

WHAT IS A VERTICAL COMMUNITY?

A vertical community is formed when a whole commercial building, with different tenants on different floors, work together to achieve common sustainability goals that improve the occupants' overall experience of the building.

A vertical community can be fostered in any multi-storey building, including strata managed commercial buildings, and can be done in collaboration with the CitySwitch Green Office program. With a structure and approach in place, the community can address a number of building occupancy issues and opportunities, including improved performance in relation to energy, water, recycling, security, wellbeing and more.

The whole process should celebrate achievements and enjoy a culture of co-creation. This goes beyond just the 'feel-good factor' – it is fundamental to achieving the goals that are set.



The community approach fosters relationships between building owners, building manager and tenants, creating tangible benefits for each. Each stakeholder will need to have their own targets and key performance indicators, depending on what they are trying to achieve.

Individual participant and community goals could be related to energy consumption, occupant amenity or other building management issues. Some examples are:

- improving the building's energy consumption and performance rating
- improving whole-building services like use of recycling systems, or sub-metering
- supporting tenants' and owners' corporate sustainability targets

Energy efficiency makes a good starting point as it is immediate, measurable and a lot can be done with little or no capital investment. Over time, vertical communities foster dialogue between the building's key players about sustainability initiatives that involve everyone. The community can provide business and personal dividends, making the work environment more pleasant and increasing the social cohesion in the building.

A STRUCTURED APPROACH

The main challenge of creating a vertical community is bringing together different stakeholders with a variety of corporate cultures, values, commercial goals and objectives. Six broad steps identified from the experience of real commercial buildings are:

- 1 Obtain support of the building owner and asset manager. A vertical community will need an overall project lead
- 2 Create the structure: A successful community needs to have a shared intent, and understand the opportunities as well as boundaries to making changes. This will help negotiations proceed in good faith

Why focus on energy efficiency?

Since July 2011, owners of commercial buildings of over 2,000 sqm have been required to disclose a Building Energy Efficiency Certificates (BEEC) at sale or lease. This includes a NABERS rating for the base building – which includes the energy used for lighting in common areas; heating, ventilation and cooling (HVAC); and lifts – which can account for half of a building's energy use.

The fitout choices and behaviours of tenants strongly affect the building's overall performance, as tenants control the other half of the energy demand equation. Whether tenants switch off both lights and computers influences total energy demand. Tenants' choices for office layout or even dress code can either help or hamper the building operator's heating and cooling efficiency strategies.

For example, one degree extra in the range allowed for indoor heating and cooling for the building can result in a 10 percent energy saving for the building and a direct impact on outgoings for tenants.

- 3 Create shared vision: The community should agree on what they are passionate about and set a vision that is unifying and motivating to inform their activities. This might align with the corporate goals of owners or anchor tenants, or connect to local or national objectives. For example the City of Sydney has a goal of 70 percent emissions reduction by 2030 (from a 2006 baseline)
- 4 Set clear goals: SMART objectives, good data and performance indicators are needed to track progress and enable celebration of achievements. SMART objectives are specific, measurable, achievable, realistic, and time-based
- 5 Learn and share: A series of get-togethers and an information sharing platform will be required in order to have a two-way dialogue and see results

- 6 Reward and celebrate: build in the rewards that help continue the cycle of negotiation, planning and change

More considerations and practice notes are listed for each of these steps.

A BEST PRACTICE APPROACH

A strong vertical community should include a breadth of stakeholders, including some with sufficient technical expertise to guide discussions and offer information about possible options and solutions. Potential participants in a vertical community include:

- Building owners / landlords
- Leasing / Real estate agents
- Tenants / Tenant representatives from all occupants in the building
- Facility / Building managers
- Suppliers, energy consultants, architects, designers and BEEC assessors

In a vertical community tenants can feel more engaged with their building owner/manager and feel confident that matters relevant to their tenancy have been addressed for collective benefit. The aim is to foster a dialogue on possible initiatives and seek solutions that could be technical, managerial, behavioural or financial.

Good practice building management includes regular building management committee meetings, active environmental education and risk management systems. The Property Council of Australia Guide to Office Quality already requires this of premium and A-grade buildings; the vertical communities model encourages positive engagement for all types of multi-storey buildings.



SEE MORE IDEAS

- > Best Practice Leasing
www.cityswitch.net.au/leasing
- > Better Buildings Partnership site
www.sydneybetterbuildings.com.au/leasing

Where commercial building owners and facilities managers are already engaging with tenants to improve performance, the vertical communities model goes a step further; moving towards a forum for ideas exchange and peer learning.

The social element is crucial. Vertical community meetings should be consciously designed to be enjoyable and engaging for those who are participating outside their core job descriptions.

The vertical community framework can apply to non-environmental initiatives such as social activities, sports competitions, health and safety and other items of common interest and obligation.

A STAGED APPROACH

Like other kinds of behaviour change, working towards a vertical community takes time, and it is a good idea to consider goals over shorter and longer timeframes.

1. Short-term wins

It is important to demonstrate to participants that the community is an effective driver for positive change. Consider appropriate short-term wins. This may involve a weekend switch-off campaign, conducting indicative NABERS ratings for all tenants, or addressing specific issues with use of existing whole-building systems e.g. recycling. Having tenants join CitySwitch will give a quick demonstration of commitment and increase the support available for all the other measures listed above.

2. Longer-term strategic goals

In the longer-term it is important for all parties to understand the energy consumption of their tenancy and the building as a whole and to set a plan for reduction. This can only be done by collecting and comparing energy bills or sub-meter data. Tenants need to work with the building owner and manager to obtain data from sub-meters, however the data will provide more granular energy use insights to inform strategies to reduce energy use.

Whilst raw data is useful, not all businesses are the same. Accredited NABERS Energy tenancy ratings provide energy performance scores that are normalised for each workplace, removing the



WHERE TO START?

Some more suggestions for short-term wins are:

- A name for the program and branding
- Sign a charter
- Have a plan for meeting dates
- Set priorities for environmental goals (energy, water, waste)
- Capture and share other organisation's achievements and best practice
- Understand key performance indicators for each party
- Understand what will motivate and provide sense of excitement about the project for participants
- Create a building performance "cheat sheet" that expresses the goal and targets of the community
- An art or cultural initiative to bring the ideas and direction out into the open

differences due to occupant density and space usage. NABERS ratings create a level playing field for comparisons between different office spaces.

With NABERS rating, tenants can form energy management plans. When plans are in operation, the building occupants can consider other ways to enhance the shared environment such as sustainable



guidelines for office materials and best practice leasing principles to facilitate ongoing enhancements for the building and its occupants.

3. Embedding the initiatives into the building

As with any other community of interest, enthusiasm can fluctuate over time. A way to address this is to give participants a way to influence the projects undertaken, providing a continued sense of ownership for the initiative.

At times, specific stakeholders can get together to solve problems, for example a one-off meeting of IT managers to help share best practice and insights

and take them back to their respective organisations. The participants can choose whether to have ongoing meetings or call on an informal network as required.

In a strong vertical community, connections and links will form between people of common interest. The informal sharing of contacts can be encouraged between members and not all activity needs to be channelled through the pre-planned vertical community meetings. When representatives across the building begin to interact independently and informally in the lifts, cafés and public spaces, this indicates that you have fostered a high functioning vertical community.



PRO-TIP

Consider where these sessions are held, particularly the first meeting, they could be held in a space in the building not frequently utilised e.g. roof, tenant location, foyer, plant room, etc.

Such locations may help give attendees a new perspective on their space and the way the building is run.



SEE MORE IDEAS

More behaviour change guidance and case studies are available at the CitySwitch Resource Hub

www.cityswitch.net.au/behaviourchange

More toolkits available on:

- > Green Champions
- > Switch-off campaigns
- > Running Workplace Competitions



PRO-TIP

It is a good idea to align the output of a vertical communities initiative with the regular update of the base buildings NABERS rating. When the building's energy efficiency rating is seen by all potential new tenants, the vertical community's efforts in improving performance will have more commercial impact as they become linked to sales, leasing and marketing.



Learn how other organisations have benefited.
See the full case studies at www.cityswitch.net.au/casestudies

Steps to forming your vertical community

STEP 1

Obtain
support

Consider...

When embarking on a vertical community project, the key stakeholders are the building owner and asset manager.

Practice notes

Identify who is responsible for the building's effective operation and who has responsibility for environmental performance. They are the natural project lead as outcomes may support their personal Key Performance Indicators (KPIs).

STEP 2

Create
the
structure

Consider...

Determining the structure of the community is important to manage expectations of what the community can tackle.

In this step, the parties need to set out what they bring to the table and what the boundaries to the project are – whether that's resources, skills, or financial support.

This approach allows you to enter negotiations in good faith and create longevity for the project.

This step protects against problems arising later, from different expectations of what parties can achieve.

Practice notes

A vertical community requires a process of engagement, typically involving workshops, goal setting and feedback phases. It also sets out clear roles and responsibilities for individuals and companies in the community.

The structure will require some consideration and documentation before beginning. A Memorandum of Understanding may be suitable if the parties are significantly advanced in their understanding of the requirements. A simpler format such as a "statement of intent" between building owners and building management may be appropriate, if investigations have only just begun.

Documentation should include what budget, if any, is allocated, and on what terms may it be accessed. It should also consider which upgrade activities will be considered and which are outside of scope.

CitySwitch supporting document:

> template Memorandum of Understanding between the parties
www.cityswitch.net.au/verticalcommunities

STEP 3

Create
shared
vision

Consider...

A vision for how the community works, who fills what roles and what it will tackle.

The building manager needs to connect with tenant representatives or senior executives to obtain in-principle support and buy-in.

Practice notes

A pre-workshop survey or tenant engagement exercise can be used to formulate a vision and set the agenda for the first meeting.

A shared vision is a key factor in motivation – and is just as important as a Memorandum of Understanding or schedule of meetings in creating a successful community approach.

The approach doesn't have to take the form of an online or paper survey. Views of occupants can be gathered in more creative ways, for example: a suggestion box, a collaborative artwork or a creative discovery process.

An effective vision draws on the things that matter to people, not just numerical targets. It needs to articulate day-to-day benefits like 'being proud of my workplace', or 'understanding how we contribute to the city's sustainability'.

CitySwitch supporting document:

> Sample pre-workshop activity and first workshop agenda
www.cityswitch.net.au/verticalcommunities

STEP 4

Set
clear
goals

Consider...

The objectives can be designed to take into account that a vertical community needs to be a dynamic and evolving discovery process.

Those leading the process need to articulate the benefits of a vertical community approach, explain the process, and seek appropriate help in response to issues that arise.

In order to set goals and objectives, the project leads will need to educate tenants on the environmental, financial and productivity benefits that flow from energy efficiency.

Practice notes

In planning initial meetings, the group will need to agree how they will measure the baseline and track progress. The performance measures should reflect the needs and aspirations of the building and the community being formed.

Goal setting and choice of key performance indicators should be a part of the first meeting in the process and include SMART goals (Specific, Measurable, Achievable, Relevant and Time-based) and key performance indicators (KPIs). People are much more motivated when the outcomes are clear.

Installing meters or gaining tenants' agreement to read meters can also be a key tool in setting KPIs because what gets measured gets managed.

Becoming a CitySwitch signatory provides a structured way to commit to improving energy efficiency. Joining CitySwitch helps community members progress individual plans and support the groups' shared outcomes. Typically, tenants will focus on lighting, operations, behaviour change and IT/office equipment.

CitySwitch supporting document:

> Sample Key Performance Indicators, including those that track energy efficiency as well as overall engagement and community benefits

www.cityswitch.net.au/verticalcommunities



LEARN MORE

Energy efficiency return on investment

www.cityswitch.net.au/planning

Partner with CitySwitch to create a vertical community

Throughout the vertical communities process, CitySwitch can be a source of information, support and even a broker between the parties. Ways to use CitySwitch include:

- Provide information and evidence of the business benefits of energy efficiency and high performing base buildings
- Tenants can become signatories, providing a structured way to commit to improving energy efficiency to the tenancy and building lifecycle
- Provide a centralised, third party information platform that community members can all access, without compromising their commercial confidentiality
- Provide benchmarking for similar organisations
- Be a key performance indicator (e.g. percentage of tenants who become signatories, percentage of tenants who complete a NABERS rating)

A building manager can act as a catalyst, encouraging tenants to:

- sign up to CitySwitch
- do a self-assessed NABERS rating
- review recent energy bills
- create an energy action plan

The CitySwitch Resources Hub has "how to" resources, guidelines and information on:

- NABERS ratings and Energy Action Plans
- waste management tools
- auditing templates
- procurement tips
- behaviour change
- case studies

CitySwitch will work with any and all participants one-to-one or in sub-groups to help facilitate energy and waste outcomes. The Resources Hub and program managers are there for you!

Visit www.cityswitch.net.au for more information



LEARN MORE

Case studies from real businesses
www.cityswitch.net.au/casestudies

STEP 5

Learn
and
share

Consider...

The schedule of meetings and other information sharing makes a vertical community a flexible way to respond to the challenge of building management, including varying levels of expertise and energy levels amongst stakeholders.

Learning is required to create better consistency of knowledge and understanding of what is good building management, discover what skills are needed and ensure parties can hire the right consultants, if the skills do not exist in-house.

The learning process will address a range of issues such as:

- Perceptions – a broader understanding of return on investment
- Where to start – giving tenants guidance and direction
- Who to talk to – clarifying the role and availability of building owners and managers
- The lease terms – for example that upgrades do not disturb tenants right to ‘quiet enjoyment’

Practice notes

It can be quite challenging for building managers to engage tenants beyond every day issues of maintenance and immediate fixes.

The vertical community process provides a conduit for information to flow between the owner and tenant and between tenants. It is a neutral forum that facilitates conversation in the interest of a better performing building.

It is recommended that meetings are held quarterly to be effective, but with a minimum of two per year. Meeting times can be regularly scheduled, and aligned to the tenancy and building lifecycle if possible. Another approach is to align key get-togethers to environmental days / activities e.g. Walk to Work Day, a recycling activity or Earth Hour.

Benchmarking between tenancies and sharing building energy data in the schedule of meetings can be used to determine a range of different impacts, for example:

- the impact of energy use compared to overall business activity
- the economic benefits of improved efficiencies
- the environmental benefits of actions
- the benefits of stakeholder participation and engagement

The community can investigate and implement other continuous communications channels appropriate for the group, for example email lists, yammer group, regular informal catch-ups, data sharing or other digital methods.

If there are concerns for data confidentiality and commercial disclosures, the community representatives could consider ‘Chatham House rules’ to allow a free exchange of information and a learning environment. There are numerous techniques for anonymising data.

If initial data is incomplete or shows poor performance it is not a barrier to action, it simply uncovers an opportunity to improve.

CitySwitch supporting documents:

- > Tenant Engagement Plan
- > Draft meeting agenda

www.cityswitch.net.au/verticalcommunities

STEP 6

Reward
and
celebrate

Consider...

Creating comfortable working environments and communicating good news, increases staff productivity, morale and loyalty.

Improved environmental performance of a premises can create market recognition.

Practice notes

It is normal for enthusiasm and action to be inconsistent or drop off after an initial period of activity.

However, CitySwitch signatories show how real action and change occurs when a program can capitalise on motivated individuals and champions of a cause.

Fostering a culture of celebration and co-creation will help to keep people involved and maintain the level of engagement that is required to get results.



Australian Government
Department of Industry

Published for CitySwitch Green Office, 2014.

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This Activity received funding from the Department of Industry as part of the Energy Efficiency Information Grants Program. The views expressed herein are not necessarily the views of the Commonwealth of Australia, and the Commonwealth does not accept responsibility for any information or advice contained herein.