

2. An "Operational Review of the Maintenance Division," dated September 1997, prepared by Ernst & Young LLP (EYKL).

PCM appears to have agreed with many of the findings and recommendations contained in the report prepared by SMC, however, in financially critical areas it would appear that the actions taken to implement the recommendations were not effective. For example:

PCM did in fact reduce the total staff years between 1990 to 1993, however, by 2003, they had again added approximately 12 staff years. Of particular interest is the fact that even though the total staffing has increased by 12 staff years, the Maintenance Division staffing in 2003 is approximately 13 staff years less than it was in 1993.

After the 1991 SMC study, PCM stated, "Work standards are in place in the Maintenance Division and are used to measure productivity."

However, the 1997 EYKL report states on page 28, "There is no effective system in place whereby the maintenance supervisors manage the productivity level of their departments. The standard times that are used to schedule and budget tasks are significantly overstated when compared to actual times. This overstatement is so great that some departments claim productivity levels in excess of 250%."

Their studied opinion is that if an additional management study were to be performed today (2003 and surely 2010), most of the problems identified in the above referenced studies would be found to still exist. Thurn & Price had inquired if Ernst & Young would be willing to validate selected cost critical findings and recommendations of the management study they performed in 1997. They recommended that the Boards of Directors contract with EYKL to perform a limited study to do this.

The same Directors who initiated the GRF study were unwilling to validate EYKL's findings and would not hold PCM's feet to the fire.

Here are a few comments from the SMC report as highlighted by the Thurn/Price analysis:

There is "Significant differences in the perception of services vs. services received."

"A lack of useful operating and control systems for use by first line supervisors and managers."

"A current Organization Structure that places as much emphasis on internally focused activities as it does on community/resident service activities."

"Our findings indicate that the costs associated with operating the business are high and the current level of service can be improved."

"Workers and managers are spending considerable time with the paper, rather than being involved in activities that are fundamental to the residents of Leisure World."

"Staffing requirements should be determined on reasonable and realistic time standards. Unfortunately, realistic work measurements or time standards are lacking in most departments."

"It appears that as far back as 1986, there has been an overstaffing in Maintenance."

"Employees are not accountable for their work and the functional effectiveness of individuals and groups is not being addressed."

"The M.I.S. Department does not have a clear definition of its purpose. The Vice President estimates that 90% of his time is spent justifying the existence of the Department.."

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