

Capital Needs Analysis

2008 Leveraging Excellence Award Winner



Background

In 1981, the operating culture at Brigham Young University surrounding facilities management was as follows:

- The focus was on money rather than assets
- Annual funding was an unpredictable roller coaster
- Operating budgets were depleted by “emergency” items
- Facility emergencies were too common
- FM was seen as owning facilities rather than providing a service
- Decision levels were too high
- Regulatory issues were not being funded

In summary, the operating culture consisted of competition for funds, compromise on standards, and confusion across-the-board.

The Challenge

Doug Christensen and the Physical Facilities Department were challenged by the University administration to establish a new philosophy for managing facility-related assets and to deliver a methodology for bringing the vision to reality. Specifically, the administration needed to:

- Optimize the spend of limited capital dollars
- Provide long-term visibility for budgeting
- Eliminate facility-related emergencies
- Maximize the useful life of every asset
- Create a process for funding needs rather than political priorities
- Develop an open software system for repeatable results

The Solution

Doug and team went to work challenging the existing FM practices and identifying weak links in the process. The result was the inception of the Total Cost of Ownership / Asset Lifecycle management method. In short, the integrated system they developed from scratch focused not on money and projects, but on locations and assets. This method allowed for extremely accurate capital funding, planning, and projecting of future needs. In addition the system helps with:

- Asset re-capitalization
- Retrofits and renewals
- Improvements and modernization
- New asset planning
- Cradle to grave asset management

The Results

Since the implementation of the internally developed capital asset management system, BYU has experienced the following benefits:

- Saves tens of millions per year
- Spends 33.4 percent less in capital renewal than comparable institutions while maintaining an extremely high standard or quality (as per APPA report)
- Reduction in overall maintenance cost by using system data to identify best performing assets (efficiency, useful life, maintenance record)

Accolades

- General Accounting Office (GAO) recognized BYU as a “best practice” in Capital Asset Management (NSIAD-99-100)
- “This system has led to a clearer understanding and definition of operating and capital budgets” -Federal Facilities Council (Investments in Federal Facilities:Asset Management Strategies for the 21st Century, 2004)
- 2008 – NCCI Leveraging Excellence Award
- 2007 – APPA Center for Facility Research Award “Buildings: The Gifts That Keep on Taking”
- 2004 – APPA Effective & Innovative Practices Award – “BYU Capital Needs Analysis” program

Leverage BYU’s success at your institution!

Would you like to learn more about the “Capital Needs Analysis” principles and philosophies that were developed by Doug Christensen at BYU?

Email Doug and request that he send you his “Mastering Capital Asset Management” presentation. This presentation will explain the core principles of the lifecycle approach to managing assets and help you begin the process of taking control of your facilities.



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For detailed materials on the BYU’s “Capital Needs Analysis” program, contact Doug Christensen at douglas_christensen@byu.edu or 801-422-5701.