

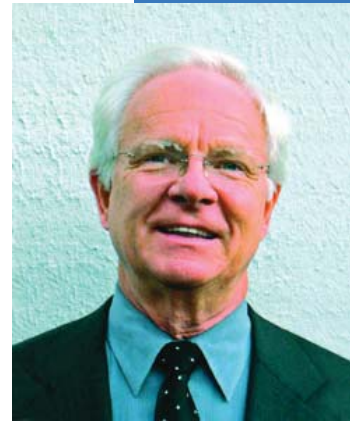
ARCHIBUS Thought Leader Profile

Fritz Reuter: The Man Behind the \$3 Billion Plan at NewYork-Presbyterian Hospital

When he hasn't been flying his Piper Saratoga aircraft, Louis "Fritz" Reuter has been navigating the real estate and facilities management challenges of some very important organizations.

He was Assistant Secretary General and Executive Director of the Capital Master Plan at the United Nations and responsible for the \$1.6 billion rebuilding of the U.N. Headquarters in New York City. He went on to be the Senior Vice President for Facilities Development and Real Estate at NewYork-Presbyterian Hospital (NYPH), one the largest and most comprehensive university hospitals in the world with 2,300 beds, and operating revenues of more than \$3 billion supporting five academic campus locations. That's where he accomplished a major consolidation of real estate and facilities management data for the institution's 10 million+ square feet of space, streamlined capital planning, and where he is now Senior Advisor to the current CEO.

Taking time from his busy schedule, Mr. Reuter looks back on a long and distinguished career in this wide-ranging interview. In it, he shares his insights on ensuring large project success, the importance of mentoring, why you should separate project planning from project funding considerations...and much more.



Louis "Fritz" Reuter

You've worked at United Nations and at NewYork-Presbyterian Hospital (NYPH), twice, as chief of the real estate and facilities management (RE/FM) function. How do these efforts compare from a scope/difficulty standpoint?

Both involve the effort to organize very large complex institutions that have very diffused governing structures to align them toward very major capital plans that they wanted to do. In that sense, they were very similar.

How did you get your start in this profession?

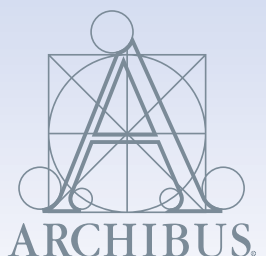
I'm an architect and I became observant of the circumstances that large institutions could not get themselves organized to deal with a multidisciplinary team needed to manage large capital projects.

How deep does the talent bench have to be to pull off a large-scale project?

Increasingly, you need lots of experts in the design professions, in the finance profession, regulatory and government approvals, community areas and large institutions seem to be having equal call to getting organized to do what they wanted to do. I was trying to design buildings, but nobody was getting enough approvals internally or externally to get them done so I decided to go over and help them get the process organized. So I consider myself a process person, not a product person.

As both an architect and an FM expert, do you feel there is a "disconnect" between designing an environment and managing that environment (once it has been built)? If yes, how do you work to bridge the gap?

I definitely think that the people who run buildings have a lot to add into designing and configuring new buildings. The challenge is with infrastructure spending down across almost all building types in the US; the operating guys are so busy solving immediate problems—maintenance and repair issues—that often they don't have the time to devote to the new building process. It is a challenge and in my opinion will remain so for a period of time.



If you hadn't gone into RE/FM, what other career path might you have pursued?

From very early on, I had an interest in both architecture in the built environment and planning, and also medicine. So I think it was sort of, from the beginning, combining two things that I have a great deal of interest in. Maybe I would have been a doctor, but I've found a balance between the two.

What do you like doing when you have some much deserved down-time?

I love to travel, fly airplanes and spend time with my family.

So you never envisioned being a corporate pilot?

Yes, I'd love to be a corporate pilot if you made any money. I'm too old.

What do you fly, and what is the longest flight you've ever taken?

Single engine, Piper Saratoga, from New York to St. Louis.

How important do you think what you do is in helping advance the integration of new medical technologies in medicine based on providing them with the right space and the right type of space?

I think it's terrifically important, especially in large academic medical institutions where decision-making is not linear, like in major corporations. It means that you take input from all stakeholders. But without our expertise, many institutions fail on budgets or schedules or a variety of preventive maintenance issues, so they don't get to those technologies. I think it's critically important that we have a good facility and preventive maintenance function to help enable those technologies.

While many organizations still rely on spreadsheets to handle their RE/FM processes, how has IT technology made an impact at NYPH?

We have been storming the country for the last year talking about developing an integrated facilities IT system so that we have a data-driven facilities development, facilities management and real estate function. So, we have moved to taking the data from facility planning, real estate use, facility management operations, as well as regulatory strategy—which is a very, very big part of hospital FM these days—and we basically created a unified database, developed and started to use certain business intelligence software to integrate those databases, and created real-time dashboards that show our management how we're performing.

NYPH made two attempts at consolidating its campuses and IT. The first attempt didn't go so well, but why has the latter effort succeeded?

Back in the '90s, we started to try and do some things with CAD or drawing databases, and frankly those applications were very difficult to get into, manipulate, and customize so the result was that they'd give you limited functionality to tackle all the management, regulatory, planning and other issues they hoped to address. So the facilities function failed at multiple points. With the second attempt, which we began after I returned from my position at the United Nations, the technologies got better, the software got more integrated, and it was implemented more effectively from an installation and training point of view. Facing increasing management challenges, I think the board suddenly realized stakeholders needed real-time data. And that's what we're giving them now.

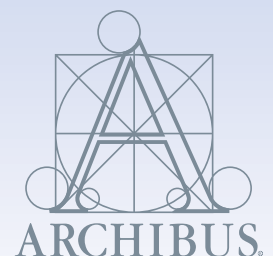
Can you describe what technologies NYPH has implemented and why?

We've built a combination of hardware and software that integrates into a total facilities management system. We're using AutoCAD and ARCHIBUS, as well as other applications. We're querying our own databases, running our own programs, all via the Internet.

We have begun to use iPads and other mobile devices to track stuff in the field, started to use barcode scanners, and are even gathering information using radio frequency transmission. We have improved our performance greatly in the areas of utility management; we've increased the numbers of meters and real-time indicators and have gone to digital control systems for our facility operation items. We've won 5 Energy Star awards for sustained excellence given jointly by the U.S. Environmental Protection Agency and the U.S. Department of Energy.



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What were the planned and actual results in terms of ROI, time/money saved, service-improvements, etc.?

With over 10 million square feet under management, we had five key goals to streamline management of such a large and complex organization. We wanted to create a centralized, real-time IT system that helps ensure safe and compliant facilities; maintains appropriate space and infrastructure in support of our mission; prioritizes and implements capital expenditures; manages the change velocity of project costs and schedules; and improves and maintains financial and operational strength.

I think we've largely achieved our overall goal using the technologies and processes we've put in place. The end-result is that we have increased organizational efficiencies by reducing interdepartmental friction, improving cooperation between facilities lifecycle teams, and by using electronic documentation to expedite access to information. We've also increased compliance and life safety through electronic approvals/inspections and project checklists. Our estimated payback time is only one to three years (based on regulatory compliance systems) from an IT implementation that also reduces our need for external surveys and improves identification and resolution of deficiencies.



Are there any business-related books or articles that have been an invaluable asset to you during your career as a RE/FM professional?

There aren't any specific books or materials or articles, but there have been a lot of mentors and I learned a lot from construction companies, from design professionals and some really special hospital administrators who took me under their wing as mentors. These were real-world guys who taught me what they knew, how to survive, and how to parlay institutional politics.

What percentage of your job is related to just selling your ideas about FM and related technologies that support your plan and NYPH's mission?

I think the higher you go in the institutional hierarchy the more it gets to be sales and strategy.

Do you think you spend 50-60% of your time each day dealing with organizational politics and selling your ideas and concepts to make your ideas reality?

Yes, I think so. The next 30% is devoted to getting people who aren't quite so far along in their career to understand how their career fits into such a strategy and how they can become more strategic. It's difficult to explain to people what piece of information is important about a large project; and often they have all of the facts and figures but they can't find the 3 or 4 things that really matter to the institution.

So now you're becoming that mentor.

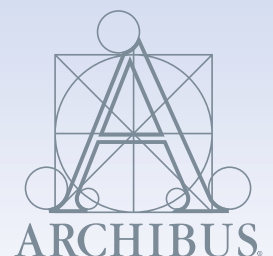
Yes. A lot of the time that involves team building, and meeting deadlines and there is another 10% where I actually do real work such as composing ideas, planning, and running spreadsheets. The higher you go in the organization, the less work you do.

Do you think opportunities exist in other places of the globe, major metropolitan areas where they're not as far along and so CAPEX and other major funding challenges a little bit easier, but on the East and West Coasts it's not, or is this a global problem?

I've been involved in putting together some major teaching hospitals in some Middle East countries. Capital is not a problem. They are attempting to look at the American model of the academic medical centers. They are attempting to copy our facilities and our systems and our technologies. They are even attempting to copy the medical education models. But again, they have space and they have capital, so I look at where you can duplicate that in America, and that tends to be found in the middle of the country where there is more green space, more land and more opportunity, where a facility can be built cheaper, better, and faster than on either of the coasts.

Look at Parkland Hospital right now in Dallas. It's a public hospital. A public bond was issued several years ago to totally replace Parkland, which is where they took President Kennedy after he was fatally wounded in 1963. They looked at all the options relating to a complex set of

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renovations in their existing facility, but they decided to just buy a different piece of land and start over from scratch. They think it will be more economical in the long run. It will be the only way to achieve the facilities and operational efficiencies that they need to free up dollars to do actual health care. So they are starting over. We can't do that in New York, Boston, San Francisco or Los Angeles.

Most RE/FM professionals are an inquisitive, problem-solving lot. What other qualities/skills do you look for in a person interested in entering the field?

I've always said that the best people to solve problems are architects because I think they are trained to synthesize information in their problem-seeking and problem-solving activities. That is unique. And so, I'm looking for people who can do the same, admit variance, risk failure, and don't panic when they make a mistake. I'm looking for people that are collaborative because these projects are so big and complex that no one person can do them anymore. In New York, functioning in that kind of environment requires a lot of energy.

What's the best anecdote, humorous or otherwise, that you could share about the RE/FM field?

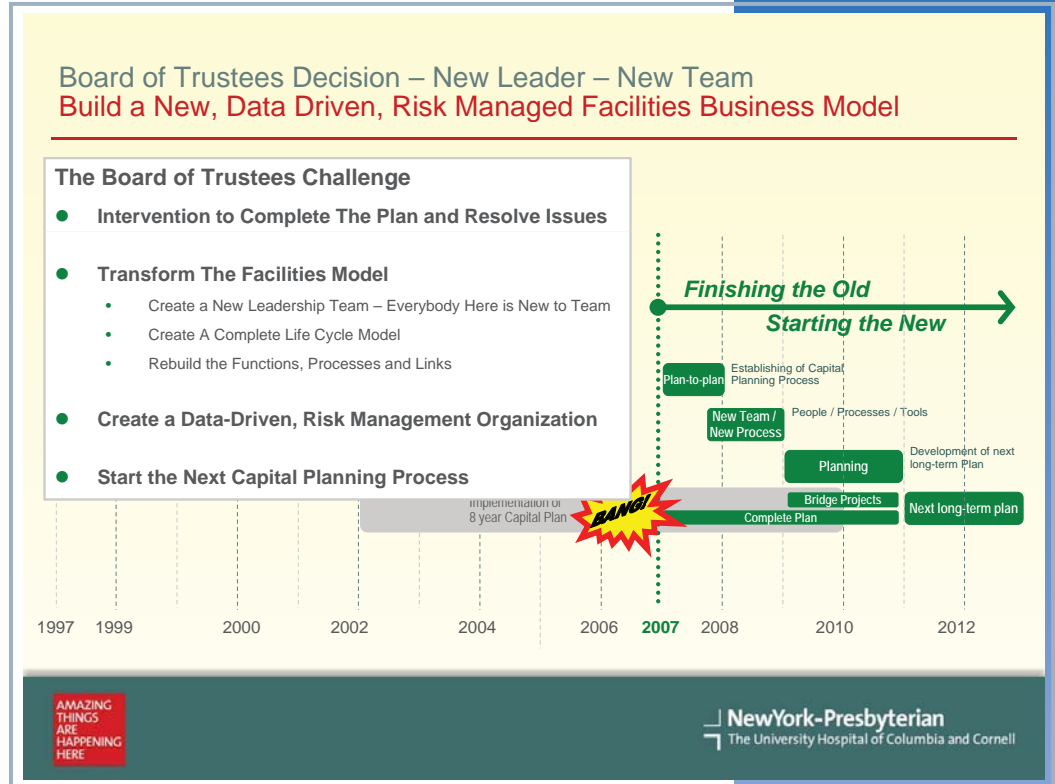
I think one of the most interesting and astute observations I've had is that it takes so long to put together these big facility projects, that's it's really important to separate the planning and preparation for such projects from the actual monetary environment. So, Peter Kalikow, who is chairman of the real estate committee at NYPH and ex-head of the New York Metropolitan Transit Authority, always said, "When you have no money, that's the time to start planning the next project, because when you do finally get the money, you don't want to start the planning, you want to hit the ground running."

So with that said, as for the next 5 – 10 years for NYPH, since there are capital challenges and land challenges, and also huge needs in the community, how do you balance that and build the new latest and greatest when you really can't tear down what you have and there is no green field space?

We basically found a capital envelope that we can live within over the next 8 years and then we carve that envelope up into non-discretionary spends, so the existing infrastructure, the existing capital equipment and future technologies and investments in IT can continue to keep us at the cutting edge within the buildings that we have. That leaves some money left for transformational projects and we pick such projects based on where medicine is going. We retire some of our oldest facilities, go through an expensive and difficult process to empty under-utilized or older facilities, and we build big projects on little spaces.

So, more cantilevering over the river?

Yes, or more platforms up in the air.



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