



assessing *the* RISKS

BY STEVE WEY, VICE PRESIDENT
TRANE NEW YORK – NEW JERSEY



With more than 30 years of experience, Wey delivers economically and environmentally responsible solutions to colleges and universities, K-12 schools, industrials, and other businesses throughout New Jersey and New York. He leads more than 300 sales, service and aftermarket parts and supply associates in providing building owners and their influencers with energy efficient HVAC-R systems and services.

Wey has been active in the industry through several associations, including ASHRAE, NAIOP, PASBO, and BOMA during the past 30 years. Wey holds a Bachelor of Engineering Science degree in Environmental Engineering from Johns Hopkins University in Baltimore, Maryland.

As buildings owners and managers, you must do all you can to ensure that your operations stay healthy in this challenging economy. Crafting new building management practices aimed at cutting and maintaining costs — without significantly affecting occupants and stakeholders — deferring non-critical expenses, and stretching the life of your building systems, are all strategies that can contribute to the bottom line health. While your first priority must be to survive the current downturn, keep your long-term focus on maintaining the value of your building investment.

To do so, understand your own level of risk tolerance and the different types of risk involved in crafting new building management and cost-cutting strategies. Here is a proven method that can help us frame the thought process for assessing the impact of risk in asset management decision-making:

- 1. Understand the Current State** – To gain a clear understanding of the current state of operations, undertake an audit of your building's critical systems (identify and assess). This may already be part of existing service agreements with service providers, manufacturers or installers. A comprehensive building systems audit by a professional will indicate how well the building and systems are performing and help identify any specific areas of vulnerability or opportunities to improve performance. A best practice is to update this audit annually.

continued on page 9



2. Assess Overall Risk – The information gained in the audit, paired with knowledge of the building's current and planned uses and occupant needs, will help inform an assessment of what risk a system failure might pose. The question, "What if...?" at this stage highlights the level of criticality and can be used for contingency planning. In cases affecting production, productivity or safety, system failure is often not a viable option.

3. Prioritize Areas of Risk – Knowing the overall risk and the vulnerabilities of a system, as well as stakeholders' needs, will identify the locations of highest criticality and help identify and prioritize the areas of greatest risk. Those components of the system that can cause total system failure and drive considerable unplanned expense and disruption obviously must take top priority.

4. Analyze Critical System Requirements – Consider which risks your organization can assume based on the expertise of your staff and key stakeholders, and identify those of a highly technical nature

that you may need to outsource. Determine those activities that will mitigate risk in the areas of greatest vulnerability to the facility and focus efforts there. Primary OEMs can provide a method and template for performing critical systems surveys and analysis, as well as recommend ongoing services.

5. Understand Stakeholder Requirements – Listen to stakeholders and understand what is specifically critical to them. For instance, staff workers and lessees want a comfortable environment with high Indoor Air Quality. Occupants and rent-paying tenants must be kept happy, and employers must maintain an environment that facilitates optimum productivity.

6. Identify Solutions for Your Situation – Now is the time to ask: What can I do to make sure my boiler doesn't fail at a bad time, or my air conditioning system doesn't begin to filter during peak cooling? An initial audit of critical systems will highlight any possible upcoming issues or physical vulnerabilities

with any building systems.

7. Strategically Approach Maintenance and Repairs – If resources dictate that you may have to choose between making one of several repairs, focus on the components that could cause the most secondary damage if they break. Meanwhile, don't defer maintenance. Doing so to save money in the near-term is a poor practice that places crucial assets at risk for more-extensive damages and costlier repairs in the future. Follow OEM-recommended maintenance procedures and inspection. Work with a skilled service provider to assess system health, maintain spare parts inventories, and perform routine inspections so you know when to budget for replacement or repair before trouble occurs.

As building owners and managers, you'll continue to face increasing pressures to keep your bottom-line healthy. But while undertaking new cost cutting measure could benefit the short-term, they could prove damaging in the long-term. Before acting, it's now more important than ever to identify and understand all the inherent potential risks involved in adopting new building management strategies — and to balance the resultant outcomes against their cost-cutting benefits.