

Weighing Alternatives: Remodeling Versus New Construction

■ *Every company has unique circumstances that influence whether it should remodel or build new space*

■ *A feasibility study considers both quantitative and qualitative aspects of your facility project*

■ *Based upon these considerations, you can select the option that achieves your facility and business goals*

A feasibility study includes graphic representations of your facility options.

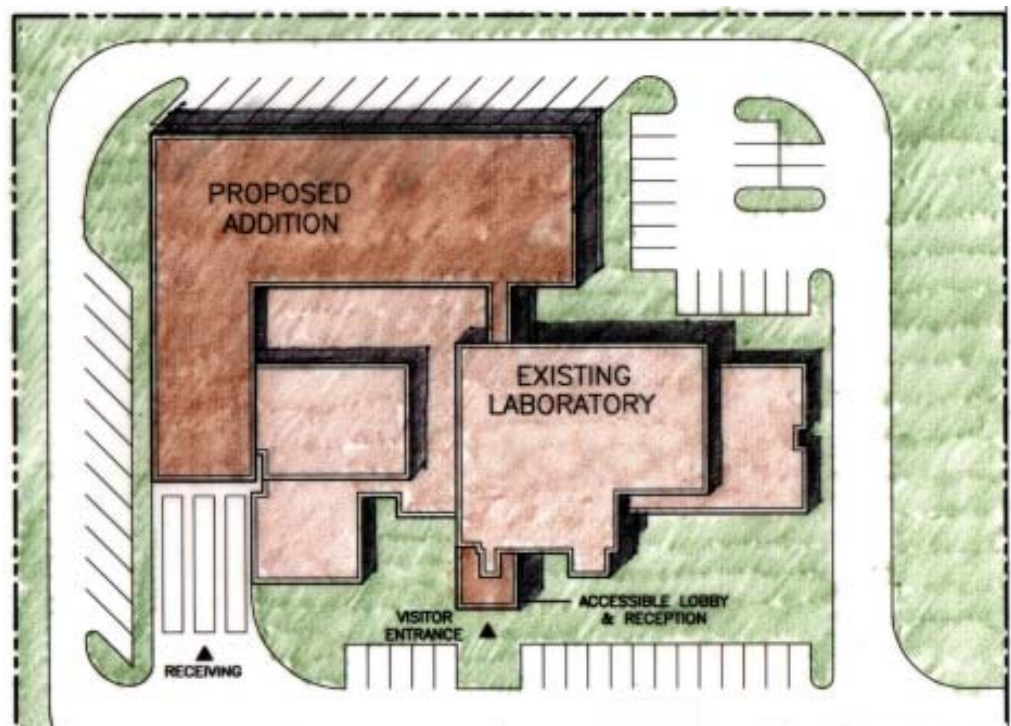
There is no rule of thumb to determine whether you should continue to remodel your existing building or construct a new facility. Each company and every situation has a very unique set of criteria that must be considered carefully throughout the decision making process. Your architect can help you make the correct decision by performing a feasibility study of viable facility alternatives.

For example, after a Madison area biotechnology company remodeled their office and laboratory suite several times to accommodate changes in their growing business, the space became less and less efficient for their operations. Confronted with yet another major remodeling, they took a step back to evaluate their options: (1) continue remodeling, (2) build an addition or (3) construct a new building. By taking the time to com-

plete a feasibility study, they were able to identify and weigh important quantitative and qualitative factors, thoroughly evaluate options, and recommend to their Board of Directors the option that best supports the firm's long-term plans.

Issues that may cause a business owner to evaluate remodeling or new building options include:

- Initial capital costs
- Numerous remodeling projects that have created a "rabbit-warren"
- Exceeding capacity of existing utilities, such as electrical/gas/air conditioning
- Dramatic change in business process or product
- Sale or restructuring of the company
- Desire to portray a new image



Important Remodeling vs. New Construction Considerations

- What is the project's objective? If it's to freshen a look rather than support growth, then remodeling might be the best, most economical decision.
- Will remodeling support future growth and expansion?
- Will remodeling or new construction create better operational efficiency?
- What are the cost comparisons?
- Will construction disrupt operations?
- What image is best for your company?
- Is scheduling a determining factor?
- Does owning a facility offer investment advantages?
- Is the location ideal, or will relocation offer an advantage?
- What capital is available?
- How marketable is the existing facility, assuming that you own it?
- Is there vacant land available to build new, or is a brownfield site available?
- Will remodeling trigger code-related improvements, such as ADA compliance?
- How much downtime will occur during remodeling?

- Outdated finishes and furniture
- Layout does not support efficient operations

To effectively evaluate and compare facility options, this biotechnology company carefully evaluated both quantitative and qualitative issues. Quantitative items such as construction cost, financing, moving costs, cost of disruption, increased efficiencies, etcetera, were amortized over the life of the

lease or condensed into annual expenses so that each option could be compared. The more qualitative issues, including technological advantages, recruitment and retention, future growth potential, impact of construction, corporate image and location were important considerations of the feasibility study.

In this case, the biotechnology company decided that circumstances favored building a new facility and selling the existing. While cost certainly was a factor, increased operational efficiency and future growth capabilities weighed more heavily in the decisionmaking.

If you face the decision whether to remodel or build new space, be sure to consider your special circumstances, including qualitative and quantitative drivers. By taking the time to consider all of your options, you will identify the facility solution that will most efficiently support your evolving business. ■

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