

PROJECT VS. PROGRAM: A QUICK GUIDE

RothNotes
series

When working on developing capital plans, it's essential to understand the difference between a project and a program. Both strategies aim to maximize the value of limited capital renewal dollars but have distinct approaches.



Project Benefits



Definition: A project bundles multiple needs within a single building, often completed in a single year or over multiple years if the project is large.

Economies of Scale: Shared project management, design, and labor can reduce costs when more work is done simultaneously in one building.

Easier Management: Managing a few large projects is generally more straightforward than handling many smaller ones across multiple buildings.



General Contractor Use: Larger projects can justify hiring a General Contractor, reducing the strain on internal resources.



Integrated Renewals: Combining different renewal needs can increase efficiency, like adding insulation during a roof replacement.

Program Benefits

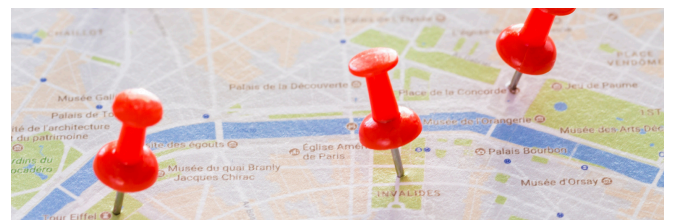


Definition: A program focuses on replacing similar elements (like roofs, HVAC systems, windows) across multiple buildings in a single year, ideally under one contract or a few bundled contracts.

Economies of Scale: Similar to projects, but applied across multiple buildings, allowing more needs to be addressed within the same budget.

Market Attractiveness: Large programs can attract interest from bigger contractors, even those outside your immediate market.

Simplified Management: Fewer, larger programs are easier to manage than numerous small projects spread across different locations.





Multiple Funding Sources: Larger projects can attract diverse funding sources such as alumni donations, government grants, etc.



Reduced Disruption: Tenants face less frequent interruptions compared to multiple smaller projects over several years.

Programs: Inch Deep, Mile Wide



Locked-in Pricing: Multiyear programs can stabilize prices over time, though this is challenging in high-inflation environments.

Capacity Considerations: Tailoring program size to market capacity ensures effective contractor response without overloading the market.

Programs: Inch Deep, Mile Wide



Key Takeaways

Projects are great for tackling multiple needs within a single building, making them easier to manage and potentially more cost-effective.

Programs spread the focus across multiple buildings, optimizing resources and potentially attracting larger contractors.

Choosing between a project and a program depends on your specific needs, market capacity, and strategic goals. Both strategies help you make the most of your limited capital renewal dollars, ensuring efficient and effective asset management.