

CORPORATE FACILITIES PLANNING QUESTIONS

Derrick Van Mell (April 7, 2000)

Unfortunately, CEOs cannot make facilities decisions piece-meal: you can't think about a new location without simultaneously considering design (size, layout, appearance) and project financing. Because poor decisions are expensive, a CEO must face them head-on and the best way to start is with the right questions.

LOCATION

1. How do your current facilities help or hurt customer interaction?
2. How will your geographic markets change over the next three years?
3. How will your geographic labor pool shift over the next three years?
4. How would a different location offset recruitment and turnover costs?
5. How does this location relate functionally to other locations?
6. Is your location optimal for delivering products or services?
7. Is your location optimal for receiving raw materials?

DESIGN

8. How many months capacity do you have left?
9. What activities can you now not perform for lack of space?
10. How will productivity (i.e., the space used by staff) change with growth?
11. How do your office or plant layouts reflect your organizational structure?
12. How might you change your workflow or production methods in the next three years?
13. How might new production, inventory, or information systems affect workflow?
14. How does your building's appearance reflect your current corporate image?
15. How does your building design support your corporate culture?
16. Which government regulations affect your facilities decisions?
17. If you were to fulfill your dreams, how big a space or site would you need?

FINANCING

18. Why would you own rather than lease?
19. How do you balance cash flow against liquidity (relevant to project borrowing)?
20. What occupancy cost is affordable in the project's first and third years?
21. What options to expand or contract should you have?
22. What are your firm's risk preferences?
23. What financial benchmarks (e.g., costs as percents of revenue) are available?
24. What equipment leases or purchases need to be in this project's budget?
25. What government incentives might be available for a project?
26. What board presentations and approvals are needed for a project?
27. What will be presented to your lender's loan committee?

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GENERAL

28. What does your competition do with their facilities?
29. What time have you set aside for making and implementing your decision?
30. Can the project proceed without strong consensus among the managers?
31. Will you be able to write a one-page project mission statement?
32. How will you prepare for project negotiations (services, financing, approvals, etc.)?

Call us if you'd like our help answering these questions.