

## Turbulent times - Where are the cost savings?



### Cost Consultants

Newsletter  
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#### **Cost Savings in ENERGY - the secret marriage of operations and construction?**

Our continuous aim is - as with developers, professionals, financial institutions, building owners – to increase revenues and decrease costs , while keeping our shareholders happy. We review our budgets over and over again – in the search for savings. One of the items that comes back again and again is - our waste in energy resources. We do not know exactly the extent of the energy loss/waste is but we all know that there is waste and that we can do better.

How do we do better? We can start with the energy audit – power and/or gas/oil rate structure, analysis of energy bills and auditing equipment records. Subsequently, there are energy efficiency recommendations including analysis of possible options and investments and profitability compared to the returns. For more information on the energy audits please contact [info@emanagepro.com](mailto:info@emanagepro.com).

One of the major culprits in the current crises has been the disconnect between the building OPERATIONS and projects CONSTRUCTION. The initial design of projects frequently does not account for the long term maintenance operational issues. Similarly, operational strategy does not take into account the construction project spending constraints (outlined in the projects investment business case)

In order to plan and implement efficient energy strategies, the operations and constructions need to get married ☺ i.e. work in partnership towards the same goal – efficient energy sources, sustainable sources - whenever possible and efficient building envelopes.

Even if we are not financially affected by the energy losses, we are affected by the environmental pollution. It is crucial for us to have better

understanding more about sustainable energy sources.

### **Cost Savings - Four myths - consultants fees**

The investors, owners are frequently mystified – am I getting the value (benefit/cost) for consultants services am I getting? What is the fair fee, how do I assess it? How is the consultant motivated to provide me the best services? Is he/she sitting pretty because it is cost plus arrangement?

Yes, the fees are small compared to the hard construction costs, but they have significant impact on the bottom line financial returns, so they cannot be ignored.

#### **The myths:**

- 1. Nice people provide the best service.** As it is with doctors, financial experts and other professionals, the expertise in a given area is the most important. Understanding and listening to the owners requirements, quick response time – is important but not enough. Number one in priorities is the latest (2009) expertise, in the specified area. This expertise creates value for the owner!
- 2. Bigger is better.** The bigger, brand name ,company gives us a feeling of reassurance . Yes, bigger may have more resources , but they are really devoted to you? What is more important a) with whom you are signing the contract or b) who is actually going to do your job? The quality of the person(s) working on your projects – this is what important. Small company but competent consultant, hungry for work, will give you equal - or superior - service , as compared to bigger company.
- 3. Owner/developer delegates full responsibility to the consultants.** As it is with non construction professionals - the financial consultants and doctors - never give free reign. In our business it is the owner who is steering the boat and has to give clear direction, criteria and priorities. Lack of direction, unclear scope - to the consultant - creates additional fees!
- 4. The cheaper the fee, the better deal I am getting.** It is the value that is the most important ( =benefit/cost), not dollars alone. The cheap price for product that does not fit, or is poor quality - is not - money well spend and it creates additional expenses!

For more information on procurement of consultants please contact [info@emanagepro.com](mailto:info@emanagepro.com)

**Do you want to be social entrepreneur?**

For a number of years, eManagePro has been sponsoring a child Baldwin, now age 11, in Zambia. We are now committed to fundraising towards building of school in Mozambique. If you are not social entrepreneur, please become one by helping us to build the school. For details contact us at [info@emanagepro.com](mailto:info@emanagepro.com)