

## **Case Study #4 (Real Estate Holding Company)**

### **Company Issue:**

The company relied on its retained outside lawyers to draft and negotiate company leases and the sales and purchases of its real estate holdings; and also to maintain company records related to its owned and leased properties. While the company's internal real estate personnel favored the outsourcing of these functions, the company chief financial officer thought that there may be more cost effective methods to handle these functions.

### **Benchmarking Parameters:**

Statistics and personal experiences demonstrate that internal management will resist change especially if a current process appears to be satisfactory. Law Firms will handle these types of functions as this not only provides billable hours, but also further binds the company to the law firm.

### **Methods Used:**

Upon engagement, historic and forecasted financial data on the costs of outsourcing these functions was received and analyzed. Interviews were conducted with internal real estate personnel and outside counsel handling these functions to determine the current procedures, the reasons why these functions were outsourced, the staffing of these outsourced functions at the law firm, and to make these interested parties part of the process. This information and all data received regarding available technology, software programs, training, people, processes, costs, and experiences were analyzed. Industry benchmarks, available software and technology products, training, as well as financial and legal experiences were considered and applied to the company's issue.

### **Recommendations Made:**

- (1) Train or hire internal management personnel capable of negotiating real estate purchases, sales, and leases to replace or supplement existing personnel.
- (2) Train company personnel to only utilize outside lawyers when legal drafting and legal advice required and upon approval of company senior management.

- (3) Purchase an Off the Shelf software program that is adaptable to create fields of real estate information that will be useful to company management.
- (4) Train internal personnel on how to use and maintain the software system.

**Client Benefit and Outcomes:**

- (A) A trained and improved internal real estate function.
- (B) A decrease in legal spending by shifting real estate related functions to internal personnel.
- (C) An improved software and technology platform to support the real estate function;
- (D) An improved training platform for real estate personnel.