

Grubb & Ellis|BRE Commercial

Brief Overview

When the Art Institute of California (AIOC) decided to establish a new campus in San Diego, it turned to the 179-person real estate advisory firm Grubb & Ellis|BRE Commercial to undertake a comprehensive needs analysis and identify properties that met the school's unique requirements. Today the AIOC's 76,000-square foot San Diego campus serves more than 1,400 students from a gracefully conceived array of classrooms, laboratories, studios and learning centers built on land identified and brokered by Grubb & Ellis|BRE Commercial.

AIOC is just one of the hundreds of clients Grubb & Ellis|BRE Commercial has served since its inception. From site identification to building brokerage to needs analysis, Grubb & Ellis|BRE Commercial provides comprehensive commercial real estate services to a growing range of San Diego-area businesses and has emerged as the largest internally-owned company in the city.

There is no doubt that Grubb & Ellis|BRE Commercial's excellent market reputation and strong growth record reflect the talents and professionalism of its team of brokers. But another important ingredient in its business success has been a behind-the-scenes effort to modernize financial reporting and accounting systems that aid the firm's executives in making smart decisions about their business.

a potential impediment to the sort of growth the organization sought to achieve. While its client-facing resources were unmatched in the San Diego market, Grubb & Ellis|BRE Commercial's financial support organization was comparatively weak. A lone individual working with outdated information technology tools was responsible for managing nearly all of the firm's accounting and financial operations: from accounts payable to compensation to finance.

"Our whole back-office was being run by one person," recalls Frager. After reviewing the firm's support structure, Frager was concerned about the organization's ability to sustain the growth he believed was attainable. He also worried that Grubb & Ellis|BRE Commercial's resources were not equal to the task of managing an often complex series of transactions and commission-tracking processes. "A lot needed to be done to get us through no man's land," Frager says.

Why Tatum

Frager learned of Tatum from a San Diego banking executive who recommended the Firm as a trusted resource for providing not only financial advisory and management services, but the right people to lead the achievement of results.

Tatum's approach was appealing to Frager in part because of the Firm's ability to identify and mobilize the appropriately-skilled and experienced executive resources. After meeting with Tatum in San Diego, Grubb & Ellis|BRE Commercial was convinced that Tatum possessed the right blend of industry exposure and financial management expertise to oversee an extensive upgrade of Grubb & Ellis|BRE Commercial's finance and accounting systems and processes—and the people who manage them.



Financial leadership transformation sets foundation for doubling revenue growth of commercial real estate leader.

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— John Frager, President and CEO of Grubb & Ellis|BRE Commercial

Situation

When Grubb & Ellis|BRE Commercial's President and CEO John Frager joined the commercial real estate leader, he identified



Tatum Solutions: Grubb & Ellis|BRE Commercial

BEFORE TATUM	TATUM SERVICES	WITH TATUM
Reliance on obsolete accounting systems and manual spreadsheet reports counters growth ambitions	Tatum Program Management Services	Tatum overhauls accounting and financial reporting foundation to support increase in revenues by 60% while maintain in profitability over the last 18 months
Absence of readily discernable metrics clouds analysis of deal profitability and proper allocation of resources	Tatum CFO Services	Establishment of monthly “dashboard” reports and detailed transaction analysis provides management with clear indications of business progress and deeper understanding of profitability contributions
Lack of formalized budgeting procedures limits management’s agility in balancing expenses vs. fluctuations in revenue performance	Tatum Financial Management Program	Tatum-led initiative develops standard budgeting process and schedules, plus budget participation and adherence throughout business units

For Frager, engaging Tatum made perfect sense. “They provide really diverse support and a strong team,” says Frager. “I thought, rather than us trying to figure it all out, I could leverage Tatum’s expertise and solutions. They’ve got the right people.”

The Results

Tatum worked quickly to transform Grubb & Ellis|BRE Commercial’s back-office infrastructure from an outdated accounting system and a dependence on manual spreadsheets to a modernized platform capable of delivering not just raw financials but contextual analysis to help management make informed decisions.

The Sage Software MAS-500 enterprise resource planning platform Tatum incorporated into Grubb & Ellis|BRE Commercial’s operations provided improved agility in delivering current information to the company’s board of directors. New dashboard-style reports developed by Tatum provide data and metrics to board members every month, offering a holistic view of the company’s performance that previously was difficult to discern.

In addition, Tatum developed a framework for producing more detailed reports that provide Grubb & Ellis|BRE Commercial deeper insight into the company’s overall profitability and growth. With the improved accounting and financial reporting foundation, Grubb & Ellis|BRE Commercial has been able to accommodate rapid growth, increase the company’s revenues by 60% and maintain its profitability over the last 18 months.

Beyond financial reporting and accounting improvements, Tatum has implemented new corporate legal structures and provided in-depth strategic counsel to Grubb & Ellis|BRE Commercial, helping management understand the nuances of potential deals and investments. Frager says Tatum provided invaluable analysis of a potential \$2 million investment in a public company contemplated by Grubb & Ellis|BRE Commercial’s board. After assembling a team of Tatum Partners who reviewed numerous potential implications of the deal, Frager ultimately passed on the investment—and today is convinced he

made the right decision. “We ended up not doing the deal because we got some sound advice against it,” he says.

Tatum’s contribution to the company’s growth continues as Tatum leads the developing of internal competencies by providing ongoing staff training, including providing access to online training tools and establishing a state-of-the-art training facility to support an increase in brokers and staff from 113 to 179.

With a solid growth foundation and streamlined operations, the company stands alone in its commitment to technological ingenuity within the brokerage community. Going forward, Frager is enthused about the incorporation of new Web-based applications that will enable Grubb & Ellis|BRE Commercial to further automate its back-office and yield new efficiencies in the way the firm tracks sales commissions and catalogues real estate properties. To ensure a smooth integration, he’s counting on Tatum.

“It’s an amazing organization,” Frager says. “It’s like they’re a partner in business development.”

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