

## **Project Downsizing – Part 1: The Business Case**

### **A Case Study by R. Max Wideman**

**Editor's Note:** The following paper is an actual project record presented here as a case study intended for use as a general project management class exercise. For this reason, specific names of companies or individuals have been carefully omitted. However, anyone wishing further information may contact the author through the contact information provided on this web site.

#### **Introduction**

It started like most other projects – a desire for change. My wife and I live (that is to say: used to live) in a single-family home of around 2200 square feet in a southern part of Vancouver, British Columbia, Canada. We valued our independence, our quiet neighborhood, our space, and tending to our home and back yard. It was all very pleasant and enjoyable for thirty years. But then one day we realized that maintaining the property, shopping, cooking, housework and sundry chores, to say nothing of maintenance, were becoming too much of a good thing at our age.

Besides, constant media advocacy of "EcoDensity"<sup>1</sup> was beginning to make us feel guilty about the amount of space that just two of us were occupying. Clearly, we should be thinking about "downsizing". Moreover, friends suggested that if we were going to move it would be better to do it earlier rather than later while we were still in reasonably good health and therefore fit to do so.

We decided to make this a project.

#### ***The downsizing project concept***

The first point of departure should be the identification of the "stakeholders". The primary stakeholders are obviously my wife and I, who we will call "The Partnership" or "Sponsors". Closely related are our son and daughter, who wisely decided, evidently, to keep out of the discussion of the venture. Nevertheless, they were quick to offer help with the actual project execution if that is what we decided. Other stakeholders, you might call them "second tier", included our neighbors, our financial advisor and, of course, the managers of the proposed facility of choice. Also could be included were our real estate agent and our lawyer. Even so, that number of stakeholders meant that the project was not all that complex.

Every good project idea of any significance, and we considered this one to be significant, should start with a "Value Proposition" as a first step to a viable Business Case.

So, downsizing would involve finding alternative accommodation in a full-service independent seniors' residence. That is, preferably with full board and house keeping services, and generally people around as a part of a community. We would invest the funds from selling our unencumbered home to pay for the monthly fee and any other related expenses. The payoff would be less "work" and more free time to enjoy a new life style with less responsibility and worry.

Perhaps more subtle but none the less important would be the availability of help in the event of a sudden life threatening event. This has particular importance to us as we have no family or relations living anywhere near us. Our son lives down in San Diego and our married daughter lives over east, near Toronto. Of course, the project would involve quite a lot of "activities" such as disposing of more than

half of our accumulated possessions, selecting or modifying furniture to fit (I love woodworking), rearranging our finances, and moving and settling in.

Having established the general idea, in true project management fashion we turned to Issacon 1208a for guidance (see <http://www.maxwideman.com/issacons2/iac1208a/index.htm>). I wrote this Issacon only a year earlier and little did I expect to be using it first hand. Adapting this Issacon to our project, the steps to a serious Business Case, on which we would have to make a decision, appeared to be as follows:

- Research the problem, i.e. what specifically should we be looking for with what flexibility
- Identify those facilities that suggest best fit, i.e. could be viable
- Quantify the costs and benefits of each alternative
- Select a preferred solution
- Identify any risks and issues with implementation
- Make a decision to move forward with the project if the foregoing looks promising

## **The Business Case**

### ***The problem and its constraints***

Both partners are in reasonably good health for our age, so we felt that given sufficient time we could handle the bulk of the work, except for heavy lifting. As it happens, we had already come to an arrangement with our neighbor across the back lane to look after digging over our garden and similar chores when needed. And he was very willing to help with the odd moving of furniture and take away stuff that could be useful to him but no longer to us.

So, starting with 2200 square feet well cluttered with furniture and stuff from past generations happily passed on, plus a well-equipped woodworking workshop, this could clearly not all be taken into an apartment. Moreover, apartments and condominiums in the city generally range from around 500 to 1000 square feet so evidently we needed to dispose of at least half of our belongings. We enjoy a number of in-home activities such as supporting the Wideman Education Foundation through the Internet, maintaining a small business, sewing and the like, as well as being able to customize and fix things. So, intuitively, we felt that it would be difficult for the two of us to squeeze into less than 1000 square feet and still feel active and useful. Even so, this would require reducing our belongings to less than half with the obvious problem – which half? That would need very careful planning.

### ***Facility availability***

Around Vancouver there are a number of organizations managing facilities catering to senior citizens. Upon examination, as might be expected, the offerings vary in size, services and price. As to size, these generally range from around 450 square feet for an all-in-one one studio room to around 750 square feet suite containing two bedrooms, living room or den and kitchenette. Services generally include weekly house keeping, a resident's dining room, sitting area and library and typically telephone, TV and Internet services. Meals range from 20 meals per month included in the rental (beyond that you are on your own), to full board. And prices range accordingly from quite expensive to very expensive.

At this point, you might ask what about just moving into a condominium complex? In fact, some time ago we investigated moving into one in our area, one that included house keeping, up to 20 meals a month in a fine dining restaurant, a nurse on staff and so on. However, we found that not only would that mean having less space and no yard, but we would still be responsible for most of our own meals

and it would actually turn out to be significantly more expensive.

### ***Cost-benefit equation***

The project required a careful balancing act. It would also require a considerable amount of up-front preparation for the actual move. We set the general financial constraint such that the investment from the sale of our house would be sufficient to pay the monthly rental fee without drawing down on the capital. However, the answer obviously depended on the amount that would be raised from the house sale, and that would not be known until the house was actually put on the market. The housing market in Vancouver has always been very volatile veering from a 30% slump in the early eighties to a steady run up culminating in a 20% increase in some areas in the past year alone. In our area, house sales are very dependent upon Chinese money and any change in the political or financial climate between Canada and China could be devastating to the market. So, timing of the house sale would be crucial.

However, we were also well aware that in spite of our best efforts, it would be difficult to make the correct "take-it"/"don't-take-it" decision on all the items of our belongings and wrong decisions would be matters of long-term regret. Therefore, we decided that we would not vacate our home until at least a couple of weeks after we had moved into the alternative accommodation. This would give us an opportunity to change our minds on items left behind, and vice versa.

This situation had two ramifications. We had originally projected that we would be "about ready" to make the life style change in "about a year's time". That would allow for a comfortable run up to such a move including getting used to the idea, making sure that we had the necessary long-term finances in place and selling off as much of our unneeded belongings as possible. However, the world economy, especially considering the United States economy and its effects on Canada in general and Vancouver in particular, made the housing market look decidedly dicey. We decided that if the move was to be financially successful we could not take the risk, and should reset our target to six months for a sale in the spring of 2011.

Nevertheless, if we still wanted to retain the house until after our move, we would have to make sure that we had enough cash-on-hand to pay deposits, moving expenses, and subsequent monthly payments until such time as the return on our investments started to flow. All of this meant careful scheduling of activities to optimize the outcome. The impact meant that we would be finally "down-sizing", moving furniture, holding open house several times to attract a buyer, and settling into our new home all at the same time.

### **The preferred solution**

Central to the whole exercise was finding the right senior's community with available space. As noted earlier, there are a number in the Vancouver area that we visited and assessed. In the event and as the primary candidate, we selected a place about 20 minutes across town by car. It is a "senior's independent living community" residence that, for convenience, we will refer to as the SILC. This retirement home is run on a non-profit basis by a charitable society.<sup>2</sup> To qualify as a "senior" you have to be over 55. "Independent" means that it is not a "care" facility, but strictly for those capable of living safely and independently in their apartments.<sup>3</sup> A specific criterion is being able to move from apartment to the dining room and back for meals, even if that does mean using a "walker".<sup>4</sup>

Given the parameters of our proposed solution, the Key Success Indicators<sup>5</sup> for this project would be, in

reverse order of importance:

3. A successfully completed project, that is, a timely completed move with no adverse impacts
2. A budget compliant project, i.e. costs and revenue cash flows generally as expected or better
1. A successful product, i.e. a comfortable and satisfying living for the Partners extending into the future

### ***Feasibility***

SILC is run by a team of managers who live on the premises and who look after all aspects of the running of the home. They take it in turns, of course, and because they live in, there is 24-hour on-call supervision.

To test our project concept we visited the facility and had a long chat with the management. We explained our ideas of an ideal solution and were duly shown round the building to see a couple of suites and what else the place has to offer. Everyone we met, especially some of the residents, were quite forward in expressing how much they liked the place, how much freedom they had, the various activity rooms, and the personal effort of the managers to make the home a fun place to live.

But there were two major constraints: The place was currently completely full, and the largest accommodations were two bedroom suites at approximately 740 square feet. This we felt was definitely on the small side for us. However, the manager we first met told us that a recent applicant had proposed to take on two adjacent one-bedroom suites and essentially knock them into one. This would give them around 1000 square feet. In the event, it seems that this tenant couple found that the alterations they had in mind would be too expensive and consequently backed off.

Apparently, the owners of SILC were still willing to consider this possibility. Obviously, this idea had great appeal for us provided the alterations, to our account, would not be too expensive. We said we were very interested. But the question remained, would we really like "downsizing to a seniors' community"? To address this concern, we were invited to stay for several days in the home's guest suite,<sup>6</sup> to sample the "environment", the activities, the meals and so on.

### **Risks and issues**

Of course we did a project risk assessment with a view to mitigation during more detailed planning. Most of these risks are fairly obvious, for example:

- **Scope:**  
Would we really be able to part with a lot of belongings that could no longer be accommodated but nevertheless held strong emotional attachment? For example, workshop woodworking equipment would clearly be inappropriate, and meant giving up a lifetime of hobby activity. Similarly, what about the sewing machine, accessories and resource materials so essential in a hobby of this sort?
- **Quality:**  
Would we be able to adjust to our new surroundings, in particular switching from a relatively independent existence to one with lots of people around? Would we feel comfortable and compatible?

- **Time:**  
Given all that we hoped to accomplish before hand, such as the "environmentally-friendly" disposal or sale of belongings, would we really be ready in six months? On the other hand, would the accommodation that we had discussed with SILC actually be available when needed?
- **Cost:**  
Could we actually sell our house in the required time frame and having done so, realize sufficient capital to meet our future cash flow projections through relatively safe investments?

### ***Decision time***

We were well pleased with our stay at SILC and promptly put down a very modest deposit of \$500. This would give us first refusal on the next available pair of adjacent suites that could be simply "knocked into one" by a connecting doorway. We did emphasize that we would not be ready for six months. While this solution required a particular configuration, and two such suites becoming vacant at the same time, the managers felt that such an opportunity could come up within the next six months.<sup>7</sup>

The consequence of this action meant that our project started in earnest in November with a view to taking possession of our new accommodation at the beginning of May. The actual move would be two weeks later to allow for the structural alterations we expected.

### **Detailed planning**

Given the acceptance of this concept in principle, the obvious first step was to prepare a Master Plan for actual execution. And the obvious first step in that plan was to prepare an inventory of all of our belongings. From this we could decide the actual disposition of each item. Further, having decided such disposition we would mark each item accordingly, not only because there would be dependencies<sup>8</sup> but also to avoid having to repeat the hassle of making the decision in the first place! Moreover, the result of this activity would give us our first feel for how realistic we were being in our expectations of space and timing for the project.

This exercise proved to be a monumental task to start with, but nevertheless essential. As well as all furniture and objects scoured room-by-room, we explored cupboards, shelves and hidey-holes that had not seen the light of day perhaps for years. But, after much toil, we ended up with a closely typed list of some 16 pages. Possible disposition of each item included: Stuff to take (to SILC); Stuff to transport to our son (in San Diego); Stuff to our daughter (outside Toronto); Stuff to try and sell; Stuff to go to a local Thrift Store; and Stuff to Trash. In addition we flagged items of furniture that needed "work"<sup>9</sup> if it was to be useful at SILC.

### ***The work packages***

Needless to say, this list gave rise to a long list of individual tasks – all part of one "work package", our first. It also made clear that we would need local help so we identified other work packages more or less in chronological sequence.

Therefore, our second work package would be labeled "Pre SILC Financial Commitment" and included: Investigate and arrange (I&A) transfer of furniture and belongings from home to SILC; I&A for furniture to Toronto<sup>10</sup>; I&A final clearance of everything left over including stuff to trash; I&A connections such as ensuring that high speed Internet would be available at SILC, a cheap-rate telephone

service for over seas calls to my wife's sister in the UK; and I&A our future financial portfolio with our investment advisor.

Our third work package related to our new accommodation. As soon as SILC advised us that accommodation was coming free, we would visit to see if what they had in mind would work for us, make the necessary deposit, and measure up the combined suites with considerable accuracy. We would then plot this information to a scale of ½ inch to the foot and, with cardboard cutouts of all of our furniture, we would be able to determine what would fit, and how best to arrange. It would also enable us to finalize what to take.

Our fourth work package (WP) dealt with selling the house and moving out. Key to discussions with our financial advisor was having a reasonably close figure for the value of our house. As we mentioned earlier, house prices in Vancouver are quite volatile, so an important member of our team would be our real estate (R/E) agent. Unfortunately, the R/E agent we had used in the past and had kept in contact with for years suddenly passed away a few months earlier. So, that meant: I&A an alternative R/E agent. But R/E agents being what they are, our newfound "friend" was unwilling to put a figure on the house. Instead, he wanted to put it on the market immediately. That didn't suit us so we put this activity on hold.

In due course this WP involved: Contracting with the R/E agent; checking the terms with our lawyer; Preparing our home for an "Open House";<sup>11</sup> Closing a sale (hopefully); Final packing and actually vacating the property.

The fifth and last work package consisted of everything else that had to be done. This included significant things like: Preparing a list of everyone to be notified of change of address and phone numbers, including neighbors, friends; Updating insurance coverage: for the house should it become empty, car insurance and tenants insurance at the new location; Canceling all services at the house when appropriate, including power, telephone, TV and Internet, and news papers and journals; and Redesigning our investment portfolio to incorporate funds realized from the house sale and generating a cash flow to pay for the SILC accommodation.

### ***Coming Next***

In PART 2 of this paper we will present details of the actual execution of this project.

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<sup>1</sup> The word "EcoDensity" is a term purloined and registered by Sam Sullivan, past mayor of Vancouver. In spite of a charter to adopt EcoDensity for Vancouver to make it the "greenest" city, the word does not appear to have an official or formal definition. In general, it is intended to mean "a process to find a vision for Vancouver that will result in definition of new medium- and higher-density neighborhoods in locations other than the downtown peninsula, and to combine livability, affordability and sustainability with zoning changes that will allow continued growth" (The Vancouver Sun February 26, 2008). In short, stuff in more people into the available space in the belief that this will save the planet.

<sup>2</sup> As an example of what we have in mind, see description here:

<http://www.baptisthousing.org/communities/shannon-oaks>

<sup>3</sup> A doctor's medical certificate of fitness is a requirement.

<sup>4</sup> Walker for seniors – a small wheeled chair to assist those with walking disability but still able to get

around. Typically has a removable seat and folds up for storage. May also have a basket.

<sup>5</sup> Key Success Indicators (KSIs) are defined here as: indicators that:

- are determined at the beginning of the project and listed in order of priority
- reflect directly on the key objectives of the project, and
- provide the basis for project management trade-off decisions during the course of the project

And, after completion of the project:

• are most likely to result in acceptance of the project and its product by the project's stakeholders as being

'successful' in terms of 'customer' satisfaction, and

- can be measured in some way, at some time, on some scale. [D00886]

<sup>6</sup> The guest suite is normally reserved for visiting relatives of residents.

<sup>7</sup> A further constraint by the building owners was that they were only willing to consider alterations to a suite on the second floor and then within certain parts of the building. It seemed to us that this was all becoming a pretty long shot. However, in the event, a suitable suite did become vacant at a time that fitted our schedule. The managers then kindly negotiated with the occupant of the adjacent suite to take a minor "upgrade" in another part of the building, thus freeing up the two suites for us.

<sup>8</sup> That is to say, "if we are not taking this, there is no point in taking that."

<sup>9</sup> As an example, our main bedroom contained two single beds built together as one unit. This would have to be separated into two since my wife and I would occupy separate rooms, one in each of the two adjacent suites.

<sup>10</sup> This in itself was an interesting "lesson learned".

<sup>11</sup> Including arranging the contents to show the place to its best advantage in spite of a number of half-packed moving boxes.