

Healthy Baby Network Consultation Analysis and Recommendations on Co-Located Structure Proposal

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Executive Summary

Healthy Baby Network is a non-profit organization, dedicated to giving children a healthy start to life. HBN has become aware of the fact that many of their clients are facing constraints which are prohibiting them from obtaining sufficient medical or social services for themselves and their families. These constraints include: transportation, time, cultural competence, and childcare. In an effort to determine a feasible solution for these constraints, HBN has proposed opening a co-located operation for HBN and their service and medical providers to fill.

To determine the best solution, we began by researching other co-located operations to learn more about how to potentially implement this as a solution. We have found that there are several types of functional co-located operations, namely Medical Villages. In order to ensure that co-location was the best solution, we also invested our time in researching alternatives to this structure. These included transportation solutions, pop-up locations, paperwork centers, basic service offices, and full service offices. We determined that there were several potential solutions, however none of these alternatives remedied all of the constraints. Though we were able to utilize aspects of many of these alternatives in our recommendation.

After determining that creating a co-located structure would be the best solution to the constraints, we began a feasibility analysis on buying versus leasing a property. To conduct this extensive research, we led interviews with Richard Notargiacomo, who manages Venture Creations at RIT, as well as Thomas Maguire, the owner and operator of Maguire Properties, a real estate and leasing organization. Upon conclusion of our interviews and research, it was determined that leasing a location is the most cost-effective and permanent solution to HBN at this point in time.

After thorough research, the team established a list of recommendations in regards to testing out the co-locator model before a full commitment, buying versus leasing, how to best include a daycare center in the facility, the general price and space requirements for such a business, a scheduling software to help manage time and appointment schedules, as well as ways to keep the required space to a minimum without sacrificing quality of the client and colocator experience.

In order to test the co-located mode before a large commitment the Healthy Baby Network should consider renting a commercial venue one day per month and invite co-locators to set up satellite service hubs to provide their services to clients. After a once-a-month program is established then HBN should lease a co-located space and invite their collaborators to move satellite offices into the space. A scheduling software (Bitrix24) should be commissioned in order to schedule appointments for various co-locators and time management. A daycare would require a large co-location space due to the space demands of active children. In the case that HBN does not find a suitable location for a daycare they should take special considerations to make sure there is a quality daycare within easy walking distance of the facility. It is estimated that with a daycare the co-located space would require six to seven thousand square feet. When this number is combined with the suggested rent of \$9 to \$10 per square foot, this would result in rent totaling approximately 63,000 dollars per year. If the space is then divided equally among five co- locators and HBN, it would be less expensive than what HBN is currently paying.. In order to save space, the co-locators and HBN would share facilities such as a waiting room, meeting room, and conference room.

Introduction

Healthy Baby Network decided to embark on an exploratory journey to better understand the plausibility of organizing a co-located structure to host partner service firms alongside HBN to reduce transportation, cost and other accessibility hurdles faced by HBNs regular clientele. Throughout this report, various key aspects of completing this vision were analyzed and assessed to provide recommendations on the different aspects of the co-located structure goal.

Background on Healthy Baby Network

Healthy Baby Network is a nonprofit organization operating in the Rochester New York area. Their primary operations are their services that help to provide support for low income families in the surrounding area. Healthy Baby Network was founded in 1996 with the objective of enhancing the life of babies and their families through social and educational programs, as well as dependable health planning services. As health planners Healthy Baby Network employees craft an individualized plan for each family keeping in mind their specific needs. Throughout this process we strove to remain true to the mission of the Healthy Baby Network:

“Healthy Baby Network strives to give every baby the opportunity to be born healthy by supporting vulnerable mothers and families.”

The small team of healthcare professionals at Healthy Baby Network have helped thousands of families provide a healthy start for their children and are dedicated to uplifting the community in which they are a part of. Some current programs that Healthy Baby Network has include their New Fathers Program, Centering Pregnancy Program, and Book Before Birth program. The New Fathers Program came about through a previous project, when a focus group participant mentioned that the father of her baby had stopped going to meetings and appointments because they did not provide any information on becoming a father, and he felt disheartened by the

process. Acting upon this feedback a new program, the New Fathers Program, was created in order to educate men on becoming a father and how to best support the mother during pregnancy and beyond. The next program is the Centering Pregnancy Program which is a group meetup which brings pregnant women together for education and community building exercises. The community atmosphere fostered by the Healthy Baby Network has been instrumental in the lives of their clients. Healthy Baby Network also works with numerous other providers such as MVP Healthcare and the City of Rochester, in programs such as their Books Before Birth Program. For the Books Before Birth Program, Healthy Baby Network works to distribute children's books to expecting and new mothers. Since Healthy Baby Network is already involved in programs with numerous other providers, the leadership of the team wanted to know if it would be feasible to move their offices to a space that encourages and inspires collaboration on future projects. One business tool that helps to exemplify the advantages and constraints of HBN is the SWOT analysis, which indicates strengths, weaknesses, opportunities, and threats to the proposed HBN business model.

SWOT Analysis

Strengths: <ul style="list-style-type: none"> ❖ HBN has a large network ❖ Rochester, NY connections ❖ Large existing client base ❖ Successful process for obtaining and retaining clients 	Weaknesses: <ul style="list-style-type: none"> ❖ Limited resources (personnel) ❖ Co-locator reliability/cohesion issues ❖ Communicating changes with existing members
Opportunities: <ul style="list-style-type: none"> ❖ Market growth ❖ Grants and city funding ❖ Increase community engagement ❖ Optimize educational opportunities 	Threats: <ul style="list-style-type: none"> ❖ Limited funding ❖ Vulnerable to economic changes

While conducting this analysis we have come to the conclusion that HBN has significantly more strengths to leverage than challenges to manage moving forward. We have found that some of the most important strengths that HBN has when considering their ability to form a co-located operation, is their large network of connections, and large existing client base. This will be important to maintain, if HBN should chose to create a co-located structure, as this will allow them to more easily find providers to fill the space, and encourage their current clients to use this new service.

However, HBN does also have challenges to manage, including their limited staffing. This is the most pertinent issue for HBN at this time, and will require significant planning, in order to ensure that there is sufficient staff to make the change to a co-located structure. Additionally, there is also the unpredictability of the service providers that are interested in this endeavour, as there has not been any confirmation of involvement from any companies at this point.

HBN has many opportunities moving forward. As they operate as a non-profit, they have a unique ability to obtain city funding, grants, and fundraise for their endeavours. Additionally, HBN also has the opportunity to increase community engagement and optimize educational opportunities by moving into a larger co-located space shared by several providers. This allowed HBN the opportunity to train these companies in proper cultural competence training, as well as hold educational workshops for both providers and clients.

This being said, HBN must be aware of several risk factors that may create weaknesses for them in the future. HBN is susceptible to limited funding, this is due to the fact that they are a non-profit organization and rely heavily on the benevolence of others to fund their operations. They are also susceptible to changes in the economy, which can influence the amount of charitable spending of individuals.

Project Goals

It was important to establish objectives of the project in a concise and straightforward manner. The primary goals of this project were determined to be as follows from the original project description as well as correspondence with the client over the time of the project completion:

- 1. Reduce the constraints of time, transportation and childcare for the clients.*
- 2. Do not incur additional costs for clients.*
- 3. Allow for greater collaboration between HBN, providers, and clients.*
- 4. Allow client greater access to necessary services, such as daycare.*
- 5. Facilitate space for a co-locator to establish a satellite office*

With these objectives in mind, we focused our research on the feasibility and opportunities HBN has to complete these objectives.

Resources – Values – Processes Framework

There are many models that can be used to evaluate the chance of success for a business's new venture. One model is the Resource, Values, Processes framework, this is also known as the RVP framework. There are three key aspects to this model; resources, values, and processes. Using this model, an organization can evaluate their resources compared to the resources that they would need for the new venture. They can then determine what resources they would need to acquire and determine the feasibility of the venture.

Resources are assets that can be utilized to create value. Resources can be material or nonmaterial. Material resources are concrete resources that are easy to quantify such as people, equipment, technology, and cash. Nonmaterial resources are abstract resources that are difficult to quantify such as reputation, information, and relationships with vendors and customers. Values are the criteria by which decisions are made. Standards by which employees evaluate

decisions such as whether to accept an order or to reject the order are values of a business. Processes use resources to create value. Processes are the patterns of communication, interaction and coordination that employees use to transform resources into value. These transformations can be technological, organizational, or administrative. Technological processes are processes that involve the use of technology to improve a company's performance such as manufacturing equipment or an information system. Organizational processes are transformations that impact the performance of a business such as hiring and training new employees. Administrative processes are processes that help a business run smoothly such as planning and budgeting or resource allocation.

For Healthy Baby Network, the RVP framework focused on resources, values, and processes that are currently in use or would be needed for opening a co-located structure. People, technology, and funding are important resources that would be needed to ensure that they are able to support this venture. Without these resources, managing and running the co-location would be difficult. Values in this case would refer more to the criteria for which the various providers would use to establish a uniform level of service and quality. Technological Processes would include service development such as a scheduling software so that client can set appointments with multiple providers in one day and administrative processes such as planning and budgeting for a co-location space.

Moving to a co-located operation would have several implications for HBN . Currently, HBN has a focus on the quality of care clients receive, through their educational initiatives, client case management, and direction to medical and social services. In the case of a co-located structure, HBN would fulfill additional roles of recruiting companies to join the space and managing schedules. Additionally, HBN will also have to manage conflicts within the collaborative space. Currently, HBN is not equipped to manage this, however, with training this will be something that HBN will have to capability to manage. The RVP framework provides insight into the differences HBN will likely face from their current operations to a co-located operation.

Objectives of the Project

Our initial objectives for completion of this project are as follows:

1. *Conduct an industry analysis of HBN and pertaining companies to understand requirements of project goals.*
2. *Investigate similar co-located operations and draw conclusions.*
3. *Research and analyze scheduling systems for potential co-located structure.*
4. *Investigate alternatives to proposed plan to ensure the best course of action for HBN at this time.*
5. *Conduct a location analysis of the Rochester NY area to determine the best place to lease or buy a building.*
6. *Conduct a financial analysis to determine potential costs that would be incurred by HBN and other providers due to co-location.*
7. *Provide a feasibility analysis of co-located structure and alternatives to HBN.*

Key Constraints

1. HBN's current lease does not expire until October 31, 2019.
2. HBN has limited resources, namely is a small organization which employs fewer than 15 people.
3. HBN has an unclear funding structure, and available money varies from year to year.

Key Assumptions

1. HBN will be able to find companies to co-locate with and fill their co-located office spaces.
2. There will be an external daycare company brought in to run the daycare as a separate business.
3. HBN does not plan to hire additional full-time employees.

4. The political and financial landscape of Rochester NY will not drastically change in the next three years.

Analysis Overview

In the coming sections of this report, an analysis will be conducted on the background of co-located structures in order to come to an understanding of the requirements of co-locating. Following this, scheduling software requirements has been explored in line with the findings from our analysis of co-located structure. An analysis of co-located structural options was investigated, provided three different levels of structural options. At this point alternatives have been explored to ensure that co-location proves to be the best option for HBN at this time. Following this research, a buy versus lease and real estate analysis have been conducted to determine optimal location and spacing in the Rochester NY area. To complete this research, a financial analysis on the leasing of a property in Rochester NY has been conducted.

Background on Co-located Structures

As we conducted our research into co-located structures, we focused on structures with a health and medical purposes. The intentions of these structures are very similar to those of Healthy Baby Network, which are to provide access to medical care and other forms of support to those who would otherwise have difficulty in receiving it.

Medical villages are one of the structures that we focused our research on. Medical villages are a medical co-location structure that are often in rural areas and are built surrounding a hospital or an urgent care. While there is a key difference of medical villages focusing on rural areas whereas HBN would be focusing on the urban area, there are several parallels between this structure and what HBN is venturing into..^{[23][33]} Both targeted demographics of these structures face time constraints due to excessive travel times either because of a reliance on public transportation systems or long distances. They also both serve individuals of similar economic status^{[36][39]}

Hudson Valley Collaborate is undertaking a very similar project to the one that HBN is considering. They are planning on creating a co-located healthcare resource to help with inefficient healthcare issues and unmet community needs.^[37] This collaborative is more medically geared than that which HBN is proposing, however the concepts seen in Medical Villages may be applies to the goals of HBN.

Key Findings

In addition to having a very similar vision, these medical village structures would also face very similar challenges such as legal barriers. The New York Department of Health has specific guidelines on space arrangement between two or more providers in one location. ^{[8][9]} One of the

relevant guidelines concerns the use of a shared receptionist by multiple providers.^[1] Currently, receptionists are not allowed book appointments for multiple companies. However, this obstacle may be avoided if the receptionist is provided as a service through the lease holder. Careful planning is required in order to comply with all federal and state laws regarding co-location structures.^{[14][36]}

Scheduling Software

Scheduling and management software is an important aspect to consider for organizations looking to optimize operations in the workplace. The need for a scheduling software is established by HBNs unique situation where HBN actively collaborates with their co-locators by recommending their clients to the services available. Without a scheduling software, managing all the resources at hand could be a daunting task.

The scheduling software industry in general has quite a few major players that many companies use to fulfill their needs such as Slack, HipChat and Microsoft Groups. While there are some major players, there is nothing that boasts positive reviews across the board. Here, a detailed analysis will explore the different software applications that HBN can use to fulfill their scheduling and operations needs in a co-located structure.

Build Your Own

Various organizations take the approach of building their own software. This allows optimal control and precision in the tools needed. However, on the flip side, the burden of maintenance, development and shipping falls on the organization who needs the tool. *Howmuchtomakeanapp.com*, a technology startup that uses Machine Learning to predict the cost of software development estimates that building an operations software for HBN could cost up to \$66,200^[1]. This of course does not include cost of maintenance, skilled staff such as engineers or web developers and other overhead like server space. This is usually a recommended option for organizations that are already large and have the infrastructure to back such an undertaking. For smaller sized organizations, it is quite an undertaking.

License Software

Various technology companies have put out products that get the job done. Some of the major options include Slack, HipChat, Microsoft Teams, and Bitrix24. Each of these platforms have their pros and cons. Slack is specifically designed for technology companies. It has bells and whistles that allow engineers to easily share code, diagrams, and other technical communication [2]. Based on that analysis, Slack is clearly not a good solution. HipChat follows the same notion, it is designed in competition with Slack and works best for technology workplaces, however it has been used in other realms as well. Microsoft Teams and Bitrix24 are the more feasible options. According to Business Insider's comparator, these platforms have a lot of modularity and connection with existing tools like MS Outlook, Office 365, etc. Bitrix even offers customization of the platform based on different clients which is a premium feature for scheduling softwares^[22].

Based on studies from Business Insider and its sister sources, the chart below addresses price and feature comparisons between the options with a final recommendation^[25]:

	Slack	HipChat (Stride)	Workfront	Confluence	Bitrix24
<i>Price</i>	80/year (-)	80/year (+)	480/year (-)	120/year (0)	Custom (0)
<i>Compatibility outside tech</i>	-	-	0	+	+
<i>User Feedback</i>	+	+	0	0	+
<i>Integration</i>	+	+	-	0	0
<i>Security</i>	0	0	0	0	+
<i>Customize for personal need</i>	-	-	-	0	+
<i>Results</i>	0	0	-2	1	4

Legend:

- + : Positive trait**
- : Negative trait**
- 0 : Neutral trait**

Therefore, in conjunction with the assessment conducted by exploring each product's website and comparison tools a determination was reached by fulfilling an evaluation chart. The chart determined that Bitrix24 is potentially the best option. While this might cost marginally more than others, the company offers a pre-bundled tool with a lot of flexibility to add or remove features to fit the needs of the client. This report recommends Bitrix24 as the ideal software, but if that product is not satisfying, the others listed are feasible options with similar pricing options.

Key Findings

In conclusion, having evaluated building the software through contract or any other means versus purchasing a licensed one, it is evident that purchasing a license is a fiscally more responsible decision. In addition, licensing the software will put no pressure on in-house employees for maintenance and license comes with ample technical support. Within licensing, an analysis tool determined Bitrix24 to be the best option with the other software tools still possible options given Bitrix24 does not satisfy the client. All tools listed are rated and received well across the board.

Analysis of Co-located Structural Options

For the co-location structure that HBN should use, various types of co-located structures were analyzed including paperwork centers, basic service offices, and full service offices.

Paperwork Centers

A satellite office has the ability to be very simple in both design and functionality. In this assessment it will be assumed that there is no medical care provided to the clients at the satellite campus, however the client has the ability to make appointments, fill out necessary paperwork, and communicate with different offices in a very short amount of time. This type of setup would be ideal for scheduling a day's worth of appointments in a very short amount of time. A sample of this type of floorplan is outlined below:



The main advantages of a “paperwork center” type of office as described above are speed, ease of use, and space requirements. If there are a handful of companies that all have a paperwork based office they can be concentrated in the same room in traditional cubicle office style. The cubicles can range from 5’x5’ to 8’8’ depending on space requirements but a medium sized room (2500 sq/ft) could easily fit 24 cubicles which would be more than enough if each company was using one cubicle each.^[7] Since all of the companies would be so close together, a client could conceivably schedule as many appointments as needed in a short amount of time and very easily.

The ease and time constraints would depend on the overall congestion of the room, the availability of the offices, and the right types of providers moving to that space.

The main disadvantages of this type of setup is that the clients still have to take time off work to travel to the various co-locator's offices because the offices are not offering their normal services in this type of co-location and instead are still asking the clients to move around the city thus not solving the time or transportation constraints of the system. This could be problematic for various reasons such as the client being unable to take time off work, the client not having access to reliable transportation, and missed appointments due to geographic constraints. Additionally, since the cubicles are so close together there is a risk of medical information being overheard by different companies which would compromise patient privacy. The cubicle style co-located space makes it simple to schedule appointments, however does not remedy the constraints involved in traveling to those appointments.

Basic Service Offices

An alternative co-locating technique would be a small two room per company model which would require one or two people to schedule full visits and provide rudimentary medical procedures or other social services. This setup requires considerably more space than the call center model, but can help to resolve transportation constraints for clients. A proposed floor plan for this type of center is shown below:



These types of clinics were popularized by CVS Minute Clinics. Minute Clinics provide a multitude of medical services for people with limited or no insurance^[31]. In these locations they can manage basic medical services, but cannot deal with some more extreme issues such as

- ❖ Severe chest pain
- ❖ Severe shortness of breath or difficulty breathing
- ❖ Suspected poisoning
- ❖ Children with temperatures of 105+ °F or more
- ❖ Adults with temperatures of 103+ °F or more
- ❖ Conditions that require our practitioners to prescribe controlled substances

Compartmentalized clinics would be ideal for a co-located structure because most day to day procedures fall within their capabilities and they do not cost the amount of money it would take to open a full medical clinic. Additionally, service providers could also utilize this smaller space for more individualized client meetings and appointments. These locations would also reduce the transportation needs of the patients because most things can be done in the same building. Creating a co-located structure in this manner would greatly diminish the hardships of finding

adequate transportation, as well as not cost a large amount of money to keep the operations going day to day.

The disadvantages of the compartmentalized clinics are that it requires a multitude of small spaces which may be difficult to find in a commercial setting. The ideal size for this structure would be one to four room spaces in which medical and service providers have a base supply of anything that they may need to do basic care. There would also be the possibility that patients would miss appointments if one doctor's appointments is running late if the patients are all tightly scheduled to maximize patient provider interaction time.

Full Service Offices

The next step after compartmental offices would be opening a full-scale office for each of the interested co-locators. This approach would be the most comprehensive and thorough plan of action, but could be very expensive and would be a large monetary and resource commitment for the co-locating companies as well as HBN. A group of medical and service providers co-located around a certain point sounds like the idea of a hospital or medical villages previously mentioned.



The advantages of full medical and provider care co-location are that all the services that are normally available would be available to the clients in this space. Another advantage of this system is that it nearly eradicates the transportation problem, other than that of the clients initially finding a way to get to the co-located facility. Full care co-location would work very well for the clients but might be disadvantageous to the medical and service providers.

The disadvantage of this setup is that it may not be profitable for the employers. In order to be a profitable business, primary care practices reported an average patient panel size of 2,184 ^[12]. Unless a customer base of that size can be maintained for each type of provider that moves into the co-located space, it is unrealistic to expect them to move a full office into this facility.

Key Findings

- ❖ The cubicle style co-located space makes it simpler to make appointments, but not easy to travel to those appointments.
- ❖ If all the types of medical professionals listed above had a one to four room operation in the same building, it would greatly diminish the hardships of finding adequate transportation, as well as not cost a large amount of money to keep the operation going day to day.
- ❖ We recommend a basic service style office plan that includes offices for all HBN employees, rooms for the co-locators, and a large room for a daycare.

Alternatives

We have now looked at different types of co-located structures such as paperwork centers, basic service offices, and full service offices, but it is also important to establish that the co-located structure is the best solution to the main problems faced by the clients of HBN. Looking into alternatives to solve Healthy Baby Network's key constraints, transportation and time, is an important part of the research and solution process. To begin evaluating this we have looked into subsidizing transportation and hosting days where Healthy Baby Network and their partners come together at a centralized location once a month to provide services. While some of these approaches sound appealing, feasibility analysis has suggested that at this time it appears that our researched alternatives will not be practical or feasible for Healthy Baby Network. In order to explore the viability of an alternative, a list of key constraints was formed based on customer feedback and objective. The constraints that were analyzed are as follows:

1. *Removes/Reduces need for transportation.*
2. *Does not result in extra cost to the client.*
3. *Allows for greater collaboration between businesses.*
4. *Allows clients greater access to complimentary services*
5. *Allows space for a co-locator to establish a satellite office*

Alternative One- Transportation Solution

In considering alternative methods, one of the first ideas that came to mind was to solve the transportation issue. A major player in solving transportation and accessibility gaps could be companies like Uber and Lyft. They have a well endowed platform that can easily connect people to get to different places, usually at fairly decent rates.

Feasibility for this approach was assessed by analysing Uber's cost structure for businesses to work with them. According to Fortune Magazine, corporate customers (including non-profits) would have to pay 10% more to access the exclusive services the platform provides^[41].

Rival platforms such as Lyft have also made a play in the corporate structure platform. According to MacnairTravel, both Uber and Lyft provide platforms with inconsistent pricing because it changes due to market needs^[20]. This creates a situation where HBN would not be able to predict their costs which would be a problem due to their grant based structure.

Most importantly, this approach does not tackle one of the vital issues at hand, time. Taking the ride-share approach would cost HBN a significant amount of money and would not solve the time constraint issue. While Uber solves transportation, it takes a lot of time for families to go from one location and appointment to another.

In conclusion, ride-sharing solves access and is a relatively easy solution to implement. However, the expenses, lack of time efficiency for clients and travel inconveniences in general leads the team to believe that this is not a feasible approach to solving the problem at hand.

Alternative Two- Monthly Pop-Up Location

A second possible alternative that was determined to be reasonable is to set up a day every month where all providers come to a central location to offer their services. This creates an established date for families and could potentially become a routine. This alternative is essentially similar to a SmileMobile^{[21][35]}. Considering this alternative would alleviate Healthy Baby Network from overhead such as renting/leasing a location, hiring extra permanent staff and reconcile their budget for the expenses generated by the overhead.

However, this approach poses a significant number of pitfalls. Firstly, having one day is usually not sufficient to fulfill the needs of countless number of clients within the Greater Rochester area. Next, this creates a situation where clients are forced to conform to a certain day, making it difficult for single mothers, families where both parents work and so forth. Lastly, having this service in a centralized location would mean that the fellow co-locators might not have all the

tools and resources they would need to provide their services appropriately which would lead to further appointment scheduling with individual clients thus defeating the purpose of coming up with a centralized/co-located center for services.

In conclusion, while having a central location for one or maybe even a few days a month seems like an appealing and doable solution, the costs of implementing this impacts the client's negatively and far outweigh any benefits they might see. Such a solution might work as a temporary demonstration of what a full-fledged business park might look but it definitely does not serve the purpose and fulfill the needs of clients like a business park like solution.

Key Findings

Using the alternative analysis above, we can see that co-location would be the most appropriate way to counteract the customer constraints of time and transportation. The idea of using a commercial plan for Uber/Lyft is unsustainable, costs extra money for HBN/clients, and does not address the time constraint that is critical to the project. The monthly pop-up location is a viable choice, but it puts too many constraints on the client and co-locators who may not be able to clear their schedule for one specific day per month. The monthly pop-up location, while not the ultimate solution, does have merits and would be an excellent starting point for branching out and testing an all in one solution before significant resources are committed to a co-located facility.

Buy versus Lease Background

The conversation of purchasing or leasing is pivotal when deciding to move from an office location to a co-located space. Therefore, factors such as mortgage interest rates, lease price, purchase price, property growth value and considerations along those lines are very important to understand. To better understand the buy versus lease stakes, major factors such as preliminary research, location analysis, resource evaluation, legal and health codes, scheduling applications and real estate analysis were explored to better understand lease versus buy options and further delve into the selected option.

Primary Research

To begin our initial research into the topic of lease versus buy, we met with Richard Notargiacomo, the manager of operations at RIT's Venture Creations. He provided us with initial insights into this project, and helped us to understand the requirements of leasing versus owning a space. Rich has significant experience in this area as he understands leasing from the perspective of the start-up companies in the space. He also understands the advantages of owning a space from the perspective of RIT, which owns the building.

During our meeting with Rich, we discussed several important concerns that HBN should be aware of as they consider this change. The first concerns are in regards to the rental/ purchase of a building location:

- ❖ If the building is not filled at all times, will HBN be able to cover the costs of the empty spaces?
- ❖ If HBN were to purchase a building for this venture, the costs of maintenance, taxes, mortgage and other costs should be compared to the comparative value proposition of leasing.

- ❖ Rich suggested that leasing may prove to be simpler for HBN at this time and may lead to less overall risk, and cost.

Concerns and suggestions were also discussed for potential providers entering this space:

- ❖ For example, the impact and potential costs to providers should be considered.
- ❖ Additionally, the number and type of providers in the co-located space must be a consideration.

Rich listed several unexpected things that may arise in a co-located leasing situation as well as advice to consider throughout our research and for HBN moving forward.

- ❖ Maintenance is a constant issue for building owners, with leasing this is not as much of an issue as the landlord will typically fix these issues.
- ❖ As a building owner, or lease manager, evictions may be an issue and consideration.
- ❖ Providers may change the space in ways that are not permitted.

Detailed notes of this interaction can be seen in Appendix 1- “Expert Interviews- Richard Notargiacomo”.

Location Analysis

Rochester is a recovering and growing economy where approximately 97% of businesses in the area are local businesses. As entrepreneurs and businesses increase in the region, more and more prime locations are being filled which leads us to a pivotal question in doing research to figure out what is the optimal location to place the co-located center at.

In doing our location analysis, there are two key metrics to keep in mind. The first one is ensuring that the location selected serves the target demographic of the business. The second is to identify potential business parks where the co-located offices can be hosted. Once an appropriate area is narrowed down and a business park is assessed, the location becomes pretty sealed and clear. This will then enable Healthy Baby Network to go ahead and setup valuable operations that have tremendous impact in the community.

The preliminary assessment to make in deciding the optimal location is first considering if the best decision is to buy or rent/lease. The first step to making this decision was to cover a comprehensive cost benefit analysis. The following Lease or Buy section will delve into a cost benefit analysis. It takes into account certain national and Rochester market standards such as average interest rate, insurance rate, PMI costs and appreciation rates. The results yielded from that analysis will draw clear conclusions for either leasing or purchasing.

Lease or Buy

The main comparison being made is the prospect between leasing at a monthly rate of \$5,250 or approximately \$10.00 per sq ft/year which was the average suggested rate by Zillow.com^[38] for the Rochester area. On the other hand, the buy rate was determined as \$1,020,600 which was determined by the New York Real Estate commission^[7] as well as a range of custom searches at LoopNet^[39].

The figure below describes the metrics above in a graphical format for better understanding.

Rent		vs.	Buy		
Monthly Rent Payment: \$5,250.00 Annual Return on Investment: 7.00%			Purchase Price: \$780,000.00 Down Payment: \$60,000.00 Mortgage Term: 10 years Interest Rate: 7.00% Monthly Mortgage Payment: \$8,359.81		
Cost Benefit Analysis					
Calculations are based upon a 4% annual inflation rate over the course of 10 years (the time between now and when you estimate you would sell the office space). Please allow for slight rounding differences.					
Renting Costs		Amount	Buying Costs		Amount
Total Rent & Insurance Payments:		\$781,584.75	Total of Interest Payments:		\$283,177.26
			Total Closing Costs:		\$7,200.00
			Total Property Tax Costs:		\$0.00
			Total Maintenance Costs:		\$853,987.09
			Total Commercial Insurance Costs:		\$55,509.16
			Total Association Dues:		\$0.00
			Total PMI Costs:		\$15,941.56
			Cost of selling office space:		\$73,377.83
Total Costs		\$781,584.75	Total Costs		\$1,289,192.90
Renting Benefits		Amount	Buying Benefits		Amount
Interest Earned on Invested Funds:		\$67,849.24	Tax Savings:		\$0.00
			Property Appreciation:		\$268,254.78
Total Benefits		\$67,849.24	Total Benefits		\$268,254.78
NET COST OF RENTING:		\$713,735.50	NET COST OF BUYING:		\$1,020,938.12
Summary: You will save \$307,202.62 if you rent instead of buy.					

The rent versus lease calculator was used to generate the chart above.^[32] It allows for manipulation of data to get a varied understanding of the fiscal analysis.

After a cost-benefit analysis^[42], the determination made is that there was approximately a \$307,000 saving in leasing a location over purchasing it in a 120 months estimation period. Metric estimations such as 7% interest rate, 4% property insurance rate, 10 year lease term, 3% property value increase, and \$60,000 down payment values were incorporated to create this fiscal analysis.

Conclusively, prospects of leasing expose benefits such as limited to reduced liability, minimal management responsibilities, minimal legal undertakings and other such benefits far outweigh the purchasing option when deciding between purchasing or leasing office space. In addition, this analysis also accounted for estate appreciation costs and from a pure fiscal standpoint it is far more efficient to lease than purchase. With all the added benefits of leasing, the analysis concludes that leasing is the way to go.

Zip Code Demographic Analysis

Rochester is the third largest city in the state of New York. While on a national scale that is a fairly small city, relative to Healthy Baby Network, there are a lot of clients to serve. Rochester is also among the cities on the lower socio-economic scale making it a hotbed for services like HBN.

Having said that, there are a list of zip codes that HBN has provided that they closely work with. The zip codes are as follows: 14605, 14606, 14607, 14609, 14611, 14613, 14616, 14621. This list encompasses a comprehensive target location point. Based on these zip codes, the consulting team has had conversations with various real estate business parks that have all suggested that a search will be conducted across all the suggested zip codes. The factors cited in confirming this location is that the prices are most controlled in that region because it is famous for having non-profit commercial offices. Additionally, given all the other zip codes HBN serves, there is a central RTS drop off location very close to multiple business parks in the zip codes offered with locations from Maguire Properties as well as Pyramid Brokerage.

Brokers from Maguire Properties and Pyramid Brokerage highly recommended the strategy of breaking down search priority into 3 tiers^[27]. High encompassing the top 3 zip codes, medium for the middle 3 and low for the bottom 2 based on the search results that come back from the brokerage firms. This will ease decision making when it comes down to picking between the top two or three locations.

Conclusively, discussions with various real estate agents resulted in general searches of commercial real estate targeted at locations within the bounds of the zip codes, in close proximity to daycare centers and with moderate to good accessibility to public transportation. Additionally, a 3-tier rating system for property selection should be established. Lastly, the costs and other information gathered from this search were then used in the Real Estate Analysis section below to yield optimal costs, locations and eventually recommendations.

Key Findings

From the information gathered above, the idea of leasing over buying a space has been clarified. The analysis suggests leasing is the way to go which was consistent with what the client initially had in mind. Another key conclusion drawn from the general location analysis is the appropriate zip code. The zip code to host this co-located business park would be dependent upon the search results of the real estate agents and availability, thus all zip codes will remain under consideration at this time. Having said that locations being searched would have to meet expectations of accessibility to public transport and proximity to daycare centers.

The recommendation is to establish 3 primary target tiers of zip codes with a top tier considering the first 3 zip codes prioritized, a mid tier with 3 zip codes that follow and a third tier with the last 2 zip codes that have the lowest priority. Additionally, HBN should shortlist real-estate companies that will be willing to host HBN and their associates. This will allow HBN to open lines of conversation with real-estate companies to get accurate quotes on potential lease agreements.

Size and Layout

Using the basic service plan as described above, a size and layout for a proposed office space is generated. The client expressed a need for space for their office, five other companies in the co-located space, and a daycare. After researching different types of co-location and the amount of space available for different types of businesses, the following breakdown was computed. The spreadsheet shown will be included as an interactive spreadsheet if there are additional requirements that are created after this project's conclusion^[34].

Item	Required Square Feet	Notes	Number Required	Total Square Feet Required
HBN Full time Employee	64	8x8 Cubicle	9	576
HBN Conference room	525	25x10 rooms	2	1050
Co-locator Space	220	10 x 22 room	5	1100
Shared Waiting room	1500	50x30 Room	1	1500
Walking Space Etc.	400		1	400
Daycare	2000	Daycare Room	1	2000

Total Sq Ft Required: 6626

Using this as a template, a 3D visualization of the proposed office space can be made as shown below.



This visualization includes a waiting room, reception area, ten office cubes, a kitchen, a conference room, a meeting room, five colocator spaces, a day care, and a shared storage space. The visualization above is just one of many possibilities for a co-located space and will depend heavily on the spaces available when HBN is actually looking for a space for this co-located facility. This layout has several unique advantages and disadvantages.

Some advantages are that all of the HBN employees are situated in the same areas, but can still easily access the co-locator's rooms which invites collaboration between organizations. Another unique advantage is minimizing the shared wall space with the daycare, since daycares are notoriously noisy it is best to have as little disrupted office space as possible. This layout also saves on square footage by sharing common areas between HBN and the co-locators. Spaces such as the waiting room, conference rooms, and kitchen do not need to be duplicated and therefore results in a more efficient design. Some disadvantages of this particular layout is the inaccessibility of the storage space, the lack of windowed offices, and that one locator shares two walls with the daycare facility. Overall this layout is very good as the benefits outweigh the disadvantages.

Real Estate Analysis

Selecting the right co-located structure based on finances, location and facilities is one of the most vital decisions in HBN's relocating prospects. After assessing optimal zipcodes, a preliminary list of real estate firms were established that would be optimal in providing appropriate suggestions for ideal locations and providing some information that supports the leasing prospect.

Preliminary Real Estate Firm Analysis

The first course of action in accomplishing the goal of studying the possible co-located structures in the Rochester area is to learn more about the commercial real estate space and its stakeholders. Some of the more prominent real estate firms and brokerages include Macguire Properties^[27], Jim Pappas Real Estate,^[13] Flaum Management Co^[26], Pyramid Brokerage, Rochester Commercial Real Estate, Hunt Commercial Real Estate, Buckingham Properties^[28] and Caliber Brokerage.^[5] Research was conducted by reaching out to these firms and some of their representatives to learn more about what they do, possible locations that fit HBN's metrics and possibly some quotes for the current market.

The metrics set to conduct these conversations include 6,000 - 7,000 sq/ft. estimations, locations in any of the following zip codes 14605, 14606, 14607, 14609, 14611, 14613, 14616, 14621, close proximity to existing childcare locations and public transport all over a five year lease. Having said that, a conversation with Tim Meleca, a business development manager at Caliber Brokerage suggested that the given metrics would render a range of between \$6.00 - \$20.00 per sq/ft for a ten year potential lease agreement.^[40]

Additionally, research conducted via Hunt Commercial determined that based on the provided zip codes, from the 9 locations assessed the asking rate averaged to \$9.83 per/sq ft.^[40] This information is consistent with recommendations made by Time Meleca of Caliber Brokerage and

corroborates the information. The average determined ranged across locations in each of the zip codes addressed as target zip codes^[5].

Furthermore, a search on LoopNet, an online platform to lease and buy commercial property suggests that of the recommended zip codes, there are 3 pages of results generated with approximately 21 properties.^[16] An average of these locations within the 6,000 sq ft to 7,000 sq ft spacial range show an approximately \$10.00 per sq ft.^[17] This further corroborates the initial recommendations made by Caliber Brokerage as well as further research through Hunt Commercial's listings.^[5] It is important to note that LoopNet searches show what is currently in the market. Revisiting this site could potentially change the averages. However, the ballpark is expected to remain in the \$6.00 to \$20.00 per sq ft range as expressed by Caliber Brokerage.

These searches and corroborations clearly indicate a pattern that was set by Caliber Brokerage's Tim Meleca. It is important to note that while Meleca sets a wide range of price per sq/ft, extensive searches found that the average remains within a \$9.00 to \$10.00 range as of 11/21/2017.^[5] This is subject to change as market rates, demand and availability has a quick turnover in the Rochester market. Having said that, Fortune Builders, a real estate firm and think tank has determined that there is only a +/- 3% fluctuation in market rates in the Rochester area in the past five years^[29]. The past year has seen -1.1% and past two years have seen a +2.2% delta. These changes indicate that the market rate has been historically stable.^[18] While it isn't an exclusive metric for prediction, it serves as a reasonable indicator to take into consideration.

List of Possible Properties

In conducting real estate research, the team ran into various different properties that seemed to be a good fit for HBN's needs. While the market continues to move and these places might not remain feasible options at the time of action for HBN, the team found it valuable to assess these options providing better insight and breakdown into the various possibilities. These breakdowns will allow for clearer recommendations as well as a better understanding for the goings on of the market.

The first property explored is 155 Bellwood Dr in the 14606 zip code area.^[19] This property boasts a possible 25,000 sq ft at the rate of \$9.00 per sq ft with a 5 year lease plan. This location scores 5/50 in walk score, meaning it is not accessible to most by walking. However, it ranks 25/50 in transit accessibility which is a fair score. The tax bearing on the location is \$1.90 per sq ft, although HBN's non-profit status would nullify that concern.

The second major property of interest is 485 Spencerport in 14606.^[15] This location lists at \$10.00 per sq ft with respective availabilities. This location is quite optimal with a 35/50 transit accessibility score making it fairly accessible by public transport. While this property is older having been constructed in 1960, renovations have regularly taken place.

The third property assessed is 1239 University Avenue in 14607.^[16] This location is of interest due to its great accessibility to public transit. The location comes at a \$12.00 per sq ft due to its centralized location. However, the overall property is not valued very highly due to its old structure and aging internal systems. Renovations will be a pivotal part of making this location aesthetically appealing.

The fourth location is 961 Lyell Ave in 14606 which is also a potential appropriate zip code.^[17] This location comes in at \$4.00 - \$6.00 per sq ft and has a high accessibility rate. The fifth location is 46 Sager Dr in 14607.^[18] This location is slightly on the more expensive side rated at \$10.00 per sq ft, however, it has the highest accessibility score of all the other locations.

As assessed, these five properties were located through rigorous research and consultation to be the optimal locations based on price, zip code, accessibility and features of the property. In the following segment, the top two locations will be thoroughly explored to provide HBN valuable insight on what locations will favor their goal to realize a co-located space.

Key Findings

Having studied various brokerage firms and real estate management organizations, it has become increasingly clear that it is important to connect with the firm, get to know the agents HBN will be working with and then make a decision on which firm to go with. The firms listed and cited in this paper were used due to their prompt response when the team reached out to them for inquiry and does not guarantee that any of these firms are top ranked or the best to work with.

It is recommended that HBN take into consideration the range determined by Caliber Brokerage where it is asserted that for the range of zip codes provided by HBN, the expected range of corresponding prices fall within \$6.00 to \$20.00 per sq ft. This information was corroborated by conducting searches on various property sites in the Rochester area including but not limited to LoopNet^[7] and BuckProp^[8]. While the searches only provide anecdotal evidence, it is sufficient to gather information for corroboration of data at hand provided by Caliber Brokerage.

While estimations from the size and layout section above have determined that HBN use between 6,000 and 7,000 sq ft, it is highly recommended that HBN be flexible with +/- 500 sq ft. Often, locations within the exact range of estimation are hard to find and providing flexibility in the search process will greatly help HBN. Furthermore, excess space is usually subject to sublet opportunities depending on the lessor.

Conclusively, productive conversations with various real estate and brokerage firms have produced fruitful results that directly benefit HBN's cause. It is valuable to add that the team will not make a direct recommendation on which real estate firm or broker to work with given the subjective nature of those deals. It is best that the HBN executive board open lines of communications with different brokers when the board is ready to move forward with a new lease search.^[24]

Financial Analysis

Based upon our research on leasing versus buying a property, as well as the given information about the financial status of Healthy Baby Network, we have been able to draw several conclusions about the financial feasibility of opening a co-located operation.

We have determined that for a 7,000 square foot building space, it would cost HBN a total rent amount of \$105,000 over a ten year leasing period with a total of 6 organizations, including HBN, within the space. We have obtained this information under the impression that the average rent in the Rochester NY area in the zip codes: 14605, 14606, 14607, 14609, 14611, 14613, 14616, 14621, averages at \$9 per square foot.

We have estimated the starting costs of moving to a new location to include the cost of packing(0.75 per sq/ft), phone and internet setup for the new location (\$1.50 per sq/ft), moving of systems , servers and information (\$1.00 per sq/ft), as well as other miscellaneous moving costs (\$1.50 per sq/ft).^{[10][11]} Therefore, for an estimated space of 1500 square feet that HBN currently operates in, and a new location of 7000 square feet, the estimated moving costs would be \$6,625.00. We estimate that there will be an additional cost of \$15,750.00 in the first year of operation at this new location for HBN. This estimate includes the variable cost of obtaining companies to fill the space. Therefore, this number is calculated under the impression that HBN will pay for 6 months of rent for three spaces, in the first year while companies are being recruited to join the location^{[10][11]}. This is a variable cost and is subject to change in several areas. An excel file is attached, which has variables to be manipulated to determine different options.

Based on the given financial statements for the year of 2016, we have come to the conclusion that HBN is in a non-cancellable renewable lease agreement for their current location, which will conclude on October 31, 2019. This is an important variable factor, as if HBN should choose to

renew their lease for another five years, this will affect the timeline of this potential project. Additionally, if HBN should choose to open a co-located structure, they will need to act fairly quickly, before their current lease expires, and time their move so that they will not have significant overlap of the leases or an interruption of service.

We have also taken into account the constraints of the companies which would be opening a new location in order to participate in this co-location. We estimate that these companies will see similar 10 year rents to what HBN has been estimated at, as we anticipate that the space will be shared fairly equally among all companies in the co-located space. We estimate that the costs for these companies may be higher overall than HBN, given that many will likely be opening a separate location, rather than moving their entire operations to the co-located structure.

The following image depicts the price calculation if HBN were to move to a new location under the above specifications:

Applicable Zip Code	14605, 14606, 14607, 14609, 14609, 14611, 14613, 14616, 14621				
Price Range per sqft	\$6.00 to \$20.00				
	(Note: This is based on a 10 year lease term. Additionally, based on conversations with leasing professionals, \$9.00 was the lowest price cited for nicer locations.)				
Price Calculator:	Square Footage: 7000				
	Price Per sqft: \$9.00				
	Total Cost Per Year: \$63,000.00				
	Total Companies in space: 6				
	HBN sqft: 1167				
	HBN Cost \$10,500.00				
	HBN has a non-cancelable lease through October 31, 2019, which is renewable for two five(5) year terms.				
Current Lease Costs:	Year	Cost			
	2017	\$33,332.00			
	2018	\$34,998.00			
	2019	\$34,679.00			Current lease ends.
	2020	\$23,425.00			
Costs of Moving :	Cost by sqft to move: \$1.50				
	Cost by sqft to pack office: \$0.75				
	Cost of phone system for new locat \$1.50				
	Cost to relocate phone and servers: \$1.00				
	Current sqft: 1500				
	New location sqft: 7000				
	Moving Cost Estimator by sqft: \$6,625.00				
Additional Costs:	Cost to fill co-located offices: \$15,750.00				

Below is a comparative analysis of HBN's current estimated costs with the estimated costs of HBN if they were to move to a co-located space:

HBN Current vs. Potential Lease Costs:				Current Location	Co-location
			Lease Costs:	\$307,901.50	\$105,000.00
			Moving Costs:	\$0.00	\$6,625.00
			Cost to fill space:	\$0.00	\$15,750.00
			Building Maintenance:	\$0.00	\$0.00
			Scheduling Manager	\$0.00	\$800.00
			Total Costs (10 year):	\$307,901.50	\$128,175.00
			Monthly Cost:	\$2,565.85	\$875.00
			Monthly Cost(all expenses):	\$2,565.85	\$1,068.13
Cost of co-location for Providers:				High-end	Low-end
			Lease Costs:	\$105,000.00	\$105,000.00
			Moving Costs:	\$15,000.00	\$5,000.00
			Advertising Cost:	\$5,000.00	\$1,500.00
			Total Cost (10 year):	\$125,000.00	\$111,500.00
			Monthly Cost:	\$1,041.67	\$929.17

Key Findings

Healthy Baby Network has the opportunity to move into a co-located space with minimal cost to their current operations if this is timed to coincide with the end of their current lease based on the information in their 2016 financial statements. This would mean that HBN would need to move quickly in search of a new location if they were to plan to make this transition in the next two years. Additionally, they would need to confirm five co-locators to fill this space with them in order to be able to afford the costs incurred in moving to a new location.

Recommendations

Taking into account the research done, the objectives, goals, and constraints of the clients the following recommendations can be made. It is important to remember that the objectives of the organization can be fluid and changing the ultimate goal may change due to outside factors.

- ❖ Consider testing out the co-located model by renting out a commercial venue once a month and invite co-locators to set up satellite service hubs to provide services to clients
- ❖ HBN should lease a co-located space instead of purchasing because of time saved from overhead setup, maintenance and benefit of saving initial down payment costs. Leasing also helps mitigate risk of the housing market activity.
- ❖ HBN should consider making one of the co-locators a daycare center to fulfill the daycare needs.
- ❖ In the event that HBN chooses not to include a daycare center as a co-locator, they should communicate with real estate agents to ensure that a daycare center is accessible within a walkable distance.
- ❖ HBN should consider all the following zip codes 14605, 14606, 14607, 14609, 14611, 14613, 14616, 14621.
- ❖ Based on suggestions from Macguire Properties and Caliber Brokerage representatives, HBN should create tiers of preference in their zip codes with top 3, mid 3 and last 2. This will allow agents to better gauge appropriate locations.
- ❖ Connect with real estate firms, get to know the agents HBN will be working with and then make a decision on which firm to go with.
- ❖ HBN should consider Caliber Brokerage's recommended range, which is \$6.00 - \$20.00 per sq ft/yr in the above zip code areas since this is the current market rate based on the zip codes and accessibility expectations. There is an expected price fluctuation of +/- 3% according to experts from various established real estate firms.

- ❖ An estimated 6,000 sq ft to 7,000 sq ft with a +/- margin of 500 sq ft would be ideal given the existing parameters of 5 co-locators in the space.
- ❖ HBN and the co-locators should share a waiting room, meeting room, and conference room in order to save space and encourage an open atmosphere.
- ❖ HBN should consider Bitrix24 as the best management software option to best manage and allocate co-locator's and their resources.

Conclusion

In conclusion, the team came to the determination that a co-located structure is indeed feasible for Healthy Baby Network. This understanding was backed by creating objectives and accomplishing them by delivering well backed recommendations. The objectives outlined in the statement of work including studying and analysing co-located structures, possible alternatives, purchase versus leasing, real estate exploration, and financial ramifications were duly fulfilled and key recommendations such as leasing over purchasing, acquiring properties in respective area codes, consider alternatives similar to SmileMobile, assume potential lease costs like \$9-\$10 per sq ft per year, and aiming for 6,000 sq ft to 7,000 sq ft were determined through thorough and comprehensive research. Completely restructuring an organization's workplace can be quite a daunting task, through this report HBN can embark on this journey with a good understanding of the challenges that lie ahead.

Appendix

Expert Interviews- Richard Notargiacomo

Meeting Type: Research

Meeting Date: September 15, 2017

Meeting Attendees: Emily Ehrreich, Joe Strinka, Richard Notargiacomo

Meeting Location: Venture Creations (RIT)

Things to consider:

- ❖ Sometimes people with ideas look at the world a little differently, and may misinterpret signals
 - (ie: people are interested could mean anything from “I’m ready to sign a lease”, to “ Come back later when this is completely planned out”.
 - Be aware and keep this in mind
- ❖ There are some business parks that have maintenance services “built-in” for a cost
- ❖ Is there a better way to accomplish the same goals?
 - Work with Uber/ pay for people’s rides instead of opening a new office location
 - Might cost less but have the same desired goal
- ❖ Focus on need, let that shape the potential options

Things to consider/ask about HBN:

- ❖ How do they receive funding?
 - Grants- look into if HBN receives long-term vs short-term government grants
 - Fundraising

- ❖ Board of Directors
- ❖ Time frame for this project

Rent/Building Concerns

- ❖ The building may not be full all the time
- ❖ Look at the value proposition for now as well as in 5-10 years
- ❖ There is a push/pull when it comes to rent rates:
 - Do you charge high rent rates to ensure that you are covered? Do you charge lower/more reasonable rates to bring people in?
- ❖ Consider owning/operating a building from a comprehensive perspective:
 - Maintenance needs- (snow, heat, a/c, things breaking...)
 - Costs- Mortgage, taxes, upkeep
 - Insurance

Providers:

- ❖ What impact will this have on the providers?
- ❖ How many providers will be able to move locations/ open an additional location with HBN?
- ❖ What would be the cost of this?

Customer Concerns:

- ❖ When doing customer research be sure to structure questions in a way that it is ok for the person to say “no”
- ❖ How many customers that currently use HBN struggle to find transportation to get there?
- ❖ How many previous HBN customers no longer use HBN because of a lack of transportation?
- ❖ Where do the customers come from?
- ❖ Where might the best place to put a co-located office be?
 - Interview customers if possible
 - Need to interview providers to see level of interest in moving/ opening a new location

Scheduling Concerns:

- ❖ Scheduling multiple appointments in the same day poses concerns about appointment times
- ❖ What will children do while waiting for multiple appointments
- ❖ Are clients willing to spend a whole day going in and out of appointments?

Unexpected things that may arise:

- ❖ Rent (not everyone will pay on time)
- ❖ Maintenance issues are never ending
- ❖ At Venture Creations one team reworked the space without permission (ie. permanent changes to the layout of the space)
- ❖ Not being able to fix everything yourself
- ❖ Evictions

Expert Interview- Thomas Maguire

Meeting Type: Research

Meeting Date: September 21, 2017

Meeting Attendees: Suhail Prasathong, Thomas Maguire

Meeting Location: Virtual

1)

How difficult is it to run a co-located space?

Tom: Well, if people pay their bills, life is easy. In all seriousness, it is hard when you start off but as you go you tend to establish a process and that makes life a lot easier.

2)

What are the major risks and pitfalls when starting a co-located space?

Tom: You really need to be careful about the laws. Building codes, health codes for both local and state! Also it is really important to vet the people you lease out to. Early on, it might be tempting to just let people in to start gaining revenue but that, in my experience is a bad idea.

3)

You are a landlord. However, in your opinion in today's market do you think it is better to rent/lease or own?

Tom: Well, I'd say rent/lease is a far better option. From a purely \$\$ perspective, if you do the math it costs you less to rent/lease over purchase. More importantly, when you rent/lease, the management company takes care of all the building operations and you just pay a small fee. Each co-locator also shares the burden of the fee making it palatable financially.

4)

What are your tips on going about meeting regulations?

Tom: Ah, if you rent/lease, that is not your worry. Yet another advantage. Otherwise, you'll probably have to hire consultants.

5)

Do you have any thoughts on how to raise money?

Tom: You guys are doing this for a good cause. There are still good people out there. They will donate. Other than that, look into existing revenue sources from the current organization you are doing this for (HBN). Also look into seeing if you can get subsidies from the local government. Elections are coming up so politicians want to engage with the community.

6)

Any general thoughts on business parks?

Tom: Check this out <http://smallbusiness.chron.com/start-office-park-business-16431.html>

7)

What location would you recommend?

Tom: Check out my website, we have quite a few locations and they're all good.

<http://www.maguirepropertiesinc.com/commercial.html>

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