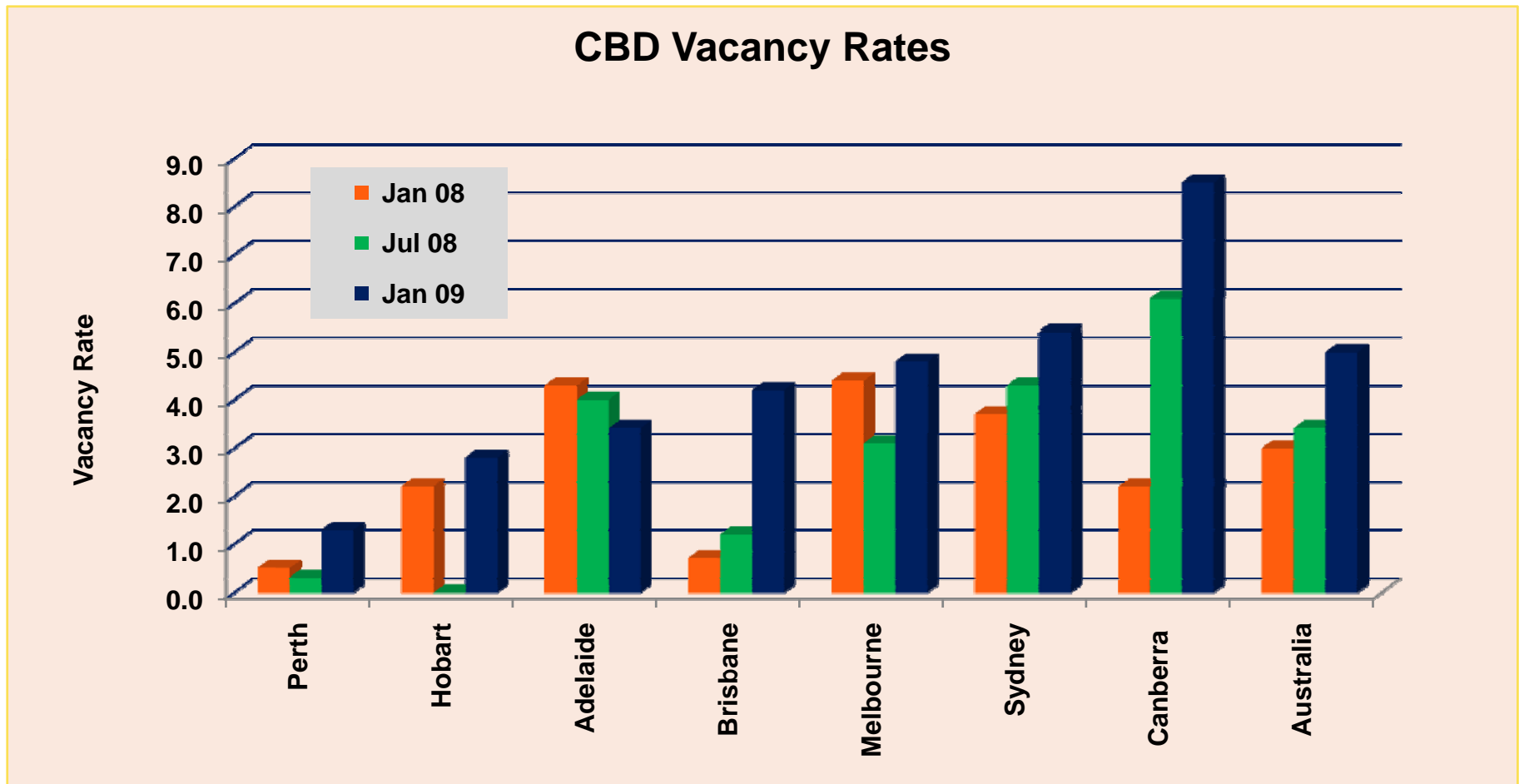
Vacancy Rates



Vacancy, Australian CBD markets, January 2009			
Market	Vacancy Rate Jan 09 (%)	Vacancy Rate Jul 08 (%)	Vacancy Rate Jan 08 (%)
Perth CBD	1.3	0.3	0.5
Hobart CBD	2.8	n.a.	2.2
Adelaide Core	3.4	4.0	4.3
Brisbane CBD	4.2	1.2	0.7
Melbourne CBD	4.8	3.1	4.4
Sydney CBD	5.4	4.3	3.7
Canberra	8.5	6.1	2.2
Total (all CBD markets)	5.0	3.4	3.0



Or more graphically!

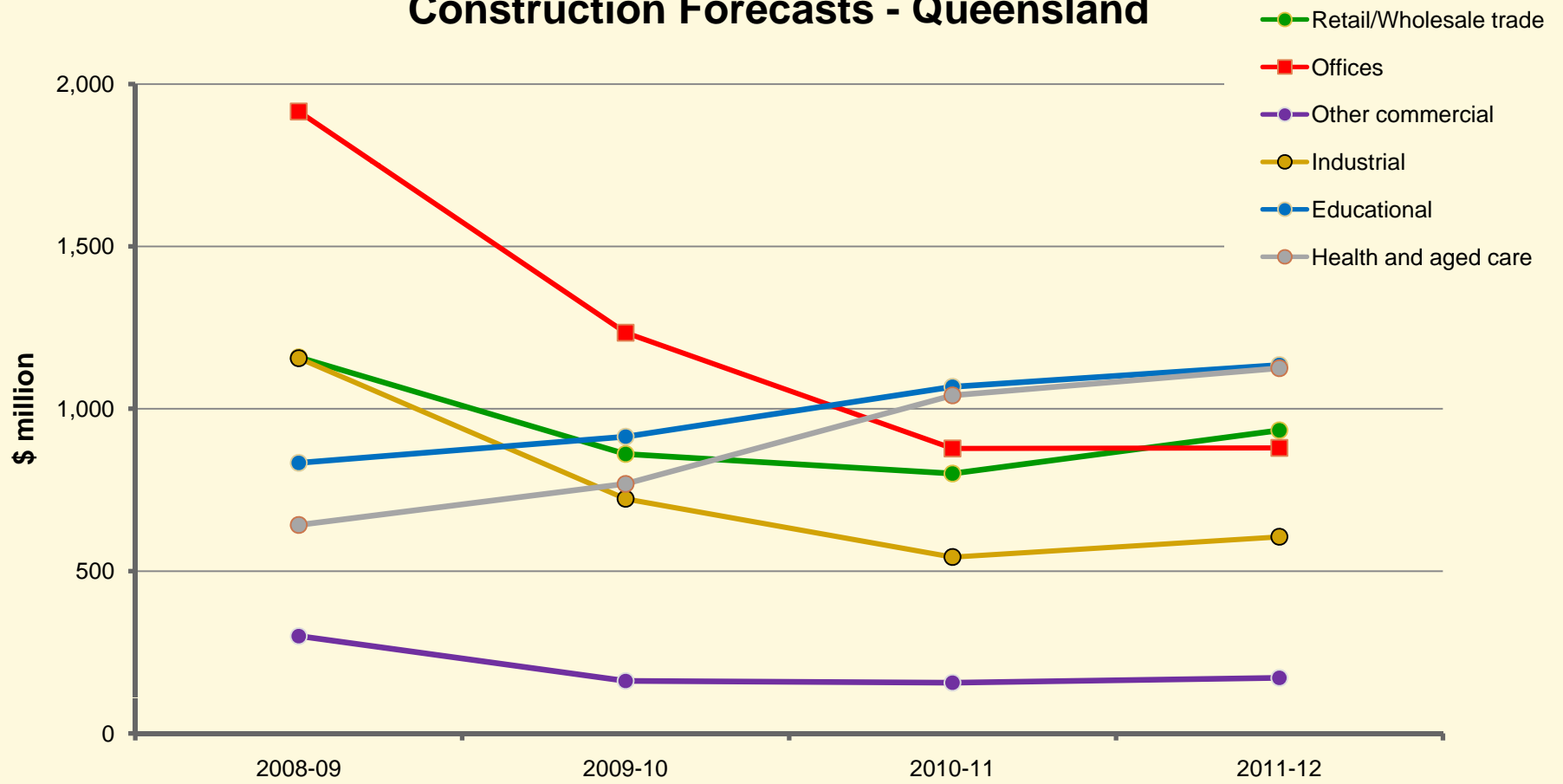




Construction Forecasts



Construction Forecasts - Queensland



Construction Forecasting Council 2009



So is it all too much?



Tim Peckham



So what else is happening??



- Carbon emissions / carbon trading
 - new regulations and reporting requirements
- Increasing costs of
 - water
 - energy
 - rates
 - other charges
- Tenants more demanding



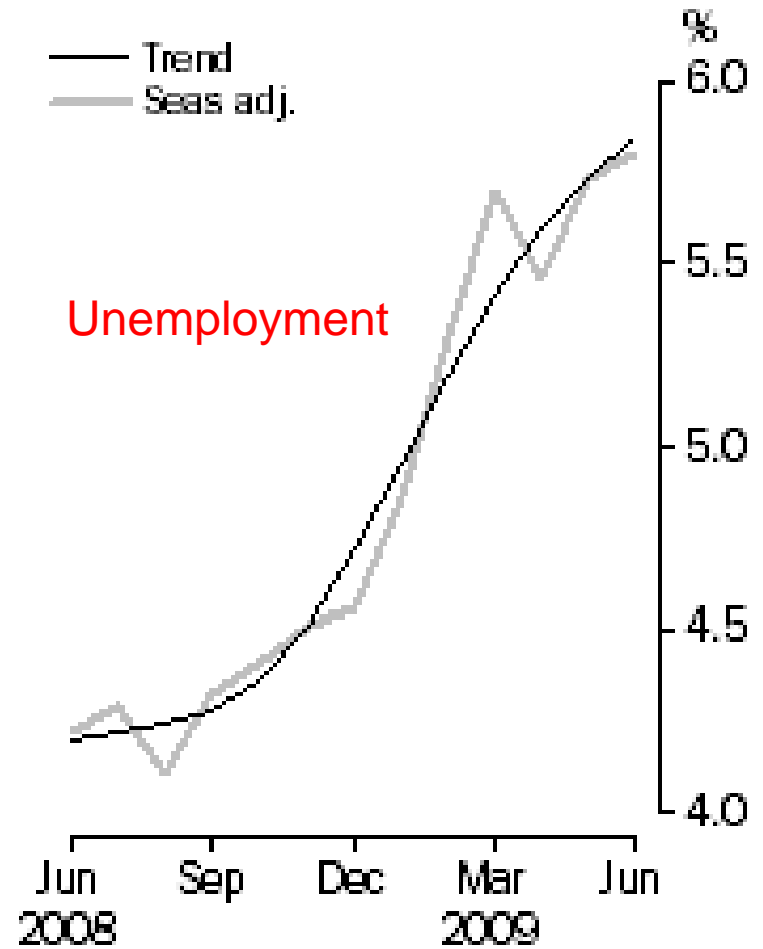
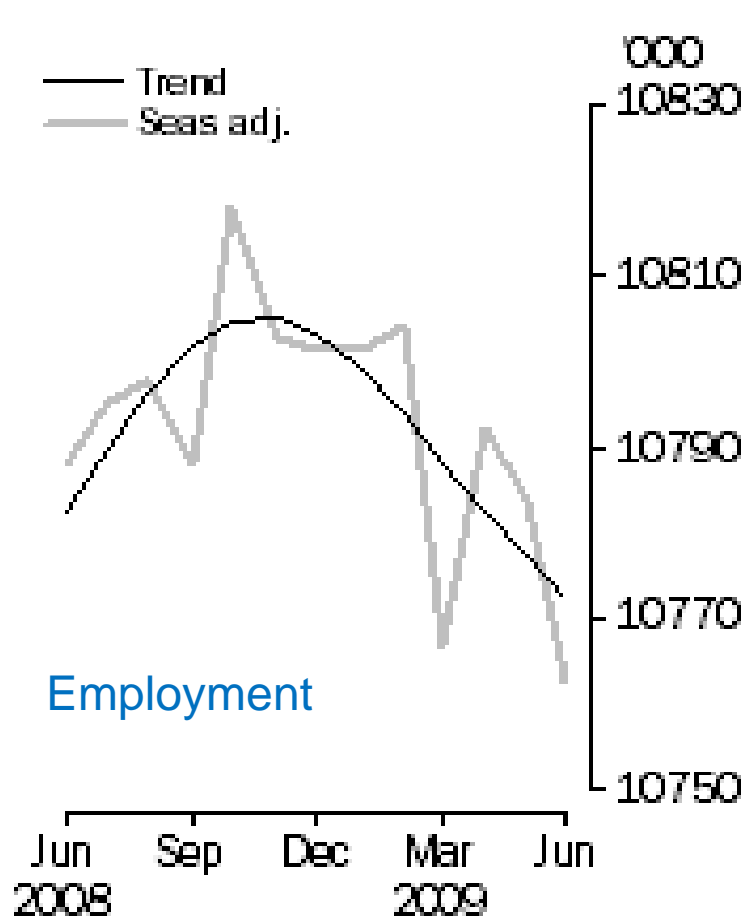
Finance



- Money hard to get
but
- Money is cheap if you can get it
- RBA leaves rates on hold - Tuesday August 4, 2009
 - The Reserve Bank has left official interest rates on hold, at a 49 year low of 3 per cent
but
- Banks are increasing their rates and making you go through so many more hoops before you can get finance



Employment – Unemployment (ABS Data)





Staff and Contractor availability



- Staff are comparatively easy to find
 - Good staff are still valuable assets
- Staff costs have plateaued or are slightly lower

- Contractors are looking for work
 - Good contractors are still busy
- Contract prices are flat if not lower



What usually happens when things get tough Currie & Brown

■ Tendency to:

- Stop doing everything, even what is necessary!
- Lay off staff which might include some of your best thinkers and smarter operators
- Stop training programs
- Cut back on advertising
- Stop upgrading equipment





What do smart operators do



Carpe Diem – Seize the day!!

- Look for new opportunities
 - Look forward to what will be hot when things recover
 - Increase advertising or opportunities for new customers
- Look at what you do and how you do it so as to do it better
 - Think and work smarter
 - Get in there before your competitors
 - Form alliances with others to share costs and expertise
 - Upskill and upgrade



Think Strategically



- Where are the emerging markets?
- Where will they be in five years time?
- Is what you are doing now the same as what you were doing five years ago?
- Is what you are doing now the same as what you plan to be doing in five years' time?
 - If so, we might not see you in five years' time.
- What skills will you and your business need to service these new markets?
- Do you have the facilities and/or technology to deliver your services effectively?



Review the Business Model (1)



- Are you doing the right things?
 - Is it what makes your clients want to come back?
 - Is it making money for the business?
 - Will there be longer term as well as short term benefits?
- Are you doing things right?
 - Is there a better way to do what you do?
 - Is there a cheaper way to do what you do?
 - Is there a safer way to do some things that you do?
- Do you have to do it all?



Review the Business Model (2)



■ Staff

- Do you have the **staff** to deliver the services in future?
- Do you have the **right** staff to deliver the services in future?
- Have they the **skills** which will be required?
- Look into **training** programs to upskill staff to meet **emerging** needs



Review the Business Model (3)



■ Resources

- Are you cashed up to take advantage of opportunities
- Is your plant and equipment up to the mark?

■ Workflow and Cashflow

- Are you managing your work-in-progress efficiently?
- Are you improving your turn-around and response times?
- Are you getting your accounts out promptly?
- Are you following up on outstanding accounts and bad debts?



What are you doing?



- All of the above?
- Providing dynamic leadership to your staff and contractors?
- Networking with others in your industry ?
 - see what they are doing
 - find an idea or two to sustain your business
 - find an idea that will grow your business



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Doing nothing is not an option!