

## PITFALLS TO AVOID IN BIOTECH SPACE PLANNING

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A key responsibility of corporate leadership is to continually evaluate whether the number and profile of employees is appropriate to meet the company business plan. Since employees are assigned places to work, there is a corresponding impact on needs for space. In biotechnology, this encompasses a range of functions, including offices, laboratories, animal care, manufacturing and warehousing. Biotech is a relatively new field where old space standards do not apply and in the new paradigm where innovation and scientific breakthroughs determine success or failure, it is often a challenge to balance space needs and costs while preserving capital. To help meet this challenge, here is a list of “pitfalls” to avoid.

### **Assemble a qualified planning team**

A collaborative and multidisciplinary effort is essential to the planning process and this often requires a combination of in-house and outsourced specialties such as:

- Management: to coordinate with the company business plan
- Finance: to create financial models, analyze lease/own options, tax incentives
- Planning: to identify current and future space needs
- Real estate: to identify sites and locations
- Architect/engineer: to identify issues for site development
- Community liaison: to facilitate interface between company and municipality
- Legal: for documentation related to zoning, development, and transactions

The goal of the planning team is to create a list of clearly identified goals and objectives, approved by senior management, which will serve as the basis by which each and every option will be evaluated.

### **Consider employee needs**

There is a great deal of competition within the biotech industry to recruit and retain qualified staff. When considering site location, companies must take into consideration many factors in order to appeal to potential employees. Factors to consider include regional quality of life, proximity to where most employees live, access to public transportation and/or major highways, parking, and access to amenities such as restaurants.

### **Identify real costs**

It should come as no surprise that people always underestimate the costs for capital projects. There are two types of costs associated with capital improvements: hard and soft costs. Hard costs – sometimes called “brick and mortar costs” – represent the actual cost of construction. Soft costs may include items such as land acquisition, leasing, professional fees, insurance, moving expenses, and furniture. It is important to identify the real costs during the planning stage or you may end up paying 25-40% more than you expected.

### **Power to the people**

It is critical to the planning process that the people who are selected to lead the planning effort are empowered to elicit timely and accurate information from end users within the company. This means they need the endorsement of senior administration so they have the authority to request – and receive – information from department heads. Examples are employee forecasts, equipment budgets, and operating budgets.

## **Forecasting**

A company's department heads, who are responsible to forecast the number of employees required to meet the company's objectives, may not be fully aware of the objectives of the business plan, may not receive adequate funding, or may be inaccurate on their forecasts. This can result in a space surplus or shortage as well as inefficient use of funds. It is important that the company's business plan be compatible with an implementation plan.

## **Know your space**

Tracking space assigned to people and programs requires a sustained effort. Unfortunately, the effort to maintain up-to-date records is often a low priority, even with available space management computer programs. This is a mistake – especially since flexibility is a high priority, enabling biotech companies to change use, change occupants, purchase new equipment, or adapt to new technologies. Without an accurate space inventory, a simple task becomes unnecessarily inefficient and costly. For more ambitious projects, it is difficult to identify space benchmarks so they can be compared with other peer companies.

## **Speak the same language**

Many times, company metrics are inconsistent because different user groups use different metrics to identify space needs. For example, business people use rentable or gross because it relates to leasing; developers use rentable based on BOMA standards; users use net because it identifies assigned space within their control; facilities people and contractors use gross for budget purposes; and, municipalities often exclude non-habitable areas (approximately 20%) for zoning. Be sure you're all on the same and talking the same language before beginning your planning process.

## **Get on the same page**

Everyone has an agenda – hidden or obvious. Department heads and employees may use the planning process as an opportunity to negotiate for more staff, space, and operating budget. While a planning project may prompt a rethinking, these items need to be negotiated with senior management in the context of meeting the company's business plan.

A strategic planning process can do more than just identify how much space your company may need in the future. It can also assist you in separating strategic issues from logistical issues and force you to be clear about your company's business goals. Ensuring that the company has enough space to accommodate staff over the next five to ten years is one of the biggest challenges facing today's biotech industry. A carefully thought out planning process can help companies understand who they are and what they need to do to put the infrastructure in place to achieve their long-term business goals.

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