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PROPERTY MANAGEMENT CASE STUDY

AIMCO

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Revenue: \$1.5 Billion

Properties: 1,290

Employees: 6,400

Users: 500

Administrative Office: Denver, Colorado

Situation Analysis

America comes home to AIMCO is a fitting slogan for this property management company. With 1,290 communities under management, the Apartment Investment and Management Company (AIMCO) is America's largest owner and operator of apartment communities. They engage in the acquisition, ownership, redevelopment, and management of apartment communities in 47 states, the District of Columbia and Puerto Rico. The company has almost \$14 billion in gross real estate assets under management and serves approximately one million residents each year. With countless properties to manage, each with its own group of rent-paying occupants, producing a cohesive budget for the entire company was a challenge.

Creating AIMCO's yearly budget involved emailing and collecting spreadsheets from each of its 1,290 properties. They conducted forecasting at the executive level but without accurate data it was not very effective. It took over two weeks to roll the data into the system. Once the budget was created, it was emailed out again for approvals. Any changes that were made had to manually be re-loaded into the systems.



“When we would get the spreadsheets back from each region, it was a cumbersome process to load them all into the system,” says Brad Mauvais, Project Manager for AIMCO. “People would add lines, change fields, and alter the format of the spreadsheet, which added to the problem. To avoid this problem, we tried to lock down the spreadsheets, but the capabilities to do so in Excel were quite limited.”

Additionally, AIMCO did not have an effective head count planning tool. This was a huge issue for the company because pay roll was approximately 40 per cent of their expenses. They needed to provide their property and regional managers with a tool to allow them to organize their head count to get the most productivity from the full-time employment. Budgets were not used as a tool to analyze the business or drive performance. They were produced once a year, primarily to inform their partners and to have property level budgets in place.

“We would go through these huge exercises to create the budget and generally we would find segments of our business that were not included in the budget,” said Mark Techentien, Vice President Conventional Operations - Finance for AIMCO. “If we started bringing new properties and more people into the business it would be a problem. We realized that this was not the way to run a company of this size with over 1,200 properties.”

“With every new implementation and every budget cycle, we’ve applied what we’ve learned to continuously improve our operations and leverage our Clarity 6 investment.” ~ Mark Techentien, Vice President Conventional Operations - Finance - AIMCO

Solution

AIMCO was looking for a tool that could measure performance and still enter data, quickly roll-up spreadsheets and correctly consolidate information. “We needed a budget we could use and update four times per year so that we could do all the analysis to achieve a solid financial placement,” says Techentien. “We were also aware of the benefits of forecasting – understanding how our company will perform in the future would be a positive influence on the decisions we make.” With that in mind, AIMCO began researching and evaluating software packages.

AIMCO was looking for a solution that would allow them to use driver based metrics to create their budget. They wanted the ability to create metrics at a Region Operating Center (ROC) level and push them down to property managers. They would apply the metrics to report on 40 plus properties that roll up to each ROC. The ability to do this would give them valuable insight into how the company was performing.

AIMCO needed a solution that would accurately represent the company as a whole. Previously, they would create a run rate using market rendered specifications to figure out the budget. When evaluating software vendors, a key feature included in the selection process was implementing a solution that allowed them to develop a driver based budget by using statistics to effectively drive their revenue.

The budget would take two weeks to create using Excel. Now AIMCO can consolidate their data in Clarity 6 to create their budget in under two hours.

Clarity Systems was selected by AIMCO not only for its ability to deliver a driver based budget but also for the flexibility of its Clarity 6 software. "It was the only vendor that could provide SQL integration into their Essbase database – a big selling feature for AIMCO," says Mauvais. "We were also impressed with Clarity's ability to budget employees by head. So instead of using an average cost, as we did in the past, we would be able to tie the actual position cost to the individual."

"We really liked the templates and the ability to customize them," says Techentien. "Other vendors we looked at offered a package that required massive customization to fit our business model – we didn't want to go down that route. With Clarity 6, we have the ability to build templates and customize them to fit our look and feel. We liked how easy it was to put an operational driver into our templates to accurately formulate our budget."

Results

Since implementing the software in 2003, AIMCO has expanded their budget, adopted a forecasting system and accelerated the consolidation process. Using the forecasting tools, they also started a target setting process to set their corporate targets. In the past, all of these processes were done inefficiently using Excel. Today, they continue to leverage their Clarity Systems investment in different areas across the organization to acquire valuable information about their business.

"Users can access Clarity 6 at any time or any location," says Mauvais. "The revenue from properties under each ROC or group of ROCs is consolidated quickly so the user does not have to submit a spreadsheet, wait for the consolidation to happen and produce the report they need. Each user can produce their own reports quickly while making real-time adjustments. This helps managers understand their business and allows them to make quick changes to see how it impacts their overall ROC."

AIMCO has also developed head count programs that allow them to assign bonuses and taxes to individual employees. Data can be drilled down to an employee's name, job title, start date, end date, etc. "Our payroll system is basically a system within a budgeting system," says Mauvais. "We can essentially do everything but cut the check for payroll. All of this data is loaded into Clarity and as we allocate or transfer people to different properties or departments, change job codes or calculate bonuses, everything is recorded into one system which then becomes our head count payroll budget for the following year."

From an efficiency stand point, Clarity 6 has saved AIMCO a considerable amount of time, particularly through the consolidation process. Previously, AIMCO was spending three to four days to consolidate and distribute all of their Excel spreadsheets. The budget would take the finance team two weeks to create using Excel and they would always encounter errors which would take multiple hours to fix. Now they can consolidate the data in Clarity to create their budget in under two hours.

"There is a level of efficiency we have realized by implementing Clarity 6 and it has allowed us to focus more on the operations rather than the process of getting the numbers where they need to be," says Mauvais. "The tool is no longer a constraint. All of the data standards are maintained because everyone is entering their information into the same template. There is more consistency with our data which means we can get our budget out much faster."

"As a team we identify which goals we need to measure that will provide the data we need to view overall company performance," says Techentien. "With every new implementation and every budget cycle, we've applied what we've learned to continuously improve our operations and leverage our Clarity 6 investment."

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