



# Transformations

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## Teel's Mission:

We create **value** for our clients by **aligning** their business goals with **Strategically Optimized Real Estate Assets** and **Enhanced Real Estate Operations**.

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## Best Practices Links

Corporate Real Estate Survey  
[www.teelinc.com/CREsurvey](http://www.teelinc.com/CREsurvey)

Real Estate Survey  
[www.teelinc.com/REsurvey](http://www.teelinc.com/REsurvey)



## Welcome from our President, Lorraine Teel

We are very excited to provide you our first newsletter, "Transformations." The intent of this newsletter is to bring you some insights into the innovative solutions created by teaming our consultants with some forward-thinking clients.

As many of you know, we have two separate divisions of Teel Enterprises, Inc. – investments and advisory. On the investment side of the house we have been acquiring and selling land and warehouses in the last 12 months. We have found cap rates holding and occupancies improving. We are optimistic that property fundamentals have turned the corner, and we look forward to future acquisitions.

In the advisory part of our business we are seeing significant growth in 2005. This year we have service marked our toolset containing 11 tools, StratVisor<sup>SM</sup> and applied for a patent on our new StratVisor<sup>SM</sup> Disposition program, or SDM. The new program involves evaluating an organization's disposition opportunity (corporations, government and non-profits), matching a suitable equity source that can fund a business case/strategy and provide a "line of credit" for the disposal of all non-core assets (even those in secondary and tertiary markets), and create and oversee customized solutions for implementation of the disposition and realizing the recurring savings. In our next issue, we'll provide you with a link to our soon-to-be published article, which will give you with additional information on this dynamic new product!

We are focused on providing three things for our partners and clients:

- Enhanced Revenue
- Reduced Costs
- Enhanced Customer Service

We offer this newsletter and some ideas to help you on your journey towards excellence. We are grateful for such a prosperous year, and look forward to continued growth in 2006!



## Teel's StratVisor<sup>SM</sup> Toolset

1. Strategic Benchmarking Survey
2. Portfolio and Asset Optimization Model
3. Macro/Micro Market Selector-Acquisition/Disposition Models
4. Portfolio and Asset Acquisition and Disposition Economic Impact Model
5. Portfolio and Asset Disposition Categorization Model
6. Advisory Prints for Quality Project Management in Casewise
7. RE Organization Process Prints in an Automated Tool
8. Metrics for RE and Operations
9. RE IT Application Architecture Template
10. RE IT Application Requirements Database
11. Strategic Decision Scorecard



## Teel Scorecards - A Tactical Tool for Strategic Value Creation



By Ross Caulum,  
Technical Advisor

### What is a scorecard?

A scorecard is an analytical tool that removes ambiguity and unfounded perceptions. When properly constructed a scorecard creates the framework from which

we objectively evaluate complex real estate options and long-term implications in the context of our client's business strategy and objectives, competing business unit priorities and overall corporate risk profile.

### How is a scorecard developed?

At Teel Enterprises, we use scorecards to help our clients create shareholder value by optimally aligning their real estate decisions with their business and real estate strategy. We develop scorecards in collaboration with our clients to quantify large amounts of essentially qualitative information and establish causal links between dimensions of performance.

Working with our client we go through 5 steps:



### A Client Success Story!

Using a series of three scorecards we identified the highest value, most cost-effective, operationally efficient decision combination for a client looking to office 1,400 employees while simultaneously creating income from a 102-acre land parcel that had been owned for more than 25 years.

## Teel's Products, Tools and Services

### Strategic Portfolio and Operational Plans

- ❑ Portfolio Optimization Plan
- ❑ Non-core Disposition Categorization
- ❑ Operational Transformation Plan
- ❑ Portfolio and Operations Diagnostics
- ❑ Detailed Implementation Plans

### Performance and Technology Improvement

- ❑ Business Process Improvement
- ❑ Metrics Development
- ❑ Benchmarking
- ❑ Strategic Technology Plans
- ❑ Application Selection
- ❑ Tool Optimization
- ❑ Implementation

### Portfolio Optimization

- ❑ 3-5 Year Strategic Plans
- ❑ Strategic Site Selection/GIS Modeling
- ❑ Strategic Disposition Oversight
- ❑ Ongoing Investor Reporting and Oversight

### Organizational Optimization

- ❑ Alternative Organization Structures
- ❑ Customized Training Programs
- ❑ Outsourcing Alternatives Analysis
- ❑ Incentives Strategy
- ❑ Value Scorecard Development



## Facilities Strategy Scorecard

Decision Factors	Client Weights	Base Case	Option A	Option B	Option C
		Base Case As-Is	Purchase Existing Building	Develop and Own Additional Building	Lease Space in new development
<b>Flexibility</b>					
1 Flexibility - ease to acquire additional space with headcount growth	9	5	8	8	9
2 Ability to Contract Space Usage	9	5	8	8	5
3 Ability to Sublease Space	8	7	6	5	7
4 Ability to Go Dark	5	4	9	9	4
<b>Occupancy Costs</b>					
5 Control with Single Location	6	6	6	9	9
<b>Financial Considerations</b>					
6 Minimize Cost - Short-Term Cash Flow	7	9	7	6	9
7 Maximize Returns - Long-Term Cash Flow	7	2	8	9	2
8 Maximize Security/Privacy	8	6	8	10	6
9 Minimizing Operating Costs	5	5	8	8	5
10 Minimizing Vacancy Risk	6	5	8	9	6
11 Ability to Offset Vacancy Costs	9	7	5	3	7
<b>Corporate Considerations</b>					
12 Cultural Impact	10	3	3	10	8
13 Business Continuity can currently operate for 7 days after a disaster	10	4	4	4	4
		52	65	73	63

Our three scorecards quantified: a) structure and selection of a mixed-use developer, b) most efficient real estate financial structure and c) most effective facilities platform. Within the scorecards we methodically evaluated:

- Financial/accounting considerations
  - EPS impact
  - Capital funding
  - Investment criteria of Net Present Value
- Real estate developer characteristics and capabilities
  - Performance experience – size and complexity
  - Budget performance
  - Speed to market
- Client control and flexibility parameters
- Overall corporate objectives
- Risk/reward profiles
- Staff resources – capacity and expertise
- Business Continuity implications

## Take the Voyage: Move Your Company from the Drawing Board to Success

By Scott Janke, Senior Manager



Companies are increasingly finding less and less time to strategically think about their ability to absorb growth. Technology, resource leverage, internal capital and processes seem to take a back seat to the ever-increasing need to buy and build the portfolio. One way Yardi Systems is tackling this issue is with their Portfolio Accounting module. Available through their Voyager

## Contact Us

www.teelinc.com

### Management Team

Lorraine Teel, President

lorraine@teelinc.com

Scott Janke

scott.janke@teelinc.com

Katie McAdams

katie.mcadams@teelinc.com

### Technical Advisors

Barbara Hampton, Subject Matter Expert

barbara.hampton@teelinc.com

Ross Caulum

ross.caulum@teelinc.com

Kathy Mulgrew

kathy.mulgrew@teelinc.com

### Knowledge Management

Katherine Grimm

katherine.grimm@teelinc.com

### Investments

Chuck Teel

chuck@teelinc.com

Teel Enterprises, Inc.

9900 N. Central Expressway

Suite 500

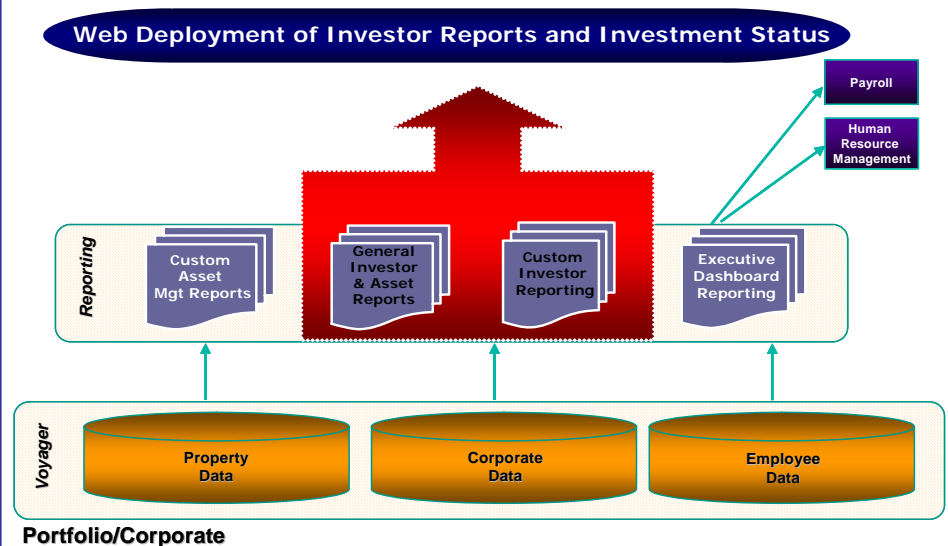
Dallas, TX 75231

(214) 363-9184



product (delivered via web browser), the Portfolio Accounting module provides the ability to centralize and systematically prepare the roll-up/waterfall transactions typically undertaken by pension funds, capital management firms and investment houses. Yardi's Voyager product also includes property management, maintenance/work orders, job cost, budgeting and forecasting, electronic payment, report management (conductor) and spreadsheet tools.

Teel Enterprises, Inc. was asked to assist a local Capital Management firm in strategically designing a two-year growth plan around investor reporting. Leveraging our Application Architecture Template, part of the Teel StratVisor<sup>SM</sup> Toolset, the future architecture vision for this client was developed to allow for a more streamlined report generation process and reduce the high number of manual financial calculations currently used. The Application Architecture Template provided the baseline for defining the process improvements associated with the successful implementation of the architecture vision. In addition to the functionality of the Portfolio Accounting module, the Yardi Voyager product can also be hosted by Yardi via an ASP (Application Services Provider) model. This model provides an increase in flexibility for a more wide spread distribution of data entry.



An example of this would be that third party fee management companies can access their specific properties on Voyager simply by logging onto an internet site via a web browser. This simplifies the data entry process and reduces the need for a locally installed client.

Yardi continues to develop the Voyager product with assistance from implementation consultants like Teel Enterprises, Inc. IS YOUR COMPANY PREPARED FOR SUCCESS?