

NACAS  
2009  
HAWAII  
SEEKING SOLUTIONS  
DISCOVERING OPPORTUNITIES

RESPONDING TO  
ECONOMIC CHALLENGES  
WHILE PLANNING FOR  
SUCCESS

# Introductions

- *Tammy Anthony, AVP for Auxiliary Services, NMSU*
  - 22 years with NMSU
  - Masters in Accounting
  - University experience in budgeting/capital planning for state institution, grant/contracting post-award accounting, gift/endowment accounting, athletics budgeting/accounting and auxiliary services operations and capital planning
- *Matthew Bohannon, Project Manager, B&D*
  - Manager of B&D's Southern California Office
  - 5+ years studying and planning auxiliary facilities
    - NMSU, EWU, CSULB, CPSLO, CPP, UWT, CSUSM, GMU, UM, SDSU, SFSU, UCB, UCR, UTEP, UK, UNM, WSUV, UCM, UNCG, Marshall, Rutgers, Indiana, and Ohio U

# Presentation Outline

- Goals and Outcomes
- Impediments to Success
- Strategies for Improvements
- Detailed Case Study – New Mexico State University
- Case Studies
- Discussion

# Goals and Objectives

- Understand the importance of comprehensive planning.
- Recognize best practice planning methodologies.
- Evaluate case studies for concepts.
- Outline evaluation and assessment criteria.
- Identify resources that attendees may use to assist with planning activities on their own campuses.

*“It's not that ignorance does so much damage; it's knowin' so derved much that ain't so.”*

-Josh Billings

# Impediments to Success

- *Insufficient Will Power to Affect Meaningful Change*
  - What's left after all the low hanging fruit has been picked?
  - Does it seem like we are just tinkering with the edges still, rather than addressing larger problems?
  - Better financial performance may require significant changes to current practices and tough choices.
  - Without executive support, initiatives will likely fail.
- *Too Many Ideas are Off the Table From the Beginning*
  - What really is essential to our mission?
  - Programs, operations, or services sometimes become “untouchable” even though they are extraneous to the auxiliary’s or university’s mission.
  - Limiting ideas from the outset constrains the options for success.

# Impediments to Success

- *Inadequate Planning Process*
  - How accurate are our data and analyses?
  - Are our efforts enough to get the changes we need?
  - Executive buy-in without reliable data and analysis is difficult or impossible.
- *Failure to Get the Decision Makers to Decide*
  - Can you convince them the idea is successful?
  - How can they get to a decision point?
  - Decision makers need to be involved and understand the aspects and details of any change.

# Impediments to Success

- Focusing on Short-Term Fixes vs. Long-Term Solutions
  - Are we just treating the symptoms of the problem?
  - How can we craft a solution that addresses short-term problems and long-term financial stability?
  - Band-aid approaches simply are not sufficient.



# Strategies for Improvement

- *Be Proactive*
  - Plan and act rather than wait for the solution to be delivered.
  - Take advantage of opportunities.
  - Tough times can motivate stakeholders.
- *Possess Institutional Will*
  - Decisions to improve the bottom line may not make everyone happy.
  - Effectively manage the trade-offs for stakeholders, if any (performance, services, etc.).
  - Be confident moving forward with well thought out and analyzed ideas.

# Strategies for Improvement

- *Use Institutional Vision and Business Plans as Foundations*
  - Solid financial plans must be aligned and developed with mission-centric priorities, rather than across-the-board cuts.
  - Know where you can leverage your assets for greatest value.
  - Translate those assets into a detailed business plan.
- *Have Effective Leadership*
  - Management needs to act effectively to plan, communicate, execute, and evaluate initiatives.

# Strategies for Improvement

- *Be Deliberate But Patient*
  - Keep in mind that short-term improvements may not be on a large scale, but long-term financial stability will happen.
  - Don't underestimate the value making minor changes now will have on your bottom line five or ten years down the road.
- *Allow for Flexibility*
  - We live in a dynamic environment.
  - Plan some flexibility into initiatives to allow for growth and entrepreneurship moving forward.

# New Mexico State University

- Impediments to Success
  - Declining enrollment: recruiting and retention issues
  - Decreasing state appropriations and insufficient auxiliary services support
  - Lack of planning for auxiliary facilities and services
- Strategies for Improvement – “Rethink our Approach”
  - Reorganization of critical functions in 2003
  - Critical planning, both short and long terms
    - Financial expectations
    - Service expectations and enhancements
    - Facilities and maintenance improvements
    - Technical improvements
  - Established “win-win” partnerships

# New Mexico State University

Reorganization 2003

“Rethink our Approach”

**No one was at fault**

The purpose was to realign responsibilities to support prioritization of critical enrollment-related strategic goals, and at the same time to allow for sufficient administrative support for our Auxiliary Service operations.

Student Services began a critical review of the recruiting and retention efforts by regrouping all of their resources and creating an “Enrollment Management Division”

# New Mexico State University

- Reorganization 2003
  - Business and Finance – Auxiliary Services
  - Housing and Residential Life
  - Dining Services
  - ID Card Services
  - Bookstore
  - Vending
  - Student Union and Conference Services

*NOTE: Golf Course and Special Events were already under VP for Business and Finance*

# New Mexico State University

## Critical Planning both Short Term and Long Term

### Financial Expectations

- Centralize and expand accounting and business support
- Strict enforcement of all contractual relationships by establishing and holding everyone accountable
- Key employees were added to upper management positions: Business Support Function, ID Card Manager, IT/Technical Support Manager
- Evaluate and modify rate structures for housing and meal plan rates
- Refinanced old bonds for savings impact and restructured payment scheduled for 2004. (Plan to do again in 2010.)

# New Mexico State University

## Critical Planning both Short Term and Long Term Service Expectations and Enhancements

- Housing
  - Living learning communities – Allow for 2<sup>nd</sup> year students
  - New freshman resident hall concept changed to allow sophomores
  - Room renewal process – more focus on roommate pairings
  - Establish housing communities by focusing the staff on efforts to develop community and really know their residents - Aggie 30
  - Implement a relationship document between Housing & Residential Life and Greeks
  - Changed our occupancy management approach



# New Mexico State University

## Critical Planning both Short Term and Long Term Service Expectations and Enhancements

- Dining
  - Reestablished food service advisory committee
  - ARAMARK created a 3-tiered catering menu
- ID Card Services
  - Banking relationship
  - Redesign of ID Card -re-carding fall 2008 – magnetic strip
  - Expansion of card readers
- Bookstore
  - Added Powerball lottery tickets to our 2 C-stores
  - Contracted with Barnes and Noble in 2008
- Vending
  - New vending contract with Coca Cola
- Corbett Center Student Union and Conference Services
  - Student training program
  - Added computer stations throughout building for general use

# New Mexico State University

## Critical Planning both Short Term and Long Term Facilities and Maintenance Improvements

- Housing - quality of life enhancements such as:
  - New furniture, carpet, and tile in most of our facilities
  - New appliances throughout family housing
  - “Feel good” amenities in family housing such as screen doors
  - More outdoor furniture in patio and quad areas
- Other Housing - “dumped” what we could and reconfigured what we couldn’t dump (We did the best with what we had)
  - Regents Row was removed as a housing facility (summer 2003)
  - Alumni Row was demolished with planned replacement of apartments
  - Began process to issue bonds for Pinon (new residence hall ) and Chamisa I (phase I of apartments). (Bonds issued in 2004.)

# New Mexico State University

## Critical Planning both Short Term and Long Term Facilities and Maintenance Improvements

- Golf Course
  - New golf course club house with restaurant and liquor license
  - Added short game practice facility
  
- Dining Services
  - Faculty/staff restaurant open for business with liquor license
  - HSS canteen opened for business (spring 2004)
  - Java City renovation at union
  - Aggie Snack Bar renovation at College of Ag
  - Taos Restaurant renovation at union
  - Frenger food court renovation
  
- ID Card Office
  - Relocated ID Card Services to more accessible location

# New Mexico State University

## Critical Planning both Short Term and Long Term Facilities and Maintenance Improvements

- Special Events
  - Pan American Center renovation \$22M
- Parking Services
  - Parking lot maintenance program implemented
- Corbett Center Student Union
  - Renovation of second floor - student study and gathering spaces
  - Updated meeting room spaces – AV, tables and chairs, etc.
  - Enhanced the wireless connectivity

# New Mexico State University

## Critical Planning both Short Term and Long Term Technical Improvements

- Centralize computer support – added manager position
- Convert Diebold to Blackboard ID card system
- Parking system conversion summer 2009
- New POS for golf course – restaurant
- Housing system conversion
- TMA upgrade

# New Mexico State University

## Establish “Win-Win” Partnerships

- ARAMARK food service contract
- Local contracts for a food court located separate from the student union – strong local support at NMSU – 5 vendors
- Activity Center juice bar
  - Student partnership to put a juice bar in the Activity Center
- Wells Fargo enhanced card
- Coca Cola pouring and vending contract December 2007
- Master planning (compliment to university master plan 2006):
  - B&D/housing
  - Envisions Strategies/food service
  - Transportation and parking/TBD
- B&N bookstore operating agreement December 2008

# New Mexico State University

## Currently Happening...

- Transportation Services over Parking Division Added July 1, 2009
  - Fleet reduction across all campuses with vehicle use policy
  - Tax compliance for vehicle assignments
  - Fuel station improvements
  - Insurance reductions
  - Overall fleet management program including rentals, maintenance, safety issues
- Addition of Subway concept spring 2010 under our ARAMARK contract in a location on campus currently underserved
- Preparing for bond issue spring 2010
  - Phase II of student apartments
  - Academic superstore – B&N Bookstore
- Added Athletic Facility Operations and Management to the Special Events Division March 2009

# Case Study - Housing

- Mid-sized public university
  - NOI reduced considerably due to admin charge backs, increased utility costs, capped room and board rates.
  - Relatively high occupancy at 94%
- Methodologies used
  - Benchmark comparisons
  - Student Market Analysis
  - Schedule analysis
  - Detailed financial analysis
  - Scenario projections



# Case Study - Housing

- Recommendations
  - Replace flat room rate schedule with quality based differentials – \$1,500,000
  - Increase single occupancy room rates to 150% of doubles - \$475,000
  - Adjust summer housekeeping and repair schedules to maximize conference opportunities - \$250,000

# Case Study - Recreation

- 5,000-student private college
  - Campus facilities had not been improved in 40 years
  - Multiple studies over 12 years without success (too costly)
  - New administration wanted a state-of-the-art facility
- Methodologies used
  - Visioning / stakeholder Input
  - Site analysis / programming opportunities
  - Student satisfaction surveys
  - Benchmark comparison
  - Off-campus analysis
  - 20-year operating pro forma

# Case Study - Recreation

- Recommendations
  - Initial study
  - New revenue generation strategies outside student fees
  - Efficient staff and operating model based on benchmarks / other campus experience
  - Design standards to reduce construction costs and long-term operations
  - New site that minimized costs and maximized student benefits

- Net Reduction in Project Cost: \$3,500,000
- Operating Cost Reduction: \$400,000 Year One  
\$4,700,000 Total 10 Years

# Case Study – Food Service

- Large public research university
  - Deteriorating NOI, barely breaking even
  - Historically food service provided general revenue to the university
  - All auxiliaries were being asked to improve revenue for the university
  - Student satisfaction levels remained high
- Methodologies used
  - Tours, focus groups, interviews
  - Historical and current financial performance review
  - Benchmark comparisons
  - Detailed operations and policy review

# Case Study – Food Service

- Recommendations
  - Close under-performing operations
    - Coffee / snack bar competing with off-campus retail
    - Faculty / staff dining room
    - Small catering kitchen
  - Open new outlet in high traffic location
  - Reducing labor costs
    - Consolidate upper management to be in line with benchmark standards
    - Reduce full-time employees through attrition, increase part-time labor
    - Review operating hours, focus on lunch
    - Cross-train employees to work in multiple locations

# Case Study – Food Service

- Recommendations
    - Rebranding meals plans for residents and commuters focusing on value, convenience, and affordability
    - Expanding green initiatives
- Bottom line impact \$2,200,000 per year

# Case Study – Student Union

- Large research university
  - 1960's design with all the typical deficiencies
  - Leadership supported other campus priorities
  - Challenge to “completely rethink the financing and business plans for the department”
- Methodologies used
  - Analysis of existing facilities, programs, budget
  - Benchmark comparison (budget and program)
  - Preliminary design concepts
  - Concept testing with students

# Case Study – Student Union

- Recommendations
  - Major renovation vs. new construction to meet students' programmatic needs
  - Design and operating initiatives reducing current operating expenses by 35%
  - Design ideas that would reduce staffing and improve programmatic connections
  - Student fee to cover debt needed for renovation
  - New revenue opportunities to increase income by 60%

▪ Bottom Line Impact: \$1,200,000



# Case Study – Bookstore

- Public Midwestern university
  - Offers of outsourcing the school's self-operated bookstore
  - Pending retirement of key managers, no replacements
  - Replacement of point-of-sale
  - Desire to renovate the existing space although no institutional funds available
- Methodologies used
  - Tour of facility
  - Interviews with faculty, staff, administrators, managers, private contractor to assess the true needs
  - Benchmark (budgets and facilities)
  - Performance metrics assessment

# Case Study – Bookstore

- Observations
  - Existing store was too large based on industry standards and customer usage
  - Textbook sales suffered due to problems with faculty adoption practices
  - Opportunities for custom published course materials were being missed
  - Non-compliance with copyright and trademark laws
  - General sales lower than peers due to limited display space on sales floor and insufficient marketing

# Case Study – Bookstore

- Recommendations
    - Outsourcing would not significantly improve the financial performance nor provide capital necessary for improvement
    - Revenue opportunities exist:
      - New and used text sales
      - Spirit wear
      - Takeover bookstore ops of nearby proprietary school
    - Reduce operating costs by shrinking footprint
    - Reduce staffing costs by hiring more part-time student labor
    - Improve faculty adoption to reduce costs and special orders
    - Revised entrance / traffic flow to reduce security, cashiering, and technology costs.
- Bottom Line Impact: \$350,000

# Case Study – Parking

- 17,000 community college
  - Large district with long distance commuters
  - Long-standing shortages in surface parking
  - Enrollment increases due to higher costs at universities
  - Reduction in bus routes due to city budget cuts
- Methodologies used
  - Stakeholder interviews
  - Class schedule analysis
  - Parking space to student ratios
  - Master plan analysis

# Case Study – Parking

- Recommendations
  - Spread classes out over greater periods to avoid crunch time (mid-morning and early evening)
  - Begin more aggressive enforcement of parking policies, plus hire additional staff member to assist during peak times
  - Construct a new 400-car structure on the edge of campus – parking fees increasing 300% over a three-year period (student and staff supported this effort)
  - Adding student housing near campus through PPP to reduce number of commuter students
  - Formalizing technology and flex-time policies for more effective working from home
  - Establish a satellite campus
  - Expand online course offerings by 25%

# Case Study – Parking

- Recommendations
  - Develop a “green” transportation system encouraging and rewarding bike riding, carpooling, walking, etc.
  - Initiate \$1 per credit hour fee per semester public transportation fee to restore city services

# Case Study – Conference Services

- 12,000-student private, urban university
  - Institutional support to improve program lacking
  - Staff believed opportunities were being missed but lacked resources to improve
  - With the overall need to improve university's financial performance, more was asked of conference services
- Methodologies used
  - Facility assessment
  - Detailed policy review
  - Historic profit and loss analysis, bookings analysis
  - Being the “outside voice”

# Case Study – Conference Services

- Observations
  - Perfect location, plus lowest rates of comparable accommodations
  - University giving away too many services to special interest on-campus programs not serving mission
  - Residence hall spaces often rented at a loss
  - Larger, more profitable groups unable to book due to campus facilities being reserved by departments
  - Residence halls kept offline over summer for repair and maintenance
  - Limited dining options during the summer



# Case Study – Conference Services

- Recommendations
    - Create a centralized management of facilities for conference services
    - Develop multi-year facility schedules
    - Re-evaluate existing camps and rental groups receiving discounts
    - Increase rental rates to more market comparable rates
    - Invest in conference management software
    - Partnership with hospitality management programs on campus
    - Change operating practices to make the client experience similar to the hotel experience
- Bottom Line Impact: \$450,000 in Year One

# Case Study – Athletic Facilities

- Div-II program with 14 varsity sports
  - 4<sup>th</sup> Year of significant budget issues
  - Student fee decreased 12%
  - Corporate sponsorships and donations decreased 15%
  - Ticket sales declined 8%
  - Expenses increased 3% annually (low due to previous efficiency efforts – financial chess game)
  - President wanted \$300,000 more from the program
- Methodologies used
  - Stakeholder interviews
  - Benchmark and financial analysis
  - Detailed review of previous cost saving measures

# Case Study – Athletic Facilities

- Observations
  - Much of the “low hanging fruit” already picked
  - Fairly lean operation
    - Costs by sport and student-athlete 10%-15% less than peers
  - No significant revenue opportunities available
  - Programmatic reassessments required for improvement

# Case Study – Athletic Facilities

- Recommendations
  - Upgrading departments fundraising staff to professionalize development efforts
  - Selling premium seating for football and basketball
  - Reducing some scholarship awards, but maintain aggressive financial aid packaging
  - Shrinking the number of traveling teams and eliminate cheerleading, mascot, and grad assistant travel
  - Altering practice and camp schedules to allow revenue generation of arena space through rentals
  - Change game times to afternoons to save on utilities, security, and admin overtime expenses

▪ Bottom Line Impact: \$300,000 in Year One

# Discussion

## Remember To:

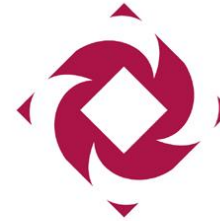
- Challenge your assumptions
- Reassess / realign with mission statements
- Understand your market
- Be entrepreneurial

# Discussion



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