

CASE STUDY:

Select Medical Corporation



KEY POINTS

- **Perfected a 20-point transaction process**
- **Over \$9.66 million in savings over six years**
- **Improved portfolio performance**

NEW TRANSACTION MANAGEMENT PROCESS CREATES EFFICIENCY

Company Background

Select Medical Corporation (SMC) provides rehabilitation services on a contract basis in approximately 1,000 national locations to hospitals, assisted living and senior centers, schools, worksites and individuals.

Real Estate Challenge

In 2007, SMC purchased Health South Corporation's Outpatient Rehabilitation division which included approximately 600 facilities in 35 states. The same year, SMC purchased NovaCare Rehabilitation, a leading provider of physical and occupational therapy services, with 540 operating clinics throughout the United States. The real estate division for each company independently managed their real estate portfolios - both leased and owned properties - creating operational and cultural challenges for all.

Customized Solution

Jackson Cross Partners (JCP) was engaged to become the single-source provider of transaction management services for the combined entity across the entire footprint. The project team, consisting of key individuals from JCP and SMC, was challenged to perfect a new transaction management process for the combined businesses. During the initial phases of the contract, the team operated in a 'triage' type environment, responding to immediate needs such as renewal notices, expiration dates, occupancy certificates, and default notices from all the different stakeholders, including operations, legal, construction, design and engineering and finance. The real estate team created stability in the portfolio by recommending a short term strategy, when appropriate, which deferred business decisions while mitigating risk. This strategy allowed the stakeholders to realistically evaluate the business decisions on a unit by unit basis, and then the real estate team would execute on a long term strategy that matched the business objectives. The JCP transaction management protocol served as a starting point, but urgency trumped process regularly until the real estate team refined and re-refined standard operating procedures in a collaborative effort with input from all stakeholders.

Quantifiable Results

The result is a new 20-point transaction management process allowing SMC to proactively add value to the portfolio. We now enter a negotiation with clear transaction timelines, highly refined market research (see MRb3 for more information at jacksoncross.com/real-estate-services/cre-strategies) providing site selection surveys, market comparisons, financial analysis, landlord interaction, transaction negotiations and lease review, and establishing expectations and outcomes focused on decreased cost and increased productivity. By taking project ownership, JCP provides expert data analysis and facilitates stakeholder communications to drive results.

Since the start of the project in 2008, JCP has closed over 600 transactions for SMC and has saved the company over \$9.66 million, or savings equal to 15.6% per transaction over the previous year spent on

Ongoing Benefits

SMC now has better operational and fiscal control over their 1,000 combined locations. The JCP team provides regular accountability through reporting to business management along with critical current market intelligence and negotiation strategies to improve the portfolio performance. That's the "Jackson Cross Way".

- Jackson Cross Partners is a commercial real estate firm specializing in Advisory, CRE Strategies & Brokerage services