Corporation-led Urban Development

Motives for multinational corporations to engage in Urban Development Projects

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Name: Bernadette Potters
Student nr: 1503278
1st mentor: Dr. Ir. Erwin Heurkens
2nd mentor: Ir. Arch. Herman Vande Putte
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Student

Name: Bernadette Potters
Student nr: 1503278
Address: Haarlemmerstraat 84-II
1013 EV Amsterdam
Phone nr: 06-50496616
Email-address: bernadettepotters@gmail.com

University

Institution: Delft University of Technology
Faculty: Architecture
Master track: Real Estate and Housing
Address: Julianalaan 134
2628 BL Delft
Phone nr: +31 15 2785159
Email address: reh-bk@tudelft.nl
Website: www.re-h.bk.tudelft.nl

Graduation Committee P4

1st mentor: dr. ir. E.W.T.M. Heurkens – Urban Development Management
2nd mentor: ir. arch. H. Vande Putte, MRE – Corporate Real Estate
Examiner: dr. ir. R.M. Rooij – Spatial Planning and Strategy

External mentoring

Preface

This report comprises the draft final graduation report that is part of the Msc 4 period of the master track Real Estate and Housing. This research report will be presented on the 10th of December of 2014. This research is conducted within the urban development management laboratory, following the leading theme of 'changing roles and relations'.

The specific subject of this research is Corporation-led Urban Development, which has my interests as it combines to disciplinary worlds that might mutually benefit from a better understanding in each other’s worlds. Urban development has had my passion for a long time. It is the scale of its field of practice, the physical impact it has on people moving through it and the different types of value it is able to create that attract me the most. The fact that, in the Netherlands, this field of practice has been hampered by the impacts of the economic and financial crisis, evoked my interest in finding opportunities to mitigate its difficulties.

However, the studied phenomenon goes beyond the Dutch practice of urban development, as the protagonist of this research are multinational corporations. In fact, the subject of study comprises one of the forms of private-sector led urban development as described by Heurkens (2012). A growing emphasis on private sector in the field of urban development is caused by a gradual shift of societal values and the aforementioned effects of the economic crisis. This shift has caused new players to enter the urban development market, inevitably evoking a different balance in roles and relations between actors involved in urban development projects. Understanding between these different actors will hopefully simplify this shift. Therefore, this research is aimed at providing insight in the background of this new player in the urban development market, by performing two in-depth case studies and a set of additional quick scan cases.

I would like to thank my supervisors Erwin Heurkens, Herman Vande Putte (TU Delft) and Paul Rutten (Deloitte) for giving me the right amount of both freedom and support to help get me to this point. I hope you enjoy reading this report.

Bernadette Potters

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Management Summary
This management summary describes this graduation research into the motives for multinational corporations to engage in urban development projects concisely. This summary comprises the main parts of this report.

CORPORATION-LED URBAN DEVELOPMENT
Motives for multinationals to engage in urban development projects

Research motives and research question
Since a couple of years a remarkable phenomenon is witnessed in the field of urban development. This phenomenon seems to entail that large multinational corporations start to actively engage in urban development projects. Academics, media and the large corporations themselves, give the impression that the corporations actively engage in the realisation of urban development projects. The Dutch documentary ‘Tegenlicht’ (VPRO, 2012) states that large corporations like IKEA and Siemens are more and more focussing on future cities by starting to physically develop them. This phenomenon attracts attention from many other people and organisations as well. Academics like De Zeeuw, Franzen and Mensink (2013) recognise these market players as new international markets entrants. They link this entrance to the shifting pane of the urban development market in which they put private equity and specific knowledge (De Zeeuw et al., 2013). A first glance at some corporate websites seems to confirm these statements, for instance with the statement that they engage in ‘sustainable urban development’ (Siemens, 2014a). This phenomenon also attracts the attention of critics, which seem to think that these corporations will have a decisive and overruling influence in the quality of life within these urban development projects (Saunders, 2012). Others see it as an opportunity to address the difficulties in the (financial) context of the Dutch urban development practice.

On the background of this phenomenon several contextual changes take place. These changes are both on the side of urban development and that of the corporate landscape. Within the field of urban development in several European countries and North American, funding problems that occurred after the economic crisis of 2008 have caused urban development projects to be under stress. These funding problems have caused a dependency of the public bodies involved in urban development on the private sector. Moreover, a shift in societal values towards more Anglo-Saxon values has also created an increasing emphasis on the private sector in the Netherlands. This is likely to cause a shift the roles and relations of public and private actors in urban development (Heurkens, 2012).

On the other hand, the context in which multinational corporations operate is subject to change as well. Several megatrends, growing competition and an increased emphasis on the societal responsibilities of corporations demand them to continuously reassess their strategic focus (Sultan et al., 2008, De Wit and Meyer, 2010, Johnson and Scholes, 1993).

This phenomenon has developed at the intersection of both the field of urban development and corporate strategies. However, very few research has been done on this theme, and before one is able to judge the effects of this phenomenon, more insight in the background of this phenomenon is required: what drives these corporations to engage in urban development projects and how are these projects organised? This leads to the following main question of this graduation research:

“What motives do multinational corporations, with a core business other than Urban Development, have to engage in Urban Development, how does this engagement relate to their corporate strategy and core business and what role do they adopt?”
Research methodology
The main aim of this graduation research is to gather insight in the motives for multinationals to engage in urban development projects from a corporate perspective. To provide this insight, it studies the relation between the engagement in urban development and a corporation’s strategy and core business, its motives and the role and activities they perform in the realisation of urban development projects. Two in-depth case studies are performed to describe the phenomenon of corporation-led urban development. The in-depth case studies comprise interviews and document review resulting in data that are analysed by means of an analytical framework. As these in-depth case studies did not result in the required data to provide insight in the phenomenon of corporation-led urban development, additionally five quick scan case studies are performed. These are based on document reviews and telephone interviews.

As little research has been done on this subject, an analytical framework, to which the case study results are subjected, is designed along the process of this research (see Figure 2). Both the results of the in-depth case studies and the additional quick scan cases are subjected to this analytical framework. Subsequently, based on a comparative analysis in which motives, relations to corporate strategies and core businesses and the performed roles and activities are compared, insight is provided in the phenomenon and types of corporation-led urban development.

Context of Urban Development Projects and Corporate Strategies
As the background of this phenomenon is twofold, literature study is performed to understand both the context of urban development projects (which is the object of research) and that of corporate strategies (subject of study) and to identify the characteristics of both object and subject.

The context of urban development has changed both financially and socially. These changes in context caused a change in power balance between actors that are involved in urban development projects. Every urban development project is embedded in an economic and societal context. This context and its prevailing societal principles are determinative for the role each actor plays within an urban development project.

The practice of urban development projects has several characteristics that might be attractive for corporations that have to anticipate their changing context. One of these characteristics is the fact that within urban development a multitude of actors is involved. Therefore, partnerships are always present in urban development projects. Moreover, both public and private actors are engaged in the realisation of these projects. Therefore, in this realisation interests of many stakeholders are to be integrated. Besides these interests, also functions, disciplines and cash flows need to be integrated (Daamen, 2010, De Zeeuw et al., 2013, Franzen and De Zeeuw, 2009). This causes the characteristic of complexity of urban development projects.

Another important characteristic of urban development projects is ability of value-creation, as it can create economic ecological and societal value (Nirov, 2012).

Corporate strategies have some characteristics as well that might relate to the engagement in urban development. Multinational corporations have specific characteristics as they differ from other corporations concerning size, resources and diversity of geographic regions and therefore also concerning corporate strategies. One characteristic is the shift from producing products to producing or developing services and solutions. In this way multinationals try to distinguish themselves from smaller corporations that become more and more competing. Multinationals are able to make this shift because they have more financial and human resources (Bekker, Van der Velden, 2014). Another characteristic is that they try to anticipate the aforementioned megatrends. The world is currently experiencing several megatrends, having a profound effect on how and where businesses think their opportunities lie. Lots of corporations try to develop their future strategies based upon these megatrends. The identified megatrends are urbanisation, the energy transition, changing demographics, climate change/resource scarcity and exponential growth of technological breakthroughs (PWC, 2013). This change of context in which corporations operate causes the future to seem uncertain. To compete with these uncertain economic and political circumstances, multinational corporations
develop strategies for effective innovation. A form of innovation that is considered to be of growing importance is open innovation, because combining creative resources can be mutually beneficial for the corporations involved. Considering the changing context for corporations the development of durable partnerships seems more fruitful than remaining essentially independent, since these partnerships enable the employment of open innovation. This is incorporated in multinational corporations by a growing emphasis on the networks within corporate strategies. Another way to anticipate their changing and competitive environment is for multinationals to redevelop their corporate policies to include some type of guidelines to ensure appropriate responses to corporate social responsibility (CSR) issues (Miles et al., 2006). There are several forms of addressing CSR in a corporation, but the most fruitful way is created when a social dimension is added to a corporation’s value-proposition by achieve both social and economic benefits at the same time (Porter and Kramer, 2006).

Hypothesis and analytical framework

As mentioned, the phenomenon of corporation-led urban development finds itself on the intersection of both the field of urban development projects and that of corporate strategies. Therefore, motives for multinational corporations to engage in urban development are presumed to be found in the overlap in the characteristics of object and subject. The characteristics that seem to show overlap and therefore form hypothetical motives are depicted in Figure 1.

![Figure 1: hypothetical motives resulting from literature review](image1)

This hypothetical motives combined with the analytical model depicted in Figure 2, which is a means of structuring these motives, function as the foundation of the empirical part of this research.

![Figure 2: analytical model structuring the hypothetical motives](image2)
In depth case study results

The in-depth case studies comprise a corporation (research subject) and a specific urban development project (research object). The subjects are Inter IKEA and Siemens and the objects are, respectively, the Strand East development project and The Crystal, which is an exhibition centre on urban sustainability. These research subjects are studied on the motives to engage in urban development projects, its relation to their corporate strategy and core business and the activities and roles they perform within the specific urban development projects.

**Inter IKEA Group**

Inter IKEA Group is a multinational corporation, specialised in the production and sale of self-assembly furniture. The Group’s overall purpose is “to secure continuous improvement and a long life of the IKEA Concept.” “As this will require investments in both good and bad times we strive to be financially independent” (Inter IKEA Group, 2014a). In this definition, the IKEA Concept entails the business idea to offer a wide range of well-designed, functional home furnishing products at prices so low that as many people as possible will be able to afford them.

The corporation has been engaging in the field of property investment and development with the establishment of the subsidiary Property Division in 1989, which now operates under the name Vastint. Vastint has started developing the Strand East urban development project in the east in London in 2012. The area is located just south of the Queen Elizabeth Olympic Park in the Council of Newham and comprises 26 acres (11 hectares). The development will comprise 1,200 dwellings, 58,000 m² of office space, a 350 room hotel, an underground parking garage, a restaurant, a school and day-care and quays with mooring facilities for water taxis.

Document review and interviews with people within Inter IKEA, Vastint and the council of Newham, showed that it is Inter IKEA’s strategy to secure long term existence of the company by investing the profits made within the corporation. They engage in several different forms of investments, in which Vastint represent one of these forms of investment. In this sense, the engagement in urban development is part of the corporate strategy, even though it only concerns a small part of it. As the engagement in urban development projects can provide the corporation with relatively low-risk and long term return on investment, this engagement contributes to the corporate strategy of securing the long term existence of the corporation.

The motives for Vastint to engage in urban development seem to be fairly different from the ones stated in the hypothesis. Vastint does not consider partnerships established through urban development projects as a motive for engaging in them. Also all other motives stated in the hypothesis, being innovation, anticipating megatrends, a shift from services to solutions and CSR, are said not to be motives for their engagement. However, it is noticed that the IKEA philosophy of delivering products “for the many people” is incorporated in Vastint’s activities. Moreover, the Strand East project is designed according to principles that enhance sustainability and a sense of community. Therefore, the motive of **Corporate Social Responsibility** is not rejected.

Aspects that are mentioned to drive Vastint to engage in urban development projects are **long term return on capital investment** and **economic value creation**. Therefore these are considered additional motives. An important factor for the company is the scale urban development projects offer, as economies of scale allow them to develop in an affordable way. It also allows them to understand the whole process of urban development. It is noticeable that they correlate to the first two categories, being **return on investment** and **real estate as core business**.

When looking at the role Vastint adopts during the development process, it is noticed that the corporation takes on the **full spectrum of the urban development process**, including ownership after completion. This makes the corporations a long term stakeholder in the project as a **holistic developer**.
Siemens

Siemens is a multinational technological corporation that works in the fields of electrification, automation and digitalization. Their corporate strategy is stated as: aiming to capture and maintain leading market and technology positions in all our businesses by reaping particular benefit from the megatrends demographic change, urbanization, climate change and globalization. The corporation has been engaging in the development of cities since the change of their strategic focus on megatrends in 2008, when it set up the Infrastructure&Cities sector.

In 2010 the corporation initiated the development of The Crystal in the east London Royal Docks. The Crystal is an office and exhibition centre on urban sustainability and covers an area of 18,000 m². Interviews with people from within the Siemens Infrastructure&Cities sector and the council of Newham showed that the engagement in urban development is part of the corporation’s corporate strategy as it entails reaping the benefits of one of the four megatrends, being Urbanisation. The relation of this engagement in urban development to their core business is of an overarching nature; it combines knowledge on several core businesses. It also seems to be of a promotional nature as it shows potential clients the technological solutions the corporations has to offer.

Unlike the Inter IKEA case, the motives for Siemens to engage in urban development seem to correspond very well to the hypothetical motives. The most important motive is the establishment of partnerships with public bodies, as these are needed in order to fix urban problems. Moreover, these bodies are the ones that are involved in the decision-making process on which solutions to implement. It therefore seems that these partnerships are very important for providing Siemens’s future client base. This is considered to be an additional motives to the hypothetical ones. The shift from products to solutions is a very important motive for Siemens to engage in urban development as well. As mentioned, megatrends are at the core of Siemens’s strategy and therefore is another motive for their activities in city development. Innovation is an important driver for every activity performed by Siemens. CSR is the only hypothetical motive that does not seem to be identified in this case.

In the development of The Crystal Siemens has taken on the full process as well. However, a very important remark concerning this case study is the fact that The Crystal proved not to be the typical activity for Siemens’ Infrastructure&Cities team. The development of The Crystal was a one-off project for Siemens and they typically don’t get involved in construction. In that sense, the development of The Crystal cannot be considered as a typical Infrastructure&Cities type of activity. This division is involved in urban development projects where technology is part of it, in an informative and advisory role. Their advice will concern transport, energy and other technological solutions for urban problems. Siemens can take on operating their technological solutions as well later on in the project’s process.

Quick scan case study results

The results elaborated above, show that the two cases are quite divergent considering their motives and their role. In order to gain more insight in the phenomenon of corporation-led urban development, additional data are required. These data are provided by five additional cases that are studied on a quick scan basis. These cases consist of Ahold, Alliander, Vulcan, Tata and Cisco. They are very diverging concerning backgrounds, geographic regions, types of urban development project and studied material. However, the additional cases provide useful results for a more profound insight in the phenomenon of Corporation-led Urban Development.

In almost all cases the engagement in urban development projects is part of the company’s corporate strategy. The only case in which this is not confirmed, Vulcan Inc., there was no corporate strategy given and therefore no statement on this matter could be done. However, it is confirmed that Vulcan’s activities in the SLU regeneration project are part of the corporation’s purpose.
Considering the relation of the activities performed in urban development projects towards the corporation’s core business the additional cases provide three different types. The activities performed in urban development are:

- an expansion of the existing core business (Alliander and Cisco)
- the core business of a subsidiary (Vulcan Inc. and Tata)
- safeguarding its future core business (Ahold)

The same cases show overlap when looking at the corporations’ motives to engage in urban development projects. In the cases of Vulcan and Tata, only one of the hypothetical motives is identified as a motive, which is Corporate Social Responsibility. The other identified motives match the additional motives found in the Inter IKEA case. These are the long term return on investment and economic value creation.

In both the Alliander and Cisco case, the majority of the hypothetical motives are identified. In the Cisco case, all the hypothetical motives are likely to apply. Although, the studied material does not provide a decisive answer as to the establishment of partnerships. In the Alliander case, three of the five hypothetical motives and one additional motive are identified (partnerships, megatrends, CSR and opening up a client base). Alliander provides two additional motives: steering the urban development process and setting up an extra business line. The latter is also recognised in the Cisco case. In the Ahold case three hypothetical motives are identified and it provides the additional motive of securing the long term supply (of core business).

When looking at the activities and roles performed by these corporations Alliander and Cisco seem to perform almost all activities in the development process. However, these activities are related to the development of their core businesses of infrastructure provision rather than to the development of real estate and public amenities. This is very different from the activities performed by Tata and Vulcan, which do take on the actual real estate and public amenity development. This difference is also reflected in the role the corporations adopt in the urban development projects; Alliander and Cisco are providers of their infrastructure and act as advisors towards the decision-makers in the urban development process. Tata and Vulcan on the other hand, act as holistic developers. A difference in the activities of the two corporations is the fact that Tata does not own the land and sells the dwellings after completion, whereas Vulcan is owner of land and objects within the SLU regeneration project. Ahold merely acts as an investor in urban development projects.

Motives and relation of engagement with corporate strategy and core business

In both the additional case studies and the in-depth case studies, the engagement in urban development is part of the corporate strategy in some way. Three ways in which the engagement in urban development projects contribute to realizing the corporate strategy are identified:

- creating long term economic value/return on investment
- enabling the corporation to anticipate on megatrends (urbanization & energy transition)
- improving a community as part of (strategic) philanthropic philosophy

When looking at the results of the additional case studies in combination with the in-depth case studies, two groups of corporations seem to arise. The corporations within these groups seem to correspond concerning the relation of their engagement in urban development towards their core business, but also concerning the identified motives for this engagement. In Figure 3 all identified motives are represented. The red blocks are the motives mostly found in the group of Inter IKEA, Vulcan and Tata, whereas the blue blocks represent the motives mostly found in the group of Siemens, Alliander and Cisco. The purple block represents Corporate Social Responsibility which is recognised as a motive in both groups. Regarding the motives to engage, Ahold seems to correspond more to the latter group of corporations. However, considering most other aspects, it seems that Ahold cannot be divided into one of the two groups.
Adopted roles and involvement in the urban development process
Concerning the activities the corporations perform and the role they adopt in the urban development again the same corporations seem to correspond. Inter IKEA, Tata and Vulcan all three take on (almost) all activities in the urban development process, putting them in the role of holistic developers. This indicates a high degree of involvement in shaping the actual urban development project. Siemens, Alliander and Cisco also perform a lot of activities, but only concerning developments that are close to their core business (such as the provision of energy infrastructure or other technological applications). When it comes to activities in the actual urban development process, they merely act as advisors towards the decision-makers in the urban development process. This indicates a way lower degree of involvement of these corporations in the actual shaping of the urban development process. Ahold seems to be an odd one out again, as it’s acting merely as an investor in the urban development project, indicating an even lower degree of involvement in shaping the urban development project.

Relation between research themes
Concerning both research themes elaborated above the same groups of corporations seem to arise. This strengthens the idea that these corporations can actually be classified into these identified groups. It also indicates a relation between the two themes. The first theme results in a profiling according to strategic business goals, whereas the second theme results in a certain degree of involvement in the urban development process. Figure 4 shows that both concerning the degree of involvement in the urban development process and the strategic business goals, the same corporations correspond. It shows that the corporations that have the strategic business goals of Business Development and Business Resource Provision (and Community Building) are only involved in the urban development process to a little degree. The corporations that have the strategic business goals of Return on Investment, Real Estate as Core Business, Business Development and Community Building are involved greatly in the urban development process and therefore in shaping the actual urban development project.
Considering these matches, it seems that there is a link between the strategic business goals and the involvement in the urban development process and the role the corporations adopt. The activity of giving advice, and therefore acting as an advisor, can be linked to the strategic motives of Business Development and Business Resource Provision. Subsequently, these strategic business goals can be linked to the corporations’ motives to engage in urban development, being innovation, a shift to solutions, anticipating megatrends, steering the urban development process, setting up an extra business line and Corporate Social Responsibility.

On the other hand, engaging in all development activities, thus acting as a holistic developer, can be linked to the strategic business goals of Return on Investment, Real Estate as Core Business and Community building. Subsequently, these strategic business goals can be linked to motives of long term return on investment, economic value creation and CSR.

Figure 4: corporations’ strategic business goals matched to involvement in UD process
Conclusions
These linkages found in the relation between the two research themes, strengthen the idea of the corresponding groups. They also make it possible to sketch two types of profiles of corporation-led urban development projects. Considering the limited number of studied cases, these profiles are merely an attempt to structure the phenomenon of corporation-led urban development and cannot be considered to be fixed and decisive types of corporation-led urban development.

The first group of corresponding corporations (Inter IKEA, Vulcan and Tata) seem to be family originated corporations with incorporated philanthropic values that perform the whole spectrum of the urban development process and adopt the role of a holistic developer. These corporations have their activities organised in an independent subsidiary of which the core business is urban development. With their engagement in urban development they contribute to their corporate strategy by creating economic value and long term return on investment and improving a community. They are highly involved in the urban development process and therefore in shaping the actual urban development process.

The second group of corporations (Siemens, Alliander and Cisco) seem to be corporations with a technical core business that perform only the activity of advising in urban development and therefore adopt the role of advisor. Considering aspects that align closely to their core business they perform much more activities and these activities are organised in a business unit within the corporation. This engagement in urban development contributes to the corporate strategy because it enables them to anticipate megatrends. They are only to a little degree involved in the urban development process and shaping the actual urban development process.

In this second profile, it is noticed that the corporations do not deviate much from their core business. They do not engage in the activities of the urban development process that are not closely related to their core business. When they do obtain a higher degree of involvement this is only in a part of the urban development project that is closely related to their core business. In hindsight, it is quite logical that these corporations do not engage in a business that does not belong to their core, as by definition focus on this core business is required to remain an efficient and profitable corporation. The corporations that belong to the first profile have therefore organised these activities in an independent subsidiary of which the engagement in urban development is the core business. In this way these activities are performed in an efficient and profitable way and they do not distract the focus of the multinational corporations off of their core business.

When reflecting these two profiles to the definition of Corporation-led Urban Development, the first group seems to match this definition: it takes on a leading role as it acts as a holistic developer. These corporations have a subsidiary with the core business of urban development, however, viewed from the perspective of the multinational corporations, this group of corporations has a core business other than urban development.

The second group does not seem to match this definition, as it does not take on a leading role in the urban development process. It merely acts as an advisor within this process. The activities they perform in urban development projects are aligned closely to their core business. Therefore, the urban development projects that are advised by this group of corporations cannot be considered Corporation-led Urban Development. A better term for this profile would be Corporation-involved Urban Development.

Figure 5 shows an initiation of a holistic model of a conceptualisation of Corporation-led Urban Development. It depicts the degree of involvement in the Urban Development process combined with the relation between the corporation’s core business and the activities performed in urban development. The upper right block represents the phenomenon of Corporation-led Urban Development.
Discussion
As mentioned above, the entrance of corporations in the field of urban development projects is considered an opportunity for mitigating the (mainly financial) problems in the Dutch urban development practice. When looking at the corporations that are considered to perform Corporation-led Urban Development, it does seem a fruitful phenomenon for the urban development practice. The corporations are financially strong and independent which provides several advantages. They are capable of making large investments that provide return on the long term, whereas traditional developers are required to make short term profits. This large investment secures the corporation’s long term involvement, which is beneficial for urban development because it is in the corporation’s interest that the developed project functions well.

However, as stressed throughout this research, it is only a first exploration of the phenomenon of Corporation-Led Urban development and more research should be done in order to make decisive statements. More cases studies must be performed to complete and validate this study’s results.

Figure 5: degree of involvement versus distance of performed activities to Core Business (initiation of holistic model)
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Introduction
This master thesis is conducted in the Urban Development Management laboratory, within the specific theme of ‘changing roles and relations’. It builds on the dissertation of Erwin Heurkens on private-sector led urban development, which describes the shifting emphasis towards the private sector within these roles and relations. This research focuses on one of the private sector actors, being multinational corporations. As little is known about the background of these players and the way in which they engage in urban development projects, this research aims at providing more insight in these aspects.

This report comprises three main parts, in which Chapter 1 functions as an introduction of this research by presenting the research proposal in which the motives, research questions and organisation of this research are elaborated. The first part – Chapter 2 to 4 – comprises theories. Chapter 2 and 3 provide insight in the changing context and characteristics of respectively Urban Development Project and Corporate Strategies, and Chapter 4 elaborates on the research methodology.

Part 2 comprises empiricism, where two in-depth cases are studied (Chapter 5), followed by five additional quick scan cases (Chapter 6) in which the multinational corporations’ engagement in urban development projects is identified. The final part comprises analyses and syntheses. In this part, the in-depth and additional quick scan cases are subjected to comparative analysis (Chapter 7) leading to conclusions on the phenomenon of Corporation-led Urban Development. Chapter 9 reflects on this research’s relevance, methodology and process.

I hope you enjoy reading this report.
Chapter 1. Research proposal
This chapter comprises the research proposal of this graduation thesis. It elaborates on the theme that this thesis covers and its relevance. Than a concise analysis will underpin the problem statement, resulting in the research questions and research design.

1.1. Theme and research motive
This master thesis is part of the research department of Urban Development Management and the research theme of ‘changing roles and relations in Urban Development’ in particular. It builds upon knowledge provided by the dissertation on private-sector-led Urban Development by Erwin Heurkens (2012) and other graduation theses that focussed on these changing roles and relations in Urban Development. Considering the twofold nature of the theme of Corporation-led Urban Development, it also builds upon literature on basic principles of Corporate Strategies. The specific theme of this research is Corporation-led Urban Development.

The motive for studying this specific theme is that fact that since a couple of years a new phenomenon is witnessed in the field of urban development. This phenomenon seems to entail that large corporations start to actively engage in urban development projects, and therefore throughout this research this phenomenon is referred to as Corporation-led Urban Development. Academics, media and the large corporations themselves, give the impression that the corporations actively engage in the realisation of urban development projects. The Dutch documentary ‘Tegenlicht’ (VPRO, 2012) elaborates on the assumption that in 2050 twice as many people will live in cities as do now and to accommodate them this future cities need to be build. It states that large corporations like IKEA and Siemens are more and more focussing on these future cities, and therefore on ‘how your life in the city will look’ by physically developing. This phenomenon attracts attention from many other people and organisations as well. Academics like De Zeeuw, Franzen and Mensink (2013) recognise these market players as new international markets entrants. These academics link this entrance to the shifting pane of the urban development market in which they put private equity and specific knowledge (De Zeeuw et al., 2013). A first glance at some corporate websites seems to confirm these statements, for instance with statements that they engage in ‘sustainable urban development’ (Siemens, 2014a) (see Figure 7).

This phenomenon also attracts the attention of critics, as depicted in Figure 6, which seem to think that these corporations will have a decisive and overruling influence in the quality of life within these urban development projects. Others see it as an opportunity to address the difficulties in the (financial) context of the Dutch urban development practice, as will be elaborated in paragraph 1.3

However, very few research has been done on this theme, and before one is able to judge the effects of this phenomenon, more insight in the background of this phenomenon is required: what drives these corporations to engage in urban development projects and how are these projects organised. Therefore, this research focusses on this background as a first exploration of the phenomenon of Corporation-led Urban Development.
1.2. Relevance
This paragraph elaborates on the scientific, societal and personal relevance of the studied phenomenon of Corporation-led Urban Development.

1.2.1. Scientific relevance
Urban Development is facing economic and financial challenges. Moreover, this field of practice experiences a shift in societal values, towards more emphasis on private actors (Heurkens, 2012). According to Hagendijk and Franzen (2012) there should be made better use of capital from the private sector. Therefore, a more powerful role of private parties within Urban Development can be a positive impulse for urban development projects. Since a couple of years a trend is noticed that corporations with a core business other than urban development start engaging in urban development projects. Substantial research has been conducted on investments in urban development from a public view. However, little is known about the motives for private parties, in this case these corporations, to engage in urban development projects from a corporate point of view. This research builds upon Erwin Heurkens’ dissertation on private-sector led urban development, as it studies one of the four private sectors studied within this laboratory (see Figure 8). This research is aimed at providing insight in the motives of corporations to engage in urban development by studying the relationship of this engagement with their corporate strategies and core businesses. Therefore it brings together two disciplinary fields, that of Urban Development and that of Corporate Strategy.

1.2.2. Societal relevance
Since the economic crisis in 2008, a lot of urban development projects suffered from its consequences. Many of them have been put on hold or are under reconsideration (Heurkens, 2012). Also, a structural imbalance on the real estate market has presented itself: oversupply of offices and dwellings and a lack of sales for parties involved in Real Estate and Urban Development. The difficulties urban development is facing can be a problem, since, according to Adams and Tiesdell (2012), qualitative urban areas are not a luxury but a vital element in creating safety, health, prosperity and sustainability. How places are interpreted and managed is crucial to balance economic prosperity, social cohesion and environmental protection. In creating these urban areas, new ways of
funding and managing by the private sector can play an important role. Some large private corporations have entered the shifting market of urban development, using private equity and expertise, thereby representing such a new way of funding and managing (VPRO, 2012, De Zeeuw et al., 2013). However, little is known about this phenomenon. This research is therefore aimed at providing more insight in this practice. This will bring the field Urban Development a step closer to assessing the impact of this phenomenon on the development of quality places.

1.2.3. Personal Drive
From a personal drive I want to explore opportunities to draw funding towards urban development, where this funding could also be otherwise invested, in order to overcome its current difficulties. Among multiple opportunities, the opportunity of corporation-led development has my interests since so little is known about why and how these projects are developed. Therefore this potential alternative contribution can enrich the existing approaches of urban development. Also, it seems striking that these corporations in some way integrate urban development into their corporate strategy, since this practice differs, at first sight, quite a bit from their core businesses. An insight in motives to do so can be of use for corporations and other parties involved in urban development. Hopefully this research also provides some insight in the quality of the places that are created in this way, since that is what Urban Development ultimately is about for me.

1.3. Problem Analysis
Urban development is a practice that is subject to contextual changes. The past decades, the context, in which urban development and parties involved in this field of practice are embedded, has changed in several ways. This changing context can be divided in the following components, which are at the same time the most important motives for executing this study:

a) Changing context of urban development projects
b) Changing roles in urban development
c) Changing strategies within corporations

1.3.1. Changing context of urban development projects
An important component that has changed within the context of urban development projects is the financial context. The economic crisis of 2008 has had a lot of effect on urban development. In the Netherlands, a funding problem of urban development projects arose, which caused a drop of around 30% of the investment level relevant for urban development projects compared to the period before the crisis (De Zeeuw, 2011). This problem occurs with all parties that are involved in urban development projects. These problems can be divided into two categories: initial and consequential funding problems and are represented in Figure 9. The initial funding problems that appear with different actors are (Van Eldonk, 2014):

- For public parties: less governmental capital inflow due to budget cuts
- For project owners: restrictions on mortgage lending
- For project investors: restrictions on leverage and less demand for office and retail space

These initial funding problems cause the following consequential funding problems to occur:

- Developer: less demand for new property, lower property prices, urban development projects under stress
- Public parties: less demand for land, lower land prices, urban development projects under stress.

All these funding problems combined caused urban development projects to be under stress, and to be put on hold or under reconsideration. This is not only the case in the Netherlands, but also elsewhere in Europe and in North-America (Heurkens, 2012).
Besides the changed financial context of urban development, its societal context is also changing. According to Heurkens (2012), there has been a shift from values based on the Rhineland model, towards more Anglo-Saxon values. This implies more individual and unequal societal values and causes the public private power balance to move towards the private market (Sturm, 2014). According to Hans de Jonge (cited in: Sturm (2014)) there might come a new shift towards solidarity and equality, while the private sector remains in this power position.

1.3.2. Changing roles in urban development
As a result of the decreasing land prices and the substantial decrease of central government subsidies for urban development, which seems to be structural, Dutch municipalities are not able to invest in large-scale development projects and are moving away from active land policy. When a local government is less active and investment-oriented, in order for urban development projects to be realized, they are dependent on the private sector (Heurkens, 2012). In Anglo-Saxon countries, like the UK and the US, this was already common practice.

As mentioned in the paragraph above, this dependency causes a power shift from public to private parties. For quite some time now, the playing field of parties involved in urban development also has been shifting towards private parties such as investors, developers, “the crowd”, and large corporations (De Zeeuw et al., 2013). It is witnessed that large multinational corporations are starting to actively take part in urban development. Examples are Siemens, Ikea, Cisco, IBM and ThyssenKrupp (Ministerie van Infrastructuur en Milieu, 2014). These parties could play an interesting role in the changed practice of urban development. This involvement of non-traditional parties in urban development projects inevitably brings about new forms of collaboration and partnerships which come with certain responsibilities (Van der Post, 2011). However, little is known about urban development practiced by corporations, their motivation to do so and the new partnerships and forms of collaboration that are established.

1.3.3. Changing strategies within corporations
Just as for urban development, the context in which corporations are operating is subject to changes. Several megatrends, such as urbanisation, globalisation and a shift in global economic power, are having a profound effect on where corporations think their opportunities lie (PWC, 2013).
In order to cope with these context changes, numerous corporations incorporate sustainability within their corporate strategy. This is noticeable in an increased focus on the Triple-P approach, which stands for People, Planet and Prosperity. This approach indicates that sustainable development consists of three elements: society, ecology and economy (Lodewijks, 2013). These elements are integrated in a corporate social responsibility statement focussing on economic performance, with respect to society and within ecological boundaries.

Also, some corporations are looking for sustainable partnerships in order to ensure the corporations continuity. According to Lodewijks (2013) sustainable urban development consists of economic, societal, ecological and spatial aspects. In this view, an overlap between corporate strategies and the characteristics of urban development projects can be expected. However, there is very little known about the relationship between corporate strategies and urban development.

1.4. Problem Statement
The following problem statement is formulated based on abovementioned problem analysis:

“Due to contextual changes, the power within urban development practice has been shifting towards private parties. Large corporations have presented themselves as alternative parties that might contribute in solving the difficulties in urban development. However, there is little insight in the strategic motives for corporations, the role they adopt and the established collaboration forms and relations with other actors within urban development projects.”

1.5. Research Objective

1.5.1. Research objective
The problem analysed and stated above leads to the following formulation of this thesis’ research objective:

“The main research objective is to gather insight in the motives for corporations, with a core business other than Urban Development, to engage in urban development projects, how this engagement relates to corporate strategies and core businesses, and their role and relations with other actors within urban development projects.”

1.5.2. Expected end-products and target groups
Based on this research objective, the following end-products can be expected:

1. A statement on motives for corporations to engage in urban development
2. A statement on strategic goals of corporations engaging in corporation-led urban development
3. A statement on the roles and activities performed in these urban development projects
4. A statement on collaboration forms between other parties involved established in corporation-led urban development

Considering these end-products, the main target groups are corporations and advisors, but also other parties involved in urban development projects, like municipalities and developers.
1.6. **Research questions**

This paragraph elaborates on the research questions that function as the base of this research and are derived from the problem statement and objective described in the previous paragraphs. One main question is set-up which is answered through several sub questions that address specific aspects of this main research question.

1.6.1. **Main research question**

The main research question that follows from the problem statement and research objective can be stated as follows:

> “What motives do multinational corporations, with a core business other than Urban Development, have to engage in Urban Development, how does this engagement relate to their corporate strategy and core business and what role do they adopt?”

1.6.2. **Sub questions**

To answer this main research question, the following sub questions need to be answered first. In this study 3 main elements are explored: 1) corporate strategies and urban development projects, 2) the relation between the engagement in urban development projects and the corporations’ corporate strategies and core businesses and 3) the roles and activities performed by corporations and established relations and collaboration forms with other actors within urban development projects. These are divided within the theoretical and empirical research phase:

**Theoretical:**

1. Corporate Strategies and Urban Development Projects:
   - What are the characteristics of multinational corporate strategies?
   - What are the characteristics of urban development projects?

**Theoretical and empirical:**

2. The relation between the engagement in urban development projects and the corporations’ corporate strategies and core businesses:
   - How does the engagement in urban development projects relate to corporate strategy and corporation’s core business?
   - What motives for multinational corporations to engage in urban development projects can be found in literature and practice?

**Empirical:**

3. The roles and activities performed by corporations and established relations and collaboration forms with other actors within urban development projects:
   - What roles and activities do multinational corporations perform within urban development projects?
   - What relationships and forms of collaboration are established in corporation-led urban development projects?

1.7. **Definitions and demarcations**

1.7.1. **Definitions:**

In order to have a clear understanding of this research and to provide it with a clear research framework, some key-terms that have been mentioned in the previous paragraphs need to be defined sharply. This paragraph describes these key terms.
• The key term Urban Development Project is defined according to the definitions by Daamen (2010) Franzen & De Zeeuw (2009) and De Zeeuw et al. (2013) as: “The integration of functions, disciplines, actors, cash flows and interests with regard to the concrete material intervention inside a geographically distinct urban area with the objective to add commercial and societal value.”

• Within this definition, an Urban Area can be defined as “a (connected) collection of buildings situated within the specific urban context of the city” (Heurkens, 2012).

• In the light of this study the term Corporation-led Urban Development is defined as (based on Heurkens, 2012): “An urban development project in which a multinational corporation (with a core business other than urban development) takes a leading role in the organising, managing and/or financing the development of an urban area”.

• Within this definition “taking on a leading role” is defined as (based on Heurkens, 2012): “Actively steering an urban development process into a preferred direction by carrying out a coherent set of organizational tasks and related management measures.

• This research studies the relationship between corporate strategy and the engaging in urban development. Following Porter, Goold & Luchs (1996) and Andrews & Kenneth (1997), the term Corporate Strategy is defined as: “The overall plan for a diversified corporation that determines its objectives, produces policies and plans to achieve those goals and defines the range of businesses in which the corporation engages.” This term must not be mistaken with the term business strategy, which is the determination of how a corporation will compete in a given business and position itself among its competitors (Andrews and Kenneth, 1997).

• The term Core Business of a corporation can be defined as (Zook and Allen, Business Dictionary, 2014): “The activity that defines the essence of what the company is or aspires to be to grow its revenue sustainably and profitably”.

• The term Corporate Social Responsibility is defined as (based on Baker, 2004): “The continuing commitment by a corporation to behave ethically and contribute to economic development while improving the quality of the local community and society at large, including ecological aspects.”

1.7.2. Demarcations:
To set up a clear research boundary and in order to make it manageable to conclude this study within one year, the study is demarcated.

In the object of study, Urban Development Projects, the word ‘project’ is an important demarcation. It indicates that it is not about cities or neighbourhoods as a whole, but a distinct urban area in which development takes place. Within these projects governments, private parties and other involved parties jointly integrate the aspects mentioned in the definition.

The subject of study, which is Corporate Strategy, will be approached from a corporate point of view. The public point of view is left out in this research in order to keep a clear view. Also, there has already been done a lot of research on the matter of Urban Development from a public viewpoint. However, in the empirical part of this study, the collaboration of corporations with public actors is studied as well.
The subject that is chosen here is that of _changing_ corporate strategies. This subject is chosen since in many cases these changing strategies are the occasion for corporations to enter the new market of Urban Development (Lodewijks, 2013, Bekker).

This research focusses on corporations of which Urban Development is **not the core business**, but do engage in Urban Development Projects. Corporations of which Urban Development is core business, like developers and investors, are not studied here.

Another demarcation of corporations is that the study focusses on multinational corporations, since unlike smaller, national corporations, it can be expected that multinationals have the capital, knowledge and amount of employees to be able to “lead” an urban development project.

A final demarcation entails the fact that this research focusses on corporation that **currently engage in urban development**. Historical cases are excluded from this study as it is presumed that these corporation’s motives deviate quite a lot from the current cases as they operated in a context that is very different from the current context.

### 1.8. Conceptual model

Figure 10 shows this research’s conceptual model. It provides a visual representation of the theoretical constructs (and variables) that are of interest in this research (Creswell, 2013).

![Conceptual Model](image)

As mentioned this research follows from the notion that there is a shift towards more involvement of private parties in Urban Development. The subject of study in this research are multinational corporations of which Urban Development is not the core business. Each corporation has a corporate strategy, which has several characteristics that might explain an engagement in urban development projects. These characteristics are elaborated in Chapter 3 and represented in the upper block of the conceptual model (Figure 10).

The lower block represents the object of study: Urban Development Projects. Urban Development Projects have several characteristics, which overlap with the characteristics of corporate strategies. These characteristics are elaborated in Chapter 2 and represented in the lower block of the model. The overlap in characteristics form the hypothetical motives of corporations to engage in urban development and are represented in the block in the centre and are subject of this study.
1.9. Research Design

Figure 11 represents the research methods, the phases in which they are executed and the research questions. The research design shows the four phases in which this graduation thesis is completed. The first phase consists of exploration of the problem and context, leading to a research proposal. This exploration has been performed during the P1 phase.

Phase two consists of a thorough review of literature concerning the main and sub research questions. This review results in a set of hypothetical motives and an analytical framework. This hypothesis and analytical framework have been set up during the P2 phase and function as the base upon which the empirical research is performed.
In the third phase, empirical data concerning the research questions and the theoretical framework has been gathered through two in-depth case studies. These cases studies resulting in findings on motives, relations with corporate strategy and core business, roles and relations. As these two case studies showed very differing results, five additional cases were studied to provide more insight on the phenomenon and definition of Corporation-led Urban Development. With the outcomes of the in-depth case-studies, the analytical framework was adjusted, so the additional case studies were subjected to a framework that incorporated these insights. The in-depth cases studies were performed during the P3 phase, whilst the additional cases studies were performed during the P4 phase.

Moreover, in the fourth phase, all seven cases have been made subject to a cross-case analysis, identifying differences and similarities and comparing them to the hypothesis and analytical framework set up in phase 2 and conclusions on all research questions are drawn. By combining these conclusions with the theory on the relation between corporate strategies and urban development, insight in the phenomenon of Corporation-led Urban Development is given by identifying linkages between the research themes and providing a set of indicative profiles of Corporation-led Urban Development Projects. The study results in a collection of motives for corporations to engage in urban development, a collection of relations to corporate strategy and core business, an indication of strategic goals of corporations engaging in corporation-led urban development, a collection of the roles and activities performed in these urban development projects and an indication of partnerships and collaboration forms between other parties involved established in corporation-led urban development. These findings are included in the conclusions and recommendations.

1.10. Organisation

This research is guided by several academics and professionals, two of which are affiliated with the master track of Real Estate and Housing at Delft University of Technology. The third supervisor is affiliated with an external organisation. Throughout this research process, there were guidance moments on a regular base though email, face-to-face guidance meetings and official presentation moments, in which the progression and further steps were discussed.

First Mentor: Dr. Ir. Erwin Heurkens, section: Urban Development Management

Second Mentor: Arch. Herman Vande Putte MRE, section: Corporate Real Estate Management

Graduation Corporation: Deloitte, Area Development & Partnerships, mentored by Drs. Paul Rutten
- PART 1 –

theories
Chapter 2. Object of study: Urban Development Projects

The object of study in this research is the urban development project. This chapter will elaborate on this object. The contextual changes, changes in roles and relations and the characteristics of urban development are described in this chapter.

2.1. Context of Urban Development

As urban development projects always occur within specific economic and political contexts, changes within these contexts have a significant influence on the practice of urban development (Heurkens, 2012). In the past years, these contexts went through some extensive changes. These changes were financial and social, but also a change in actors, their roles and their relations has taken place. This are elaborated in the following sections.

2.1.1. Financial contexts in Urban Development

In Urban Development the financial context has changed rapidly since the economic crisis in 2008 in the Netherlands, but also elsewhere in Europe and Northern America, causing an ‘urban development crisis’ from 2009 onwards (Harst, 2012). It has caused governments to cut spending, banks to be more reluctant concerning the granting of loans and investors to become more risk averse. As a consequence, the emphasis of investments in real estate is on short term return of exploitation, causing the progress of projects to be dependent on finding a user (Peek and van Remmen, 2012).

Apart from the economic crisis, another reason for this urban development crisis is a structural imbalance in the real estate market, caused by an oversupply of offices and dwellings, and an shortage of financial means at all involved parties (Joolingen et al., 2009). The oversupply makes it justified for end users to be critical when making real estate choices, in which monthly expenses play an increasingly big role. Combined with the rising (energy) costs, the emphasis of development is shifting from realisation towards exploitation (Peek and van Remmen, 2012).

As a consequence of these financial developments, urban development projects are under stress and put on hold or under reconsideration. Governments want these projects to be developed, but as a result of the decreasing land prices and the substantial decrease of central government subsidies for urban development, which seems to be structural, they are not able to invest in large-scale development projects and are moving away from active land policy (Heurkens, 2012). This causes urban development to become more dependent on alternative financing from private parties.

2.1.2. Societal contexts in Urban Development

This is not the only cause of dependency of public parties. The societal context in which urban development projects take place also influences this dependency. The prevailing societal principle model in a country or region provides the conditions in which these projects are shaped and condition the way in which interactions between public and private parties take place. Therefore, they have a significant influence on (corporation-led) urban development (Heurkens, 2012). Two societal principle models are described, namely the Rhineland and the Anglo-Saxon model. Both of these models are capitalist models (Heurkens, 2009). These two models are chosen because these are the prevailing two models in the UK, US (Anglo-Saxon) and Western continental Europe (Rhineland) in which most of the studied cases of corporation-led urban development are situated.

The main differences between the two models are presented in Table 1. As you can see, in the Anglo-Saxon model the focus is on the responsibility of the private sector, where these are on the public sector in the Rhineland model. The rights of freedom are focused on an individual level in the Anglo-Saxon model, whereas they are on a collective level in the Rhineland model (Heurkens, 2012). Also, according to Bakker et al. (2005), Anglo-Saxon principles are based on individual success, short term profits and minimal state intervention. The Rhineland principles are based on the power of social and collective consensus, a long term horizon and an active public role.
As mentioned, these societal principles have a significant influence on the practice of (corporation-led) urban development. The implications of the different principles on the practice of urban development are presented in Table 2.

<table>
<thead>
<tr>
<th>Role of the State</th>
<th>Anglo Saxon Principles</th>
<th>Rhineland Principles</th>
</tr>
</thead>
<tbody>
<tr>
<td>Role of the Market</td>
<td>Economic driver</td>
<td>Employment &amp; economic driver</td>
</tr>
<tr>
<td>Role of Civic Society</td>
<td>Individual power</td>
<td>Collective power</td>
</tr>
<tr>
<td>Economy</td>
<td>Free market</td>
<td>Market regulation</td>
</tr>
<tr>
<td>Market regulation</td>
<td>Competition</td>
<td>Collaboration</td>
</tr>
<tr>
<td>Ownership</td>
<td>Market sector (privatisation)</td>
<td>Collective sector</td>
</tr>
</tbody>
</table>

Table 1: Anglo-Saxon versus Rhineland societal and economic principles (based on Heurkens (2012))

It seems logical that this context plays a significant part in defining the role that a corporation (a pure private party) can or has to play when engaging in an urban development project. Since a multinational corporation is active in multiple countries, the prevailing societal principle model can be an important incentive or barrier for a corporation to engage in an urban development project in a certain country or region.

Some countries are gradually shifting their societal principle model. An example is The Netherlands, where the principles are slowly shifting from the Rhineland model towards more Anglo-Saxon principles. In the UK, this shift, although to a lesser extent, has been happening the other way around.
2.1.3. Changing roles and relations in Urban Development

It is conceivable that a change in this context has a great effect on the roles and relations within urban development projects. Due to the economic crisis, local authorities cannot function as a risk-bearing investor, since land ownership, land development revenues and financial retrenchments all have decreased (Heurkens, 2012).

This causes a growing emphasis on urban development led by private parties, which is backed by research results and professional and academic insights, which state that municipalities are moving away from active land policy since it’s no longer an adequate development strategy (Deloitte, 2010). This means that municipalities have to rethink this strategy, often leading to a facilitating role for public institutions. This means that private (or civic) actors initiate and invest in urban development projects, while the government guides the development process by establishing an inviting and flexible development framework (Heurkens, 2012). Combined with the shifting societal values mentioned in paragraph 16.2.1.2, the roles and power relations between public, private and civic actors has shifted. For urban development in the Netherlands, this development can be captured in Figure 12 and Figure 13.

Figure 13: power shifts in Dutch urban development practice (based on Heurkens (2012))

The growing power role for private parties and the facilitating by public parties can be an attractive context for corporations that want to engage in urban development projects. Therefore the specific power balance in a region can be an incentive for engaging in urban development projects.

2.2. Characteristics of Urban Development Projects

When going through literature on the field of urban development, one comes across a lot of authors (Daamen, 2010, De Zeeuw et al., 2013, Franzen and De Zeeuw, 2009) describing the term urban development projects. The variety of definitions, some quite similar, some differing, illustrates the complexity of this phenomenon. The definition that is composed in the light of this study is:

“The integration of functions, disciplines, actors, cash flows and interests with regard to the concrete material intervention inside a geographically distinct urban area with the objective to add commercial and societal value.”
An important characteristic that is mentioned by most of these authors is its process of integration. There are a lot of aspects to be integrated when engaging in an urban development project. Some aspects are related to the process and others are actual physical aspects. A process related characteristic of urban development projects is the multitude of involved actors, which all are interdependent. When integrating these, collaboration and partnerships will be established. A partnership that fits the development project will contribute to long term qualitative urban areas, sound risk management, cost reduction and efficiency (Deloitte et al., 2011). That fit is established through a clear division of tasks, responsibilities and competences between the involved actors.

Another process oriented characteristic of urban development projects is that they are aimed at value-creation. This aspect can actually be separated in three individual aspects, being economic, societal and ecological value-creation (Nirov, 2012). Economic value-creation is derived from the physical process of urban development, which consists of acquiring the land, site preparation and construction of public space (traditionally by municipalities). Subsequently, real estate development and sale follow, traditionally performed by a developer. After sale, an investor (again; traditionally) exploits the real estate and rents it to the end users (Hofstra, 2012). This process is illustrated in Figure 14.

The value-creation process moves the other way around; the end user determines the value of real estate. Based on the potential rent income, the value of the real estate is determined and from this value the investor decides on the price he is willing to pay the developer for the object. Keeping investment costs and risks in mind, the developer subsequently decides on the land price he is willing to pay the land owner.

As mentioned, these processes represent the traditional roles in urban development. These roles have faded, shown by the fact that some developers are getting involved in land acquisition and land development and some investors are taking up the developing role. The reasons for these role changes were the exponentially growing profits on real estate and land, as a decisive production factor, could give an actor more power (Hofstra, 2012).

The societal value of urban development projects is created by core values like mobility and quality space. Formed by some key publications, a growing emphasis on sustainability has been created, which has grown to its current form through three sustainability waves (Figure 16). These three waves all occurred on the background a financial crisis.

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**Figure 14:** physical process of urban development (based on Hofstra (2012))

**Figure 15:** economic value-creation chain in urban development (based on Hofstra (2012))

**Figure 16:** sustainability waves of the ’70’s, ’80’s and ’00’s (Nirov, 2012)
This growing emphasis on sustainability has brought about more core values in the practice of urban development. These values are health, energy and experience (Rotmans, 2012). A societal sustainable urban development project houses peoples’ individual needs.

An important aspect of the abovementioned sustainability waves is the ecological value. As 75% of natural resources are consumed in the built environment, urban development can contribute a lot on this aspect. In order to develop sustainable urban development projects, a shift has to be made from a linear economy to a circular economy. This entails conscious use of materials, designed for disassembly, reuse and recycling, but also creating dynamic and adaptive developments, which are future proof (Nirov, 2012). By implementing energy efficiency measures, such as smart-grids and the use of solar and wind energy, a big ecological difference can be made.

The value of urban development is in its integrative character. In this complex process, all of the abovementioned aspects play their part. Sustainable urban development projects create economic, societal and ecological value at the same time, through integration created by the established partnerships.

2.3. Roles and partnerships in urban development projects

In order to be able to study the sub-questions of ‘what role do corporations have within urban development projects?’ and ‘what partnerships are needed in order to realise these projects?’ the roles and partnerships that are present in current urban development practice will be described. On the basis of these descriptions the studied cases can be categorised.

As mentioned in paragraph 2.2, characteristic for urban development is the multitude of involved actors, and their interaction in an urban development project. Each actor, both public and private, has its own power to affect the realisation of a project by means of resources and rules. Management of an urban development project concerns the organisation and roles of different actors, which, in all urban development projects, are both public and private parties (Sturm, 2014). Heurkens (2012) describes a role within an urban development project as “a coherent set of organisational tasks and related management measures carried out by actors involved in urban development projects.” The actor focused on in this research is the corporation. However, as mentioned in paragraph 2.2, all actors within an urban development project are interdependent. Therefore, when engaging in urban development, the corporations and public authorities will be dependent on each other. Not one party, public nor private, can realise an urban development project alone (Heurkens, 2012)

Thus, public and private parties have to collaborate for these projects to be realised. This collaboration can be established by setting up a public private partnership, which are defined by Klijn and Teisman (2003) as co-operations between public and private actors with a durable character in which risk, costs, and benefits are shared. Within this co-operation actors have to overcome the barriers caused by conflicts of interests, strategic behaviour and institutional roles. There are several models in which the public-private partnership can take place. For the Dutch situation, the roles of public and private parties in PPP-models in current urban development practice are shown in Figure 17.
In the UK there are two types of partnerships to be distinguished (Hobma et al., 2008): enabling partnerships and delivering partnerships. Enabling partnerships are also referred to as informal or co-operative partnerships and can be defined as an informal partnership focus on converging the differing public and private interests towards a shared vision on an urban development project development. This partnership is ‘informal’ since it there is no binding contract. These types of partnerships are suitable for the cooperation between public, private and civic actors (Heurkens, 2012).

Delivering partnerships can be called joint ventures or development partnerships and are quite similar to Dutch models of Public Private Partnerships. However, the sharing of risks and control is less intense than in Dutch models. In the UK’s development partnerships public and private actors perform different but complementary activities. Public parties have statutory power, such as granting planning permissions and compulsory purchase of land and buildings, but they are not allowed to transfer these powers to the partnership. Management of the development partnership should be separated from exercising these powers. Within a delivering partnership there often is a representative from the development/economic department of local planning authorities that secures best development and planning interests (Heurkens, 2012). For the public parties it is important to carefully consider the point in time at which the private party is getting involved in the project. If this is done before a strategy is set up it might become ‘overly biased in favour of commercial development at the expense of public benefit’ (Nadin et al., 2008). If a strategy has already been formed, the feasibility can be more precisely defined, but there would be less flexibility for the private partner to determine the nature of the deliverables (Nadin et al., 2008).

In order to bring about developments through these partnerships, two principle types of legal partnership vehicles are used in the UK. The first type are Limited Companies, often private limited companies that resembles the Dutch Joint Venture model the most. Since consent of the central government is needed for a public party to enter such a Limited Company, this entrance is bound to strict constraints (Heurkens, 2012). The second type of legal vehicle is are Legal Partnerships, divided into unlimited partnerships, limited partnerships and limited liability partnerships.

When entering these partnerships two main types of legal agreements are used; the cooperation agreement and the development agreement. The first resembles the initial agreement to work together and the second is signed when moving more towards the implementation of the project. The latter sets out a detailed description of each actor’s responsibilities. The agreement contains working arrangements, funding, phasing, infrastructure provision and timescale for the project. Also, it contains a clause for dealing with disputes (Heurkens, 2012).
The planning performance agreement is another legal relationships that can be formed between public and private actor. In one variant of this agreement the developer and local planning authority agree on the required information from both parties and the moment of judgement and progress of the development. In another variant there is agreed upon the level of service provided by the local authority towards the developer. Usually, the developer pays a compensation for these services.

An additional agreement to the development agreement is the Section 106 Agreement. This agreement is used to secure necessary matters in terms of planning, like the provision of services, infrastructure, education, etc. These agreements mainly consist of the contribution the developer has to make concerning these public functions.

As mentioned in paragraph 2.1.2 and 2.1.3, there are differences in the power balance between public and private parties internationally. This also reflects on the prevailing PPP-models in a specific country. Countries with a strong public tradition, like the Netherlands, seem to have PPP-models that are dominated by the public actor, whereas countries with a private tradition, like the UK, have PPP-models dominated by the private sector (Heurkens, 2012). These power balances relate to the role that is obtained by the government, which is providing for private sector dominated regions and enabling and regulating for public sector dominated countries (Sturm, 2014). The relations between the role of the government, public private power balance and types of partnerships are described by Heurkens (2012) and presented in Figure 18.

Involved actors can influence the realisation of an urban development projects by steering, which comprises all forms of directive influence on a system. When steering an urban development project, an actor has to deal with uncertainty, ambiguity and unpredictability, but also changing conditions, goals and location-dependent contexts. Moreover, steering is about achieving objectives with p

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![Figure 18: PPP spectrum (Heurkens, 2012)](image-url)
2.4. Conclusion
The context of urban development has changed both financially and socially. These changes in context caused a change in power balance between actors that are involved in urban development projects. Every urban development project is embedded in an economic and societal context. This context and its prevailing societal principles are determinative for the role each actor plays within an urban development project. The practice of urban development projects has the following characteristics that might be attractive for corporations:

- **Partnerships** are always present
- It enables economic, societal and ecological value-creation
- They are very complex processes
- **Public and private** actors are involved in the process

In the next chapter, the characteristics of the subjects of study, Corporate Strategies, are elaborated.
Chapter 3. Subject of study: Corporate Strategies
This chapter aims at giving an understanding of the subject of this research, being corporate strategies of multinationals. First, the context (and changes herein) is described. Then, the characteristics of corporate strategies are elaborated. The final paragraphs of this chapter link corporate strategies to engagement in urban development projects and describe potential motives, incentives and barriers.

3.1. Changes in corporation’s context
As mentioned before a trend is noticed that large corporations are starting to engage in urban development projects. This trend can be traced back to a changing context for corporations. This change causes corporations to alter their view on the future. These changes in context are elaborated below.

3.1.1. Megatrends
The world is currently experiencing several megatrends, having a profound effect on how and where businesses think their opportunities lie. Lots of corporations try to develop their future strategies based upon these megatrends. One of them is urbanization and the population growth. In 2050 75% of the people will live in cities. This increases the number of megacities drastically, which has huge implications for society, governments and business, but also creates big opportunities for corporations (PWC, 2013). Also, a shift in global demographics is noticed, leading to an ageing population in the developed world and emerging middle-classes in the developing world. This increases the already raising problem of resource scarcity, which entails an impending shortage of water, energy and food (PWC, 2013). Another megatrend is a great economic rebalancing, concerning an economic shift from the developed world to the developing world, and the rapid emergence of technological breakthroughs. All these trends entail big changes on how corporations think about their businesses, business models and delivered services. They raise significant challenges but also big opportunities for corporations (PWC, 2013). Climate change and resource scarcity is another megatrend. According to PWC (2014) the reserves of natural oil and gas will be exhausted within 50 years when continuing in the current rate of consumption. Our development needs are very dependent on fossil fuels, of which the emissions drive climate change. This downward spiral needs to be counterbalanced by an energy transition, which entails replacing fossil fuels with renewable energy. The fifth identified megatrend is that of exponential growth of technological breakthroughs. The time it takes for technological breakthroughs to developing to mass-market applications has become severely shorter than it took several decades ago. The disruptive impacts of these technological breakthroughs affect every business sector and enhance the competitive environment in which corporations operate heavily.

3.1.2. Innovation
Globalisation has brought interdependence between nations and regions. The industrial age is ending and individuals, corporations and governments are realising that its side effects are unsustainable. One of the side effects of the old ways of working is climate change (Senge et al., 2008). But this is not the only threat that changes the context for corporations. The economic crisis, wars and other social crises have ended the settled post war decades of continual economic growth and all benefits following from it. This change of context causes the future to seem uncertain. To compete with these uncertain economic and political circumstances, corporations must develop strategies for effective innovation. Creative thinking and new ways of working are part of these strategies (Anonymous, 2011). Formerly, innovative corporations kept their developments and processes to themselves. However, because of this changing context, corporations realize more and more that combining creative resources can be mutually beneficial, so called open innovation. In order for open innovation to be successful, it needs to be supported by a broad range of public policies that ensure a fertile environment, therefore, the role of policy makers in the public sector is an essential component in creating this environment. On the other hand, corporations must be willing to take advantage of that supportive climate, by adopting strategies. The shift from closed to open innovation can be a difficult paradigm shift for many corporations. Corporations that do practice open innovation are aiming at developing income by marketing their intellectual property rather than holding it a secret (Anonymous, 2011)
3.1.3. Corporations and context
When looking at corporate strategies and their relation to the (international) context, one can state that there are multiple realities. On the one hand, when engaging in strategy formation, the context has a huge influence as it is dynamic and, according to some strategists, can hardly be influenced. Therefore it is wise to consider those influences when forming a strategy. On the other hand, organisational purposes, of which strategies are a means to reach them, can have a significant influence on its context. These purposes in itself are widely debated. Some say that a corporation’s purpose is to make money, as they are owned by shareholders, whose primary interest it is to see their stock value increase. Others state that it’s a corporation’s purpose to serve the interests of multiple stakeholders, including customers, employees and suppliers, but also the local community, the business’ industry and the natural environment. If one takes on the latter assumption, combined with the growing power of multinational corporations, one could state that the purpose a corporation attempts to fulfil can have a big influence on the functioning of society (De Wit and Meyer, 2010). The role of corporations is an issue that is discussed by many.

3.2. Corporate Strategy Formation
All organisations are faced with the need to manage strategies (Johnson and Scholes, 1993). The impetus for strategic activities is the organisational purpose: the strategy is not an objective in itself but merely a way to reach a corporation’s objective (De Wit and Meyer, 2010).

3.2.1. Strategy characteristics
The term ‘corporate strategy’ stands for the most general level of strategy in an organisation and therefore embraces all other levels of strategy within a corporation. The term ‘strategy’ or ‘strategic decision’ is associated with several characteristics (Johnson and Scholes, 1993):

- it is concerned with the scope of a corporation’s activities
- it has to do with matching the activities of a corporation to the environment in which it operates
- and to its resource capabilities
- it has major resource implications
- it affects operational decisions
- it is affected by values and expectations of those with power in and around the corporation
- it affects the long-term direction of a corporation

Strategic decisions are complex. They contain a high level of uncertainty, because it involves making decisions on the basis of views on the future. They also demand an integrated approach, since, when making them, functional and operational boundaries need to be crossed. There is not one area of expertise that can solve problems. Another reason of their complexity is that they involve major change in a corporation. It is difficult to decide on and plan these changes, and implementation is even more difficult (Johnson and Scholes, 1993).

These strategic decisions are concerned with solving strategic problems. A characteristic of strategy that can be identified in every strategic problem is that it’s built up of three dimensions. These dimensions are process, content and context and can generally be described as follows (De Wit and Meyer, 2010):

- Strategy process: the process is concerned with the how, who and when of strategy, and thereby represents the manner in which strategies occur. How should strategy be made, analysed, formulated, implemented and controlled? Who are involved? When do activities take place?
- Strategy content: this is the product of the strategy process. What is the strategy of the corporation and its underlying business units?
- Strategy context: this is the set of circumstances under which the process and content are determined. In which corporation and environment are they embedded?
Each strategic problem situation is three dimensional by nature, and therefore, these dimensions cannot be seen as different parts of strategy. An in-depth comprehension of the strategic problem can only be reached when the strategist understands all three dimensions, and the interaction between those dimensions should not be denied. For example, the conducted strategy process will have a great influence on the strategy content (De Wit and Meyer, 2010). The relationship between the three dimensions is represented in Figure 19.

3.2.2. Strategic Levels

When looking at the content of strategy, there are several levels of strategy within a corporation. The higher the level, the more people and activities within an organisation are affected by the strategy (De Wit and Meyer, 2010). The level of corporate strategy is the highest (for corporations with more than one business). For many corporations, the main issues in this level are about overall scope, the allocation of resources on different operations and how the corporation is to be run in financial and structural terms. The alignment of the strategies in the different business units is also dealt with in this level. These issues are all influenced by the overall mission of the corporation. This mission can follow from societal values, but financial markets and issues of diversification and acquisition play a big role in this as well (Johnson and Scholes, 1993, De Wit and Meyer, 2010).

Below the level of corporate strategy, there is the level of competitive/business strategy, which is about how to compete in a market. It is concerned with products or services to be developed and in which target groups these should be focussed. There is a lot of interaction between these two levels of strategy: on business strategy level a corporation needs to take into account and adapt to the different markets in which it operates. However, on corporate strategy level corporations wish to ensure a consistent image, range and style of operation throughout the world. The third level of strategy is operational/functional strategy. This level is concerned with the way in which different functions within a corporation (marketing, finance, production, etc.) can contribute to the other levels of strategy. For a lot of corporations, decisions or activities on operational level are of great importance for the success of business strategy. Integration is therefore of great importance (Johnson and Scholes, 1993).
In Figure 20 another level of strategy is shown above the corporate strategy level. This level is called the network level and consists of a group of corporations. Most of these groups, of which strategic alliances, joint ventures and value-adding partnerships, consist of only a few corporations. Some however, can consist of tens or even hundreds of participants (De Wit and Meyer, 2010). Among strategists there is disagreement on whether corporations should develop long term collaborative partnerships with other corporations or remain independent. The advantage of remaining independent might be that a corporation will not come across opportunistic partners or become dependent on another party. However, one might miss out on mutual benefits often created by durable partnerships (De Wit and Meyer, 2010). Considering the changing context for corporations explained in section 3.1, the development of durable partnerships seems more fruitful than remaining essentially independent, since these partnerships enable the employment of open innovation. As collaborating and setting up partnerships is such an important aspect in urban development this might be an important link between corporations’ strategies and their involvement in urban development.

3.2.3. Strategic Analysis

To understand the strategic position of a corporation, a strategic analysis can be conducted. This analysis also allows one to form a view of the key influences on the present and future well-being of the organisation, and therefore the choice of strategy. These influences can be found in Figure 21.

![Figure 21: influences studied in strategic analysis (based on Johnson and Scholes (1993)).](image)

A corporation functions within the context of commercial, economic, political, technological, cultural and social aspects. Changes in these environmental variables can bring about opportunities and threats. A corporation’s strategic capability is about its strengths and weaknesses, which can be identified by its resource areas, like physical plants, products, management and financial structure. The expectations of a corporation’s stakeholders are important because it determines the acceptance of the strategies that management develops and pursues. Also, the beliefs and assumptions that form the culture of a corporation are important since the environmental and resource influences will be interpreted according to these beliefs and assumptions. The basis of strategic analysis can be summarized as the consideration of the environment, resources expectations and objectives within the cultural and political framework of the corporation (Johnson and Scholes, 1993). This strategic analysis will indicate whether the current strategy and objectives are in line with the corporation’s strategic position.

This analysis provides the basis for strategic choice, which consists of three parts: the generation of strategic options, the evaluation of those options and the selection of a strategy. Within the generation there are several directions and methods to choose from. The evaluation can be based on the suitability of an option, but also the feasibility, for instance: are the required resources available. Acceptance of the stakeholders also plays a big part. The selection of a strategy is not purely objective and logical, but is strongly influenced by the values of the decision makers and persons with power within the organisation (Johnson and Scholes, 1993). After selecting a strategy, logically, the implementation of that strategy follows. This process also exists of several parts. One of them is resource planning; the logistics of implementation. It is also very likely that changes need to be made
in the organisational structure of the corporation and the management systems. And it calls for managers to manage the change processes and mechanisms, which is not only concerned with organisational redesign but also with day-to-day routine and organisational culture (Johnson and Scholes, 1993).

3.2.4. Strategies in multinational corporations
For multinational corporations the key strategic issues faced are very different from those of small businesses. Most multinationals are very diverse in products and geographic regions in which they operate. Therefore, a multinational corporation often faces issues of control and structure at corporate level and of relationships between different businesses and the corporate centre. The allocation of resources between corporate business units, which are often competing, is also a great issue for multinationals, as is the coordinating of that process. Another major issue is the coordination of operational logistics across different business units and countries. They require high-end control systems and management skills. An important consideration for such a corporation is whether to control these logistic centrally or to make its operating units autonomous (Johnson and Scholes, 1993). As mentioned in the paragraph on strategic levels, there is a lot of interaction and sometimes friction between the corporate strategy level and the business strategy level (De Wit and Meyer, 2010). This is even more the case for multinational corporations as they operate in many different countries. On business strategy level one might consider to adapt business units to local markets, but on corporate strategy level one strives for consistency in products, image and style of operation. A balance needs to be found between those two levels.

3.2.5. Strategy formation
According to Mintzberg (2007) the process of a strategy being formed does not only consist of that what is deliberately formulated as a strategy, but also the formation of a strategy, which is emergent throughout the process. This process is illustrated in Figure 22.

The intended strategy is the strategy as it has been planned before taking any action. The part of that strategy that is realised is called the deliberate strategy process. However, along the way some parts of the intended strategy are never being executed. This is called the unrealized strategy. Also, some actions are taken without being planned and become part of the strategy: the emergent strategy process. The resulting strategy after this process is called the realized strategy.

3.3. Changing strategies
According to Sultan et al. (2008) to survive and ensure healthy growth, corporations must anticipate (mega)trends and convert these into business opportunities by innovating and strategic planning. If they don’t, stagnation and obsolescence will follow.
3.3.1. **Megatrends and innovation**

The effects of megatrends can be shown by an example of the evolution from Industrial, through Computer to Information age. Businesses (and society) have changed tremendously since this evolution, since it has caused a dependence on information and knowledge flows within a global network (Castells, 2005).

Corporations that did not respond and develop strategies to anticipate megatrends are left with outdated technologies and products and missed opportunities (Sultan et al., 2008). These corporations have a small chance of surviving the competitive market, which shows the importance of innovation and strategic planning and, if necessary, strategic change. An adequate response to (mega) trends often fails because major corporations derive business opportunities from their existing product and technique portfolio. This will usually not lead to innovation, but merely to incremental improvement (Scholten, 2014).

In order to be able to adequately respond to (mega)trends and to see in which markets growth is still possible, Sultan et al. (2008) came up with a 4-step process of for the reassessment of a corporate strategy, called Megatrend Analysis and Portfolio Strategy, consisting of the following steps:

- Identifying megatrends
- Anticipating subtrends
- Develop potential responses
- Develop product opportunities

This process helps corporations solidify their new corporate strategy. It can also help answer the question of why a corporation is working on a specific product, and to better understand cultural differences, making it possible to create better marketing and sales strategies (Sultan et al., 2008).

3.3.2. **Corporation size**

According to an interview with Jeroen van der Velden (Director Strategy Centre, Nyenrode Business University) the way in which corporations deal with strategic change depends heavily on the size of a corporation. Small companies tend to seek for ‘profit spots’ and focus on that particular business. In this way they can optimise the production process, marketing etc. for this particular business and **out-compete large corporations**. These small companies are more capable to do so in comparison to earlier years, because knowledge has become a commodity more and more. Therefore, large corporations need to distinguish themselves in other ways, in order to create value (and thereby remaining profitable). It is noticed that large multinational corporations often **try to** distinguish themselves by moving to a more abstract product level. There is a shift from the production on the level of physical goods, towards products on service level and, beyond that, solution level (Bekker, Van der Velden, 2014) as illustrated in Figure 23. When a corporation makes this shift, the composition of their product portfolio changes.

![Figure 23: shift in product level](image)

These multinational corporations can make this switch because they have more financial resources than smaller companies. Moreover, since they are active in many businesses and have a larger number of employees, these corporations have more in-house capabilities. Corporations that are able to connect all their capabilities can become very strong players. Moreover, multinational corporations are active on a higher level of strategy, the **network level** (see Figure 20), since they have a bigger network and more man-hours available for lobbying.
3.3.3. Corporate social responsibility

Many corporations all over the world have, over the past decades, redeveloped their corporate policies to include some type of guidelines to ensure appropriate responses to corporate social responsibility (CSR) issues (Miles et al., 2006). A reason for them to do so is the fact that governments, activists and media more and more hold corporations responsible for the effect of their corporate activities on society. However, this pressure does not always lead to a productive way of integrating CSR in corporate strategies, because it causes corporations to think of CSR in generic ways, rather than in a way that best suits the corporation’s strategy and core business (Porter and Kramer, 2006).

There are several ways in which corporations deal with this pressure. Miles et al. (2006) mention a Social Responsibility Continuum that ranges from compliance perspective, where corporations meet legal and ethical requirement but do not spend shareholders money on non-economic priorities, to a strategic perspective, where corporations change their business models to include CSR strategies that create economic returns for stockholders, to a forced perspective, where corporations are pressured by various entities to go beyond compliance or strategic interests and spend resources that may not, in the long term, be in the best interest of the shareholders.

It seems logical to assume that the strategic perspective seems the most fruitful, since it benefits economic return as well as societal return. Moreover, it can function as a source of innovation, opportunity and competitive advantage (Porter and Kramer, 2006). To integrate CSR in a strategic way, corporations need to understand the interrelation between corporations and society, and anchor this interrelationship in their corporate strategy and activities. Corporations need a healthy society in order to be successful, since education, health care and equal opportunities bring about a healthy workforce. Also, if corporations provide safe products and a safe working environment they lower costs of accidents and attract customers and an efficient use of natural resources enhances productivity. On the other hand, society will not function without corporations since they create jobs, innovation and wealth, and thereby increase social welfare and living conditions. According to Porter and Kramer (2006) these interrelations can be divided into inside-out linkages: a corporation affects society through its daily value-chain activities, and outside-in linkages: social conditions influence corporations, since it determines the competitive context.

In order to strategically incorporate CSR, corporations need to address those social issues that intersect with their specific businesses. The issues addressed should present an opportunity for shared-value: a significant benefit for society as well as for the business. The framework presented by Porter and Kramer (2006) divides these social issues into three categories:

- General social issues: these are significant for society but do not influence a corporation’s long term competitiveness and neither are affected significantly by a corporation’s activity.
- Value chain social impacts: these are significantly affected by a corporation’s day-to-day business
- Social dimensions of competitive context: these are external context factors that significantly affect underlying competitiveness drivers in a corporation’s operational area.
Social issues can be divided differently for different corporations, as for one corporation different issues intersect with their business than for another. By categorising these issues, corporations can create a corporate social agenda which looks for opportunities to achieve social and economic benefits at the same time. This helps a corporation to strengthen their corporate strategy by increasing social conditions, instead of merely averting harm (see Figure 24). An example of this strategic incorporation of CSR is Nestlé, which buys its resources directly from farmers in developing countries. The corporation invests in local infrastructure and the transfer of high-end knowledge and technology, which for Nestlé ensures reliable access to its source, but also for society greatly improves education, health care and economic development. The most strategic CSR is created when a social dimension is added to a corporation’s value-proposition (Porter and Kramer, 2006). As for every strategic decision, the incorporation of strategic CSR requires a lot of adjustments within the organization (see paragraph 3.2.1).

3.4. Entering new markets
As engaging in Urban Development is not the core business of the multinationals studied in this research, it is very likely that in doing so, the corporation enters a new market. In this paragraph the composition of a corporation’s profile and the effects on this profile by entering a new market are described.

3.4.1. Horizontal and vertical boundaries
Each corporation has its own profile built up of its horizontal and vertical boundaries and the volume it contributes to the market. The horizontal boundary is the decision about the quantities and varieties of products and services the corporation will deliver. Each market sector shows a variety of corporation sizes: small, big, coexistence of small and big, mergers and splits. Horizontal boundary decisions are driven by economies of scale (cost-savings through the increase of the production of a service or product) and economies of scope (cost-savings through the increase of the variety of services or products (relative total cost of the production of that variety in one corporation versus separately in two or more corporations) (Vande Putte, 2012).

The vertical boundary is the decision of a corporation to perform an activity itself or to purchase it from an independent corporation. There are a lot of activities that need to be executed to deliver a product/service to its customer. Goods “flow” along a vertical chain from raw materials and component parts to manufacturing through distribution and retailing. Early steps in the vertical chain are upstream and later steps are downstream in the production process.

The last element in corporations’ profile is the market share in its sector. With these three elements each corporation forms its own rectangular shape In Figure 25 the boundaries of two well-known corporations are demonstrated.
3.4.2. The effect of new market entry

As shown in the preceding paragraph, each corporation has its own profile concerning boundaries. However, when a multinational starts engaging in Urban Development, these boundaries, and therefore its profile, change. Concerning the sub question ‘how does the engagement in Urban Development projects relate to a corporation’s core business?’ it might be interesting to monitor the corporations’ changes in boundaries. Will the boundaries expand, e.g. will the engagement be an addition to the variety of products? And if so, in what quantity will it expand? Or will the engagement cause a shift of boundaries, since they replace former products or activities?

3.5. Strategies that engage in Urban Development

From case documents and explorative interviews, already quite some potential motives for corporations to engage in Urban Development can be derived. Besides the motives found in literature, these motives will also be used in the set-up of the conceptual framework. The quick-scan cases of Siemens and Ikea are elaborated below.

3.5.1. Quick scan case 1: Siemens

Since 2011, Siemens started the division “Infrastructure and Cities”, with the goal to actively participate in urban processes. According to Werner von Siemens, the corporation is a long term investor, and therefore it is in the corporation’s interest to mind the environment. Lodewijks (2013) concludes that Siemens has a focus on sustainability and has set their strategy towards it since 2008. This strategy focusses on sustainability from a financial perspective by setting financial goals for the corporation. This strategy switch is derived from the corporation’s vision that, considering the emerging megatrends (especially urbanisation), Siemens future concerning new developments lays within the context of cities (Bekker).

Siemens is involved in several Urban Development Projects, of which The Crystal, Masdar City and the Transportium are examples. Their focus is on the city as a whole, since the city comprises a large market for ‘sustainable’ products and innovative concepts (Lodewijks). The corporation has been engaging in technologies depended on cities for quite some time now, such as trams and high-speed trains, but their future technologies comprise smart-grids, communication systems and ‘city dashboards’ (Bekker). A shift can be noticed from making appliances towards producing information technology and communication systems between appliances (Vande Putte). This can be seen as a shift of product level as explained in paragraph 3.3.2.
When active in cities, the corporation can anticipate urban development and adapt to these developments with innovative ideas. This matches with the motive of innovation found in literature, explained in paragraph 3.3.1. The corporation sees Urban Development as a suited playing-field to realize their corporate goals. A striking characteristic of both development projects is that Siemens was involved in the initiation and concept phase, where in earlier years they would not be involved until the realization phase. At this point, the corporation is not yet involved for the long term, but it is intending to be so in future, functioning as operator and co-investor in technological applications (Lodewijks, 2013).

For the TranSportium, the sale of technological products in the realization phase of the products is the main goal. However, their tender offer consists of a DBFMO-contract, which means a long term involvement and expansion of their role for Siemens. For Siemens, investing in Urban Development means building, co-investing and operating on a technological basis.

Lodewijks (2013) mentions several motives that drive Siemens to engage in Urban Development projects. A change of internal drive is an important motive; a change of focus towards sustainability from the people within the corporation. Sustainable ambitions from politicians and clients are also stimulating them to engage in Urban Development. The long term financial return that sustainability delivers is an important motive as well. Siemens thinks of Urban Development as the ideal playing-field for setting up innovative collaboration networks, which enhances the exchange of expertise (Lodewijks, 2013, Bekker). Also, the fact that many disciplines and knowledge fields come together in Urban Development makes it interesting to invest. In Urban Development corporations can come together to develop innovations and optimize existing products. This motive is a match with the motive of the network level of strategy for multinationals, as explained in paragraph 3.2.2. However, the deciding aspect is the financial motive.

In the end of May 2014, Siemens executive Joe Kaeser announced that Siemens will cut almost 12,000 jobs. Most of these jobs will disappear as a consequence of streamlining the corporation and creating a new division-structure, and the rest is caused by combining activities regionally (AFN, 2014). Concerning the corporation’s profile as discussed in paragraph 3.4.2, it will be very interesting for this research to closely follow the developments of these job cuts. It can give an indication on the relation between the newly entered Urban Development market and their core-business or former products and activities.

3.5.2. Quick scan case 2: Inter IKEA

Landprop, a daughter corporation of Inter IKEA, is developing the Strand East project in East London, comprising 1200 dwellings, 75,000 m² commercial space and a 350m² hotel. With this project ‘the success of IKEA as decorator of homes expands towards decorator of the entire future living environment’ (VPRO, 2012).

Strand East is not the first housing project Inter IKEA has undertaken, but this time the corporation says the goal is to create a development that fits in with the rest of London, with its historic mews combine perfectly with creative commercial space and where public courtyards open up into squares (Mack, 2012). This is a big difference from the Bo Klok neighbourhood in Sweden, where several prefab houses are build side-to-side, all filled with IKEA furniture.

Andrew Cobden (country manager of LandProp) states that the corporation wants to have long term involvement, and they want to keep most of the property in ownership for the long term. With this long term
engagement they could start community activities where people get to know each other. Through that cohesion, people get the feeling of community and therefore have respect for that community, avoiding problems and risks that have been there in the past, since this area is one of the poorest area of the UK, with a young population of 50% of the population under 24 (VPRO, 2012). The area will be of a high facility level, including yoga studios, a crèche, office space and a Marriott hotel.

In order to realize this transformation very close collaboration (and mutual respect) in public and private partnerships is needed. In this project, LandProp focusses on (young) middle-income families and want to facilitate safety and to create communities. According to Cobden, the aim of the Strand East urban development project is ‘to work in close dialogue with city authorities to transform a near-derelict industrial site into a sustainable waterside neighbourhood’ (cited in Beanland (2012)). This motive seems to be matching with the network level of strategy as described in paragraph 3.2.2.

According to the image, the development will offer a variation in rental prices and house sizes, so a good range of demographics will be provided. There is also a big emphasis on sustainability, since the area provides trash removal tunnels and a hydroelectric plant to provide power to the community. Also, the area will become almost car-free. The figure also mentions a long-term economic return (20 years) instead of a quick profit. These aspects will generate the value-creation that characterizes urban development projects as explained in paragraph 2.2. Strand East seems to be just the first of more development projects to come. According to Der Spiegel, the corporation is already looking for sites in Hamburg and Berlin (Beanland, 2012).

Figure 27: infographic Strand East UD project (source: Garun (2012))

3.5.3. Quick scan case 3: ThyssenKrupp

Ralph Labonte, member of the executive board and labour director, explains that ThyssenKrupp has started building their new headquarters for several reasons. First of all, the corporation owned, rented or leased a lot of office space, 150,000 m, in Essen (Ruhr-area, Germany). The corporation needed less than 100,000 m², so they wanted to ‘rationalise’ their space usage. Secondly, they wanted to move from many separate buildings to one main headquarter. The third reason is one of image and employee satisfaction: they wanted all of their employees to be brought together in a way that every one of them can say ‘I work at the headquarters’. Their last aim was to make all worldwide employees see the new headquarters as one central entity, the Executive Board (ThyssenKrupp, 2010).

In the project initiation phase, an architectural design competition took place for the new headquarters. The reason for ThyssenKrupp to do so is to see in what way renowned architects see the corporation. The architects had to reflect the corporation ‘as what they are: a modern, technology-oriented company, open, communicative and transparent’ (ThyssenKrupp, 2010).
The corporation believes that with the architects Chaix & Morel et associés and JSWD, they have reached this image in the realised building configuration. Not only the buildings are modern and innovative, but also they put a lot of time in research on state-of-the-art office concepts. These had to be economic, but also had to deliver, bright, attractive, modern and friendly workplaces for their employees. The headquarters also offers the employees some extra features, for example a forum with a ‘room of tranquillity’, an ultra-modern catering system.

Interesting is the fact that the corporations’ health insurance company and travel agency also have a base on the ThyssenKrupp campus. The corporation is thinking about developing a medical service on the campus for the convenience of their employees. The area is accessible for neighbours, general public and the corporations to promote the open and transparent character of the corporation (ThyssenKrupp, 2010).

The corporation realises it is a micro cosmos to some extent, but they want to change this. The first project realised was the Berthold-Beitz-Boulevard, a road that belongs to the public and is used by the public. The second project was the Krupp-park. The city of Essen used the land we made available to create a huge recreation area for people living nearby. The third thing to be completed is the ThyssenKrupp Quarter, and they are trying to form a link between the neighbours, which in the broadest sense also include the university and several large department stores. The area has a fast and direct access to the downtown area and the main train station (ThyssenKrupp, 2010).

Ralph Labronte states that every corporation needs a home. ThyssenKrupp’s home is Germany, the Ruhr, Essen, and this home is where the strategic decisions have to be made. Therefore, this corporate centre is needed. Labronte: “I believe no company in the world stands the slightest chance of succeeding or even just surviving unless it has a place where it can consider and develop the decisions that affect everyone” (ThyssenKrupp, 2010). Compared to the IKEA and Siemens quick scan cases, it seems that ThyssenKrupp’s focus is more on their own employees and their own corporate real estate.
3.6. Drivers for engaging in Urban Development

When going through Chapter 2 and Chapter 3 of this report, it appears that there are several overlapping characteristics and values of the study object, Urban Development Projects, and study subject, Corporate Strategies. The hypothesis is that these overlaps are the drivers for multinational corporations to engage in urban development projects. This paragraph provides an indicative structuring of these drivers as a lead-up to setting up the hypothesis and analytical framework.

3.6.1. Overlapping characteristics, motives, incentives and barriers

In Table 3, the characteristics of both object and subject are summarised. The hypothesis is that overlaps between these characteristics are the drivers for multinational corporations to engage in urban development projects. These drivers are separated in motives, incentives and barriers.

<table>
<thead>
<tr>
<th>Characteristics</th>
<th>Urban Development Projects</th>
<th>Corporate Strategies within multinationals</th>
</tr>
</thead>
<tbody>
<tr>
<td>Partnerships always present</td>
<td>Emphasis on network level of strategies</td>
<td></td>
</tr>
<tr>
<td>Enables economic, societal and ecological value-creation</td>
<td>Continuing need for innovation</td>
<td></td>
</tr>
<tr>
<td>Very complex processes</td>
<td>Shifting towards ‘solutions’ instead of physical goods</td>
<td></td>
</tr>
<tr>
<td>Public and private actors involved</td>
<td>Anticipating (mega) trends</td>
<td></td>
</tr>
<tr>
<td>Economically and socially determined by prevailing societal principal model</td>
<td>Growing emphasis on Corporate Social Responsibility: economic, societal and ecological aspects</td>
<td></td>
</tr>
<tr>
<td>Role division determined by public private power balance</td>
<td>Emphasis on stakeholders interests</td>
<td></td>
</tr>
</tbody>
</table>

Table 3: characteristics and values of UD projects and corporate strategies

As one looks at this table, already some overlap can be noticed. As mentioned in paragraph 3.3.2, multinational corporations have a great emphasis on the network level of strategy. Collaborating with other parties is of great importance for these corporations as it strengthens their network. Therefore, the fact that within urban development projects partnerships are always present, as are both public and private actors, is seen as a motive for corporations to engage in urban development. This motive can be linked to the relations established in corporation-led urban development projects.

In paragraph 3.1.2 and 3.3.1, the importance for corporations to innovate is explained. None of the characteristics or values of urban development projects can be directly linked to innovation within a corporate strategy. However, entering this new practice of urban development in general can be considered as innovative for a specific multinational. Moreover, a corporation can consider the urban development project as a suitable testing ground for their innovations. Therefore, innovating through the entrance of the urban development practice can be seen as a general motive.

Multinationals are more and more shifting from making physical goods through services to solutions (see paragraph 3.3.2). As urban development projects are very complex projects, this can be considered as a fertile new market for multinationals to apply their solutions. Therefore, this overlap is seen as a motive as well. This motive is also linked to the relations established in urban development projects since these are important in marketing these solutions, but also to the role the corporation plays, for instance as an advisor or supplier.
The importance of anticipating megatrends is very apparent for multinationals, as elaborated in paragraph 3.3.1. Results from the quick scan cases show that numerous multinationals consider the future to be within cities, due to the megatrend of urbanisation and the energy transition. Therefore they want to anticipate these trends. Again, no direct link can be found in the characteristics and values of urban development, but the overlap between this anticipation and the engagement in urban development projects in general can be seen as a clear motive.

Looking at the values within corporate strategies, a growing emphasis on CSR is noticed comprising economic, societal and ecological aspects (paragraph 3.3.3). As UD projects can create value on all these aspects, the link between this value and UD characteristic is clear, and can also be labelled as a motive.

There is, or at least should be, a great emphasis on stakeholders’ interest in a corporate strategy. Each multinational corporation is embedded in a different context concerning stakeholders. Therefore, each corporation has a different set of interests to take into account. Some stakeholders will benefit from a corporation engaging in urban development and other will not. For example, the employees of ThyssenKrupp are supposed to benefit from the additional services on the campus area. Therefore, depending on the stakeholder context, emphasis on stakeholder interest can either be seen as an incentive or a barrier. This can be linked to the role the corporation plays within corporation-led urban development projects (for example as a supplier of employee services).

As explained in paragraph 2.1.2 and 2.1.3 each country or region as its own prevailing societal principles model. As this model brings about a certain power balance and role division in urban development projects, this can be experienced as an incentive or barrier for a multinational corporation to engage in urban development. Whether it is an incentive or a barrier depends on whether the role a corporation wants to play in the project matches the specific prevailing model within an area to be developed, and the consequential roles that model brings about. The described overlaps between the characteristics of corporate strategies and urban development projects are visualised in Figure 28.

Figure 28: visualization of overlapping characteristics
3.6.2. **Strategic business goals to engage in Urban Development**

In an attempt to structure these identified motives from a corporate viewpoint, this paragraph categorises them to more general strategic business goals. This structuring is a first step towards designing the analytical framework to which the empirical results are subjected. It is needed to design this framework along this research as there is few existing research on this subject that provides suitable analytical models.

There are several strategic business goals to which engagement in urban development can contribute. An important notion here is that the goal of every private corporation is to make profit in order to survive (Squires and Moate, 2012). Engagement in urban development projects can either be directly profitable, indirectly profitable or cost reducing. Philanthropic actions by private corporations do exist but are scarce. In Figure 29 six strategic business goals are identified. They follow from the motives that are identified through the literature review and quick scan case studies. The sections below elaborate on how the engagement in urban development can contribute to these strategic business goals.

As explained in chapter 2.2, economic value can be created in urban development projects. Through investments in real estate and urban development projects, a return on these investments can be made, which can be seen as direct profit for the investor. That same economic value creation is the motive of corporations for which the core business is the development real estate and urban projects.

As witnessed in the quick scan cases, a goal of the engagement in urban development is the development of a corporation’s businesses for instance by expanding the business portfolio with urban development activities which provides the corporation with a larger profile according to the horizontal and vertical boundaries of Figure 25. The engagement in urban development can also contribute to the goal of Business Development by enabling the shift from products to services and solutions, adjusting the business to anticipate megatrends and further developing business by using urban development as a testing ground for innovation.

The quick scan case of ThyssenKrupp identifies the strategic business goal of the provision of Business Resources. In order to ensure that the corporation can remain doing profitable business, it needs to make sure that the context in which it performs day-to-day business is well managed. This can comprise several types of motives, such as executing Corporate Real Estate activities, providing the needs of employees, ensuring the availability of future clients by establishing partnerships in urban development, etc. The provision of employee needs, like housing, medical care and sports facilities, was more common in the beginning of the last century, when corporations built whole neighbourhoods like Philipsdorp (Eindhoven, Holland) and Bournville, built by Cadburry Chocolate in the UK (de Gier, 2011).

Another identified strategic business goal is wanting to build a community as a form of Corporate Social Responsibility or maybe even charity. Urban development projects are pre-eminently a very suitable way of physically building a community. As mentioned, pure charity by private corporations is scarce, since profit maximisation is an important motive that drives charity contributions (Navarro, 1988). In the Inter IKEA quick scan case it is written that the corporation wants to establish an active and involved community. However, there are most likely more business-oriented motives hidden behind these statements, since the corporation has...
acquired its own in-house developer, which eventually just wants to make profits on its real estate developments.

The final identified strategic business goal is that of Community Control. An example is a gated community, built by a corporation, in which their employees are (sometimes) shielded from the world outside this community. Other examples are water supply corporations and mining companies that have control over urban areas in Africa (McGranahan and Owen, 2006). This type of community control is not allowed in the Netherlands.

Figure 29 depicts these six strategic business goals. They are placed on a scale of involvement in the urban development process, which originated from a discussion with the second mentor. Its design is based on some assumptions, for instance that corporations that engage in urban development projects with the goal of generating a return on their investment will be very little involved in the shaping and influencing of the actual urban development project as they only provide the financial means for the development. Corporations that have real estate as a core business are more involved as they have influence on the physical appearance of the developments. However, after realisation these corporations often move on to other developments and stop being involved in the realised project. On the other end of the scale the goals of Community Building and Community Control are placed is its community orientation most likely indicates a high degree of involvement in shaping the actual urban development project. The goals of Business Development and Business Resource Provision are placed in the middle. Corporation with the goals of Business Development have strategically incorporated this engagement in their business in a sense that their product/solutions are embedded in the urban development project and therefore will continuously be involved in this project. Business Resource Provision entails activities that are directly relatable to the corporation that performs them. Therefore, it seems logical that these activities (in the engagement in urban development) influence the shaping of the actual urban development project.

3.7. Hypothesis
As elaborated above, the overlaps between the characteristics of Urban Development Projects and Corporate Strategies form the hypothetical motives for corporation to engage in urban development project and are summarized in Figure 30. The arrows represent the overlap in characteristics. This hypothesis forms the basis for the performed case studies.

Figure 30: Hypothetical motives
As elaborated in paragraph 3.6.2 by identifying the motives found in the literature review, these six strategic business goals were identified in order to structure these motives. In Figure 31 the categorisation of the motives under the strategic business goals is visualised. As it is the first step in the design of the analytical framework to which the case studies will be subjected, it includes assumptions on the amount of involvement in shaping the urban development project.

![Analytical Model](image)

**Figure 31: analytical model**

3.8. **Conclusion**

Corporate strategies are influenced heavily by the context in which they operate. Therefore, these strategies are subject to change. The characteristics of these (changed) strategies seem to overlap with the characteristics of urban development. It is assumed that these overlaps form the motives for multinational corporations to engage in urban development projects.

- Establishing **partnerships** to enhance network level of strategy
- Entering market for **solutions** to complex problems
- Creating economic, social and ecological value to act responsibly as a corporation (**CSR**)
- Anticipating **megatrends** and **innovating** through engagement in UD

Moreover, these motives are structured by a categorisation in strategic business goals which provides the research with an indicative analytical framework. The results of this chapter are the foundation of the empirical study that follows in Chapter 5.
Chapter 4. Methodology

In chapter 2 and 3 the theoretical concepts that position this research on corporation-led development were described. This chapter describes how this subject is studied. It elaborates on the research methods that are used and the interrelationship between those methods.

4.1. Methodological framework

A clear methodological framework is needed in order for the empirical research to be conducted properly. The framework is presented already in this part of the chapter in order to give a clear overview on how the methods and techniques relate to each other and the research as a whole. This framework is a means of structuring, interpreting and processing the retrieved theoretical and empirical material (Heurkens, 2012). The different methods and techniques used in this framework are described in the following paragraphs.

<table>
<thead>
<tr>
<th>Concept</th>
<th>Qualitative theoretical model</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Aim</strong></td>
<td><strong>Understanding on motives, roles and relations in corporation-led urban development</strong></td>
</tr>
<tr>
<td><strong>Methods</strong></td>
<td><strong>Set up a theoretical framework</strong></td>
</tr>
<tr>
<td><strong>Techniques</strong></td>
<td><strong>Literature Review</strong></td>
</tr>
<tr>
<td><strong>Aim</strong></td>
<td><strong>Theories and concepts on corporate strategies and UD projects</strong></td>
</tr>
<tr>
<td><strong>Techniques</strong></td>
<td><strong>Academic literature review</strong></td>
</tr>
<tr>
<td><strong>Aim</strong></td>
<td><strong>Theories and concepts on corporate strategies and UD projects</strong></td>
</tr>
</tbody>
</table>

Table 4: methodological framework

4.2. Methods

Multiple research methods are used in order to establish triangulation. Triangulation is a term for combining the strengths and neutralising the weaknesses of the employed research methods and comes down to “the use of different tactics in order to address validity (credibility) and/or objectivity (confirmability)” (Groat and Wang, 2002). The methods and techniques used are of a qualitative nature, as this is a qualitative research. This paragraph elaborates on the different methods.

4.2.1. Literature review

The basis of this study is a thorough literature review on the context of both urban development and corporations and the content, formation and change of their strategies. Also a link is made between these strategies and the engagement in urban development projects. With these concepts as a carrier for this study, a hypothetical framework of motives is provided, based on the context and contents. Moreover, on the base of this literature review an analytical framework is set-up. As mentioned before, little research has been conducted on the phenomenon of Corporation-led Urban Development just yet. Therefore, few theoretical analytical frameworks are to be found in existing academic literature. This literature review is therefore used as a first step in designing the analytical framework to which the empirical data is subjected as a steering tool in the empirical study. As most knowledge in this review is retrieved from literature from the field of pure business administration, it is hard to find direct motives and drivers for the engagement in urban development projects.
Moreover, little is written about this phenomenon just yet. Therefore, different sources of information are retrieved through exploratory expert interviews.

4.2.2. Exploratory expert interviews
As mentioned in the paragraph above, the literature could not provide enough knowledge, directly linking corporate strategies to the engagement of urban development project. Therefore, in the P1/P2 phase already, exploratory expert interviews were conducted. The experts that were interviewed all had a very different field of practice, increasing the credibility of matching statements. On the 17th of March 2014 Marlijn Lodewijks, a graduate at the MasterCityDeveloper, was interviewed, concerning her master thesis on investment motives of corporations in sustainable urban development. Insight was provided for the quick scan case of Siemens and also the methodology of this research. On the 26th of March 2014, both Louis Bekker and Herman Vande Putte were interviewed. Louis Bekker is the city account manager of Amsterdam for Siemens. This interview provided more in-depth knowledge on the motives to engage and the role that Siemens wants to play in urban development. Herman Vande Putte is part of the Corporate Real Estate Management division of the RE&H section at Delft University of Technology. This interview provided insight in general motives to engage and the effects on a corporation’s product portfolio. Mr. Vande Putte also helped thinking of concepts for the analytical framework. The final exploratory interview was held with Jeroen van der Velden, director of the Strategy Centre at Nyenrode Business University, on May 19th 2014. Mr. Van der Velden provided insight on strategic changes in multinational corporations and the shift in product levels. He also provided more potential case-studies. The set-up of these interviews was in the form of an exploratory conversation rather than a (semi) structured interview.

4.2.3. Case studies
The main research method in this research is the case study method. In this study this method is described according to the definitions by Groat and Wang (2002) and Yin (2009) as an empirical inquiry that thoroughly investigates a contemporary (social) phenomenon or setting within its real-life context. A case study research design is very useful when one wants to explore an area of study about which very little is known and is very relevant when the main aim of a study is to thoroughly explore and understand a phenomenon, community, group or situation, rather than to quantify and confirm (Kumar, 2010 cited in (Van der Voortd, 2014)). As little is known about corporation-led urban development and the main aim is to explore and understand the motives of corporations to engage in urban development projects, this research method seems the most suitable for this study. It provides an in-depth understanding on the case. However, this method is not appropriate for making any generalisations beyond the studied case (Van der Voordt, 2014).

Some other issues are mentioned by Heurkens (2012). The first ‘problem’ is that it is argued that case studies contain a ‘tendency to confirm the researcher’s preconceived notions’, causing a bias toward verification (Flyvbjerg, 2006). However, Flyvbjerg points out that the case study method does not contain a greater bias toward verification than other research methods. He mentions that experience has indicated a greater bias toward falsification than toward verification, because the researcher keeps adjusting his hypotheses by studying and reflecting on the empirical case (Heurkens, 2012).

The second issue is that some people argue that the validity of case study results is problematic and that general theoretical knowledge is more valuable than practical knowledge, because they believe that no reliability or generality of finding can be established though a small number of cases (Heurkens, 2012). This is the reason that triangulation is such an important aspect of the case study method.
4.2.4. **Scope vs depth**

When deciding on the method of case studies as a research method, an important aspect on which a decision should be made is whether to focus on a broad scope of cases or study a few cases more in-depth. According to Kantor and Savitch (2005) there is a trade-off between the two when selecting cases for comparison (Heurkens, 2012). Considering the limited time in which this study must be conducted, it can be stated that this trade-off is applicable to this research.

The main aim of this study is to gather insight in corporation-led urban development. Several aspects, such as motives, changing strategies, the roles of these corporations and the partnerships need to be studied in order to gain this insight. Gaining insight in all these aspects is very time consuming. Therefore, as main research method in this study **depth is chosen over scope** since it enables a better understanding of the phenomenon of corporation-led urban development. However, motives for corporations to engage in urban development have a very wide range across the world, across contexts and across business markets. This is shown in the results of the in-depth cases. Therefore, scope is needed as well to grope the borders of the phenomenon. This scope is created by performing several additional quick scan cases.

In order to be able to perform a cross-analysis a minimum of two cases is required. Cross-analysis makes it possible to identify similarities and differences between the cases, possibly indicating conclusions on the studied aspects.

4.2.5. **Comparative analysis**

On order for the cases to be compared, comparative analysis is used. A difficulty of this comparison can be the fact that the different cases are embedded in different legal, organisational and economic contexts. This does not mean that a comparison between the case results is not possible, since the objects being compared do not have to be identical, but merely commensurable (the capability to be measured by a common standard) (Heurkens, 2012). Therefore, the case results of the different cases are through the same comparative analytical framework (depicted in Figure 31), containing the theoretical concepts to be studied, provided in Chapter 2 and Chapter 3.

4.3. **Techniques**

As mentioned in paragraph 4.2, it is important to execute triangulation on this research to increase validity and credibility. One aspect of triangulation is using more than one technique to study an object. In this paragraph the qualitative research techniques used in the case studies are elaborated. Several techniques are used in conducting the case studies. The first technique is that of **document review**. Documents that are examined in the execution of the case studies are corporation’s annual reports, strategy statements and project description. Also, commercial, popular and academic literature is reviewed in order to establish knowledge on the case. The second technique is that of **interviews**. These interviews are semi-structured and constructed based on the analytical framework built-up of the theoretical concepts resulting from the literature study. The purpose of these interviews is to gather insight in the motives for corporations to engage in urban development and the corporations’ (changing) corporate strategies. These interviews are held with employees that are involved in the realisation of the actual urban development project. Another purpose is to gain insight in the roles these corporations adopt and the relations and collaboration forms established in the realisation of urban development projects. This kind of information as hardly to be found though document review. These interviews are held with employees of involved municipal body in the development of the urban development projects. All interviews are recorded, so full attention was given to the conversation with the interviewee. After the interview, a transcript was made and sent to the interviewee for approval.
4.4. Case selection
Since only a limited number of cases is to be studied in depth in this research, a careful selection has to be made. In this paragraph the criteria for this selection are elaborated. It also elaborates on how many and which cases are selected according to these criteria.

4.4.1. Selection criteria
The selection criteria consist of pragmatic and content-based criteria. Pragmatic criteria are the time and money it costs to execute the case study and the opportunity of entry to the right sources for a case. Since the cases are conducted abroad and all sources must be arranged upfront, the entry of the right sources through networking is considered the most important pragmatic criterion. Content-based criteria are the availability of information, the size and the core business of the studied corporations. Considering the knowledge gained in [1], these should be multinational corporations, since they have a much greater emphasis on the network level of strategy. Also, the corporation selected for a case study should have a core-business other than Urban Development. Moreover, the corporation studied should be engaged in, or planning to be engaged in the actual physical development of an urban development project (whatever role they may take in this process).

4.4.2. Case selection
Table 5 compares five potential cases on their match with the abovementioned selection criteria. From this analysis, the Inter IKEA, Siemens and ThyssenKrupp were selected to be suitable for studying in this research. IBM is not selected because of accessibility, entry and information issues. Also, the project is not so much a physical urban development project since the majority of the project consists of the head office of the corporations itself. Contact with the three abovementioned corporations was tried to be found after the P2 phase ended. Contact with Siemens London was found through Marlijn Lodewijks, who had interviewed Ms. Elaine Trimble, who is an urban economist at Siemens (in the Crystal), for her thesis. After contacting her by email she agreed to an interview. Contact with Inter IKEA was found through Thomas Hattig, who has been contacted before by Erwin Heurkens and a fellow student. After contacting him through LinkedIn, email and phone, he agreed to an interview. Contact with ThyssenKrupp tried to be found by emailing and calling several employees within the corporation. Unfortunately, fruitful contact could not be established on time, and therefore this case could not be studied in-depth in this research. As a result, two instead of three cases were studied in depth.
### Table 5: case selection

<table>
<thead>
<tr>
<th>Corporation</th>
<th>Inter IKEA</th>
<th>Siemens</th>
<th>IBM</th>
<th>ThyssenKrupp</th>
</tr>
</thead>
<tbody>
<tr>
<td>Urban Development Project</td>
<td>Strand East</td>
<td>The Crystal</td>
<td>Baton Rouge</td>
<td>ThyssenKrupp Quartier</td>
</tr>
<tr>
<td>Location</td>
<td>London, UK</td>
<td>London, UK</td>
<td>Baton Rouge, USA</td>
<td>Essen, Germany</td>
</tr>
<tr>
<td>Type</td>
<td>Brownfield redevelopment</td>
<td>Brownfield redevelopment</td>
<td>Waterfront redevelopment</td>
<td>Corporate Real Estate redevelopment</td>
</tr>
<tr>
<td>Accessible/affordable</td>
<td>+</td>
<td>+</td>
<td>-</td>
<td>+</td>
</tr>
<tr>
<td>Entry</td>
<td>+</td>
<td>+</td>
<td>-</td>
<td>+</td>
</tr>
<tr>
<td>Information Availability</td>
<td>+</td>
<td>+</td>
<td>-</td>
<td>+</td>
</tr>
<tr>
<td>Corporation Size</td>
<td>Multinational</td>
<td>Multinational</td>
<td>Multinational</td>
<td>Multinational</td>
</tr>
<tr>
<td>Core Business</td>
<td>Furniture</td>
<td>Technological Appliances</td>
<td>IT</td>
<td>Steel</td>
</tr>
<tr>
<td>Physical UD Project</td>
<td>+</td>
<td>+</td>
<td>+</td>
<td>+</td>
</tr>
</tbody>
</table>

### 4.5. Conclusion

The aim of this research is to gain insight in the phenomenon of corporation-led urban development. This insight is gathered through knowledge on motives, relation with corporate strategy and core business, roles and relations in corporation-led urban development projects. To gain knowledge on motives, roles and relations, in-depth research must be conducted. This is done through two in-depth case studies, which are subjected to cross-case analysis within the proposed analytical framework. As there is a wide range of motives to engage in urban development projects for corporations, here the scope is broadened by performing additional quick scan cases. The techniques used in the in-depth case studies, being Inter IKEA and Siemens are document review and semi-structured interviews with multiple involved parties. The techniques used in the additional quick scan cases are document review and, if this was possible, semi-structured telephone interviews. The case studies are structured following the analytical framework. The next chapter marks the start of the empirical part of this research and elaborates on the two in-depth cases.
- PART 2 —

empiricism
Chapter 5. In-depth Case Studies

In this chapter, two cases are studied in order to answer the research questions as posed in paragraph 1.6. These research questions address several themes, if which the first is the relation between the corporations’ engagement in urban development projects and their corporate strategies and core businesses. This theme also includes the motives for the corporations to engage in these projects. The second theme is about the roles the corporations adopt and their relations with other actors within the urban development projects. The studied cases are specific study subject and object combinations, the first being the subject of Inter IKEA with the object of the Strand East urban development project and the second being Siemens as study subject with the development of The Crystal as study object.

5.1. Case study set-up

The case study set-up consists of two in-depth case studies, each being a multinational corporation’s corporate strategy combined with a specific urban development project. The cases are studied through literature study and interviews with people within the companies that are involved in the development of the specific urban development projects. Since collaboration and partnerships are part of this study, also an interview is held with someone within the involved local authority. To place these interviews in the perspective of the local market, a consultant in the London planning and development field has been interviewed as well.

5.1.1. Interviews

The interview set-up for the corporations arises from the research questions posed in paragraph 1.6 of this report and the hypotheses that resulted from the performed literature study as stated in paragraph 3.7. These interviews are set up in two main themes, from a broader corporate perspective narrowing down to the perspective of the specific urban development projects. The first theme is the relation between the engagement in urban development projects and the corporate strategy and core business. In this part also the motives for engagement are discussed. The second part focuses on the corporations’ activities, the involved actors and the established collaboration forms.

The interview for the local authority is of a different set-up. Since the specific authority happened to be involved in both cases, a set-up was chosen focussing first on each of the cases, to later on scope out to the general view on corporation-led urban development. The first part contained the role of the authority in the realisation of the projects, the partnerships with the corporations and possible differences with traditional actors. The second part is about possible motives and the perceived contributions of the corporations to the council. In the third part a general discussion on remarkable elements of both projects was set-up. Interviews for the different cases have been held with the following persons:

Inter IKEA case:
- **Thomas Hattig**: Development Manager Inter Ikea
- **Cees Gehrels**: Managing Director Vastint Netherlands (former Pronam)
- **Clive Dutton**: former Executive Director of Regeneration and Inward Investment, Borough of Newham

Siemens case:
- **Elaine Trimble**: Urban Infrastructure Economist, Siemens
- **Clive Dutton**: former Executive Director of Regeneration and Inward Investment, Borough of Newham

Overall market perspective:
- **Clive Pane**: Partner Planning and Development, Deloitte London
5.1.2. **Document review**

In preparation of the interviews both the subject (corporate strategy) and object of study (urban development project) are studied through document review. Most information on the subject is retrieved from statements on corporate websites and annual report. For the object a wider range of documents was used, including documents from companies that collaborated in the realisation of the projects. The findings of this document study were used in the interview set-up and described in the paragraph below.

5.2. **Case 1: Inter IKEA**

In this paragraph the case of Inter IKEA as a corporation and the Strand East-project as an urban development project are described based on document review and interviews.

5.2.1. **Subject description: Inter IKEA as a corporation**

Inter IKEA is a multinational corporation specialized in the production and sale of self-assembly furniture. The company was founded in 1943 in Sweden and started operating abroad from 1963. Nowadays, the company has 338 IKEA stores in 41 countries. Through Inter IKEA Systems B.V., intellectual property assets under which IKEA retailers operate, are held by Inter IKEA Group. The corporation’s structure is depicted in Figure 32.

```
          Interogo Foundation  
          (Liechtenstein)     
         /                   
INTER IKEA GROUP         
|                      
|            Board      
|            Mathias Kamprad (Chairman),  
|            Hans Gydal (Vice Chairman),  
|            Staffan Bohman, Lennart Sten,  
|            Birger Lund  
|            CEO        
|            Sören Hansen  
|                      
| Group Services       
| Inter IKEA Holding Services SA  
| (Belgium)            
|                      
| Franchise Division   
| Inter IKEA Systems BV  
| (The Netherlands)     
|                      
| Retail Centre Division  
| Inter IKEA Centre Group A/S*  
| (Denmark)            
|                      
| Property Division    
| Vasbäck Holding BV  
| (The Netherlands)     
|                      
| Finance Division     
| Various companies incl.  
| Inter IKEA Investment AB  
| (Sweden)             

* 51% owned by Inter IKEA Group and 49% by INGKA Group
```

*Figure 32: Inter IKEA Group organisation (Inter IKEA Group, 2014b)*

The Group’s overall purpose is “to secure continuous improvement and a long life of the IKEA Concept. As this will require investments in both good and bad times we strive to be financially independent” (Inter IKEA Group, 2014a). This is considered to be the Group’s corporate strategy (which has not been explicitly stated publically). In this definition, the IKEA Concept entails the business idea to offer a wide range of well-designed, functional home furnishing products at prices so low that as many people as possible will be able to afford them.
As you can see in the diagram the corporation is organized in four divisions: a Franchise, Retail Centre, Property and Finance division, all with their own purpose:

- **Franchise Division:** the franchising of systems, methods and proven solutions to franchisees worldwide for marketing and sale of IKEA products under the IKEA trademarks. It is this division’s responsibility to secure the continued success of the IKEA Concept.
- **Retail Centre Division:** managing and developing retail locations in a way that both the IKEA stores and its tenants can benefit from the synergy of a shared location.
- **Property Division:** creating long term value through property investments by portfolio management and developing commercial real estate (including residential development and sales).
- **Finance Division:** managing treasury and performing investment activities.

Inter IKEA is an interesting case study for this thesis because the corporation has been expanding its operations for quite some time now. It has started engaging in the field of property investment and development with the establishment of the Property Division in 1989. In the following paragraphs the corporation’s property and development related activities are elaborated.

**Inter IKEA Property Division**
The Property Division was established in the 1989, under the holding of Vastint Holding BV based in the Netherlands. The Property Division steers several operational subsidiaries throughout Europe. Its purpose is creating long term value through property investments. Main operations are portfolio management, developing commercial and residential real estate and sales. In order to attain a critical mass and concentration within defined markets, the Property Division’s activities have a long-term focus, and take place in The Netherlands, Belgium, Poland, Latvia, Lithuania, Romania and the UK. Two of the subsidiaries operate Europe wide. The division is not linked to the IKEA concept and retail operations (Inter IKEA Holding, 2012). During the writing of this thesis (22nd of September 2014) the division rebranded all nine business units under the name ‘Vastint’ which is short for ‘Vastgoed Internationaal’. This rebranding is done in order to provide a sound basis from which the division’s activities can expand in the hope that a common trademark will strengthen its position as a well-known international real estate owner and developer. Vastint started its activities by acquiring existing real estate portfolios and gradually grew to become a property developer. The company already manages existing building(plots) in 6 different countries and owns plots of land in 8 countries with the aim developing them. Developing activities are land acquisition, planning, design, building and leasing (Property NL, 2014). A short description of the division’s subsidiaries is given in the next paragraphs.

**East Europe**
Vastint has several subsidiaries across east Europa. Vastint’s **Latvian** operations (former Larix Property) began in 2003. The company owns several types of buildings, including a hotel, residential buildings and office buildings, all in the city of Riga (LarixProperty, 2014). Currently the company is working on several extensive projects, comprising a business park, residential buildings and the 2,5 ha urban development project Magdalena (residential and office buildings), of which the acquisition was one of the largest deals closed in Riga in 2012 (Sorainen, 2013).

Vastint **Lithuania** (former Pinus Proprius) started its activities in 1999 and owns several specific properties, such as a business centre, a hotel and a shopping centre, just as in Latvia, all located in the capital of the country. Their business idea is to identify the ‘highest potential areas’ and invest in real estate, thereby creating long-term property value (Pinus Proprius, 2014).
In **Poland** Vastint’s operations started in 1992 under the name Swede Centre. Its current portfolio mainly comprises offices, business parks and hotels, but the company is starting to develop mixed-use and residential properties as well. For example, a large residential and recreational development is planned in Poznan named Portowo. The development entails 1.700 apartments and infrastructure that should enable easy access to educational, childcare, health care, transportation, recreational, shopping and leisure facilities. The project also entails a marina for motor yachts and kayaks. The project is part of the Development Strategy River Water initiated by the City of Poznan, which aim is to present an integrated solution for water safety, spatial quality and economic feasibility. The City of Poznan entered into a partnership with KuiperCompagnons, Royal HaskoningDHV and SwedeCenter under the name of ‘Partnership for the River Warta’ (WaterfrontsNL, 2014, KuiperCompagnons, n.d.).

Vastint has been active in **Romania** from 2008, then called Interprime Properties. The past years, the company has acquired two plots of land (20.000 m² and 53.000 m²) in Bucharest with the aim of developing offices, retail and residential space.

**West Europe**

In the **Netherlands** Vastint has operated under the name Pronam from 1991, its main activities being portfolio and property management. The company owns several large office and mixed-use buildings and hotels, mostly located in Amsterdam, but some in other cities as well. Within some properties the company provides full service (coffee bar, reception, restaurant, furnished meeting rooms etc.) with the leases.

In **Belgium** Vastint (former Galliford) entered the market in 1992, and currently owns a 35.000 m² portfolio of triple A office buildings in Brussels and Waterloo. Its main activity is portfolio management.

Vastint started operating in the **United Kingdom** in 2010 (LandProp), mainly by seeking both small-scale urban in-fill opportunities and large-scale mixed-use development sites and develop them into ‘vibrant schemes with animated public spaces that are a delight to live and work in’ (Vastint UK, 2014). Purpose is to generate long-term value. The company focusses on developing well-balanced mixed use areas, comprising offices, dwellings, hotels and dining facilities in order to create a community culture within the developments. They state that they want to contribute on a physical, social, economic and environmental level with their developments by building on a human scale and following existing urban grain so that they complement surrounding neighbourhoods and communities (Vastint UK, 2014). Until now only one plot of land has been acquired, which is the 26 acres (10 ha) big Strand East area in East London. This project is elaborated in paragraph 5.2.2. The company performs the total development process: acquisition of land, process management, financing and construction management. Customers and occupiers and the relationships with them are considered the most important values to Vastint UK.

**Vastint Land**

Vastint Land operates Europe wide and its activities are twofold: one the one hand it supports the country companies in searching for new land acquisition opportunities and on the other hand they practice land banking (acquiring land and holding it for future use). In their site searching activities they focus on opportunities for commercial, residential, hotel and large mixed-use developments, located in central city areas that are unbuilt or that can be demolished, like around railway stations, harbour areas or ex-factory sites. For their land banking activities they search for brown and greenfield areas near large cities that offer the opportunity to ‘change the actual destination of the land into construction land by working out a new master plan’ (Vastint Land, 2014).

**Vastint Hospitality**

Vastint Hospitality, which started out as Inter Hospitality Holding B.V., was established in January 2012 to generate long term value for the Inter IKEA Property Division by investing in and developing hotels and student housing across Europe.
Currently, the company is working on building a portfolio of at least 50 hotel investments over the coming five years across Europe. Within this period the company will invest 500 million euro in hotel properties. Within 10 years the company wants to build a portfolio of 150 hotels, which will consist of 150 to 300 rooms in a price range of €68–€95 (Vastgoedmarkt, 2014).

They are acquiring sites in Germany, the UK, the Netherlands, Belgium, Italy, Austria and the Nordics. They have entered into an agreement with the Marriott hotel chain ‘to develop and own new limited service hotels under their new Moxy Hotels brand. The hotels will be operated under franchise agreements by third party operators and will be retained by Vastint Hospitality in its investment portfolio’ (Vastint Hospitality, 2014). The company also plans on developing student homes in major student cities in the UK, Belgium and Italy, which will be managed by local operators.

The past paragraphs provided an overview of Inter IKEA’s activities, with a special focus on its property related activities. In the following paragraph the company’s strategy concerning urban development projects is elaborated by focussing on a physical urban development project.

5.2.2. Object description: Strand East, Stratford, Newham, London

In the case studies the subject of study, which is the company’s strategy, is studied within a physical urban development project. In Inter IKEA’s case this project is the Strand East project, situated in the east of London, United Kingdom. The area lies within the Stratford neighbourhood, part of the Council of Newham.

Stratford

Stratford is a London neighbourhood that has been subject to a lot of change the past few years. It has been a derelict area for years due to bad access, isolation and deterioration (Rombouts, 2013). It has been a strongly working-class dominated area, depending on the Royal Docks (Florio and Edwards, 2001). It always has been, and still is one of the poorest parts of the UK in which employment and housing are of a very high priority (Dutton, 2014).

However, the area is located only 6 kilometres from the centre of London, making it an interesting area for regeneration. This regeneration arrived very quickly due to the 2012 Olympic Games that were hosted by the City of London. The Queen Elizabeth Olympic Park was realised in Stratford, generating a lot of attention for the area. Since the Games in 2012 a lot of investments have been made in the area, for example by developing the large Westfield Stratford City shopping centre (£1.75bn) and the International Quarters with office space, hotels, houses and shops (£2bn) (Newham Council, 2013). Also, huge investments have been made in the infrastructural facilities, all combined at Stratford Station where 10 public transport lines converge. Currently, in between the Stratford Station and the Stand East plot, a lot of residential development is being realised. On the Southern and Eastern parts the plot is surrounded by low-rise residential building blocks and a park with historical monuments.
Strand East

‘Forming a triangle south of High Street, Stratford, with the River Lea Navigation to the west and the Three Mills Wall River to the east, Strand East will be a landmark development built in an area steeped in industrial heritage’ (Newham Council, 2013). The area is located just south of the Queen Elizabeth Olympic Park and comprises 26 acres (11 hectares). Vastint UK, at the time called LandProp, bought the area for $39 million, ‘an interesting low price’ according to Harald Müller, director at LandProp (Monteiro, 2012). The development will comprise 1200 dwellings, 58,000 m² of office space, a 350 room hotel, an underground parking garage, a restaurant, a school and day-care and quays with mooring facilities for water taxis.

The centre of the project area will feature townhouses and ground-floor access five-storey flats, surrounded by straight car-free streets. Within the blocks mew-like alleys will provide access to two and three storey houses. Out of the 1200 dwellings, 40% will be large enough for families and they will be priced to attract a range of income groups. Depending on the availability of grants, around 11% will be social housing. Around the edges the will be some seven to eleven story condominium towers.
5.2.3. Case study results
In this paragraph the research questions posed in paragraph 1.6 are answered for this specific case according the two themes to be studied empirically, being the relation between corporate strategy, core business and engaging in urban development projects and the role of these corporations and their relations with other actors in the urban development project.

Urban development & corporate strategy
The first remark relating to the strategy and core business stated in paragraph 5.2.1 is that Inter IKEA is not making their investments in urban development projects under the name of the furniture retailer IKEA as known by most people, to which the aforementioned core business relates, but under the newly introduced overarching name for the Inter IKEA property division called Vastint.

Interviews with Hattig and Gehrels show that Inter IKEA’s strategy is to secure long term existence of the company by investing the profits made within the corporation into several different forms of investments. The ‘property division is only one of the many forms of investment that the company is doing’ (Hattig, 2014). In this sense, the engagement in urban development is part of the corporate strategy, even though it only concerns a small part of it. As the engagement in urban development projects can provide the corporation with relatively low-risk and long term return on investment, this engagement matches the corporate strategy of securing the long term existence of the corporation. Moreover, it matches the corporate philosophy of developing products for the many people, as low to medium segment houses are delivered.

Urban development & core business
When trying to relate the engagement in urban development projects to the corporation’s core business it is important to keep the company’s structure in mind. As elaborated above, Vastint is a subsidiary of the Inter IKEA Group and functions as an independent company. Therefore, it also has a different core business than the one stated above as offering a wide range of well-designed, functional home furnishing products at prices so low that as many people as possible will be able to afford them. This is the core business of the Group as a whole and especially that of the retail centre and franchise divisions.

The core business of property division Vastint is creating long-term value through property investments, by the management of portfolio properties and the development of commercial real estate, including residential development and sales. In this sense, the engagement in urban development projects is Vastint’s core business. As mentioned above, Vastint functions as an independent company. However, as a subsidiary, Vastint is accountable for its activities and results towards the Inter IKEA Group as a whole. Therefore, the engagement in urban development projects need to be related to the Group as well.

According to Gehrels, the long-term value that is created by Vastint is used to secure the long-term existence of the IKEA concept, which entails the production and sale of affordable home furnishing products. Therefore, when relating the engagement in urban development projects to the core business of the Inter IKEA Group as a whole, this engagement can be seen as subordinate to the Group’s core business.

Motives to engage in urban development
The engagement in urban development projects is a fairly recent development, starting from around 2012, marking a strategic change within the property division, supported by the name change and bundling of all property division companies to the name Vastint. Before this change to incorporate development activities, the company’s strategy was of a more passive nature, mostly just investing in properties, ‘polishing them up’ and finding a long term tenant (Gehrels, 2014).

Although Vastint is treated as a separate company within the Group, the IKEA philosophy of trying to develop things for the many people and understanding the whole development process is reflected in Vastint’s activities. For Vastint this philosophy is translated from home furnishing products to the residential market (Hattig, 2014).
This philosophy relates to the company’s motive for the engagement in urban development projects; in urban development projects they corporation can develop on such a scale that it can be delivered for the many people because it provides economies of scale. Also, these projects allow you to understand the whole process of developing an urban area, which is an important value for all Inter IKEA’s businesses. Another aspect that drives the corporation to engage in urban development is the long-term return on investment that these projects can generate.

When comparing the motives following from the interviews to the motives in the hypothesis not much similarities are to be found. Partnerships and networks are important in the development of the projects, but they are experienced as a necessity for a successful development rather than a motive for engaging in the project. Although value creation is the most important driver for Vastint to engage in urban development project, Corporate Social Responsibility is explicitly said not to be a motive for this engagement (Hattig, 2014, Gehrels, 2014). This is because they are driven by economic value creation rather than ecological and societal value creation. However, as Hattig (2014) also mentions that the IKEA philosophy in the form of ‘developing for the many people’ plays an important role in their developments, it seems that the motive of Corporate Social Responsibility cannot be excluded as a motive for Inter IKEA Group as a whole to engage in urban development projects (through the establishment of a developing subsidiary). The performed interviews and studied material cannot give a conclusive answer on this point though.

Although according to Gehrels (2014) Vastint is developing some very innovative products in its Hospitality division, innovation is not considered to be a motive for the corporation to engage in urban development projects. Megatrends and shifting from products to solutions are no motives for Vastint to engage in urban development projects either.

Role within the project and relations with other actors
Vastint takes on the whole spectrum of the development cycle: it is the initiator, investor and developer and will be manager and owner of entire project. In designing the content of the project, executing parties such as architects and contractors are led by Vastint. Since the acquisition of the plot the corporation has taken full responsibility for it. From that point in time, Vastint has driven all content discussions with architects and other commissioned parties. Also, discussions have been held with stakeholders in the project. Obviously, heaviest involved is the local authority in charge of the decision-making in the specific area. The Strand East site is subject to a quite complex administrative system. At first the site was part of a regeneration program of the London Thames Gateway Development Corporation (LTGDC), which was the United Kingdom Government’s lead regeneration agency for two designated areas in east London (LTDGC Legacy, 2012). The program was finished in 2012, when stewardship was passed on to the London Legacy Development Corporation (LLDC). In the initiation phase opportunities were discussed with the LTGDC. At the time the site was acquired by Vastint, it was owned by the LLDC, by whom a planning permission was issued for the project.

The LLDC supported the corporation from the acquisition onwards to get all stakeholders around the table in order to address the different issues that are or interest to them. Two important stakeholders are the two involved boroughs, being the Borough of Tower Hamlets and the Borough of Newham. Continuous and intimate discussions between these parties followed, resulting in planning agreements with the Borough of Newham under the supervision of the LLDC (Hattig, 2014, Dutton, 2014).

Both Dutton and Hattig mentioned that the ideas Vastint proposed were very appreciated by the local authority. This is explained by the fact that the company introduced a ‘continental’ type of development scheme in the Strand East project, which is different from traditional British development in terms of typology and mix, but also in terms of ownership. Where the UK is known for developing for the home-ownership market, Vastint will develop for a rental market, remaining ownership of the developed property (Dutton, 2014, Hattig, 2014, Pane, 2014).
According to Clive Pane, the rental market is currently developing very quickly in London. This is caused by necessity since the housing market in London is becoming more and more expensive so rapidly that home ownership is becoming very difficult for people on the normal economic ladder to achieve. The development of rental homes can offer a solution for these people. Since the problems in the London housing market are supply-driven, the 1200 homes to be developed are extra appreciated.

Also it means that Vastint will remain ownership of most of the property, securing a long term commitment of the corporation to the Strand East area. As stated by Hattig, the development is “driven by a thorough thought that they can engage long term on this site and be responsible (...) in the long term” (Hattig, 2014). This appears to be different from practice by traditional developers, who often sell their developments after completion.

There are more aspects that indicate a different role of Vastint in urban development projects compared to traditional developers. An important one is the fact that Vastint has a very sound financial background with which they can finance their development projects themselves. This background is created by the fact that Vastint makes its investments with capital from the Inter IKEA Group, which has a revenue of € 2.8 billion a year. The fact that Inter IKEA is not listed to the stock market makes its capital less volatile. This capital allows Vastint to act more autonomously, making their development process fast and lean (Gehrels, 2014, Hattig, 2014). The size of the corporation’s capital also allows it to acquire and develop on a relatively large scale. According to Dutton this was an appealing characteristic to the Council of Newham in the Strand East project. The autonomy that the capital offers and the development scale that the amount of it offers, enable the corporation to develop at low prices.

5.2.4. Conclusion

The motives found in this case study seem to be fairly different from the ones stated in the hypothesis in paragraph 3.7. Interviews show that, although they are really relevant for successful development, Vastint does not consider partnerships established through urban development projects as a motive for engaging in them. Also all other motives stated in the hypothesis, being innovation, anticipating megatrends, a shift from services to solutions and CSR, are said not to be motives for their engagement. However, it is noticed that the IKEA philosophy of delivering products for the many people is incorporated in Vastint’s activities. Moreover, the Strand East project is designed according to principles that enhance sustainability and a sense of community. Therefore, it seems that the motive of Corporate Social Responsibility cannot be rejected just yet. However, the studied material and conducted interviews do not provide a decisive answer on this matter.

Aspects that are mentioned to drive Vastint to engage in urban development projects are long term return on capital investment and economic value creation. An important factor for the company is the scale urban development projects offer. In Figure 37 these motives are placed on the analytical framework that was presented in paragraph 3.6. It is noticeable that they correlate to the first two categories, being return on investment and real estate as core business, which were stated to be excluded from this study. Paragraph 5.4 will elaborate further on this conclusion.

![Figure 37: motives Inter IKEA](image-url)
When looking at the role Vastint takes on during the development process, it is noticed that the corporation takes on the full spectrum of the process, including ownership after completion, making them a long term stakeholder in the project.

The formal relations with public parties that are established in this project, seem to differ very little from that established by traditional developers. Just as with traditional developers, a planning permission was granted by the LLDC being the only legal bond between Vastint and a public body. However, besides this the corporation and the two involved councils (and other stakeholders) were involved in informal discussions throughout the development process, which led to planning agreements that were incorporated in the planning permission and supervised by the LLDC.

Although in the planning process few differences are noticed between Vastint and a normal developer, there are some difference mentioned between them. First is the long term involvement of the corporation in the projects, and second is the fact that the corporation can act fairly autonomously and on a large scale due to the support of the large capital of Inter-IKEA. This also allows the corporation to benefit from economies of scale and developing relatively cheap.

An important remark needs to be considered when looking at the case of Inter IKEA, is the fact that the engagement in urban development projects actually is Vastint’s core business. Therefore, from the perspective of the subsidiary, this case might not qualify as corporation-led urban development in the light of this study, which is defined as:

“An urban development project in which a multinational corporation (with a core business other than urban development) takes a leading role in the advising, organising, managing and/or financing the development of an urban area.”

This, most likely, also is the reason why the identified motives do not match the hypothetical motives. However, while Vastint might function as an independent company, it is still accountable for its actions and results towards its overarching corporation Inter IKEA Group. Therefore, an important question is; what are the motives for Inter IKEA Group for the establishment of a subsidiary with a core business of urban development? Since interviews have been held with people within Vastint, no decisive statements can be made on this matter. However, important aspects seem to be the fact that the corporation’s long term existence can be secured through the long-term and low-risk returns that investments in urban development projects offer and the fact that in urban development projects there is room to incorporate IKEA’s philosophy of developing products for the many people (more than in for example investments in the stock market).
5.3. Case 2: Siemens

In this paragraph the case of Siemens is described on the basis of the physical development of The Crystal; a centre for sustainable cities, also located in London. First, the subject of study, being Siemens as a corporation is described. Second, the object of study; the case of The Crystal is described. The case study results, based on the interviews and document study, are elaborated and a conclusion is drawn on this specific case.

5.3.1. Subject description: Siemens as a corporation

Siemens, founded in 1847 by Werner von Siemens in Berlin Germany, is a ‘global powerhouse in the fields of electrification, automation and digitalization and for healthcare solutions’ (Siemens, 2013a). The company considers these three fields to be the long-term fields of growth. In order to fully exploit their market potential, the company has changed its structure as of October 1st 2014 by bundling its business into ten divisions, being Power and Gas, Wind Power and Renewables, Power Generation Services, Energy Management, Building Technologies, Mobility, Digital Factory, Process Industries and Drives, Financial Services and Health Care (separately managed). Before this structure change, the businesses were divided amongst four sectors, all aligned with one of the four main megatrends identified by Siemens, being Climate Change, Demographic Change and Urbanisation. Infrastructure&Cities was the sector that was aligned with the megatrend of Urbanisation and included the businesses that are represented in Figure 38.

![Figure 38: Siemens Sectors and Businesses (Siemens, 2013c)](image)

The corporation has stated its strategy as follows: “We’re aiming to capture and maintain leading market and technology positions in all our businesses in order to achieve sustainable profitable growth and, thus, continually increase our company value. We intend to reap particular benefit from the megatrends demographic change, urbanization, climate change and globalization” (Siemens, 2014b).

In order to fulfil this strategy the corporation has set up three strategic directions:

- **Focus on innovation-driven growth markets**: as its ‘pioneering spirit’ is key to its business success, the corporation intends to play a leading role in innovation-driven markets with long-term growth potential by continuously strengthening its offerings and further expanding its Environmental Portfolio.

- **Get closer to our customers**: the company wants to develop and produce more and more innovative product and solutions in emerging countries in order to increase entrepreneurial responsibility of regional organisations and expand local value creation. Also the company wants to professionalize and expand its service portfolio by intensifying its interaction with the customer.

- **Use the power of Siemens**: fostering the development and promoting equal opportunities for their employees. By committing to integrity the company pursues business success.
Siemens offers an interesting case study as it has been engaging in the development of cities since the change of their strategic focus on megatrends in 2008. Moreover, the corporation has built The Crystal, a sustainable cities information centre in London.

Engagement in infrastructure and cities
Since the structural change in October 2014, the former sector of Infrastructure & Cities is now a separate entity within the company, allowing them to take on a broader role because they could incorporate businesses such as Energy and Wind Power as well. Infrastructure & Cities functions as a special unit assigned with the task to bring out and bundle all the knowledge that is available within the company related to cities, but also to develop knowledge themselves. It provides solutions for mobility, integrated building and security systems, energy generation and distribution and smart grids. The team is formed out of employees with an expertise in urban development and functions as an overarching body, comprising City Account Management and a Centre of Competence Cities. City Account Management entails a representative of the company located in a specific major city with the task of looking for opportunities within the city and building relationships with policy and decision makers within the city, usually being the municipal councils (Trimble, 2014).

These account managers stand in close contact with the Centre of Competence Cities, which as a team is in fact located in the studied case of The Crystal. This team is specialised in general sustainable solutions for cities to anticipate the aforementioned megatrends. The account manager can ask for their expertise if confronted with a specific issue in the city of his focus. Together they advise and inform authoritative bodies in cities on possible solutions for metropolitan problems like congestion, transport, security, energy, etc.

The Infrastructure & Cities sector has been involved in several projects that concern cities. Siemens has been involved in the development of Masdar city, a planned carbon neutral and zero waste city in the emirate of Abu Dhabi (Reiche, 2010). It has also been involved in the development of the Transportium in the Netherlands, which should become a sports, skating, leisure and educational facility (Lodewijks, 2013). The Crystal is another example of Siemens’ involvement in cities. This project is described in the paragraph below.

5.3.2. Object description: The Crystal, Royal Victoria Dock, Newham, London
The Crystal, subtitled ‘a sustainable cities initiative by Siemens’, is located in the east London Royal Docks. It functions as an office and exhibition centre on urban sustainability and should be the first part of the Green Enterprise District of the London Borough of Newham (Long, 2012). This district is planned to cover six boroughs in East London, aiming at attracting investments by exploiting undeveloped industrial land and thereby making London a ‘global leader of the low carbon economy’ (Corporate Watch, 2010).

The Crystal is located at the west end of the dock and covers an area of 18,000 m². The building was the first to achieve the highest sustainability rankings, being LEED Platinum and BREEAM Outstanding. The building is surrounded by public open space designed to be distinctive urban landscape. The aim of the design is to make sustainability more attractive and to allow visitors and residents to participate in social activities on site, including local food programmes and community gardens (Landezine, 2013).
As mentioned before, the area in which this project is located has been a quite deprived area for many years. It is located at the western edge of the Royal Victoria Dock, part of the Royal Docks which became redundant in the ‘70s. Many jobs were lost because of this, and making up for these losses became a very important point on the agendas of authoritative bodies in that area. However, considering the distance between the Docks and the city centre of London, there was a lot in between to be done before the Docks could be regenerated (Dutton, 2014). Forty years later, the regeneration has taken shape in the form of the development of the Excel – centre for exhibition and conference, the City Airport locating here and the development of the Emirates Cable Car. Together with these developments the Crystal was considered to be able to work as a catalyst for the economic regeneration of the Royal Docks, alongside the Olympic Legacy. Apart from economic regeneration, goal of the development of The Crystal was to build an educational centre for children in middle school to raise their future aspirations and show them what engineering entails.

5.3.3. Case study results
In this paragraph the research questions will also be answered for The Crystal according to the two themes.

Urban development & corporate strategy
As mentioned before, the sector Infrastructure&Cities was set up in 2008. This as part of a strategic change of the corporation to anticipate the four main megatrends according to the corporation. Part of the stated corporate strategy is to ‘reap particular benefit from the megatrends’. Since the sector focusses on one of the four megatrends, being Urbanisation, the corporation’s focus on cities can be seen as part of the Siemens’ corporate strategy. According to Trimble, not only urbanisation is a trend that can be caught in cities, but also for the other three megatrends the city seems the place where action to anticipate them can take place.

Besides the anticipating megatrends, the corporation’s engagement in urban development can be linked to two of the three strategic dimensions of which the overall corporate strategy consists. Firstly, it can be linked to intensifying the interaction with customers, as the establishment of partnerships with decision-makers within cities are a very important aspect of it engagement. These decision-makers are important customers for Siemens’ technological solutions. More is elaborated on partnerships below.

Secondly, the corporation’s strategic dimension of playing a leading role in innovation driven markets with long term growth potential might be linked to the engagement in cities as well, as this is considered a growth market due to urbanisation in which innovative solutions are required.

Urban development & core business
When looking at the relation between Siemens’s core business, being energy, industry, health care and infrastructure, and their involvement in urban development, Trimble states that the activities of the
Infrastructure & Cities team are of an overarching nature, not necessarily focussing on the core businesses itself, but advising authoritative bodies on the solutions that their core businesses could provide for their metropolitan problems (Trimble, 2014). As these authoritative bodies are potential clients for Siemens’ technological solutions for cities, such as smart grids and city dash boards, Siemens’s activities within urban development can be considered to be of a promotional nature with respect to the corporation’s core business.

**Motives**

Unlike the Inter IKEA case, the motives for Siemens to engage in urban development seem to correspond very well to the motives stated in the hypothesis in paragraph 0. According to Trimble, the most important motive is the establishment of partnerships. These partnerships are needed in order to fix urban problems, since the authoritative bodies are the ones who are most able to take action. Moreover, these bodies are the ones that make decisions on which solutions to implement, therefore it seems that these partnerships are very important for Siemens’s future client base. However, this aspect is not mentioned by Trimble and can therefore not be stated decisively.

These metropolitan problems, like energy deficiency and congestion, can be fixed through several technological solutions that Siemens offers. Whereas previously Siemens offered products that were sold to smaller scale clients, the sale of solutions is established with larger scale clients, such as the authoritative bodies found in the decision-making process of urban development. Therefore, the shift from products to solutions is a very important motive for Siemens to engage in urban development as well.

As mentioned, megatrends are at the core of Siemens’s strategy and they are the very reason for the Infrastructure & Cities team to exist. Therefore, this is another motive for their activities in cities’ development. Innovation is an important driver for every activity performed by Siemens. As cities are seen as the places where the megatrends can be caught, their innovative solutions can be used to anticipate them. Just as in the Inter IKEA case, CSR is explicitly mentioned not to be a motive for the corporation to engage in their activities. According to Trimble, CSR often functions as an ‘add-on’ to make corporations look good. She states that the product, services and solutions Siemens promotes, are efficient and use less resources, because this is what their clients want and not because it makes the corporation look good (Trimble, 2014). However, when looking at CSR from the strategic perspective explained in paragraph 3.3.3, where societal return is incorporated in a corporation’s business model, it seems that it is an important aspect in the sustainable and efficient solutions offered by Siemens. Though, it seems that this CSR is not a motive to engage in urban development but a means to offer suitable solutions for metropolitan problems.

**Figure 41: Siemens’ motives for engaging in urban development**
Role within the project
In the development of The Crystal Siemens has taken on the full process as well. The corporation initiated the project by its CEO meeting mayor of London Boris Johnson at the end of 2010 with the idea of having a base in London in terms of the corporation’s activities on urbanism. This idea matched the mayor’s idea of creating an educational facility on sustainability in this area quite well. London was not the only city which was in the running for locating Siemens’ idea. However, Siemens thought that London could be best, provided the scheme would be delivered before the start of the 2012 Olympics, making the time in which the development should be completed very short (Trimble, 2014, Dutton, 2014).

The area was proposed by the Council of Newham as part (or start) of the Green Business district. Siemens then invested around 60 million pounds in the development of the project (budgeted at 30 million pounds) and built the building and its surrounding land. The project was actually delivered before the start of the Olympic Games, making the development time only 20 months. After completion in 2012, Siemens is now operating the educational centre and Siemens staff is inhabiting the offices that are located in the building as well. Siemens will remain owner of the building for many years to come. In this sense, the corporations takes on the full spectrum of the development process.

Relations with other actors
In the development of The Crystal has collaborated with two public entities, being the Greater London Authority (GLA) in the person of Mayor Johnson and the Council of Newham. The GLA was involved in the initiating process and proposed the western edge of the Royal Victoria Dock as the location for this project. Since half of the land was owned by the London Development Agency and the other half by the Council of Newham “the deal was struck between three parties” (Trimble, 2014).

As mentioned, London was not the only city in the running for this rather extensive inward investment. Therefore, the GLA was motivated to make sure that the realisation of this project was done in the time frame given by Siemens. The Council was also motivated to reach this goal, since this investment could set the standard for this area in Newham in terms economy and sustainability. To speed up the process the Council took on a facilitating role in terms of granting the planning permission. The area was marked as being for mixed-use, mainly residential purpose, so the land was in the council’s book for the highest possible value. However, a facility like The Crystal would never create that kind of economic value. Because of the motivation to build this project on the public side, the Council of Newham decided to hypothecate economic, societal and ecological value over thirty years and by doing so the difference with the financial value in the books would be less than a million pounds, making the scheme viable for both Council and Siemens. The difference in value was made up by Siemens in the form of undertaking environmental works in the surrounding areas. By this change of land-use plan the scheme was able to be realised in the required time frame (Dutton, 2014).

In a formal sense, just as in the Inter IKEA case, no entity or partnership was formed. There was again only a planning permission granted by the Council. However, this planning permission was of a quite innovative nature, as explained in the previous section. Another difference with the Inter IKEA case was the fact that the land was publicly owned. After realisation an informal partnership between Siemens and the Council was secured by the fact that the Council has access rights to the premises. In this way Siemens would need the council’s permission for any actions concerning the land. In this way, Siemens’ long term involvement was secured for the Council.

Siemens and Urban Development Projects
A very important remark concerning this case study is the fact that The Crystal proved not to be the typical activity for Siemens’ Infrastructure&Cities team. In the interview with Trimble it became clear that the development of The Crystal was a one-off project for Siemens. It was explicitly stated that they “are not developers” and they “typically don’t get involved in construction. We don’t take construction risk, we aren’t a construction company” (Trimble, 2014). In that sense, the development of The Crystal cannot be considered as a typical Infrastructure&Cities type of activity. According to Trimble this team will typically be involved in projects
where technology is part of it, in an informative and advisory role. Their advice will concern transport, energy and other technological solutions for urban problems. Later on in the project’s process, Siemens can take on operating their technological solutions as well.

Besides the fact that it is a one-off project, it is rather debatable whether The Crystal can be considered an urban development project in the light of this study, being:

“The integration of functions, disciplines, actors, cash flows and interests with regard to the concrete material intervention inside a geographically distinct urban area with the objective to add commercial and societal value” in which an Urban Area is “a (connected) collection of buildings situated within the specific urban context of the city”.

Since The Crystal consist of only one building, it does not fit the definition Urban Area, as it is not a collection of buildings. Moreover, the regular Infrastructure&Cities’ activities do not meet the requirements of urban development projects either, because their solutions are offered on a city scale rather than an area scale.

However, as shown in the case description of paragraph 5.3.2, The Crystal is part of a strategic (green and sustainable) regeneration plan for the Royal Docks. As one of the first objects to be realised, it can play an important role in kick starting this regeneration. Moreover, as the regeneration starts to develop, Siemens might take on an advisory role in this process. With the Council of Newham as a close partner, they might even be asked to implement and operate their technological solutions in the area. This would bring this case closer to the definition of corporation-led urban development as defined. However, at this point in time and with the material studied, these assumptions cannot be verified.

5.3.4. Conclusions
The activities performed by Siemens’ Infrastructure&Cities team are part of Siemens’ corporate strategy as of 2008. These activities are of an overarching nature when relating them to Siemens’ core business. Since the corporation’s activities entail advising and informing authoritative bodies on technological solutions (which is Siemens’ core business) for urban problems, these activities also seem of a promotional/marketing nature relating to the core business. However, Trimble mentioned that they also advise on solutions that are not necessarily provided by Siemens.

This could be explained by one of their motives to get engaged in city development, being the establishment of a network/partnerships. Other motives are anticipating megatrends and implementing their technological solutions for solving urban problems. Innovation is something that drives all Siemens’ activities, and therefore also their engagement in city development. The only hypothetical motive that is stated not to apply to Siemens is Corporate Social Responsibility. Since this goes for both cases this will be elaborated in the overall conclusions in paragraph 5.4.

As to the role of the company in the development of the Crystal, interviews have shown that Siemens has taken on the entire spectrum of the activities in the development process; from initiative to operation. However, in their other activities, the Infrastructure&Cities team take on merely an advisory and operating role on technological aspects.

When looking at the partnerships established in the realization of The Crystal, it is noticed that, besides the planning permission, they are quite informal. Collaboration between the corporation and the Council, in which the Council adopted a facilitating attitude (in the form of changing valuation methods and land use purposes), secured a very short realization period. This was possible because the ideas of the public bodies for this area and those of Siemens were aligned quite well and they both had a long term view on this project.
An important conclusion for the case of Siemens is the fact that neither the studied object of The Crystal nor the regular activities performed by the Infrastructure&Cities team can actually be classified as an urban development project in the light of this study. Besides the fact that the scale of its activities is different than that of the urban area, the corporation only engages in a very limited part of the urban development project, being technological solutions on a building or a city scale. Therefore the activities are classified as city development rather than urban development projects.

When placing the found motives on the analytical framework, they seem to correspond to the categories of Business Development and Business Resource Provision (see Figure 42.) However, as stated above, the activities performed by Siemens regarding cities are not urban development projects but city development. Therefore, this model is not applicable to this case and it cannot be stated that these activities can be brought down to Business Development or Business Resource provision.

5.4. Conclusions
The two case studies described above show very different results. Where the hypothetical motives seem to match Siemens’ motives very well, none of them matches with those of Inter IKEA. Moreover, the additional motives are very different for both cases as well. Besides the motives, the role that the corporations take on in urban development are of a very different nature as well. Vastint acts as a property developer whereas Siemens (in its regular Infrastructure&Cities activities) functions as an advisor and operator of technological applications. The results are summarized in Table 6.

Table 6: case study results
Besides the many differences between the two cases, there also seem to be some similarities between the two cases. Examples are the fact that both corporations state that Corporate Social Responsibility is not a motive for them to engage in urban development projects. Another similarity is that both parties are involved in the projects for a long term. Moreover, in both cases the public authoritative bodies saw benefits in collaborating with the multinational corporation. These similarities will be elaborated below.

**Long term involvement**
Both Inter IKEA and Siemens have stated that they intend to be involved in the projects for a long term. At Inter IKEA, this is part of their investment strategy in order to secure “a long life of the IKEA concept” by guaranteeing a long term cash flow from the development project. At Siemens, The Crystal can be considered a showcase for the corporation’s technological solutions, in which they have invested a lot of money. This makes them determined to make The Crystal a long term success. Therefore they take on operating the building itself and the public space surrounding it.

**Benefits for public bodies**
The involvement of a multinational corporation in an urban development project offers several benefits for the public authorities in the specific area. One of these benefits is the aforementioned long term involvement. This secures operation and maintenance of the developed area for many years. In the Inter IKEA case, the scale in which they were able to operate was beneficial for authoritative bodies as well, because the site is a lot bigger than a traditional developer could take on. Since the council wanted to see this area developed sooner rather than later they appreciated seeing Inter IKEA taking on such a big site and investing a great amount of money in the area. The fact that the corporation is not a local player and therefore brings experiences from continental Europe and Scandinavia, was considered to be positive as well, since it brings a varied scheme and tenancy distribution.

For Siemens, the name and inward investment the corporation brought to the area with its development of The Crystal was seen as beneficial for the council since the corporation has international allure and was expected to be able to set a standard for the regeneration of the area concerning economic and sustainability aspects.
Because of these perceived benefits, the public bodies were very benevolent in the development of the projects and took on a facilitating role in their realisation. In the Inter IKEA project this was done in the form of helping to get all the actors around the table. In the Siemens case this was done by using an innovative valuation scheme in the sale of land and granting the planning permission for a different purpose than appointed for that area.

**Corporate Social Responsibility**

As mentioned in both cases the interviewees explicitly mentioned that Corporate Social Responsibility is not a motive for the corporation to engage in urban development projects. Trimble mentions that the solutions they provide do add ecological and societal value, because they are sustainable and more efficient. However, this is not because the company wants to be socially responsible but because these types of solutions are their core business. According to Hattig, CSR is also not a motive for Inter IKEA to engage in urban development projects. It is mentioned that this responsibility is part of all of Inter IKEA’s activities and that profit, growth and success can be reached in a responsible way. Both interviewees seem to think of the term CSR as an add-on to their business to make their corporation look good instead of it being rooted in the corporations’ activities, and thus deny CSR to be a motive to engage in urban development. However, they both mention that it is a very important aspect of the way in which they do business. Therefore, it seems that the corporations do not understand the term from the strategic perspective in which societal return is incorporated in a corporation’s business model, while the corporation do seem to act according to this strategic perspective. Moreover, there seems to be some judgement hidden in the term of Corporate Social Responsibility.

**Strategic Change**

Something that also seems to be a similarity between the two corporations is that its engagement in urban development projects started after a change in corporate strategy. For Siemens, the corporate strategy has changed in 2008 in order to align with the identified megatrends. Since one of these megatrends was urbanisation the corporation started the Infrastructure&Cities team that started engaging in city development. Vastint started its urban development activities after a decision was made to intensify the activities of the property division. This included the rebranding of all property subsidiaries into Vastint and a shift from solely investing in property portfolio towards developing real estate and urban development.

**Definition of Corporation-led Urban Development Projects**

As described in the case study conclusions, both the Inter IKEA and Siemens case do not seem to be Corporation-led Urban Development Projects in the light of this study. They both do not meet the requirements of the research framework, as represented in Figure 43. Within the company of Vastint, Real Estate and Urban Development are actually its core business, therefore it does not meet the requirement of ‘a multinational corporation with a core business other than urban development’. This, most likely, also explains the fact that the hypothetical motives, which are categorised under Business Development, Business Resource Provision and Community Building, do not match the motives found in the Inter IKEA case, which can be categorised under Long Term Return on Investment and Real Estate as Core Business. However, when looking at the engagement on another level, that of Inter IKEA instead of Vastint, one might come to other conclusions, since urban development is not the core business of the Inter IKEA Group as a whole. The gathered data originates from within Vastint, though, so therefore this case study is limited to this perspective.

Siemens on the other hand, does not seem to match the requirement of being engaged in an actual urban development project. The Crystal does not meet this requirement because it only comprises one building instead of ‘a collection of buildings’ as stated in the definition of ‘urban area’. Also the regular Infrastructure&Cities activities do not seem to match the requirements since it operates on a city scale level instead of on the scale of an urban area. However, the fact that the Crystal might function as a catalyst for the regeneration of the (urban) area, in which Siemens can play several roles, could bring this case closer to the subject-object combination of Corporation-led Urban Development as defined in chapter 1. This cannot be verified at this point in time and with the studied data though.
Considering the conclusions above, the studied cases do not seem to totally correspond to the definition of the term Corporation-led Urban Development as stated in the previous chapters. Besides this fact, it is also noticed that the motives and roles of the two studied cases diverge quite a lot. However, there also are quite a few corresponding features. Both multinational corporations seem to take on a certain long-term role within an urban development project. In order to redefine the term and phenomenon of Corporation-led Urban Development, additional cases need to be studied. In Chapter 6 these cases will be elaborated on the basis of quick scan case studies. In order to be able to shed more light on this phenomenon, more cases will be studied on a quick scan base in
Chapter 6. Additional quick scan cases

In order to explore more of the field of Corporation-led Urban Development, several additional cases are studied on a quick scan base. First, the analytical framework to which the additional cases are subjected is explained. Then the cases are described and studied according to this analytical framework. The conclusions elaborate on the differences and similarities that are identified in the several cases. The cases studied in this chapter are all very differing as to corporate background, context and type of material studied. Therefore, the way in which each case study is described differs as well. The structure of the paragraphs itself and of the research and analytical framework are the same for each case study though.

6.1. Introduction

The additional cases are studied according to the research framework provided in paragraph 5.4 (Table 6). This framework maps the relationship of the corporations’ engagement in urban development projects with their corporate strategies and core businesses. It also maps the motives for them to do so and the activities they perform in the development process. Within this framework the additional motives found in the Inter IKEA and Siemens case will be taken up as well.

Just as in the Inter IKEA and Siemens cases, the motives found will be categorised within the analytical framework provided in paragraph 3.6 that links them to the identified strategic business goals (as depicted in Figure 44).

6.2. Additional cases

In this paragraph additional quick scan cases are performed. These are studied on the base of literature, corporate reports and (if possible) interviews with employees of the specific corporation. These cases will be studied according the analytical framework and the categorisation scale elaborated above.

As mentioned above, the content and context of the selected cases can defer quite a lot. They were selected on the fact that these cases gave the impression to have some involvement in an urban development project. This impression was given through media, corporate websites, expert opinions, etc. The availability of suitable material to be studied and the opportunity to speak to an employee within the corporation were important selection criteria in this phase of the study, considering the available time for the performance of the case studies. Since this chapter is meant to gain more insight on the term and phenomenon of Corporation-led Urban Development, a very divergent selection of cases might be beneficial for the exploration of the field. These criteria led to the following selection of cases:

1. Ahold in combination with its housing provision project in Zimbabwe
2. Alliander in combination with the Greenport urban development project in Venlo, The Netherlands
3. Vulcan Inc. in combination with the South Lake Union regeneration project in Seattle, USA
4. Tata Group in combination with its Shubh Griha affordable housing project in Ahmedabad, India
5. Cisco Systems in combination with the Songdo urban development project in South Korea
6.2.1. Ahold
In this paragraph the case of Ahold and its housing project in Zimbabwe will be described on the base of a telephone interview with Ge Happe - Excellent Supplier Management at Ahold, magazine articles and the company’s annual reports.

Corporation
Ahold is an international retailing group based in the Netherlands, operating in Europe and the United States. Operating supermarkets and selling food has been the corporation’s core business since its foundation in 1887 (then named Albert Heijn). The corporation also focuses on new formats and channels of delivering their products (Ahold, 2014b). In Holland they also focus on different markets than that of the supermarket, being pharmacists, liquor stores and online shopping centres. Ahold’s corporate strategy, named ‘Reshaping Retail’, consist of 6 pillars, of which the first three are focussed on creating growth and the last on enabling growth (Ahold, 2014a):

1. increasing customer loyalty
2. broadening their offer
3. expanding their geographic reach
4. simplicity
5. responsible retailing
6. people performance

Besides these six pillars, the strategy also contains three promises, which are being a ‘better place to shop’, ‘better place to work’ and a ‘better neighbour’. These promises are measured quantitatively every year.

Project
In 2007 Ahold founded the Albert Heijn Foundation, which is an organisation that finances projects in Africa in that enhance the living conditions of the people employed at Albert Heijn fruit and vegetable suppliers. These projects focus on health, education or housing solutions (Happe, 2014). One of the projects is located in Zimbabwe, near the city of Harare and entails the realisation of 96 stone houses with metal roofs for the employees of vegetable and fruit supplier Selby, which before were made out of waste wood, grass and mud.

Relation with corporate strategy and core business
According to Happe, Ahold’s engagement in the housing project in Zimbabwe is part of the fifth pillar of Ahold’s corporate strategy: responsible retailing. This pillar is closely related to the promises made in the corporate strategy. Happe states that the activities performed by the AH Foundation can contribute to the promise of being a better neighbour as it offers employees of Albert Heijn suppliers fair treatment in terms of working and living conditions.

When relating the engagement in the AH Foundation projects to the core business of operating supermarkets and selling food, it is important to notice that the overall goal of these projects is to intensify the relationship with its suppliers in Africa through establishing long term partnerships with them. This in turn has the goal to try to stabilize the very dynamic supply system of fruit and vegetables in Africa. By investing in living and working conditions, infrastructure, health and education, the chance of a long term performance of Ahold’s suppliers can be enhanced. Therefore it can be stated that Ahold engages in these projects to safeguard the corporation’s core business.

Motives
The most important motive for undertaking the projects for the AH Foundation is the establishment of long term partnerships with its fruit and vegetable suppliers. The intention is to intensify the relationships with these suppliers through the AH Foundation projects (Winter, 2014). With this long term partnerships and investments in the working and living conditions, the corporation wants to secure high quality supply of fruit and vegetables in the long term.
According to Happe, *innovation* also is an important motive to engage in the AH Foundation projects. As the revenue of fruit and vegetables sales for Ahold is stimulated by product innovation, it is important for Ahold that its supplier are able to innovate. By investing in their suppliers through AH Foundation projects (and alongside paying a fair price for their products) they enable these suppliers to innovate.

**Corporate Social Responsibility** is also mentioned as a motive; the corporation wants people that work in cultivation and processing of Albert Heijn products to live a good life. The motives are categorised in Figure 45.

![Figure 45: motives Ahold](image)

**Role of the corporation within the project**

In their projects, the AH Foundation projects collaborates with their suppliers and the non-profit organisations ICCO. This organisations is expert in developmental work and supporting small farmers and other businesses in developing countries. If an opportunity for a project is identified by the representing body of the suppliers, they offer the plan to the ICCO, which than assesses the project and (dis)approves on it. When a project is granted, the AH Foundation functions as its investor. Within this investment, 20% of the costs are carried by the suppliers themselves. The remaining 80% is funded by the AH Foundation. The realisation is subsequently organised locally, commissioned by the suppliers. It is noticeable that Ahold does not get involved in the project itself. So the aforementioned motive of partnerships is of a different nature than the hypothetical motive stated in paragraph 3.7, which entails the establishment of partnerships *within* urban development projects. In the AH Foundation this motive is about strengthening the existing relationship with its suppliers.

6.2.2. **Alliander**

The case of Alliander and its engagement in the development of the Greenport Venlo development company will be studied in this paragraph based on the thesis ‘Cities should be a solution, not a problem’ by Lodewijks (2013), in which a case description is provided, and a telephone interview with Nico Büskens who is a business developer at Alliander. Due to the academic literature at the base of this quick scan, which lacked in the previous case of Ahold, a slightly more in-depth description could be given here.

**Corporation**

Alliander is a gas and energy distribution company located in the Netherlands (so not a multinational as defined to be the subject of study). It was founded in 2008 as a split-off of Nuon, which was obliged to do so by a law that stated that the supplier and distributor of energy and gas should be separated (Lodewijks, 2013). The company’s corporate strategy is to ‘closely collaborate with their customers to enable the transition to sustainable energy sources’ by using three strategic standpoints: 1) continuous performance improvement in terms of service, supply guarantee and costs, 2) improving the control of energy flows and insight in energy consumption and 3) helping clients save energy and making the transition to sustainable energy sources.
Alliander, 2014b). The corporation’s core business is described as owning and managing energy infrastructure assets. Since there are many changes going on in the energy sector due to the energy transition, within this core business it is very relevant to prepare these assets for the future (Büskens, 2014). The corporation is engages in several urban development projects through its business unit Alliander DGO (Duurzame Gebiedsontwikkeling, which is Dutch for sustainable urban development). Alliander DGO is established to realise sustainability ambitions in urban areas together with its customers, being companies, end users and governments.

Project
The Greenport Venlo project is a 5,400 ha sized area in the south east of Holland, which will be developed in the coming 30 years with a focus on agriculture, nutrition, trade and logistics. This development is performed by Development Company Greenport Venlo (DCGV), which has decided to establish its own energy company for the area (DCGV, 2014). In 2013 this was done under the name of Etriplus in which the DCGV, energy company Greenchoice, consultancy firm Arcadis, energy consultant Ekwadraat and energy distributor Alliander are shareholders. This consortium has the goal to realize sustainable energy supply for the Greenport area. The parties involved have complementary specialisations which enable them to create value for (future) entrepreneurs in the area by for example developing sustainable heating and cooling systems in offices, enhancing sustainability of the existing stock and developing energy efficient greenhouses (Alliander, 2014a).

Relation with corporate strategy and core business
When looking at the corporate strategy the involvement of Alliander in this project can be seen as directly acting on this strategy. Büskens (2014) explains that within the energy infrastructure, parts of the main infrastructure are unprofitable. These parts must be compensated by the distribution parts that are coupled with a client base. The development project provides this client base for Alliander, allowing them to implement the infrastructure needed for future energy distribution that hosts the energy transition. In this way, the company works together with its client to realise the energy transition, which is their corporate strategy. Their core business of owning and managing energy infrastructure is also the activity that is performed in this project, although in a different form than they have been doing in the past, since they are working with new sources of energy.

Motives
Some hypothetical motives are confirmed in Lodewijks’ thesis; she mentions that the decision to actively participate in urban development is made because of a belief in the inevitableness of the energy transition. As the energy transition is one of the identified megatrends in paragraph 3.1.1, the anticipating megatrends can be considered a motive for Alliander to engage in urban development. This is confirmed by Büskens to be the most important motive and by Alliander’s corporate website that states that ‘the consortium is an exquisite opportunity to realize their ideas on the energy transition’ (Alliander, 2014a).

Another motive mentioned by Lodewijks (2013) is Corporate Social Responsibility, stating it is the standard in Alliander’s management activities, because it is what the corporation’s peers and partners demand from them. This is not directly linked to the engagement in urban development projects in the thesis nor is it mentioned by Büskens. However, since the urban development project is considered an exquisite opportunity to implement sustainable energy solutions which enhances corporate social responsibility, this can be seen as a motive as well.

According to Büskens innovation is not a motive to engage but a means for satisfying client needs and enabling the energy transition. The same goes for the establishment of partnerships and networks, which he states are a means for identifying client demand and developing supply. However, Büskens also mentioned that the client base that urban development projects provide are a motive for them to engage in them. Since this client base cannot be established without the involved partners, these partnerships might be more than just a means, namely a motive.
An additional motive was mentioned by Büskens, which at the same time excludes the hypothetical motive of realising a shift from products to solutions. This motive is the fact that Alliander can set up extra business lines within urban development projects (that of infrastructure for new forms of energy).

In general, Büskens explains that the engagement in the consortium is a means of getting involved in the strategic plan making process from the initiation. This is important for Alliander because their infrastructures have a very long payback time. By getting involved early on in the process they can steer the decision making process so it anticipates the energy infrastructures for the long term (30-40 years). Their shift towards getting engaged in urban development has been fairly recent, because regulation has changed requiring them to act more proactive (Büskens, 2014). These motives are represented on the analytical framework in Figure 46.

**Role of the corporation within the project**
Within the consortium Alliander’s role is limited to the energy infrastructure assets. The corporation takes on the development, management and operating of the assets, and advising the parties within the consortium on infrastructural matters.

6.2.3. **Vulcan**
This paragraph will elaborate on the engagement of Vulcan Inc. in the development of the South Lake Union redevelopment in Seattle. The study is based on literature provided by Heurkens (2012) and Sturm (2014) and by corporate documents. This academic literature is based on in-depth case studies, and therefore more insight in the roles and the established relationships can be provided than in the previous cases.

**Corporation**
Vulcan Inc. is a corporation that was established in 1986 in Seattle with the aim to manage the wide array of profitable businesses and charitable projects led by founder Paul Allen (Vulcan, 2014c). Paul Allan is the co-founder of Microsoft and as a philanthropist engaged in multiple charitable projects such as the donation humanitarian grants of $100 million for creating and supporting innovative solutions to address the Ebola outbreak (The Paul G. Allen Foundation, 2014). In 2002, the corporation established Vulcan Real Estate to manage the 11 acres large strategic land position Paul Allen obtained since 1998. Initially, Paul Allen acquired this land position as a donation for the initiative to transform the dilapidated South Lake Union neighbourhood into a public park. After the initiative got rejected, Vulcan expanded that position to about 60 acres as studies showed the potential of this inner city brown field area to be a strong mixed-use biotech hub in 2002 (Sturm, 2014). Vulcan RE’s core business is making ‘strategic acquisitions and innovative developments’ and since its establishment it has developed a $1.5 billion diversified portfolio of high-performing quality assets including...
office, life sciences, residential and mixed-use projects (Vulcan, 2014b). The Vulcan Inc.-subsidiary offers a full range of development and portfolio services.

A corporate strategy statement of Vulcan Inc. cannot be found, but the corporation’s activities are influenced by the founder’s philanthropic ideas:

“Vulcan strives to create a new kind of future — a future that maps the intricacies inside our head, sets hidden talent alight and upends conventional thinking. The projects and investments we pursue are inspired by the ideas of our founder Paul G. Allen. With the goal of igniting the type of progress he envisioned, Paul founded Vulcan in 1986 with his sister and business partner, Jody Allen.” (Vulcan, 2014a).

Project
South Lake Union (SLU) is a large-scale brownfield urban development project. The site is located in between Seattle’s downtown centre and Lake Union’s waterfront. The redevelopment of the SLU was initiated by the idea of the Seattle Commons Park in 1991, which would be a park-like area with high-tech laboratories, apartment and restaurants amongst other facilities. This redevelopment plan drew Paul Allen’s interest and he from then on started to acquire land in the area and loan money to the Commons for more land acquisition. The redevelopment project had a lot of proponents, however, the people of Seattle voted against the project twice. The land acquired with the loan then reverted to Vulcan providing the corporation with a strategic land position in the area (Heurkens, 2012).

From 2004 onwards, Vulcan RE started to develop the acquired land, alongside other developers, resulting in a regenerated area with almost 4000 inhabitants in 2011. Vulcan RE has developed 610.000 m² gross floor area of mixed-use property and still has land to be developed. Vulcan RE’s efforts have evoked other private parties’ interests in the SLU.

Vulcan RE has been strongly connected to the SLU redevelopment since the start of this incremental urban development project. As the corporation has such an extensive land position, investments in one plot positively affect the value of other plots in the proximity of which some are also owned by Vulcan. This internally legitimised their investments in the public infrastructure, such as operating a street car in the area, as the investments can be capitalised indirectly through leases of the surrounding plots (Sturm, 2014). Besides financial investments, the corporation actively seeks for capacity amongst other private, civic and public actors for the redevelopment of the SLU, with its comprehensive vision for the area in mind. Moreover these actions to engage the local community are of Vulcan’s own interest as well as their extensive land position requires them to utilize local development opportunities as much as possible.

Relation with corporate strategy and core business
As mentioned above, a stated corporate strategy of Vulcan Inc. cannot be found. However, when looking at the philanthropic ideas behind the corporation in which ‘the ignition of progress’ plays an important role, Vulcan’s engagement in the SLU urban development project seem to match this idea quite well. Through its extensive land position the corporation was able to be in the lead in the redevelopment process. Along the commercial developments the corporation has been involved in the development of public amenities and creating community capacity amongst public, civic and private actors. This reflects the founder’s philanthropic mind-set. When relating the activities in the project to the core-business a match is clearly noticeable again; the
redevelopment practices are the management of a business project led by founder Paul Allen. Moreover, they are the core business of Vulcan Inc.’s subsidiary Vulcan RE.

Motives
Considering the fact that Vulcan RE is a real estate development company linked to a private equity investor, long term return on investment and economic value creation can most likely be considered a motive for the corporation to engage in this urban development project. Looking at the philanthropic background of the corporation and its efforts of enhancing the community in the SLU projects, Corporate Social Responsibility seems a motive as well. This is emphasised by the fact that initiation of the project emanates from Paul Allen’s idea that he was in a position to enhance the situation of this dilapidated area whereas local authorities were not, due to their financial situation. The fact that Vulcan RE for many years only engaged in the SLU-district shows that the social necessity for improvement of the area was a leading motive for the corporation to be engaged. Megatrends, innovation and a shift to solutions do not quite seem to match Vulcan’s motives considering the local aspect of this urban development project and the main businesses of the corporation. Partnerships seem to be very important for the corporation as well in realising the vision for the SLU project. However, this is not a motive for them to engage in urban development projects, but a means of making the project successful.

![Figure 48: motives Vulcan](image)

Role of the corporation and relations with other parties within the project
In the SLU project Vulcan RE has taken on the total spectrum of the development process. Since the corporation owns a lot of land in the area, it takes on the responsibility for maintaining the surrounding space as well. Moreover, the corporation contributes to the realisation of public amenities in a direct way (Sturm, 2014). Since local authorities, being the Seattle Department of Planning and Development (SDPD) and Seattle Parks and Recreation (SPR), also own land in the area, these authorities also maintain some parts of the area. Moreover, these bodies were responsible for issuing planning and zoning regulations. When looking at Vulcan’s relation with local authorities, Heurkens (2012) states that no legal Development Agreement has been used in the realisation, because all risks and revenues are taken on by Vulcan. The main formalised document that concerns the development activities within the South Lake Union community is that of the Neighborhood Plan, which is established in line with the city-wide comprehensive plan (Sturm, 2014). Building permits were granted based on this Neighborhood Plan. Vulcan RE was able to proactively influence decision-making on local zoning plans, which shows that the local authorities had an open attitude towards private parties. Further decision-making in this project was often done by offering development proposals initiated by Vulcan in which the corporation consulted the public first in order to enhance the chance of approval. In the process Vulcan RE has proactively influenced
6.2.4. Tata Group

This paragraph will elaborate on Tata Group’s corporate strategy and core business in relation to the activities performed by the Group’s subsidiary Tata Housing Development Company. This case is merely studied on the basis of information provided by the corporation itself. Therefore the relations cannot be studied thoroughly.

Corporation

The Tata Group was founded in 1868 by Jamsetji Tata and headquartered in Mumbai, India, as a trading company. Nowadays, the corporation comprises over 100 companies with activities in more than 100 countries. The corporation functions in 7 business sectors and thus offers a very wide array of activities. Therefore there cannot be named one specific core business for the Group as a whole. The sectors are depicted in Figure 49.

Tata Group’s core purpose is ‘to improve the quality of life of the communities it serves globally, through long-term stakeholder value creation based on leadership with trust’ (Tata, 2014a). Majority of the shareholdings of the Group are held by Tata Sons, of which the equity capital is largely held by philanthropic trusts endowed by members of the Tata Family (Tata, 2014b). The individual Tata companies undertake social welfare activities as well, especially in the locations they operate in. Good citizenship is stated to be deeply incorporated in the corporation.

One of the many Tata subsidiaries is Tata Housing Development Company, established in 1984 by a member of the Tata family. In 2005 the company changed into a leading holistic real estate development company with the nomination of a new chairman, after barely any activity had taken place for many years before. After establishing itself as a premium real estate developer, the corporation made a shift towards developing for the affordable housing market (Kamath, 2009). With this switch the wanted to respond to the massive housing shortage in Indian cities of 9 million homes. Tata Housing saw this as an opportunity to open up a huge new customer base. Tata Housing’s corporate strategy is stated as ‘to create a real estate development business that offers world-class property development skills while maximizing financial returns’ and its core business is ‘the development of properties in residential, commercial and retail sectors’ (Tata Housing, 2014).

Project

In order to make this shift happen, the corporation’s business model needed to transform. This new model was realised in the Nano Flats, which are on the market for a price lower than even the construction price of most real estate projects. In the Shubh Griha scheme near Ahmedabad, 1,300 of these homes were realised with prices in between €50,000 and €90,000 euros (Prateek Gupta et al., 2011, Kamath, 2009). It is a sustainable integrated township with a wide array of amenities and offers different types of dwellings catering to different stages in a family’s life.

The business model needed to change in several ways in order to realise the scheme. An import change is the ownership structure of the land to be developed; this partly remained in the hands of the original land lord through a joint ownership model. In this way Tata did not have to lock down capital in the land and could keep
costs low. The actual construction of the Flats also needed to change. The corporation cut costs though prefabrication and locking in suppliers in long term contracts providing economies of scale (Kamath, 2009). Several other constructional innovations have been derived from Tata Housing’s R&D practices as well, such as eco-friendly road pavement (Hampson et al., 2014)

Also some adaptations to the new demand side needed to be made. The housing shortage and the rapidly increasing land prices have forced people to live in slums or unauthorised houses in big Indian cities. Between 35% and 40% of the people that now inhabit the Shubh Griha scheme originated from this unorganised housing sector. Since these people were of very low income (between €65 and €200 per month) Tata decided to tie up with Micro Housing Financing Corporation, in addition to its standard partnering with the State Bank of India, to offer credit in order to enable them to buy their own Nano Flat (Prateek Gupta et al., 2011, Kamath, 2009). Furthermore the corporation cut costs on marketing and distribution of promotional material.

The Shubh Griha housing scheme includes many facilities like a school, health care centre, supermarkets, a shopping mall and several recreational facilities. It proved to be immensely popular as more than 7,000 people applied for a Nano Flat, which were eventually allotted per lottery. Although the development entails a low-pricing strategy, the scheme provides a low risk proposition for the corporation as it combines the low-range Nano Flats with mid- and upper-range apartments into a ‘value township’ (Kamath, 2009).

Relation with corporate strategy and core business

When looking at the Group’s overall purpose, which is to improve the quality of life of the communities it serves globally through long-term stakeholder value creation, the activities performed by Tata Housing in the Shubh Griha urban development project seem to align with this quite well. The scheme provides an affordable house for people who were not able to afford an authorised home before, therewith improving their quality of life. At the same time Tata Housing creates long term value for its stakeholders by building this scheme with a viable business model on the basis of economies of scale, reinvented ownership structures and the provision of financing. It is difficult to relate the activities to the Group’s core business, but is shows resemblance to the relationship in the Inter IKEA case where it is the core business of one of its subsidiaries.

Motives

By engaging in this affordable housing urban development project, Tata Housing wants to open up a very large new customer base. Together with the already established premium real estate development activities, the corporation creates a well-balanced long term value creation model. This seems to align with the additional motives found in the Inter IKEA case, being long term return on investment and economic value creation. The efforts for the poor of the Indian society seem to align well with the philanthropic values that are incorporated in the Group by the Tata family. This also matches the hypothetical motive of Corporate Social Responsibility. The corporation seems to actively search for new types of partnerships, like the ownership structure and the statement on their corporate website that they are ‘exploring opportunities with various government agencies on PPP Model[s]’ (Tata Housing, 2014). If this is a motive to engage in urban development cannot be deduced from the studied material. However, since development is Tata Housing’s core business, their engagement in urban development projects is inherent to their business and therefore the establishment of partnerships does not seem to be a motive, but a means to practice their business. When categorising them on the analytical framework, a wide array of the categories seem to match Tata’s motives.
Role of the corporation within the project
As a holistic development corporation, Tata Housing takes on the entire development process; from initiative, planning and development to marketing and allotting the dwellings. In realising the (affordable) urban development project the corporation explores possible partnerships with the aforementioned land owners and micro credit partners, but also with governmental bodies to set up a public-private partnership in order to expand their affordable housing practices.

6.2.5. Cisco Systems
In this paragraph the activities of Cisco within the development of Songdo, South Korea will be described, along with the relationship between these activities and the corporation’s corporate strategy and core business. Again, this study is performed on the base of mostly corporate information. Some information originates from news articles by critics as well.

Corporation
Cisco Systems is a multinational IT corporation specialised in network systems for the Internet. It is founded in 1984 in San Francisco, California as a router specialist. The company’s corporate strategy is based on ‘catching market transitions’ and has stated that its mission is ‘to shape the future of the Internet by creating unprecedented value and opportunity for our customers, employees, investors and ecosystem partners’ (Chambers, 2010).

In 2009 the corporation has set up the business unit of Smart+Connected Communities (S+SC) as part of Cisco’s plans to increase the number of its market adjacencies (30 in total) beyond its core business of routing and switching (Duffy, 2010). The goal of this new business unit is facing the “biggest challenge of the 21st century” which are urbanization and sustainability. The S+CC is a global initiative that uses the network as a platform to transform physical communities into connected communities that are run on networked information in order to enable economic, social and environmental sustainability (Chakrabarti, 2011). Within this business unit Cisco offers solutions and services that can be used to create smart and connected communities. These solutions and services are facilitated by Cisco’s underlying Service Delivery platform. These solutions use intelligent networking capabilities to provide the information and service that is needed to address the metropolitan problems caused by the megatrends (Cisco, 2013).
Project
The project of Songdo is located in South Korea, approximately one hour’s drive from Seoul. It is a totally new to develop area in a landfill in the Yellow Sea, which, according to its developers, should become the ‘greenest and most wired city in the world’ (Strickland, 2011). The 607 hectares area will form the Songdo International Business District and will house 65,000 people. Within this development, Gale International is the primary developer, which started the development project in 2004. Cisco joint in five years later with an investment of $47 million with the goal providing the area with ubiquitous broadband connections (Strickland, 2011). Cisco is working together with the developers in building its networking technology into the new houses. This is the first step in the corporation’s goal to link energy, telecom, security systems end traffic monitoring, in which Cisco builds the platform and local entrepreneurs build the applications. Cisco is expanding its S+CC activities in urban development projects in several cities around the world. The corporation tries to facilitate this expansion through partnering with these cities in the ‘Connected Urban Development’-partnership (CUD), which has the goal to “create urban communications infrastructures that demonstrate how network connectivity can reduce carbon emissions in urban environments” (Cisco, unknown). The CUD is part of the Clinton Global Initiative, which is an endeavour of the William J. Clinton Foundation. This Initiative is raised for the development of innovative solutions for world’s most pressing challenges (Cisco, unknown).

Relation with corporate strategy and core business
All activities in the Songdo developments project are performed by the business unit S+CC. This business unit was part of the corporation’s strategy to increase the number of market adjacencies beyond its core business of routing and switching. This both explains the relationship towards the corporate strategy and the core business. Clearly, the engagement of the S+CC in this urban development project is part of the corporation’s corporate strategy as it gives shape to the increase of market adjacencies. This specific strategy seems part of the fact that the corporation wants to catch market transitions. Since the Songdo development project is the first urban area that is connected and wired in such a ubiquitous way, it can be considered to be of unprecedented value and therefore corresponds to the corporation’s mission.

It’s relation of the engagement in urban development projects to the corporation’s core business is explained in the strategy itself as being adjacent to the core business of the corporation. However, this was adjacent at the time of the implementation of the strategy but from the moment that the S+CC business unit was established and started to develop, the engagement in became an expansion of the corporation’s core business (and therefore part of its new businesses portfolio). The S+CC activities of installing networks are not far-off the former core business of routing and switching.

Motives
As mentioned above, the goal of setting up the new business unit was to face the challenge of urbanisation and sustainability. A clear motive for the engagement in urban development projects can be distinguished from this statement which is the anticipating megatrends. As the S+CC business unit comes with the introduction of several newly developed products, such as ‘Smart+Connected City Wi-Fi’ and ‘Smart+Connected Meeting Places’ that have not been on the market before their implementation in the Songdo projects, it seems likely that...
innovation is a motive as well. The establishment of the S+CC business unit seems to reflect a shift from offering internet related products (like routers) towards providing integral services and solutions for problems. The implementation of these solutions require physical communities (like the urban area of Songdo). Therefore, this shift to solutions can be considered a motive for their engagement.

As mentioned above, the S+CC uses the network as a platform to transform physical communities into connected communities that are run on networked information in order to enable economic, social and environmental sustainability. These are the values that can be created in urban development projects that correspond to the hypothetical motive of Corporate Social Responsibility as elaborated in paragraph 0. This could indicate that CSR is indeed a motive for the corporation to engage in urban development projects. Moreover, as elaborated above, the corporation has established the Connected Urban Development-partnership as part of the charitable William J. Clinton Foundation, which is a clear indicator that CSR is a motive for the engagement in urban development projects. The establishment of the CUD indicates an emphasis on partnerships when it comes to the engagement of urban development. On the one hand these partnerships are used to facilitate the expansion of the S+CC activities and can therefore be seen as a means to get involved in urban development projects. On the other hand, just as in the Siemens case, the corporation could benefit from the fact that these partners happen to be the decision-makers on the technologies to apply within these cities, making them an important future client. Therefore, these partnerships could also be a motive for them to engage in urban development. This reasoning could also indicate promoting/marketing its (expanded) core business as a motive. However, the studied material do not provide a decisive answer on this matter.

Role of the corporation within the project
Within the Songdo project all real estate development types of activities are performed by Gale International. This developer also took on the development of the large park in the middle of the urban grid. The South Korean government also took part in the realisation of public amenities, such as the construction of a public transport network and an innovative water recycling system. Cisco’s role within the development of Songdo was connecting the whole area through implementing equipment like video conferencing technologies and indoor climate adaptation technologies. In the operation of these technologies, Cisco will provide the platform on which these technologies can operate. The development of applications to run on this platform will be designed and operated by local entrepreneurs. Therefore, Cisco’s role with the S+CC business unit can be described as network infrastructure developer. In the CUD-partnership, Cisco take on the role of advisor, as it demonstrates the solutions for reduction of carbon emissions.
6.3. Conclusions
In the paragraphs, the five corporations were individually studied on their activities in urban development projects in relation to the corporations’ stated corporate strategy and core businesses. From these relations, the motives for these corporations to engage in the urban development projects were derived. Moreover, these motives were categorised on the analytical framework with strategic business goals. In Table 7 all cases are mapped according the aforementioned relationship between the engagement in urban development projects and their corporate strategies and core businesses.

Table 7: Additional cases reflected on analytical framework

<table>
<thead>
<tr>
<th>Part of corporate strategy</th>
<th>Yes</th>
<th>Yes</th>
<th>-</th>
<th>Yes</th>
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</tr>
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<tr>
<td>Relation to core business</td>
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<td>Expanding</td>
<td>Core business of subsidiary</td>
<td>Core business of subsidiary</td>
<td>Expanding</td>
</tr>
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<td>Hypothetical motives found</td>
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<td>x</td>
<td>-</td>
<td>-</td>
<td>x</td>
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<tr>
<td>- partnerships/network</td>
<td>x</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>x</td>
</tr>
<tr>
<td>- innovation</td>
<td>-</td>
<td>x</td>
<td>-</td>
<td>-</td>
<td>x</td>
</tr>
<tr>
<td>- megatrends</td>
<td>-</td>
<td>-</td>
<td>x</td>
<td>x</td>
<td>x</td>
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<tr>
<td>- solutions</td>
<td>-</td>
<td>x</td>
<td>x</td>
<td>x</td>
<td>x</td>
</tr>
<tr>
<td>- CSR</td>
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<td>-</td>
<td>-</td>
<td>x</td>
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<tr>
<td>- long term ROI</td>
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<td>-</td>
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<td>x</td>
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<td>-</td>
<td>x</td>
<td>x</td>
<td>x</td>
<td>x</td>
</tr>
<tr>
<td>Additional motives found</td>
<td>Securing long term supply</td>
<td>Steering UD process</td>
<td>Setting up extra business line</td>
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<tr>
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<td>-</td>
<td>-</td>
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<td>x</td>
<td>x</td>
</tr>
<tr>
<td>Role in UD project</td>
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<td>Infra provider &amp; advisor</td>
<td>Developer</td>
<td>Developer</td>
<td>Network provider &amp; advisor</td>
</tr>
</tbody>
</table>

**Relation with corporate strategy and core business**
When looking at this table, some cases seem to show quite some similarities. Firstly, in almost all cases the engagement in urban development projects is part of the company’s corporate strategy. The only case in which this is not confirmed, Vulcan Inc., there was no corporate strategy given and therefore no statement on this matter could be done. However, it is confirmed that Vulcan’s activities in the SLU regeneration project are part of the corporation’s purpose.
Considering the relation of the activities performed in urban development projects towards the corporation’s core business the additional cases provide three different types. Alliander and Cisco have a corresponding relation; their activities in urban development projects are an expansion of the existing core business. Vulcan Inc. and Tata also have a matching identified relation; within these corporations, that both have a very diverging core business, the activities in urban development projects are formalized in the establishment of a subsidiary of which urban development is the core business. Ahold has a different relation to its core business; the activities are safeguarding its future core business.

**Motives**
The same cases seem to overlap when looking at the corporations’ motives to engage in urban development projects. In the cases of Vulcan and Tata, only one of the hypothetical motives is identified as a motive, which is Corporate Social Responsibility. The other identified motives match the additional motives found in the Inter IKEA case. These are long term return on investment and economic value creation. Tata also seems to match an additional motive provided by the case of Siemens, being the opening up of a new client base.

Although a little less clear, there seems to be a match between Alliander and Cisco again concerning the corporations’ motives to engage in urban development projects. In both cases the majority of the hypothetical motives are identified. In the Cisco case, all the hypothetical motives are likely to apply, although the studied material does not provide a decisive answer as to the establishment of partnerships. In the Alliander case, three of the five hypothetical motives seem to be identified. According to the telephone interview with Büskens, innovation and a shift to solutions are no motives for the corporation to engage in urban development projects. However, since the energy infrastructure applied in urban development projects have not been applied before, because they have to adapt to new forms of energy because of the energy transition, the corporation is actually innovating a lot. The urban development project seems a very suitable environment for them to apply their new technologies. This shows similarities to the cases of Siemens and Cisco, in which innovation is seen as a motive. Therefore, it cannot be decisively stated that innovation is not a motive for Alliander. The Alliander cases also provide two additional motives. One is the fact that engaging in urban development projects in an early stage allows them to steer the urban development process into a direction that fits Alliander’s infrastructure systems. The second one is the fact that within urban development projects the corporation is able to set up a new business line. This motive is also recognized in the case of Cisco. When looking at Ahold’s motives, a rather different profile is noticed. Just as in the Vulcan case, only three of the motives set up in advance seem to match, which are partnerships, innovation and Corporate Social Responsibility. One additional motive is identified; the corporation wants to secure its long term supply. All motives can be combined to match the unambiguous goal of securing the supply of their core business through investing in the relations and opportunities of their suppliers.

When combining all motives on the scheme of strategic business goals, which is depicted in Figure 54, it is noticed that all business goals are witnessed in the cases except for the one of community control. This might indicate that either community control cannot be realized through the engagement in urban development or that community control is not a strategic business goal for most multinational corporations. The first does not seem to be logical, because how else should a corporation obtain community control than by engaging in its development process. The second reason seems to be more accurate. However, considering the small amount of cases a decisive conclusion on whether or not corporations engage in urban development projects to obtain community control cannot be given.

When looking at the distribution of the motives it is noticed that most motives can be categorized under the strategic business goals of Business Development and Business Resource Provision. Only one motive is categorized under the business goal of Community Building. The same goes for the goals of Return on Investment and Real Estate as core business. However, this does not mean that these goals are less prevalent, because they are identified in several cases. It could mean that these strategic business goals are less comprehensive and more univocally stated.
Activities and roles
When looking at Table 7, at first sight almost all cases seem to perform mostly the same activities. Most corporations perform five to six of the identified activities within the urban development process. Ahold seems to be an outsider here, as it only engages in one activity in the development process, namely the investment. However, when having a closer look on the performed activities and combining them with the roles the corporations adopt, the same cases seem to correspond to each other as the ones witnessed to correspond in the motives and relation to the core businesses.

Alliander and Cisco seem to perform almost all activities in the development process. However, these activities are related to the development of their core businesses of infrastructure provision rather than to the development of real estate and public amenities. This is very different from the activities performed by Tata and Vulcan, which do take on the actual real estate and public amenity development. This difference is also reflected in the role the corporations adopt in the urban development projects; Alliander and Cisco are providers of their infrastructure and act as advisors towards the decision-makers in the urban development process. Tata and Vulcan on the other hand, act as holistic developers. The only difference in the activities of the two corporations is the fact that Tata does not own the land and sells the dwellings after completion, whereas Vulcan is owner of land and objects within the SLU regeneration project. Ahold seems to be an odd one out again, as it’s acting merely as an investor in urban development projects.

Considering the similarities and differences that are found in the additional cases and their comparison to two in-depth cases of Inter IKEA and Siemens, it appears that it has brought the (re)definition of Corporation-led Urban Development somewhat closer. In Chapter 7 several analyses will be performed on the gathered data to provide insight in the relationships between the corporate profiles identified in Chapter 5 and Chapter 6 regarding their engagement in urban development projects.
- PART 3 -

analyses and synthesis
Chapter 7. Comparative Analysis

In this chapter, the case study results found in the previous two chapters are subjected to several forms of analysis. These analyses are performed in order to identify relationships between the results found in the performed case studies, with the goal to (re)define the phenomenon and definition of Corporation-led Urban Development. This definition includes a definition on the aspects that are incorporated in the aforementioned empirical themes of 1) the relation between the engagement in urban development projects and corporate strategy and core business and motives to engage and 2) the roles and relations established in these urban development projects.

7.1. Analysis on relation with corporate strategy

As stated in paragraph 6.3, in all cases the engagement in urban development projects is part of the corporation’s corporate strategy. To gain understanding on this relation, it is interesting to see in which way this engagement contributes to the realisation of the corporate strategy. In Error! Reference source not found. Appendix I, table 1, an overview of these relations is given.

In this overview some contributions of urban development projects to corporate strategies appear repeatedly. In almost half of the cases (Inter IKEA, Vulcan Inc. and Tata) the contribution of engaging in urban development can be linked to the (economic) value/return that is created within urban development projects. Obviously, economic value creation is of utmost importance for multinational corporations in all their activities. However, the appealing characteristic of urban development that was often recognised in the studied cases, was the fact that it creates economic value for a relatively long term, offering a safe investment that helps securing the corporations’ long term existence. Another aspect that stands out in this overview is the fact that many of the cases have incorporated some form of anticipating the megatrends in their corporate strategies. This contribution is witnessed in the cases of Siemens, Alliander and Cisco. The activities the corporations perform in urban development contribute to the anticipating urbanisation and the energy transition. The third reappearing contribution is that of improving a community. Engaging in urban development projects seems to be pre-eminently suitable for being able to influence a community, either through the developing in an affordable way, but also through the provision of public amenities for instance. This improvement of communities is directly linked to the corporations’ (strategic) philanthropic philosophies. These relations are found in the cases of Inter IKEA, Ahold, Vulcan Inc. and Tata.

Changing strategies

As mentioned before, in most of the cases the engagement in urban development projects directly followed form a shift in strategic focus. When setting out the corporations’ engagement in urban development projects on a time line, as depicted in Appendix I, figure 1: engagement of corporations in urban development in time Appendix I, figure 1, it is noticed that some corporations gradually expanded their activities within the urban development process, while others have started these activities at one point in time and have remained performing that same activities from then on. Two groups of corporations seem to arise concerning this aspect.

The first group of corporations (Tata, Inter IKEA and Vulcan) eventually got engaged heavily in the urban development process, while the second group of corporations (Siemens, Alliander, Ahold and Cisco) limited their engagement to investment and/or operation. When looking at the graph, the first group of corporations also, at first, limited their engagement to operation for several years and then started to expand their activities. The fact that they started this engagement many years earlier than the second group, it seems likely that the second group will expand their engagement in the future as well, when extrapolating this graph. However, interviews with Trimble, Büskens and Happe all indicate that these corporations will not engage in urban development more than they do now. The points in time at which an expansion of the performed activities took place indicates the establishment of a subsidiary focussed on urban development (such as the founding of Tata Housing in 1984) or a shift in strategic focus of the multinational corporation (such as the strategic focus on cities by Siemens in 2008).
7.2. Analysis on relation with core business

In paragraph 6.3, it was shown that some of the additional cases corresponded to each other regarding the relation of their activities in urban development projects to their core businesses. In Table 8, the in-depth cases of Inter IKEA and Siemens are added to the comparison.

Table 8: relation UD and core business

<table>
<thead>
<tr>
<th>Relation of UD activities to core business</th>
<th>Organisational structure of UD activities</th>
</tr>
</thead>
<tbody>
<tr>
<td>Subordinate to Group’s core business &amp; Core Business of subsidiary</td>
<td>Subsidiary Vastint</td>
</tr>
<tr>
<td>Siemens</td>
<td>Overarching &amp; promoting/marketing</td>
</tr>
<tr>
<td>Ahold</td>
<td>Safeguarding</td>
</tr>
<tr>
<td>Alliander</td>
<td>Expanding</td>
</tr>
<tr>
<td>Vulcan</td>
<td>Core Business of subsidiary</td>
</tr>
<tr>
<td>Tata</td>
<td>Core Business of subsidiary</td>
</tr>
<tr>
<td>Cisco</td>
<td>Expanding &amp; promoting/marketing</td>
</tr>
</tbody>
</table>

A clear similarity is witnessed in the cases of Inter IKEA, Vulcan and Tata. In all three cases their activities in urban development are the core business of a later established subsidiary of the multinational corporation. In addition, in the Inter IKEA case the activities are subordinate to the core business of producing and selling self-assembly furniture. The relation of promoting/marketing is witnessed in two of the cases; Siemens and Cisco (although not decisively in the latter). In the Siemens case, an overarching nature is also identified. A correspondence is also found between Alliander and Cisco, which is the relation of expansion of the corporation’s core business. Ahold’s relation, which is that of safeguarding its future core business, does not correspond to any of the other cases.

The similarity that is found between Inter IKEA, Vulcan and Tata (core business of subsidiary), indicates that these corporations arrange their engagement in urban development in the same organisational business structure. In the second column of Table 8, the structure in which the urban development activities are organised are listed. The same two groups of corporations seem to arise; on the one hand there is Inter IKEA, Vulcan and Tata, which have their activities organised in independently functioning subsidiaries. On the other hand there is Siemens, Alliander and Cisco, who have organised their activities in a new business unit within the corporation. Ahold does not correspond to either of these groups as it has arranged their activities in a charitable foundation. In the second group, the organisational business structure in which the engagement in urban development is organised, is clearly connected to the relation between engaging in urban development and core businesses; the activities are an expansion of the corporations’ core business and therefore there is need for a new business unit, since all their core businesses are organised in a specific business unit.
7.3. Analysis on motives

When placing the motives of the different corporations that were identified in Chapter 5 and Chapter 6 on the analytical framework, the profiles depicted in Figure 55 arise. This picture shows that Ahold, Alliander and Cisco obtain the same profile. Siemens’ profile corresponds quite a lot as well, however, it lacks the strategic business goal of community building, because Corporate Social Responsibility is not recognised as a motive.

Tata and Vulcan obtain almost the same profile as well. Tata’s motive of obtaining a new client base through the engagement in urban development projects, which is not identified at Vulcan, explains the difference in the two profiles. Inter IKEA’s profile only covers the first two strategic business goals that correspond to a part of Vulcan and Tata’s profiles. However, the difference is formed through the fact that in the Inter IKEA case, the interviewees stated that Corporate Social Responsibility was not a motive for them to engage in urban development projects. This statement is questioned in paragraph 5.2.3 because this engagement does seem to act on the philanthropic value of the Inter IKEA Group as a whole in its development for the many people, which can be matched to CSR. When taking this into account (depicted in grey in Figure 55) you see that the same profile arises as the profile of Vulcan.

![Figure 55: additional case studies profiled to strategic business goals](image)

When looking at Figure 55, it can be seen that all corporations engage in urban development projects with the strategic business goal of Business Development. Moreover, all but one corporation (Siemens) engage with the goal of Community Development.

When having a closer look, two different types of profiles seem to arise. On the one hand, there are the corporations that engage in urban development projects with the strategic goal of creating long term Return on Investment and developing Real Estate as Core Business. Moreover, these corporations often engage in urban development to act on some form of CSR, which corresponds to the strategic business goals of Business Development and Community Building.
On the other hand there are the corporations that engage in urban development with the strategic goals of Business Development and Business Resource Provision. All except one corporation also engage in urban development from the motive of CSR and therefore also with the strategic business goal of Community Building.

When matching the motives to the two types of profiles, a clear separation of motives is recognised, as shown in Figure 56. Although in Figure 55 it appeared that all corporations engaged in urban development from the goal of Business Development, Figure 56 shows that all motives that can be categorised under the goal of Business Development, are assigned to the blue profiled corporations, except for CSR, which is assigned to both profiles. Of these motives, three match the hypothetical motives, and three are additional motives found in the case studies.

CSR is the only motive for the red profiled corporations that can be categorised under Business Development (and Community Building). This might be explained by the fact that the engagement is actually already their (subsidiary's) core business and therefore it is not so much the development of business.

7.4. Conclusions on first research theme
The paragraphs above elaborate on the relations of the engagement in urban development to corporate strategies and core businesses and the motives to engage in these activities. Concerning all these aspects, corresponding cases can be found. Moreover, the same cases seem to correspond to each other concerning each of these aspects. The corporations of which engaging in urban development relates to their corporate strategy in the same way, seem to also have a similar type of relation to their core businesses and organisational structuring of these activities. Moreover, the motives of the same corporations seem to correspond to each other and therefore the same profiles arise concerning their strategic business goals.

The two groups that can be identified are on the one hand Inter IKEA, Vulcan and Tata, and on the other hand Siemens, Alliander and Cisco. Ahold sometimes corresponds to other cases but, as it deviates concerning most aspects, it cannot be divided into one of the groups. The groups and their corresponding aspects are depicted in Table 9. In the following paragraphs analyses are performed on the roles and activities performed in the urban development process. This might provide more insight these identified groups.
Table 9: identified groups of corporations

<table>
<thead>
<tr>
<th>Corporate Strategy</th>
<th>Long term return &amp; improving communities</th>
<th>Anticipating megatrends</th>
<th>Improving quality of life of suppliers</th>
</tr>
</thead>
<tbody>
<tr>
<td>Core Business</td>
<td>Subordinate &amp; Core business of subsidiary</td>
<td>Expanding &amp; promoting</td>
<td>Safeguarding</td>
</tr>
<tr>
<td>Organisational business structure</td>
<td>Subsidiary</td>
<td>New business unit</td>
<td>Foundation</td>
</tr>
<tr>
<td>Motives</td>
<td>Long Term ROI, economic return &amp; CSR</td>
<td>Megatrends, partnerships, solutions, innovation, CSR</td>
<td>Partnerships, innovation, CSR</td>
</tr>
<tr>
<td>Strategic business goals</td>
<td>- Return in Investment</td>
<td>- Business Development</td>
<td>- Business Development</td>
</tr>
<tr>
<td></td>
<td>- Community Building</td>
<td>- Community Building</td>
<td>- Community Building</td>
</tr>
</tbody>
</table>

7.5. Analysis on activities and roles

The paragraphs above show that most cases can be divided in two groups concerning the first research theme. In this paragraph the activities and roles performed in the urban development process are analysed. A correspondence between the studied cases concerning their performed activities and roles might confirm the identified groups of corporations. In Appendix I, table 2 the activities and roles adopted by the corporations is depicted. This table shows that three of the seven studied cases, Inter IKEA, Siemens and Vulcan, perform all six identified activities within the urban development process, indicating a great involvement in shaping the urban development project. In the case of Siemens, however, this involvement only goes for the development of The Crystal, as this is a one-off project. Tata performs five of the six activities; the only activity it does not perform is retaining ownership of the developments. This indicates a fairly great involvement in shaping the urban development project as well.

In Appendix I, table 2, it can also be noticed that in the cases of Siemens, Alliander and Cisco, there is a difference between their activities performed in the urban development process, which in all three cases is advising, and their activities in the provision of a very specific part of the urban area, being the initiative, investment, development and operation of either infrastructure or technological solutions. The performed activities are again an indication of their involvement in shaping the urban development project. Although these three corporations perform a lot of activities, they concern a relatively small element of the urban area to be developed. When it comes to the whole urban development project, they limit their activities to advisory ones. Therefore, their involvement in shaping the urban development project is less than that of the abovementioned corporations that perform five to six activities of the urban development process. Just as in the other analyses, Ahold seems to be rather different than the other cases, as it only invests in urban development, making their involvement quite little.

As mentioned above, the amount of activities performed by a corporation indicate the degree of involvement in an urban development project. Moreover, not only the amount, but also the type of activity can be linked to a certain degree of involvement now it is clear which activities are performed by the most involved corporations.
The most involved corporations (Inter IKEA, Vulcan and Tata) all perform the activities of development and community involvement. Therefore, these activities are related to a great involvement in the urban development project. Inter IKEA and Vulcan also retain ownership, by which they are greatly involved in the projects.

The activity of advising is witnessed in the cases of Siemens, Alliander and Cisco. The activity of advising can be linked to a rather small degree of involvement in urban development projects. However, the involvement of these corporations is bigger than that of Ahold that is merely investing. As it does not concern any physical involvement, which operation does, the activity of advising is placed in between investment and operation. The degree of involvement that the activities indicate is depicted in Figure 57.

In this figure, the corporations are placed on this scale of involvement according to their performed activities and therefore this figure also represents the involvement of the corporations in the urban development process and shaping of the actual urban development project.

It can be noticed that again the same corporations seem to correspond to each other as in the analyses on the first research theme. Siemens, Alliander and Cisco seem to correspond concerning the fact that they have little involvement in shaping the actual urban development project. However, as depicted in grey in Figure 57, they have a lot more involvement in shaping a very specific part of that urban development project. This part concerns the provision of technology and/or infrastructure. The role these corporations adopt within the urban development process is directly related to the performed activities, and in this case is the role of an advisor.

Tata, Inter IKEA and Vulcan also seem to correspond again as all three perform (almost) all activities within the urban development process and therefore have a great involvement in shaping the actual urban development project. Their role can be described of that as a holistic developer Ahold, just as in the previous paragraphs, does not really correspond to any of the other cases. It has a very little involvement in shaping the urban development project and merely takes on the role of an investor.

7.6. Analysis on relations and collaboration with other actors
Considering the fact that the additional cases are studied by merely the use of literature, annual reports and (in some cases) brief telephone interviews, a clear insight in these corporation’s relations and collaboration with other actors within the realisation of the urban development projects cannot be given, as this requires interviews with multiple involved parties. The in-depth case studies of Inter IKEA and Siemens do provide insight in the established relationships and collaborations within the Stand East project and the development of The Crystal. The additional case of Vulcan is based on literature that results from in-depth case studies. Therefore quite some information is known on the relations and collaboration in the South Lake Union-project as well. This analysis will therefore only concern these three cases.
Table 10 gives an overview of the established relationships and forms of collaboration. It can be noticed that in the realisation of each of the projects there was only one legally formalized document between the corporation and the local public authority: no formalised partnerships were set up. Inter IKEA and Siemens had a very close informal relationship with the local authoritative body, shown by the way in which they were involved in the decision making process. Vulcan also addressed the involved civic actors in this process in order to enhance the chance of approval for its development proposals towards the SDPD. All three corporations have made positive contributions to the area from the viewpoint of the involved public authorities. As elaborated in paragraph 5.4 the large investment Siemens made and the large scale on which Inter IKEA operates, safeguard a long term commitment of the corporations towards the urban development project. The same goes for Vulcan, which made huge investments in the area, therewith improving the quality of the area.

<table>
<thead>
<tr>
<th>Legally formalised aspects</th>
<th>Planning Permission</th>
<th>Planning Permission</th>
<th>Building permit based on Neighbourhood Plan</th>
</tr>
</thead>
<tbody>
<tr>
<td>Decision making process</td>
<td>Informal negotiating with all involved stakeholders</td>
<td>Informal aligning of interests</td>
<td>Creating development proposals after consulting civic actors</td>
</tr>
<tr>
<td>Collaborative parties</td>
<td>Council of Newham, Council of Tower Hamlets, London Legacy Development Corporation (taking over LTGDC tasks)</td>
<td>Council of Newham, Greater London Authority</td>
<td>Seattle Department of Planning &amp; Development, Private corporations, Civic actors</td>
</tr>
<tr>
<td>Contribution for public bodies</td>
<td>New type of tenancy structure and design principles, Large scale development</td>
<td>Established name of Siemens connected to the area, Large inward investment</td>
<td>Improving the community, Large investment in deprived area</td>
</tr>
</tbody>
</table>

Table 10: relationships and contributions established in the studied UD projects.

In paragraph 2.3, the roles of public and private parties in different PPP-models were elaborated (based on Heurkens, 2012). In Appendix I, table 3 these three cases are subjected to this analytical model. It shows that the division of roles between public and private parties was almost the same in all three cases, as most development stages were performed by the private parties. This corresponds to the PPP-model of Private Realisation when comparing these roles to Heurkens’ model depicted in Figure 17. Table 10 and Appendix I, table 3 show that the roles and relations of the three cases have quite some similarities. All three projects contain very few formalised aspects and no formal partnerships between public and private parties were set up. Also, the division of roles between the public and private parties is very alike in the three cases.
7.7. Conclusion on second research theme and relation to first research theme

The analysis of paragraphs 7.6 and 7.6 on the performed activities shows that several cases correspond to each other. Inter IKEA, Vulcan and Tata, as holistic developers, are greatly involved in the urban development process, whereas Siemens, Cisco and Alliander, as advisors, are less involved. Ahold is the least involved as its only activity is investing in urban development projects. The analysis performed on the relations and forms of collaboration established in the cases of Inter IKEA, Siemens and Vulcan, indicates a lot of similarities between all three cases.

Paragraph 7.4 elaborated on the fact that two groups seemed to arise concerning the first research theme. The first consisting of Inter IKEA, Vulcan and Tata, the second consisting of Siemens, Alliander and Cisco. Ahold could not be classified into one of these groups.

As paragraph 7.5 provides the same corresponding corporations, this strengthens the idea that these corporations can actually be classified in these identified groups. It could also indicate that there is a relation between the two themes. The first theme results in a profiling according to strategic business goals, whereas the second theme results in a certain degree of involvement in the urban development process. To identify whether there is a link between the two variables, the corporations are mapped on a graph represented in Figure 58. On the x-axis the strategic business goals of the corporations are represented with the associated motives. On the y-axis the degree of involvement in the urban development process is represented with the associated activities.

The graph shows that both concerning the degree of involvement in the urban development process and the strategic business goals, the same corporations correspond. It can be noticed that the corporations that have the strategic business goals of Business Development and Business Resource Provision (and Community Building) are only involved in the urban development process to a little degree. The corporations that have the strategic business goals of Return on Investment, Real Estate as Core Business, Business Development and Community Building are involved greatly in the urban development process and therefore in shaping the actual urban development project.

These matches indicate a link between the strategic business goals, the involvement in the urban development process and the role the corporations adopt. The activity of giving advice, and therefore acting as an advisor, can be linked to the strategic motives of Business Development and Business Resource Provision. Subsequently, when considering the profiling of Figure 56, these strategic business goals can be linked to the corporations’ motives to engage in urban development, being innovation, a shift to solutions, anticipating megatrends, steering the urban development process, setting up an extra business line and Corporate Social Responsibility.

The performance of (almost) all activities in the urban development process, and therefore the role a holistic developer, can be linked to the strategic business goals of Return on Investment, Real Estate as Core Business, Business Development and Community Building, which on their turn can be linked to the motives of Return on Investment, Economic Value Creation and Corporate Social Responsibility.
Figure 58: corporations’ strategic business goals matched to involvement in UD process
7.8. Conclusions
In this chapter the case study results were analysed according to the two empirical research themes of 1) the relation between the engagement in urban development projects and the corporations' strategies and core businesses and their motives to engage and 2) the roles and relations established in these urban development projects. In this paragraph conclusions on the relation between the two themes are given as well a definition of corporation-led urban development.

7.8.1. Conclusions on the relation between the two themes.
The fact that concerning both research themes the same corporations correspond to each other, indicates that there might be a relationship between the two research themes. Paragraph 7.7 showed that indeed a link can be found between the degree of involvement in the urban development process and the strategic business goals of the corporations. A high degree of involvement in the urban development process can be linked to the strategic business goals of Return on Investment, Real Estate as Core Business, Business Development and Community Building, while a smaller degree of involvement can be linked to the strategic business goals of Business Development and Business Resource Provision.

This refutes the hypothesis (analytical framework) that was posed in paragraph 3.6 in which Return on Investment was linked to the lowest possible involvement and Community Control was linked to the highest possible involvement. As paragraph 7.5 showed a link between the performed activities and the amount of involvement, the analytical model was adjusted to its form in Figure 58.

Because these strategic business goals are linked to specific motives for the corporations to engage in urban development, the degree of involvement in shaping an urban development project can also be linked to these motives. These linkages are depicted in Figure 58.

The analyses and synthesis performed in this chapter provided insight in the two empirical research themes. These insights, together with the insights of the theoretical research theme, are used to answer the research questions that were posed in paragraph 1.6 in 0.

7.8.2. Definition of Corporation-led Urban Development
The cases study results and the performed analyses seem to show a clear divide into two groups of corporations. The profiles of these two groups can be described as follows:

The first group seem to be family originated corporations with incorporated philanthropic values that perform the whole spectrum of the urban development process and adopt the role of a holistic developer. They have their activities organised in an independent subsidiary of which the core business is urban development and with their engagement in urban development they contribute to their corporate strategy by creating economic value and long term return on investment and improving a community. They are highly involved in the urban development process and therefore in shaping the actual urban development process.

The second group seem to be corporations with a technical core business that perform only the activity of advising in urban development and therefore adopt the role of advisor. Considering aspects that align closely to their core business they perform much more activities and these activities are organised in a business unit within the corporation. This engagement in urban development contributes to the corporate strategy because it enables them to anticipate megatrends. They are only to a little degree involved in the urban development process and shaping the actual urban development process.
These two groups can be tied back to the definition of Corporation-led Urban Development as stated in 1.7 as:

“An urban development project in which a multinational corporation (with a core business other than urban development) takes a leading role in the organising, managing and/or financing the development of an urban area.”

In which “taking on a leading role” is defined as (based on Heurkens, 2012): “Actively steering an urban development process into a preferred direction by carrying out a coherent set of organizational tasks and related management measures”

The first group, to which Inter IKEA, Tata and Vulcan are assigned, seems to match this definition: it takes on a leading role as it acts as a holistic developer. All these corporations have a subsidiary with the core business of urban development, but viewed from the perspective of the multinational corporations, this group of corporations has a core business other than urban development.

However, the second group of Siemens, Alliander and Cisco, does not seem to match this definition, as it does not take on a leading role. It merely acts as an advisor within the urban development process. The activities it does perform in urban development projects are aligned closely to the core business. Therefore, the urban development projects that are advised by this group of corporations cannot be considered Corporation-led Urban Development. A better term would be Corporation-involved Urban Development.

Figure 59 shows an initiation of a holistic model in which Corporation-led Urban Development will be conceptualised with respect to other types of urban development projects (such as for example Developer-led and Investor-led) which can be worked out more in-depth leading up to the final model. It depicts the degree of involvement in the Urban Development process combined with the relation between the corporation’s core business and the activities performed in urban development. The upper right block represents the phenomenon of Corporation-led Urban Development.

![Figure 59: degree of involvement versus distance of performed activities to Core Business (initiation of holistic model)](image)
Chapter 8. Conclusions and recommendations

In this chapter conclusions are drawn on the phenomenon of Corporation-led Urban Development. Insight in this phenomenon is provided by answering the research questions that were posed in Chapter 1. First the theoretical research questions are answered based on the results of the conducted literature study of Chapter 2 and Chapter 3. Secondly, the research questions that were studied both theoretically and empirically are answered, based on both the theoretical chapters (2 and 3) and the empirical chapters (5 and 6). The empirical research questions are answered based on the empirical chapters (5 and 6) and the analytical Chapter 7. The answers on these theoretical and empirical sub questions provide an answer to the main research question that was posed in Chapter 1 as:

“What motives do multinational corporations, with a core business other than Urban Development, have to engage in Urban Development, how does this engagement relate to their corporate strategy and core business and what role do they adopt?”

8.1. Theoretical sub questions

This paragraph provides answers to the two theoretical sub questions posed in Chapter 1. These questions elaborate on the theme of corporate strategies and urban development projects. Throughout this research, this theme and these questions functioned as the theoretical base on which the empirical part was performed.

Sub question 1: what are the characteristics of multinational corporate strategies?

In Chapter 3, the field of Corporate Strategies was studied thoroughly. In order to identify their characteristics, an understanding of the multinational corporations and the environment in which they operate was first explored. It became clear that large multinational corporations have different characteristics than smaller scaled corporations, which is reflected in their corporate strategies as well. This difference is caused by a higher level of complexity due to the different regions in which it operates and the friction that can arise between the corporate level and the business level of the corporation. Moreover, a large multinational corporation has more financial and human resources to its disposal. These differences are used by the multinational corporations to distinguish themselves. They do this by emphasising the network level of their corporate strategies in which the relationship with other parties is important. Another way of distinguishing themselves is by offering services and solutions rather than products.

As explained in Chapter 3, multinational corporations are very dependent on the environment in which they operate. As this environment is very dynamic and subject to changes caused by the megatrends the corporations need to adjust their strategies to these changes in order to remain successful. Therefore, a characteristic of corporate strategies is that they (need to) anticipate megatrends and continuously innovate in order to deal with this dynamic environment. Table 11 provides an overview of these characteristics.

<table>
<thead>
<tr>
<th>Characteristics</th>
<th>Corporate Strategies within multinationals</th>
</tr>
</thead>
<tbody>
<tr>
<td>Emphasis on network level of strategies</td>
<td></td>
</tr>
<tr>
<td>Continuing need for innovation</td>
<td></td>
</tr>
<tr>
<td>Shift towards ‘solutions’ instead of physical goods</td>
<td></td>
</tr>
<tr>
<td>Anticipating (mega) trends</td>
<td></td>
</tr>
</tbody>
</table>

Table 11: characteristics of corporate strategies

100
Sub question 2: what are the characteristics of urban development projects?
Chapter 2 studied the context of, and roles and relations within urban development projects. Through this study, several characteristics were identified that might be linked to the engagement of multinational corporations in urban development projects. One of these characteristics is the fact collaboration between parties is incorporated in the realisation of every urban development project, as this realisation entails, inter alia, the integration of actors. This also entails that some form of partnership is always present. This integration furthermore incorporates functions, disciplines, cash flows and interests. The amount of aspects to integrate indicate the high level of complexity that characterises urban development projects.

Another important characteristic, is the fact that in these projects, economic, ecological and societal value can be created within the physical and societal dimensions of urban development projects. Chapter 2 elaborated on the differences in the prevailing societal models that form the context of urban development projects in different countries. Although the amount of involvement varies per model, in each urban development project both public and private parties are involved to some extent. These characteristics are summarised in Table 12.

<table>
<thead>
<tr>
<th>Characteristics</th>
<th>Urban Development Projects</th>
</tr>
</thead>
<tbody>
<tr>
<td>Partnerships always present</td>
<td></td>
</tr>
<tr>
<td>Enables economic, societal and ecological value-creation</td>
<td></td>
</tr>
<tr>
<td>Very complex processes</td>
<td></td>
</tr>
<tr>
<td>Public and private actors involved</td>
<td></td>
</tr>
</tbody>
</table>

Table 12: characteristics of urban development projects

Theme 1: Corporate Strategies and Urban Development Projects
The answers on these sub questions provided insight in the first theme of Corporate Strategies and Urban Development Projects and led to a hypothesis on the motives for multinational corporations to engage in urban development projects, on the basis of which the empirical themes were studied. The hypothetical motives are based on overlaps of the characteristics of both subject and object of study. An overview of this hypothesis is represented in Figure 60.

Figure 60: overlaps in characteristics and their associated hypothetical motives
8.2. Theoretical and empirical sub questions

By answering the theoretical and empirical sub questions, insight is provided in the relation between corporate strategy, core business and corporations’ engagement in urban development. These sub questions are answered by the use of the results of the two in-depth case studies and the five additional cases studies. These cases are only a small selection of corporations that engage in urban development and are of very different backgrounds. Therefore, the answers on these sub questions are not decisive but rather indicative, and they provide a first exploration of the phenomenon of Corporation-led Urban Development.

Sub question 3: how does the engagement in urban development projects relate to corporate strategy and corporation’s core business?

The in-depth case studies performed in Chapter 5 and the additional case studies performed in Chapter 6, all showed that the engagement in urban development projects was part of the corporate strategy in some way. However, the way in which this engagement contributed to the realisation of the corporate strategies differed. Analysis in Chapter 7 showed that in some cases this contribution was comparable. Three main contributions were identified:

1. **Economic value/return on investment**: The engagement in urban development projects can offer a safe investment that generates economic value for a relatively long term. This contributes to securing the long term existence, profitability and value creation that are incorporated in the corporations’ corporate strategies.

2. **Anticipating megatrends**: As one of the megatrends is urbanisation, entering the market of urban development can contribute directly to this anticipation. This engagement can also contribute to anticipating the megatrend of the energy transition through the implementation of infrastructure for renewable energy. Anticipating these megatrends is incorporated in the corporations’ corporate strategies.

3. **Improvement of a community**: In several ways, a community can be improved through the engagement in urban development. This improvement is either incorporated the corporation’s corporate strategy itself or in the underlying philanthropic values that drive a corporation. It is noticed that this contribution occurred in the same three corporations as the first contribution of creating long term return on investment.

Analysis also identifies several types of relations between the engagement and core business. In three cases (Inter IKEA, Vulcan and Tata) the engagement in urban development is the core business of their independent subsidiary. Additionally, in the case of Inter IKEA, the engagement is subordinate to the core business of Inter IKEA itself.

Alliander and Cisco are both expanding their core business by this engagement. Cisco also seems to correspond to Siemens, as this engagement also has a function of promoting/marketing the corporation’s core business. In the Ahold case the relation of safeguarding the core business by engaging in urban development is identified.

It seems that there is a relation between the aforementioned relationships and the way in which their urban development activities are organised. Obviously, for the first group of corporations, these activities are organised in that same independent subsidiary. For the group that is expanding and promoting their core business by engaging in urban development, these activities are organised in a new business unit within the corporation. In the Ahold case these activities were organised in a charitable foundation.
Sub question 4: what motives for multinational corporations to engage in urban development projects can be found in literature and practice?

The motives for multinational corporations to engage in urban development projects that were found in literature, were formed through an identified overlap in the characteristics of corporate strategies and urban development projects which resulted in the hypothesis elaborated in paragraph 3.7 (shown in Figure 60).

Summarising, it can be stated that the hypothesis is that motives for multinational corporations to engage in urban development projects are to:

- establish partnerships to enhance network level of strategy
- enter a market for solutions to complex problems
- create economic, social and ecological value to act responsibly as a corporation (CSR)
- anticipate megatrends &
- innovate through this engagement

In the empirical chapters (5 and 6) in-depth and additional case studies showed that in four of the cases these hypothetical motives were indeed identified. Moreover, all of the hypothetical motives were identified in at least two cases. In three of the cases most of the hypothetical motives were not identified. The in-depth and additional cases provided the additional motives of:

- creating long term return on investment
- creating economic value
- promoting/marketing the corporation’s products
- opening up a new client base
- securing long term supply
- steering the urban development process
- setting up an extra business line

The same two groups as identified above, seemed to correspond concerning motives. When profiling these corporations along the analytical framework (Figure 55), the motives found in Inter IKEA, Tata and Vulcan mostly seemed to correspond to the strategic business goals of Return on Investment and Real Estate as Core Business. The motive of acting responsibly (CSR) as a corporation, which was also identified (although not decisively) in these corporations, made these corporations correspond to the strategic business goals of Business Development and Community Building as well. The mapping of the motives found in Siemens, Alliander, Cisco and Ahold showed that they mostly seem to correspond to the strategic business goals of Business Development and Business Resource Provision.

Figure 56 also shows that, except for CSR, the motives correspond either to the first group of corporations, being Inter IKEA, Vulcan and Tata, or the second group, concerning motives being Siemens, Alliander, Cisco and Ahold. CSR is the only motive that is identified in both groups.

Theme 2: the relation between the engagement in urban development projects and the corporations’ corporate strategies and core businesses

The analyses in Chapter 7 showed that both concerning the relation between the engagement and corporate strategy and core business and the motives for this engagement, the same groups seem to arise. The insight these analyses gave on the organisational business structures, the strategic business goals and the fact that the motives correspond to only one of these groups, seem to underpin this observation.
8.3. Empirical sub questions

These solely empirical sub questions are answered through the result of the in-depth and additional case studies performed in Chapter 5 and Chapter 6 and the analyses performed in Chapter 7. As the second sub question of this theme requires in-depth information from multiple involved parties, the answers are only based on the in-depth case studies and are therefore function more as an example rather than that they provide a general answer on the sub question.

**Sub question 5: what roles and activities do multinational corporations perform within urban development projects?**

The activities shown in Figure 61 are performed by the studied corporations. Some corporations seem to perform a lot more activities than others and most corporations correspond to other corporations. The same groups of corporations seem to arise as in the previous research theme. Inter IKEA, Vulcan and Tata perform (almost) all of the activities, whereas Siemens, Alliander and Cisco perform much less activities; these corporations merely give advice on the process (and project). Inter IKEA and Alliander perform almost all of the activities, whereas Siemens performs much less activities; these corporations merely give advice on the process (and project). When it comes to a very specific part of the spectrum of the urban development project that is close to their core business, the second group of corporations perform more activities. In these cases this small part is the provision of technology and/or infrastructure.

It seems that the first group of corporations is involved in the urban development to a higher degree, because they engage in a lot more activities within this process. The corporations that perform few activities, and are therefore little involved in the urban development process, do not perform the activities of operation, initiative, development, ownership and community involvement.

These activities can also be linked to the role the corporations adopt in the urban development process. The corporations that perform (almost) all activities take on the role of a holistic developer. The corporations that give advice clearly adopt the role of an advisor. As Ahold only invests in the urban development project, it takes on the role of an investor.

**Sub question 6: what relationship and forms of collaboration are established in corporation-led urban development projects?**

As mentioned above, to gain insight in the relations with other parties and forms of collaboration and partnerships that are established in the realisation of a corporation-led urban development project, a thorough study and interviews with multiple involved parties are required. Only two cases, Inter IKEA and Siemens were studied in-depth in this research. The additional case of Vulcan was studied by using literature that was based on two in-depth case studies. Therefore, these three cases are used in providing an indicative answer to this sub question. In all three cases there were few legally formalised aspects between public parties and the involved corporations. No formalised partnerships were established and the public body only provided a planning permission (in the American case: building permit). Further collaboration between the public parties and corporations was of an informal nature. It seems that this informal collaboration was able to be established because in all three cases the corporation contributed something to the community, which was of the interest of the public bodies.
The identified contributions were differing per case. However, in each of the three cases one of the contributions seemed to be linked to the fact that it ensured a long term engagement of the corporation in the urban development project, either through the large investment made by the corporation or the large scale on which the corporation operates. Error! Reference source not found. Analysis the type of PPP-model to which the cases correspond shows that in all cases most development stages are performed mainly by the private party. According to Heurkens’ model, these roles indicate that these developments were realised through Private Realisation.

Theme 2: the roles and activities performed by corporations and established relations and collaboration forms with other actors within urban development projects

The studied corporations engage in a wide spectrum of activities in the urban development process. The same corporations seem to correspond regarding the activities they perform in the urban development as the ones that correspond to each other regarding the first research theme. Inter IKEA, Vulcan and Tata perform (almost) all activities in the urban development process. These cases show a heavy involvement in the urban development process. Siemens, Alliander and Cisco are less involved in shaping the actual urban development project as they mostly just advise in this process. However, they do perform a lot of activities concerning very specific parts of the urban development projects, such as providing technological solutions and energy infrastructure.

Regarding the relations and forms of collaboration that are established in corporation-led urban development projects, no decisive answer can be provided due to the limited amount of in-depth case studies performed. Although the three studied cases do seem to show some correspondence, as stated in the answer of sub question 6, it cannot be stated that that these similarities are characteristic for corporation-led urban development projects. This is due to the fact that all cases are embedded in the same (Anglo-Saxon) societal principle model, which might have a profound effect on the relationships and collaboration forms that are preferred.

8.4. Main research question

The previous paragraphs jointly provide the answer to the main research question which is stated in Chapter 1 as:

“What motives do multinational corporations, with a core business other than Urban Development, have to engage in Urban Development, how does this engagement relate to corporate strategy and what role do they adopt?”

As only seven cases of presumed corporation-led urban development are studied, of which only two in-depth, this is not a decisive answer, but rather an indication of the existing motives of corporations to engage in urban development projects and its relation to the corporate strategy and core business. An overview of this mapping is provided in Appendix I, table 4.

Besides this mapping as an answer to the main research question, this research shows that there seems to be a link between all the mapped research aspects listed. The case studies showed that the prevailing motives are often linked to a certain relation of the engagement in urban development and corporate strategy and core business. This link is indicated by the fact that two groups of corporations arise on all three research aspects. Group one consist of Inter IKEA, Vulcan and Tata. Group 2 consists of Siemens, Alliander and Cisco. Ahold did not seem to correspond to the other cases on most aspects. The links are summarized in Table 13.
### Table 13: links between research aspects divided in three groups

These groups also seem to be able to be linked to the performed activities and role the corporations adopt in the urban development process and therefore to the involvement of these corporations in the urban development process. These linkages are depicted in Figure 58 in paragraph 7.7.

These linkages seem to strengthen the idea of the corresponding groups as depicted in Table 13 and make it possible to sketch to types of profiles. Considering the limited number of studied cases these profiles are merely an attempt to structure the phenomenon of corporation-led urban development and cannot be considered to be fixed and decisive types.

**The first group seem to be family originated corporations with incorporated philanthropic values that perform the whole spectrum of the urban development process and adopt the role of a holistic developer. They have their activities organised in an independent subsidiary of which the core business is urban development and with their engagement in urban development they contribute to their corporate strategy by creating economic value and long term return on investment and improving a community. They are highly involved in the urban development process and therefore in shaping the actual urban development process.**

**The second group seem to be corporations with a technical core business that perform only the activity of advising in urban development and therefore adopt the role of advisor. Considering aspects that align closely to their core business they perform much more activities and these activities are organised in a business unit within the corporation. This engagement in urban development contributes to the corporate strategy because it enables them to anticipate megatrends. They are only to a little degree involved in the urban development process and shaping the actual urban development process.**

The corporations in this group do not deviate much from their core business. They do not engage in the activities of the urban development process that are not close to their core business. When they do obtain a higher degree of involvement this is only in a part of the urban development project that is close to their core business. In hindsight, it is quite logical that these corporations do not engage in a business that does not belong to their core, as by definition focus on this core business is required to remain an efficient and profitable corporation. The corporations that belong to profile 1 have therefore organised these activities in an independent subsidiary of which the engagement in urban development is the core business, so these activities are performed in an efficient and profitable way and they do not distract the focus of the multinational corporations off of their core business.
8.5. Feedback on hypotheses

Paragraph 3.7 provided a set of hypothetical motives and a first hypothetical design of an analytical model. When comparing these hypotheses to the research results, the hypothetical motives can be accepted, as all of these motives appeared in at least two cases. However, many more additional motives were identified, so this set proved not to be complete. It is impossible to decisively state that this set, listed in paragraph 8.2, is complete. Only seven cases are studied so it seems that this list is most likely not complete. However, only two of the five additional cases provided additional motives.

In the analytical model presented in paragraph 3.7, it was assumed that the strategic business goals could be scaled along an axis of involvement in the shaping of urban development projects. The case study results show that the strategic business goals as identified in the cases, did not match the degree of involvement as stated in this analytical model. Paragraph 7.5 showed that the involvement could be linked to the type and amount of activities that the corporations engage in. In Figure 57 these activities are linked to the strategic business goals through the corporations by which they were performed. This figure indicates a link between a combination of strategic business goals and the degree of involvement shaping the urban development project.

The combination of Return on Investment, Real Estate as Core Business, Business Development and Community Building (through CSR) seems to correspond to a high degree of involvement whilst the combination of Business Development and Business Resource Provision seems to correspond to a lower degree of involvement.

8.6. Recommendations

As stressed throughout this report, this research is of a very explorative nature. To enhance insight in this research subject, several recommendations of further research are provided in this paragraph.

Perform more case studies
As only a limited amount of cases are studied this report provides a first exploration aimed at structuring and defining the phenomenon of corporation-led urban development. The fact that the Ahold case does not belong to one of the two profiles shows that these profiles are not complete, nor are they decisively accurate. In order to complete and verify the profiles of corporations that engage in urban development, more case studies should be performed.

Analytical models
As this is a first exploration in the field of corporation-led urban development, there was no clear set of analytical models that were the most suitable for studied this field. As stated in Chapter 7, most of the analytical models to which the case study results were subjected, were designed during the process of this study. Further research, for instance through performing more case studies, must be performed to complete and verify these analytical models.

Relations and partnerships established in corporation-led urban development
This research provides only little insight and indecisive conclusions on the relationships and partnerships that are established in corporation-led urban development projects. The three cases that were studied on these aspects, were all located in Anglo-Saxon countries, which might affect their result because, the prevailing societal principles that are incorporated in these countries have a profound effect on the relations and partnership in urban development projects. In order to gain more insight in the relations and partnerships in corporation-led urban development in-depth case studies must be performed in countries with other prevailing societal principles.
Value of Corporation-led Urban Development

As stated in the research motive in paragraph 1.1, the entrance of corporations in the field of urban development projects is considered an opportunity for mitigating the (mainly financial) problems in the Dutch urban development practice. When looking at the profile corporations that can be considered to perform Corporation-led Urban Development (group 1), it does seem a fruitful phenomenon for the urban development practice. The corporations are financially strong and independent which provides several advantages. They are capable of making large investment now that only provide return on the long term, whereas traditional developers are required to make short term profits. This large investments secures the corporation’s long term involvement, which is beneficial for public bodies, because it is in the corporation’s interest that the developed project functions well.

This financial background also allows corporations to develop on a large scale, as witnessed in the Inter IKEA and Vulcan cases. This can be considered positive as well in a time in which urban development projects are put on hold, and it becomes more and more difficult to get a planned urban area developed.

Another positive aspect witnessed in the cases, is the fact that they seem to act from incorporated philanthropically values from which they actually want to improve communities. This probably helps in aligning their interests with those of public bodies.

Public bodies should consider if and in which way they want to collaborate with these multinational corporations in urban development projects. A facilitating role seems to match this type of urban development projects according to the (highly indicative) case study results. In order to get a clear answer on these aspects, research from a public perspective must be performed.
Chapter 9. Reflection

In this chapter I reflect on this research, its findings and on the process of conducting it. I reflect on the scientific and societal relevance in retrospect with the experiences of this research process. I also reflect on the methodology: the validity of the outcomes of this study and the limitations of the methods, tools and analyses.

9.1. Relevance

9.1.1. Scientific relevance (relationship between the theme of the studio and the subject)

The research proposal elaborated on a fairly new phenomenon that is recognised by academics, media and critics in which multinational corporations engage in urban development projects. Some of them consider it as an opportunity to alleviate the problems that occur in the (Dutch) urban development market, others are worried about the influence these corporations will have on the living quality in the developed urban area. However, these envisioned opportunities or threats seem to be unfounded as theory lacked on the background of this phenomenon. With this research, a first exploration of the field of corporation-led urban development is provided, focussing on the motives, the relation with corporate strategies and core business, the performed activities and roles and established collaboration forms. Moreover, linkages between the different research themes and studied cases were identified which led to the indicative profiling of two types of corporation-led urban development projects. These profiles are neither decisive nor complete, but are merely a means of structuring this undiscovered field and offering grip for further research and insight in the empirical practice of corporation-led urban development.

As the background of this research subject is twofold, because it entails aspect from both the field of Corporate Strategies and Urban Development, this research used theories from both academic fields. It tried to link these theories in order to create insight in the field of corporation-led urban development. As theory on this specific subject lacked, analytical frameworks needed to be designed alongside the content based research. Designing these frameworks was an iterative process founded on progressive insights provided by the research findings. At the same time, these findings were subjected to the analytical frameworks. This means that throughout the research there was a strong interaction between the research findings and the analytical methods. This also means that the analytical frameworks have only evolved through the time span and input of this research, and therefore there is a possibility that it is not complete nor decisive. However, the analytical frameworks can function as a basis for further research on this phenomenon, provided that the researcher also uses this interaction between findings and methods to complete and validate the framework.

9.1.2. Societal relevance (relationship between the project and the wider social context)

As mentioned above, in the research proposal it was stressed that there are (financial) problems currently occurring in the Dutch urban development market. The engagement of multinational corporations is considered by some academics as an opportunity to contribute to mitigating those problems. On the other side, critics are worried that with their engagement they will have such a great influence on the developed area that “an IKEA-land will arise”. As mentioned above, both these judgments are hard to justify, as so little is known about the phenomenon. The in-depth case studies show that both profiles can deliver beneficial aspects for the practice of urban development. In both situations, the corporations have invested a lot of money, time and expertise in the developments. This ensures that they will remain involved in the urban development project for a long term. This long term involvement indicates that they benefit from developing a sustainable and qualitative urban development project as their name and return on investment depend on it.

Moreover, as large multinational corporations pre-eminently have a large financial capital at their disposal, which shown in the cases of Inter IKEA and Vulcan (although the latter is not a multinational corporation), they are capable of making large (scale) investments that only provide a return after a while, such as acquiring a large strategic land position. In this they differ from traditional developers and investors as these actors depend more on a quick return on their investments. When looking at the Dutch practice, considering the decrease of financial
means on the public side, these corporations with a large investment capital and a long term (strategic) vision on the urban development project might be of great value for the urban development practice.

The insight provided by this research brings us a step closer to anticipate the effects of corporation-led urban development. The aspects elaborated above might indicate that this phenomenon might indeed be an opportunity in mitigating the financial problems in the (Dutch) urban development practice. It also shows that the multinational corporations that engage in urban development benefit from a well-functioning, sustainable and qualitative urban development project as it safeguards their returns and their names. However, as none of the studied cases have been realised for more than three years now, the actual effects cannot be measured at this point in time.

9.1.3. Relation between research and design
This graduation research is performed within the Faculty of Architecture, in which design is an important means in which research results are brought together. It is the end product of research and analyses conducted to solve a problem. In the field of Architecture this definition is often used indicating physical design solutions. Within the master of Real Estate and Housing, and specifically the discipline of Urban Development, the definition of design is more focussed on processes.

As elaborated throughout this report, this research is aimed to be a first exploration within the field of corporation-led urban development. As stated in paragraph 9.1.1, the analytical framework was designed alongside studying the content of this research. However, this design is not conclusive nor decisive. This is due to the fact that, because of the limited amount of time to perform this research, a limited amount of cases were studied. As more cases should further shape the analytical framework, this research does not provide a concrete design. However, this research does contribute to shaping the scientific field of the phenomenon of corporation-led urban development.

9.2. Methodology: validity and limitations
As this research has been an explorative one from the beginning, changes of the research design occurred throughout the process. In this paragraph I reflect on the used methods, their validity and their limitations.

9.2.1. Methodology in relation to corporation-led urban development (the relationship between the methodical line of approach of the studio and the method chosen)
Urban Development is a field of study in which several disciplines are integrated. As this field of study is a relatively new one, knowledge on the relations between these disciplines is sometimes lacking. To expand this knowledge, in this field of study often the research method of the qualitative case study is applied. As in this research theme a new discipline is added, being that of Corporate Strategies, this method seemed appropriate for studying this phenomenon. However, as both fields of study are very broad, conducting two in-depth cases studies resulted in very differing findings. With the use of these findings, the sub and main questions could not be answered. Therefore, there was a need to gather more insight, preferably with a broader scope. Additional quick scan cases were performed to provide some scope.

In hindsight, as so little research has been done on this subject, an exploration of the phenomenon of Corporation-led Urban Development required both scope and depth. The first chosen method focussing on depth, did not provide the answers to the questions posed in the research proposal. Therefore, in the final phase of this research, I attempted to add scope to the findings as well by performing several quick scan studies. As limited time was left in this phase of the graduation process, limited research could be done to set up clear selection criteria for these additional cases. The availability of information and possibility to conduct telephone interviews were prevailing this selection. This is elaborated further in paragraph 9.2.2.
9.2.2. Validity

Paragraph 4.2.3 discussed the validity of qualitative case studies in general. It is elaborated that Flyvbjerg (2006) indicates a bias toward falsification of preconceived notions, because as a researcher you are able to adjust hypotheses by studying and reflecting on the object of study (Heurkens, 2012). Indeed, the hypothetical motives were expanded by additional ones and the analytical framework was adjusted throughout the research. It elaborated that triangulation is a very important aspect in validating case study results. The in-depth cases were all studied though multiple interviews, a document and a literature review. Therefore, the validity of these cases studies is safeguarded. As mentioned several times, the additional quick scan cases are of very different backgrounds. Also the studied documents are of different backgrounds. In the cases of Tata and Cisco, mostly corporate documents were studied, and there were no telephone interviews conducted that could provide triangulation. This causes the validity of these quick scan cases to be questionable. However, no decisive statements are made based on these case studies.

9.2.3. Limitations

During the process of conducting this research, some limitations of the techniques were encountered. These are elaborated below per technique.

Hypotheses resulting from literature review and exploratory expert interviews

The hypothesis that resulted from the literature review was limited by the amount and quality of available literature on this specific research subject. Therefore, besides the literature review, exploratory expert interviews and quick scan cases were conducted. In the conclusion, the hypothetical motives only seem to correspond to one of the indicative profiles of corporation-led urban development (as elaborated in 8.4). This might be caused by the fact that an exploratory interview was held with someone from within Siemens, and someone who has studied the case of Siemens, which is assigned to that profile. This might have caused a bias towards this profile regarding the identified hypothetical motives.

In-depth Case Studies

The amount of in-depth case studies was limited due to the fact that entry to the corporations though the right contacts proved to be very difficult. After multiple attempts through email and phone calls, it was not possible to establish fruitful contact within the corporation of ThyssenKrupp, which was selected as a suitable case study. Establishing contact with Inter IKEA proved to be difficult as well, but was successful in the end. This might be explained by the fact that these corporations both are quite non-transparent regarding its organisational structure. Moreover, they were located in foreign countries, therefore a language barrier might have played a role as well. These difficulties narrowed the studies in-depth cases down to two. It is also the cause that only one person within the corporations and one person of the involved public body, which moreover was the same person for both cases, limiting the objectiveness of the retrieved information.

Setting up selection criteria for these in-depth case studies proved to be difficult as well. They had to be set up while still very little was known about the research subject. The criterion of not having urban development as a core business seems to be subject the chosen perspective. This can also be linked to the limitation of the hypothesis. As in the Inter IKEA case (and later several additional cases) showed that urban development was the core business of its subsidiary, questions raised if Inter IKEA met the selection criteria. Moreover, it is an explanation of the fact that its motives did not correspond to the hypothetical motives. The identified motives in this (and several additional cases) corresponded to the motives and strategic business goals in which urban development is the core business, which were initially excluded from this study.

On the other hand, Siemens did not seem to meet the requirement of engaging in an actual urban development project, as the Project of The Crystal does not correspond to this definition. Moreover, its performed activities actual urban development projects seem differ from activities of the urban development process. Rather they are activities that are only a small step away from their core business, which brings us back to the previous point. In hindsight, it is fairly logical that a corporation does not engage in activities that diverge too much from its core
business, as in order for a corporation to be efficient and profitable, focus on its core business is required. These findings insinuated adjustments to the analytical framework and definition of corporation-led urban development were needed.

**Additional Quick Scan Cases**
As mentioned before, the decision of performing additional case studies was only made in the final phase of this graduation process, limiting the time to select, conduct and analyse them. Therefore, the selection criteria can be considered somewhat pragmatic. As a result, it is debatable whether for example the case of Ahold can be considered a corporation-led urban development project, as it does it is only involved in the project to a very little degree. These difficulties are inherent to the explorative degree of this research. The additional cases studied very valuable in the progression of the insight on the two in-depth cases and the phenomenon of corporation-led urban development as a whole, though. It indicated that the two in-depth cases could actually be assigned to the two different profiles identified in the conclusion of this research, explaining the diverging results of the in-depth case studies.

**Expected end-products**
Initially this research was aimed at providing a clear set of motives, of corporate strategies and of collaboration forms. However, considering the explorative nature of this research, during the process it proved very difficult to provide these clear and complete sets. Especially regarding the collaboration forms, the outcomes were of a very indicative and indecisive nature. In setting up these expected end-products, the breadth of the subject was slightly underestimated. However, the research results do provide collections or indications of all initially expected, though they are less decisive than expected.

It was also expected that clear statements could be made on incentives and barriers for corporations to engage in urban development projects. However, considering the amount of studied aspects and the linkage of the term ‘incentive’ with the term ‘motive’ these aspects gradually disappeared from the focus of this research, and therefore
Chapter 10. References


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Appendix I: Tables and figures

Appendix I, table 1: relation between corporate strategy and engaging in urban development projects.

<table>
<thead>
<tr>
<th>Contribution of UD activities to corporate strategy</th>
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<tr>
<td>Creating <strong>long term ROI</strong> &amp; developing for the <strong>many people</strong> (corporate philosophy)</td>
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</tbody>
</table>
| **SIEMENS**  
| Anticipating the **megatrend** of urbanisation & leading the **innovation driven market** of UD & intensifying the relation with **customers** (authoritative bodies) |
| **Ahold**  
| Acting as a **responsible** retailer by providing suppliers with a better quality of life |
| **Alliander**  
| Acting on **megatrend** of the energy transition |
| **Vulcan**  
| Improving a **community** from a **philanthropic** corporate viewpoint & managing a **profitable** business |
| **Tata**  
| Improving the quality of life of the **community** & creating **long term ROI** |
| **Cisco**  
| Facing the challenge of **megatrends** urbanisation and energy |

Appendix I, figure 1: engagement of corporations in urban development in time

![Engagement of Corporations in Urban Development Over Time](image-url)
### Appendix I, table 2: activities and roles performed in the urban development process

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<thead>
<tr>
<th>Activities performed in UD process</th>
<th>Roles adopted in UD process</th>
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<td>Techn. solutions</td>
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Appendix I, table 3: roles of public and private parties in the studied UD projects (based on Heurkens, 2012)

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<th>Research aspect</th>
<th>Case study results</th>
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| Motives         | - establish **partnerships** to enhance network level of strategy  
|                 | - enter a market for **solutions** to complex problems  
|                 | - create economic, social and ecological value to act **responsibly** as a corporation (CSR)  
|                 | - anticipate **megatrends** &  
|                 | - **innovate** through this engagement  
|                 | - creating **long term return on investment**  
|                 | - creating **economic value**  
|                 | - **promoting/marketing** the corporation’s products  
|                 | - opening up a new **client base**  
|                 | - **securing long term supply**  
|                 | - **steering** the urban development **process**  
|                 | - setting up an **extra business line** |

| Contribution to corporate strategy | - economic value/return on investment  
|                                    | - anticipating megatrends  
|                                    | - improvement of a community |

| Relation to core business | - subordinate  
|                          | - core business of subsidiary  
|                          | - promoting/marketing  
|                          | - safeguarding  
|                          | - expanding |

Appendix I, table 4: overview of motives and relations with corporate strategy and core business
Appendix II: Interview Inter IKEA
Interview Thomas Hattig – Vastint UK Office London – 14-10-2014

Bernadette introducing herself and the research. Thomas Hattig introduces himself: I’m a development manager for our European projects. But first I have to correct one thing. We are not doing our investments in the name of IKEA. The company I work for is called Vastint and you’re probably familiar with the abbreviation; it has a Dutch history to the name. And we recently renamed to Vastint, after we had several organizations in Europe with individual names, development is now approached under the new name of Vastint. And I work for a company called Inter-IKEA, that another company then IKEA. So, please if you in the future mention something in relation to Strand East; it has nothing to do with IKEA.

OK, yeah so it’s called Inter-IKEA and I’ve done some research... Let me just explain my interview first. I start off with the corporate strategy and it’s relation to urban development, and then I’ll zoom in on the urban development project and your role and parties you’ve been collaboration with, so will go from broad to a little bit more focused. So the first part is about corporate strategy. Inter-IKEA’s strategy is stated on the internet as: to secure continues improvement and a long life of the IKEA-concept. AS this will require investments in both good and bad times we strive to be financially independent.

And then the IKEA-concept entails: to offer a wide range of well-designed home furnishing products at prices so low that as many people as possible will be able to afford them.

So are urban development projects part of your corporate strategy? Yes and no. No, it’s not part of our corporate strategy. It’s part of our investment strategy where we do invest the profits in our organisation into several different forms of investments and property division is only one of the many forms of investments that the company is doing. SO in that sense, yes its part of that corporate strategy and what connects us to the other inter-IKEA organisations is that we are still driven by, as you describes it; everything that we do is trying to achieve things for the many people. And that means, here it’s stated from the IKEA concept as well designed home furnishing and that can also be translated to the residential market that we, as part of our activities, are investing in.

OK, that’s very clear. Now I am going to mention IKEA itself; IKEA’s core business is the production and sale of self-assembly furniture. How do UD projects relate to this core business then? Or is it not related since it’s actually another company? Exactly, we’re two different companies, so Inter-IKEA is acting in their own interest, therefore we have our own investment strategy. And therefor it has nothing to do with how IKEA is doing business and what their core-business is. So if they do the production and sale of self-assembly furniture, that’s nice, and we are investing in properties like any other commercial investor.

So your core business is investing? In the property division; yes. And the property division now under the name of Vastint, our core business is investing in property.

What motives drive the company to engage in urban development projects? Well, it’s one form of an investment strategy in that sector, we somehow detected a chance to do something. That’s what we do, that’s the strategy, so we decided to get interested in investing money in the real estate market. But of course there’s a difference between investing it and building everything yourself. What you’re doing here is more an urban development project than just an investment I guess? No, it is also an investment. There are different forms of investments and one form is to develop things. SO what we do; basically we believe that we have to bring a message somehow in our projects which is driven by several of the virtues which are part of the inter-IKEA’s family background. These virtues are driven to develop things where we understand the process from scratch instead of buying ready-produced products and trading them. We are interested in this part of the property investment market because we are interested in the market to develop and create around new ideas. That’s just one element in the whole investment.
OK, that’s quite different from the possible motives I came up with from literature study. One of them was building partnerships and networks. Is that part of the motive why you do this? No I think we are a very specific species in this market. The very sound financial background of the company is allowing us to develop projects on our own thought. We are not necessarily in the same ballpark as the other investors where they have to go and ask for permission of their ideas. And several levels of any kind of corporate or financial council investment board or anything. We are investing our own money so we are responsible for ourselves, and that is a different kind of approaching this process. Networks are important for us because we can’t do anything ourselves in our own company, so we keep our company quite lean in our activities but we use networks to create and develop these ideas. That’s what we do.

Do you also do this from a viewpoint of CSR? Because UD can create economic, societal and ecological value?
No it think it’s always part of it because we’re part of society itself, so responsibilities are embedded in human mankind so it’s not differentiating in our activities from any other but of course we’re also driven by the target and the goals of the company. We’re interested in profit, growth and success but we just believe there are different forms of achieving it. When you see the IKEA success; the idea was not to deliver to a few elite people but to activate something where the many people can participate. And this creates another type of profit; profit by mass and not by exclusivity. So in that sense we’re proving development sizes which we can discuss intellectually, technical-wise, content wise and also liveability wise in our own understanding instead of making us depend on so many different opinions in the markets that are mostly driven by monopolists who are closer capital institutions and financial institutions then actually to the responsibility.

I’ll get into the project itself now. What role does the company take on in this project? So how do you participate in the Strand East project? We’re investor and developer in one person. So we bought the site and from that moment on we took on the responsibility as the in-house developer. So all content discussion with architects and other parties are driven by our own organisation.

So every part of it was done by you? Was the initiative from your side? We buy a site which we have very early stage idea about. A few parameters are drawing our interest to sites. One is that the site is big enough to create a critical mass, a chance to get our content conveyed. The second point is that we are thinking that a site has to be extremely well connected to the public infrastructure which helps us to embed it into certain sustainability aspects or the natural growth of cities or urban sprawls. These two things are drawing our attention to a site and then we go with a very early stage idea on with this. And the process within the company is fortunately quite straightforward so that the acquisition process is relatively short compared to competitors. And it’s definitely not driven by availability or the market speculations or anything. It’s driven by a thorough thought how we can engage long term on this site and be responsible for what we do in the long term.

So why did you choose this site? Does it have anything to do with the Olympic Park being close by? No, it was just offered alongside the Olympic development next door. The city of London was quite interested to grow and intensity this area urbanisticly quite soon after the Olympics were over. So when we came into this ballgame here by the chance to get this site. We thought than immediately, despite the fact that this area was one of the most dilapidated area there is in London, the Island, because it was an enclosed Island which was used as a dump yard for decades. And as a point of illegal activities. So the owner and the city, the owner was the London Legacy Development Corporation they were interested in finding partners being brave enough to invest into these things. Because we had to do all with the remediation, all our responsibilities, cleaning this site and dealing with this particular situation in a title area, etc etc.. So that it doesn’t draw to much attention of many other competitors on this scale, because the risks at the beginning are quite high.

OK, so initiative is sort of on your side? Well it was on your side but this site was offered by the LLDC? It’s part of the former London Thames Gateway Development Corporation and they were created as a task force to deal with the situation around here and find partner to join. And we happened to come here from the normal
property markets that offered the site and we than liaised with the development corporations around here and found that a great opportunities to start implementing some of our ideas and they were quite appreciated on the side of the public authorities.

Yeah, I spoke to Clive Dutton this Friday and he was really enthusiastic about it. So obviously development is yours. And exploitation? I read that you want to keep ownership and that you want to led instead of sell? So I guess exploitation is also on your side? As I said, one of our strategies in principle is to keep and stay responsible long term in our investments that means the sensitivity with we approach the construction process and the production process is looking at this long term liveability in these areas. So therefore exploitation is in principle set ut as this, but we are only one small partner in the bi market and we definitely also obey to the rules in the market. If there is the need to get ownership shared in this property we will definitely out rule the opportunity to share it with the market. But in principle, when we start with a project we don’t think about the exit that much. We think about how to be responsible and sensitive in our developments as if we would have to move in ourselves in the end. And at the moment we actually have finished the process, which includes almost the construction process we don’t think that much about how to exit. And therefore the exit discussion starts much later than in a normal commercial development driven by normal capital markets where the exit is the part of the entrance.

So you say that if someone tells you to share ownership, you would obey. Who would tell you to do that? The council? No, in the UK it’s a very particular situation, it is a very ownership driven development market, so for them it’s quite a new deal to open property to a rental market. So it was quite appreciated that we came from the so called ‘continent’, having a great idea about rent and stuff. Since ownership on the normal economic ladder becomes more and more difficult for first buyers, so they we’re very open to seize and the expectations were quite high. But in fact; this development is in the UK, so there will definitely be interest to own things, so there will be people approaching us to buy this or that. And therefore were defining our strategy in a later phase, we haven’t defined it yet. And that’s one of the biggest differences. Because we think; we first finish our development process of thinking, planning and building and then we think about how the market actually thinks about the most appreciated and desired access to this project that we create.

When is the project due? It’s a 10 hectare site so it’s very hard to forecast. I think it normally takes between 10 and 15 years, to get all the approvals etc, and we already have eaten more than 4 of that 15 years, so everything in that range still seems to be realistic for us.

So you’re planning on delivering the whole project at once or in parts? If the world would work how we could like it, we would deliver it all in once because due to the specific design we created... it’s not the largest development, in tower building you concentrating much more ... We’re doing it in a more continental approach. In that aspect it’s not a challenge to deliver it all in once. But since it’s spread out in 10 hectares, it’s more that the construction industry probably won’t be able to manage a site of 10 hectares at the same time. In the middle-east they can handle that...

Is that caused by permissions? Because I still saw some active companies on the site. No we are in the middle of the demolition and regeneration process which we still continue for another 2 years due to, again, the size... You can’t remediate a small piece you have to do the whole area. We have to put all the infrastructure in... So at the same time we have a holistic view, to put everything into the ground that will enable any other development and when we look at different parts of the plot where we works with different design teams, and ther we learn how many different designs can be delivered in what amount of time. So from that point of view it can be later phased.

So not only the project, but also the planning and strategy are in development? Yeah the planning is a continues process, we have the outline planning and you get obligations to do parts of it by certain deadlines because the authorities are always interested in not leaving a site only remediated and cleared but the want to
see commitment of the owner to contribute to urban fabric. We took these commitments and they are quite tough to achieve so what we’re doing is following these agreements. We’ve proceeded with the design works of certain plots, and at the same time we’ve set an overall strategy for all the infrastructure and landscaping which will address the issues of the entire island. So there are different levels of planning going on right now.

*With which parties did you collaborate already and are you going to collaborate with in realisation?* You mean construction or design companies? *No more like councils and LTGC.* Well, we’re here in a quite big organism of planning authorities. London is probably one of the most challenging markets in that respect. I also said to Clive Dutton; it must have been since Oliver Cromwell that they’ve dusted out the different planning authorities, so it is a collection of lots of opportunities and tasks so we’re facing so many different levels of engagement from different authorities that I lost track. I’m just following what we are told to do and we are trying to liaise very thoroughly with everyone I meet in this process. So our current partners are the authorities for the entire area. The LLDC, and the two Boroughs we’re part of: Tower Hamlets and Newham and all others who are somehow interested which comes from English heritage and stuff. But LLDC is helping us to get all these partners around table and then we address the different issues that are interesting for these parties. So that has been a process since the start and purchase. Some of the people are still the same and some have changed. But we have been the same because we believe in a continuous process, and therefore we keep the persons we started with for the long term. So were in these meetings with the same faces where other parties have changed.

*In what form did you work with the LLDC? Is it formalised in a legal agreement?* It’s like in any other country; the planning authority, the city, municipality as in other countries. But London is so big that in different districts different planning authorities are nominated for this. In our case it’s the LLDC who is in charge of the entire area around the Olympic park and south of it. And within this we have a normal planning agreement with them, and under their supervision we have a planning commitment with the borough of Newham. That’s the normal legal process here in the UK.

*So the role of the council of Newham is just planning permissions? Or is it more than that?* No the detailed planning permission will be issued by the LLDC. But the other authorities have a say in the process so they can... In different councils they have different opinions and we deliberately invite them so they participate in the process. Because we are in the future a very significant neighbourhood within the borough of Newham.

*I had a question about how responsibilities are divided between parties but I guess that’s more for the Dutch practice, because there local governments participate a lot more I think. Here they only give permissions, or is that not true?* No, that’s not true. I think there’s always a myth about the differences. But I’m working in 12 European countries and I have to say; in the end it all comes down to the same thing. It’s just named differently, some processes are traditionally slightly different but in the end it all comes down to the same; you want a planning permission, or building permit, or detailed permit or whatever, but at the end authorities always execute the same interests. They are in charge to oversee all the responsibilities the public has against the boundaries, city boundaries, district boundaries or anything. So you deal with all the other so valued public institution stakeholders. And these stakeholders have responsibilities regarding waterways or conservation, environmental issues etc. So the planning authority is asking all these stakeholders to participate in the process and give their verdicts. All our applications our distributed through the LLDC to the community and the different councils. SO there’s a strong active role of the council in the whole process. So if, once the permit has been given, then it is up to the investor to meet it. But just as in Holland the permit is given under conditions. These conditions are referring to either the finalisations of the design process. To respect certain rules about housing safety and the construction process. All these conditions are coming with a detailed planning process. So I think everyone now listens to this will understand that it’s maybe slightly different in Holland but in the end it’s the same.
Yeah but in Holland, sometimes, or most of the times, the councils provide infrastructure and private parties are only providing the building itself. But I think you are also providing the infrastructure here. Yeah but this just due to the size. I think if you look in Amsterdam to a development you also will found a group of investors taking over these responsibilities. Just to secure that certain things are done at a certain time and no budget decisions are made. But that case, you normally have a community charge, or anything that’s normally traded off between the responsibilities of the community vs the investors. So if an investor has to participate in infrastructure outside the district, then this is a compensation for his increase of inhabitants in an area. The charge will be reduced if you do the infrastructure which is normally the responsibility of the community. In our case, there is a normal charge for any residential unit like you have in Holland and then we have balanced out in the contract with the council. We’ve paid an enormous amount for infrastructure outside of the island. There’s a charge for the new cross rail, and the schools, because we increase the need of places for schoolchildren, etc. So that’s was has been put against the contribution which we do in the name of the community on the island in terms of infrastructural things. That’s also quite similar.

OK, than I think this question doesn’t apply so much anymore, because I thought it would be more about partnerships, but you mentioned that your motive wasn’t so much about that. No, were not buying a site because we want to build a partnership with a city. We have the same expectations as anyone investing in real estate, as the small home builder and any other. WE just see our investments more like the small homebuilder than in the normal commercial market, it is just in and out business, that’s not what we’re interested in.

No, so you’re more like a small home builder than a big developer? Yeah, we just do a bit bigger things. But in fact our philosophical background and how we act is very much comparable to what anyone would do if you would built your own house. The size... We do not refuse our responsibility to the larger community. Sometimes you real private investors that built their own town, but our project will be part of London in the future and will be received by the same client as they may look into the Olympic village or the royal docks or in Knightsbridge or Dagenham, it’s all the same. It’s one of the many products, it’s just a bit bigger than a single plot. And also the infrastructure, when you normally apply for a building permit you’re only one house in a row in a street. So what you pay for is the connection and the infrastructure is already there, so you connect it and it’s done.

Do you consider to engage in more UD projects in London? Yeah, if you once start with an organisation we definitely look for other opportunities because otherwise it wouldn’t pay off to establish the organisation, you see the office here..

Yeah, since when have you started? Since 2011, when we employed the first members of the local team. Before that the realisation was mainly supplied from outside because we needed to meet the people and to find the right ones. And we’re now about 12 people here. And are you still searching for other plots? Yeah definitely. The organisation is able to do more than one project, so we’re definitely looking for opportunities. Whether it is the right time for opportunities in this market, we don’t know yet, because times have changed and things have got really expensive in the UK, and we’re always remembering our responsibility that in the end we want to deliver our product for the many; if you buy too expensive you can’t deliver to them.

What criteria does a new project area need to meet? Public infrastructure should be there in terms of public transport. To be close to traffic hubs in different places. When we go to a new country we definitely go for those cities which are very well renowned for their growth structure, so metropolitan cities are interesting for us. And of course we’d like to see the overall opportunity; to be able to place an influential project in term of certain principle values where we can be better than the rest of the market. That’s what drive our attention, and that means that size matters. Individual buildings take almost the same amount of efforts than a large scale development. The larger development just takes a lot longer to come to construction. And that were we have kind of a unique selling point in this market.
I read somewhere that you want to act like a municipal council after delivery. Is that true, and how will you do that? No this is wrong. We have no interest to act as a municipal council, I don’t know where that comes from. Like I’ve said before; we will become part of the Newham district and all the normal procedures in becoming a part of an existing city. That’s what we do. We adopt roads and infrastructure so responsibility we move on to authorities. There will be 24h 365 days per year access, we won’t have any gates, we won’t be a gated community. We don’t believe in these things. We believe in adding to the exiting urban fabric, that’s all. But you do want here to be a community sense right? No, not we, we hope that people who will live here that they do it themselves. And I think that everybody that builds on a large scale dreams of this happening. You see in the banlieus and other areas that since the fifties till today even the fragmentation and urban sprawl has created different answers. You have a great example in Holland, close to Amsterdam. A new city being build... Almere? Yeah Almere. These are the thing were similar thing have been tried, and you can judge much better if they’ve been successful or not. We want in the end that the people moving in here, that they create their community. And we try to emphasise with all our skills that this happens naturally between these people.

That’s why we build as we build, we don’t believe neighbourhoods can be created in vertical living. So therefore you won’t find tall building in our developments. In no other country we build this way because we believe in the European way of creating community.

And as you mentioned you will built for the many people, so will a part be affordable housing, as in council housing? You mean social housing as we call it in Germany and Holland. Affordable housing here means that a normal person with a normal average income, like a policeman, nurse, teacher and service clerk, bank accountant and tax advisor, that they can afford living in London. London lost it. Its too expensive to live in London that why people are pushed out to the suburban areas. Therefore London is in real big trouble. So we believe that we should be talking to those categories. We want to build, and our product should be achievable for these people. So that means our motive is to reduce costs and to cut expenses to the extent that we, as normal employees, we as people working in Inter-IKEA can afford it without sweat pearls on our foreheads to live in this place. And that’s motivating us, and it means we need to deal with others. Because when you see today’s process... If a price in London is being called 7000 pounds per square meter, which is probably an affordable price in London. You have to see that less than half of it goes to people producing that property, way less. Probably a third and the rest is in trading the information. Advisory, fees, consultancy and profits. You cannot believe building buildings of the same quality as in Eastern Europe, which the same level of living quality and sustainability, that’s being delivered at a third of the price, so why shouldn’t we be able to do that here. Since we don’t have to ask the financial institution, because they absorb all the money up front, we believe that affordability is common sense, normal approach, and fairness to people. Ok, so if it works like that, you won’t have to adhere to the market as much because you don’t have to adhere to the financial institution. Will it then be cheaper than the surroundings? It’s not cheaper, in the end the market will rule but we want to be on this market at a level that is responsible. And that level there that we still consider that those people with the normal needs, can still afford it, and we are still home with our profit ideas. And that’s a hard hard exercise to get there. Because on the way, in a market like London, everything is common practice, everything is normal. If you say; we don’t want this advisory they all stare at you and say; but this is common practice you’re violating our market rules. You have to ask these people for their opinion. But we say; no, we have an opinion of ourselves, we don’t need their opinion, we know what we want. Like the small home builder; he would also go to the architect and say; I want to live this way and the kitchen should be this... So that’s what we do, and we don’t need an expertise because we trust the people in our organisation are good enough to make these judgements. Why should we pay all this food chain wasted in fees and advisory? When you cut out all this you will be able to put an offer on a level, even if the market is crushing and the system will fail, we’ll still be able to do this. So therefore affordability for us is not an issue as it had to be created to protect people from overpricing in London market. WE think overpricing is part of the in-built system here. That’s how it works here? Yeah, and everybody accepts it. We’ve had a quite difficult process here in the UK because it started already when we walked in at the LTGDC. We said; we want to build this and we don’t want to exploit the land, they looked at us and couldn’t believe it. They thought we were nuts. Because the former
developers, which they tried to cut off, would come with 3 or even 4 times more area on the same land as we later agreed on in the outline. And still there is huge doubt in this process outside of Strand East that that is what we will do in the end. But we have no other intention then doing what we agreed in the outline. *So I see why Clive Dutton is a happy man than...*

*Ok I think that was it. Do you have any questions for me?* Yeah I would like to understand what your target is with this. Is it a thesis? Yeah it’s my master thesis. My graduation thesis. And it’s actually very explorative. I’ve done two case studies here in London being Inter-IKEA and Siemens. Siemens has built the Crystal, you might know it. Which is very different from this but which I also see as a corporation-led urban development project so my goal is to just map everything that’s happening and find out why these corporations do it and how do they collaborate and is it something that might work in Holland as well. If you name Siemens, then you have to see what has happened in the times of industrialisation because Siemens is famous for their Siemens Stadt in Berlin and other places where they build for their many workers. Of the factories. They built cities with the purpose of concentrating the work force very close to the factories. What these product are today still quite valuable and used. SO Siemens has a history of doing these thing. And we think that if ever one of our products would have such a long lasting appreciation, by our clientele as Siemens has over the different changes of their factories, because they’re all closed already, so it became a normal neighbourhood. If we’d ever achieve that in 100 years, without even relating to our name, we would say this model would work. There is lots of panel discussions whether we want to influence the living form and if we want to intrude... Yeah, people are very offensive I think about it... Yeah because we’re a threat to the traditional market. It’s a very clearly structured market for the local players. And here, every player of significant size is being very much observed carefully. And when you are asking the critical question; will you deliver it all in once, this is probably running a shock wave through the commercial property market, because they’re sitting on a monopole. There sitting in their meeting places and they will release a certain amount of apartments per year, not to destroy their market prices. So it’s a quite restricted thing. So when a new player with the ability of ours, not having to knock at the doors where they get their financing from, they’re quite scared. SO of course there’s lots of them discussing saying; oh we want to dominate, we want to build a monolithic structure, it’s the billy approach and stuff like that. All stupidity, because we are just in the property market. And if you look in an IKEA store you find 3500 different products, and not the billy only, so it would be stupid if we would sell only billy, so we are open to any form of development, 3500 different forms, because that’s the market out there. We do relatively small things on a bigger sized plot, but not a significant scale. We are only building 1200 homes. London needs 20000 homes every year. SO, there are so many competitors, you could deliver many many more apartments per year, because their sitting on land so that’s their business, so we’re not significant.

*Are you planning to do it in Holland as well?* It’s not excluded but right now it’s a very competitive market. WE have an organisation in the Dutch market. They’re concentrating on the commercial market, residential is only the new kid on the block for us, because we got interested in larger scale and bigger sized properties. So therefore what their plans are I can’t say, but right now their focussing on commercial developments; hotels and offices. *And do they develop it themselves?* Yes they are. Well, it’s a bit of a different history. This was an existing organisation which we took over many years ago. That company already had portfolios. And we already bought an office complex in the south of Amsterdam. The Atlas Arena right? Yeah we turned it around because the owner just left it behind because they didn’t have the faith to think that this can be revitalised. Our team was very much convinced in that and they did it, so that was a different kind of challenge but it was a very sophisticated and established market. And there you have to play different when you have a growing organisation like we have there. In the UK we built an organisation. Yeah that’s different.

Well I think this was it. Thank you very much for your time. I will send you a report so you can check it.
Bernadette introduces herself and explains the structure of the interview; the first questions are about corporate strategy (Siemens as a whole), the second part is about Siemens’ role in urban development projects (Crystal and other projects).

Elaine introduces herself: My name in Elaine Trimble, my background is... I’m an economist. I’ve been with Siemens for about 2 years, I used to work down in consulting, but the ten years before that I worked in an architectural engineering company, doing master planning and development and so forth and my first day with Siemens was here at the Crystal as part of the urban development team. We’re a team of about four people, we look at potential cities around the world, about what they can be doing in terms of, ehm really quality of life elements, how can technology help revenues..., improve air quality, but also the need of more efficient transportation, reduces journey times, getting to office a lot faster. We have a look at sustainability from a quite wide perspective I would say. The environmental elements, the economic elements, and the social side. AS you do a tour in the crystal you can see these three main pillars, economics, environment and the social side, so it’s kind of bringing those three businesses together

So it’s really on a city scale level, not so much on neighbourhood. We do, in my area its very much about cities, neighbourhoods... every city is different, but every city is the same also, that... you know... every city has its own unique challenges but it will have a management structure, it will have managers, it will have most likely utilities that are to a certain degree involved in cities, possibly owned separately, being by the state or private companies, it will have lots of different, you know, characters playing in as well. There will be city transport authorities, suburban ones, it all depends on the specific structure. So to say that every city is the same, you cannot say that. But most cities are struggling with the same issues. They are struggling with congestion, climate change, changing demographics, people getting older, more young people that left the country side. There will be some other elements that which are likely to be shared with other cities as well.

The global Siemens strategy reads: Aiming to capture and maintain leading market and technology positions in all our businesses in order to achieve sustainable profitable growth and, thus, continually increase our company value. We intend to reap particular benefit from the megatrends demographic change, urbanization, climate change and globalization. Is that correct?

Yeah I guess it speaks for itself, Siemens identifies these megatrends. Here in the Crystal, you’ll see the film upstairs is all about that mega trends and kind of what that means, that these are the challenges basically, not just for cities but the whole world really. But in the end of the day cities seem to be the places where these issues are being caught in the sense that they are too specific for national governments, for a big country, because parts of the country will have more climate change than other parts. And demographic change typically also involves key cities as opposed to the country side typically, basically moving from the country side to cities. And the growth rate in cities is another form of demographic change. Again these thing are happening in cities so national governments interests are in cities, but at the end of the day the actions happen in the cities, by city governments they will tend to be the ones that have the ability to take action with support of the federal and national systems depending on where they might be.

So you’re focussing on the local governments mainly? We are in terms of what we are doing with the Crystal, but in some cases, you know, everything goes through the national government and in some cases it goes through regional governments so it varies place by place. But our particular interests, yes, is in cities, because that seems to be where it’s happening and that is the body that can take the most actions.

OK. My first question is; is the engagement in urban development projects part of this specific corporate strategy? I guess you kind of explained that already. Has is always been or has it shifted? No it has been a fairly
recent shift I would say, in terms of the focus on cities. Siemens as a company has been around for a long time, but the actual focus on cities is very recent, as in that Siemens historically has been a supplier of equipment and cities would buy that equipment and then Siemens realised that actually by having been selling to cities for so long, they've learned a lot of valuable stuff to the point where you get to know your client very well and a lot of these clients happen to be cities. So the idea was that, we learned a lot from cities and therefrom we now want to tell them a bit about what it does for their cities on a more direct level. Judging from the hundreds of projects that we have done, because we have done these things. So we talk about that history and that knowledge, really trying to tap the knowledge that people have and thinking out how we can used.

Yeah, so actually bundling information that is inside your company and give it out as an advice to the local government? Yes that’s it.

OK. So your core business is energy, industry, health care and infrastructure. How does this engagement in urban development relate to this core business? Well, the structure of Siemens actually has changed as of October 1st, so we were the infrastructure and cities division, but now they’ve kind of taken away different sectors and given them a broader role. In that respect it is helpful because now all technologies are a bit more... the idea that we can talk a lot more freely about energy as well and more city specific things, because at the end of the day, a city will rely on its energy producer, but it has influence over them as well. So were we sit in the company is not that important because we are a special unit of the company and were there to really bring out the best of knowledge that in there, and then add our own knowledge as well. My director is an engineer and has worked for the London government and also another one of my colleagues has also worked for London planning and economics for a while now, and my other colleague was more on the project management side, so were kind of bringing what we know about those types of projects. And then you have a number of people around the world who are based in cities, who we call a city account manager, who will know a city a lot better than I would ever. So we try to leverage their knowledge, we’re talking to them about how the cities are doing, how can we help. Because we now city generally and they know their city. Our general knowledge tops of their specific knowledge.

So you are a separate team inside the company? Exactly, there is nothing quite like us. Is this the infrastructure and cities division? It used to be but that is now gone. The Crystal is kind of a special team. We called a centre of competence of cities. And there is a group like this also based in China and in Washington DC. We’re the larger group of the groups. With the idea that we work in all these different places, they have local people there too. And the idea is that we kind of mirror each other. This is the global one. So it’s really still in development? Yes it is.

So if you make a mistake now, you build a road I the wrong place or you build a train track in the wrong place chances are that their not able to fix that. And then the idea is; what can they be doing now to make sure that they do it the right way. So even if Siemens... we’re not direct sales people, I will never sell a product to any city, but I will try to be the city of side to what they can do. I also speak what them about products Siemens does not sell, and we’ll talk about a number of different projects. And because Siemens is so big, generally speaking one of the ideas will match. But they will have to go to tender, everything according to their own city laws, and if Siemens happens to win that’s great, but were not anywhere near the procurement process we stay very far away from that, because we have people locally that know how it’s done, because every city is very different in that respect, you can’t cross the line and don’t want to get in trouble, so we want to be very clear that we’re not on the procurement side, tis about what’s possible.

So is it a bit like lobbying? Because you’re not hired by these city? No lobbying is when you’re paid by someone to argue a certain view. I’m not paid by Siemens to argue solution, I’m paid to tell a city what’s possible. So I will show them things that are possible that have nothing to do with Siemens. I lobbyist wouldn’t do that, a lobbyist is going to tell you’d have to do what they sell. We talk about everything.
But you approach the municipalities or do they approach you? It’s both, sometimes a city will come to our city account manager and say we want this and this and this, what do you think? And other times our person would go to them and say, how are you going to solve the congestion problem, because we have some ideas if you don’t. And then cities say, well we are kind of curious what the options are, let’s talk about it… So it comes in different forms. Some cities are quite eager and interested, other cities aren’t quite sure where to go… most of them kind of know what they want to do, but aren’t quite sure how to get there how to fund it, really what the benefits are going to be of that changes, it’s hard to quantify. And then people say; oh we can do a study and that study can quantify it for you, and they can, but it’s 200.000 pounds later, so it’s kind of like, you know, what can you do today, what are the options.

Ok, well I’ve initially made some hypotheses and I think they quite match, there are 5. So maybe you can say what matches the most because the first, you already mentioned it, is about building or expanding the networks and partnerships, the second is providing solutions for complex urban issues, the third is corporate social responsibility, so that the creation of ecological, social and economic values, anticipating on megatrends and innovation. So do you think all of these apply to Siemens? The one thing I wouldn’t agree with so much is the corporate social responsibility. A lot of companies say they do it because it looks good. We aren’t trying to have an add-on to make Siemens look better. Yeah, because it is your business… What we’re talking about is, the things that we promote are sustainable, they are more efficient, we use less resources and so forth, but we’re not an add-on, we’re not charity, were not there to do as much a project. We’re actually there to tell people what’s possible. So that’s one thing probably that I would say that it’s not quite.

Because it is your core business actually? That’s right, it is our core business, I don’t want to say it happens to do good, I does good because people want it, they’ve been thinking about this for a long time. And it happens that the companies’ drive for more efficiency happens to align very well with sustainability, people tend to believe in those things as well and so it’s kind of… it works quite well. People that want sustainable things also want to be efficient, that’s a very similar way of thinking. So in a way, it wasn’t by chance. We don’t do this to just say; oh we’ll meet these regulations… It’s quite serious, but like I’ve said, we also sell things for fossil fuels, we sell turbines for coal and gas, and the view really is that things aren’t going to change tomorrow, things are moving gradually towards more renewables, the technologies are still coming. If all the coal mines are closed today, we would be out of power. And also if they didn’t have the best turns, it would be even more polluting. They’re not going to stop selling coal tomorrow, maybe in a different place, but that coal would still be burning. But you can burn coal much better than how it happens now, so it’s really about taking those existing stations to … It’s amazing what you can do, you can save quite a lot just by cleaning up what you already have, while you’re also creating more renewables. Because in reality energy demand is going up. We are becoming more efficient but people still want more because everybody has a mobile that they didn’t use to have, now everybody has three TV’s. So even though each device itself is becoming more efficient, people are having more and more of them and also population is growing so overall, the speed that renewables will have to grow with to meet this new demand… it’s not possible at the moment for that to happen. So fossil fuels are still a very important part of our energy mix today, and even nuclear… In time it’s shifting over. So in term s of sustainability, we try to take a real look at sustainability. I’d much rather have a coal plant that’s burning the most efficient and the cleanest, than just attempting to get all wind because it might not work. So it’s kind of about how to get the best overall solutions. So we try to be honest with cities too, because they’re not able to go to all renewables tomorrow, Germany is really pushing for that. But this is also a country where money and technology are… the population really wants that. But that’s not the case for countries where people just want jobs. If your kid is hungry you won’t be bothered where it comes from. So it’s also very much depending on where you are and how much privilege you have to make that decision.

OK, so that’s one motive that doesn’t really go up for you, but what do you think is the most important motives? Is it the partnership or the providing of solutions, or the anticipating on megatrends or innovation? I would say Siemens is all about innovation. That’s the reason why we are here. We have to sell parts, because
we want to innovate, those parts are all quite connected. But I would say in terms of the Crystal group here it’s very much about partnerships. We have knowledge and we want it to be out there. We’re investing in research as well; urban resilience, what role does technology play in that? Resilience is a huge area. Part of it is about prevention, but if it does happen; how do you get things fixed faster and then thirdly; how to plan for better futures. So it’s a huge area. In some cities the issues are more obstructural, do you have the knowledge to fix these things. We were looking at New York after hurricane Sandy and it was quite amazing what happened. Some basements were flooded. There are a lot of things that cities can do and Infrastructure can also partner with them. We think about what we can do to fix things. It’s really about partnership. Hurricane Sandy was a very unusual event, and we will probably get more of them. So in essence it’s really; how can we all move forward. So we have to work together to fix these things… The city of New York is probably one of the most advanced in terms of infrastructure. Not the most, but it isn’t one of the ones behind. US infrastructure is ageing but it really has the money and knowledge to have good infrastructure. Its few space for a lot of people, so how are you going to move within that few space. So we have to partner, because we aren’t going to know, they aren’t going to know. Let’s learn it as we go, and then hopefully it will become easier for other cities to learn from that. First movers always have to do the hard work, and everybody else is getting kind of a free ride. But it always goes that way in technology... Yeah, and you are a multinational and smaller companies don’t have the ability and the resources to do these kind of things… Focus on research is about leadership, we obviously target it for the cities we partner with, but also for our own knowledge. We work for our own innovational research on the technology side. That’s probably the most fundamental part of our partnership.

Ok, thanks, that is really clear. The next part is about a specific urban development project. Do you consider this building and this area to be an urban development project in itself? It is actually. It is part of the green enterprise district. You might not know it. I do actually. It expands here along the docks, and a lot of buildings have been here previously, and like I said; once it’s built it’s hard to change, but the idea is that London tries to attract greener enterprises to this part of the city. There is a ‘sustainable industries park’ that way, that is essentially a business park, but they’ve tried to make the actual infrastructure within it more sustainable. So they will have anaerobic digestion facilities on site, it’s not using a lot of power, small amounts, but at the moment there’s not being built much so they don’t need that much, but that will scale up. At one point they will have wind on that site as well, I’m not quite sure where that is. Then, further along there is the Asian Business Park; a lot of Asian companies will be putting their headquarters there. I’m not sure how sustainable it’s going to be in terms of the buildings but it is part of the planning process of the City of London. They will push to make it as green as possible to fuel the wider ambition of the area. The University of East London, which is quite close by, they are trying to do a lot of innovative projects on their site. So they idea is that this part of London is going to be part of something. So our building is compatible with sharing energy. Is somebody is building nearby us, we can do that as well, we can strike a bit of a deal. So the idea is that we are part of something. But I think it’s even bigger then this little region, the idea is that London wants to be a leader in the whole ‘urban world’ so to speak. There are a lot of design and engineering companies in London that see the city as a place for that. Siemens wants to be part of that as well. We want to build on the local knowledge of that area and we also want to be the frontrunner of the area. There aren’t a lot of partners here yet, but there will be. The wind farm is that way down the Thames, so there will be a lot of green energy for the city.

So you consider it part of an urban development project? Yes. OK, than we can focus these questions on this area, I guess. So what was your role in the development of this area? My role with Siemens was none, my personal role with where I used to work... I was a consultant for the project I helped design the plans for it. For the company that built it? No Siemens built it, this building is a complete Siemens project. But the city of London wanted to have a Green Enterprise District. This site moving eastwards. They were trying to earmark the sites to be up for redevelopment, that these sites would be developed in a more sustainable way, so they tried to pick out what those key sites would be; this is basically where there is space. This is where they could change the infrastructure, because they didn’t have the space to change the infrastructure and then try to
leverage the best they can. So we’ve been thinking of ideas what they can put here. At that time no one knew Siemens was going to come, but we were talking about an educational centre, where people could learn about sustainability. So at that time it wasn’t branded Siemens, it was just that London was looking for something educational. I wasn’t part of any of these discussions, but in my view, Siemens CEO was meeting with Boris Johnson and told him that he wanted to have a base in London in terms of urbanism, and Boris Johnson said; well, we want to have something in this area for education and sustainability, because the Borough of Newham is one of the more.. Educational attainment is quite low here, it’s one of the poorer areas, so the idea was, how can you try to raise the aspiration of local kids, to say that they can be an engineer, they can be more than they thought they would be. So this whole exhibition is created as an educational tool, more towards secondary school aged children, teens, because... If you’re a professional you can play the games and press the buttons and get to know more about the details, but it’s really made to educate a broad type of people...

So it’s actually built for children from this neighbourhood? Yeah, secondary school children, high school, teens... With the idea that they will say; oh, engineering is actually quite cool they’re doing great things. And we actually do see them coming in. Yeah I saw a group of little children just coming out... That’s good, because I was here one day and everybody was the age of around 70, it was about tea time, the local card group came over and had a meeting here, so is kind of nice, because there aren’t so many places around this area. The idea really was to raise the aspirations of local people. So Siemens’ and the city’s aspirations matched quite well, so that’s why we’re here.

So the location was the government’s idea? Yeah, they have shown the Siemens team two sites. One on the other side of the river, which is already doing quite well, and this site.

OK, I have a list of roles that a company can take on in a project, which is ‘initiative’; that is done by both the municipality and the company here, I guess? They did have the initiative to be based in London, but not necessarily on this site? Yeah, that’s correct. And was the aspiration only a building or was it more than that? The aspiration was a centre where people could come to talk about urbanism, and to have an exhibition on urbanism. After discussion it became more focussed on secondary school aged children, but it was a Siemens ambition to do something. And then the two got together and created what this is.

There is also a lot of public space around the building... The Borough of Newham was part of that, because the land was owned by them and so the deal was struck between three parties.

And the investment was done by Siemens as well? Yes, this whole building was... Siemens launched a design competition, and from that came the team who actually built it. Siemens ordered the design competition, Siemens has built it and Siemens has paid for it. That was all Siemens.

Ok, so exploitation, ownerships, that’s all Siemens? And also community involvement? The Borough of Newham was involved. Technically, the Borough owns access to this site, they have some kind of hold on this place, we can’t sell it within two years and try to make it... There are certain things that they can hold into as well. Because they wanted to make sure that we were committed and we had to agree that we would be here... I think the whole thing cost several millions of pounds, so Siemens is not going to pay and then leave, because that’s just crazy. So the idea was that they wanted to make sure that we were serious, we were there for the long term. You see this public space in front of us, and a large gardens in the back. How much we maintain... I can’t really remember.

But the ground is owned by Newham? The ground the building is on is owned by Siemens, but the ground around it is owned by Newham. And because they control access, technically, to the site, we would still be holding to them, because they have access. So what it means, is that we can’t do anything with the land without their permission. We’re in it together, that’s the point.
So that’s the partnership, I guess? Yeah. And how is this partnership called? Is it an enabling partnership, a delivery partnership..? I would say... they had to give planning permission for this to be built, so they enabled the building. But I would certainly not call it a delivery partnership, because were not delivering a scheme or anything... We built the building and it’s an asset for the community.

So in that aspect it isn’t as much an urban development project? We typically don’t get involved with construction. We’ll don’t take construction risk, we aren’t a construction company. I think in the past, we have... It’s a very local business and we’re a multinational company, so it’s very hard to be involved on the local level with that much money riding on it, as a multinational company; unless you are a construction company. It’s a very certain kind of risk, so I think Siemens wants to stay away from that side of it. So in those ways, we sell equipment. With that being said, we also have something called Siemens financial services, they will come on board to help cities to afford the project. We take a piece of equity in the deal, in the sense that if were contributing money for them to buy it than were basically taking part in the project. So Siemens Financial Services can do that. They can take all kinds of different positions. It’s an internal bank, that might be able to buy the technologies because we’re giving some money to help, or we can put in the equipment for a certain amount of money for a certain amount of years.

Are there projects currently going on that work like that? There a number of projects going on with an element of that. I don’t know the actual details. They are all around the world. They add the bit to make it more affordable for cities. Are these mixed-use projects? No it’s more like, if a city wants to buy trains, or something like that, we could help with that. But again, we don’t take constructional risk, so we won’t be involved in that kind of urban development projects. But we do have a venture capital fund, which helps small technology companies. So there are quite a number of ways in which we invest in areas. I would say Siemens Financial Services more project finance, typically. Where there is a defined project, being able to move a rail line or a power station. So it’s more on the technical side? That’s the standard model, but they can do more things now; deals over the equipment, all with the idea that it helps the companies and cities to afford it.

So the type of project that the Crystal is, that’s not happening throughout cities? This is a one off projects, we’re not developers, but we will be involved in projects where technology is part of it, which often times are in big construction sites.

Yeah, and what your role be than? You will be an adviser first, I guess? There might be cases where try to make a master plan for example, and we might come in and say; ok, you’ve done your master plan, you’ve done this this and this, but have you thought about that, that and that? You can improve your plan by doing it this way, and do you have the right densities to make your public transport successful. How have you planned out your transport systems? We could talk about those types of things. That could be like a very initial urban development type scheme or master plan. We don’t do that very often but we do it sometimes. We’re only four people, to be involved in master plans... usually they are quite detailed, but we can do that. But when it comes to the master planning level we would probably not be very involved, because then the city needs to procure it. There is usually a very long phase where they do very detailed studies, we try to advice in the early days on rough estimates, but were not going to do detailed studies. But cities will want to do that before they say ok and make the decision to build it. So we try to get them to know what’s possible, what will be a reasonably delivery, what can they expect from technology, how many people will need transport, what kind of energy load they can get, all those kinds of questions. And then we’ll advise them on planning. For example, I was looking at a project in Moscow, because Moscow was in essence tripling the size of the city, they’ve officially expanded the city in south west direction, and there was a big design competition two years ago, where numerous architects made proposals for this massive piece of land, and the city could’ve delivered it in 8000 number of ways. So what we did was try to say; ok; we’ve seen the plan that won, and how do you actually see Moscow built by now, have you thought about this, this and this. Because what they’re basically proposing to do is... they have a massive kind of mini city where they could move all the government agencies
out, free up some space in the downtown and move they gravity a bit out of the city, which is fine, but in order
to get that city feel. You can build very big government buildings, because it’s paid for, but that’s not going to
get you everything else, unless they want to pay for it. Moscow is a wealthy city, they could pay for it, to have
a shopping mall built, but they have to get the people there. There must be a reason for them to come. The
type of development that they are proposing is a very high value development, but it’s not a very high value
piece of land, because people built high were land is valuable, people built low when land is cheap. So we were
saying; you want to build this, but right now this land is very cheap so there is absolutely no reason why
anybody would build that high, because it’s a 100 miles from the city centre. The market would not deliver
this. So we said; what could you do to make the market deliver that. If you had a really fast connection to the
city centre it becomes more interesting, because all of a sudden, instead of being the equivalent of an hour
drive from the city, you’re the equivalent of a five minute train ride. So if you want this new city centre
development you’ve got to make it part of the city centre and make it a city centre, or get enough people to
move out there to make it a city centre. So what about transport, busses etc. Moscow is a very congested city.
Typically people say; we’ll build it, we will have plans for a public transport system, but once people move out
there, they will develop habits. So once they have the habit to drive everywhere, you can then build your
public transport system but you will have to make these people switch. So if you don’t have it in the beginning,
as the culture of the area, it’s very hard to make it work in the long run. If you want it to be a car-based place,
that’s fine, but if you want it to be different, then put in your infrastructure, or just the beginnings, like bus
rapid transit. It might have a designated route, it might not, doors open and close fast. Then you don’t have to
build all these expensive tracks. It might not be as glamorous as a tram but it works, it gets the job done and
then if you want, in ten fifteen years’ time, if people are using it you can use the same line and dig an
underground. Yeah, you can build it up in steps, Yeah, and want you don’t want to do is build a beautiful road
and then say in ten years’ time; ok dig it u we want an underground. So how can you plan that now, so you
don’t have that problem in ten years’ time?

So how did Siemens get involved in this project? No we weren’t as much involved in this project, we were one
of the contributors of the competition. We didn’t win the competition.

So you knew about this thing going on because of the competition? Yeah. Or the city account manager? Both
actually. In the architectural world, these things come around and everybody hears about is, so we knew that
is was happening. So Siemens was part in contributing to the proposal. And we didn’t win which is fine, but
then we took the plans and asked what can we do to improve it, what can technology add to it. And we kind
of… this development will take about 50 years, it’s a big piece of land. So what we’re doing is the foundations.
Martin will be presenting in Moscow in December, so we can talk to people about this report and make our
proposals out there. And if the city wants to take them, or wants to talk about them more with us, great. If the
dialogue is going, it’s always a chance. But we don’t have a formal partnerships with them at the moment. I
don’t have to report to them. The beauty of my job is; I’m not paid by them. I’m not bei
So Siemens is not at all paid by them? No, we’re not consultants, which is god, because the minute you get
paid by someone it’s hard to be honest. Because they have a certain agenda. People in cities are smart, they
know what they’re doing. I just offer my ideas. If they take them, then we’re excited, but if they don’t, that
fine.

So I guess it works quite well, that you’re like a separate entity within the company that works on these things,
and you might or might not get something out of it. Yeah, we hope that the city account managers will call us
and say their city is thinking about something but doesn’t quite know what to do, can you give them some
guidance? We’re not going to do a detailed study for them but we can certainly say; you might need a study on
this or double check these figures, we talk with cities about their options. If something comes out of it that’s
great. But all these types of projects have a very long lead time, so it’s very hard to say what we’ve done.
OK, so if we’re sticking to the urban development theme; do you think you later on will get involved in these types of mixed-use residential areas and then you do, what role will that be, or is it just not really for you? I don’t think it’s really for us. We’re never going to be leading an urban development project. We’ll be offering ideas and advice, hopefully selling equipment. One of my colleagues was working with a developer, in Ho Chi Min, Vietnam, and they were looking at a potential site to improve the quality of the plans. That’s about as close we’re going to get, as in Moscow, looking at the plans and approving upon them; well I shouldn’t say approving upon them, it’s more taking those ideas and overlay what technology means for that or how are you going to get to these places without it. It’s one thing to have a vision, but how are you going to deliver that vision, that is where we come in. An architect will draw a vision, they won’t tell you how to get there, that’s the job of the city.

I started out this research thinking that big multinationals were actually building neighbourhoods, not that’s not what you’re doing, so this area may be a little bit of a ‘corporation-led urban development project’…. With company-led you’re pointing at urban developers, like Argent at Kings Cross; that would be more pure case of what you’re talking about. Most developers aren’t big companies. They get control over big pieces of land and then have to develop them out. But they would never say that they are a corporate-led development company because they are a small development company.

But do you know the strand east project that IKEA is doing? I think Siemens was part of that initial thinking, my colleague has mentioned it to me before, but please tell me.

Well, that’s my second case study here in London. It’s in Stratford and they’re actually building a neighbourhood. There are 1200 houses, there is 75.000 m2 of commercial space, a hotel and restaurant... So in my eyes that’s corporation-led urban development. Who’s building it? IKEA. Are this the IKEA houses? No, it’s not the BoKlok concept, they’ve done that in Sweden. Do you know LandProp? That’s a developer and it’s owned by IKEA and it’s now called Vastint. They have developers in 9 different countries, but since October first, the same as with you, they changed it all to Vastint, and it’s a daughter of IKEA. And they are developing the whole area. It’s 26 acres, so really big. So what do you about that, because that is corporate-led urban development? I would say there’s probably no difference between that and another developer. Developers are companies. If they have a big site and develop it out, they are doing the same task. So if you want big sites developed it’s probably what you need to do for the speed. You can have lots of small plots and have lots of small developers do it, that’s how London was done in the Victorian times. You can see it in my neighbourhood as well; the street is the same but blocks are different. Houses here are a tiny bit wider than on that block, why is that? Because it’s a different builder. They kept the same general look but built the houses a little bit differently because they... And then at some point, some of the houses would be sold and people would pick out different features, but they still look generally alike. So nothing has changed, in essence, there were already developers in Victorian times but just on a smaller scale. So if you want a big site developed quickly it probably what you have to do. I don’t think there’s anything wrong with it. If they’re building what the local authority has asked them to build, that people in the area want to buy.

Well, they’re actually not selling it, they are renting it. So that’s not typical British, because it’s mostly about home-ownership here, right? Yeah, developers tend to want to sell quickly, that’s how they make their money. But having a company like IKEA behind you, I guess you can afford to take a longer... Actually, that’s quite interesting, because they’re not selling, so they’re much more likely to have a longer term view development. Yeah that’s what they say. Which is potentially a lot better, because I think you’re better off with someone that has a long term stake than someone who’s going to flip it. Because after 5 years they’re gone, and all problems become a local government problem.

They are saying that they want to be in charge of the types of shops to be located there and the type of community activities that will be held there. What do you think offers that for a community, if it’s guarded by IKEA? I’m not sure how much you can legally do on that. If you are indeed renting property, and if somebody
wants to rent your property and there are able to pay for it, legally I’m not sure if you could tell them no, because it’s discriminatory. So they must have guidance on retail, food, certain zones, types of businesses that might be there, but the local government has to approve all of that, so IKEA can’t decide that on its own. They have to obey local laws, they can’t just come in and create their own IKEA laws. I’m sure local government watches them very carefully if they go by the rules. They probably want a certain type of quality in the shops, in what’s being offered, in how things are maintained, maintenance is a big issue... A developer has built this park, now the developer is gone and somebody has to take care of the park, government has to come in and take care of the park, it costs them and they will be annoyed about it. If somebody wants to take on... typically it are just costs, it saves the local government money, so I would say there are some real benefits in it, but the local government has to be quite switched on; do they actually deliver what they want, and then... It might just work? It could...

I’m really curious. I’m interviewing someone from the municipality tomorrow, Clive Dutton, and I’m curious how they say they are going to make it work. There are big developers in China that are big corporations as well. Yeah, but society works different there I guess. People are less individualistic I think, so they than to agree upon it more than people here.

I would say, they have a long term stake in the project, that’s probably better than having a short term stake. If their neighbourhood suffers their brand suffers. But this is something 50 years out, and companies change. If people don’t want packed furniture anymore there has to be a plan B, who’s going to maintain the parks and houses than? That would be my biggest concern. Because buildings last a long time. London, 200 years on and we’re still living in Victorian structures, these developers are long gone.

But it’s not something for Siemens to do? No, not now. I’m personally interested but we’re not construction workers, it’s a different business model. Yeah, you have different core businesses, you are technology and they are furniture, which is a lot closer to building homes I guess. Siemens was talking to them about the development, so hopefully there will be Siemens involved in that. Well they’re all about sustainability so maybe... It would be fun if it comes together there.

Well I think that’s it. If have some questions like; how are responsibilities divided between parties involved, but it’s pretty clear here that everything inside the building is yours... I think you maintain these parts a well? We maintain the gardens, and also these sort of community gardens... It’s a shared maintenance thing; we want it to look nice, they want it to look nice, so we both have a share in it.

Ok, thank you very much for this interview, I’ll sent you a report of it, than you can check it.
Bernadette introduces herself and her research. Mr Dutton introduces himself; I retired 18 months ago but I worked in the public sector for 35 years. And for about 6 different councils. And Newham was the last one I worked for. The reason I came down from Birmingham to work as director of planning and regeneration, was the lead up to the Olympic. And they wanted someone who could oversee and orchestrate the Olympic regeneration legacy. Because the whole purpose of London bidding for the Olympic Games, had nothing really to do with sports. It was about how that could be used to the infrastructure that would be needed and in all sort of ways. It would be an accelerator for the regeneration of east London which is one of the poorest parts in the UK. That’s the real reason for doing it. 

Has it been working so far? I think... you can point to different things... there is a real difference already, there is a momentum, but it's something you can only truly judge later on, like in 2 decades. I've seen there and there's lots of things going on, many people and it looks good. Yeah the transformation has already occurred people, would not believe and a lot of people how hadn’t visitor the area for many years would not recognise it and will be blown away by the changes that have occurred. And all of that are catalysts for more things to happen.

I'm focussing on two projects here in London which are Strand East by IKEA and The Crystal by Siemens; do you happen to know these developments? Have you been involved? Yeah... I saw you in a picture opening the Strand East projects together with Thomas Hattig. Yeah well... I was director at that stage, so intimately involved in directing the councils involved in that project. Well that's perfect. So there are two things you particularly want to focus on?

Yeah, I start out focusing on those to projects and then scope out to the general objective. So what I was wondering was; how did the initiation of the project go? Did the companies approach you or the other way around? Well they're different stories actually. Every development and place is different... Which one do you want to start with?

Strand East... They saw the opportunity there in terms of... the land concerns and their vision and ideas as a development company. And so they took a very leading role there because they took a commercial decision to acquire about 26 acres of land there, for development. So they had seen the opportunity to acquire a partially assembled site and then buy more land to have a very significant development there, was something that they had identified and recognised. It was very different then the Siemens project. So what it meant was that by the time that the council approached us, they had largely committed to do that approach there. So clearly they needed a whole host of things from the public sector. And clearly they needed planning permissions. So beyond the point of LandProp committing to that, there was then quite an intimate and continues involvement in discussions with the senior level about what it is that they were going to do there and what the council was looking for, from the development for them to achieve. Outcomes that would be good things to achieve by going through the different planning permissions. And I think they made a bold decision there. I think I take my head off to them because I don’t think that all developers take risks. Why is it such a big risk? Well, what I was going to say, any developer in London, how much is there... London is just boiling over with opportunities and developments coming on board, but the reason why I admire them was; up until that point a lot of people where focussing on developments very close to Stratford and the Olympic park. So big developers like land lease, Westfield etc... Close to the Olympic park. But this is a little distance from Stratford town centre, and tube stations and all of that nuclears that Stratford has. Where 10 railway lines converge. It all has to do with communication. And the LandProp site is just off from that. So good for them, maybe as a result from that they acquired the land at a discount...

Yeah, on the internet I read that it was a really good buy for them. I think the company's approach was that they brought with them, right from the outset, was I would say more of a European and certainly Scandinavian approach to development, in terms of its configuration, typology, its mix, its sustainability. Yeah it's very
different from the British development. Yeah, and that’s why we thought that was a really good thing, rather then it just being more of the same.

So, but it was the first time LandProp was developing an urban area in London, and in general I think. How was the council’s view on that fact? Good, bring it on. I think that they've done a project in Eastern Europe I believe before London. London was the next one. And I believe they moved on to secure other developments on other sites. Our view was to very much welcome developers from wherever they were in the world. If they were going to do something that would help populate ...... to regenerate East London. To make life better, the quality of life, economic social, environmental community benefit, than those are partners we want to talk with.

So you didn’t experience any difference from another developer that is not a multinational corporation? Except for the different configuration? In terms of partnership? I don’t think so, they're businessmen, and businessmen are the same around the world. They want internal profit and therefore they know that it’s better to be on good terms with the local authority involved rather than enemies, that’s pretty basic stuff. And certainly LandProp did that from the outset. And there was a man there, very nice chap, who put a lot of energy in the early months to building up that relationship and then working with him and people like Thomas Hattig, and others coming on board. And they set up a team quite rapidly on the site, in one of the buildings will remain. I can’t say that they were like... as a company extraordinary different in their approach, they’re on a par I think with successful and good development partners you would want to see. And knew exactly the right things to do, and they would always have our attention. Because of the scale of what they were doing. And the way in which they were doing it is different and brings certain qualities and characteristics untypical of British development.

Ok, so you saw this difference as a good thing? Yeah. That’s nice because my next question is; did you impose any preconditions on them regarding public interests and in what way did you impose that on them? Was it in a legal way or on a partnership base that you secured these public interests? No, really, because, as far as I can recollect, the council didn’t have any land interest there. They bought the land from the private sector. So there weren’t any issues to how you make these developments successful. We didn’t need a legal bond between the council and the company. If there was it was of a very minor nature. So the main thing that they really needed from the council was planning permission. So it wasn’t complicated really.

It was easy because you had the same perspective? Yeah. And I think also... I always take the view that no matter how compelling or sophisticated the establishment of a specific organisation to drive regeneration either is a redevelopment corporation to oversee the legacy of the Olympic park, and there are many complexities of development. And no matter how sophisticated those organisations are, if the people who work for those organisations can get on, or have the same objectives... A lot of it is a personal thing. And if you’re really fortunate and you have people who are totally on the same page you can change the world. You can have the same organisational arrangements and people there are insecure, inexperienced, want to be tribal, don’t want to work in partnerships, unvisionary, they stumble and fall and ultimately it takes a lot longer and the end result maybe isn’t as good. So you have these two polarised positions. And I always worked on the basis that; why won’t you want to get on with people and do great things. Life is full of people who... there are different people with different objectives.

So if I understand correctly the public interest that you as a council should guars, were already incorporate in their plans? Yeah, they knew that, to get a planning permissions they would always keep us up to date on their thinking and actions. And if there was something they were thinking about their developments that for whatever reason might not be acceptable for the local authority, they would think about it and maybe calibrate the project accordingly.

So there was close collaboration and talking? Yeah I would say they are a pretty sophisticated outfit.
In what way did the council participate or facilitate in the process? What was the role in the project itself? It was to encourage them to the best development possible, generally. And obviously to ensure in the negotiation discussion leading up to the submission of the planning. They got planning permission, to enable and see as quickly as possible.

So all the infrastructure on the site? All theirs, yeah. What you've chosen as a case-study is quite straightforward actually. There was limited complexity because they bought the land from the private sector and the needed planning permission. They would put together fine equities to develop the site, they needed ppm from the local authority, pretty straightforward.

So the planning permissions were the only legal things going on between the two parties? Yeah. Is there a professional way you call this type of partnership in the UK? I don't think so. I've read stuff about delivery partnerships and enabling partnerships. Not really. When you describe it like that it's as if you formalise and have a legal entity; there's nothing like that. If you wanted to use the partnership thing; it was just collaborative.

So risks and profits are all at LandProp’s site? Yeah, the bottom line is that, as all developers do, they want to make money. And a return on profit for shareholder. And the bottom line for the council.... It’s mainly a residential development, to make sure that there was good housing and that there was a good proportion of affordable housing.

How much is that proportion? I can’t remember. We always look for about 50% affordable. That quite a lot... Yeah, saying that’s what you want and getting it... It could range from anything from 50 to nothing actually. So they’re free in choosing that of did you impost a number on them? No, you would negotiate so that you... you have to understand what the development costs, and there's no point in you saying; we want 50% and they say; well that scheme is not viable and nothing happens. So you’d scrutinize the figures to make sure that everybody is telling the truth.

So are you having a close look on their business plan then? Yeah they would share that, so that they can show the financial consequences of what we call planning gain. So it should include the degree of affordable housing. But other aspects would be that... The biggest priority along housing here in Newham is employment, because people are out of work or on very low income. So we would always say that the people who are developing or investing are very welcome to come, but we want jobs, jobs, jobs. The only way out of poverty, of disadvantage is work and employment. It means work, it means jobs, so of that commercial element of the LandProp plan... N Newham there is a job brokerage. It works with the community. If there are people who are out of work maybe leaving school to want to go to work... There’s the job brokerage run by the council. Its gains are to support individuals into work and that means connecting to those who are cresting employment. The biggest example should be the jobs created in the Westfield shopping centre by the Olympic park. It was creating 9000 jobs. And also there’s the establishment of the Retail Academy; if you've left school of are unemployed and you're interested in working in retail, manager, manual work, cash register, etc. They would train people for the job. So when those jobs officially came to the market they were job ready. So we got a third, 3000 people employed at the Westfield development.

So how will that figure be in the LandProp development? I don’t know. It was very different because there was a commercial element to the project. It’s a mixed use development and the majority is residential, and there was a commercial element. But because it wasn’t an enormous amount. When I left the council it was more about LandProp developing their strategies and attracting end users. It is one thing to have a philosophe and strategy, but unless you have employers there...

Do you know how far along the project is? Because I haven’t seen any updates since 2012. I don’t know, I’ve left the council 16 months ago. But every developer is different. Some are really careful about what they bring
into the public domain until their ready. So it may be deliberate. They have created that wooden tower and a restaurant really quickly so I think that’s really good.

*So now to a wider scope; what do you think their motives are to invest in urban development projects?* What are their motives? Making a lot of money!

*Let’s talk about the organisation of the Crystal first.* Siemens is a very different story, it’s a great story. Towards the end of the calendar year 2010 through into spring 2011 the European managing director of Siemens approached the mayor of London and was very keen on establishing a global centre for sustainability and he got some kind of concept in his mind, but not fully formed. The idea was a place where people could gather and congregate. Not necessarily the Siemens brand all over it. But Siemens would be the stimulus of creating this entity in the world that would encourage awareness and debate on future cities. And he said to the mayor; this is a facility that could be located in London related to the Legacy project. At the time there was competition: Siemens could’ve located it in New York or Singapore... But London was the one that they thought could be best, but provided that it would be developed before the 2012 Olympics, so very fast... The whole thing from very first contact to opening was about 20 months. Unbelievable. And that’s why it’s a good case study, because it’s as fast as anybody in the world. So of course the mayor of London thought doing this in east London would be great, doing it in Newham alongside the legacy... We wanted to change the nature of economy. Sophisticate that to a degree that would support London’s overall economic strategy. And we were focussing on the royal docks, where the airport is, where ExCel is. There’s going to be a new cross rail station, opening in 2018. So from our point of view that would be a good place to put it because it would set the standard for what we hope there would follow, it’s a quick win project. It would be marked by an international company of great standard, and so we worked very quickly with Siemens and the London Development Agency, an organisation that used to do this until 2012 when it was wound up. To see what we could achieve. We had to find them a site that would appeal to them, we than had to deal with land issues there.

*What was there before the Crystal came?* First of all we had to show them what was available in that part of east London. Within that exercise they focused on the royal docks and the site that it’s built on. The site was in split ownership; the council owned half of it and the LDA owned the other half. There was a sailing club on it and there grazed horses on in; it had no proper use... But it’s been allocated for mixed-use, mainly residential. And then Siemens said; that’s the site. What then would ordinarily happen could be a very long negotiation about land values. And we were two public organisations with interest in the land, usually that would be a nightmare. But because the relationships issues that I described 5 minutes ago, individuals in organisations... The mayor of London and the mayor of Newham wanted in to happen, so we said we are going to do this. So when it came to the land issues, we did something that was very innovative. We said; you want to do this project here that doesn’t fall into any of the normal categories of development. It’s not offices or houses. It’s a one off thing. The land use that’s in the strategic plans for the area and the basis upon which the LDA or councils had it in their books was for mixed-use, residential, so the highest value. If we would’ve said that they should pay a residential value for this land to put something that certainly did not have that kind of value than it became an individual issue. So what we said; we hypothecate the economic, societal and ecological value over 30 years. If you put a financial value to that and compare it to residential value, what would be the difference? And over 30 years there actually wasn’t much difference; when the economic and societal value... the whole of the royal docks could go up in terms of green enterprises... The difference between this value and the residential value was less than a million pounds. And Siemens agreed to undertake environmental works to that values in the surrounding areas. So no money passed hands...

*So you mean the green space surrounding the building?* Yeah. So we and the LDA didn’t get any money or capital receive there, because we said; you can make the case from economic and societal value influence would almost be the equivalent of when you had taken the receive for residential development which wouldn’t have those economic benefits...
And which wouldn’t have happened at that point in time probably. No it probably wouldn’t have, absolutely. So you have to be very pragmatic. So we took that view. So take the opportunity when if offers itself? Yeah. So that approached had to be agreed and finalized. We had to have vacant possession for the sailing club. They had to then design the building and in parallel with designing was to start design the content of the exhibition, so everything was being done in parallel rather than sequential. And the end result was them completing their project before the Olympics.

What is the actual relationship between the Olympics and the Crystal? You could say none directly in a sporting sense, everything in an Olympic legacy sense. The reason why London bid for the Olympic Games was to use the assembly and reclaiming things like the Olympic park and putting all the infrastructure there and building bridges and railways tracks etc... We will never know the true figures but huge sums of money, like 9 billion... When you have that amount of money pumped into a relatively small area for ten weeks, they endure to serve and stimulate other developments elsewhere. And Siemens was one of those.

So it was part of the initial legacy making? Yeah it meant that the mayors of Newham and London could say; this is stimulating a great early economic legacy project. I think Siemens budgeted 30 million but spent 60 million...

Do you consider the project to be an UD project, or a building with a piece of land around it? An urban development project, because what they wanted to do in the building was far more important than the building itself, so they went out of their way to make sure the building would be attractive. It’s one of the most carbon neutral buildings in the world. So again that sets standards. It was an eye-opener; it’s an international facility, it becomes an exemplar for London UK as the pace that actually demonstrate thing that could, should or have been done to create sustainable cities. My favourite part of the Crystal are the underground floors, the cinema screen that show what NY could be like in 20 years’ time. And they had an idea of a city dashboard. At any point in time you could see real time in terms of energy or public services, water, lighting etc... To be able to do this kind of dashboard you need a city to do all kinds of stuff but they would demonstrate what happened if you did that.

So this was another case of a really close partnership, not official? Yeah, definitely. There was no formal partnership or legal entity. They still needed planning permission from the local authority but that was a significant in a very innovative land transaction there. Different from the LandProp example... In what way is it different? Only because of the property element, all of the land of the Crystal was publicly owned. And the other thing that they did... Everyone was focused on doing it super quick, because otherwise in a competitive world we could lose it. What it also did was to bring forward and make happen, in an even shorter period, the cable car. And what it also did... We made a successful bid to be London first New Enterprise Zone.

It that the same as the Green Business District? Well, in London things tend to be very complex. The GED covered a much larger area then the Olympic post games area. I wouldn't pay much regard to that to be honest. It's a very high level aspiration. But looking at the 3 royal docks; in combination they're the biggest docks in the world when they were built. And they became redundant in the 70's and the following period was about how you can make up for all those jobs that were lost. Not a great deal happened in the intervening year, because there was a lot more between central London and that Far East. It has now progressed that far... It was really important that there was an economic raison d'etre for the royal docks. Building on the fact that you have the airport, the cross rail and Excell, London's biggest convention centre. So why wouldn't you want to attract and encourage enterprises that want to locate there. So Siemens played a very strong role. It's an inward investment, its high calibre, a great international company. And that then led to enterprise zone status for the docks so it simplified planning and tax breaks. But also it meant that two other big sites in public ownership, silver town keys, an innovative commercial use of that. It was like a permanent mini world expo of pavilions, nut not of countries represented but industries.
Is that already there or to be built? The site was marketed, that was the preferred proposition that the public sector accepted from the private sector and now they're going through the process of planning permission. It will be a 10 year project. And all of this also stimulated a huge investment by Chinese into the creation of an Asian business park near the airport. That are the biggest standing economic investments by China in the UK. The idea is a cluster of Chinese companies around this high tech hub. So it's a long story but it's a good story.

Yeah and both cases are really different. I'm immensely proud how we made this Siemens project work. And for that to happen in 20 months; it says it all really. Almost unique certainly in the UK.

Ok, let's skip to the last part. So the motives are clear; make money. You think that's the only thing? If you talk to developers they would also say; to make a valuable contribution to the city, good housing, stimulate the economy....

And how about partnerships that come about in the project? Because Siemens really needs the partnerships with councils to eventually sell their technologies. They are thinking ahead how future cites will look and they have the solutions. Don't you think they are building a partnership now in order to sell their technologies later on? Not really, it's a very loose arrangement, no formality to it. You could easily say it for the enterprise zone in the docks that you could've established a non-profit company, public-private, to oversee all the work. But that wasn't done. And it was always... There are pros and cons of taking such an approach. Because if you're over formalised sometimes they can dominate and slow down and make the overall intention too complex.

It's not necessarily a formalised partnership but just working together and having a good relationship. Yeah, and I think it worked... Because you can set up a company and Siemens and the council run the board of it and the LDA and Asian Business Zone... But these things take a lot of time to set up and once you introduce that structure... Sometimes in becomes over complicated. People think themselves more a part of the company then having an open mind to do visionary stuff. Or you can keep it totally open to opportunistic and serendipitous stuff... Or maybe there's some common ground in the middle there. So it was like... When I left we left it quite deliberately... Is certainly not that, but it's a little bit of this. And in the end of the day there aren't that many key partners and they're all in the end at the telephone. Nothing is forever. If all those partners say they need to put together a master plan for the whole lot then so be it.

One question I really want to ask is; IKEA wants to retain ownership in the area, but that's not typically British because people tend to want home-ownership here. What is the councils view in the fact that they will rent houses instead of selling them? I think we would have an open mind on that. Every development has a range of characteristics, some are shared ownership, and some are market rent. The council introduces very high standards from a very low base. Private landlords had to register in terms of what was expected from them as a good landlord. Because in that part of east London people do not treat their tenants very well. I don't know... When you talk to Thomas it may be that... For all I know, some developers buy the land, get planning permit with all the details and then sell it on, or parts of it. And I don't if that's part of LandProp's business model or not.

Well, they've stated that they want to keep ownership because they want to act like a municipal council., and they want to decide what type of stores will be there and what type of community activities will take place. It might be a bit controversial for people to feel that IKEA is deciding what activities will happen and what stores will open. Is there a discussion going on about the fact that a big multinational corporation will decides what will happen in an area where normal people live? Not really. I don't really know what's going on because I've been out of that position for 16 months. But if a big company of that calibre comes in and wants to invest a lot of money in producing something that the council wants to see in that area... You would tend to want to assist in that to happen rather than to obstruct it in any way. That would be my philosophy there. And there are plenty of plans, whether is a London plan or the council core strategy for the area, that give sufficient pointers
or requirements as to what development is required and in what way... Different areas really, so as long as they adhere to that, why wouldn't we...

Because you don't know how it will turn out because they've never done it before. If they're really strict in what types of stores there might be... Aren't you afraid that it will into one big IKEA-land where everything is coordinated and decided by them...? What wrong with that? As long as it's good, and the planning permission requires them to design it like this and to develop it like this and if they didn't do it, who else is going to do it? The council isn't going to do it. They don't have the resources of the skills for that.

So the opportunity is so big that it's ok however it turns out? And the really important things are covert in the planning permission? Yeah. So that's how public interests are guarded? Yeah. If any significant part of the site was in public ownership than the council could've... this is theoretical, but the council could've sold it to them of retained it and then having a more business involvement in what happens. I think that covers the things that you are referencing to. Or, the same scenario is the council owns something we'd say; you can have the land providing you pay what we thinks it's worth but also that you make sure that you do a,b,c,d as well on top of the planning permission.

I think that was it. My most important questions are answered. I think there's a difference between Holland and the UK, because you let private companies run more freely. In Holland the government is more involved in developments. And it's part of my research to study if this approach is possible in the Netherlands. Because there isn't enough public money for governments to do it themselves. Well it's the same here. All big developments in London, there are a lot of them. A small development would be 1000 homes, usually they are 2000 or 3000 homes. Ultimately to me, the housing needs of people who live in London... it's a very young city, so how you accommodate a growing city, people living longer, birth rates going up, people immigrating... A whole range of people. The public sector can't do that. The private sector can come in on the terms that the public sector would like to see. Sounds like the Netherlands. There are 260 councils in England that are all very different. Some don't want any change at all and some, like Newham, if you've got poverty, extreme disadvantage and you want to encourage development investment, you want to create opportunity, employment, jobs, better quality of life... it all has an influence on the quality of life. So my parting quote, Bernadette, would be; if you're faced in an area like this, which has historically been the poorest part of Europe, nothing is off the agenda to try to adjust that. The Olympic Games has advanced what needed to happen by 30 years. So the momentum is gathered, there's a great foundation, but it will still take a long time because it has always been the poorest part of the city of London. The second way of looking at it is; if you're looking at the tube map of London, for each tube station from west to east, from the most affluent places to place like Newham, you lose a year of your life in terms of life expectancy throughout each stop... 10 years, 15 years... So that is unacceptable and we want to do something about it.

Thank you very much, it gave me lots of insights. If anything was unclear or if you have supplementary questions we can do that by email or phone.
Appendix IV: Telephone interview Ahold
Telefonisch Interview Ge Happen – Excellent Supplier Management – Ahold
At Deloitte office Utrecht -10-11-2014

Introductie scriptie - Gezien de uitbreiden van Ahold over de wereld is dit bedrijf aan te merken als multinational en daarnaast zijn jullie aan het bouwen in Afrika... Nou, wij zelf niet hoor. Wij werken samen met leveranciers in partnerships met een lange termijn perspectief, zie ook interview MT magazine.

In het jaarverslag stond dat de AH Foundation huizen heeft gebouwd in Zimbabwe. Wat houdt dat in en wat is de rol van de AH Foundation?

Wij werken in partnership samen met onze leveranciers met een lange termijn perspectief, zodra dat er is, is er sprake van een zakelijke relatie en wij willen dat graag intensiveren door het opstarten van AH Foundation projecten. En dat gaat altijd samen met onze leveranciers. Het is dus niet zo dat wij zeggen; nou, weet je wat, we bouwen hier een put, daar een huisje en daar een school. Dat gaat altijd in overleg met de leveranciers en vertegenwoordigers van de medewerkers, een representing body.

Dus er is een bestuur vanuit de foundation, en die heeft contact met een bestuur vanuit de leveranciers waarin ook de werknemers vertegenwoordigd zijn en die komen dan samen en bespreken wat er nodig is? Nee, zij maken een voorstel en dat wordt gelezen door de partner in de AH Foundation ICCO. Check ook ICCOnomics. Dus de representing body doet een voorstel voor een project op het gebied van health housing en education. Dat kunnen dus huizen zijn, maar ook facilitaire hygiëne projecten, een toiletgebouw. En inderdaad in Zimbabwe was de wens om daar huizen te bouwen, en die zijn er gekomen.

Ok, dus de mensen uit Zimbabwe hebben een voorstel ingediend wat goed is gekeurd door het foundation bestuur. Die heeft neem ik aan een pot met geld beschikbaar die daarvoor gebruikt wordt? Ja, dat gaat ook weer in samenwerking met de leverancier. 20% komt van de leverancier en AH vult 80% aan tot 100%.

Hoe zijn die huizen daar uiteindelijk gebouwd? Ik neem aan dat Ahold daar niet zelf heen is gegaan om te bouwen? Nee dat doen we niet dat is echt een lokale aangelegenheid. Dat moet je ook overlaten aan de lokale gemeenschappen omdat zij daar zijn, werken en doen en wij zitten in Zaandam en hebben verstand van supermarkten maar niet van het bouwen van huisjes.

Dus het wordt ook door lokale mensen geregeld hoe dat uiteindelijk gebouwd wordt. Precies.

Een aantal activiteiten heb ik in kaart gebracht: initiatief, investering, bouw, exploitatie en beheer. De foundation doet dus eigenlijk alleen het investeringsgedeelte? Ja

Een belangrijk aspect van het onderzoek is de relatie tussen bedrijfsstrategie en deelname in gebiedsontwikkelingsprojecten. Ik besef me wel dat dit niet helemaal de definitie is van een gebiedsontwikkelingsproject zoals ik hem hanteer, wat meer neerkomt op een mixed-use ontwikkeling in een stad. Dat is dit eigenlijk echt niet. Maar ik heb gelezen dat jullie 6 pijlers hebben. U kan aangeven of deze een relatie hebben met jullie deelname in gebiedsontwikkelingsprojecten.

Increasing customer loyalty: staat erbuiten. Dat gaat meer om groei realisteren; bestaande klanten willen we graag behouden en meer laten kopen.

Broadening offer: goed kijken naar ons assortiment

Expanding their geographic reach, dat gaat neem ik aan over de winkels zelf? Ja bijvoorbeeld winkeluitbreiding van de to go's in België Nederland en Duitsland

Simplicity: streven naar een efficiënte organisatie. Dus dat staat ook los van deze activiteiten? Ja
**Responsible retailing:** hier hoort het wel thuis. *Is de AH foundation echt onderdeel van deze pijler? Ja. Zijn er nog meer onderdelen? Ja, responsible retailing is een breed programma en dat is gekoppeld aan Reshaping Retail waarin 3 beloftes gemaakt worden: betere plaats om te winkelen, werken en een betere buur.

*In hoeverre draagt de AH foundation bij aan deze 3 beloftes? Misschien aan een beter buur. Als je de leveranciers ziet als een verlengstuk van Albert Heijn, dat de medewerkers op een eerlijke manier behandeld worden. Daarin zijn we aangesloten bij het BSCI. Alle leveranciers uit hoe risico landen voldoen aan de uitgangspunten van het BSCI. Er wordt dus voor gezorgd dat de mensen die daar werken een eerlijke behandeling krijgen. Op het gebied van werkomstandigheden, contracten, etc. Allemaal bedoeld mom die mensen een eerlijke boterham te laten verdienen.*

**People performance; heeft dit ook met die mensen te maken of draait dit echt om de mensen binnen Ahold zelf.** Ja, people performance gaat om de ontwikkeling van mensen binnen Ahold.

**Een ander belangrijk onderdeel is de relatie tussen core business en de betrokkenheid bij gebiedsontwikkelingsprojecten. Jullie core business is als ik het goed heb verkoop van voedsel en het exploiteren van supermarkten. Hoe zijn de bouwwerkzaamheden van de AH foundation gerelateerd aan deze core business?** Wij exploiteren supermarkten maar het is wel lekker als daar ook goede spullen in liggen en dan moet komen van de leveranciers. Uit Nederland, Europa of daarbuiten. En met al deze leveranciers werken wij op dezelfde wijze met een lange termijn visie. En in Nederland is al heel veel geregeld en georganiseerd, goede scholen, drinkwatervoorzieningen etc. maar hoe verder je van Nederland af komt hoe moeilijk dat wordt. Zeker in Afrika zijn er nogal wat tekortkomingen.

*En doordat jullie de leefomstandigheden daar beter maken denken jullie dat jullie voor de langere termijn de leveranciers kunnen laten presteren. Is dat het idee erachter? Ja. En we intensiveren de relatie. We gaan er naar toe en zij komen hier en samen werken we aan het verbeteren van de leefomstandigheden van de medewerkers en de woonomstandigheden.*

**En het versterken van die relatie is nodig om de core business in de toekomst veilig te stellen?** Ja, groente en fruit heeft een dynamische aanbodstructuur omdat het wordt verkocht zoals het groeit en geteeld wordt. Er zijn veel uitdaging op het gebied van beschikbaarheid. In combinatie met voedselveiligheid, social compliance en kwaliteit, levert smaak. En we vinden dat wij het beste dat kunnen doen door met de leveranciers in partnerships samen te werken.

*ik heb zelf een aantal motieven in kaart gebracht, U heeft er al een paar genoemd; een lange termijn partnership aangaan. Daarnaast is er CSR; dat je als bedrijf verantwoordelijk met de wereld wil omgaan. Is dat ook een motief? Ja zeker. Wij willen graag dat de medewerkers die producten telen of bewerken voor Albert Heijn een goed bestaan hebben*

**Dan heb ik er nog 3 waarvan ik denk dat ze misschien niet helemaal overeenkomen. Innovatie, is dat een motief voor jullie? Ja zeker! Groente en fruit, de omzet daarvan moet altijd gestimuleerd worden door innovaties. Die komen in eerste instantie van onze hoogwaardige kwaliteitsleveranciers. Dat kunnen mandarijnen en druiven zonder pit zijn. Frambozen, blauwe bessen uit Marokko, innovatieve nieuwe producten die worden geteeld door onze leveranciers, nieuwe soorten en variëteiten. Wij willen júist samenwerken met partners die ons innovaties aanbieden.**

**Maken jullie investeringen die innovaties dan mogelijk?** Ja, wij betalen een eerlijke prijs die voldoende slagkracht biedt om te blijven innoveren.

**De vierde was het anticiperen op megatrends zoals demografische verandering en urbanisatie. Heeft dat enigszins van doen met jullie activiteiten?** Nee hoor. Wij werken voor jong en oud arm en rijk. We willen het benodigde betaalbaar houden en het bijzondere betaalbaar, en dat voor alle klantgroepen.
De laatste is de shift van het aanbieden van producten naar het aanbieden van services. Ja, wij hebben allerlei concepten, als je geen zin hebt om naar de winkel te gaan bestel je Albert, onderweg ga je langs een pick-up point. Ja binnen AH speelt dat denk ik een grote rol, maar ik neem aan dat de activiteiten binnen de foundation daar niet echt iets mee van doen hebben? Nee, zeker niet.

De laatste vraag is met welke partijen jullie samenwerken in het realiseren van de projecten. Dat zijn dus de leveranciers... Ja in eerste instantie. Ten tweede ICCO en ten derde fairmatch support.

Werkt Ahold zelf ook samen met lokale overheden bij bijvoorbeeld het bouwen van een school of huizen? Nee, dat wordt vanuit de leverancier gedaan.

Ok, heel erg bedankt voor uw tijd
Appendix V: Telephone Interviews Alliander

Telefonisch Interview Nico Büskens – Business Developer Alliander

Interviewer: Bernadette Potters – TU Delft

Bernadette introduceert haar scriptie en vertelt over de voorlopige conclusies van de voorafgaande cases. Inter IKEA heeft een in-house ontwikkelzaal en het motief is om lange termijn waarde te creëren, bij Siemens is het motief het opbouwen van een goede relatie met een eventuele toekomstige klant.

Sluiten jullie meer aan bij Inter IKEA of bij de Siemens manier van betrokken zijn bij gebiedsontwikkeling?

Alliander is een “infrabedrijf” met assets op het gebied van energie-infra, elektriciteits- en gasnetwerken. Alliander is daarmee asset-eigenaar en -manager, met als core business het investeren in assets, het optimaal benutten van deze assets én het vergroten van de waarde van deze assets. Naast de fysieke assets beschikt Alliander over ook over niet-fysische assets, zoals de kennis en competenties van haar medewerkers en haar huidige plaats in de maatschappij, waarbij Alliander letterlijk en figuurlijk in contact is met iedereen, omdat iedereen energie gebruikt. En energie is een belangrijke (bijna primaire levens)behoeft. Alliander stelt vast dat de behoefte van de maatschappij m.b.t. (energie)transport verandert. Deze verandering wordt de energietransitie genoemd. In grote lijnen wil “de maatschappij” duurzamere energie gebruiken en daar zelf meer zeggenschap over hebben. Dit uit zich onder meer in het zelf produceren van energie met o.a. zonnepanelen op het eigen dak als elektriciteitsbron of het collectief in een wijk inzetten van een biomassacentrale als warmtebron. Alliander wil bij monde van haar CEO niet “aan de verkeerde kant van de geschiedenis staan” en wil daarom de maatschappij ondersteunen in deze energietransitie van fossiele naar duurzame energie. Ook Alliander kan niet (ver) in de toekomst kijken, maar ziet in dat er scenario’s denkbaar zijn waarin het huidige netwerk, haar assets, in de toekomst minder tot niets waard zijn. Energiebesparende maatregelen verlagen de vraag naar gas, met als voorbeeld nieuwbouwwijken die “gasloos” worden aangelegd. Ondanks dat nog steeds de omvang van onze gasnetten én de omvang van het transport van gas nog steeds toeneemt, is voor ons de situatie “gasloos” of de afnemende betekenis van gas een reëel scenario.

Het motief van Alliander om te doen aan duurzame gebiedsontwikkeling is om te anticiperen op en aan te sluiten bij maatschappelijke trend van energietransitie van fossiele naar duurzame energie. In het kader daarvan ontwikkelen wij concepten, wijzen van aanpak en vervangende producten.

Welke producten zijn dat dan? Als voorbeeld onze gasinfrastructuur. Ons verdienmodel zit hem in dat wij investeren in infrastructuur en die exploiteren. Als een nieuwbouwwijk gasloos wordt aangelegd hebben we daar dus geen verdiensten aan. Het aanbieden van stadswarmte aan de woningen via een warmteinfrastructuur is een product waarmee vervangende omzet wordt gecreëerd. Dus als we het hebben over het gebiedsontwikkelingsprojekt Greenport. Leveren jullie daar alleen de infrastructuur? Want jullie zitten wel in het consortium opgenomen toch?

Ja, sterker nog we hebben het zelf opgericht. Dat consortium gaat ik aan over het bouwen van woningen en vastgoed. Hoe nemen jullie daarin deel? Dat consortium gaat over de energievoorziening in brede zin. In het consortium zullen wij ons beperken tot de infra assets, maar dan zijn dan over het algemeen andere assets dan gewone gas en elektra-assets. Bijvoorbeeld biogas, warmte, of CO2. Dat betreft alternatieve infrastructuren. En eventueel de installaties die nodig zijn om deze infrastructuren in technische zin te kunnen exploiteren.

Is dit jullie nieuwe core business? Nee, dit is nog zeker niet onze core business maar het zou kunnen dat het dat op termijn wel gaat worden. We verwachten niet dat onze elektriciteitsinfrastructuur heel snel in waarde achteruit gaat maar we weten maar nooit. In theorie zou iedereen zichzelf individueel kunnen bedrijven. Daarvoor zal je waarschijnlijk nog steeds een (lokale) infrastructuur nodig hebben voor optimalisatie van elektriciteitsgebruik en voor opslag van elektriciteit, maar voor gas geldt wat ik net aangaf. Daar waar het gasloos kan, zal Alliander bijdragen om dat te realiseren. Voor fossiel gas zijn alternatieven; stadsverwarming is daar één van.
Dus het is een soort proeftuin voor jullie eventuele latere core business? Nou ja, dan wel een proeftuin in het echt. We leggen alleen een infrastructuur aan als we die zelf ook 30-40 jaar lang kunnen exploiteren. We zijn geen ontwikkelaar die infra aanlegt om het direct daarna weer te verkopen. Ons verdienenmodel is niet gebaseerd op de ontwikkellingsfase, maar in de exploitatie fase.

Is deelname onderdeel van jullie bedrijfsstrategie ‘Met onze klanten werken wij nauw samen om de omschakeling naar duurzame energiebronnen te realiseren’. Of wordt dit jullie nieuwe bedrijfsstrategie? In feite is onze “nieuwe” strategie om nauw met onze klanten samen te werken aan de omschakeling naar duurzame energiebronnen. Er zijn gedetailleerde wetten met betrekking tot gas en elektra. Deze producten worden ook al een halve tot een hele eeuw gebruikt in Nederland. Gevolg hiervan is dat door heel Nederland er een basisinfrastructuur is, die relatief goedkoop is uit te bouwen, ten behoeve van het aansluiten van klanten. Bovendien worden kosten voor de aansluiting van kleingebrauers omgeslagen over de totale groep van aangeslotenen. Ook dat beperkt de kosten voor een additionele uitbreiding en/of aansluiting. Maar dat geldt niet voor nieuwe duurzame warmte- of CO2-infrastructuur. Als je gebruikers daarop wilt aansluiten zijn, moet je dus ook (een deel van de) basisinfrastructuur in de business case meenemen. En dat levert hogere kosten en meer risico’s op in projecten in de vorm van een onrendabele top, waardoor deze projecten relatief duur en lastig zijn om te realiseren. Alliander heeft vooral haar expertise in de infrastructuur van deze projecten, maar weet relatief weinig over de productie en/of afname van duurzame energie. Door samen te werken met andere partijen, die allemaal beter zicht hebben op een deel van de risico’s, kunnen deze projecten, waaronder dus ook de duurzame energie-infrastructuur) goedkoper worden gerealiseerd.

Dus het consortium en de gebiedsontwikkeling is een middel om in de toekomst klanten veilig te stellen? Gebiedsontwikkeling helpt om de klantvraag beter te bundelen, zowel van de huidige klanten als van de toekomstige klanten.

Ok, het is inderdaad een groot gebied dus er zijn bedrijven en bewoners die later klant van jullie worden als gebruikers van die infrastructuur? Ja, maar het liefst willen wij zo vroeg mogelijk zicht hebben op de toekomstige “volloop” van een gebied, door juist die gesprekken aan te gaan met de relevante stakeholders. Hersenloos up-front infrastructuur realiseren is wel heel risikant. Gebiedsontwikkeling in nauwe samenwerking met de stakeholders eventueel in de vorm van een consortium is daarmee ook meteen een soort risico mitigerende maatregel. Gebiedsontwikkeling is trouwens voor ons niet nieuw. Doordat wij als netbeheerder fysiek verbonden zijn met iedereen hebben wij bij ontwikkeling van een gebied automatisch al met heel erg veel partijen contact. Dus het is voor ons helemaal niet vreemd om diezelfde potentiële klanten en geïnteresseerden voor onze infrastructuur en/of andere infrabedrijven erbij te betrekken, denk daarbij aan water en/of glasvezel.

Hoe is het dan in die gebiedsontwikkeling vastgesteld dat er voldoende vraag is? Is er bijvoorbeeld een bepaalde schaalgrootte vastgelegd die bereikt moet worden voordat jullie daarin meedoen? Dat is afhankelijk van wat er ontwikkeld wordt. Per keer moet er een business case worden opgesteld om inzicht te krijgen over óf en wanneer de investering kan worden terugverdiend.

Dus als ik het goed begrijp is de rol die jullie op je nemen in het daadwerkelijke gebiedsontwikkelingsproces, het bouwen van de gebouwen en infrastructuur en daarna de exploitatie... Dan gaan jullie echt alleen over het infrastructuur gedeelte of investeren jullie ook in het ontwikkelen van andere dingen dan die infrastructuur. Waar denk je dan aan? Bijvoorbeeld in de bouw van de woningen of de openbare ruimte. Nee, wij bouwen wel, maar alleen als dat nodig is voor onze eigen bedrijfscopyrocessen en organisatie. Wij zijn geen woningcorporatie, projectontwikkelaar of vastgoed ontwikkelaar.
Dat is een tweede reden waarom wij ook samen moeten werken; alleen infra leggen heeft geen zin. Infra moet altijd installaties met elkaar verbinden en daarmee dus ook gebouwen, gebieden en organisaties.

*Dus jullie hebben die andere partijen wel nodig om tot een succesvolle ontwikkeling te komen, want die woningen en ander faciliteiten zijn nou eenmaal nodig?* Ja, dus zowel om de vraag te bundelen, zicht krijgen op de toekomst om zoveel mogelijk de risico’s van een onrendabele investering te mitigeren. En ten tweede om te zorgen dat de aanbod zijde ook goed wordt georganiseerd. Omdat vrijwel altijd infra een integraal onderdeel is van het aanbod van de klant, zijn wij ook vaak bij dit deel betrokken.

*Dus jullie zijn even nodig als jullie die andere partijen nodig hebben?* Ja in de zin van “even zozeer” en niet in de zin van “eventjes”. Bij gebiedsontwikkeling zijn partijen die daarin investeren in de grond, in de gebouwen en in de infrastructuur cruciaal. Zoals gezegd investeren in de energie-infrastructuur en blijven aanwezig voor de exploitatie daarvan. Net als het waterbedrijf of de glasvezelkabelaar.

*Zitten al die andere partijen dan ook in dat consortium Greenport Venlo?* In dit consortium waren deze partijen niet nodig omdat die in de ontwikkeling van alternatieve energie niet nodig zijn. In het gebied is al een openbaar elektriciteits- en gasnetwerk en ook is er al een water- en glasvezel infrastructuur. In het consortium beperkt zich tot de ontwikkeling van additionele duurzame energie-infrastructuur.

*Als we dat dan even spiegelen aan de motieven die ik heb opgesteld, één daarvan is de switch van product naar service en oplossing. Is dat voor jullie ook een motief om deel te nemen aan gebiedsontwikkeling?* Siemens klimt blijkbaar in de kolom van producent van hardcore techniek naar een service- en dienstprovider. Dat is bij ons niet de bedoeling. Bij ons is het primair de bedoeling om een additionele duurzame infrastructuur ernaast te ontwikkelen.

*Dus het is eigenlijk een extra business line?* Ja, maar die wel vereist dat wij transportdiensten en datadiensten hiervoor ontwikkelen.

*Daarnaast had ik nog het opzetten van netwerken en partnerships. Is de relatie met de partijen die samenwerken in gebiedsontwikkeling een motief voor jullie om mee te doen in gebiedsontwikkeling?* Nee, dat opbouwen van een consortium is voor ons niet een doel maar een middel om te communiceren met die regio. Om die vraag beter in kaart te brengen en uiteindelijk ook het aanbod beter aan te kunnen laten sluiten. Omdat wij in energie-infra zitten, is het feit dat wij samen moeten werken met anderen een logische en gewenste situatie.

*Maar wat dat betreft is het natuurlijk wel van belang dat je de gemeente die uiteindelijk belangrijke beslissingen maakt daarover, dat zij weten wat jullie kunnen en hier bijvoorbeeld ook kunnen laten zien. Maar dat is dus niet het doel?* Van oudsher was het zo dat een nutsbedrijf als het onze passief was ingesteld en dat ten dele nog wel is. Conform de wet kon/can het nutsbedrijf worden gevraagd om een gebied aan te sluiten en daar dus een energie-netwerk aan te leggen. Maar in toenemende mate ontwikkelt dit bedrijf zich in een richting waarin het meer proactief probeert te zijn. Dit komt omdat onze infrastructuur kostbaar is en zo’n 30 tot 40 jaar moet kunnen renderen om terug te zijn verdiend. Die lange terugverdientijden zijn nodig om de kosten voor het gebruik betaalbaar te houden. Maar omdat er door de energietransitie nu andere eisen worden gesteld aan onze infrastructuur is het van belang om al bij de vroegste fase van gebiedsontwikkeling betrokken te zijn. Dan kan zo goed mogelijk worden aangesloten bij de al aanwezige energie-infrastructuur. Zo kunnen bijvoorbeeld windmolens goedkoop worden geplaatst vlakbij een al aanwezig onderstation, omdat daarmee het leggen van een duur kabel kan worden voorkomen. In ons beeld leidt voor de netbeheerder een passieve houding en een standaard antwoord “ja, we gaan het aansluiten op onze huidige infrastructuur” uiteindelijk tot een slecht antwoord. De gemeenten hebben niet alleen in toenemende mate te weinig middelen om te kunnen investeren, maar zien daarnaast ook in dat zij moeten samenwerken met andere partijen om de ontwikkelingen in hun gemeente te kunnen stimuleren. Alliander kan als investerende partij
Dus een belangrijke bijdrage leveren samen met de gemeenten en alle andere relevante stakeholders Gebieden te ontwikkelen.

_Dat sluit denk ik wel goed aan bij 2 andere in kaart gebrachte motieven. De eerste is het anticiperen om megatrends, wat u ook net noemt, de energietransitie, ik denk dat we die wel zouden kunnen zien als megatrend. Dus in die zin is jullie deelname aan gebiedsontwikkeling het anticiperen op een megatrend denk ik? Ja, dat denk ik ook. En een andere is innovatie, het feit dat in een gebiedsontwikkelingsproject ruimte is om te innoveren of een innovatie toe te passen. Is dat voor jullie ook een reden? Nee, innoveren is voor ons een middel. Maar, als je bedoelt dat we daarmee beter aansluiten op onze klantvraag en de energietransitie en de toekomstige klantvraag, dan klopt het, maar wij doen niet aan innoveren om het innoveren. Wij innoveren in ons huidige netwerk, omdat we daardoor efficiency kunnen verhogen en de kosten kunnen verlagen en we innoveren in ontwikkelingsprojecten om in een onzekere wereld zo goed mogelijk te weten welke keuzes we moeten maken, zodat wij ook in de toekomst kunnen voortbestaan._

_Dus jullie innoveren eigenlijk in al jullie businesses. Zien jullie dan in gebiedsontwikkelingsproject een goede plek om die innovaties toe te passen, dus om bijvoorbeeld nieuwe technieken toe te passen die voorheen nog niet geprobeerd zijn of is dit niet de reden om mee te doen? Nee, dat is niet per se nodig, maar vaak vraagt het dat wel omdat in de ontwikkeling van duurzame infrastructuren nog relatief weinig ervaring is opgebouwd en er veel dus nog niet is gestandaardiseerd. Innovatie is dus geen doel op zich, maar een middel._

_Als je nu zelf de belangrijkste reden zou moeten noemen om hieraan deel te nemen, wat zou dat dan zijn? Wij willen aansluiten wij de toekomstige klantvraag, dus ik denk dat megatrend anticipatie het belangrijkste motief is._

_Een laatste vraag is met welke partijen jullie hebben samengewerkt in het gebiedsontwikkelingsproject; dat zijn deelnemers uit het consortium of zijn er nog meer partijen? Zo zit het daar, maar in een ander gebied zit de samenwerking weer totaal anders. Daar is juist iets wat je regionaal doet; per regio verschillen de machtsverhoudingen, belangen van de verschillende partijen, de ambities van de partijen. En dat zijn de dingen waarop je weer een coalitie bouwt._

_En binnen dat specifieke project investeren jullie in de infra en beheren jullie die ook na realisatie, of mis ik nu een activiteit? Daar waar wij investeren exploiteren wij ook. Is er nog een andere rol die jullie vervullen of is dat het wel? Nou, we denken nadrukkelijk mee. En in heel veel van dit soort constructies moet er vaak geïnnooveerd worden; wij dragen daar ons steentje aan bij._

_Dus jullie geven ook advies aan deze partijen? Ja, ook vanuit de bril van de infrastructuur kijk je toch anders naar bepaalde investeringen en ontwikkelingen. Om een voorbeeld te geven; als je een CV-ketel wil vervangen in je huis kun je volstaan met het inhuren van een installateur. Maar bij projecten waarbij infrastructuur moet worden aangelegd zijn vaak veel complexer, zowel in de techniek als in het aantal benodigd partijen en dus ook in de afstemming tussen deze partijen. De kennis en ervaring die we daarmee hebben opgebouwd kunnen wij inbrengen in een gebiedsontwikkeling. Daarnaast is het van belang dat infrastructuur ook goed wordt meegenomen in de planontwikkeling. In tegenstelling tot grond en gebouwen wordt ondergronds infrastructuur veelal over het hoofd gezien, waardoor (soms ongemerkt) de ontwikkeling van een gebied aanzienlijk duurder kan uitpakken._

_Dus jullie zijn de verbinding tussen infrastructuur en de partijen die daar iets minder van af weten. Jullie adviseren ze daarin en jullie laten zien wat er mogelijk is? In vesteringen in gebiedsontwikkeling betreft grofweg vooral posten “Grond”, “Gebouwen” en “Infrastructuur”. Wij hebben inzicht en ervaring in de post “infrastructuur”, zowel in de fasen ontwikkeling en exploitatie._

_Ok dat was heel duidelijk. Ik zal het gesprek verslaan en naar u toe mailen. Dhr. Büskens geeft aan dat hij het verslag ook voorlegt aan Dhr. Potters en Dhr. Schiltmans en er ruimte is voor eventuele additionele vragen._

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