

NACAS 38th Annual  
Conference



# Improving Your Auxiliary Operation's Performance and Leverage Through Integrated Business Planning

San Diego, California  
October 15 - 18, 2006



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# Presentation Outline



- Who we are
- Why is a business plan important?
- What is a business plan?
- How does one create a business plan?
- Questions and answers



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# Who we are



- Kevin Keegan
  - Brailsford & Dunlavey
- Rick Thomas
  - Northwestern University
- Loren Rullman
  - Indiana University



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# Who we are



- Kevin Keegan, Brailsford & Dunlavey
  - Vice President at B&D
  - Former Associate VP of Auxiliary Services
  - Over 20 years management experience in Auxiliary Services
  - Master planning and project management experience within higher education and at other non-profits



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# Who we are



- Rick Thomas, Northwestern University
  - Executive Director, Norris University Center
  - Over 20 years experience managing student union/campus activities and auxiliary services at 5 universities
  - Consulting experience in the area of student union operations/design and food service
  - NFL owner (1 share of the Green Bay Packers!)



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# Who we are



- Loren Rullman, Indiana University
  - Over 15 years experience in auxiliary and student affairs – including college unions, student activities, performing arts, housing, recreational sports, and dining services (self-op & contract) at 4 universities
  - Consulting experience in performance review, operations analysis, space & design, and organizational assessment
  - Ph.D. Educational Leadership & Policy Studies
  - Not a NFL owner – in fact, barely a NFL *watcher* as a lifelong fan of the lowly Detroit Lions



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# *Why is a business plan important?*



- The list is long.....
  - Fail to plan, plan to fail
  - Either you plan or someone will do it for you
  - Increasing external and internal pressures to perform
  - Increasing competition from non-traditional sources
  - Increasing pressure to measure operational success
  - Increasing student and other consumer demands
  - Greater operational complexity and risks
  - Shrinking institutional resources



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# *Why is a business plan important?*



- Four primary reasons for planning:
  - Offensive
  - Defensive
  - Altruistic
  - Practical



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# *Why is a business plan important?*



- Offensive strategies:
  - Build upon departmental or personal credibility
  - Secure additional resources for new or existing programs and services
  - Keep staff positively motivated
  - Sell a new initiative
  - Combat increasing competition from non-traditional sources
  - Be a better prepared and more agile manager



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# *Why is a business plan important?*



- Defensive strategies:
  - Justify your existence
  - Prevent unit transfer or undesired organizational change
  - Stop outsourcing initiative
  - Keep business partners who you believe are the best institutional solution
  - Preserve human, financial, or physical resources
  - Restore departmental credibility or executive confidence



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# *Why is a business plan important?*



- Altruistic strategies:
  - Adopt proven methodologies that drive your activities
  - Improve programs and services for students
  - Become better stewards of students' financial resources
  - Improve student and staff quality of life
  - Establish effective succession planning
  - Establish best practice management standards
  - Achieve and sustain the highest professional standards



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# Why is a business plan important?



- Practical strategies:
  - The risk of doing nothing is too great
  - Fail to plan, plan to fail
  - Either you do it or someone will do it for you
  - Greater operational complexity means greater risks
  - Required to do more with less
  - Need to just "git 'r done"
  - You have to.....'nough said



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# What is a business plan?



Distinguish between strategic and business planning

Mission and Values



There is a required planning sequence and hierarchy



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# What is a business plan?



## ■ Strategic planning

- Establishes operating unit vision
- Affirms mission & purpose
- Sets goals
- Establishes objectives and strategies

## ■ Business planning

- Is conducted after the strategic planning process
- Operationalizes parts of the strategic plan
- Allocates and links resources
- Sets measurable outputs

*"A business plan is blueprint and communication tool for your business. A device to help you, the owner, set out how you intend to operate your business. A road map to tell others how you expect to get there."* (U.S. Small Business Administration)



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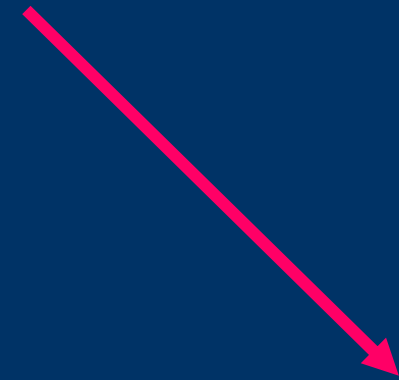
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# What is a business plan?



- Understand the plan's purpose and how it will be used
  - Defines for your enterprise:
    - What you will do
    - When you will do it
    - Where you will do it
    - How you will do it
    - Who you will do it for
  - Identifies the resources needed
  - Describes how success will be measured
  - Establishes future opportunities

Development



Action



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# Our Hedgehog Concept

What we are deeply passionate about



Serving students and others in the university community

*To be the premier community center for the Northwestern Evanston campus*

One-stop shop for convenient retail, event, entertainment, and recreation services

Traffic – the number of people coming through the doors

What we can be the best at



What drives our economic (resource) engine





# How does one create a business plan?



- Build the planning framework:
  - Know who you are as a manager
    - Success depends on you
    - Understand your own leadership strengths and weaknesses
    - Be logical and practical in your approach:
      - Focus on opportunities and not just problem solving
      - Think and *act* deliberately
      - Collect and *act* on good data
      - Don't reinvent the wheel
      - Appreciate that the important activity is executing the plan, not writing it



# How does one create a business plan?



- Build the planning framework (continued)
  - Planning prerequisites
    - Allocate appropriate resources (human, financial, technological)
    - Define what success will look like
    - Deal with reality:
      - Change and acceptance may come slowly even with compelling reasons
      - You may not be the change agent you want to be
      - Recognize that your area is not an island onto itself
      - Prepare to have your current view of reality challenged



# *How does one create a business plan?*



There is no magic planning pixie dust

*“Disciplined people who engage in disciplined thought and who take disciplined action.”* (J. Collins, *Good to Great*)



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# *How does one create a business plan?*



- Introduction
- Case Statement
- Operating Plan
- Exhibits



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# How does one create a business plan?



- Introduction → Sets the context for the plan & readers' expectations:
  - Provides the effective date and timeline
  - Describes how the plan may be used as a decision tool
  - Describes the types of decisions that are appropriately supported by the research and data
  - Outlines the plan's components
  - Acknowledges planning support
  - Commonly includes preface, introduction, or executive summary
- Case Statement
- Operating Plan
- Exhibits



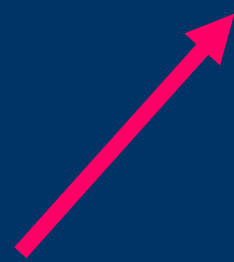
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# How does one create a business plan?

- Introduction
- Case Statement
- Operating Plan
- Exhibits



- Tells the story in summary:
- Short & sweet! (5-6 pages max!)
  - Assumes you and others are respected experts
  - All information & statements must pass the “so what?” test
  - Must clearly map out:
    - Mission
    - Services provided / to be provided
    - Markets and customers
    - Current conditions
    - Projected conditions
    - Risks and rewards
    - Investments/actions required



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# How does one create a business plan?



- Introduction
- Case Statement
- Operating Plan
- Exhibits

Explains your methodology and provides enough data for the reader to understand how decisions were reached and action items aligned with the mission and goals:

- Information must still pass the "so what?" test
- Outlines financial, human, physical, technological and operational requirements
- The plan must flow logically from strategic mission and goals to tactical operational strategies, linking resources to desired outcomes
- Evaluation metrics must be identified



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# How does one create a business plan?



- Introduction
- Case Statement
- Operating Plan
- Exhibits



Appropriate level of detail without distracting the reader or weighing down the document

- These documents should stand alone and support financial, human, physical, technological and operational resource allocations
- Actionable items are supported by appropriate data (historical, prospective, competitive, demand-based, market, and political assessments)
- Include anything needed to complete “telling the story”



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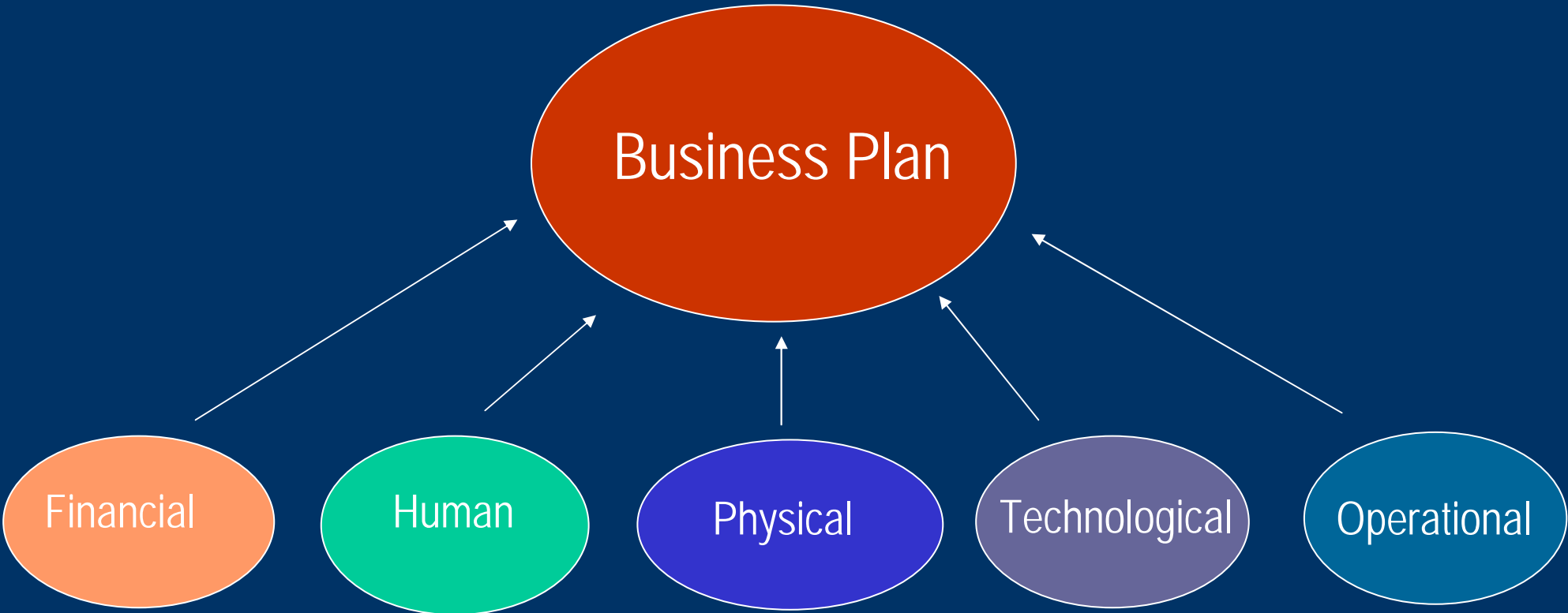
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# How does one create a business plan?



## Essential business plan components



Historical    Prospective    Competitive    Demand Driven    Market Sensitive    Political



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# How does one create a business plan?



## Cleveland State University Recreation Center Business Plan – A planning example



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# *How does one create a business plan?*



- Plan components - examples
  - Financial
  - Human
  - Physical
  - Technological
  - Operational



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# How does one create a business plan?



- Plan components - Cleveland State Recreation
  - Financial 
  - Human
  - Physical
  - Technological
  - Operational



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# How does one create a business plan?



- Evaluation metrics - a key to the business plan

"Each (great) company attained a deep understanding of the key drivers in its economic engine and built its system in accordance with this understanding." *(J. Collins, Good to Great)*

- Walgreen's switched from profit per store to profit per customer visit to reflect its focus on convenience.
- Pitney Bowe's switched from profit per postage meter to profit per customer to reflect its strategy of using meters to bring in a full range of back-of-the-house services.



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# How does one create a business plan?



## ■ Evaluation metrics – examples

### ■ Dining services

- Sales per FTE
- Check average
- Sales per SF
- Net operating income
- Commissions
- Customer satisfaction

### ■ Bookstores

- Sales per FTE
- Sales per SF
- Net margin
- Commissions
- Sales distribution/mix
- Profit per customer visit



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# How does one create a business plan?



## ■ Evaluation metrics – examples

### ■ Student unions

- Traffic counts
- User satisfaction
- Utilization statistics
- Op ex / operating hour
- Op ex / SF
- Use satisfaction

### ■ Housing

- Revenues per bed
- Op ex per bed
- Debt coverage ratio
- Capital expenditures
- Staffing ratios
- Net operating income



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# How does one create a business plan?



## ■ Evaluation metrics – examples

### ■ Campus recreation

- Facility utilization
- Program participation
- Program fee income
- Net operating income
- User satisfaction
- Facility utilization

### ■ Parking

- Utilization
- Revenues per stall
- Permit compliance
- User satisfaction
- Efficiency (stalls / acre)
- Op ex / stall



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# How does one create a business plan?



## Possible planning mistakes

- Lack of “disciplined” leadership or a “disciplined” planning approach
- Arriving at conclusions using poor or inappropriate research or data
- Unrealistic financial projections
- Ignoring known or potential competitive forces
- Tailoring the plan to individuals either to gain approval or avoid roadblocks



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# How does one create a business plan?



## Possible planning mistakes (continued)

- Acting only when backed into a corner (it could be too late!)
- Inadequate linkages between planning initiatives and funding processes
- Accepting the premise that higher education defies measurement
- Not starting because of an assumption that higher education's decentralized model inhibits successful planning



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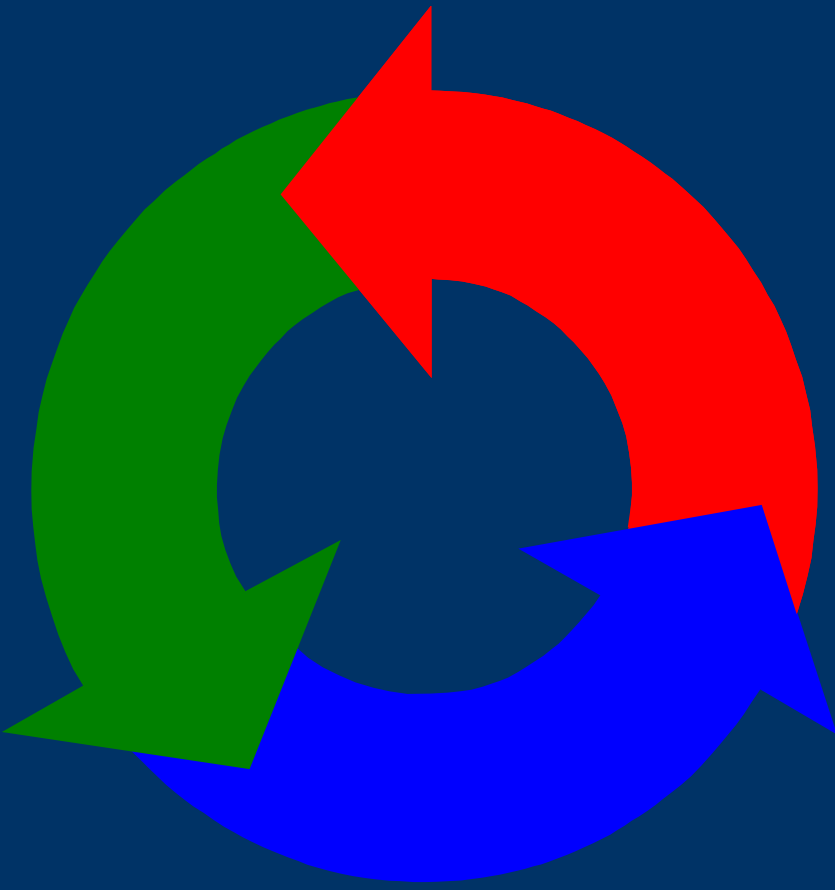
# How does one create a business plan?



## Strategic Planning

Resource  
Allocation

Assessment &  
Review



Implementation

*Successful planning links all the steps*



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# How does one create a business plan?



## ■ Final steps

### ■ Execution is what counts

- Appreciate the fact that the important activity is executing the plan, not writing it
- Use the plan as it was intended
- Realize the consequences of “this too shall pass” behavior

### ■ Make the plan widely available

- Oral presentation:
  - Formal presentation
  - Elevator speech
- Written report:
  - Appearance counts
  - Relevance counts
  - Length doesn't count



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# How does one create a business plan?



- Final steps (continued)
  - Schedule periodic reviews
  - Update the plan on a regular basis since your enterprise is a dynamic environment
  - Act on the plan, using measurable outputs, both qualitative and quantitative, to drive decisions (*Good to Great*)



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# *How does one create a business plan?*



- *“Hold yourself accountable for progress on outputs, even if those outputs defy measurement.”*
- *“What matters is that you rigorously assemble evidence – quantitative or qualitative – to track your progress.”*
- *“What matters is not finding the perfect indicator, but settling upon a consistent and intelligent method of assessing your output results, and then tracking your trajectory with rigor.”*

*(J. Collins, Good to Great)*



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# How does one create a business plan?



- Who can help with your planning?
  - Planning resources
    - Staff
    - Colleagues
    - Associations
    - Mentors
    - Business Partners
    - Consultants
    - SBA
  - Evaluation criteria
    - Objectivity
    - Professional expertise
    - Cost effectiveness
    - Speed to the finish
    - Institutional credibility
    - Commitment to your project
    - Relationship ("fit")



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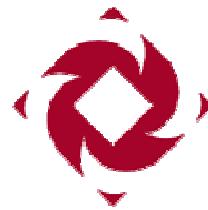
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**Questions?**



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