

Guide

5-Minute Guide to Reducing Operating Expense

Introduction

Operating expenses are what it costs to run a building. They include everything from keeping the lights on in common areas, sweeping the parking lot, and cleaning, to heating, cooling, and equipment maintenance. No matter what the lease structure, operating expenses are a significant concern for tenants and property managers. They are the costs of doing business.

Some operating expenses are recoverable; others are not. Regardless, reducing operating expense benefits everyone. In a crowded market, it delivers a competitive advantage to landlords, and it is a proven means of increasing net operating income (NOI).

In this guide, we'll examine five areas where building owners and property managers can take control of and reduce operating expense:

- ✓ Work Order Management
- ✓ Preventive Maintenance
- ✓ Inspections
- ✓ Vendor Selection
- ✓ Insurance and Compliance

And we'll see the role technology can play in supporting each.

Research has shown that tenants who are satisfied with property management are three times as likely to renew leases.

[Source: The Economics of Tenant Retention, Turnkey Invest Properties](#)

Reducing OPEX begins with Work Order Management

Today's property teams are facing rising tenant expectations for their buildings along with pressure to keep operating expenses lean. As property teams try to find new ways to differentiate their buildings without exceeding their budgets, they should consider implementing a better process for managing work orders.

Now, optimized work order platforms help property managers to manage and prioritize work order requests easily. These platforms replace cost inefficient manual processes that lead to duplicated work orders or work that simply falls through the cracks. Tenants are given fast resolutions to their maintenance needs, keeping occupancy rates high.



Create Prioritized Lists

The ability to create prioritized work order lists will help you quickly determine what needs to get done and when. Filter lists to find pertinent information sooner, sorting by urgency level, team member assignee and completion status. With these detailed list views, you can be confident that you're triaging requests effectively and responding to the most pressing issues first, rather than responding haphazardly and keeping tenants with major issues waiting.

Monitor Progress

It's important that you're able to monitor your team's Work Order process to make sure that jobs are being completed on schedule. Your work order system should give you full visibility into your team's performance so that you know who's getting work done, and who's falling behind. This data will enable you to reassign tasks and reset priorities as needed.

You can also improve your team's performance by clearly defining SLAs, and track work completion relative to these targets. Find a work order solution that condenses this information in one central location, allowing you to easily identify performance trends and act upon them sooner.

“Being “Best in Class” means comparing sentiment and operating results to benchmarks whenever possible. Finally, it means knowing where you stand with tenants all the time, not just when you’re about to do an annual survey.”

— Michael Beckerman, Founder,
The News Funnel



Collect Real-Time Feedback

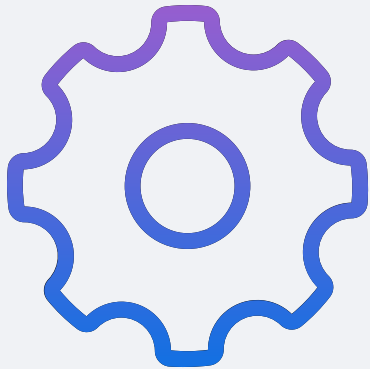
Rather than waiting for annual satisfaction surveys to collect tenant feedback, you should be collecting feedback and adjusting your processes regularly. A streamlined work order system will enable you to automatically request tenant feedback after the work order is completed, helping you to identify bottlenecks and make improvements sooner.

Unite all stakeholders on one work order platform

To keep information and processes consistent across all users, find a work order solution that unites tenants, administrators and engineers on one platform. Prism’s Work Order Management module has the functionality you need to streamline, prioritize and manage work order requests effectively. Our software operates with a management by exception approach to inform managers quickly when issues that are not getting the attention they need, while reducing the time engineers spend managing work orders.

Performing routine repairs can...¹

- ✓ Help to circumvent costly large-scale repairs.
- ✓ Increase equipment uptime and availability by 10–20%
- ✓ Reduce overall maintenance costs by 5–10%.



¹<https://www2.deloitte.com/us/en/insights/focus/industry-4-0/using-predictive-technologies-for-asset-maintenance.html>

Extend the lifespans of your most important assets

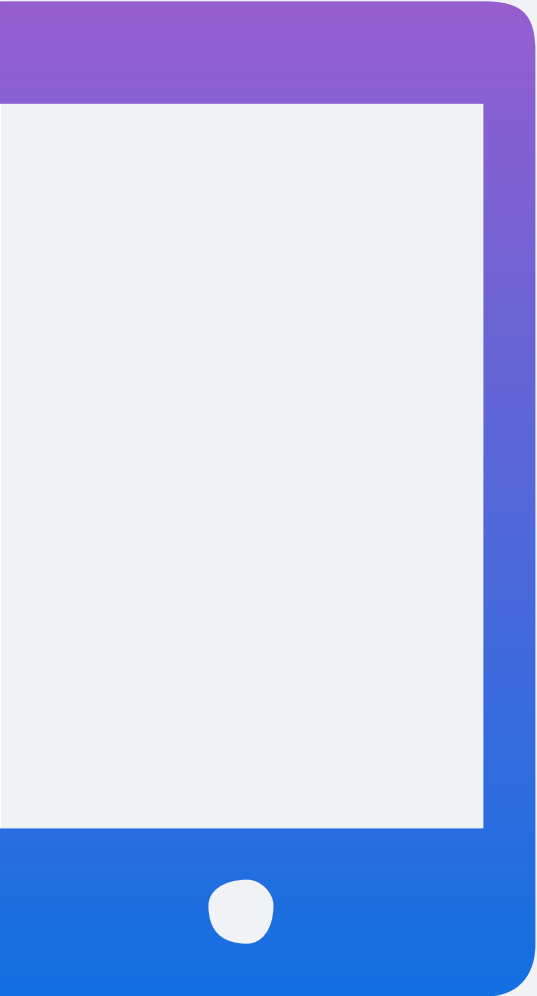
A comprehensive preventive maintenance program increases the longevity of equipment and property by about 10x. That's a good reason to invest in one. But often, property teams find themselves trying to stay ahead of equipment breakdowns in a “hair-on-fire” reactive mode. The idea of preventive maintenance is to take care of equipment on a regular basis to avoid costly breakdowns and the service outages they cause. Moreover, preventive maintenance allows property managers to budget for replacing equipment, based on maintenance records and the industry-standard life expectancy of a particular asset.



Create a Master Maintenance Schedule

A master schedule is the cornerstone of a preventive maintenance plan. To create one, you need to know the lifespan of each piece of equipment and its time in service so far. Manufacturers typically state an equipment's expected life and suggest maintenance intervals in their standard operating procedures (SOPs).

Even small buildings have quite a bit of equipment. Manually cataloging and keeping maintenance records for all your equipment is a time-consuming endeavor. In fact, for a large building, it's probably a full-time job, especially since no single maintenance interval will fit every piece of equipment. Consider using software to automate the process and continuously check maintenance activities.



Manage Preventive Maintenance from Anywhere

Maintenance issues don't always happen while you're at a desk, so you need the ability to address maintenance issues on the go. [Preventive maintenance software](#) with offline access can help engineers report problems from the field, instead of having to return to the office. Mobile capabilities also make it easy to access maintenance schedules. That way your team can stay on task with preventive maintenance, often catching small problems before they turn costly.



A study by Jones Lang LaSalle found that organizations that implement a structured preventive maintenance program see a 545% return on that investment over time.



Adjust Your Maintenance Schedule Based on the Data

Once your preventive maintenance program is up and running, it will produce data you can use to fine tune your master schedule. As building engineers service equipment and submit reports, your maintenance software can provide an overview of equipment health via dashboards that display service history, maintenance intervals, open issues, and service completion status. With this information, you can schedule maintenance more frequently on equipment that's struggling and avoid sudden breakdowns.

An Ounce of Prevention

A good preventive maintenance program can dramatically extend the lifetime of equipment while it lowers operating costs. And the right software can make implementing it remarkably easy. With Prism's [preventive maintenance module](#), it's easy to stay on top of maintenance and make your building more profitable.



Do You Know What Shape Your Properties Are In?

Without routine, standardized inspections, building problems or about-to-be problems can easily go unnoticed. So, instead of catching a problem when it's minor, the issue becomes an expensive fix or replacement. When it comes to your property deteriorating, ignorance is not bliss. You need a standardized inspection process for every property, so you're always aware of its condition.

While you could manually create an inspection process and track the results by hand, it's easier and more effective to use [inspection software](#), which automates the process, offers mobile capabilities, and provides real-time visibility into the condition of your properties. And the software will guide you through every step.

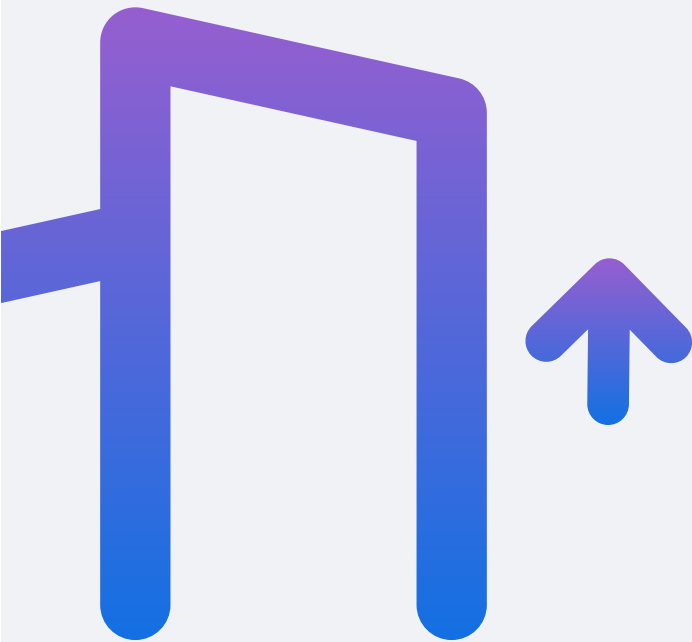


Streamline Inspections with a Template

An inspection template ensures that you evaluate the same conditions and gather the same data with every inspection. No critical areas are missed, and you can track how property conditions change over time. Inspection software can help you create and format a template that covers your entire building, with options to upload video or images, and even launch a workorder during the inspection.

Set Inspection Targets

Like a master schedule for preventive maintenance, inspection targets establish tangible milestones that confirm routine inspections were completed by your team. Set recurring dates for routine inspections and deadlines for ad hoc inspections. Again, managing this process manually is a time killer. With inspection software, you can set reminders for pending inspections, so your team can operate independently.



Monitor the Condition of Your Properties

The data produced by regular inspections is a gold mine of insight for property managers. Inspection software provides analytics that allow you to spot trends, get ahead of problems, and save money by addressing them quickly. Inspection data can also help you compare the general “health” of all your buildings, so you can see which buildings in your portfolio are operating below peak efficiency.

Regular Inspections Pay Long-Term Dividends

Regular, standardized inspections are a must-have for the modern CRE portfolio manager. The Prism platform’s inspection module can automate the process of managing inspections, reducing costs while maintaining buildings that operate at peak efficiency.

“Creating bids is a miserable process. One reason why people don’t want to send bids is because it is a pain. If you already know a vendor, why waste time on it to find another? But with an easy-to-use platform, such as RFP Automation, that simplifies the process, they are more inclined to do so. **RFP Automation pays for itself, simply on the time that it saves.**”

— Bill Hamilton, Director of Property Management, Spinoso Real Estate



Taking the Pain Out of RFPs

For property managers, RFPs are a necessary evil. Just generating them is labor intensive. Then there’s all the follow up — waiting for vendors to respond, evaluating them, and comparing bids. It’s endless. And, at the end of all this, you hope to have a qualified vendor who will do satisfactory work at the agreed upon price. So, there’s no getting around the RFP.

But, with [RFP automation](#), you can make it much faster, easier, and less frustrating to generate, track, and manage RFPs. Here are five ways RFP automation can help.

**Prism RFP Automation
reduces operating
expenses associated
with vendor and project
bidding 80 percent..**



Use a Template

We saw how templates can help in preventive maintenance scheduling and standardizing inspections. They're just as helpful in creating RFPs. No more starting from scratch every time, staring at a blank Word doc. RFP automation software provides a ready-to-use template you can customize. You can also save multiple versions of the template for various job types. Fill it out and you're ready to go.

Find Trusted Vendors

Of course, you want to use only trusted vendors. Often the way property managers find trusted vendors is through referrals – and, unfortunately, through hiring a few untrustworthy ones. Gradually you build a list of vendors you can rely on.

With RFP automation software, you can also use verified vendor networks or databases to search for vendors and double-check any recommendations you get. Only reliable vendors with excellent service histories make it into these networks and databases. They are another great time saver.



Stay on Top of Vendor Responses

Once you've sent RFPs to your trusted vendors, you need to keep track of them. Even with vendors who made it onto your trusted list, there will still be some who are slow to respond or may not respond at all. So, you must follow up. And when vendors do respond, you need to answer any questions promptly. RFP automation software can handle this process for you, dramatically shrinking the vendor selection phase.

Create Side-by-Side Comparisons

Another way RFP automation software can help you pick the best vendor for your job is through making it simple to make side-by-side comparisons. These comparisons show which vendors offer the services you need, at a price and in a time frame that meets your requirements. User-friendly tables highlight important information, so it's easy to see which vendor is the right fit.

60% of RFPs managed through Prism secure a new vendor that's a better fit than the traditionally preferred vendor.



Retain Your Bids

RFP automation software automatically retains the bids and email communication you receive from vendors so you have thorough documentation for every job — and a valuable source of information that's easy to access six months, a year, or even many years down the road. For example, if you had your parking lot repaved three years ago and it needs repairs, you can find the vendor who did the job and review how it went. The more you use RFP automation software the more value it creates and the more it helps you reduce operating expense.

RFP Automation — Better Vendors, Faster

It would be hard to make a case for continuing to handle the RFP process the old-fashioned way. It's a tedious, time-consuming nightmare that's often error prone on top of everything else. The Prism operations platform has a highly sophisticated [RFP automation module](#). Once you try it, you'll wonder why you waited so long.

Most CRE firms have a compliance rating under 50 percent.



Lowering the Cost of Managing Risk and Improving Compliance

Here's a shocking statistic: Most CRE firms have a compliance rating under 50 percent. If you're one of those firms, you risk multi-million-dollar claims. But, tracking compliance and certificates of insurance (COIs) is another one of those CRE headaches that seem like a battle you can't win.

Well, one solution is property management insurance software. It automatically tracks COIs, provides risk assessment, and offers access to expert support. Here's how it could work for you.

“Modern CRE companies have two choices: They can see the addition of technology to their businesses as an overwhelming and scary change to what they've always known, or they can embrace it. Emerging technologies are quickly becoming what sets real estate companies apart from their competitors, and are vital in reshaping the way real estate works.”

— [Arian Nemat](#)i, ForbesGroup



Automate Certificate Tracking

Instead of manually keeping track of your certificates, property management insurance software can do it for you. Usually, tracking your COIs involves manually entering certificate data. This takes a significant amount of time — and there's never just one COI. So, it's easy to lose compliance without realizing it.

Property management insurance software can read and record COI information. That means it's always up to date and available for audits. Plus, insurance agents can directly upload necessary documents through their own portal.

Automated certificate tracking can increase compliance while eliminating the time and expense of manual solutions.

Gain More Insight into Risk

Compliance has many moving parts, like expiring or missing COIs. It's hard to keep up, especially across a large portfolio of properties. Insurance software can deliver real-time visibility through a dashboard that displays which COIs are valid, expiring, or missing. You can set up alerts to warn you when COIs are about to expire, so you can renew them and remain compliant. Through the dashboard, you can also drill down into the details of each COI and generate reports for internal and external audits.



Rely on Expert Guidance

Insurance software can also support automated processes that save time and money with expert guidance. It's the job of these experts to stay abreast of trends in the property insurance industry and to suggest ways to remain compliant and industry regulations change. These experts can also work directly with vendors and their agents. The cost of this expert guidance can come bundled with the price of your insurance software and is far more economical than hiring an insurance advisory firm or hiring your own in-house experts and staff.

Take the Struggle Out of Compliance

Most CRE firms struggle with compliance. And it takes more than good intentions and effort to eliminate the struggle. With automated certificate tracking, greater visibility and expert guidance, the [Prism insurance module can take the cost, complexity, and risk out of compliance.](#)

Prism. The Future of CRE Operations Today.

Get Started Today

Could your team benefit from reduced operating expenses?

[Learn more about Prism.](#)

For over 15 years, Building Engines has helped commercial property owners and managers increase NOI, while delivering outstanding tenant service. We've built [Prism](#), our enterprise-strength, interoperable operations platform, to offer the most advanced CRE technology stack in the industry. Its open, micro-services architecture has been designed to offer rapid time to value with unmatched power and flexibility. planning, and smart building technologies.



About Building Engines

Building Engines is trusted by hundreds of commercial real estate organizations who manage billions of square feet. Prism will not only help you get the job done today. But it will prepare you for what's to come.

Exceptional Building Operations. Extraordinary Business Outcomes.



ADDRESS

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