

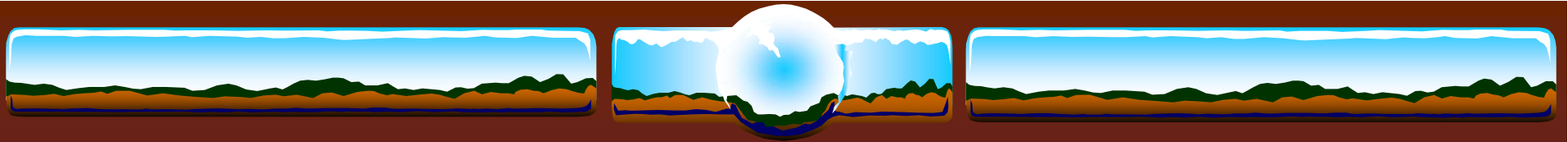
Association of College Unions International

Out of the Box: A New Management Paradigm for College Unions

Jim Carruthers
Jeffrey Turner



Brailsford & Dunlavy



The New Management Paradigm

❖ Session Content

❖ Introductions: The Brailsford & Dunlavey Team

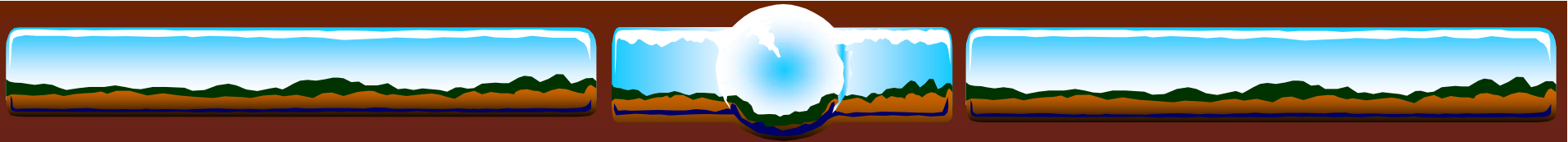
❖ Observations: Management in College Unions

❖ Current Conditions of What We See Today

❖ Elements of the New Paradigm



Brailsford & Dunlavey

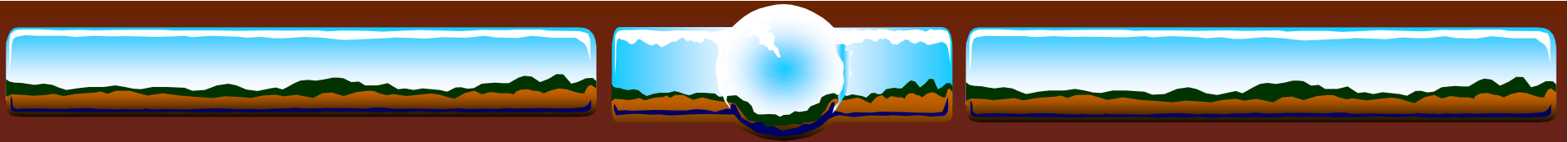


The New Management Paradigm

❖ THE PAST

- ❖ Management philosophy was about **preserving value**
 - ❖ First generation buildings had a relatively low debt structure
 - ❖ Focus was on managing expense
 - ❖ “Only students” philosophy
 - ❖ Revenue streams were trickles



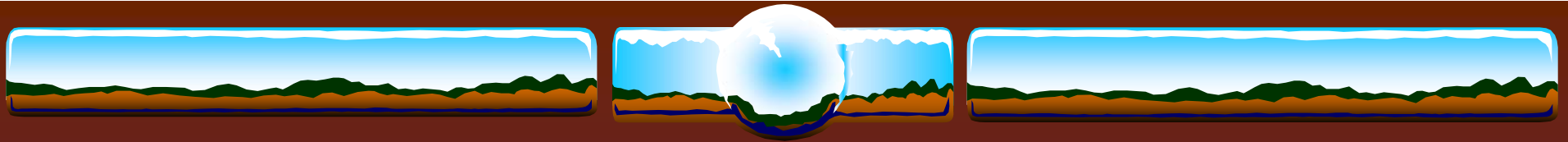


The New Management Paradigm

❖ THE PAST

- ❖ Management philosophy was about **preserving value**
 - ❖ Management Focus:
 - ❖ The hearth
 - ❖ The home
 - ❖ Campus leadership
 - ❖ Traditional students
 - ❖ Needs of student affairs



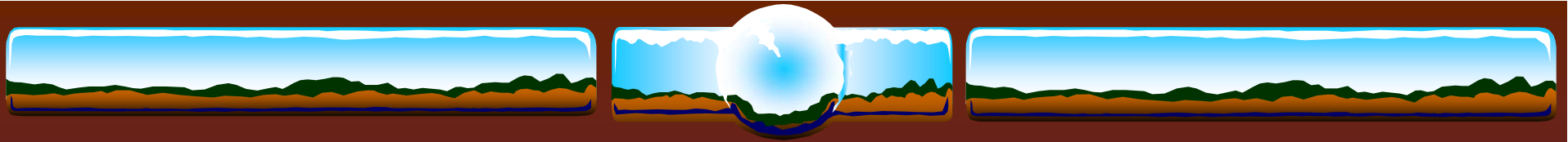


The New Management Paradigm

❖ THE PAST

- ❖ Management philosophy was about **preserving value**
- ❖ Management Focus
 - ❖ Subsidized operations
 - ❖ Heroic program efforts
 - ❖ Internal satisfaction
 - ❖ Services based on perception shaped by anecdotal information



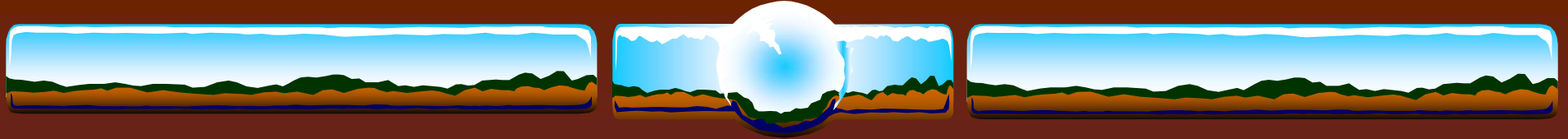


The New Management Paradigm

❖ THE PAST

- ❖ Management philosophy was about **preserving value**
 - ❖ Integration of services lacking: Silos
 - ❖ Diversity of campus cultures rarely embraced
 - ❖ Managerial skill sets internalized
 - ❖ The only game in town for certain services
 - ❖ No sense of price / value equation



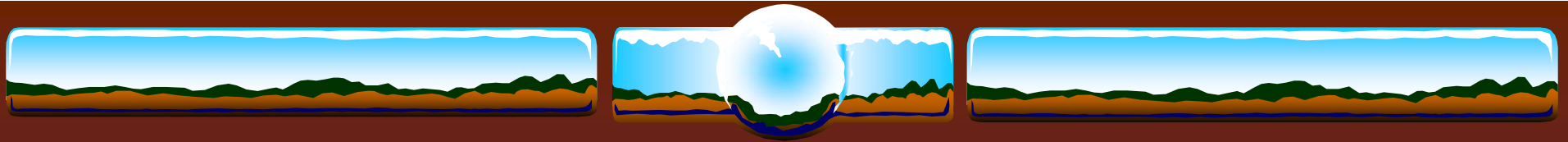


The New Management Paradigm

❖ THE PAST

- ❖ Management philosophy was about **preserving value**
 - ❖ Strategic assets undervalued
 - ❖ Philosophical position on campus overvalued
 - ❖ Asset management lacking
 - ❖ Lack of strategic mission orientation
 - ❖ Lack of understanding of speculative use
 - ❖ Underestimation of off-campus alternatives



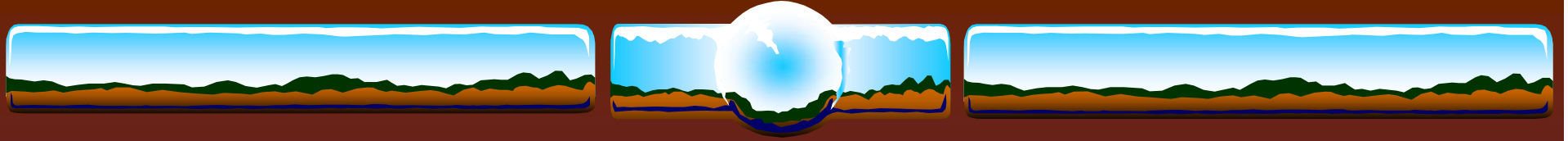


The New Management Paradigm

❖ THE PAST

- ❖ Management philosophy was about **preserving value**
 - ❖ Little understanding of market analysis
 - ❖ Little understanding of competitive context
 - ❖ Targeted outcomes not part of the picture
 - ❖ Narrow understanding of student potential



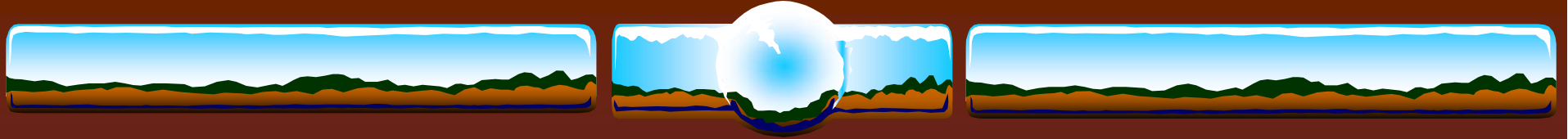


“What gets us in trouble is not what we don’t know, it’s what we know for certain that just ain’t so.”

Yogi Berra



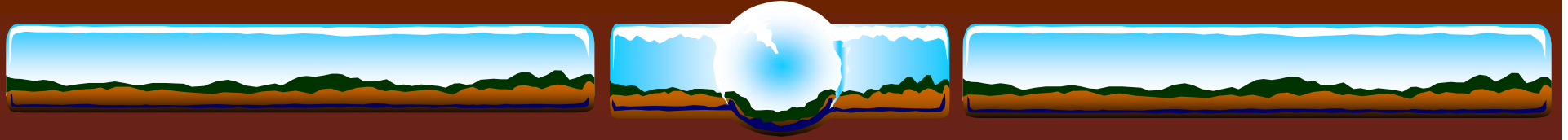
Brailsford & Dunlavey



The New Management Paradigm

- ❖ The New Management Paradigm
- ❖ **WHAT BOX!** forget thinking out side of it



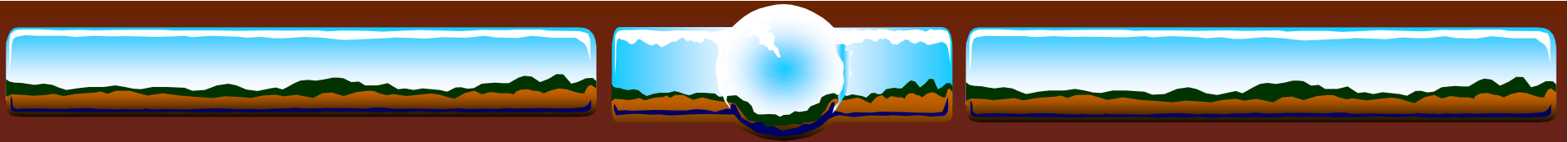


The *New* Management Paradigm

❖ **CREATING VALUE**



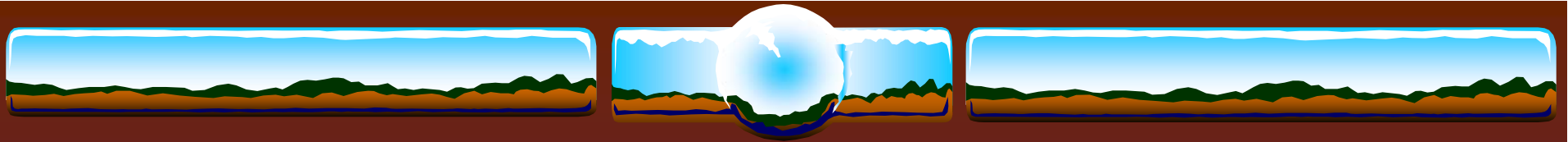
Brailsford & Dunlavy



The New Management Paradigm

- ❖ Key Management Skills for **Creating Value**
 - ❖ Facilities: Thinking like a developer
 - ❖ Asset Valuation: Real estate principles
 - ❖ Planning: Does the sum equal the whole of the parts
 - ❖ Utilizing HR tools effectively
 - ❖ Strong Financial Planning & Tracking Tools



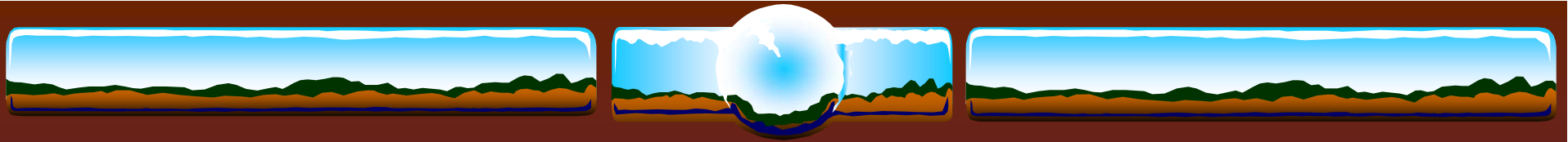


The New Management Paradigm

Creating Value

- ❖ Facilities: Thinking like a developer!
- ❖ Student Unions are **fusing**, morphing into a complex set of offerings, with **interdependent units**, which must be made to operate in a dependent scheme.



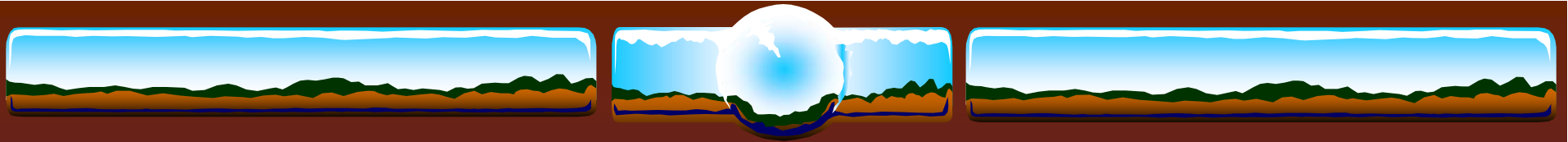


The New Management Paradigm

Creating Value

- ❖ Facilities: Thinking like a developer
- ❖ Skill Sets:
 - ❖ Listening
 - ❖ Negotiating
 - ❖ Seeing the whole picture
 - ❖ Research
 - ❖ Flexibility
 - ❖ Marketing all assets



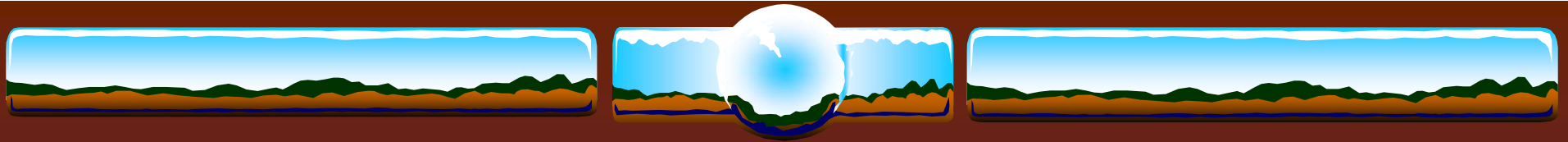


The New Management Paradigm

❖ Creating Value

- ❖ **Asset Valuation:** While understanding the principles of community, also recognize the value of what you are sitting on, are adjacent to and are in the middle of. **Your most valuable asset is the real estate you control and occupy.**





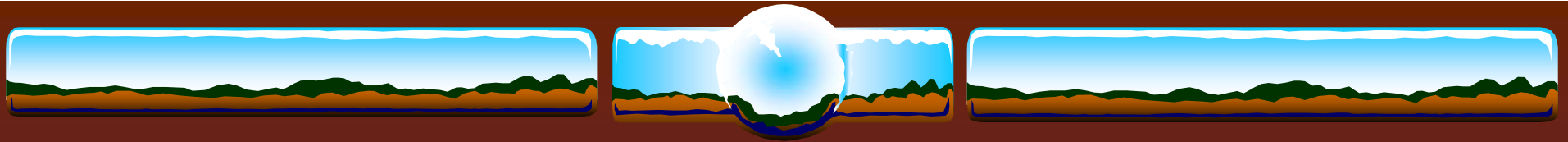
The **New** Management Paradigm

❖ **Creating Value**

❖ **Asset Valuation: Skill Sets**

- ❖ Aggressive depreciation schedule
- ❖ Understanding of real estate market conditions in your area. If not create those conditions internally.
- ❖ Recognition of adjacencies and dependencies
- ❖ Understanding R.O.I principles





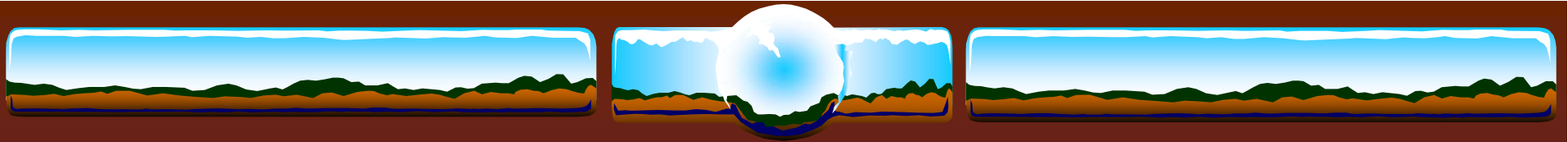
The **New** Management Paradigm

❖ **Creating Value**

❖ **Planning:**

- ❖ Full understanding of campus master plan and where you fit.
- ❖ Creating inclusion of your interests in the campus master plan.
- ❖ Educating planners regarding your mission.
- ❖ Influencing planning decisions which support your mission.

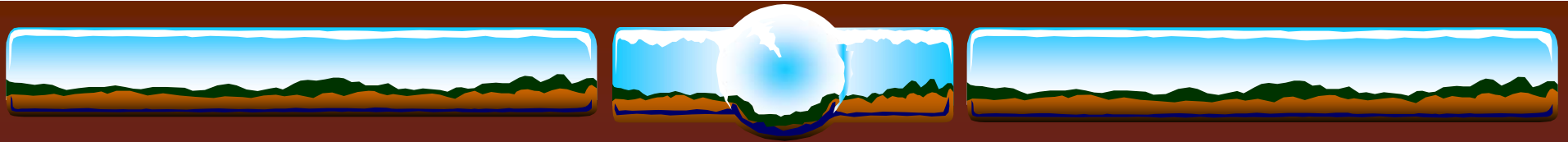




The **New** Management Paradigm

- ❖ GAP analysis: positioning your assets in the environment.
- ❖ WHAT is the relative campus capacity for an asset, what is your role in filling the gap?
- ❖ Defining the potential of the asset.



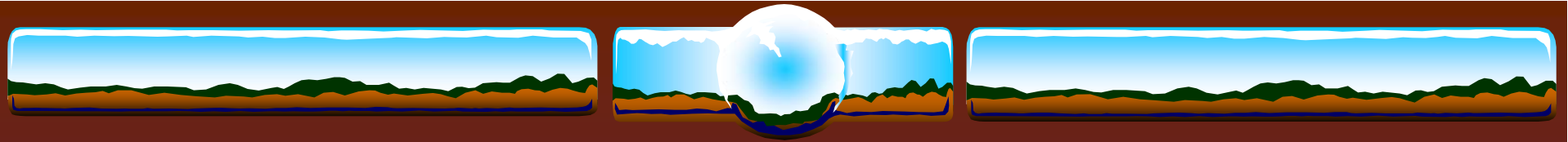


The New Management Paradigm

❖ Creating Value

- ❖ Full Utilization of HR Tools at Your Disposal
 - ❖ Outsourcing operations when appropriate
 - ❖ Performance standards built into evaluation criteria
 - ❖ Targeted outcomes/productivity goals
 - ❖ Use of PEO's (Professional Employee Orgs.)
 - ❖ Staff is greatest asset, and liability
 - ❖ Recognition of the knowledge workforce

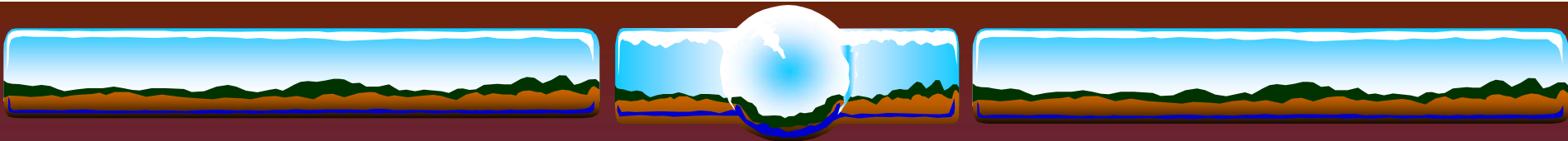




The *New* Management Paradigm

- ❖ Key Management Skills for
Creating Value
Correct Financial Skill Sets





Institutional Risk & Debt Capacity

- ❖ Internal Underwriting
 - ❖ Debt Coverage Ratio & Collateral
 - ❖ Debt Term & Instrument

NOI = \$2,500,000 ; Int. Rate = 5.5%

Case #1

Debt Term = 20 yrs.

DCR = 1.25:1

Debt Capacity = \$24,000,000

Case #2

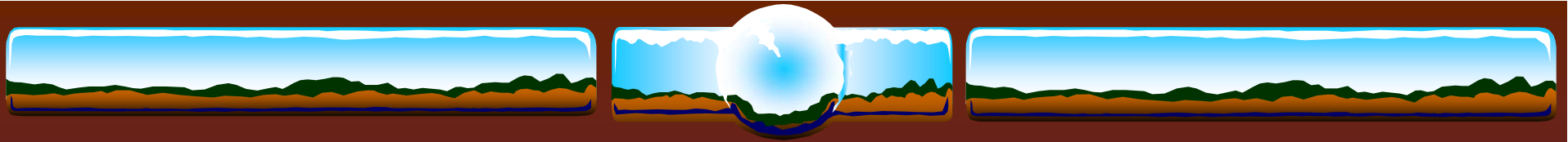
Debt Term = 30 yrs.

DCR = 1.10:1

Debt Capacity = \$33,000,000

Student Fee Differential = \$50 Per Semester





The New Management Paradigm

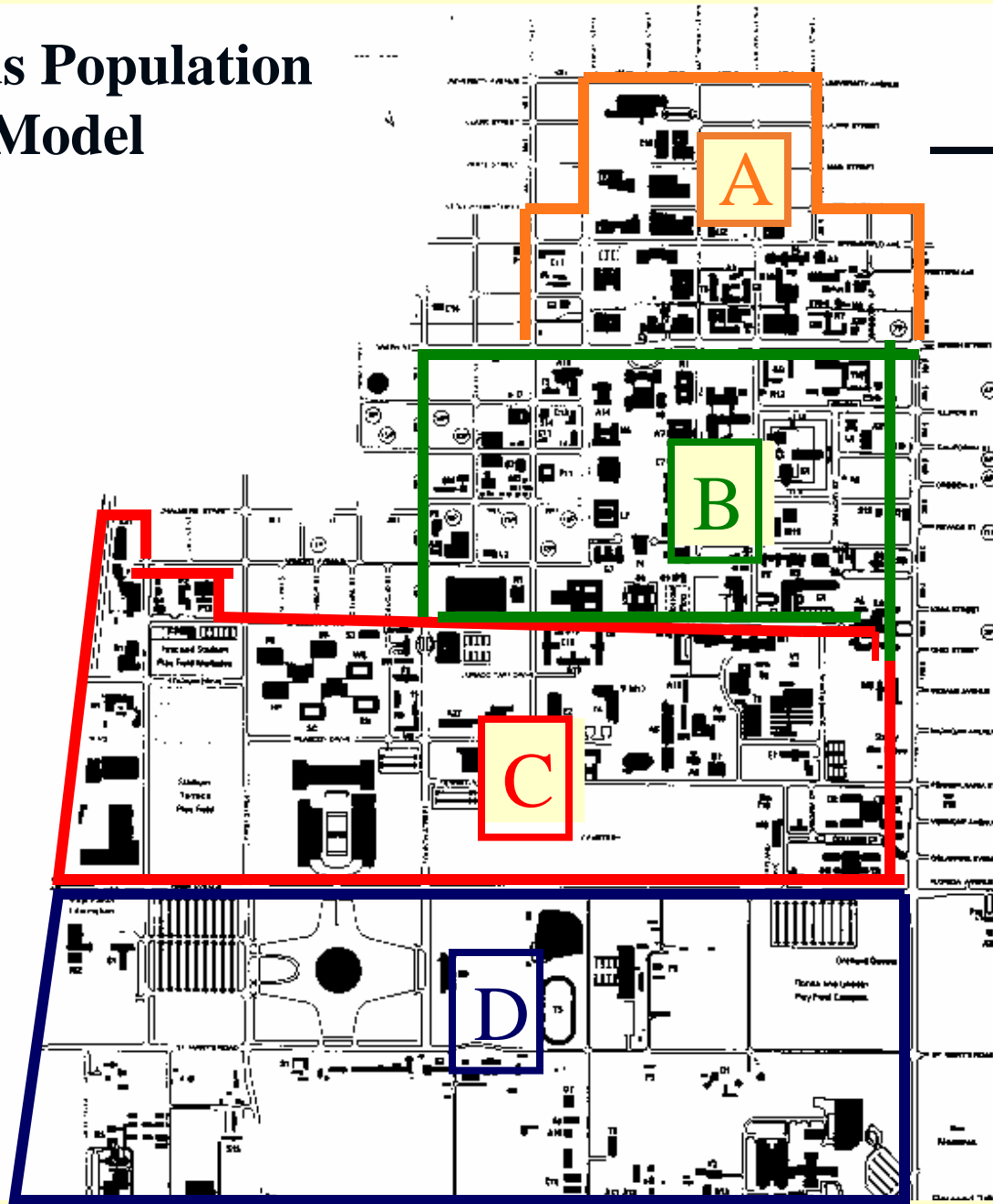
❖ Targeted Financial Outcomes

Creating Value

- 30% of Budget from Non-Student Fee Sources
- Operating Costs of \$10-\$14 Per SF
- Replacement Reserve of 5-7% of Building's Revenues



Campus Population Model



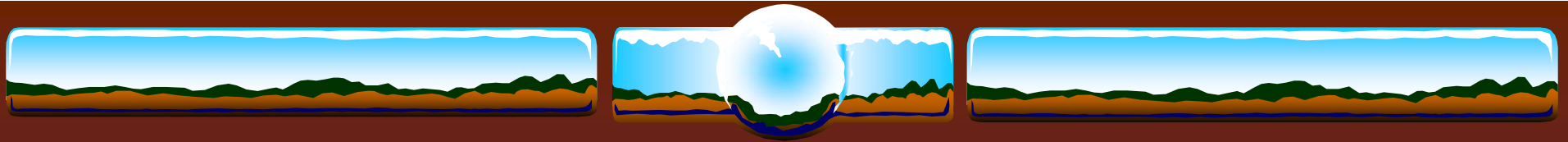
Average
Daily
Population

16%

60%

22%

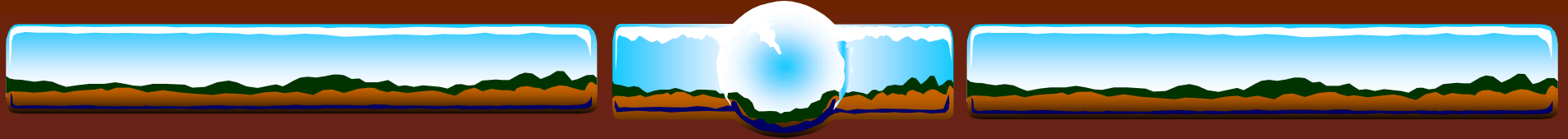
2%



The **New** Management Paradigm

- ❖ **WHY THE NEW MANAGEMENT PARADIGM**
- ❖ Unions are now seen as strategic partners in recruitment, retention and university relations.
- ❖ Enrollment growth demands productivity not complacency.
- ❖ University management on the whole is getting smarter.
- ❖ Value of assets demands capable management.
- ❖ Competition for resources demands it.



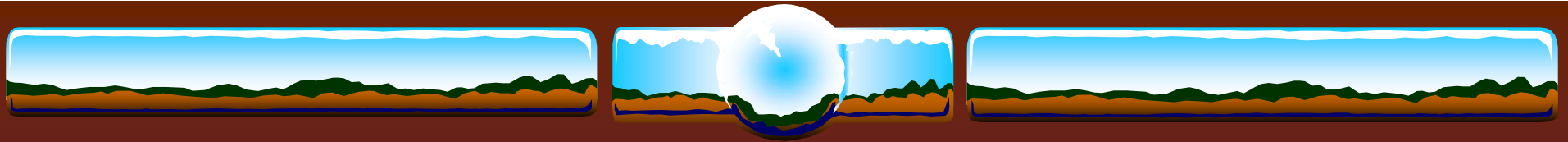


The **New** Management Paradigm

❖ Our Customers

- ❖ Influenced by brands, once committed demonstrate loyalty
- ❖ Authentic, unassuming, respond to humor, irony and the unvarnished truth
- ❖ Most ethnically diverse group in collegiate history
- ❖ 24/7 thinking
- ❖ Cool over all else



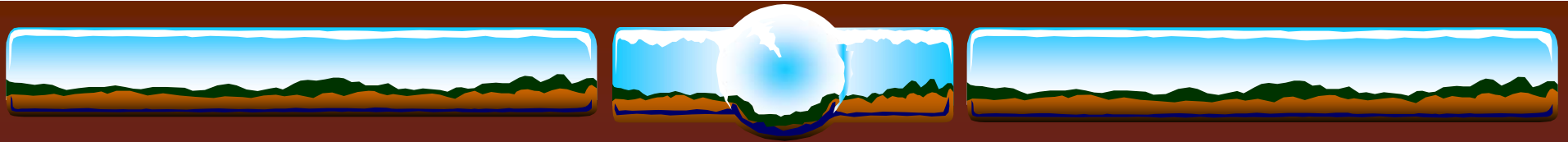


The **New** Management Paradigm

❖ Our Customers

- ❖ 75% say they ate fast food last week
- ❖ 47% shopped at a mall
- ❖ 78% of undergraduates have credit cards
- ❖ Don't want to wait in lines, don't negotiate bureaucracies well
- ❖ Technologically precocious
- ❖ 66% surf the WEB everyday
- ❖ Women: 56.4% of college population, expected to grow to 58% by 2007

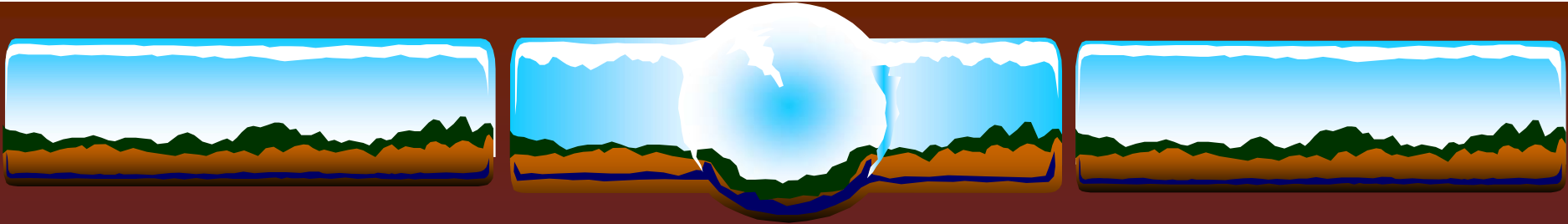




The **New** Management Paradigm

- ❖ **WHY THE NEW MANAGEMENT PARADIGM**
 - ❖ New Generation of Buildings Require it
 - ❖ Sophistication of Our Constituencies
 - ❖ Skill sets are now available to us
 - ❖ Knowledge based work force allows it
- ❖ **Our Campuses Deserve it!**





The *New* Management Paradigm

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