



# Legal Industry Council Brief

Legal Industry Networking & Communications Channel

Oct 2003

## IFMA LIC President's Message



by Donna E. Baker, CFM

**F**ALL...a time for cooler weather, shorter days, vacations ending and kids back in

school, work schedules heating up, and everything getting back to normal. It's also a time for the IFMA World Workplace Conference, this year in Dallas, October 19-21. The LIC Annual Meeting will also be held in Dallas, on Friday, October 17th, at 3:00 PM at the firm of Thompson & Knight. You're all invited!

The recent LIC poll shows that, out of 25 members who responded:

- 9 - will be attending the conference in Dallas
  - 6 - will be coming early to attend the LIC Annual Meeting
  - 6 - will be joining the LIC group for dinner on Friday evening
  - 1 - will be staying for the Leadership Training
  - 9 - will join the group for lunch in the EXPO Hall
- Hotels are split between the Hyatt and Adolphus

The LIC Annual meeting will include officer selection, developing a plan for membership growth and improvements to the IFMA and ALA salary surveys. Our host firm, Thompson & Knight, will

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offer a tour of their facility following the meeting.

I encourage everyone to attend this conference, and other educational sessions, to continually learn and enhance the skills we use in our busy world, to network and establish new friendships and resource contacts, and to enjoy what we do!

For photos of last year's conference in Toronto, go to the LIC website at [www.ifma.org/hosts/lic/](http://www.ifma.org/hosts/lic/) and check out the Photo Album. Stay tuned for photos from this year's conference.

It's not too late to join your fellow LIC members at WWP 2003. If you can't make it this year, start planning now for WWP 2004 in Salt Lake City!

*Donna Baker is Administrative Services Manager at Stoel Rives LLP in Seattle.*

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## Top Ten Ways to Save on Tenant Improvements

When you face moving once every seven years on average, it's difficult, if not impossible, to develop and maintain the expertise to support tenant improvement projects. Not only is there a considerable amount of technical knowledge required, but the demand on time is always underestimated.

Here are a few lessons we've learned that may come in handy.

## Ten Best Ways to Control Tenant Improvements Costs:

1. Develop a budget early, especially when capital is finite and the scope of work is subject to the availability of funds. Most businesses don't understand the magnitude and diverse source of costs associated with relocating. There is frequently a significant gap between what they want and what they can afford. A preliminary budget starts setting the expectation while getting the executives thinking about priorities and what they are willing to spend.

2. Establish a realistic schedule. Just as changes occur during projects, schedules should reflect potential delays due to weather, material deliveries, and labor shortages in a busy market. If common sense is sacrificed in creating unrealistic expectations, no one benefits. The general rule is to add 15% to 20% to the timelines provided by the general contractor. Unrealistic schedules can result in contractor overtime, expedite and/or warehouse charges, and noncompetitive lease extensions.

3. Senior management must be engaged from concept and design through the punch list. The lack of involvement frequently results in costly changes when it is least affordable, in the final stages of the project. Adequate time must be allocated by senior management to consider design and finish details. Pre-construction meetings are a good time to verify intentions and reconfirm their vision for the facility. Finish Meetings are highly recommended, and a good time to consider material alternates.

4. Construction documents must be coordinated. Everyone must be on the same page" before and during the project to minimize change orders. Signing off on drawings helps ensure that architects, engineers, owners, and contractors have reviewed the drawings in detail. It is estimated that 15% to 35% of all change orders can be traced to unresolved drawing coordination issues. General contractors need to track and regularly cover with subcontractors the latest drawing revision dates, submittals, Requests for Information (RFI), Architectural Supplemental Instructions (ASI), and change proposal logs.

5. When considering material and contractor alternatives, use good business. Too often the lowest bidder automatically gets the job when major differences in price should send warning signs. Out of pattern pricing is usually the result of the provider not understanding the scope or specified materials/finishes. Project managers must recognize the need to make sure everyone is bidding with the same assumptions and recognize that some contractors will low-ball to get the work, and then make up the difference in charging for the smallest modifications. Good general contractors can help you sort out the wheat from the chaff.

6. Confirm assumptions and exclusions, then eliminate those exclusions that are important to the successful coordination and completion of the project. Bidders may exclude a work element if the requirement is not well defined, lacks detail, or there is not a comfort level with the task(s). General contractors will summarize exclusions in their executive summary, however, securing and reviewing the actual subcontractor documents is recommended. Frequent exclusions to look for and resolve include: Connecting furniture whips, providing pathways for cabling and to security doors for low voltage wiring, providing and connecting security door power supplies, upgraded fire suppression systems, concrete cutting or patching, permits, and sales tax.

7. Conduct pre-bid and pre-construction meetings to get consensus on project requirements/specifications and resolve questions. The understanding of the end user's goals and expectations needs to be shared with the contractors. This is a time when trust and respect can be built through give and take. Set an environment where value engineering can take place and the value of working together can be recognized. Getting started is exciting and an ideal time to build your team.

8. Avoid paying for work identified the Work Letter" as the responsibility of the landlord or their representative. Often included as an attachment or exhibit to the lease, the Work Letter should clearly define the responsibilities of the landlord preceding and during construction. Good design will incorporate lighting and HVAC allowances, while project managers can frequently pass back charges

for demolition, sprinkler installation, emergency evacuation systems, riser availability, ceiling repair, floor preparation, window covering, and other general conditions defined in the letter.

9. Include key subcontractors in your construction meetings to avoid coordination issues and get better and Quicker resolution to field condition solutions. Most general contractors will make construction meetings optional for electrical and mechanical sub-contractors. Project managers from these disciplines can be invaluable in problem solving, coordinating changes, and in identifying the up and down sides of decisions. When the team participates it contributes to more coordinated, better, and faster decisions that result in saving money and time. Engaging client contractors at the appropriate time can have an equally beneficial impact (i.e., voice-data cabler, security, furniture, etc.).

10. Closely monitor the Change Proposal process, from timely initiation to markups and approvals. The majority of tenant improvement projects today are completed on tight schedules with clients anxious to maximize their return on equity. To avoid delays, verbal approvals are frequently given on rough pricing estimates. This process jeopardizes the budget integrity and can lead to hard feelings when project managers have to reconstruct what work was in scope, beyond scope, and what was actually approved. Establish a process early, with schedule expectations and a written approval process to be completed before resources are allocated. Keep a log and monitor mark-ups and fees to ensure compliance to the contract. Keep documentation on contractor bids for comparison against industry standards for similar work.

If you can successfully manage these ten elements of your project, saving from 2% to 10% of your construction budget is entirely feasible. With that kind of savings opportunity, it puts a whole new spin on the value of professional project management help.

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Roger Merritt, Director of Facilities Management Services for JPC Architects. He has over 30 years of business experience, with more than half of that time working in the*

*construction and facilities management fields. He can be contacted at (425) 641-9200,  
<http://www.jpcarchitects.com>, E-mail  
[rogerm@jpcarchitects.com](mailto:rogerm@jpcarchitects.com).*

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## LIC Donation to IFMA

By unanimous vote, the LIC Board has approved a \$500 donation to the IFMA Foundation. This donation will be mentioned at the IFMA Foundation Gala event at World Workplace 2003 in Dallas on Saturday, October 18th. This is always a fun event with entertainment and great food. Plan to attend!

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## Greetings from Toronto

*By Claire Hardie*

The slogan on a current popular T-shirt sums it up quite well:

I survived Toronto:  
 ✓SARS  
 ✓West Nile  
 ✓Mad Cow  
 ✓SARS (again!)

It definitely wasn't a good spring in Toronto, but we survived. The summer weather has been hot and sunny (when it wasn't raining), and tourists have started to return to our fair city. We still walk in the parks in spite of mosquitoes, and enjoy a good cut of beef. And no one we know personally was even afflicted by SARS let alone was one of the 42 people who died from the respiratory ailment.

Yes, 42 people have died from SARS in Toronto, a few hundred more were stricken and recovered, and several thousand were quarantined, in a city of over 4,000,000 people. The common flu kills more people every year than SARS did. So how was this disease able to bring a city to its knees? In a word ... Fear.

SARS is a communicable disease that can be caught **only through prolonged direct contact with a person who has the disease, at a time when the disease is in its contagious stage.** That's how it was transmitted to family members, and within hospitals. All the cases of SARS in Toronto were traced directly back to one person who had stayed at a

specific hotel in China - she passed the disease on to her son and daughter-in-law, and among them, they infected health care workers in three different hospitals. Other patients in the hospitals were also infected, and so it spread. SARS attacked through hospitals, and was contained and defeated within the health care system.

I don't mean to sound like sour grapes (well, maybe I do), but I strongly believe that the media did us a great disservice with its coverage of SARS. When we needed facts rather than speculation, when we needed everything put into perspective, and when we needed the world to know that we were coping and safe, the media's fixation seemed to be on how many people were wearing masks (answer ... in the hospitals, everyone ... on the streets of Toronto, virtually no one). Fortunately, the press conferences given daily by our health care officials were shown live and often in their entirety. There were also SARS information lines and Web sites, including ones run by the Centre for Disease Control in Atlanta, and the World Health Organization. Anyone in Toronto who wanted to become better informed could certainly do so. Unfortunately, those outside Toronto saw what the media chose to show the world. The fear spread, travellers/tourists avoided the city, and business plummeted.

Just as the first round of SARS appeared to be at an end, the WHO travel advisory had been lifted and Toronto businesses were taking baby steps toward recovery, we were hit with the second round (actually, a dormant first-rounder that had escaped detection). This, I think, is when Toronto experienced its finest hour. People who had calmly gone to work every day, but had otherwise stayed away from public gatherings "just in case", decided they were tired of having their lives restricted and weren't going to take it any more! Suddenly, spontaneously, people started going out to restaurants again. Theatre owners slashed prices of tickets, sporting events were dirt cheap (or even free), hotels made up special package deals, street festivals were on again, top Canadian entertainers banded together for concerts, home-town boy Mike Myers spoke up on *The Tonight Show* ... sorry, I'm getting carried away here! The point is, Toronto was, and is, alive and well.

So, how did the law firms in Toronto manage during SARS?

First, all the lessons we had learned about disaster recovery/business continuity planning went right out the window. We knew what to do if a building had to be evacuated, if the computer system crashed, if data were not available to our lawyers. But this situation was the very opposite ... it was the people, not the systems, that were at risk. The fight/recovery became Human Resources driven, with Facilities Managers playing an important role.

The battle was waged on a number of fronts simultaneously. Health officials emphasized that the main line of defence was proper hygiene. People were urged to wash their hands frequently, and signs were put up in many washrooms showing the correct technique. Do you know the proper length of time you should scrub your hands? Twenty seconds - or the length of time it takes to sing one chorus of *Happy Birthday!* And fingertips are particularly important.

Several firms handed out "sanitizers" (i.e. an alcohol-based cleansing lotion) to all their employees, while some landlords installed sanitizer dispensers in all base building washrooms. This was an extra precaution only, and our landlord has now removed the dispensers. If people are still using sanitizers, they are buying the product themselves.

Many landlords also provided extra cleaning, particularly of areas such as door handles. Client telephones were wiped down more often with alcohol wipes. One facility manager was asked to source out a motion detector that would automatically open washroom doors when someone approached! People didn't linger in the kitchens - not a bad thing in itself, but it did cut down on the people-connection that is important to a workplace. Work was normal, but not normal, at the same time.

All visitors to reception areas, and couriers making deliveries to mail rooms, were asked to sign in with not only their names but also their telephone numbers, in case they had to be contacted for a medical emergency. In some companies, these rules have been relaxed, but our firm, for example, is

continuing the practice in the context of emergency response planning.

On a larger scale, a number of firms set up two separate offices, with representatives from all support areas of the business (e.g. accounting, IT, fax) working out of two different locations. The assumption here was that if someone became ill in one location and the rest of the workers had to be quarantined, the other location could carry on. There was a chance, of course, that a person in each of the locations might become ill, but the odds were increased that at least half of the firm could continue to work. And again, only people working in close, constant contact with someone who was a SARS carrier would be quarantined, not someone who worked on the other side of the floor and seldom saw the sick person. As the worst of the SARS situation passed, many firms used the opportunity to continue testing business continuity plans based on the same separation of people and equipment.

Another aspect of business continuity planning that got a good workout was "working from home". Working from home became particularly important when it became evident that we couldn't just send our lawyers to other offices to continue their practices. Remote access was ratcheted up many notches. Connectivity was tested, numbers of ports increased, and training provided on all aspects of working from home. Call trees were set up within practice groups so that when decisions were made as to what files took precedence over others, everyone would be in the loop. The whole SARS situation, in a backhand way, gave a real boost to those of us who are often faced with apathy when trying to promote business continuity planning.

But back to quarantines ... We had a good example of the quarantine process in our firm. One lawyer was placed under quarantine by the health department - and the health department's orders were law! No one around him, not even his personal administrative assistance, was required to go into quarantine. The landlord was notified, the lawyer's office was given a good cleaning and disinfecting, and his office door was closed for the duration. When he came back to work 10 days later, everything was normal. Two other lawyers placed themselves in voluntary quarantine, because they had people working in the health care system living in their

homes. Their offices did not require special cleaning, and they returned to work in due course.

It wasn't just individuals who experienced quarantine - documents did too. In our firm, we store active files off-site, with same-day delivery if anything has to be retrieved. Since we were told that the virus could live for up to 24 hours if it attached itself to solid objects, all documents moving between our main office and the records management office were set aside in a separate room for a full day before being delivered. One of the most confused people in Toronto was probably our courier, who had trouble grasping the concept of "no direct contact", and was found on several occasions wandering around the halls of the records management department, looking for his delivery!

The most far-reaching impact was on travel. In our particular firm, we have offices in five Canadian cities, plus Beijing and London, England. Beijing was off-limits to business travel, period. Travel between Toronto and the other cities was severely curtailed. No one went from Toronto to another office unless it was absolutely essential, and lawyers from the other offices really weren't anxious to come to Toronto. The use of videoconferencing skyrocketed. The phone and fax lines were humming. While the bills were probably astronomical, the concerns of individuals were addressed and tension was kept to a minimum.

With the holiday season approaching, policies also had to be put into place for personal travel. In general, people were asked to report to HR if they were planning to visit (or, in the case of Hong Kong, pass through) countries that were battling SARS. When they returned to Toronto, they were required to observe a 10-day self-quarantine before returning to the office. In some cases, the other countries involved took the decision out of our hands - a number of people in our firm were denied visas for travel in the Far East!

Throughout the whole episode of SARS, we found (yet again!) that the most important thing to do was communicate. The only way to combat fear is through knowledge. Our emergency response team met often, for a while on a daily basis. We kept abreast of the latest developments and passed on the information to everyone in the firm. An internal

website was set up, containing not only the firm's policy on SARS and a summary of the current situation, but also links to the various municipal, provincial, federal and international health authorities. We brought in medical speakers who presented two seminars on SARS and stayed until every question was answered. Our HR Representatives participated in seminars and information-sharing among all the Toronto law firms, and were prepared to answer other staff questions. Business continuity contacts both within and outside the law field were called, and everyone was quite prepared to share information and experiences. Since SARS was not confined to the workplace only, but covered home and play as well, information was sought and dispensed on how it affected all aspects of life. The word of the day was communicate, communicate, communicate ... and everyone did!

I'm writing this on the August civic holiday weekend. Last Wednesday, the Rolling Stones headlined a 12-hour concert in Toronto that was attended by over 450,000 people. Yesterday, we had our annual Caribana parade, with people coming from all over Canada, the United States and the Caribbean, and one of the floats prominently displayed the sign "Goodbye SARS!". The battle isn't over, but this skirmish appears to have been won.

So, let's continue to communicate, visit each other, and raise a glass of your beverage of choice to the real heroes of the battle against SARS - the front-line hospital workers!

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**The Council Welcomes the  
following New Members:**

- ★ **Holly Evers**  
Foley Hoag LLP  
Boston, MA
  
- ★ **Matt Thomson**  
Gunderson, Dettmer, LLP  
Menlo Park, CA

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