

# Case Example: Master Planning

Master planning is a method used to integrate strategic planning in the facility planning process. The master planning process characteristically considers secondary effects of facility location, design and technology as well as direct facility costs. The benefits in this case exceeded \$0.05 per share per year for fourteen years at improved quality and service levels (after-tax benefits will exceed \$100MM).

## Linking Real Estate Planning With Business Planning

---

Disguised Client Example

---

<u>Situation</u>	<u>Approach</u>	<u>Results</u>
<ul style="list-style-type: none"><li>■ Client had over 30% of its operations concentrated in a metropolitan area with relatively high cost, low quality and scarce labor supplies; annual metropolitan area expenses were \$84.9MM.</li><li>■ Client operated from several scattered locations in the metropolitan area.</li><li>■ Client was unsure of its occupancy and capacity levels.</li><li>■ Client planned for significant growth to meet market demand and opportunities.</li><li>■ Real estate planning was not integrated with business or technology planning with sufficient lead time to create real strategic options.</li></ul>	<ul style="list-style-type: none"><li>■ Identified occupancy and capacity levels.</li><li>■ Identified, modeled and forecasted critical labor requirements.</li><li>■ Identified and forecasted the cost, quality and availability of respective labor and other factors in current and alternative metropolitan areas.</li><li>■ Created alternative development scenarios, and modeled respective capital and operating costs and benefits.</li><li>■ Syndicated recommendations with senior executive management.</li></ul>	<ul style="list-style-type: none"><li>■ Consolidated functions in current metropolitan area.</li><li>■ Competitively sourced two new locations with access to improved talent pools, to accommodate continuing business growth alternatives.</li><li>■ Reduced pro-forma capital expenditures.</li><li>■ Produced predictable improvements in primary and secondary categories of \$17.4MM per year (pre-tax GAAP P&amp;L).</li><li>■ Set up a process to continuously link real estate planning with business and technology planning at the strategic level.</li></ul>