



*Expense  
Management  
Solutions, Inc.*

Higher Education Business Advisory Services  
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## **Prestigious Ivy League University Turns To Expense Management Solutions To Optimize Real Estate Services**

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### **Industry**

Higher Education

### **Featured Functions**

Real Estate Services  
Financial Services  
Lease Administration  
Back-office Operations

### **Scope**

3.9 million square feet  
across 80 assets

### **Key Challenge**

Assess critical functions  
and recommend  
opportunities for cost  
reduction and process  
improvement

### **EMS Services**

Operational Assessment  
Benchmarking  
Performance  
Management Program

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### **The Client**

This prestigious Cambridge-based university, initially established in 1636, has been in operation for centuries. Throughout that time, nothing is fixed so prominently in the minds of the public as its ivy covered walls. The university's real estate services organization (RESO), which manages the delivery of services for a large portion of the legendary real estate portfolio, turned to Expense Management Solutions in 2007 to complete an assessment of its university and commercial real estate organization as well as its financial services unit.

### **The Challenge**

Colleges and universities are subject to increased scrutiny under the recently enacted Higher Education Act, which includes more than 100 new reporting requirements. Pressure from Congress, the Internal Revenue Service and consumers for greater transparency into how institutions of higher education are managed has been driven by concern over tuition increases that have far outpaced inflation. As a result, many are seeking opportunities to reduce costs, increase transparency, and strengthen financial oversight.

The university and commercial real estate organization within RESO is responsible for the management and leasing of 80 assets consisting of approximately 3.9 million square feet of space, which is occupied by institutional and non-institutional tenants. The portfolio has a wide variety of buildings, ranging from more modern office complexes to older, smaller and less efficient structures. The financial services unit supports RESO by collecting rents, paying invoices, budgeting, reporting and systems administration. Expense Management Solutions was engaged by RESO to evaluate the organizational structure and service delivery methodology of these organizations, analyze costs compared to relevant benchmarks, review practices and processes and present

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### Key Benefits

Identified opportunities for:

- \$1.3 million in savings
  - Standardization of operations and technology
  - Consolidation of service contracts
  - Aggregation and leveraging of spend
  - Enhanced supplier performance management
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recommendations to improve efficiency and reduce costs while maintaining or improving quality and tenant satisfaction.

### The Solution

Expense Management Solutions worked closely with personnel within these organizations to map detailed operating expense information for a twelve month period. Industry standard expense allocation protocols were used to enable benchmarking and common metric comparisons.

A representative sample of assets from the portfolio was identified, and used to conduct a detailed assessment of staffing, service delivery strategies and cost structures. Findings from these 'deep dives' were compared against industry standards and benchmarks. Expense Management Solutions utilized its own proprietary database of benchmarks from similar assessments and competitive bids in addition to other published sources to compare against the client's data.

### The Results

Upon completion of the assessment, Expense Management Solutions provided detailed recommendations based upon industry best practices which delivered \$1.3 million in cost reductions, an amount equal to 10% of the organization's controllable spend. Expense Management Solutions also offered recommendations to standardize operations and technology across the portfolio, and identified opportunities to consolidate service contracts and aggregate areas of spend within procurement to leverage buying power. Periodic performance reviews and formalized performance management scorecards were included in the strategy, along with a more standardized approach to the use of technology to automate inefficient manual processes, track results, and facilitate upgrades and full use of available software modules and features.

In less than six months, Expense Management Solutions had delivered a detailed roadmap for savings, process improvement, and strengthened reporting and accountability. This is a critical step that more and more colleges and universities will take across a variety of operations and back-office functions as they respond to increased scrutiny and public demand for accountability and cost control.