

Emerging Trends and Current Issues in Auxiliary Services

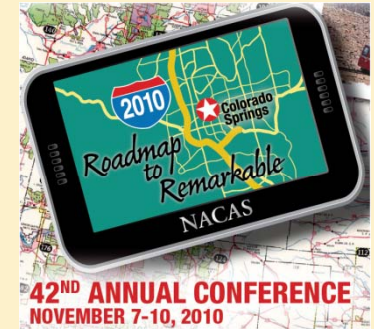
Leading Practitioners Weigh In



NACAS 42nd Annual Conference
November 7-10, 2010

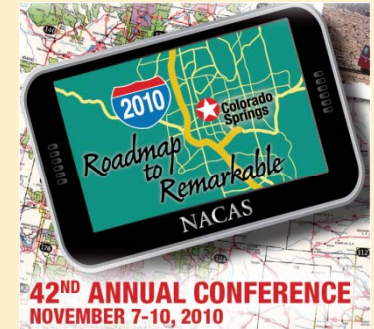
Program Outline

- ❖ Welcome and Introductions
- ❖ Program Overview
- ❖ Trends & Issues for Each Auxiliary Enterprise
- ❖ Q & A with Panelists and Audience
- ❖ Wrap Up



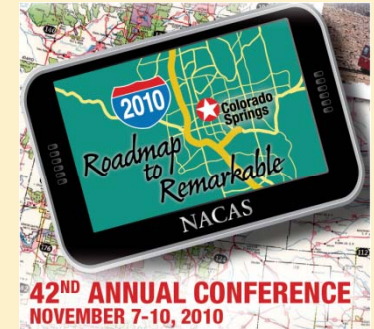
Presenters and Topics

- ❖ Rick Thomas – Student Centers and Unions
 - » Executive Director, Norris Center, Northwestern University
- ❖ Loren Rullman – Auxiliary Services Management
 - » Associate VP for Student Affairs, University of Michigan
- ❖ Mitch Kilcrease - Bookstores
 - » Director of the Student Union, Oklahoma State University
- ❖ Claudia Scotty - Campus Dining
 - » CEO, Envision Strategies
- ❖ Jeff Sessine – Campus Recreation
 - » Vice President, Centers LLC
- ❖ Kevin Keegan – Student Housing
 - » Vice President, Brailsford & Dunlavey



Common Threads

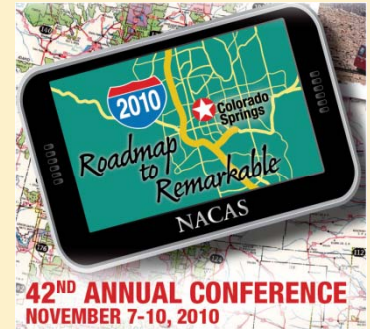
- ❖ Changing needs, styles and preferences of our users
- ❖ Changing and evolving technologies
- ❖ Threats to traditional revenue streams and business models
- ❖ Facility challenges (functional obsolescence, aged systems, deferred maintenance, lack of R&R capital)
- ❖ Green is good; a push for sustainability



Presentation Approach

❖ Auxiliary Services Management

- Three societal / auxiliary trends - general but with broad application to all auxiliaries
- Provocative – discomfort leads to change
- What our institutions need from us

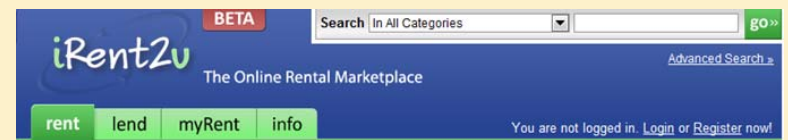


Trends & Issues: Auxiliary Mgt. Rentalism (“ZipCar Capitalism”)

- ❖ Renting no longer viewed as cheap and unsophisticated
- ❖ Sustainability + poor economy = rental
- ❖ Builds on natural tendencies of collaboration
- ❖ Bikes, cars, art, books, laptops, biography, and...

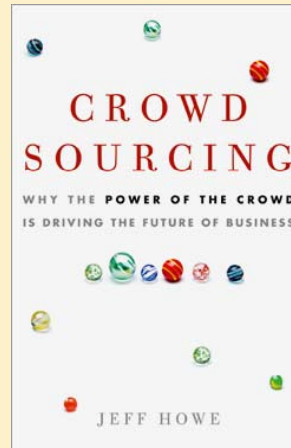


Luxury guitar rental, no strings attached

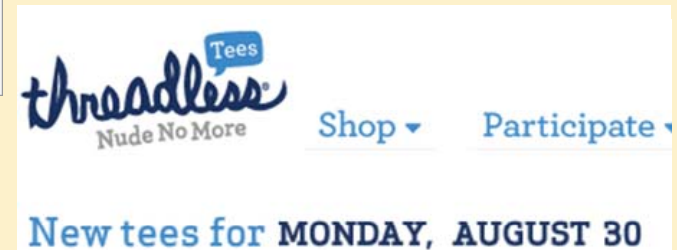


Trends & Issues: Auxiliary Mgt. Inverted Wisdom (“Crowdsourcing”)

- ❖ BEST ideas found at the intersection of many GOOD ideas
- ❖ Answers are “in the crowd” rather than in a position, person, or organization
- ❖ Open-source problem solving... cheaper, faster, accurate



1. Post a creative project.
2. Watch the world contribute ideas.
3. Choose the one you like.



Netflix hands out \$1 million prize in ultimate crowdsourcing contest, then announces a new challenge

Crowdsourcing: Consumers as Creators

A new trend allows customers to help design the products they buy. Just don't expect to get paid a fortune for that brilliant idea

Trends & Issues: Auxiliary Mgt. Space Scrutiny (“...Kill over space!”)

- ❖ Cost of education + shrinking budgets + ↑ energy costs + sustainability = *facility scrutiny*
- ❖ SF per student tripled since 1970 (1 gsf=\$300)
- ❖ 1% of underutilized space on 5M gsf campus = \$4M
- ❖ Auxiliary space looks “inefficient”



News

Space Constraints

September 27, 2010, 03:58 PM ET

Obama Questions College Amenities, Urges More Disclosure of How Tuition Is Spent

Space utilization creates a buzz at university planning conference

UM Regents: Report on Space Use

Also: state funding, zoological collection, Jazz Pie Music

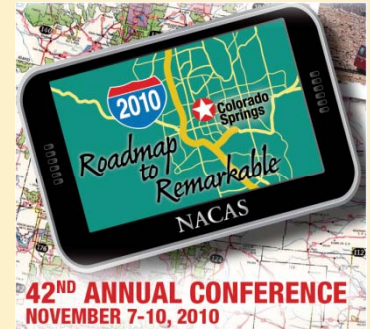
Campus Officials Seek Building Efficiencies, One Square Foot at a Time

Ann K. Newman: How to Combat Space Hoarding

Trends & Issues: Unions

❖ Current Condition / State of Affairs

- Facilities: The haves and the have not
 - While many institutions have made significant investments in new facilities or renovations, the union on many campuses is a 40-50 year-old facility with little hope for improvement or change.

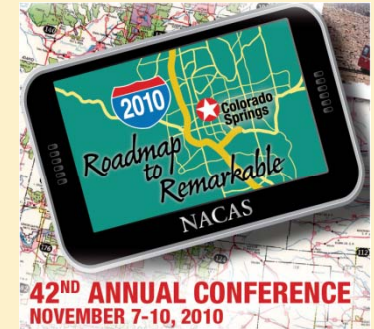


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Trends & Issues: Unions

❖ Current Condition / State of Affairs

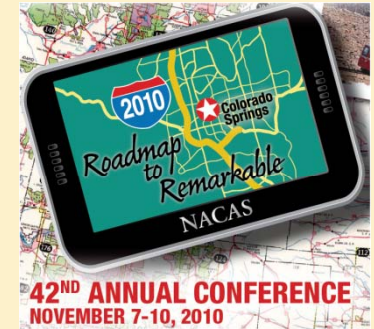
- Implications for “the haves not”
 - Negative student perceptions of union – old, cold, “off the grid” – especially when compared to peer institutions. A possible drag on student satisfaction.
 - Negative impression to potential students – you don’t compare favorably as they “shop.”
 - Campus may have “grown away” from your location so you no longer are a crossroads.



Trends & Issues: Unions

❖ Current Condition / State of Affairs

- Implications for “the haves:”
 - When you built it, they came. How do you keep them coming when the facility isn’t so “new” anymore?
 - How do you build funds/reserves for future maintenance and improvements when the campus has moved on to the next “new thing?”



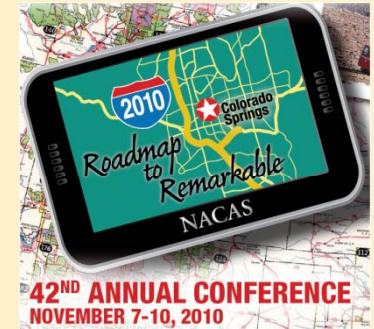
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UMKC Student Union
Opened summer 2010

Trends & Issues: Unions

❖ Current Condition / State of Affairs

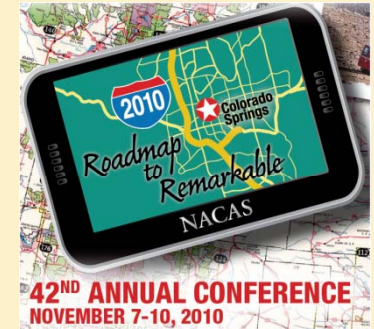
- Mission: Community center for the campus
 - Is the single, central campus union concept still valid?
 - Can we still meet our mission when “every dean wants a Starbucks?”



Trends and Issues: Unions

❖ Emerging Trends / Hot Issues

- Green is good!
 - Increased recycling efforts
 - Composting of food wastes
 - LEED-certified building projects/renovations
 - Campus gardens growing herbs and vegetables for dining programs

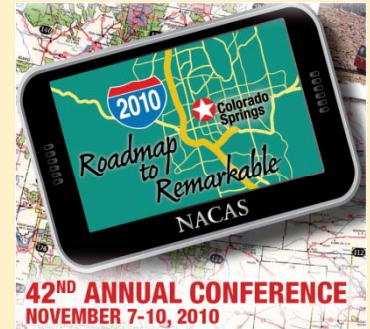


University of Vermont Davis Center
LEED Gold

Trends & Issues: Unions

❖ Issues and Challenges

- Does the traditional game room still have legs? When students are gaming in their rooms or as they walk across campus, do they need a game room?
 - Traditional coin-operated video market is dead – except maybe “retro” games
 - Trend is still away from union bowling centers
 - Interactive gaming component (X-Box, Wii, Playstation) ????



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Trends & Issues: Unions

❖ Trends in Gaming

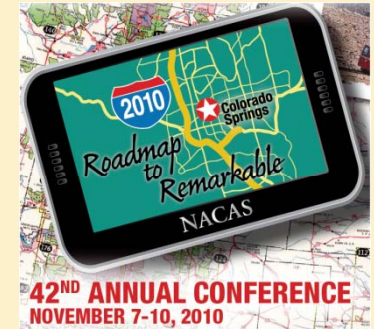
- Students embrace gaming programs but don't regularly patronize dedicated gaming space for casual recreation
 - Game room sits empty except when holding a tournament
 - Game room used as an event space – student org social events, birthday parties, etc.



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Trends & Issues: Unions

- ❖ Emerging Trends / Hot Issues
 - Technology: Smart classroom technologies in meeting facilities
 - Campus classroom standard: Are you there?
 - Traditional revenue generating area: Will it still be?



THE CHRONICLE
of Higher Education

October 17, 2008

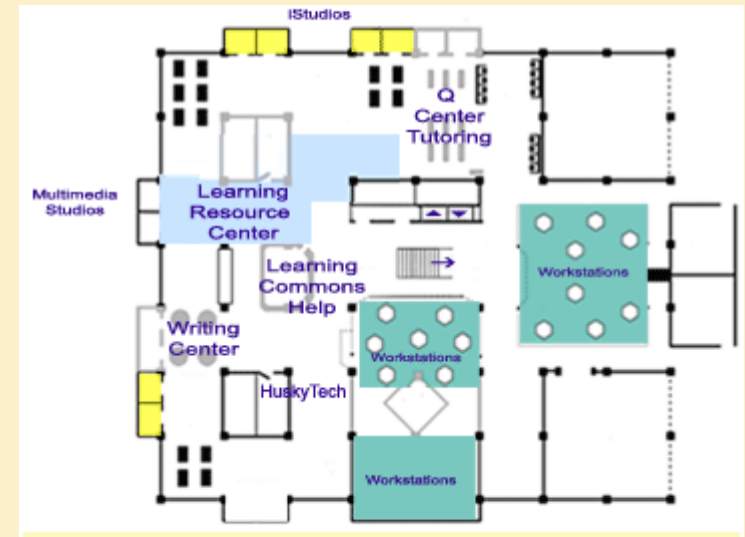
Colleges Struggle to Keep 'Smart' Classrooms Up to Date

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Trends & Issues: Unions

❖ Emerging Trends / Hot Issues

- Technology: “Learning commons” replacing the traditional computer lab
 - More lounge – less lab
 - Designed for collaboration – group vs. individual work
 - Food embraced instead of discouraged or banned



Trends & Issues: Bookstore



❖ Current Condition / State of Affairs

• Challenges facing bookstores

- Shrinking textbook market
- Increased need to cover operating overhead without passing on cost of doing business or increasing fees
- Operational challenges
 - Rising health care and utility cost
 - Aging infrastructure
 - Carrying large salaries of staff needing to retire
 - More campus overhead being passed onto auxiliaries
 - PCI compliance
- Enrollment growth not necessarily providing a financial boost
- Increased competition both internally and externally



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Trends & Issues: Bookstore

❖ Current Condition / State of Affairs

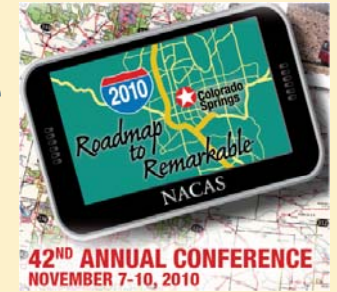
- Slow death of the printed textbook
 - Aligning of the trinity: Technology, publishers and end user



- Development of cost effective delivery systems
- Publishers cautious on not allowing the same fate of the music industry to happen to them
- Aging teaching population not embracing new technology
- Younger population still reading books

◦ Multiple options for purchasing course material

- Digital media
- Rental programs
- Used vs. new
- Print on demand

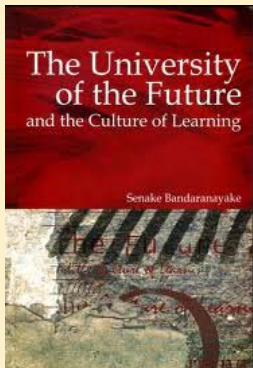


Trends & Issues: Bookstore



❖ Emerging Trends / Hot Issues

- Our role in the academic enterprise



- Developing a business model that reflects the core mission of the university

- Be seen as part of the re-invention solution, not part of the problem
- Educate faculty and administrators on your value position to the academic enterprise
- Develop initiatives and programs that support the core responsibility of recruiting and retaining students

- Creating an environment of innovation

- Encourage innovation and creativity as part of an operational strategy
- Reward calculated risk
- Empower students and staff to be active participants in creating and innovating solutions and ideas



Trends & Issues: Bookstore

❖ Best Practices / Latest & Greatest

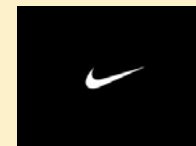


• Become a campus retailer, not just a textbook store

- Move from a culture of entitlement to one of service
- Eliminate the “they have to use us” mentality
- Accountability and responsibility – make tough personnel changes
- Be willing to put someone out of business
- Eliminate services that are no longer producing
- Create store personality
- Build customer loyalty
- Advance social networking in your marketing structure
- Add technology centers and gurus
- Customize services and solutions
- Develop retail platforms that are flexible and can be adapted to trends
- Expand “green” and provide products that are authentic/organic
- Embrace mobile commerce
- Game theory
- Emotional branding



On Demand Books, LLC
www.ondemandbooks.com

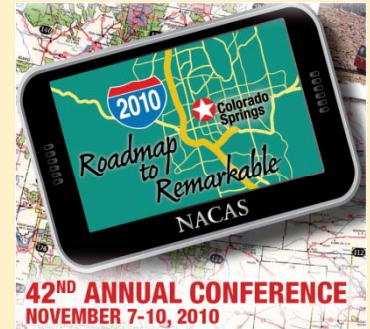


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Trends & Issues: Dining

❖ It's All About the Food!

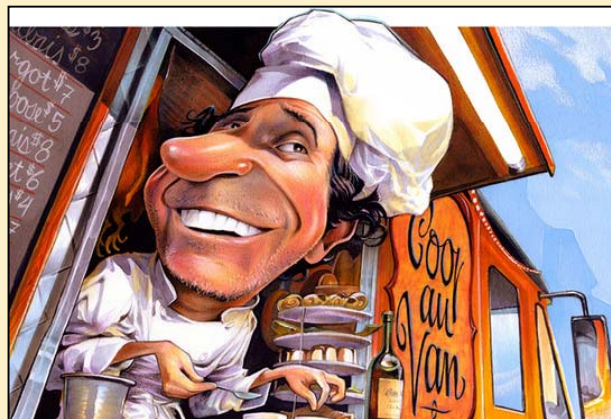
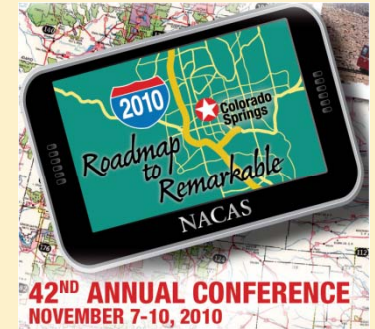
- Millennials are interested in:
 - “Local” brands
 - “Fast casual” as opposed to “fast food”
 - Food with benefits
 - Immunity boosters
 - Performance enhancers
- Growing emphasis on food provenance
 - Food-borne illnesses on the rise
 - Customers want to know
- Food allergies are skyrocketing
- Customers still willing to buy but perceived value must be high
- Sharing is “in”



Trends & Issues: Dining

❖ The Truck Stops Here!

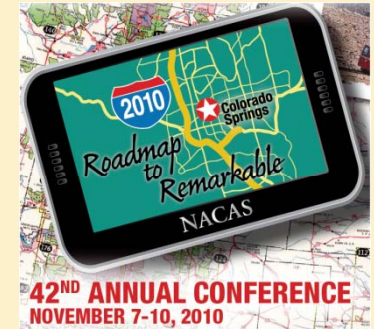
- Street food going mainstream
- Culinary trucks / upscale street carts
- Trucks now Zagat reviewed!
- Kogi BBQ in L.A.- 28,000 followers on Twitter
- Wallet friendly but not cheap
- Low investment - \$125,000 - \$160,000
- Application for:
 - Underserved population clusters
 - High density zones with low food service infrastructure
 - Commuter lots



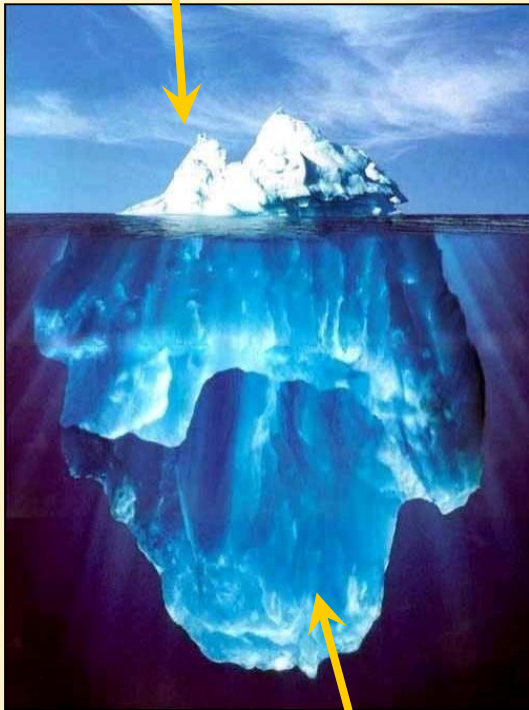
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Trends & Issues: Dining

❖ Food Service Becoming a Focal Point for Sustainable Practices



Acquisition Costs



Sustainment Costs

- Waste reduction
 - Tray less
 - More reusable, less thrown away
 - Recycling
 - Composting
- Green supply chain
 - Fair trade
 - Organics
 - Farm to table and sustainable agriculture
- Energy conservation
 - Incorporation of LEED principles
 - Energy monitoring
- Higher investment cost / lower life cycle cost

Trends & Issues: Dining

❖ Technology is Changing the Business

- Customer service

- Online ordering for pick-up/delivery
 - Kiosk ordering
 - Handheld ordering
- Mobile payment technology
 - SMS payment (texting systems)
 - Near field connection (cell phone swipe)



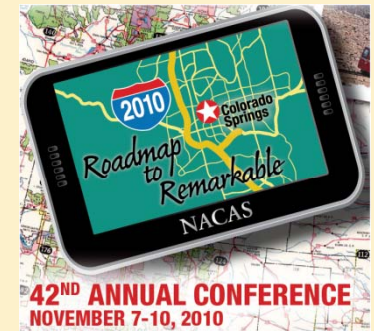
- Labor efficiency

- Self-service systems
- Smart equipment / systems



- Marketing

- Real time marketing via:
 - Texting
 - Instant messaging
 - Twitter
- Data mining

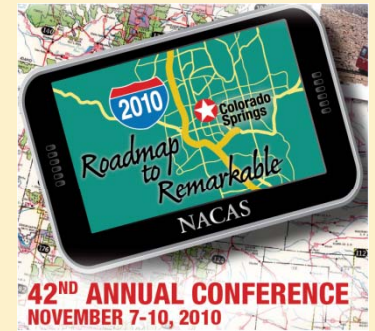


Trends & Issues: Recreation

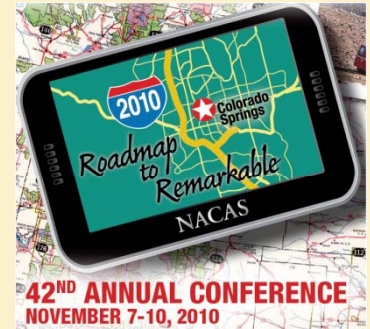
❖ Current Condition / State of Affairs

• Recreation in an On-demand World

- “Instant gratification takes too long!”
- High cost + high demand = high sense of entitlement
- Customers absorbed and insulated by technology
- Mobile, web and social media communications require constant attention and innovation



Trends & Issues: Recreation



❖ Current Condition / State of Affairs

• Fiscal Accountability

- Meeting fiscal objectives requires creativity and constant innovation
- Multi-functional spaces catering to one-stop shopping, eating, living and learning
- Creative partnering through facility leasing, sponsorships and naming opportunities
- Public-private partnership financing gaining traction, as is third-party management

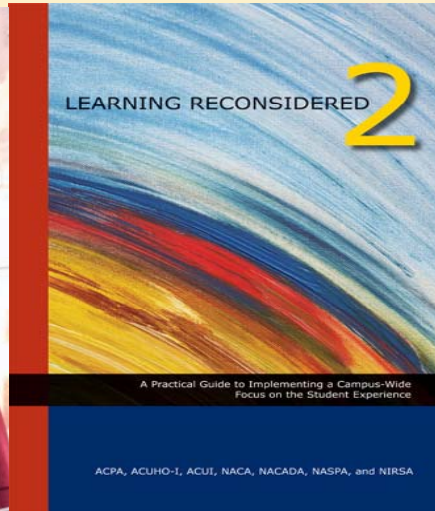
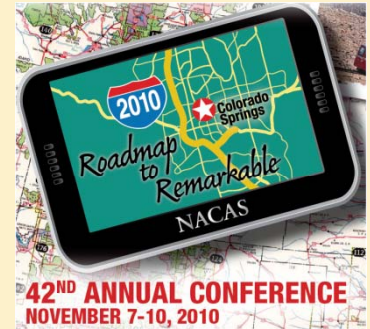


Trends & Issues: Recreation

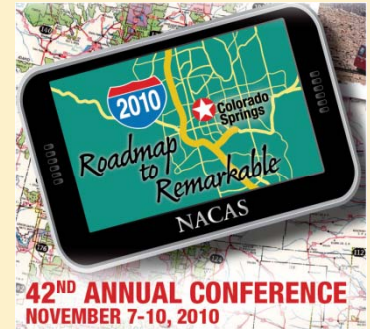
❖ Current Condition / State of Affairs

- Outcome-based Programming

- Integrated, intentional approach to learning
- Develop student learning outcomes for employment and programs
- Outcomes should support institutional strategic plan
- Drives operational decision making and supports funding; demonstrates purpose for the department



Trends & Issues: Recreation

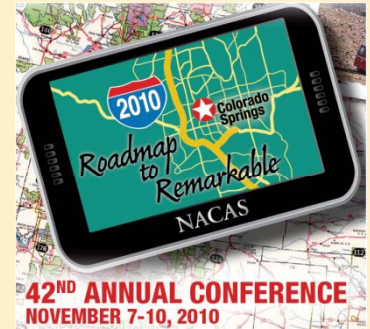


❖ Emerging Trend: Workplace Wellness

- Align employee wellness initiatives with the institution's healthcare cost objectives
- Integrative programming to maximize participation and enhance social interaction
- Incentive-based participation to improve morale and work-life balance
- Dedicated spaces for employees to encourage participation



Trends & Issues: Recreation



❖ Other Emerging Trends

- Sustainability and operating efficiencies
 - FF&E, building materials
 - Fitness equipment, furniture
 - HVAC systems, lighting, gray water usage
- Fee for service online programming
 - Virtual personal training, fitness classes
 - Educational webinars
- Third-party management
 - Immediate impact
 - Performance added measures
 - Creative financing may dictate operational oversight
 - Provides additional layer of insurance and transfers risk



CENTERS

Trends & Issues: Housing

❖ Current Condition / State of Affairs

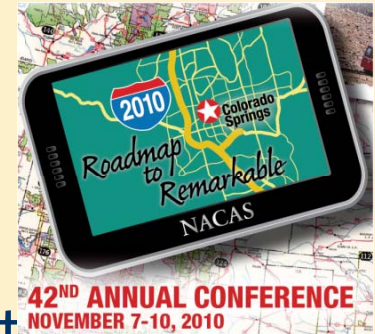
- Adjusting to the “new normal”
 - Doing less with less...permanently
 - Housing carrying new or heavier financial allocations
- Enrollment growth isn't translating into more money, but is increasing operating pressures
- Capital needs
 - Cost remains high
 - Access is limited
 - Traditional funding sources remain constrained
- There is good news though...



Trends & Issues: Housing

❖ Current Condition / State of Affairs

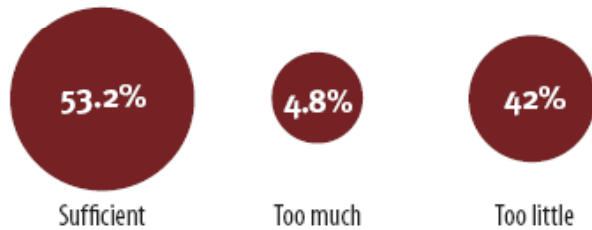
- Student housing remains very important



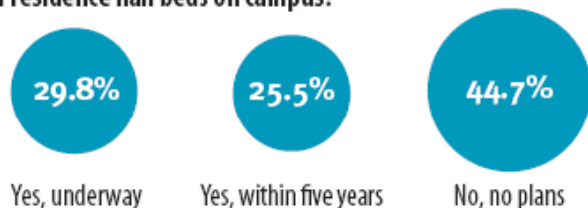
How important is the quality of on-campus housing in determining whether a student will attend your institution?



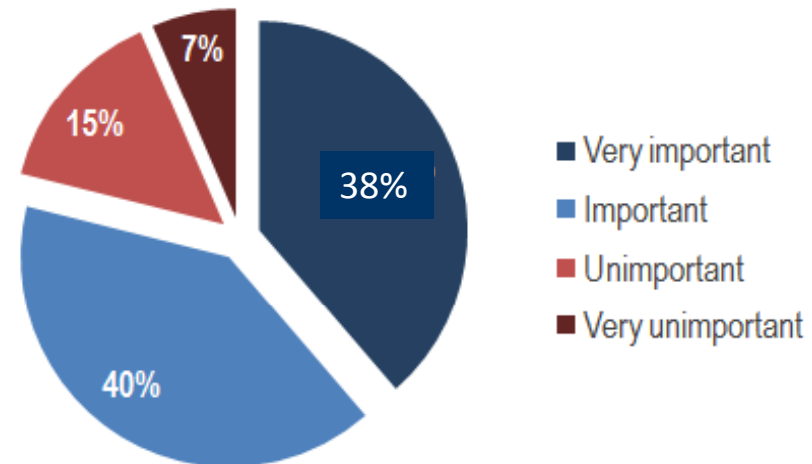
How much residence hall space does your campus currently have?



Is your institution planning to increase the number of residence hall beds on campus?



Q. How important was the availability of student housing in your decision to attend the university?



Brailsford & Dunlavey Student Survey Data

Student Perspective

Institutional Perspective

Trends & Issues: Housing

❖ Emerging Trend: New Priorities

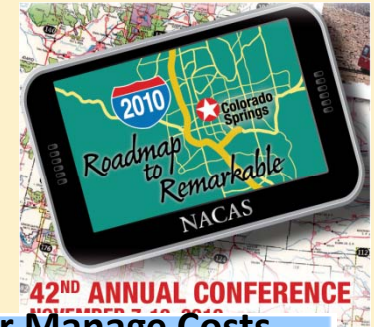


Table 11: Long-Term Strategies Utilized by Universities to close Budget Gaps or Manage Costs

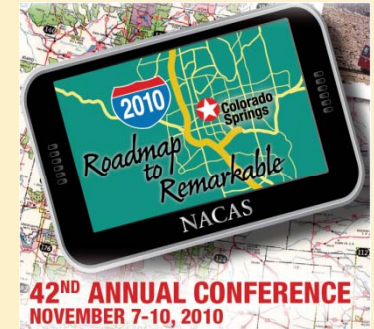
	Count	Percent
➔ Invest in energy savings (e.g., replace inefficient HVAC systems, insulation, windows, etc.)	68	78.2%
➔ Conduct a strategic review of administrative structures	58	66.7%
➔ Increase enrollment in specific areas (e.g., out-of-state students, online students, etc)	55	63.2%
➔ Conduct a strategic review of academic programs	51	58.6%
➔ Conduct a strategic review of online/distance education	50	57.5%
➔ Conduct a strategic review of facility/plant operations	48	55.2%
➔ Conduct a strategic review of student support services	40	46.0%
➔ Permanently change support staff levels	36	41.4%
➔ Permanently change professional staff levels	34	39.1%
➔ Outsource operations/services (e.g., IT services, bookstores)	25	28.7%

Results of a Survey on the Impact of the Financial Crisis on University Campuses, Christine Keller, Association of Public and Land-grant Universities, November 2009

Trends & Issues: Housing

❖ Best Practices / Latest & Greatest

- New urbanism
 1. Walkability
 2. Mixed-use and diversity
 3. Connectivity
 4. Increased density
 5. Mixed housing
 6. Sustainability
 7. Quality design
 8. Quality of life structure
 9. Traditional neighborhood
 10. Increased density structure

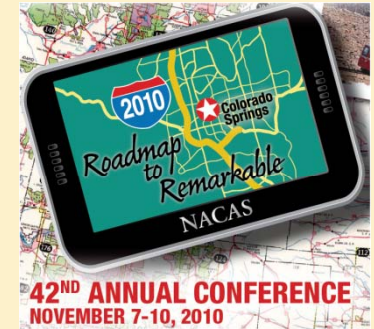


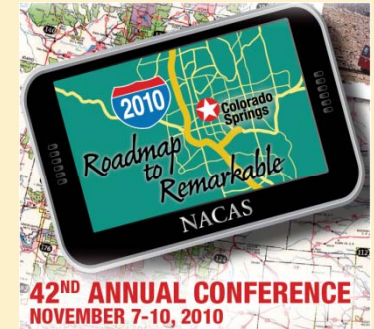
Redefining and embracing a new neighborhood model

Trends & Issues: Housing

❖ Improving Your Bottom Line

- People
 - Get the right people on the bus
 - Invest in customer service and marketing
 - Flexibility and nimbleness
- Facilities
 - Invest scarce capital resources in your future, not your present
 - Rethink 100 year buildings
- Finances
 - Challenge every budget and overhead assumption
 - Make procurement processes and service delivery competitive
- Strategic planning
 - Redefine your value proposition with students and institution
 - Rethink ownership and control
 - “Don’t waste a good crisis;” plan then act



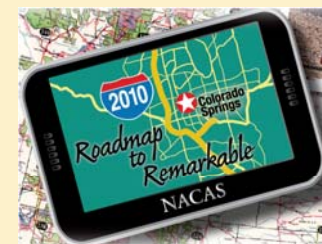


Questions and Open Discussion

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A copy of this presentation is available from Brailsford & Dunlavey at:
<http://www.facilityplanners.com/ht/d/sp/i/290/pid/290>



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Leading Practitioners Weigh In



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