



## Service/Strategic Plan

**2003-2006**



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## Letter from the President

On behalf of the Board of Directors and employees of BC Buildings Corporation, I am pleased to present the Corporation's 2003-2006 Service Plan.

This plan outlines BCBC's strategic direction, performance measures and financial outlook. It has been prepared pursuant to the Budget Transparency and Accountability Act (July 2000 and the amendments in August 2001) and the related "Guidelines for Government Organizations Service Plans" provided by the Crown Agencies Secretariat, Office of the Premier.

To address the recommendations from the Core Services Review, BCBC developed an ambitious Service Plan in 2002. The Corporation has made significant progress over the past year and will stay the course to deliver on the five major action items to which it committed. By 2005, we will have substantially delivered on each of these action items:

- Lead the rationalization of government accommodation;
- Increase the role of the private sector and the use of alternative service delivery;
- Dispose of assets strategically;
- Strengthen BCBC's shared services model; and,
- Increase focus on health and education sectors and on efficiency of government's overall real property system.

In addition, as articulated in the Shareholder's Letter of Expectations between the Minister of Management Services and the Corporation, BCBC will:

- Assist government with respect to the disposal of surplus real property assets emanating from the Core Services Review of government agencies (as identified by the Asset Leveraging and Strategic Disposition Steering Committee);
- Lead the BC Housing Management Commission and Provincial Rental Housing Corporation inventory assessment review; and,
- By the end of fiscal year 2004/05, evaluate the performance of the Corporation's strengthened shared services model and governance structure, and make recommendations.

BCBC's key focus is on customer success and innovative stewardship of public real estate assets. The Corporation is well positioned to meet government's expectations. The Corporate vision, created in 2000, defines a compelling future state. We will continue to concentrate our energies and resources on achieving this vision:

*To be vital to our customers' success by creating flexible and affordable workplace environments that respond to their program requirements and employee needs.*

*To be indispensable to our shareholder through our innovative stewardship of public real estate assets.*

*As a result, we will earn respect and recognition as leaders in providing "Best Solutions for Best Value."*

BCBC's three-year strategic direction is refined annually. Key performance measures have been included in the plan and will continue to be monitored closely and refined to ensure that we maintain focus and momentum towards achieving our vision. Each year, the Annual Report documents progress toward meeting the goals, objectives and performance measures identified in the Service Plan.

Ultimately, our success in implementing this plan is dependent upon our employees. We are committed to providing a work environment in which our employees can succeed by having the information, skills and support to respond effectively to our customers and to work effectively with our suppliers.

Delivering on this Service Plan presents us with both challenges and opportunities. We believe that BCBC will contribute significantly as a strategic partner with our customers in delivering their programs and as a knowledgeable expert/advisor to government on real property and accommodation infrastructure services.

(signature)

John Beales  
President and  
Chief Executive Officer

# Organizational Overview

## Corporate Profile

The mandate of British Columbia Buildings Corporation (BCBC) is confirmed, as established, under Section 4 (1) of the *British Columbia Buildings Corporation Act*, and amended under Section 2 of the *Miscellaneous Statutes Amendment Act (No.2), 1997 to be as follows:*

“The purpose of the Corporation is to serve as an agency of the government in providing land and buildings for accommodation of ministries of government, public bodies and agents, corporate or otherwise, of the government by lease or licence or any other arrangement for the use and occupation of the accommodation.”

This mandate includes the following responsibilities:

- to provide cost-effective real estate and accommodation services to the public sector (a service provider function);
- to contribute to its customers' success through a thorough understanding of its customers' needs and identifying related best value accommodation solutions; and,
- to fulfill an obligation to the shareholder to provide innovative stewardship of real property infrastructure.

BCBC is a highly decentralized Crown Corporation, with 780 employees strategically located in seven districts (including almost 70 service centres and satellite offices). Approximately 60 per cent of BCBC's employees are located outside of Victoria in locations throughout the Province. The portfolio of owned, leased and maintained properties, which BCBC administers on behalf of the Province, extends throughout the Province.

BCBC operates on the principle that the management of these services is best provided through in-house expertise, but that most of the actual service delivery is best accomplished through the private sector.

## Core Services

**BCBC as the shared service provider of real property and accommodation infrastructure services will operate two lines of business:**

- **Management of Real Property and Accommodation Infrastructure Planning and Service Delivery** is responsible for overall account management and for sourcing and managing a suite of services to support customer program delivery, including: real property and accommodation infrastructure planning; operations and maintenance services; negotiation and management of leases; planning and management of building construction; major capital upgrades; and renovations and tenant improvements.
- **Portfolio Management and Stewardship Services** is responsible for managing government real property in accordance with Shareholder direction and BCBC corporate policy which include: vacant space management; long term planning; acquisition and disposal analysis; policy and standards consultation; and environmental management.

## Strategic Foundation

### Enduring Purpose

*The enduring purpose is the essence of the Corporation's vision, mission and core values. It is lived on a daily basis across the organization. BCBC's enduring purpose is:*

#### **"Best Solutions for Best Value"**

By **Best Solutions** we mean sustainable products and services that best meet the requirements of our customers and the interests of government.

By **Best Value** we mean providing our customers with a full range of cost-effective quality products and services.

### Vision

*Our vision statement describes a compelling future state that we believe is both ambitious and attainable.*

**We will be vital to our customers' success** by creating flexible and affordable workplace environments that respond to their program requirements and employee needs.

**We will be indispensable to our shareholder** through our innovative stewardship of public real estate assets.

As a result, we will earn respect and recognition as leaders in providing **"Best Solutions for Best Value."**

### Mission

*Our mission describes the purpose towards which we, as employees, commit our work life. The mission describes the business we are in, why we exist, what we produce and whom we serve.*

Our mission is:

- To support effective service delivery of government ministries, agencies of the Crown and other publicly funded organizations throughout British Columbia by efficiently managing and planning the delivery of real property and accommodation infrastructure solutions; and
- To provide innovative stewardship of the assets and resources entrusted to us.

In carrying out our mission, we provide knowledgeable advice and expertise, work effectively with the private sector, and contribute to environmental sustainability.

Our mission is achieved by our diverse and motivated team of highly skilled employees.

### Corporate Positioning

*Corporate positioning describes what situates us uniquely in our business environment that causes our customers to want to do business with us. It builds on our enduring purpose.*

We are a shared service provider to public sector organizations for real property and accommodation infrastructure services. We differentiate ourselves through:

- Our customer relationships;
- Our distinctive knowledge of government, customer programs, and real property and accommodation infrastructure solutions; and
- Effective work with the private sector to ensure our customer's success.

We offer our customers choice and we earn their loyalty.

We provide *"best solutions for best value."*

## **Core Values**

*These values represent our corporate and individual behaviors and define how we will treat our customers, suppliers and each other.*

- ◆ We treat all individuals with fairness, dignity and respect.
- ◆ We are open and honest and demonstrate integrity in everything we do.
- ◆ We work to know our customers and treat them as partners.
- ◆ We make and keep our commitments – get the job done!
- ◆ We are flexible, innovative and proactive.
- ◆ We work with our customers to bring value to our shareholder and the taxpayer.
- ◆ We support one another to achieve corporate goals.
- ◆ We measure and monitor our performance to established targets.
- ◆ We support and develop our people to achieve our corporate and individual potential.
- ◆ We are socially and environmentally responsible in our business operations.

## **Planning Context**

### **Key Challenges**

As part of the environmental scan, trends and their impacts on BCBC were considered for each of the following areas: Socio-Economic/Economy; Government Goals/Governance/Shareholder; Customer Needs/Service Delivery; Human Resources; Technology/E-Business; Portfolio Stewardship; Facilities/Property Management; Real Estate Market; and Environmental Stewardship. A current state assessment (Strengths, Weaknesses, Opportunities and Threats) was also conducted. Key challenges were derived from this assessment.

*The key challenges are as follows:*

### **Governance**

The challenge for BCBC is to retain its existing customers and meet their needs as governance models in the public sector continue to evolve. The Board of Directors and senior management will ensure that the Crown model and BCBC's mandate and supporting governance structure continue to provide the best approach for the Corporation to manage effectively the real property and accommodation infrastructure needs of the government and other public sector organizations. Further, BCBC's governance can be strengthened through clarity regarding the accountabilities of the Corporation in the broader real property system of the province.

### **Service Delivery Model**

A key challenge for BCBC is to ensure that it continues to have in place an effective service delivery structure and supporting business processes and practices. The Core Services Review initiative, the resulting government restructuring and very challenging fiscal targets will impact our customers in many ways: they will need to reinvent their programs; they will have increased accountability for the delivery of their programs; and, they will have significant reductions in their accommodation requirements. The Service Delivery Project, an initiative led by the Deputy to the Premier, is leading to increasingly integrated service delivery planning among our ministry customers, particularly at the regional level. The improvements in ministry service delivery that arise from this also will require increasingly complex integrated accommodation infrastructure solutions.

To help its customers be successful, BCBC will participate in the regional integrated service delivery process that is underway; and continue to provide transactional services while evolving to become a more strategic partner. The Corporation will focus on providing innovative accommodation solutions that satisfy the customers' program delivery requirements. BCBC will enhance its current shared services model to provide more choice to customers and service level agreements will be developed with all customers. In addition, full-service workplace provisioning solutions and technologies that enable ease of access to information will be developed and offered to assist customer program delivery.

To optimize efficiencies, BCBC will also increase the use of the private sector in delivering real property and accommodation infrastructure services through strategic contracting out, outsourcing arrangements and/or public/private partnerships.

### **Socio-economic and Economic Conditions**

To address continued capital funding and budgetary constraints and challenging economic conditions, the Corporation must develop innovative solutions and alternative service delivery strategies, including public/private partnerships. Utilizing government's recently developed Capital Asset Management Framework, the Corporation will continue to look beyond traditional publicly-financed procurement approaches to find alternative ways to meet real property and accommodation infrastructure needs of its customers. In addition, BCBC will need to streamline its operations, including lowering overall and unit costs, to address revenue reductions stemming from government restructuring. Finally, an aging population, declining immigration rates and competition for skilled workers from other jurisdictions will present staff recruitment and retention challenges.

### **Stewardship**

Continued careful management of the resources entrusted to it presents the Corporation with the greatest opportunities to optimize the value of the portfolio on behalf of the shareholder. BCBC is uniquely positioned, between the public and private sectors, to ensure that market efficiencies are realized and that public policy values are applied in its resource management decisions. A key challenge will be to achieve best value for the shareholder on the sale of surplus and selected other properties.

The Corporation will be challenged in continuing to plan effectively the government's real property and accommodation infrastructure needs throughout the communities of British Columbia.

BCBC is the steward of the single largest portfolio of buildings in the province; as such, continued efficient management of energy costs and greenhouse gas emissions will be critical. The Corporation's leadership in providing innovative, cost-effective, and environmentally sustainable solutions will be required in this time of budgetary restraint and government restructuring.

### **Human Resources**

BCBC's most vital resource is its people, and its greatest challenge is to increase its overall corporate performance by continuing to maximize the performance of its people and to strengthen the linkages between human resource strategies and business strategies. In the short term, a human resources challenge will be to maintain positive employee relations while BCBC undergoes organizational transformation, and our customers respond to the impacts of government restructuring. In this environment, a focus on knowledge management and retention strategies will be critical.

To meet the changing needs of customers, the Corporation will continue to build the customer relationship and leadership/management competencies. Furthermore, modifications to training programs will be required to address new skill and competency requirements as a result of the changing corporate role in service delivery and increased use and role of the private sector. Putting in place appropriate strategies to support employees' efforts and individual development needs, and to recognize performance will be critical to both corporate and employee success.

### **Technology**

Technology is having a major impact on the manner in which the public sector delivers services, and on the workplace environments that support such service delivery. As individuals become more proficient with Internet technology and public expectations for greater responsiveness increase, the traditional ways of doing business will be replaced largely by electronic business. In order to further enhance its ability to deliver accommodation services effectively, BCBC will continue to increase its deployment of technology to improve cycle time; provide greater customer access to BCBC information, products and services; and, proactively help its customers integrate technology into workplace solutions.

## Corporate Goals

BCBC's response to the Core Services Review defined the direction for this three-year Service Plan. We are committed to delivering on five action items:

- Lead the rationalization of government accommodation
- Increase the role of the private sector and the use of Alternative Service Delivery (ASD)
- Dispose of assets strategically
- Strengthen BCBC's shared services model
- Increase focus on health and education sectors and on the efficiency of government's overall real property system

To respond to the challenges ahead, the Corporation has identified four goals which will be fully addressed in the next three years. Maximizing value to our customers and shareholder will result from the implementation of this Service/Strategic Plan.

### **Goal 1 Customer Success**

*Provide best value solutions and service delivery, which contribute to our customers' success.*

As our customers restructure we will work with them to achieve significant accommodation cost savings. We will provide innovative workplace solutions to support the delivery of their programs. BCBC's shared services model will be enhanced to provide broader choice options for our customers.

### **Goal 2 Increase Value to the Shareholder**

*Leverage BCBC's capabilities to improve the efficiency and effectiveness of the public sector by providing innovative stewardship, advice and management for the delivery of real property and accommodation infrastructure services.*

We will capitalize on opportunities available to BCBC and its public sector customers to rationalize inventory, eliminate duplication and overlap among agencies, facilitate collocation, optimize use of affordable, innovative workplace solutions, and bring economies of scale and scope to the management of properties and facilities. We will continue to apply the principles of sustainability throughout our business

### **Goal 3 Strengthen Our Foundation**

*Strengthen the Corporation's shared service provider role and continue to implement best practices to optimize corporate performance.*

We will reposition the Corporation to respond to changed business activity levels and higher utilization of the private sector. We will strengthen BCBC's shared services role by: implementing service level agreements with our customers; separating the governance functions from the service delivery functions within the Corporation; providing customers with more choice; and, assisting in reducing duplication in the provision of real property and accommodation solutions across government.

### **Goal 4 High-Performance Culture**

*Foster a high-performance culture to ensure corporate, team and individual success.*

BCBC will be undergoing significant change as it repositions for the future. Recognizing that our continued success is dependent on the creativity and excellent performance of our employees, we will invest in our people so that they continue to acquire the competencies and leadership/management skills required to support BCBC's changing business. We will ensure that there is alignment between the Corporation's goals, employee performance goals, and individual learning plans.

## Corporate Goals, Objectives and Strategies 2003-2006

For each of our goals we have identified objectives to be achieved over the next three years. The four goals state the broad intended results of the Service/Strategic Plan, while the objectives translate these goals into more specific desired outputs and outcomes. The strategies describe the key activities and initiatives that will be implemented in order to achieve the objectives. It is important to note that there is not necessarily a one-to-one relationship between objectives and strategies (i.e., a strategy can contribute to the achievement of more than one objective, and multiple strategies can lead to the achievement of a single objective).

Annual business plans are developed each year. This includes developing more detailed tactics for each strategy, and identifying responsibilities and accountabilities for their delivery. Each quarter, progress against the delivery of tactics is monitored, and year-end results are summarized in the Annual Report (together with annual performance measurement results).

### **Goal 1 Customer Success**

*Provide best value solutions and service delivery, which contribute to our customers' success.*

#### **Objectives**

- 1.1 Increase customer satisfaction
- 1.2 Retain customers
- 1.3 Meet customer needs for choice and full workplace provisioning
- 1.4 Achieve Building Occupancy Charges savings for customers

#### **Strategies**

1. Implement the Customer Relationship Management (CRM) business strategy.
2. Provide choice of services to our customers through customized Service Level Agreements (SLAs).
3. Offer full workplace provisioning solutions to meet customer needs.
4. Lead the Government Accommodation Restructuring Initiative to support each customer's business direction and optimize savings.
5. Continue to support our customers in the pursuit of Public/Private Partnership (P3) solutions within the framework developed by Partnerships BC.

### **Goal 2 Increase Value to the Shareholder**

*Leverage BCBC's capabilities to improve the efficiency and effectiveness of the public sector by providing innovative stewardship, advice and management for the delivery of real property and accommodation infrastructure services.*

#### **Objectives**

- 2.1 Achieve targeted financial results
- 2.2 Enhance overall performance of the owned portfolio
- 2.3 Maximize value on properties sold
- 2.4 Maintain office vacancy rates below market
- 2.5 Reduce environmental risks and hazards, and manage environmental liabilities
- 2.6 Increase support to Health, Education and other government sectors for their real property and accommodation infrastructure requirements

## Strategies

1. Continue to implement best-practice portfolio management plans within the context of the new ownership policy.
2. Accelerate the sale of surplus and selected other properties to contribute to improving the province's fiscal situation while enhancing corporate performance. In particular, continue to develop innovative strategies for the re-use and/or disposal of properties, including:
  - ◆ Commercial properties
  - ◆ Courts facilities
  - ◆ Corrections facilities
  - ◆ Highways yards
  - ◆ Forest district offices
3. Continue to implement the Environmental Stewardship Plan.
4. Identify and pursue opportunities with customers to increase the efficiency of the management of real property and accommodation infrastructure in the broader public sector, particularly within the health and education sectors.
5. Provide support to government regarding efficient and effective stewardship of the broader real property system of the province.

## Goal 3 Strengthen Our Foundation

*Strengthen the Corporation's shared service provider role and continue to implement best practices to optimize corporate performance.*

### Objectives

- 3.1 Increase use of the private sector
- 3.2 Increase efficiency and decrease overall and unit costs
- 3.3 Implement cost-effective information technology solutions that meet our customer needs

### Strategies

1. Implement alternative approaches, including outsourcing, to increase the use and role of the private sector in service delivery and property development.
2. Continue to restructure and streamline the organization to support the strengthened shared services business model.
3. Review and improve our business practices, systems, and processes to enhance our corporate performance and to effectively respond to customer, shareholder and employee needs.

## Goal 4 High-Performance Culture

*Foster a high-performance culture to ensure corporate, team and individual success.*

### Objectives

- 4.1 Strive to ensure that the Corporation has an appropriately skilled and diverse workforce to achieve its business priorities

- 4.2 Achieve a high level of understanding among employees about how their work contributes to the Corporate Service/Strategic Plan
- 4.3 Achieve full employee participation in the Performance Development Process
- 4.4 Increase employee satisfaction

**Strategies**

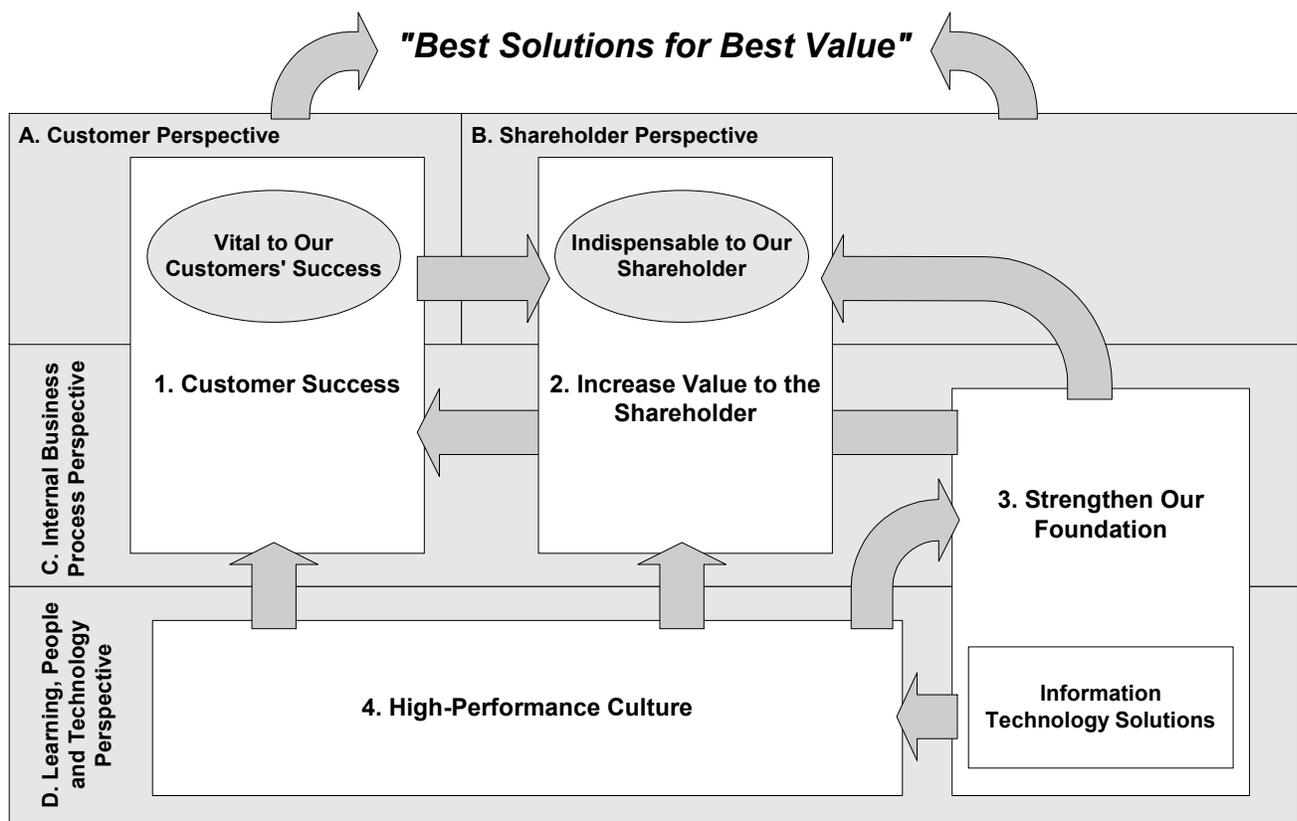
- 1. Develop and implement human resource management strategies to ensure a successful business transformation and to position the organization for the future.
- 2. Utilize change strategies that focus the Corporation's organizational transformation on people and cultural change to achieve our Core Services Review objectives.
- 3. Continue to use our performance development process to align team, individual and learning goals with our Corporate goals and core values.

## Strategy Map

BCBC's strategy map is a visual representation of the cause-and-effect logic of the Corporation's strategy. Adapted from the Balanced Scorecard approach<sup>1</sup>, BCBC's strategy includes four perspectives: A) Customer; B) Shareholder; C) Internal processes; and D) Learning, people and technology.

Referring to the high-level strategy map presented below, the foundation of the Corporation's strategy is the learning, people and technology perspective. In other words, the Corporation must have a "high performance culture", with the required information technology solutions in place, to be successful. Moving upwards in the diagram, the internal business process perspective presents the strategies that will be implemented to achieve the Corporation's vision, including those associated with the goals of Customer Success, Increase Value to the Shareholder, and Strengthen our Foundation. The top level of the strategy map refers to how the Corporation is viewed from the perspectives of its customers and shareholder. These perspectives relate to the Corporation's vision to be "vital to our customers' success" and "indispensable to our shareholder", thereby providing "Best Solutions for Best Value."

This strategy map was used to develop the Corporation's performance measures (presented in the following section), to ensure that the measures were directly linked to the Corporation's strategy, and appropriately "balanced" among the four perspectives of the Balanced Scorecard.



<sup>1</sup> Kaplan, Robert S. and Norton, David P. (2001). *The Strategy Focused Organization*. Boston: Harvard Business School Press.

## Performance Measures

This section identifies performance measures and three-year targets for each of the Corporation's objectives. Many of these measures were developed in 2002 to align with the Corporation's revised direction as presented to the Core Review and Deregulation Task Force. In most cases, three-year targets have been established; however, in a few cases targets could not be established in time for the publication of this plan because baseline data were not yet available. Baseline data will be available for each measure in 2003/04, and targets will be set accordingly.

The Corporation is committed to benchmarking these performance measures against industry standards, and/or ensuring that comparisons against past performance are made wherever possible. Instances where benchmark comparisons will be made are noted in the descriptions that follow this section.

Objectives	Measures	Targets		
		03/04	04/05	05/06
<b>1. Customer Success</b>				
1.1 Increase customer satisfaction	<ul style="list-style-type: none"> <li>Customer satisfaction index (CSI) rating</li> <li>Percentage of customers with Service Level Agreements in place</li> </ul>	72%	5% points above 03/04 rating	5% points above 04/05 rating
		100% of eligible customers	New measure developed / baseline established	Target will be set in 2004/05
1.2 Retain customers	<ul style="list-style-type: none"> <li>Percentage of customers and associated revenues retained</li> </ul>	95%	95%	97%
1.3 Meet customer needs for choice and full workplace provisioning	<ul style="list-style-type: none"> <li>Survey index ratings for customer choice</li> <li>Survey rating of extent to which full workplace provisioning solutions meet customer needs</li> </ul>	70%	5% points above 03/04 rating	5% points above 04/05 rating
		Baseline established	tbd	tbd
1.4 Achieve Building Occupancy Charges (BOC) savings for customers	<ul style="list-style-type: none"> <li>Total annual BOC savings realized from government restructuring</li> </ul>	\$55M	\$60M	N/A <sup>2</sup>
<b>2. Increase Value to the Shareholder</b>				
2.1 Achieve targeted financial results	<ul style="list-style-type: none"> <li>Net income</li> <li>Return on investment</li> <li>Return on equity</li> </ul>	\$38.1M	\$49.2M	\$53.1M
		6.5%	7.0%	7.3%
		11.7%	13.9%	13.8%
2.2 Enhance overall performance of owned portfolio	<ul style="list-style-type: none"> <li>Return on investment for owned market-comparable office buildings</li> </ul>	At market	At market	At market

<sup>2</sup> The Government Accommodation Restructuring Initiative (GARI) has targeted ongoing annualized savings of \$60 million to be realized by 2004/05. Since the initiative will conclude in 2004/05, this performance measure will not be tracked in subsequent years.

Objectives	Measures	Targets		
		03/04	04/05	05/06
2.3 Maximize value on properties sold	<ul style="list-style-type: none"> <li>Total proceeds on properties sold</li> </ul>	\$30.0M	\$30.0M	\$32.0M
2.4 Maintain office vacancy rates below market	<ul style="list-style-type: none"> <li>Office vacancy rate</li> </ul>	-	Less than half of market	Less than half of market
2.5 Reduce environmental risks and hazards, and manage environmental liabilities	<ul style="list-style-type: none"> <li>Status of risk management activity (contaminated sites)</li> </ul>	70% remediation complete or not required / planned	80% remediation complete or not required / planned	90% remediation complete or not required / planned
2.6 Increase support to Health, Education and other government sectors for their real property and accommodation infrastructure requirements	<ul style="list-style-type: none"> <li>Number of Agreements/MOUs (one year or longer) signed in health, education and other government sectors</li> </ul>	4	4	4
<b>3. Strengthen Our Foundation</b>				
3.1 Increase use of the private sector	<ul style="list-style-type: none"> <li>Percentage of corporate expenditures with the private sector: <ul style="list-style-type: none"> <li>All expenditures</li> <li>Excl. capital expenditures and third party lease pmts</li> </ul> </li> </ul>	85%	90%	90%
3.2 Increase efficiency and decrease overall and unit costs	<ul style="list-style-type: none"> <li>General and administrative costs (excluding workforce adjustment costs)</li> <li>Operations and maintenance costs per square metre for owned office buildings</li> <li>Lease costs per square metre</li> <li>Corporate operating margin</li> <li>Ratio of area managed per operations and maintenance (O&amp;M) employee (m<sup>2</sup>/employee)</li> <li>Energy intensity (MJ/m<sup>2</sup>)</li> </ul>	10% decrease from 2001/02 base  At least 5% less than benchmark  Less than benchmark  13.4%  7,250 (5% > 02/03 target)  1208	20% decrease from 2001/02 base  At least 5% less than benchmark  -  14.8%  7,600 (5% > 03/04 target)  1185	20% decrease from 2001/02 base  At least 5% less than benchmark  Less than benchmark  15.2%  8,000 (5% > 04/05 target)  1155
3.3 Implement cost-effective information technology solutions that meet our customer needs	<ul style="list-style-type: none"> <li>Percentage of customers indicating that BCBC's information technology solutions fulfilled their expectations</li> </ul>	Baseline established	tbd	tbd

Objectives	Measures	Targets		
		03/04	04/05	05/06
<b>4. High-Performance Culture</b>				
4.1 Strive to ensure that the Corporation has an appropriately skilled and diverse workforce to achieve its business priorities	<ul style="list-style-type: none"> <li>Investment in training per employee</li> </ul>	\$1,600	\$1,800	\$1,600
4.2 Achieve a high level of understanding among employees about how their work contributes to the Corporate Service/Strategic Plan	<ul style="list-style-type: none"> <li>Percentage of employees indicating a strong understanding of how their job fits into the attainment of Corporate objectives</li> </ul>	-	75%	-
4.3 Achieve full employee participation in the Performance Development Process (PDP)	<ul style="list-style-type: none"> <li>Overall PDP participation rate</li> </ul>	95%	100%	100%
4.4 Increase employee satisfaction	<ul style="list-style-type: none"> <li>Percentage of employees indicating “satisfied” or “very satisfied” on employee survey</li> </ul>	-	75%	-
	<ul style="list-style-type: none"> <li>Rate of absenteeism</li> </ul>	< 3%	< 3%	< 3%

### Key Changes from the 2002-2005 Service Plan

Each year, the three year Service Plan is extended by one year and is reviewed and revised to align with the current environment. The Service Plan document has been refreshed throughout; however, the key changes made this year include:

- The terms “goals” and “objectives” were transposed to be consistent with government terminology.
- The order of the four goals was changed (i.e., the goal " Increase Value to the Shareholder" is now the second goal).
- Partnerships BC was created in 2001/02; therefore, the strategy relating to Public/Private Partnerships was updated to better reflect the Corporation’s role in supporting the work of this entity.
- Where necessary, performance measures and targets have been modified to reflect new data and/or to ensure that we are better able to make decisions based on the measurement information.
- A few performance measures have been removed. BCBC is committed to further reducing the number of measures tracked at the corporate level to ensure its efforts are focused on the measures of greatest strategic importance to the corporation.
- Wording of elements of the Strategic Foundation have been changed / re-organized for improved clarity.
- Strategy 2.5 has been added to support the work of the newly formed Asset Leveraging and Strategic Disposition Steering Committee.

## Performance Measure Descriptions

A description of each performance measure, including its purpose, is provided in this section. Instances where benchmark comparisons will be made are also noted.

**Customer satisfaction index (CSI) rating** – Each year decision-makers among BCBC's customers are surveyed by an independent consulting company on key service attributes in the following categories: service, quality, responsiveness, choice and total cost. The customer satisfaction index rating represents the overall average response to each of these categories. This measure will be compared against the Citizens First benchmark (sponsored by the Institute for Public Administration of Canada and the Public Sector Service Delivery Council). The most recent (2000) benchmark for recently consumed provincial government services yielded an average rating of 63%. Although BCBC's rating for the same period (67%) was above this benchmark, the Corporation has targeted a level that would place it among the top performing provincial-government services in 2003/04.

**Percentage of customers with service level agreements in place** – The development of service level agreements (SLAs) with customers is an important milestone toward the Corporation's implementation of the strengthened shared services model. For the first year, this measure will track the extent to which these agreements have been developed and implemented with each of our customers. In 2004/05, a new measure will be developed to track the extent to which commitments within SLAs have been met. This new measure will be an important indicator of customer success.

**Percentage of customers and associated revenues retained** – Customer retention is presented in terms of both the number of existing customers retained and their associated revenues. Thresholds have been set to include customers that account for over 95% of revenues. Retention is considered a representation of customer loyalty, which provides another indication of the extent to which the Corporation is contributing to customer success.

**Survey index rating for customer choice** – The Customer Satisfaction Index (CSI) includes attributes relating to customer satisfaction with the extent of choice offered by the Corporation. The measure is calculated as the average rating on these service attributes. This measure will be an important indication of the extent to which the customers perceive their needs for greater choice have been provided by BCBC. The Corporation is looking to increase this rating from 64.5% in 2001/02 to 70% or higher in the first year of this plan.

**Survey rating of extent to which full workplace provisioning solutions meet customer needs** – To meet customer needs for full workplace provisioning, the Corporation will work with other agencies to provide integrated solutions for customers (e.g., space that includes workplace components such as furniture, telephones, and desktop technology). As part of post-project assessments, customers will be surveyed regarding the extent to which these solutions fulfilled their needs.

**Total annual BOC savings realized from government restructuring** – This measure identifies total annual Building Occupancy Charges (BOC) reductions realized for ministry customers through the Government Accommodation Restructuring Initiative (GARI). GARI was initiated in 2002/03 and will be completed in 2004/05. In January of 2002, targets were set out to 2004/05 based on the best available indications of the magnitude and timing of restructuring with input from ministries, the Public Service Employee Relations Commission, the Premier's Office and Treasury Board Staff.

**Net income** – Net income is a common measure of an organization’s “bottom line.” It is calculated as revenues (including gains on sale of properties) less expenditures.

**Return on investment (ROI)** – ROI is calculated as net income (before interest costs) divided by average net asset value over the period. Expressed as a percentage, the measure indicates the gross return generated on the Corporation’s assets.

**Return on equity (ROE)** – ROE is calculated as total net income divided by average equity over the period. Expressed as a percentage, the measure indicates the return being generated on the shareholder’s equity investment in the Corporation.

**Return on Investment (ROI) for owned market-comparable office buildings** – This measure provides an indication of the extent to which the Corporation’s portfolio of owned office buildings are generating acceptable financial returns. The Corporation’s buildings will be benchmarked against market in three categories: core urban, regional and small/remote. The target will be to achieve at market returns overall.

**Total proceeds on properties sold** – This measure provides an indication of the volume/value of asset dispositions. It represents the total gross cash proceeds of properties sold and closed during the year.

**Office vacancy rate** – This measure presents the ratio of vacant office space to total rentable office space in the Corporation’s portfolio. When compared against industry benchmarks, this ratio provides an indication of the Corporation’s effectiveness in ensuring that the office portfolio is effectively utilized. Given the extent of government restructuring, it was not meaningful to set a target for 2003/04; however, the Corporation is committed to maintaining a vacancy rate of less than one half the market rates for 2004/05 and 2005/06.

**Status of risk management activity associated with contaminated sites** – This measure provides snapshots of BCBC’s activities related to the management of identified contaminated sites. By monitoring the progress of sites from the preliminary investigation stage, to the development of plans and to eventual remediation, the measure provides an indication of the extent to which risks to the Corporation are managed and reduced. The target is for remediation to be complete, not required, or not recommended/planned for 90% of sites by 2005/06.

**Number of Agreements / Memoranda of Understanding (MOUs) signed in Health, Education and other government sectors** – This measure provides an indication of the business the Corporation is doing with the broader public sector, by tracking the number of new or renewed longer term (one year or more) MOUs or other Agreements for service provision signed with customers in these sectors.

**Percentage of corporate expenditures with the private sector** – This measure tracks the corporation's shift to the strategic management of private sector supply by measuring the ratio of dollars expended on goods and services purchased from private sector service suppliers, contractors and manufacturers versus dollars expended on internal staffing. It is tracked in two ways. The first method includes all private sector expenditures and internal staffing costs. The second method excludes capital expenditures and third party lease payments.

**General and administrative costs** – General and administrative (G&A) costs include functional activities within the Corporation that are not directly recovered from customers. This measure provides one indication of the Corporation's ability to manage its overhead costs.

**Operations and maintenance costs per square metre for owned office buildings** – This measure includes all costs associated with operating and maintaining a building, excluding structural maintenance and taxes. It is presented in terms of costs per square metre for the office-building component of the Corporation's portfolio to allow benchmark comparisons to be made. The Corporation's target is to keep its costs at least 5% below the BOMA (Building Owners and Managers Association) national private sector benchmark.

**Lease costs per square metre** – Leasing costs are benchmarked every two years against the market to ensure that these costs remain appropriate. BCBC's target is to maintain at or below market lease rates.

**Corporate operating margin** – Operating margin is calculated as total revenue (excluding gains on sales), less expenditures (excluding interest expenses), expressed as a percentage of revenue. This measure provides an indication of gross profitability of operating activities before financing costs.

**Ratio of area managed per operations and maintenance (O&M) employee (m<sup>2</sup>/employee)** – Area managed per O&M employee is calculated as total rentable area managed divided by the number of corporate employees with operations and maintenance responsibilities. This measure provides an indication of the efficiency of the Corporation's property management function. Targeted increases of 5% for each year of this plan have been set for this measure.

**Energy intensity (MJ/m<sup>2</sup>)** – The measure tracks energy consumption on a per square metre basis for BCBC's significant buildings, providing an indication of the Corporation's energy efficiency, and thereby the effectiveness of its energy management program. Since 1978, the Corporation has reduced its energy intensity from 2543 MJ/m<sup>2</sup> to 1283 MJ/m<sup>2</sup> through its award winning energy management program. Within its Greenhouse Gas Reduction Plan, the Corporation has targeted further reductions in energy consumption to 1155 MJ/m<sup>2</sup> by 2005/06.

**Percentage of customers indicating that BCBC's information technology solutions fulfilled their expectations** – Customers that have been offered information technology solutions will be surveyed to assess the extent to which those solutions fulfilled their predefined expectations. This measure, therefore, provides an indication of the Corporation's success in improving customer efficiency and effectiveness through information technology solutions.

**Investment in training per employee** – This measure demonstrates the investment the Corporation is making in employee training on a per employee basis. Targets have been set to increase the average training investment during the most significant period of change. The measure will be compared against the Canadian Institute of Business benchmark for professional services organizations.

**Percentage of employees indicating a strong understanding of how their job fits into the attainment of Corporate objectives** – Successful implementation of the Corporation’s strategy involves ensuring that everyone in the Corporation understands their role in achieving corporate objectives. This measure tracks the average percentage of respondents to the (biennial) employee survey who selected “agree” or “strongly agree” to the question: I have a good understanding of how my job fits into the attainment of [corporate] objectives. The target is to increase this percentage from the baseline level 60% (2000 survey) to 75% in 2004/05.

**Overall Performance Development Process (PDP) participation rate** – This measure tracks the extent to which individuals complete and submit learning plans at the beginning of the year, and summaries at the end of the year, within the Corporation’s Performance Development Process (PDP). The PDP is BCBC’s key initiative for ensuring that individuals are working to achieve individual performance goals consistent with corporate goals; therefore, the Corporation is targeting full participation by 2004/05.

**Percentage of employees indicating “satisfied” or “very satisfied” on employee survey** – A key question on the employee survey\* asks employees to rate their level of satisfaction with the Corporation. This measure tracks the percentage of respondents who selected “satisfied” or “very satisfied” to this question. Employee satisfaction is considered a good indicator of the well being of the corporate working environment. The Corporation will continue to compare itself against, and target to remain above, the Work Canada benchmark for this measure (assembled by Watson Wyatt LLP.)

**Rate of absenteeism** – This measure monitors the level of paid sick leave in the BCBC workforce. The rate is total paid sick hours expressed as a percentage of total work hours for the reporting period. Absenteeism provides an indication of workforce wellness and morale. Comparisons for this measure will be made to the BC government rate (2001 rate was 4.75%); however, the Corporation is targeting to remain at its historical rate of less than 3%.



BC Government Strategic Plan	BCBC Service/Strategic Plan
<p><b>6. Introduce a cost saving shared services model for government</b></p> <p><b>7. Encourage innovation and entrepreneurial attitude in the public service</b> (combine with 2)</p>	<p><u>Aligned with gov't Strategy 6: Goal 1, Objective 1.3:</u> "Meet customer needs for choice and full workplace provisioning", and associated <i>Strategy 2</i>; and <i>Goal 3, Objective 3.2:</i> "Increase efficiency and decrease overall and unit costs", and associated <i>Strategy 2:</i> "Continue to restructure and streamline the organization to support the strengthened shared services business model."</p>
<p><i>Goal 2:</i> A supportive social infrastructure</p> <p><i>Objectives:</i></p> <p>A. British Columbians will be healthy B. Exceptional educational institutions C. A fair and efficient system of justice D. British Columbians will be self-sufficient</p> <p><i>Strategies:</i></p> <ul style="list-style-type: none"> <li>• Education and family services</li> <li>• Justice and safety</li> <li>• Health and human resources</li> </ul>	<p>The Corporation's plan aligns indirectly with this government goal through its general focus on providing support to ministry customers to enable them to deliver on their service plan objectives and strategies relating to social infrastructure, as follows:</p> <p>(i) <i>Goal 1 Customer Success</i>, in particular, <i>Objectives 1.3 and 1.4</i> and associated <i>Strategies 3, 4 &amp; 5</i> – see above description relating to alignment with gov't Goal 1, Strategy 4</p> <p>(ii) <i>Goal 2 Increase Value to the Shareholder</i>, in particular <i>Objective 2.6:</i> "Increase support to Health, Education and other government sectors for their real property and accommodation infrastructure requirements", and associated <i>Strategies 2, 4 and 5.</i></p>
<p><i>Goal 3:</i> Safe, healthy communities and a sustainable environment</p> <p><i>Objectives:</i></p> <p>A. Safe communities B. Increased autonomy for local governments C. <b>A healthy physical environment</b> D. <b>Sustainable natural resources</b></p> <p><i>Strategies:</i></p> <ul style="list-style-type: none"> <li>• <b>Land use</b> <ul style="list-style-type: none"> <li>– <b>Rationalize land and resource inventory information systems</b></li> </ul> </li> <li>• <b>Environmental protection &amp; safety</b> <ul style="list-style-type: none"> <li>– <b>Develop made in BC plan to address greenhouse gases</b></li> </ul> </li> <li>• Resource management</li> <li>• Community services and infrastructure</li> </ul>	<p>As with government Goal 2, the Corporation's plan aligns indirectly with this government goal. (See comments above relating to alignment of corporate <i>Goals 1 &amp; 2</i> with government Goal 2.)</p> <p>In addition the Corporation's plan aligns more directly with gov't Objectives C &amp; D and the gov't strategies relating to land use (inventory systems) and environmental protection &amp; safety (BC greenhouse gas (GHG) plan), through:</p> <p>(i) <i>Objective 2.5:</i> "Reduce environmental risks and hazards, and manage environmental liabilities", and associated <i>Strategy 3:</i> "Continue to implement the Environmental Stewardship Plan".</p> <p>(ii) <i>Objective 2.6</i>, and associated <i>Strategy 5:</i> "Provide support to government regarding efficient and effective stewardship of the broader real property system of the province."</p>

## Summary Financial Outlook

	2002/03 (forecast)	2003/04 (budget)	2004/05 (forecast)	2005/06 (forecast)
<b>REVENUE</b>				
Ministry	346.2	314.2	293.4	297.1
Other	113.4	108.1	114.7	115.7
	<u>459.6</u>	<u>422.3</u>	<u>408.1</u>	<u>412.8</u>
<b>DIRECT EXPENSES</b>				
Operations	71.1	69.2	71.6	72.7
Maintenance	5.0	7.4	7.4	7.6
Environmental Costs	5.0	5.0	5.0	5.0
Client Project Expense	53.6	31.4	24.6	23.3
Customer Services & Administration	36.3	35.8	32.3	32.4
Restructuring Costs	0.6	1.5	0.0	0.0
Energy	23.7	22.0	22.9	23.2
Lease Costs	141.7	137.4	128.2	130.1
Taxes & Grants	19.0	18.7	19.0	19.3
	<u>356.0</u>	<u>328.4</u>	<u>311.0</u>	<u>313.6</u>
<b>AMORTIZATION</b>	<u>38.2</u>	<u>37.3</u>	<u>36.8</u>	<u>36.5</u>
<b>INCOME FROM OPERATIONS</b>	65.4	56.6	60.3	62.7
<b>INTEREST</b>	37.3	35.1	28.5	28.5
<b>INCOME BEFORE GAINS ON SALE OF PROPERTIES</b>	28.1	21.5	31.8	34.2
<b>GAINS ON SALE OF PROPERTIES</b>	<u>7.2</u>	<u>16.6</u>	<u>17.4</u>	<u>18.9</u>
<b>NET INCOME</b>	<u>35.3</u>	<u>38.1</u>	<u>49.2</u>	<u>53.1</u>
<b>OPERATING MARGIN</b>	14.2%	13.4%	14.8%	15.2%

*Please refer to the table of assumptions and risks/sensitivities associated with these financial projections.*

Key assumptions and risks/sensitivities associated with the financial projections are:

Key Assumptions	Forecast Risks and Sensitivities
<ul style="list-style-type: none"> <li>➤ Projections are based on planned ministry restructuring as of October 15, 2002</li> <li>➤ Separate government funding for one-time accommodation restructuring will continue through 2003/04</li> <li>➤ The Corporation will take aggressive steps to mitigate the ongoing cost of vacant space</li> <li>➤ No permanent writedown of owned market property assets have been assumed within the projections</li> <li>➤ Gains on sale of properties are based on anticipated sale dates and estimated proceeds</li> <li>➤ Energy expenses are based on future projections of unit prices and normal weather patterns</li> <li>➤ Short term borrowing rates are assumed at 4.3%, 4.9%, and 5.0% for each respective year</li> <li>➤ Status quo for paying grants in lieu for owned properties</li> <li>➤ Long term borrowing rates are assumed at 6.4%, 7.0% and 7.0% for each respective year</li> </ul>	<ul style="list-style-type: none"> <li>➤ A 10% change to the timing and/or extent of ministry restructuring will impact revenue and associated costs by approximately \$3.5M per annum</li> <li>➤ BCBC will continue to fund the first six months vacancy in commercial leased properties and the provision of strategic space planning at an estimated net cost of \$4.6M in 2003/04</li> <li>➤ Market conditions will heavily influence BCBC's ability to minimize vacant space costs and avoid potential asset writedowns</li> <li>➤ The value and timing of property disposals is largely dependent on market conditions. New Haven, Burnaby sale represents \$10M of 2003/04 gains forecast</li> <li>➤ A 10% change in energy unit prices and/or consumption impacts non-recoverable expenses by approximately \$2M per annum</li> <li>➤ Changes to short term borrowing rates will have no impact over the planning period as no short-term debt is forecast.</li> <li>➤ Move to full taxes has a potential maximum impact of approximately \$18M depending on timing of implementation</li> <li>➤ Changes to long term borrowing rates will have no impact over the planning period due to the fixed rate nature of the debt portfolio</li> </ul>

## Glossary of Terms

### **Accommodation Infrastructure**

Accommodation infrastructure includes the building, workplaces, and workplace tools, such as furniture and telecommunications.

### **Alternative Service Delivery (ASD)**

The spectrum of strategies, which, by their nature, constitute a change in the way a service is being delivered, or asset-related demand is being managed. Within any service there are a number of methods to carry out delivery, ranging from self-provision to privatization. Other methods on the continuum include shared services, co-sourcing, Public/Private Partnerships (P3s), contracting out and outsourcing. Alternative service delivery could include private delivery options, non-asset related strategies (e.g., eliminating or reducing demand for a particular service) and existing asset strategies (e.g., using existing assets more intensively rather than expanding capacity).

### **Customer Relationship Management (CRM)**

Customer Relationship Management is a business strategy designed to improve and strengthen customer relationships through better customer knowledge and service. The outcome of effective CRM is increased customer retention. Using account management and service delivery management, including the use of private sector suppliers, CRM employs people, process, and technology strategies to create customer value - specific to the unique needs of each customer.

### **Environmental Sustainability**

Addressing society's ecological limits and becoming a net contributor to a sustainable environment by reducing use of materials that accumulate in the biosphere, by minimizing degradation of natural systems and by promoting the fulfillment of human needs.

### **Full Workplace Provisioning (FWP)**

The integrated procurement, implementation and ongoing management of workplace components including: physical accommodation, furniture, equipment and environmental and telecommunication services (voice, data and network) that support customer program delivery.

### **Government Accommodation Restructuring Initiative (GARI)**

In 2002/03, the Corporation was appointed by government to strategically manage the restructuring of ministry accommodation infrastructure arising from the Core Services Review and three-year budget process. In response, the Corporation established the Government Accommodation Restructuring Initiative (GARI). In fulfilling this role, GARI focuses on integrating innovative thinking on business process improvements arising from corporate change efforts into day-to-day project activity; and on contributing to the successful implementation of the Service Delivery Project related Cross Ministry Work Teams.

### **Partnerships BC**

Partnerships British Columbia is a company owned by the Province. The company is governed by a Board of Directors and reports to the Minister of Finance. The mandate of Partnerships British Columbia is to promote and support public-private partnership (P3) projects and to identify options for maximizing the value of public capital assets.

**Performance Development Process (PDP)**

The PDP aligns individual employee performance with BCBC’s strategies for success. It involves having employees develop a performance plan that links individual goals and associated activities to BCBC’s visions, values and business strategies; a learning plan that identifies the skills, knowledge, experiences and supports required to accomplish individual work goals and a strategy to maintain them; and a plan to continuously gather feedback from key internal and external customers.

**Public/Private Partnership (P3)**

A venture that formally engages the expertise of both the public and private sectors to meet clearly-defined public needs through the appropriate allocation of resources, responsibilities, risks and rewards. More specifically, a P3 is a partnership between the public and private sectors for some combination of ownership, design, construction, financing, operation and/or maintenance of public capital assets. The partnership may rely on user fees or alternative sources of revenue to recover all or part of the related capital (debt servicing and return on equity if applicable), operation and capital maintenance costs.

**Real Property**

The term “Real Property” refers to both land and associated improvements. It includes buildings and other affixed infrastructures.

**Service Level Agreement (SLA)**

SLAs are agreements between BCBC and its customers (or BCBC and its partners) that describe the type, level and standard of service to be provided and the corresponding price. SLAs typically identify performance measures that will be used to evaluate the service and also to support a continuous improvement philosophy that will be reflected in customer satisfaction and ultimately customer success.

**Shared Services**

Shared services is the sharing and leveraging of resources, people and information to reduce costs, improve service quality and create a culture where success is based on meeting customer needs. It involves bringing together functions that are frequently duplicated across divisions, subsidiaries or operating units and offering these services more efficiently and at a lower cost, through a shared services centre.

**Stewardship**

The preservation and enhancement of the assets and resources that have been entrusted to us.

