ALIGNMENT OF CORPORATE REAL ESTATE STRATEGY
AND CORPORATE BUSINESS STRATEGY

Turning knowledge into practice

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Alignment of corporate real estate strategy and corporate business strategy
Colophon

P5 Graduation research

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Preface

This P5 report is the graduation report showing the translation of the methodological framework into empirical research and the results and conclusions from the empirical research. This research is conducted at the department of Real Estate & Housing of the faculty Architecture at the University of Technology in Delft. This P5 report is the final step in the graduation process. This research started in February 2015 has taken close to a year ending in January 2016.

The corporate environment is becoming more and more competitive; many business lines have over the past decades evolved in order to utilize their potential added value at the most. As corporate real estate management had been lacking behind on that surface real estate is the designated business line to start contribution to the profitability and the competitive advantage of an organization. The challenge lies in the definition of the current knowledge and mapping why this is not applied efficiently in practice. This graduation research has made the next step in turning knowledge into practice.

I would like to thank Ilir Nase and Alexandra den Heijer for contributing to this research by reading and re-reading my work and actively contributing by literature suggestions and structural research initiatives. It must have been hard mentoring someone as stubborn as me who likes to push things forward until the pressure is on. Also I would like to thank Theo van der Voort who was interested in the report from the start and always provided valuable feedback on my research progress.

Next to that I would like to thank everyone at CBRE Amsterdam who was kind enough to make time for me whenever I needed information and advice. The flexible attitude of CBRE was very helpful, whenever I needed extra time for my studies, something I appreciated dearly.

Daan Lutjeboer

Leiden, Januari 2016

Keywords: Real estate strategy, added value, competitive advantage, corporate strategy, alignment
Executive summary

Problem statement

In the current competitive business climate organizations need to get all their business lines into shape. Many of the key business lines such as HR, finance and IT have been collaborating on a strategic surface in order to be as competitive as possible. Corporate real estate management has not yet been sufficiently included in this collaboration between business lines. Although the scientific knowledge regarding the alignment of CRE strategy with the organization has been developing over the last years it is seen that the knowledge is not yet sufficiently applied in practice.

Problem statement

Real estate management is still today a neglected topic in the corporate business environment. Real estate strategy is not yet integrated sufficiently into the core business strategy. The added value of corporate real estate management (CREM) is not captured. The knowledge gained from research in this field is somehow not reaching the appropriate people on the appropriate functions. Real estate managers seem to miss the knowledge, tools or directions needed to implement the scientific knowledge into practice. Real estate as a value adding resource is not high enough on the corporate agenda to make the contribution to the organization, its processes and its value.

Based on the problem statement the main research question is formulated:

Main research question

What actions are needed to close the gap between theory and practice in the use of corporate real estate strategy in the corporate business strategy to add value, in terms of profitability and competitive advantage for the whole organization?

The main research question forms the basis of the sub questions; these can roughly be divided into three categories.

Theoretical underpinnings:
- What is the current state of the art of added value in terms of profitability and competitive advantage of aligning the corporate strategy and real estate strategy?
- What is the gap between theory and practice?

Practical implementation:
- What is the reason behind the gap between theory and practice?
- How efficient is the current role of the real estate department?

Recommendations:
- What tools are needed in order to make these state of the art opportunities for added value measurable for the real estate managers and board members?
- What tools would the involved actors need in order to integrate theory into practice?
Scope

The focus of this research is on the larger multinationals with active operations in the Netherlands. The main focus thereby is on organizations with a large office portfolio. A total number of 33 respondents completed the survey and together this gives a clear overview of the CRE practices within these organizations. Since all the organization are approached through CBRE contracts these are mainly organizations who have shown commitment to improving CRE management and are in some different stages of outsourcing their CRE activities.

Methods

As this graduation research is mainly about closing the gap between theory and practice there are several feedback moments between academic researchers and CRE practitioners. After each main step of the research a feedback moment has been built in Figure 1. This started in the early stages of this research with scoping interviews with professionals in order to see if the problem that was noticed in the literature was indeed encountered in practice. In a later stage the research variables were discussed in an expert panel before processing them into the survey. The survey has been sent out to 75 CRE professionals and has been completed by n=33 respondents. Based on the preliminary survey results 4 interviews were scheduled with CRE professionals in order to discuss these results. This acted as a sanity check of the survey results before processing them in the final results. Finally a discussion was held with three experts on the field of real estate management Van der Voordt, Rooulac and Santovito.

Results from literature research

Based on the graduation theme a number of aspects were defined more in detail based on the academic literature. This was done in order to provide a basic understanding for the further empirical research.

Real estate and organizational strategy

Over the past 25 years the field of real estate management and real estate strategy has gradually developed. This has provided the shift from a task manager role to the role of business strategist. More recent studies show that the presence of clear policies and activities for CRE managers combined with clear interactions between different business lines can enable managers to make strategic decisions and that alignment is an important part of improving the contribution that real estate can have to the organization as a whole (Gibson & Luck, 2006; Langford & Haynes, 2015).
Alignment of corporate real estate strategy and corporate business strategy

The CRE department has in the above mentioned theories however still a reactive character. While it would be more effective to connect real estate strategy in an earlier stage with the corporate business strategy in order to be able to connect to different kinds of organizational strategy. This will create the opportunity to show that the alignment of real estate strategy with organizational strategy and by that the alignment of real estate with other business lines as HR and IT can have positive results in the end. After the literature research the question remains what the model will look like for identifying opportunities.

The second part of the literature research focused on the concept of added value. For this graduation research this concept has been separated in two pillars: Competitive advantage and increased profitability.

**Increased profitability**

The first question that has to be tackled is. What are the measurements of profitability? And how do adjustments made by the CRE can possible influence those measurements within an organization. The literature already states that it is a difficult concept to grasp (Krumm & De Vries, 2003). But as the focus within organizations comes more and more on the overall added value of the firm corporate real estate departments need to show what they contribute at the bottom line. How are these different lines within a corporation connected and what will the impact be of changing real estate practices in the organization compared to the effects they will have on the other business lines. Since real estate costs is still one of the key drivers of real estate decisions the aspect of cost reduction could not be missed in this research Figure 12. Increasing profitability is therefore split up in two sub division, cost reduction and increased productivity.

Based on the model of Lindholm et al. Figure 13 there is a large number of initiatives that will lead to cost reduction, when cross referenced with the findings from industry reports Table 1 a number of variables was listed, these were evaluated and eventually those most closely related to CRE management were listed in the survey. The variables that were present or similar in both sources are:

- Minimize acquisitions and financing costs
- Minimize operating expenses
- Create economies of scale in acquisitions
- Conduct routine maintenance
- Balance between outsourced and in-house services
- Act as a control mechanism
- Utilize government incentives
- Establish workplace standards

Figure 2 Development of CRE practices (Joroff, Louargand, Lambert, & Becker, 1993)
Alignment of corporate real estate strategy and corporate business strategy

The second part of increasing profitability is the increase of productivity as this is a whole research field on its own it was decided during the research that this scope was too wide. The research is focusing due to that on the application of workplace strategies that will match the organizational character and will fit to the activities of the employees in order to enable them to work as efficient as possible.

Competitive advantage

This world has become driven more and more by globalization, technology, innovation and sustainability and this is can be seen in the daily practices and newly developed corporate strategies. Real estate is influencing within these organizations a more complex network of suppliers and by that it has a certain input regarding the competitive advantage of an organization, in some cases CRE has positioned itself even as the key player in connecting all the required departments (Acoba, Braun, & Rick, 2010). Competitive advantage is linked with capabilities and competences needed to produce services and products that can be sold in the market. It is said that this is of fundamental importance for an organization to design a competitive strategy (Porter, 2004; Singer, Bossink, & Vande Putte, 2007). It is the balance between different parts of the business which has to be correct in order operate strategically with success (CBRE EMEA Research, 2015). Based on both academic literature and industry reports and publications four aspects of competitive advantage are listed and turned into variables for the survey. Flexibility of the portfolio, time to market, employee satisfaction and innovation are all variables that have been taken into the survey and interviews.

Results from the empirical research

In total there were 33 respondents to the survey. The main results from this survey came from cross referencing the data which resulted in the tables below showing how they gain new knowledge Table 1, what their internal reporting lines are Table 2, how their contribution to the organization is valued Table 3 and what their main restricting factors are Table 4.

<table>
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<th>Size of CRE department</th>
<th>0-2</th>
<th>3-5</th>
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<th>11-20</th>
<th>21-50</th>
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<td>15</td>
<td>25</td>
<td>23</td>
<td>9</td>
<td>24</td>
</tr>
</tbody>
</table>

Table 1 Knowledge enhancing methods per size of CRE department

Table 1 shows that most organizations apply multiple levels of knowledge development. Interesting to see is that academic publications are used the least of all methods no matter how big the CRE department.
Alignment of corporate real estate strategy and corporate business strategy

Table 2 Reporting lines against organizational structure

Table 2 shows to what level in the organization the CRE department is reporting. The executive level is by far the most frequent level that is reported to.

Table 3 Cross analysis of CRE value against organizational structure

In Table 3 the CRE departments answered how their contribution is valued within the organization. The organizations that have an independent real estate department are valued the best by far.

Table 4 Obstruction as perceived by CRE departments 1 is low obstruction, 5 is severe obstruction

In Table 4 the data regarding the obstructions the respondents encounter are rated. The commitment from the C-suite and the financial limitations are the highest rated obstructions.
Bringing everything together there is something to be said about the main research question from this graduation research. **What actions are needed to close the gap between theory and practice in the use of corporate real estate strategy in the corporate business strategy to add value, in terms of profitability and competitive advantage for the whole organization?**

The first actions that will need to be taken are to analyze the current organizational structure of an organization and the place the real estate management department takes in that organization. The internal reporting lines within the organization are an important factor in that. If the real estate department will be able to measure and show what they are and can contribute they will stronger in the strategic debate. For these measurable to be developed efficiently they will need to keep updated with academic developments and with new techniques from practice. The application of new techniques will however be decided based on the assignment and the challenge the real estate department faces. This links back to the balance between the reactive and the proactive character of the CRE department.

According to practice not all business cases are projects in which new methods and approaches can be applied. It will be a task for practice to identify the projects where it is possible to innovate and actively search for gaps in the knowledge that can, on account of academic publications, seminars, lectures and newsletters be fulfilled. From the survey and interviews comes forth this is not done by the corporate real estate departments themselves, in most cases knowledge from outside specialists is included. Figure 41 gives an overview of how each sector could contribute in the further alignment of corporate real estate strategy and overall business strategy. Practice will need to lead in identifying suitable business cases for implementing new knowledge. This they could do with or without the help of outside specialists.

In short there are actions needed from all stakeholders in the process. They CRE departments will have to be on the lookout for business cases suitable for innovation. The interview showed that when organizations do apply new techniques they often connect with outside specialists on the field. These organizations will need to be up to date with the developments in theory. For theory to really measure the gap itself between theory and practice further research will be needed on the understanding of the models produced by academic researchers.

![Figure 3 Overview of actions per sector (own ill.)](image-url)
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CHAPTER 1 INTRODUCTION

This initial chapter will elaborate on the motivation behind choosing this subject. On several levels the relevance of this subject is described. The structure of the graduation thesis will be discussed. The feedback loop that is reoccurring within this thesis is described.
Alignment of corporate real estate strategy and corporate business strategy

1 Introduction
Companies are always trying to improve in terms of profitability and competitive advantage in order to meet their mission, vision and strategic targets. Over the last two decades there has been an increase in research and implementation of several business relevant fields. In the field of human resource, finance and research and development much has been written and has been absorbed by the industry as welcome improvements for their businesses. The management of corporate real estate has however been a neglected pillar in a company’s strategy as up to 2004 only about a third of all Fortune 1000 companies incorporate real estate as a part of their core business strategy (Osgood, 2004). Even in 2015 industry reports show that there has been no significant improvement on this alignment (JLL, 2015). Most corporations still view their real estate as a cost center, recent studies however have shown that the implementation of a real estate strategy within the corporate strategy can have positive effects and result in added value for the overall business (Appel-Meulenbroek & Feijts, 2007; Then, Tan, Santovito, & Jensen, 2014).

The alignment of corporate real estate strategies and core business strategies differ in theory and in practice. What is blocking the proper alignment and the utilization of the possible added value? At this point it is unclear what tools the real estate managers need to get the message across to the responsible board members. There needs to be looked at what is the gap between theory and practice in the use of corporate real estate strategy in the corporate business strategy to add value for the whole organization and how this gap can be closed.

1.1 Structure
This report starts with a description of the personal relevance to this research theme. After the personal motivation the scientific and professional relevance are described. The relevance of this research is backed by the problem analysis from which the main research question and all underlying sub questions will be formulated. The graduation research will be structured by stating and linking the research targets and the methods that will be used to the (sub) questions that have been stated. The road to answering all the research questions is further described by the research methods and approach and the timeline that results from that section. The theoretic framework defines strategy and real estate strategy and distinguishes added value in profitability and competitive advantage.

1.2 Personal motivation
A personal interest on this subject emerged during an internship at CBRE, more specific the business line Global Corporate Services. This business line focuses on the larger multinational corporations with substantial real estate portfolios. During this internship I noticed that companies are still focusing on cost reduction strategies regarding their real estate. By purely focusing on the costs I believe the efficiency of the employees is not guaranteed while this has a large influence on the total efficiency of a company. It was this notification combined with my interest in strategic management that I started focusing more on the strategic link between corporate real estate and core business.

As a student of real estate and housing it bothers me that real estate is such a low priority on the list of companies, which makes this an excellent opportunity to increase the influence of real estate in the business environment.

My vision on this subject is that real estate can contribute much more to the overall business performance as is currently thought of and applied in practice. At this moment companies are focusing too much on cost reduction, and from a first view you can’t blame them during an economic crisis. But real estate has much more to offer than simply providing a roof above the heads of your clients, customers and employees. By evaluating the current position and roles of the stakeholders within the real estate process, and by making the added value of corporate real estate management
tangible for corporate executives, real estate can start contributing to the overall profitability and competitive advantage of a company. It is my objective to place real estate management there where it belongs; in the minds of corporate managers and directors so that its alignment with corporate strategy may add value to the organization as a whole.

1.3 Personal learning objectives
My academic learning objectives are a part of the key drivers behind this research. The personal development is aimed at understanding real estate strategies, their place, effects and ways they are implemented. By approaching this from an academic perspective the current knowledge will be the fundament of this personal development.

This research should help me develop my analytical skills further through the process of reading, processing and analyzing current literature and gathered research data. Drawing clear conclusions from this is complicated, and by doing this research I am hoping to become more advanced in analyzing research data.

Implementation in the practice has always been one of my key drivers. This will be a reoccurring factor in this research and thus makes it an interesting learning objective and of course on of my main research questions. My personal objective would thus be to connect the research for a large part to the practice and learn how knowledge is transferred to practice and applied.

1.4 Scientific relevance
There are several scientific papers available describing the relation between corporate strategy and corporate real estate strategy and the role of added value in this perspective. Much research has been done on corporate strategy itself and increasingly more research is conducted in which the connection between real estate strategy and corporate strategy is made. Both the academic world and practice realize that in such a competitive world real estate courses are needed to prepare students for their future tasks. The required skills and knowledge needs to be transferred first within the academic world and then to practice through those students (Boyd, Amidu, & Smith, 2013).

Over a time of nearly 25 years the body of knowledge emerged from the decision making model of corporate real estate management (Veale, 1989). At this point Veale already pointed out that despite the great value of real estate assets they are really undermanaged. His findings were that one of the most important reasons for this under management was that corporate real estate managers do not maintain the adequate data required for this. Veale stated that the corporate real estate practice should move towards a more strategic approach to develop a proactive and comprehensive decision making process. Four years later in 1993 Nourse and Roulac stated that most businesses don’t have a formal real estate strategy due to the fact that that real estate strategies have not been clearly described (Nourse & Roulac, 1993). The earlier problem that was determined by Veale, seeing corporate real estate as a strategic business asset is again recognized by Nourse and Roulac. The lack of context in showing how real estate can fit in an organization is blocking further integration. Almost ten years later in 2002 Gibler, Black and Moon conclude that most real estate divisions seems to be operating in isolation from other business disciplines still disregarding the possible competitive advantage gained from integrating business lines (Gibler, Black, & Moon, 2002). What can be seen is that in all cases the authors keep coming back to one conclusion; practitioners are still not applying the knowledge that is on hands on the topic of integration real estate strategy into the business.
Figure 4 shows the model which was created picturing the value adding attributions of real estate strategy. The conceptualized added value of corporate real estate for the organization as a whole is further worked out in later research of Lindholm (Lindholm, 2008; Lindholm & Leväinen, 2006). Despite this research of Lindholm, corporate real estate and facility management still had little instruments to prove their potential added value for the business (Jensen, Van der Voordt, Coenen, & Sarasoa, 2014).

So although this research subject has been touched by a wide range of researchers the message does not seem to be getting across. As Scheffer Singer and Van Meerwijk have put it before in 2006, the question remains in what way these theories and models are applied in the industry (Scheffer, Singer, & Van Meerwijk, 2006). As corporate real estate assets are still undermanaged, it would be interesting to see from a scientific viewpoint how the alignment could be completed and how the potential added value, profitability and competitive advantage can be utilized (Louko, 2004).

The scientific gap would be the linkage of the existing theories with the current practice. How can parts or modules of the different models, which are showing that real estate can provide added value to the organization, be combined and implemented into practice.

1.5 Professional relevance

“In the current climate of business, every part of an organization must think and act strategically to squeeze out every possible competitive advantage. It is not good enough to be operationally efficient. Every part of the organization must be effective in contributing, wherever possible to the leadership strategies.”(RICS Research, 2012).

Possible positive attributes of CRE and FM are nowadays not clearly communicated within an organization. A cause-and-effect chain of the influence of FM strategy is rarely seen (RICS Research, 2012). If CRE and FM start to articulate and communicate their values better throughout the organization they can start to play a more central role and more strategic role in boosting the competitive advantage of the organization. There should be a way to make the added value, one of the most tangible assets of an organization, tangible. Human resource as an intangible assets has been a top priority of managers for many years (Gamble, Thompson, & Peteraf, 2013).

As for the alignment of FM and core business strategy the 2012 RICS Research report already has some recommendations. They define a six gap model, in which every gap is bridged in an individual step. In the end they are connecting the several strategic business units to the strategic FM department. But would it not be much more effective to place the FM strategic department as one of...
the other strategic business units in order to operate much more intertwined with each other (RICS Research, 2012).

In that way a business will become much more flexible and responsive and thus can react faster to the changing environments. A business will be able to adapt much more efficient and change their strategy in conformity with all the strategic business units to a better suiting form of competitive advantage.

Figure 5 is a high level overview of the Amsterdam Zuidas office location, one of the more commonly known business districts although not the largest of the Netherlands. In Figure 5 there are a couple of national and internationally known companies listed, in fact on the whole Zuidas there are around 700 companies located of which 55% have their headquarters in the Netherlands. This business district alone measures up to 725,000 square meters.

**Figure 5 Companies on the Zuidas office district**

To put that into more comparable figures in that 725,000 square meters is equivalent to the faculty of Architecture of the Delft University of Technology 20 times over... And in this 725,000 square meters there are 700 organizations that have to make real estate decisions.
1.6 Industry experiences
In order to determine whether or not the above mentioned problems are also experienced as problems by the industry a series of scoping interviews were conducted. These interviews were conducted with employees of CBRE Netherlands who combined work with real estate managers of more than 15 multinational organizations. This fact that the interviewees had work relationships with real estate managers in a broad scale of organizations made it possible to picture an all-round image of the current situation on this subject.

The first what can be noticed in all the interviews is that all interviewee state that the mandate real estate departments have from their superiors is often unclear. This has to do with the framing and boundaries of the role of the real estate manager and often results in long and inefficient process which can eventually be terminated when there is a decision to be made. Next to that, the tools available to the real estate managers are not sufficient. They lack the ability and tools to process large amounts of data and report this in an efficient way to the right people.

1.7 Summary
The real estate management field has shown promising research over the past decades. A large sum of information and knowledge has been constructed on several areas of the field. Reports from the industry and organizations for real estate professionals show however that this growing body of knowledge is still not always applied to its full potential. That is why this research will dive deeper into the alignment of corporate real estate strategy and core business strategy to find what is blocking the knowledge from being turned into practice.
Organization

Domain
This graduation research falls under the domain of Real Estate Management. The research question of this research lies at the essence of the department. An overlap with any of the three other domains within the Real Estate and Housing master is due to that highly unexpected.

Research theme
Within the domain of Real Estate Management this research is linked to the research theme: Successful Corporate Real Estate (CRE) strategies to support profitability and competitive advantage. The research is not aiming in providing strategies that will lead to higher profitability and competitive advantage but is attempting to get real estate strategy at the table when designing the core business strategy. In that way real estate can add value to the whole organization.

Graduation mentor
Ilir Nase is the primary graduation mentor. His constructive way of approaching the problems of this research have been proven valuable from the start.

Alexandra den Heijer is the second graduation mentor. Her vast experience and up to date knowledge and commitment have been very useful. She is perfectly capable in expressing the view of the Real Estate Management department at the TU Delft which is of course an important part in the research.

Graduation company
My graduation company is CBRE in Amsterdam. This has resulted after an internship in 2014. The interesting approach in this construction is that CBRE is not setting an assignment to work out. They leave the direction of the research and academic structure up to the university. A lot of experience, data and connections are available. My primary contact within the organization is Remco Kroeze, Senior Director of the department Global Workplace Solutions who focuses on large organizations who own/occupy a lot of real estate.
In this chapter the problem that was noted will be further analysed based on a literature review. Both academic and grey literature and industry reports are used in this. Through the problem analysis and statement the eventual research question will be formulated. Based on the problem statement the added value, profitability and the concept of strategy are elaborated on in the literature review.
2 Problem analysis

When focusing on corporate real estate strategy and corporate business strategy a clear definition of strategy should be at the start of the research to define the boundaries of the research. Strategic management literature defines strategy as the defining and answering the “how question”. This approach enables corporate executives to develop game plans which react on the current state of the market, competitors and other challenges that a company will encounter (Gamble et al., 2013).

Gamble, Thompson and Peteraf (2013) continue to elaborate on this strategic question by formulating several sub questions which relate to strategy. Here it becomes clear that a company’s strategy is completely focused on addressing the how. What can be directly noticed is that in their explanation they state: “how to manage each functional piece of the business (R&D, supply chain activities, production, sales and marketing, distribution, finance, and human resources).”(Gamble et al., 2013). In this whole idea real estate is not included. Real estate is not seen as a part of a company’s strategy even though there is much to win through synergy advantages with real estate (Krumm, Dewulf, & De Jonge, 1998). Real estate is not seen as a functional piece of the business. Which is strange since an increasing amount of research is providing evidence that real estate should be seen as a fifth resource for a company (Harris & Cooke, 2014). This has been visualized in what they call a “super nucleus”. Where is shown that all strategic pillars will together support and enable employee and productive workforce Figure 7 (Kadzis, 2012).

If this definition of Gamble et al is combined with what Varcoe and O’Mara state about how to define corporate real estate a gap becomes visible. They define corporate real estate as “the function within an enterprise that manages its physical work, production and customer engagement environments.” (Varcoe & O’Mara, 2011). They write that corporate real estate has, within many companies, evolved over the last years. Corporate real estate is no longer just focusing on managing real estate transactions and design and construction projects, but it has rather enlarged its operating field to contain also activities that support the physical workspace, financial and business strategy and the implementation of work strategies which lead to advantages for the business as a whole (Varcoe & O’Mara, 2011). The gap which can be defined by combining these different authors is that the mainstream strategic management literature don’t count real estate as one of the functional pieces of a business where Varcoe and O’Mara state that real estate can add value for the whole business and can act as a functional part due to many steps the field has made. The question that arises is whether business strategist notice and acknowledge the developments in the CRE strategy field.

Osgood made a clear picture of how these two aspects could be combined, how the core business strategy and real estate could, on a high level, be aligned (Osgood, 2004). A clear distinction is made in what he perceives to be the building blocks of an organization: mission and vision, customers and markets, products and services, distinctive competencies and values and culture. Osgood shows how real estate can overlap with the strategy of an organization and points out that this could be turned into a specific strategy for each organization Figure 8.
Lindholm took this idea of Osgood one step further. By developing a model that in principle identifies real estate strategies which can create added value to the core business, contribute to the wealth of the firm and its shareholders Figure 11 (Lindholm, 2008). This model couples real estate decisions and actions to real estate strategies. A number of real estate strategies is listed in the model and what kind of real estate strategy will be implemented or what combination of strategies that could be used should be related to the overall corporate policy, its current position and the influence from the environment. If these models are already developed and the relevance of real estate strategy alignment has been described, how can it still be that real estate assets are under managed and real estate policies are still focused too much on task managing instead of business policy (Veale, 1989)?

The RICS Research of 2012 focusses more on the connection, relation and communication of different stakeholders. They identify a gap regarding the explanation of the vision and strategy of the organization throughout its departments (RICS Research, 2012). In a survey performed by RICS some statements about FM were polled by FM professionals. It showed that more than 80% of the respondents agree that it is hard to define the value FM adds to an organization, despite the fact that is very easy to quantify the costs of FM in terms of costs per square meter and FTE per square meter (Davies & Sharp, 2014). The statements within this case study report go beyond this single point though. Approximately 90% of the respondents agree that FM is currently seen as a support function instead of a strategic function within the organization. To bring FM towards a more strategic role new ways of value delivery should be found according to the respondents.

Value delivery of FM is one thing, the quantification in that is as important as the added value itself. By defining the added value it can be made tangible and can back FM towards its role as a strategic component of the organization.

Large steps have to be made before this can be achieved. Around 65% of the respondents agree that their board of the organization understands the contribution FM can make to the success of the organization. The fact that 90% of the respondents still say that FM is more a support function than a strategic function shows that a link with core business policy is still not made (Davies & Sharp, 2014).

**RICS Case study Strategic FM: talent management at Mitie Client Services**

Since real estate and people are for a company its biggest assets, these two pillars are more connected than is though initially (Davies & Sharp, 2014).

In the RICS case study Strategic FM: talent management at Mitie Client Services it is recommended that facilities management should work more with leadership groups within the organization. By doing this the FM and real estate department can collaborate better with the human resource...
department and the IT department. In order to attract the best talent available, who will add value to the overall organization, the influence FM has on a business should be emphasized.

The positioning of the role of the real estate department is an issue in this perspective. Real estate managers tend to report to the board about their progress, financial performance and requirements and thus have only an informing role towards the board of an organization. Real estate managers are seldom involved in determining the strategy of the organization. The corporate real estate strategy is a subordinate of the overall corporate strategy.

Figure 9 Introduction of RE as strategic business line based on Kadzis (2012).

2.1 Problem statement
Real estate management is still today an undervalued topic in the corporate business environment. Real estate strategy is not yet integrated sufficiently into the core business strategy. Though literature and studies claim and show that real estate strategies can provide added value for the whole organization in terms of increased profitability and competitive advantage. The added value of corporate real estate management (CREM) and facilities management (FM) is not captured. The knowledge gained from research in this field is somehow not reaching the appropriate people on the appropriate functions. Real estate managers seem to miss the knowledge, tools or directions needed to implement the scientific knowledge into practice. Real estate as a value adding resource is not high enough on the corporate agenda to make the contribution to the organization, its processes and its value.

2.2 Research question
Based on the initial literature research and the resulting problem statement the main research question is:

What actions are needed to close the gap between theory and practice in the use of corporate real estate strategy in the corporate business strategy to add value, in terms of profitability and competitive advantage for the whole organization?
**Sub questions**
What is the current state of the art of added value in terms of profitability and competitive advantage of aligning the corporate strategy and real estate strategy?

What is the gap between theory and practice?

What is the reason behind the gap between theory and practice?

How efficient is the current role of the real estate department?

What tools are needed in order to make these state of the art opportunities for added value measurable for the real estate managers and board members?

What tools would the involved actors need in order to integrate theory into practice?

**2.3 Conceptual model**
The literature research pointed out that the connection between theory and practice is still not made efficiently. To be able to start implementing the real estate strategy into the core business strategy the current role and position of the real estate departments should be examined. This will make it possible to look into the troubles currently experienced related to integrating both strategies.

![Conceptual model (own figure)](image)

Figure 10 Conceptual model (own figure)

The conceptual model in Figure 10 shows where this graduation research will be focusing on. It shows that this research will focus on the alignment of corporate real estate management with the other strategic business lines which form the overall corporate strategy that leads to a higher profitability and improved competitive advantage. When zoomed in on this link the conceptual
model shows that the focus will be on the alignment between the theory and the implementation of that knowledge into practice, an important issue here is that corporate real estate management should be placed among the other strategic business lines (Figure 9).

2.4 Summary

The research problem is not only limited to the field of real estate management. The alignment with other departments and stakeholders in strategic roles make it a more complex situation. The research will therefore have to look at the role of the real estate management department and the role the department has within the whole organization in order to get a clear view of what is obstructing the transfer and application of new knowledge in this field. The concept of strategy and CRE strategy will be elaborated on further in order to create a theoretical framework.
CHAPTER 3 LITERATURE STUDY

The literature study in this chapter is divided in three main pillars; strategy, real estate strategy and organizational structure and the aspects of added value in this research which focuses on competitive advantage and increased profitability.
3 Literature study

3.1 Corporate business strategy

Corporate business strategy being an important part of this graduation research will be elaborated on based on several academic text books and research literature of strategy researchers. The definition of strategy itself is discussed followed by important aspects and principles of strategy. A differentiation in kinds of strategy is made and the five most common basic corporate strategies are discussed after which the link between corporate strategy and real estate strategy is made based on existing research models.

Strategy and it’s definition

Strategy itself is a term used in a wide variety of cases. Subjects seem to be more interesting and books are selling better when the term strategy is used. Before corporate real estate strategies will be further introduced and coupled a wider and more basic understanding of the term strategy will be discussed.

An organizational strategy is the answer to the question of how something is achieved. The question how to get somewhere is what drives managers and policymakers in designing business approaches and making decisions. A strategy usually focuses on a certain number of key points. The key strategy points consist of the attraction and retaining of customers, competition against rivals, position of the organization within the market they are operating in, how to respond to changes in these environments, how to manage all functional pieces of the business and how reach certain set company achievement targets. Michael Porter describes this strategic positioning with six necessary principles of which several are perfectly in line with what this further graduation research is about. The six fundamental principles strategies need are: right goal, value proposition, distinctive value chain, trade off, fit of elements and continuity of direction (Porter, 2001).

These six principles will be discussed shortly after which some of them are connected to this research and elaborated on further.

Right goal: The only right goal should be long term superior return on investment. As Porter describes that real economic value can only be created when customers are willing to pay a price for the products or services a company is providing that exceeds the costs of those products or services. If this is translated back to a CRE strategy one could so that the only right goals is to positively influence the overall business process, to enable the organization to achieve a long term superior return on investment.

Value proposition: Value proposition is related to how you can bring your advantage as a company forth to customers. How do you differentiate yourself from the competition? This is the unique selling point of an organization. It shows why clients or customers should choose your organization instead of the competition. The way a company is able to deliver its value proposition is part of its competitive advantage, or at least its attempt to. This is the guidance on how the company wants to approach the customer and create value for its customers. The level of value a company is aiming to provide for its customers is directly related to the price customers are willing to pay for a certain product or service. CRE managers need to deliver a value proposition as well. In terms of internal reporting they will need to show what their value is in order for higher management to approve further investments in that side of the business.

Distinctive value chain: Not only what you are presenting or producing can be a part of the strategy like the value proposition part. The way a company is servicing its clients or is producing and selling...
its products is also an important fundament of strategy. This is a distinctive value chain, delivering the same products as the companies competitors only in different (more efficient) ways. Porter describes several aspects of the value chain through which distinction could be reached: manufacturing, logistics, service delivery, marketing and human resource management. Notice real estate management is once again not in this list. CRE could provide a positive impact on the overall business performance by delivering the right environment for the organization to operate. If your CRE management is more effective than the competitor this could and should be a part of the value chain.

**Trade-offs:** A product or service cannot have everything, it is virtually impossible to combine all the possible advantages together into one product or service. That is why a company will have to make trade-offs. These trade-offs can occur both on the part of the final product or service and on the side of the production process.

**Fit:** All the sub parts of a company are in the end reinforcing the overall value adding process towards an optimal product or service, this is the concept of synergy (Krumm et al., 1998). So it is hard to make changes or decisions in one area of the business without interfering with other parts of the business or the final product. Fit makes it also harder for competitors to copy the actions of a company. When all elements of a business are collaborating towards one goal copying one part of that chain will not do much for the final results. This makes it harder for competitors to get on the same line with the best performing company in the industry.

**Continuity of direction:** It is often seen in politics. A government is making changes and adapting policy, but after four years a new government could be seated facing the opposite direction and undoing all the previously adjusted laws and regulations and thus diminishing some eventual progress. This is what continuity of direction is all about. Without this continuity of direction it is hard for a company to develop unique skills which allow for more efficient or productive measures. Continues reinvention of the company is a sign of poor strategic management and will in the end not lead to competitive advantage.

**Types of organizational strategy**

Starting in the 1950s and with rapid expanding knowledge through the 70s and 80s the field of strategy has made great developments. Many theories have been described through the years but according to Steensen the had not yet been clearly divided into types (Steensen, 2014).

What Steensen found from previous literature was that strategy is being perceived as communications, intentions and realized. In other words it is what higher management is outing towards organization members regarding their shared ambitions and what they have already done and achieved. This is all broken down into five types of organization strategy.

**Shared strategy:** A shared strategy focusses on communication between actors within an organization. A shared strategy is perceived as relatively consistent as it is between multiple actors and thus sets out a larger picture. This can be linked back to the fundament of strategy the fit, in which all aspects of an organization should fit within the strategy. It is seen as that managers are trying to position their company in a unique position in the playing field (Mintzberg, 1982; Porter, 1996; Steensen, 2014).

**Hidden strategy:** In politics and more processed based industries hidden strategies are perceived more often. This is when strategic actors have intentions focused on the behavior of members of the organization but when they are not openly communicating these intentions. Managers could have been keeping strategy from the public in order to be able to revise them in the future. As we have
seen earlier this could have been a sign of poor strategy as changing strategy over and over will not lead to continuity of directions (Quinn, 1982).

**False strategy:** If the eventual intentions of the strategy actors differ from what is communicated towards organization members it is regarded as a false strategy. These false strategies can be seen as a form of bluffs towards competitors. When a certain company is communication that they are going towards a certain direction just to trigger a reaction by their competitors it is perceived as a false strategy (James, 1984).

**Learning strategy:** Within an organization many interactions between actors take place, in a lot of cases this will consist of intuitive actions and decisions. These actions can eventually be seen as learning strategy (Stacey, 1996). Some might even argue that such large organizations cannot possibly be managed in a strategic way due to all these intuitive and unstructured interactions.

**Realized strategy:** With a realized strategy managers believe that was has actually happened was indeed the strategy and purpose. Several researchers in the field of strategic management believe that the strategy of the managers should be linked more closely to what the strategic actors do on a day to day basis, this will be more elaborated on later when linking strategy to real estate strategy in the next section (Jarzabkowski, Balogun, & Seidl, 2007; Jarzabkowski & Whittington, 2008; Whittington, 2006).

### Strategy and competitive advantage

Strategy and competitive advantage provide a one on one link. An organization will strive for a competitive advantage over its competitors through a chosen strategy. Five main strategies are described by Gamble, Thompson and Peteraf: The low-cost provider strategy, broad differentiation strategy, focused low-cost strategy, focused differentiation strategy and the best-cost provider strategy (Gamble et al., 2013).

**Low-cost provider strategy:** The essence of this strategy is to achieve lower overall cost than other competitors and thereby appealing to a large amount of customers from a wide part of society. Discount retailers like Aldi and Action can be counted as low-cost strategies. Not only their products are being sold at low prices, their real estate reflects their strategy, often located on B and C locations and with a sober design.

**Broad differentiation strategy:** This strategy focuses on servicing a large scale of customers. This requires a large amount of different services and products. Compare it with the Hema, which has a wide range of products and services in the store. And again this reflects in their real estate strategy. From large shops in the shopping high-street to locations on train stations and public transport hubs.

**Focused low-cost strategy:** Aiming on a specific customers segment and competing with rivals by a low cost approach. The main difference with a low-cost provider strategy is that this kind of strategy focusses on a small group of customers.

**Focused differentiation strategy:** Focusing on a small group of customers and providing excellent products and services is what the focused differentiation strategy is all about. The intention is to compete with other competitors on the base that there are better and more specialized service and products. On the real estate service this would result in the luxury shops that are located in expensive shopping streets. These retailers offer high value products and services for a small market segment.
Alignment of corporate real estate strategy and corporate business strategy

**Best-cost provider strategy:** Combining the best elements of several strategies. This strategy is about value for money, delivering good products for an honest price for a lot of customers. As an example from practice Albert Heijn could be used. A supermarket with a huge amount of products they are selling at within different price categories. Looked more closely at real estate they have differentiated as well by opening large supermarkets, small shops at public transport hubs and extra-large shops with an even larger product base.

These different strategies describe how an organization is aiming to realize its long term goals.

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**Figure 11** Support of real estate interventions to overall strategy (A. L. Lindholm, Gibler, & Leväinen, 2006)

*Turning knowledge into practice*
Real estate and organizational strategy
The selection of an organizational strategy has an overall impact on all the functional business lines. If the terms and definitions explained earlier in this research are combined with real estate perspectives and the further purpose of this research some of them stand out. In a recent study conducted in the UK showed that alignment is an important part of improving the contribution that real estate can have to the organization as a whole (Langford & Haynes, 2015). If this is compared with the strategy aspects before this is the fit an organization should have. The fit of different business lines with each other which will result in a higher value creation in the end. This should be a shared strategy in which all strategic actors (all strategic departments) within the organization are up to speed on the goals and aims of the organization while working towards those mutual goals (Lindholm & Nenonen, 2006). This organizational fit and shared strategy will in that way eventually support the value chain in which more value can be created. A great picture of that relation has been described by Lindholm et al who, on the level of shareholder wealth maximization, have shown how strategy and real estate strategy and interventions are related, see Figure 11 (Lindholm et al., 2006).

It is needed for organizations to align their real estate actions with the environment in order to stay alive in a competitive environment (Palm, 2013).

This has not been always thought of as is thought of today. At the end of the 1980s a lot of organizations were still only looking at real estate issues seriously when the organization was in serious financial distress (Avis, Gibson, & Watts, 1989). It seemed that real estate strategy was only created in an ad hoc manner, only when real estate issues surfaced. And that while real estate should support the business continuously and steer towards more competitive advantage for the business (Ali, McGreal, Adair, Webb, & Roulac, 2008).

The role of the corporate real estate department within an organization has been changing over the past years moving more and more towards the strategic role the literature is implying. From the role of task manager in a more operational perspective the CRE function has developed gradually to being a strategic business component of an organization Figure 12 (De Jonge, 2013). If CRE departments succeed in aligning HR, IT and CRE for workplace measures than the CRE department will become more relevant within the organization and this will enhance their impact on the whole organization (Jones Lang LaSalle, 2013).

Although there are clear actions and real estate interventions linked to real estate strategy in the model of Lindholm, real estate is not clearly linked yet with other business lines within the organization in this model. The aim of the model is to show what actions are possible and how real estate can contribute to the maximization of shareholder value through profitability growth and
revenue growth. Although improvements in profitability are an important part of this research regarding the graduation laboratory and research theme there should be another layer in such a model which focusses more on competitive advantage and corporate business strategy as a whole. The presence of clear policies and activities for CRE managers combined with clear interactions between different business lines can enable managers to make strategic decisions (Gibson & Luck, 2006).

Figure 13 CRE as the fifth resource (Appel-Meulenbroek & Feijts, 2007)

3.2 Added value

An introduction to added value

Added value can be perceived from a large number of perspectives. For the further research process the term added value will be defined showing the boundaries and the scope of this research. Based on literature concepts from several researchers the concept of added value is further defined. These added values will act later in the process as the criteria in the model. Based on the graduation laboratory and the research theme of this graduation research the focus will lay on increasing profitability and competitive advantage. Added value can roughly be divided in added use value and added value with a focus on costs (Appel-Meulenbroek, 2014). For the purpose of this research added value will be separated in profitability, focusing on the financial added value on one side and on the other side look towards competitive advantage in which the added value related to use and experience is more closely studied. The aspects of added value in terms of profitability and competitive advantage are based both on experiences from practice and academic literature (CBRE EMEA Research, 2015; A. Den Heijer, 2012).

The field of added value from a corporate real estate perspective has made significant progress over the past 50 years. Where in the 1950s the focus was only on effectiveness the developments throughout the years have resulted in an concept in which besides effectiveness also efficiency, productivity, flexibility, creativity and sustainability have been adopted (Rirathanaphon, Van der Voordt, & Sarasoja, 2012). The development of more elaborate ways of measuring added value is much needed as the practices in which only efficiency and not effectiveness is measured is not sufficient enough to make strategic decisions (Appel-Meulenbroek & Feijts, 2007; De Vries, De Jonge, & Van der Voordt, 2008). From practice an extra aspect of added value comes forth. Besides focusing on flexibility, efficiency and individual approaches alignment within an organization can bring many synergy advantages for a company (Arkenstijn & Kroeze, 2014; Krumm et al., 1998).

Profitability through strategy

The first question that has to be tackled is. What are the measurements of profitability? And how do adjustments made by the CRE can possible influence those measurements within an organization. How are these different lines within a corporation connected and what will the impact be of
changing real estate practices in the organization compared to the effects they will have on the other business lines.

These issues actually form the basis of which variables will eventually be used in this graduation research. The literature already states that it is a difficult concept to grasp (Krumm & De Vries, 2003). But as the focus within organizations comes more and more on the overall added value of the firm corporate real estate departments need to show what they contribute at the bottom line.

![Real estate decision drivers](image)

**Figure 14 Real estate decision drivers (CBRE EMEA Research, 2015)**

**Variables for profitability**

*Cost reduction:* Still one of the most important aspects within corporate real management. According to an occupier survey conducted by the CBRE EMEA research team real estate cost is still they key driver in real estate decisions Figure 14 (CBRE EMEA Research, 2015).

To the cost reduction aspect of profitability a number of actions can be linked. Both from practice and from the academic literature actions linked to real estate cost reduction are given (CBRE EMEA Research, 2015; Lindholm et al., 2006).
Alignment of corporate real estate strategy and corporate business strategy

![Diagram: Real estate actions to reduce costs](Lindholm et al., 2006)

**Table 5** cost saving measurements from practice and research perspective

<table>
<thead>
<tr>
<th>Industry</th>
<th>Academic</th>
</tr>
</thead>
<tbody>
<tr>
<td>Supplier consolidation initiatives</td>
<td>Minimize acquisitions and financing costs</td>
</tr>
<tr>
<td>Energy management</td>
<td>Minimize operating expenses</td>
</tr>
<tr>
<td>Relocation to cheaper sub markets</td>
<td>Create economies of scale in acquisitions</td>
</tr>
<tr>
<td>CAPEX reduction initiatives</td>
<td>Conduct routine maintenance</td>
</tr>
<tr>
<td>Facilities management sourcing negotiations</td>
<td>Balance between outsourced and in-house services</td>
</tr>
<tr>
<td>Business/Staff change</td>
<td>Act as a control mechanism</td>
</tr>
<tr>
<td>Lease renegotiation</td>
<td>Utilize government incentives</td>
</tr>
<tr>
<td>Improved space efficiency</td>
<td>Establish workplace standards</td>
</tr>
</tbody>
</table>

The measures given by both the industry and the academic literature differ but do not contradict each other as it should be seen as additional options to achieve a certain goal. These measurements can be taken used further in this graduation research when preparing the case studies and interviews with professionals.

*Increase productivity*: Increased productivity will lead to more turnover per employee which will enable a company to make more profit with the same amount of cost or make the same amount of profit but with less employees and costs. This will benefit the eventual profit of an organization. This has a lot of connections with workplace strategies. Through workplaces strategies employees can be triggered through be more productive by providing all the resources they require and by creating a healthy environment for them to work in. As can be seen in Figure 14 the quality and location of infrastructures and amenities is an important aspect in making real estate decisions which has to do with providing your employees with all they require to perform well. Figure 17 shows that increasing employee productivity is an important driver in selecting workplace strategies.

Turning knowledge into practice
Alignment of corporate real estate strategy and corporate business strategy

Figure 16 Effective cost saving initiatives (CBRE EMEA Research, 2015)

Measurable aspects for increasing productivity could be checking whether or not workplace strategies are being deployed and to what extent employees value these changes and think they are more efficient.

Figure 17 Main drivers of workplace strategy programs (CBRE EMEA Research, 2015)
3.3 Competitive advantage

Corporations are continuing their search for competitive advantage. This world has become driven more and more by globalization, technology, innovation and sustainability and this is can be seen in the daily practices and newly developed corporate strategies. Real estate is influencing within these organizations a more complex network of suppliers and by that it has a certain input regarding the competitive advantage of an organization (Acoba, Braun, & Rick, 2010).

What can be understood under competitive advantage and what aspects of competitive advantage are involved in real estate strategies and core business practices. Those questions will need to be answered and will be part of the theoretical frame of this research. All kinds of aspects of competitive advantage can be thought of but not all will be relevant and it is not possible within the timeframe of this graduation research to dive into all different options and side steps.

The concept of competitive advantage has shifted throughout the years. Since the mid-1980s the focus on competitive advantage shifted more to internal aspects of an organization. More focus on the unique internal resources and capabilities instead of how to position the corporation within the market. These internal resources and the alignment between them will enable a CREM department to create tailor made products and services for the organization which is the foundation of the added value and competitive advantage delivering aspect of CREM (Jensen et al., 2012; Krumm et al., 1998). Competitive advantage is linked with capabilities and competences needed to produce services and products that can be sold in the market. It is said that this is of fundamental importance for an organization to design a competitive strategy (Porter, 2004; Singer et al., 2007).

Three generic strategies for competitive advantage can be described: lowest costs, differentiation and focus see chapter 3.1 (Singer et al., 2007). This research will dive deeper into the pillars of competitive advantage and the integration of real estate with other business service lines in that process. It is after all the balance between different parts of the business which has to be correct in order to operate strategically with success (CBRE EMEA Research, 2015). The pillars of competitive advantage will form an important part of this further research.

Flexibility: To what extend are organizations flexible in adoption their real estate to their current needs? Is an organization able to change their real estate use in a short period? The balance between freehold and leasehold real estate assets is in this asset a good benchmark. The percentage of owned and lease real estate gives a clear picture of the structure of a company’s portfolio. This can give an overview of how the capital of a firm is placed and how flexible this capital can be deployed (Liow & Ooi, 2004). This can even be analyzed further by evaluating the length of an average lease contract and by looking at the type of real estate that is owned and the type of real estate that is leased. Leased sites are probably more common and easy to find in the market. Whilst the freehold sites could be high technical sites that can be vital for the production of services and products. By benchmarking these numbers a flexibility factor can be assigned to organizations.

Time to market: The time an organization needs to go through the process of problem identification to solution finding and problem solving can have a large impact on a company’s overall operations. A swift response to the company’s needs allows operations to be continued or expanded fast. This will have a positive effect on the overall performance of the organization compared to slower reaction competitors.
Employee satisfaction: It is recognized that good performing employees are a critical driver for the business performance. HR and talent management has become a key strategic priority. As the economy is recovering the war on talent starts to emerge again. The search for high skilled professionals is one of the main challenges and has become more important in the past years (Lekha & Thomas, 2014; Serban & Andanutil, 2014). Figure 19 shows that 33% of all respondents mentioned labor/skill shortages in their response. Benchmarking the time an employee is working at the same company can be an interesting way in finding out if real estate can contribute to the overall employee satisfaction. By comparing companies with advanced workplace strategies with companies without those workplace strategies a link can be made between the advantages of integrated workplace design and the satisfaction and retaining of employees.

**Figure 18 Competitive advantage for organizations**

(Porter, 2004)

![Competitive advantage for organizations](image)

Innovation: Innovation in terms of technology integration and HR integration will continue to take an important place in corporate real estate management. Integration of technology will be one of the key drivers in bringing the business as a whole forward (Sheth & Mahajan, 2013).

**Figure 19 Main challenges of corporates**

(CBRE EMEA Research, 2015)
CHAPTER 4 RESEARCH DESIGN & METHODOLOGY

This chapter will formulate the research design and goals. After defining the goals the research questions will be further analysed and research methods are evaluated and linked to the different kind of questions. Feedback from professionals already starts to provide valuable input while defining the research variables.
4 Research design & methodology

Introduction
This chapter will go through the research process based on three pillars. First the research design and goals are discussed. The overall design of the research and its goals provide the input for the research methodologies which are discussed in the second part of this chapter. The final part of this chapter elaborates on the variables that are determined based on the literature research, methodology and the feedback from practice.

4.1 Research design and goals
The main goal of this research is to define the reason for the lack of alignment of real estate strategy and corporate strategy and the reason why the knowledge from academia seems not to be reaching the practice. By defining the causes of these problems the research will work towards a solution and in the end provide recommendations. Based on the identification of the problem and the recommendations coming from them a method for identifying opportunities within organizations can be developed.

To be able to do so this research will face two major challenges. One research challenge and the design challenge. The research challenge will encompass the definition of the gap between theory and practice. It involves the definition of added value for this research and defines the role and position of the real estate manager within the organization. The research challenges will be the first step in the direction of solving the design challenges since the frame is determined and the problem that is on hands is further defined. The design challenge focusses on the development of criteria and measurements to address the problem. Several steps for the design part can be listed:
- The creation of a process identifying the opportunity of utilizing the added value in case of aligned strategies
- A recommendation for converting this specified added value into key performance indicators (KPIs), metrics and benchmarks
- Defining recommendations and actions in order to improve the current integration of CRE management in organizations in order to increase their strategic value.

Figure 20 Three step research goal (own ill.)

Research approach
The problem will be approached from a qualitative perspective by gathering and processing data related to the impact of real estate on a company’s performance. This data is obtained by performing interviews and send surveys to real estate professionals. The information and knowledge gathered by this step will enhance the current body of knowledge on this subject and will further act as a base on which to create the models. The approach based on the contact with professionals will in fact provide a solid feedback loop which will give information regarding current practice and will help in the alignment of theory and practice.
By interviewing corporate real estate management professionals a better view will be created on how they see their role as real estate managers within the organization and what they think they will need in order to be able to start implementing real estate as a strategic asset. Interviews with members of the board could give an insight on how real estate is perceived top down. By making yourself familiar with both opponents it will hopefully become clear what is currently missing in showing corporate executives how real estate strategy integration can result in competitive advantage and increased profitability for the organization.

**Practical approach**

The chosen research methods and approach are closely linked with the research question and the sub questions which are stated earlier in this research proposal. Multiple research methods are needed in order to answer the research and sub questions since the nature of the questions vary. At the base of this all lies the literature research, which is an iterative process throughout the P1 and P2 phases and which will occasionally reoccur during the later phases. This iterative process means that the literature will be visited multiple times during the research and will be processed more into depth gradually. This ensures a first overall principle of the current situation on this subject and then will dive deeper into the methods that have previously been applied. This research structure also allows the answers of individual sub questions to support other sub questions and the answer coming from them by a kind of feedback loop in which the new data can be used to sharpen the research.

**Problem solving**

The sub questions stated in section 2.2 can be divided in several categories.

**Theoretical underpinnings:**
- What is the current state of the art of added value in terms of profitability and competitive advantage of aligning the corporate strategy and real estate strategy?
- What is the gap between theory and practice?

**Practical implementation:**
- What is the reason behind the gap between theory and practice?
- How efficient is the current role of the real estate department?

**Recommendation:**
- What tools are needed in order to make these state of the art opportunities for added value measurable for the real estate managers and board members?
- What tools would the involved actors need in order to integrate theory into practice?

The iterative process will create a feedback loop from which better and more targeted data will enrich the end result. The idea is that the end result is more than the sum of all parts, which can only be achieved if the components are supporting each other (Krumm et al., 1998).
Figure 21 feedback loop in solving research questions (own ill.)

In Figure 21 a very high level representation of the feedback model is displayed. This figure shows the relation between the categories of research questions and the link between them. Further on in this chapter Figure 24 will show the feedback process with practice more in detail. Figure 22 on the next page gives a graphical representation of the research design in which the separate research steps are linked together.
Alignment of corporate real estate strategy and corporate business strategy

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**Research design**

- Scoping literature study
  - Relevance
  - Problem
  - Scope
  - Methodology
- Scoping interviews

**Conceptual model** *(figure 10)*

- Literature study
  - Strategy
  - Competitive advantage
  - Profitability
- Expert meeting
  - Research variables
  - Link between theory and practice

**Research variables** *(figure 25)*

- Survey CRE departments
- Semi structured interviews

**Empirical results CH5**

- Conclusion and recommendations CH 6

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*Figure 22 Representation of research design (own ill.)*
4.2 Research methodology

The graduation research can roughly be divided into four methodological steps. These steps will eventually lead to the answers on the research question set earlier in this report. The four methodological steps together with the required information and expected methods are visualized in Figure 23 below. This methodology chapter will elaborate on the procedures and methods applied in order to conduct this research. This chapter will treat all stages of the research; the literature research, feedback with professionals and the empirical research. The variables that are determined will be discussed and the way they have evolved during the research. At the end to the chapter the setup for the survey is elaborated on and the interview protocol will be discussed.

![Research model, phasing and research methods](image)

Based on Figure 23 a more detailed description of the research stages and in particular the feedback loop has is show in Figure 24. This figure below shows what feedback steps have contributed the research during the process. The feedback loops with practitioners underpin the link between theory and practice that will be established during this research. By involving the practitioners in the research it can be tailored to fit the current situation more precise and thus be more effective at the end.
Structure

**Literature study**

The theoretical framework of this graduation research will be defined later in this report. The literature research will form the basis of this. The theoretical framework and boundaries will form the starting point of the empirical research. The literature study will be elaborated on in the following chapters:

- Definition of the research scope including the added value of corporate real estate strategies in providing competitive advantage and added value.
- The current role of the real estate manager and the boundaries of the real estate management department.
- Starting point of the research. What is the current knowledge on this subject?

The following section of the literature research regarding added value will dive further into the definition of added value for this research. What is used in current literature and what would fit into this research? The emphasis will lay with competitive advantage and profitability in this research. The section about the role of the real estate manager will look into what corporate real estate departments and managers do and can do within an organization. What is there range of operations and where could they contribute more to the organization? The last part of the literature study will focus more on the current knowledge on this subject, what are the models the guidelines that are available. In other words, what is the current knowledge that should be turned into practice?
Feedback with professionals
The key aspect of this graduation research is turning knowledge into practice. The last part of this research is therefore very important because this will transfer all the knowledge to practice. Feedback with professionals on the findings of this research is key in enabling them in the future to make the next step in aligning corporate real estate strategy with the core business strategy and by that contribute to the organization. In Figure 24 the feedback loop is represented in the research process. This feedback loop will occur throughout several stages of the research so that the outcome and findings of this research can indeed be used by practice in aligning their strategies.

There have been several feedback moments throughout the research. The first moment was an initial check to see if the research and graduation topic is indeed an issue in practice. If it would not have been then this could contribute to a change of subject. An important feedback moment was at the point of constructing the survey and interview questions. A list of variables was constructed divided into several categories. All these variables were discussed in an expert meeting with fourteen real estate management professionals. A more elaborate and extensive report from this meeting can be found in the appendix. This feedback moment was critical in the research as this was the first check between the research products as from an academic viewpoint and the day to day business in practice.

Empirical research
This part of the research is all about looking at the practice. What is currently happening and what could be interesting case studies for the rest of the research. Scanning the current industry practices should be done quite broad in this stage because but companies with large corporate real estate departments as well as companies without those departments should be taken into the research. The industry is approached through professional network association a good example of this is CoreNet Global, a network society for real estate professionals. The interview subjects will be approached through my graduation company CBRE. Through CBRE it is possible to get in contact with a large number of firms from all kind of industries. The interesting part in this is that the firms all have different stages of implementing real estate further into their organization. Some might already have elaborate real estate strategies while others are still in an exploring phase.

Methodology and usefulness
The research will be based on the literature study which was conducted during the P1 and P2 phases. The input is structured in several criteria related to added value and competitive advantage together with the effects of those points on the corporate real estate management process and its subsequent effect on the overall business performance.

The aim of the research is to eventually lead to tools which will enable corporate real estate departments to turn knowledge into practice and actions. The research will therefore be practically orientated. Keeping a feedback loop with professionals during the research will ensure the research is not only going in the right direction for academic purposes (this is after all secured by the graduation mentors) but also on the right path for a practical implementation. The initial scoping interviews during the P1 phase are the first step in this process. These interviews were however only conducted with one kind of real estate stakeholder for a better overview of the problem and to ensure a broader input different kind of stakeholders should be included in this information gathering process.

There are in fact several ways that can lead to both qualitative and quantitative input for the model:
- Literature research
- Expert meetings
- Interviews
Alignment of corporate real estate strategy and corporate business strategy

- Case studies
- Survey

Based on the available timeframe of an analysis of the possible research methods was made and the amount of time and effort they would require. Table 6 shows a matrix involving the research approaches and several criteria regarding information gathering, time requirements and availability.

<table>
<thead>
<tr>
<th>Methodology</th>
<th>Time consuming</th>
<th>Information outcome</th>
<th>Possibilities</th>
</tr>
</thead>
<tbody>
<tr>
<td>Literature research</td>
<td>High</td>
<td>Very valuable as fundament of the research</td>
<td>Easy possible</td>
</tr>
<tr>
<td>Expert meetings</td>
<td>Medium</td>
<td>The discussion resulting from multiple experts together in one meeting can be interesting by hard to process</td>
<td>Good possibilities within graduation company and possibilities to use their connections</td>
</tr>
<tr>
<td>Interviews</td>
<td>Medium/High</td>
<td>Valuable if possible to meet different real estate stakeholders</td>
<td>Good possibilities within graduation company and possibilities to use their connections</td>
</tr>
<tr>
<td>Case studies</td>
<td>Medium</td>
<td>Valuable for the factual substantiation of the research</td>
<td>This depends for a part on the willingness of organizations to provide the required information</td>
</tr>
<tr>
<td>Survey</td>
<td>Medium</td>
<td>High</td>
<td>Very good possible</td>
</tr>
</tbody>
</table>

Table 6 Methodology for the graduation research

Based on the matrix defining the several options a combination of literature study, survey, interviews and expert meetings will be used. The literature research will provide for the theoretical background of the model. The survey is sent out before the interviews are conducted. This can form a basis for the interview questions based on the response of the respondents. The interviews will dive deeper into the matter and focus on the survey results. These interviews will possible bring forth more information in the form industry experiences and limitations. At several moments this approach will be studded with feedback loops between the academic vision and practice. This will be done through expert meetings to ensure that the final results of this study will indeed can align theory and practice.

Research model

The research model was constructed by analyzing research literature in this field. In this case the main learning objective whilst reading was to understand what kind of problem and question were described and what methodology was used to tackle and answer these questions.

As described earlier in this chapter the research question and sub questions can be divided in several categories. By comparing these sub questions to the literature and analyzing how similar types of questions have been addressed previously (and how effective) a research model was constructed describing for each research question what would be the required information and what the most effective research methodology would be.
Figure 25 Methodological framework (own III)

**Question**
- What is the current state of the art of added value in terms of profitability and competitive advantage of aligning the corporate strategy and real estate strategy?
- What is the gap between theory and practice?
- What is the reason behind the gap between theory and practice?
- How efficient is the current role of the real estate department?
- What tools are needed in order to make these state of the art opportunities for added value measurable for the real estate managers and board members?
- What tools would the involved actors need in order to integrate theory into practice?

**Objective**
- Describe the state of the art to establish the point of comparison for the further sub questions
- Describe the bridge between theory and practice
- Define source of knowledge gap
- Determine the limitations of the role of the real estate department within the network
- Develop tools/measurement s and recommendations on how to measure and report
- Link required tools with the involved actors regarding knowledge implementation

**Required information**
- Most recent views and models on the alignment of real estate strategy with corporate strategy
- The level of alignment in practice
- What are the restrictions in achieving further alignment
- Direct input from real estate managers regarding their role and limitations
- Industry experiences
- Interactions between actors, source of new knowledge

**Methodology**
- Literature study
- Survey
- Interview
Theoretical underpinnings

This first subsection of the sub questions focusses on the base of the research. The current state of the theory and practice is evaluated to be able to formulate the future research steps as accurate as possible.

Sub question 1:

Goal

The goal of this first sub question is to describe the current position and progress of the subject. Analyzing this question will provide a part of the boundaries of the research. For this question to be answered the terms profitability and competitive advantage will need to be elaborated on and a decision about the scope of the research needs to be made.

Methodology

If the first sub question is compared to what is already written in the literature, using the earlier created literature matrix the research of Singer, Bossink and Vande Putte shows comparable targets and thus their methods are of interest for this research (Singer et al., 2007). They ask themselves how organizations use corporate real estate strategies to support their competitive strategies. Their methodology focusses on case studies founded on initial literature research provided several strategies to compare. A literature based model is constructed by Singer, Bossink and Vande Putte in order to compare and categorize the case studies.

If this is translated to the first sub question of this research this leads to the methodology which would suit this kind of question. Based on current literature it should be able to collect several up to date models and ideologies of several leading researchers summarizing the current state of the art.

Sub question 2:

Goal

The goal of this sub question is to make the first translation to the practice. By further building on the findings of the first research question and comparing them to the processes and ways of working in the practice the gap can be determined, the extend of the problem can be revealed in this way.

Methodology

The methodology for this question is also like the previous sub research question focused on literature research and the survey. For this sub question a focus on grey literature could probably provide good information regarding to what extend new theories are applied in practice. This research approach is comparable to the approach of Riratanaphong and Van der Voordt who tried to measure the added value of workplace change and focused on the comparison between theory and practice (Riratanaphong & van der Voordt).

Practical implementation

This part of the research will focus more on the practical implementation. The role of the real estate department is evaluated and the ways of working in the industry are more closely investigated.

Sub question 3:

Goal
Alignment of corporate real estate strategy and corporate business strategy

This sub questions aims to connect the answers of the previous sub question to a cause. Why do we see what we are seeing? The goal is to reveal where to problem origins. Are real estate professionals not aware of new theories and models? Are organizations to rigid to implement new ways of managing their real estate? This should make clear on what surface the eventual model and recommendations should focus.

Methodology
The approach for this section of the research will consist of interviews with professionals and research through a survey.

Sub question 4:
Goal
This sub question derives from the initial scoping interviews which were conducted in March 2015. From these interviews it became clear that the mandate of real estate managers within their organization is not always clear and/or sufficient. The goal of this research question is to actively investigate on this assumption that the role of the real estate department is not shaped efficiently enough. In the end it should mark the restrictions that real estate professionals are encountering every day during their work.

Methodology
This research sub question could benefit from a qualitative approach combined with a more quantitative confirmation. The initial methodology should consist of interviews, as these kinds of questions can be answered best by being in direct contact with the subjects which are the real estate managers. Contact to these people should be fairly easy through my contacts at CBRE. Since interviews take up a lot of time and confirmation across a wider spectrum of the industry would be positive the main findings from the interviews could be processed into a survey in which can be measured if the issues that came from the interviews are indeed relevant in a larger part of the real estate management industry. After the survey a number of interviews can be conducted as a sanity check of the survey findings.

Problem solving, focusing on the end results
This section focusses on the eventual solution and recommendation, what tools are required in the end for overall improvements. The recommendations are separated in two different sub questions. One question regarding the criteria of added value and how this can efficiently be measured and reported by real estate professionals, the last sub questions is more directed towards the eventual integration of real estate strategies and core business strategy.

Sub question 5:
Goal
Added value is a subject which is hard to make tangible. This sub question aims to provide ways for real estate professionals to make added value easier to report. This will require ways to make added value (profitability and competitive advantage) better measurable. Tools or recommendations are needed at this part of the research.

Methodology
A proper understanding of added value, profitability, competitive advantage and measurement tools is required in order to tackle this issue. This will require a literature study on the selected subjects in order to form a solid foundation for the recommendations that will eventually come from this.

Sub question 6:
Goal
Improved measurement and reporting is one issue to tackle in the research, this does however not automatically align corporate business strategy with corporate real estate strategies. What will eventually be needed to integrate theory into practice is the question that will be answered here. The goal is to provide tools or recommendations on the processes within organization that will lead to better implementation of knowledge and best practice approaches.

Methodology
To be able to answer this question a solid understanding of the processes within organizations are required. Because all organizations are different it might be possible to identify a number of categories by conducting case studies. In this way an approach/model/answer can be provided to all scenarios that are encountered. This will allow for the core business strategy to be linked to the corporate real estate strategy.

Working towards the main research question
Figure 25 illustrates the total overview of all the sub questions and the methodology chosen for those questions. These questions will eventually all conclude towards the main research question: What actions are needed to close the gap between theory and practice in the use of corporate real estate strategy in the corporate business strategy to add value, in terms of profitability and competitive advantage for the whole organization?

4.3 Variables and measurements
The variables and measurements in Table 7 define further what can be categorized per type of added value. This is further elaborated on in the theoretical framework chapter. Not all measurements and variables are fixed for the rest of the research as much depends on what kind of data respondents are willing and able to provide, feedback moments will have next to that sizable impact on the overall research as this will increase the link with practice.

Background
Based upon the CRE management literature (Ali et al., 2008; Appel-Meulenbroek & Feijts, 2007; De Vries et al., 2008; Gibler & Lindholm, 2012), and in specific the article of Den Heijer and De Jonge (2012), a list of variables is defined that will be used to form an essential part of the analysis. For this research the variables are grouped in two main pillars; profitability and competitive advantage. These variables can be used during the interviews and surveys to gather information on different organizations. The data can then be compared between organizations in which real estate is already aligned with the core business strategy against organizations in which this alignment is still far from completed. The variance between the results of both situations might give an insight into which areas need to be focused on by real estate management in order to improve the alignment in the near future. This method of benchmarking of key variables and KPI’s will add transparency to the decision making process (A. C. Den Heijer & De Jonge, 2012). For this research there is a distinction to
be made in terms of required data. For some variables it is sufficient to know if an organization is monitoring them yes or no, while in some cases full data will be required to give an overview of possible opportunities. In the next part of the chapter the variables will be discussed and explained why these are interesting for the research. The research variables based on the literature research and experts meeting are listed in Table 7 the original variable list is available in the appendix and can show the influence of the expert meeting more in depth combined with the report of that expert meeting.

<table>
<thead>
<tr>
<th>Competitive advantage</th>
<th>Old Variable</th>
<th>Defined Variable</th>
<th>New Variable</th>
<th>Defined Variable</th>
</tr>
</thead>
<tbody>
<tr>
<td>Profitability</td>
<td>Cost reduction</td>
<td>Minimize operating expenses</td>
<td>Cost reduction</td>
<td>Operating expenses</td>
</tr>
<tr>
<td></td>
<td></td>
<td>Space efficiency</td>
<td></td>
<td>Space efficiency</td>
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<tr>
<td></td>
<td></td>
<td>Balance between in-house and outsourced services</td>
<td></td>
<td>Multiple year cost plan</td>
</tr>
<tr>
<td>Increased productivity</td>
<td>Workplace concept</td>
<td></td>
<td>Enabling productivity</td>
<td>Match with organizational character</td>
</tr>
<tr>
<td></td>
<td>Amenities provided</td>
<td></td>
<td></td>
<td></td>
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<tr>
<td>Flexibility</td>
<td>Owned/Leased</td>
<td></td>
<td>Flexibility</td>
<td>Owned/Leased</td>
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<td></td>
<td>Length of contract</td>
<td></td>
<td></td>
<td>Length of contract</td>
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<tr>
<td></td>
<td>Fixed based on industry</td>
<td></td>
<td></td>
<td>Fixed based on industry</td>
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<tr>
<td>Time to Market</td>
<td>Time to open/close location</td>
<td></td>
<td>Time to Market</td>
<td>Time to open/close location</td>
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<tr>
<td></td>
<td>Internal tuning time</td>
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<td>Internal tuning time</td>
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<tr>
<td>Employee satisfaction</td>
<td>Talent retaining</td>
<td></td>
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<td>Talent retaining</td>
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<td>Happiness employees</td>
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<td>Workplace concept</td>
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<td></td>
<td>Location/amenities</td>
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<tr>
<td>Innovation</td>
<td>CRE included</td>
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<td>Innovation</td>
<td>CRE included</td>
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<td></td>
<td>New RE developments</td>
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<td>New RE developments</td>
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<td></td>
<td>Cross section innovation</td>
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<td>Cross section innovation</td>
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</tbody>
</table>

**Table 7 Research variables**
Changes to research based on expert meeting

As discussed earlier the feedback session with professionals in the form of an expert meeting did have influence on the research variables as visualized in Figure 24 and Table 7. The variables that are eventually listed are described below supported by academic literature.

Variables

Described below are the research variables that resulted after the initial literature research and the expert meeting.

Profitability

Profitability is separated into two sub sections Cost reduction and enabling productivity. Cost reduction is focusing on the current situation of an organization by gathering data on square meter costs and efficiency within the office. These figures can be used to illustrate the impact real estate has on the overall business performance. Important measurable are the operating cost, utilities and maintenance compared to the total financial operating cost of an organization.

The ratio of FTE per square meter can give an interesting insight into the space efficiency within the organization. This is strongly related to the workplace concept applied within an organization. This measurement can be used for benchmarking purposes against industry rivals to spot potential opportunities. It can show for instance that an organization uses much more square meter per FTE compared to its industry rivals which could indicate an opportunity to make a more space efficient office design.

In terms of risk analysis and overviewing the impact of real estate on the overall business performance an overview of the expected cost for future years can be helpful. This overview, based on expiry dates and renewals of rental contracts can show give an estimate of the future cost and put this next to the expected future operating cost of the organization as a whole. This will enable the real estate department to clarify the impact of real estate on a more annual perspective.

Enabling productivity

Proving that some workplace concepts will increase productivity within the organization can be compared with finding the Holy Grail of real estate management and can be a whole different thesis. But in order not to overlook the importance of workplace concepts this variable will focus on whether or not the workplace concept and design within the organization is at all aligned with the organizations characteristic. When an organization requires employees to work individually and on their telephone stations all day there is a whole different room requirement than when an organization requires creativity and team work in which case a lot more team rooms would be needed. The question here is if the real estate department is aligning with other business aspects to check what requirements are made and if they are met. In the expert meeting that was held this variable changed. Initial it focused on increasing employee productivity but as was made clear by the professionals this is such a large and complex subject. Therefore the variable was amended in order to be more manageable. It was defined in such a way that the CRE perspective, the workplace concept, can be linked to the overall business strategy and character.

Flexibility of the real estate portfolio.

Flexibility can be analyzed in multiple ways, both from a financial viewpoint as from a more practical real estate perspective. By evaluating what percentage of the real estate portfolio is owned or leased it can be made insightful how much of the costs are locked in owned assets and how much is due on
a periodically for rent purposes. The ratio between owned and leases assets also shows which part of the portfolio could be disposed of in case this would be required based on changing market circumstances.

On a financial surface regarding risks, or looking at the flexibility of real estate when it comes to housing different types of users. As this research focuses on the research population of corporate office users this will not be of any influence in the research. Financial flexibility and risks around them is more relevant and can be counted as a competitive advantage. Regarding flexibility the kind of ownership of the real estate is relevant. If an organization is leasing most of its real estate they would be more flexible in changing market circumstances. Combined with the average length of the lease contracts it can be determined what the possible exposure is when certain markets would collapse.

**Time to market**

To be able to open offices and branches faster than your competitors can be a valuable advantage. This requires data to benchmark and analyze if some organizations are performing better than others. The question is if there is internal alignment with the real estate department and other business lines before there is any action required? And does the real estate department have a clear mandate before starting possible lease negotiations. This focuses more on the role of the real estate department within the organizations and its place between several stakeholders.

**Employee satisfaction**

The variables regarding employee satisfaction focus on the retention of talent and happiness of the employees. When opening new businesses an important aspect is hiring the right people. To what extent is the real estate department aligned with HR and other departments regarding locating to a location where the right employees are available. Why is one organization locating always on B and C locations whilst others are looking for A locations. What is the effect on hiring and retaining the right people?

**Innovation**

Are there new developments within the organization in which real estate has a share? Are these innovations within one business line or is there a crossover between disciplines and if yes is the real estate department contributing in this. Is there for instance collaboration between HR, IT and the real estate department in order to develop new workplace concepts? Is there an urge to have housing that is as durable as possible and is this a positive influence on the image of the organization?

**Survey and interview protocol**

The next part of the methodology chapter will focus on the research processes regarding the survey that will be conducted and the interview that will be held.

**Survey**

The survey was created using the NetQuestionary application for which the TU Delft has a license. This ensures that all data is behind a password and secured on a remote server. This will prevent from any computer disasters and ensures all data will be kept safely. The NetQuestionaire system allows the researcher to send out the survey to many respondents simultaneously and monitor which of them have replied and which of them have not yet replied. This allows for a more precise targeting for reminders. As most professionals who will receive the survey will have a full agenda
(and a full mailbox) repeated messaging should be kept to a minimum. An example of the survey that was sent out to over 75 respondents can be found in appendix 3.

**Interview protocol**

To ensure that all interviews will be conducted in the same manner an interview schedule was created. While this interview schedule will be used to its full potential only when interviewing a sizable amount of interviewees and when conducted by several interviewers it does not take away the effect of conducting similar styled interviews by the same interviewer. The interview schedule is divided into several subchapters. The overall instructions describing the meeting with the interviewee and which statements should be made in the least regarding the recording of the interview. The instructions also contain all interview questions combined with an explanation of the goals of that question. Possible follow up questions are also listed per interview question. The interview schedule also lists a number of actions to be undertaken by the interviewer in case a number of listed situations occur. The total interview schedule can be found in the appendix 4.

**Coding**

According to De Casterle, Gastmans, Bryon and Denier (2011) there are several pitfalls in creating the coding for the research. One of the risks is coding line by line creating more code than needed which simultaneously renders virtually all the coding worthless for analytically and contextual view. Due to the statements regarding preconceived coding the coding for this research will be done whilst processing the interviews. Preliminary coding might influence and restrict the analytical coding process when done whilst reading the interview text (de Casterle, Gastmans, Bryon, & Denier, 2011).

**Processing the research data**

The processing of the research data can be explained as a process of two parts, were both parts consists of 5 different steps. In the first part of the data processing process the data is only reviewed and prepared for the actual coding. This can be done in 5 steps:

**Part 1, step 1**

All interviews that have been conducted will be transcribed putting the words and thoughts of the interviewee as precise as possible onto paper. The interview transcript should be read thoroughly whilst highlighting whilst reading. In this stage only a pencil is used to highlight initial findings and themes in the interview.

**Step 2**

The second step is describing the key concept of the interview and the storylines, this will allow the interviewer to narrate the results as they have been transferred onto him/her. This will eventually lead to an abstract of the interview. This abstract will describe the characteristics and the state of mind during the interview.

**Step 3**

The next step is to conceptualize the statements that have been made in the interview and in the abstract created of the interview. This will give a concrete overview of the experiences. This step is used to link the concepts to the overall theme of the research and the interview, bring it back to the original scope.

**Step 4**

The conceptualized forthcomings of the previous steps are put next to the transcribed interview. This is a stage of rereading. Two questions will be answered in this research stage: (1) Is the content of the interview scheme reflecting the concepts related to the research question? (2) Is it possible to link the concepts to the interview data? This step can be seen as a feedback loop in which a reality check is made against the original interview data.

**Step 5**

---

**Alignment of corporate real estate strategy and corporate business strategy**
In this last step of the first part the concepts will usually be compared to other interviews and the survey results. Cross comparison between multiple interviews and survey results can possible result in the creation of several more concepts.

**Part 2, step 1**

This part of the process shifts from paper and pencil to the qualitative data software. The conceptual view created in earlier steps is used to create a list of concepts, definitions. These concepts will be used as preliminary codes in the encoding software.

**Step 2**

The interview is read again, this whilst holding the list of concepts next to the interview transcript. The lists of concepts should help to reconstruct the story line of the interview. These concepts are linked to significant passages in the interview transcript. This stage also reviews the concepts themselves. If they are to too abstract or too concrete they will limit the coding process.

**Step 3**

The interview fragments are grouped according to the code assigned to them. This will give a list of interview fragments per coding. This allows for cross analysis among the conducted interviews. This will show if there are common perceptions or messages in the interviews. This step will result in an overview of all codings with their related fragments and thus will show which codings are most relevant. The now relevant codings can be filtered out in this phase.

**Step 4**

The process makes a feedback loop again. The results from earlier stages are combined into a storyline. This storyline should be linked to the main research question addressed in the interviews.

**Step 5**

This is the explanatory phase of the research. It is possible now to conceptualize the answers in the interviews on a theoretical level. This enables the researcher to describe the core findings in the interviews. After starting with the core findings the connection can be made between the several codings in the interviews. The analysis can be studded by adding quotes directly from the interviews.

**From data gathering to solutions**

The above methods will provide the protocol for the first two stages of this graduation research. As described before this graduation research will consist of three stages as shown again in Figure 26.

![Figure 26 Three stage research goal (own figure)](image)

Stage three of this research will develop strategies and recommendations that can be used to align CRE strategy with the overall business strategy. Based on academic literature the Balanced Scorecard concept of Kaplan and Norton could provide a solid foundation to further build on. Ahn describes in his report evaluation the use of the Balanced Scorecard Concept what positive and negative sides of this BSC approach can be named. Interesting to see in combination with this graduation research was the alignment of all departments into the BSC workshops (Ahn, 2001). This statement is strongly linked to the problem faced in this graduation research, bringing the real estate department to the strategic table. The first two stages will help in forming and defining the added value of the CRE strategy. This being clear, the CRE department would be better able to contribute during the BSC workshops as described by Ahn.
Research population and research sample

In Figure 27 the research population is defined. The research population provides the eventual scope of the research, categories of organizations that will be approached in the empirical stage of the graduation research. A clear distinction is directly made between profit and non-profit organizations. As on non-profit organizations will not be driven by profitability and competitive advantage they are excluded from this research.

From the globally active profit driven organizations only those who are active in the Dutch market will be taken into the research. This will make the research applicable to the Dutch practice when completed. This does however not mean that information from abroad cannot be used in this graduation research. If a company operating in the Dutch market has their global real estate division located in London this information could be used to see how it will reflect in the Dutch branch of the organization and in the Dutch market.

Figure 27 Research population of graduation study
Alignment of corporate real estate strategy and corporate business strategy

The organizations that have been addressed all have a sizable real estate portfolio. For this research on the clients with an office portfolio were addressed. This graduation research will not focus on logistic or industrial real estate. In the end all subjects in the population will be real estate end users. Organizations investing or managing real estate will not be considered in this research. The focus will lie at the corporate end user.

From the total research population around 70% was approached for the survey. Not all contacts that were available through CBRE could be addressed due to their phase of relationship with CBRE. Only established clients were selected for the survey.

Research sample

The respondents of both the survey and the interview show an overview of the Dutch office market. The survey was sent out to 75 CRE professional in a large variety of organizations. The common thing between these organizations is that they are all clients of CBER Amsterdam because this was the source of the contact information. Under the respondents there are industry leading organizations and of the companies registered at the Amsterdam Euronext stock exchange over half was included in the respondents. The respondents can be divided into several sectors ranging from banking to pharmaceuticals Figure 27. Based on the survey results leading real estate professionals are selected for the further in depth interviews.
CHAPTER 5 RESULTS

The results chapter discusses all findings from the survey as well as the subsequent interviews that were conducted.
5 Results

5.1 Results
This chapter will elaborate on the results and findings based on the conducted survey amongst professionals. This chapter will begin with the respondents by branch and function after which all questions will be elaborated on. Finally the results of the cross analysis will be presented. As the questions in the survey were focused on strategy and possible company sensitive information, a large number of the questions was made optional. If not respondents could choose to just close the tab when encountering a question they would not or could not answer. Due to this the number of respondents per question might vary.

Respondents
The survey was sent out to 75 real estate professionals within large corporations. The respondents came from different function levels. Figure 28 shows the branches the respondents are working in. The respondents are divided over 8 sectors, although banking has the majority in the responses. Among the respondents that fell under the other category there were organizations in logistics, consumer goods and publishing.

The function level of the respondents ranged from portfolio administrator up to global heads of corporate real estate management as shown below:

<table>
<thead>
<tr>
<th>Functions of respondents</th>
<th>Functions of respondents</th>
</tr>
</thead>
<tbody>
<tr>
<td>Global Head of Corporate Real Estate Management</td>
<td>Director Transaction Real Estate</td>
</tr>
<tr>
<td>Global Real Estate Planner</td>
<td>Director Real Estate</td>
</tr>
<tr>
<td>Int Real Estate Director</td>
<td>Asset Manager</td>
</tr>
<tr>
<td>Sr. Procurement Manager - Category Manager EMEA CRE&amp;FM</td>
<td>Portfolio Administrator</td>
</tr>
<tr>
<td>Procurement Category Manager</td>
<td>Market Transaction Manager</td>
</tr>
<tr>
<td>European Program Manager</td>
<td>Portfolio Manager</td>
</tr>
<tr>
<td>Transaction Lead</td>
<td>Manager Corporate Real Estate</td>
</tr>
<tr>
<td>Manager Real Estate</td>
<td></td>
</tr>
</tbody>
</table>

Table 8 Functions of survey respondents (own ill.)
The wide range of function profiles of the respondents contributes to a good image of the real estate market status.
5.2 Development of real estate management knowledge
The key of this graduation research is the gap between theory and practice regarding the integration of real estate management strategy into the overall corporate strategy. The results defining the development within the organizations of the respondents will therefore be analyzed in depth compared to the size and structure of the organization. The results section will show the results of the research questions apart so show what the precise entries were and the cross tabulation between the different survey questions to show the link between the different addressed subjects.

Channels of knowledge development

![Figure 29 Channels of knowledge development (own ill.)](image)

The first thing that can be mentioned while looking at Figure 29 is that all respondents state they all have some method of expanding their knowledge and techniques regarding corporate real estate management. Interesting to see is that academic publications are not high on the list regarding knowledge transfers; only 30% of the respondents do read academic publications on their field. What should be kept in mind is that respondents will be unlikely to admit that they are not striving to gain new knowledge on their field.

The number of knowledge increasing methods and activities differs per respondent. Although the majority of the respondents state to have more than one method (95%) the value of some methods applied by respondents are debatable (in cases were newsletters are combined with information from colleagues for example). Table 9 shows a cross reference of the methods applied and the size of the real estate departments within the organizations of the respondents. It shows that as the size of the CRE department increases so does the amount of knowledge enhancing methods that are applied. The fall in methods applied for CRE departments with a size between 21 and 50 employees could be investigated further because this is not in line with the other results.

![Figure 30 Number of methods applied per respondent (own ill.)](image)
Alignment of corporate real estate strategy and corporate business strategy

<table>
<thead>
<tr>
<th>Size of CRE department</th>
<th>0-2</th>
<th>3-5</th>
<th>6-10</th>
<th>11-20</th>
<th>21-50</th>
<th>51+</th>
</tr>
</thead>
<tbody>
<tr>
<td>Visiting seminars</td>
<td>1</td>
<td>5</td>
<td>6</td>
<td>6</td>
<td>1</td>
<td>6</td>
</tr>
<tr>
<td>Newsletters</td>
<td>0</td>
<td>4</td>
<td>7</td>
<td>6</td>
<td>3</td>
<td>5</td>
</tr>
<tr>
<td>Professional courses</td>
<td>1</td>
<td>3</td>
<td>3</td>
<td>3</td>
<td>2</td>
<td>5</td>
</tr>
<tr>
<td>Colleagues</td>
<td>0</td>
<td>1</td>
<td>5</td>
<td>6</td>
<td>3</td>
<td>6</td>
</tr>
<tr>
<td>Academic publications</td>
<td>0</td>
<td>2</td>
<td>4</td>
<td>2</td>
<td>0</td>
<td>2</td>
</tr>
<tr>
<td>Total</td>
<td>2</td>
<td>15</td>
<td>25</td>
<td>23</td>
<td>9</td>
<td>24</td>
</tr>
</tbody>
</table>

Table 9 Knowledge enhancing methods per size of CRE department

One of the points of interests that came forth during the expert meeting was the link with the overall company strategy. Table 9 shows a cross reference between the channels of knowledge development and the overall organization strategy. By cross referencing the overall strategy against the knowledge development it can be seen that organizations that are currently implementing an optimization strategy tend to score higher regarding knowledge development. Because not all strategies are equally divided (Table 11) the last column of Table 10 shows the weighted average showing that the organizations with an optimization strategy still score the highest on knowledge development.

<table>
<thead>
<tr>
<th>Strategy count</th>
<th>Visiting seminars</th>
<th>Newsletters</th>
<th>Professional courses</th>
<th>Colleagues</th>
<th>Academic publications</th>
<th>Other</th>
<th>Average value</th>
</tr>
</thead>
<tbody>
<tr>
<td>Growth strategy</td>
<td>5</td>
<td>4</td>
<td>3</td>
<td>4</td>
<td>1</td>
<td>2</td>
<td>3,2</td>
</tr>
<tr>
<td>Consolidating strategy</td>
<td>4</td>
<td>5</td>
<td>3</td>
<td>3</td>
<td>1</td>
<td>1</td>
<td>2,4</td>
</tr>
<tr>
<td>Optimization strategy</td>
<td>14</td>
<td>15</td>
<td>10</td>
<td>15</td>
<td>7</td>
<td>2</td>
<td>3,5</td>
</tr>
<tr>
<td>Outsourcing strategy</td>
<td>1</td>
<td>1</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td>2,0</td>
</tr>
</tbody>
</table>

Table 10 Cross reference between organizational strategy and knowledge development

<table>
<thead>
<tr>
<th>Type of overall strategy of the respondent’s organizations</th>
</tr>
</thead>
<tbody>
<tr>
<td>Growth strategy</td>
</tr>
<tr>
<td>Consolidating strategy</td>
</tr>
<tr>
<td>Optimization strategy</td>
</tr>
<tr>
<td>Outsourcing strategy</td>
</tr>
<tr>
<td>Other</td>
</tr>
</tbody>
</table>
In order to determine what all these knowledge enhancing methods could have for effect on the organization new innovative developments were addressed in the survey. This was done in two steps, first there was an analysis if the CRE department is included in organizational wide innovation programs. Secondly a question was raised asking what innovations and developments have been put through over the past few years.

Figure 31 shows that the majority of organization already includes CRE in their innovation programs. There was just one respondent in the study stating CRE is not included in these kinds of programs. So on this part of the alignment topic is CRE is already integrated in the overall process.

The second question relation to these innovation activities was enthusiastically answered showing that the respondents were keen on what they had delivered. One of the reoccurring improvements in the respondents was the outsourcing of CRE activities, showing that organizations will be operating on a more strategic level while the operational level will be done in collaboration with a third party. These statements did however not connect with the number in Table 11 were there was only one respondent stating that the overall organization had an outsourcing strategy.

Another improvement that was given by multiple respondents is the implementation of flexible working spaces and the concept of new working in which employees can work from any place. This is often combined with the implementation of KPI measurements in which the CRE departments measure occupancy percentages in the offices and square meters per FTE. Standardized workplace concepts have been created that are rolled out globally, combined with global FM and global transaction management. The first look at all these innovations shows that the organizations are starting to address the issues although they are all starting on a different point. As the introduction of state of the art IT facilities and increased flexibility and standardized workplace concepts have been mentioned it shows that the first steps towards full alignment between CRE strategy and overall business strategy have already been made.

5.3 Place of the CRE department within the overall organization
This section will focus on the size and position of the CRE department in relation to the overall business. The structure of the targeted organizations is evaluated as well as their internal reporting
lines. Their overall CRE and company strategies are put next to each other to see what the link between these two key points is. Cross referencing will give in depth views of the current structure and organization.

The feedback that was received from the respondents shows that the sample that has been used contains a varied composition regarding the size of the CRE departments Figure 32. This can then be cross referenced against the size of the overall organization to see if larger organizations also have larger CRE departments. Table 10 the cross reference between the size of the overall organization and the size of the CRE department are shown. The largest CRE departments of over 51 employees are only linked to the larger organizations with employees between 10001-25000 and over 25000, which is not unexpected. What is unexpected in that trend and interesting to see is that there are six respondents in an organization with an overall size of over 25000 employees who have a very small CRE department of between 3 and 10 employees. These are very probable the organizations who outsource an extensive amount of their processes and operations to an outside service provider.

![Figure 32 Size of the CRE departments (own ill.)](image)

<table>
<thead>
<tr>
<th></th>
<th>0-2</th>
<th>3-5</th>
<th>6-10</th>
<th>11-20</th>
<th>21-50</th>
<th>51+</th>
<th>Total</th>
</tr>
</thead>
<tbody>
<tr>
<td>0-10</td>
<td>1</td>
<td>0</td>
<td>0</td>
<td>0</td>
<td>0</td>
<td>0</td>
<td>1</td>
</tr>
<tr>
<td>11-50</td>
<td>0</td>
<td>0</td>
<td>0</td>
<td>0</td>
<td>0</td>
<td>0</td>
<td>0</td>
</tr>
<tr>
<td>51-100</td>
<td>0</td>
<td>0</td>
<td>0</td>
<td>1</td>
<td>0</td>
<td>0</td>
<td>1</td>
</tr>
<tr>
<td>101-250</td>
<td>0</td>
<td>0</td>
<td>0</td>
<td>0</td>
<td>0</td>
<td>0</td>
<td>1</td>
</tr>
<tr>
<td>251-1000</td>
<td>0</td>
<td>0</td>
<td>0</td>
<td>0</td>
<td>0</td>
<td>0</td>
<td>0</td>
</tr>
<tr>
<td>1001-2500</td>
<td>0</td>
<td>0</td>
<td>0</td>
<td>0</td>
<td>0</td>
<td>0</td>
<td>0</td>
</tr>
<tr>
<td>2501-5000</td>
<td>0</td>
<td>1</td>
<td>2</td>
<td>3</td>
<td>0</td>
<td>0</td>
<td>6</td>
</tr>
<tr>
<td>5001-10000</td>
<td>0</td>
<td>0</td>
<td>0</td>
<td>1</td>
<td>1</td>
<td>0</td>
<td>2</td>
</tr>
<tr>
<td>10001-25000</td>
<td>1</td>
<td>3</td>
<td>1</td>
<td>2</td>
<td>2</td>
<td>1</td>
<td>10</td>
</tr>
<tr>
<td>25000+</td>
<td>0</td>
<td>3</td>
<td>3</td>
<td>0</td>
<td>0</td>
<td>5</td>
<td>11</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>2</strong></td>
<td><strong>7</strong></td>
<td><strong>7</strong></td>
<td><strong>7</strong></td>
<td><strong>3</strong></td>
<td><strong>6</strong></td>
<td></td>
</tr>
</tbody>
</table>

Table 12 Size of the CRE department (X-axis) against the size of the overall organization (Y-axis) (own ill.)
Next to the size of the CRE department and the organization as a whole the survey also focused on the structure of the organization and where the real estate department is linked in that organization. As can be seen in Figure 33 there is no structure in to what department the real estate department is linked. There is a large variety in how the CRE department is structured. Amongst the respondents answering other the departments were linked to facilities management, asset management or to the transactions and operations department. Although there seems to be no consensus in how to structure the CRE department within the organization if the results in Table 13 are evaluated it can be noted that the majority of respondents report to the executive level. Within the respondents who stated to have an independent real estate department half of them reported directly to the C-suite level and the others at executive or managerial level. From Table 13 it can be seen that in just 3 cases the CRE department gets through to the C-suite reporting level, most of them just report to the executive level this while the strategic management start forming on the C-suite level.

<table>
<thead>
<tr>
<th></th>
<th>C-suite</th>
<th>Executive level</th>
<th>Managerial level</th>
<th>Operational level</th>
<th>Other</th>
<th>Total</th>
</tr>
</thead>
<tbody>
<tr>
<td>Independent real estate department</td>
<td>2</td>
<td>1</td>
<td>4</td>
<td>0</td>
<td>0</td>
<td>7</td>
</tr>
<tr>
<td>Finance</td>
<td>0</td>
<td>0</td>
<td>4</td>
<td>0</td>
<td>0</td>
<td>4</td>
</tr>
<tr>
<td>Corporate office/general management</td>
<td>0</td>
<td>2</td>
<td>1</td>
<td>1</td>
<td>0</td>
<td>4</td>
</tr>
<tr>
<td>Administration/shared services</td>
<td>0</td>
<td>1</td>
<td>2</td>
<td>0</td>
<td>0</td>
<td>3</td>
</tr>
<tr>
<td>Human resources</td>
<td>0</td>
<td>0</td>
<td>1</td>
<td>0</td>
<td>0</td>
<td>1</td>
</tr>
<tr>
<td>Procurement</td>
<td>1</td>
<td>0</td>
<td>3</td>
<td>0</td>
<td>1</td>
<td>5</td>
</tr>
<tr>
<td>Other, namely:</td>
<td>0</td>
<td>0</td>
<td>6</td>
<td>0</td>
<td>1</td>
<td>2</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>3</strong></td>
<td><strong>4</strong></td>
<td><strong>21</strong></td>
<td><strong>1</strong></td>
<td><strong>2</strong></td>
<td><strong>28</strong></td>
</tr>
</tbody>
</table>

Table 13 Reporting lines against organizational structure

The strategy of the overall organization was also recorded by the survey and this shows dominance (56%) of optimization strategies within the respondents. These optimization strategies go hand in hand with cost reductions and improving current processes and achievements. It is on this front that the overall alignment of the business lines can contribute to an increased business result as shown in Figure 11. After the overall business strategy the survey asked about the strategy of the real estate department. 12 (36% of total) respondents could not provide a distinct real estate strategy. Some of the respondents did confirm that a real estate strategy is formulated but cannot answer due to confidentiality (4). The strategies that were provided by the respondents were pulled apart into several topics. Figure 34 CRE strategy in respondents’ organizations (own ill.) Figure 34 shows the occurrence of these topics within their strategies. Being close to their customers and consolidation the portfolio were combined with a global workplace concept the most frequent answers. The levels of integration between the several business lines are show in Figure 35. This figure shows that the
departments have in many cases not aligned or are only minimally working together. This while is has been concluded in chapter 3 that the alignment of these business lines can have a positive influence on the overall business performance and on the business strategy. The support of the overall business is named in 3 of the strategies although it does not have a prominent place in these findings, this will be elaborated on further in the discussion chapter.

Figure 34 CRE strategy in respondents’ organizations (own ill.)
Alignment of corporate real estate strategy and corporate business strategy

Alignment between CRE, HR and IT

5.4 Reporting possibilities of the CRE department

This part of the survey has already been addressed short in Table 13 and this section will dive further into what they are reporting and if this is indeed contributing to the goals of the CRE department and to the goals and targets of the overall organization.

In order to determine the current reporting possibilities and the actions following from them the respondents were asked to indicate which KPIs they are measuring and reporting. By evaluating the measurements that are being tracked and reported the short comings of the current reporting will be mapped. This should lead to improved performance measurements and reporting for the real estate department which would help to address the strategic importance of CRE management and thus will plea for implementing the CRE department in the strategic meetings.

Figure 35 Alignment between CRE, HR and IT (own ill.)
Figure 36 Measured KPIs (own ill.)

Figure 36 shows the KPIs that are currently being measured by the respondents. The KPIs they measure are mostly related to the current portfolio, as can be seen in the figure only a few organizations (10, 30% of total) are keeping track of the time needed to open or close new locations, this while the flexibility of the organization has been marked as important by only 4 respondents in Figure 34. Based on the literature flexibility is also listed as one of the key criteria of competitive advantage in chapter 3. The respondents who ticked the box other addressed the savings per square meter and they kept track of the divestments on the portfolio, both measurements focused on cost reduction.

Based on the KPIs that are being measured the respondents were asked if they think their CRE contributions are valued within the overall organization. When looking at Figure 38 it can be seen that the overall consensus is positive, although only a few respondents ticket the fully valued box. If this is combined with the cross analysis in Table 14 it can be noted that when the CRE department is structured to have an own department it has the highest score regarding the appreciation. Some reflections need to be made on this point, as the size of the data set and the biased entry the respondents have given regarding their own performance could influence these results. The CRE departments that are placed under other business lines score clearly lower. This could be caused by the fact that if a CRE department has its own structure it would have been valued higher for one thing and that if a real estate department is place under, for instance, human resources there is clearly no recognition from the business regarding the possible contributions of the real estate department.
Alignment of corporate real estate strategy and corporate business strategy

Figure 38 Too what degree is the contribution of the CRE department valued; 1 is undervalued 5 is valued (own ill.)

<table>
<thead>
<tr>
<th>Number</th>
<th>Average score</th>
<th>Lowest</th>
<th>Highest</th>
</tr>
</thead>
<tbody>
<tr>
<td>Independent real estate department</td>
<td>7</td>
<td>4,43</td>
<td>3</td>
</tr>
<tr>
<td>Finance</td>
<td>5</td>
<td>3</td>
<td>2</td>
</tr>
<tr>
<td>Corporate office/general management</td>
<td>4</td>
<td>3,5</td>
<td>2</td>
</tr>
<tr>
<td>Administration/shared services</td>
<td>3</td>
<td>3,67</td>
<td>3</td>
</tr>
<tr>
<td>Human resources</td>
<td>1</td>
<td>1</td>
<td>1</td>
</tr>
<tr>
<td>Procurement</td>
<td>6</td>
<td>3,33</td>
<td>2</td>
</tr>
<tr>
<td>Other</td>
<td>7</td>
<td>3,57</td>
<td>2</td>
</tr>
</tbody>
</table>

Table 14 Cross analysis of CRE value against organizational structure

In Table 14 it can be seen that there is only one department structured under a human resource department. It also rated the lowest score on valuation of the added value of the real estate department. The reason this CRE department is structured in such a way is because this is a real small department with just two employees, for which it would be not feasible to set up a separate business line.

<table>
<thead>
<tr>
<th>Number</th>
<th>Average score</th>
<th>Lowest</th>
<th>Highest</th>
</tr>
</thead>
<tbody>
<tr>
<td>Lack of data and measurables</td>
<td>31</td>
<td>2,61</td>
<td>1</td>
</tr>
<tr>
<td>Lack of alignment with other business lines</td>
<td>31</td>
<td>2,80</td>
<td>1</td>
</tr>
<tr>
<td>Financial limitations</td>
<td>31</td>
<td>2,87</td>
<td>1</td>
</tr>
<tr>
<td>Decentralized nature of the real estate department</td>
<td>31</td>
<td>2,22</td>
<td>1</td>
</tr>
<tr>
<td>Lack of technology/tools</td>
<td>31</td>
<td>2,45</td>
<td>1</td>
</tr>
<tr>
<td>Lack of skills and knowledge</td>
<td>31</td>
<td>2,54</td>
<td>1</td>
</tr>
<tr>
<td>No commitment from C-suite for</td>
<td>31</td>
<td>3,00</td>
<td>1</td>
</tr>
</tbody>
</table>

Table 15 Obstruction as perceived by CRE departments 1 is low obstruction, 5 is severe obstruction
Table 15 was created to see how the CRE departments rate the level of obstruction they encounter based on 7 different perspectives. The obstruction for the lack of commitment from the C-suite level and the financial limitations are ranked as the biggest obstruction factors. In Table 16 both the level of obstruction that is encountered and the organizational structure is placed into one table. This enables to see which department encounters what aspects as the most obstructing.

Table 16 Cross reference between obstruction and organizational structure

<table>
<thead>
<tr>
<th>Obstruction</th>
<th>Independent real estate department</th>
<th>Finance</th>
<th>Corporate office/general management/ shared services</th>
<th>Administration</th>
<th>Human resources</th>
<th>Procurement</th>
</tr>
</thead>
<tbody>
<tr>
<td>Lack of data and measurables</td>
<td>2.86</td>
<td>3.00</td>
<td>2.25</td>
<td>2.67</td>
<td>2.00</td>
<td>3.20</td>
</tr>
<tr>
<td>Lack of alignment with other business lines</td>
<td>2.86</td>
<td>4.00</td>
<td>3.25</td>
<td>3.33</td>
<td>1.00</td>
<td>2.00</td>
</tr>
<tr>
<td>Financial limitations</td>
<td>2.42</td>
<td>3.25</td>
<td>2.75</td>
<td>3.33</td>
<td>3.00</td>
<td>3.40</td>
</tr>
<tr>
<td>Decentralized nature of the real estate department</td>
<td>2.00</td>
<td>3.50</td>
<td>2.50</td>
<td>2.00</td>
<td>2.00</td>
<td>2.20</td>
</tr>
<tr>
<td>Lack of technology/tools</td>
<td>2.42</td>
<td>2.75</td>
<td>2.25</td>
<td>3.00</td>
<td>3.00</td>
<td>2.40</td>
</tr>
<tr>
<td>Lack of skills and knowledge</td>
<td>3.14</td>
<td>3.00</td>
<td>2.50</td>
<td>2.33</td>
<td>3.00</td>
<td>2.00</td>
</tr>
<tr>
<td>No commitment from C-suite for</td>
<td>3.14</td>
<td>3.75</td>
<td>3.00</td>
<td>2.33</td>
<td>3.00</td>
<td>3.00</td>
</tr>
</tbody>
</table>

CRE management and employee satisfaction

In Figure 36 it can already be seen that 18 (55% of total) of the respondents state to be measuring employee satisfaction within their portfolio. Two other questions in the survey can be used to cross reference the value they attach to employee satisfaction and talent attraction. The first variable showing this is represented in Figure 39 which shows that the majority of the respondents (26, 78% of total) acknowledge the added value of CRE management in talent recruitment and retention.

Figure 39 Influence of real estate on recruitment (own ill.)
The importance of the alignment between the workplace concept and the activities from the employees is also recognized by a large part (19, 57% of total) of the respondents. Figure 40 shows that there is only 1 respondent who stated that the workplace concept is only determined by the layout of the office. On the other hand there is also a minor part who state that both the employee activities and the character of the organization play a role, the largest part of the respondents focus just on employee activities. From that perspective it can be said that CRE professionals are already aware of and steering on the input of CRE on talent attraction.

As for the impact of ownership type on the real estate decisions there is no blockage for organizations to invest and implement suited workplace concepts when they are not the owners of the property. In Table 18 it can be seen that most respondents state to be focusing on leasehold property instead of full ownership, cross referencing this against the workplace character shows that they still invest in workplaces based on employee activities and the character of the organization.
Alignment of corporate real estate strategy and corporate business strategy

<table>
<thead>
<tr>
<th>Character of organization</th>
<th>leased</th>
<th>neutral</th>
<th>owned</th>
<th>other</th>
</tr>
</thead>
<tbody>
<tr>
<td>Employee activities</td>
<td>13</td>
<td>4</td>
<td>1</td>
<td>2</td>
</tr>
<tr>
<td>Layout of offices</td>
<td></td>
<td></td>
<td>1</td>
<td></td>
</tr>
<tr>
<td>Other namely</td>
<td>1</td>
<td>1</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

Table 18 Applied workplace concept against ownership type

| The workplace concept is dedicated to the character of the organization. | 5 | 2 | 1 | 2 |
| The workplace concept is aligned to the activities of the employees. | 13 | 4 | 0 | 2 |
| The workplace concept is dictated by the available space and the layout of the office. | 1 | 0 | 0 | 0 |

Table 19 Effects of CRE on talent attraction vs. applied workplace concepts (own ill.)

If this is crossed referenced against the influence of real estate on the recruitment process these statements seems to align as can be seen in Table 16. Table 16 shows that those who state that amenities and location do have influence on the recruitment process have their workplace concepts aligned with the activities of the employees. If this is again cross referenced against the employee satisfaction KPI who a number of the respondents have been tracking it can be seen that the major part agrees that location and amenities have influence on the recruitment process Table 20.

<table>
<thead>
<tr>
<th>Employee satisfaction</th>
</tr>
</thead>
<tbody>
<tr>
<td>Yes, location and amenities in the office will influence talent retention.</td>
</tr>
<tr>
<td>Yes, only the location has influence on talent retention</td>
</tr>
<tr>
<td>Yes, only amenities in the office influence talent retention.</td>
</tr>
<tr>
<td>No, these aspects do not have any significant influence.</td>
</tr>
</tbody>
</table>

Table 20 Employee satisfaction KPI vs. views on influence on HR (own ill.)
5.4 Results from interviews

The interviews that were conducted were based on the results from the survey. One of the last questions was whether the respondents were open for a follow up interview. Those who were open for this were approached for a follow up interview. The interview started with a brief recap of the survey results after which the interview consisted of seven questions. The full interview protocol can be found in appendix 4. The interviews were conducted in Dutch which contributed to the ‘rambling on’ of the interviewees which brought for some interesting statements. Below are the answers per interview question listed, the answers are a representation of the answers to the questions given by all interviewees.

What should in your opinion be the relation between the CRE department and the other business lines?

In the end, CRE is there to support the business and CRE is in essence a business asset. It depends further more on the mandate that has been given to the CRE department. If the mandate is clear and there is a clear business case then the CRE department can really act as the driving and steering force in the process. The CRE will then align with HR to discuss possible locations and sites and in the end the finance department will have to be on board with the outcome. In this scenario CRE is the core of the process. But in the end, departments like HR, IT and CRE are all facilitating departments. They are non-core business for the organization.

Do you think the CRE department should be a separate department within an organization in order to show its true added value?

Based on Table 12 it can be seen that respondents claim that a separate real estate department is valued higher. According to the interviewees the CRE department should be a separate department as long as it is a part of the primary process such as HR and IT. If CRE is not a part of the primary process than it will become very hard to integrate the separate department in the operational process once it is separated as a self-contained department. While doing this, one should not forget that the CRE department should be able to show their added value and activities clearly to the other parts of the business.

Do you think that CRE management can substantially contribute to the performance of the overall organization besides being just a large cost center?

When the operations of the CRE department are directly linked to the primary process than the effects between the cost and added value can be measured and reported and the CRE department does not have to be small in this. What has to be remembered is that real estate is a business asset and should be handled in such a way and thus other business lines as HR, IT and finance are needed in order to shape the scope of the CRE department.

How do you think that the real estate strategy can be more aligned with the overall business strategy?

The most essential piece of both integration and alignment is knowledge sharing. To what degree are you able to translate the business goals to a real estate solution. That is all about the interpretation of strategic plans. The main challenge in this is that many organizations today are very dynamic. And this goes in such a pace that the CRE departments cannot keep up with the developments. This has to do with the position of CRE relative to the HR, IT, suppliers and maybe even the history of the organization. Real estate in this should not be an end goal of an organization. But the knowledge
exchange between the department can be hard because these departments operation within different time frames. Real estate can be very inflexible and structured according to a multi-year plan, while local branches are reporting their yearly results and constantly want to adjust to changing market environments.

*What should change in your opinion in the relationship between the real estate department and the other departments in the organization, for instance higher management?*

As a CRE manager you need to be able to discuss real estate at multiple levels. You need to be able to discuss the plans at a local or regional level but also on a global level to the board of directors you should be able to report your activities. These are two completely different presentations and reports you have to produce. If a presentation or report is specified to the level of management this will improve the chances of getting through to the core of the issue as everything is presented within the framework of the audience. Being able to report direct to the level of the board definitely has advantages especially when the CRE department is structured as a separate department within the organization.

*Are you actively keeping track of new CRE management knowledge developments?*

Yes it is crucial to keep the eyes and ears open to keep informed on the technologies or methods. This can be both in the organization of outside the organization. In these cases the items that are relevant for the overall strategy of the organization can be included in the real estate practice, for instance developments on the field of sustainability. But for this specialists are needed, the market, in this you can see that the knowledge is not coming directly from the academic world but often through outside service providers. Trust is required for this as well as perseverance and commitment and in the end funds. Big innovations are in the end only possible if there is a clear signal from the overall business that innovation is required and if there is someone willing to pay for it.

*Do you think that new improved methods will help you improve your reporting efficiency and eventually give CRE management a spot at the strategic table?*

If there is a really strong business case then the urgency for new techniques and outside expertise will be higher. The willingness to pay for this knowledge will also be higher and this will steer the developments of the CRE management field.
CHAPTER 6 CONCLUSION

This conclusion chapter will elaborate on the findings in relation to the research questions. Based on the conclusion and the discussion the recommendations are given for further actions.
6 Conclusion, discussion and recommendations

6.1 From theory to practice

Over a time of 25 years this academic field has been advancing and now the next step to practice should be taken more effectively and efficiently. The application of the new acquired knowledge into practice is however lacking. This graduation research has focused on the further alignment of theory and practice regarding the integration of real estate strategy in corporate business strategy.

In this final chapter of the report all conclusions and recommendations will be discussed following the research questions that were defined at the start of the graduation research. These questions are aimed at defining the gap between theory and practice, defining the reason for the gap between theory and practice and defining the needed actions for practice to close this gap.

The main question at the start of this research that is answered is:

What actions are needed to close the gap between theory and practice in the use of corporate real estate strategy in the corporate business strategy to add value, in terms of profitability and competitive advantage for the whole organization?

The main findings include the appreciation of different organizational structures and the biggest obstruction aspects of further integration. Although 32 out of 33 survey respondents state to have some methods of gaining new knowledge the transfer of knowledge from theory to practice runs on barriers based on the business case and financial limitations. The actions that are needed lie in the internal structure of the organization and the reporting lines the real estate departments have. Real progress cannot be achieved unless the real estate department is placed on the right spot in the organizations which starts with clear reporting, this will allow the real estate department to further innovate as the can claim the required space within the organization for this.

6.2 Theoretical conclusions

The first part of the research focused on the current state of the art of this research field. Based on the academic literature review that was conducted a time frame of the developments on the field of real estate management was written. This in combination with industry reports and experiences led to the answer on the first sub-question.

To answer this research question the link with the problem analysis has to be made. In that section the development of the field over the past decades has been sketched. Here it can be seen that the academic side of this subject had made impressive progress. Based on the model of Joroff (1993) see Figure 12 it can be seen that the field of corporate real estate management has progressed from a taskmaster role to the role of business strategist. If more recent publications are included it becomes clear that the field has attracted more scientists contributing to the subject. This has provided the field with a number of updated conceptual models showing the relation of real estate strategy and overall business performance (Figure 11). The 2006 publication of Lindholm et al. lists a whole series of real estate interventions that will lead to either revenue growth of profitability growth. The academic consensus is that real estate should be seen as the fifth resource besides HR, IT, R&D and capital (Figure 13) (Alan, 1999; Appel-Meulenkoek & Feijts, 2007; Then et al., 2014). Besides the position of the CRE department and the ways for real estate to add value to the organization there is...
Alignment of corporate real estate strategy and corporate business strategy

a number of variables defined by academic researches helping the real estate practice to measure and report their impact on and contributions to the overall business Table 7.

6.3 Empirical conclusions

The survey and the subsequent interviews provided a solid base of data from which further conclusions can be made. The most valuable conclusions came from the cross referencing of survey results and then putting them into the interview to verify the findings.

Reactive vs. proactive the facilitating role of real estate

The model of Lindholm et al. show that there is a whole list of real estate interventions that will have an influence on the profitability of the firm (Figure 15) (Lindholm et al., 2006). The main problem with real estate management practice is that these are actions from a proactive stands, while the survey results and the subsequent interviews show that real estate is perceived to be much more reactive. The facilitating role of the real estate practice makes it harder to implement new models and methods into practice. Figure 29 shows what kind of channels the respondents use to keep up with new developments and methods. Figure 30 reflects the amounts of channels of increasing knowledge that are applied per respondent and what can be seen from here is that not all respondents are as active as others on gaining new knowledge. While all respondents say to have at least one way of knowledge improvement the interviews provide information station that integration of new insights is hard within large organizations. In the interviews that were held after the survey the interviewees responded on the results of the survey. Here they stated that innovation and new methods of real estate management should on the first place be needed for the business case that is on hands. If this is not needed in order to complete the task then it will be very hard to implement such changes in a corporate environment, mainly because someone will have to pay for these developments.

How real estate is valued within the organization

To evaluate the role of the real estate manager the survey asked for their organizational structure, their reporting lines, their measurables and the level they are obstructed during the process by organizational blockages. From the survey results the degree of appreciation there is for the activities of the real estate department can be abstracted from Table 14. Here the survey results show that if the corporate real estate department is structured as an independent department they are valued higher within the organization, they are taken more serious. At this point a remark should be made that this survey question is based on self-assessment, this could incur a biased response by the respondents. In Table 15 the obstruction that is experienced by CRE department is shown per category. In this table the limitation by lack of commitment of the C-suit level is the highest scoring factor in most obstructing factors for further strategic integration of the CRE department.

In order for the real estate department to be valued even higher in the organization the CRE department would require some methods or tools in order to increase the alignment within the organization. According to the survey results and the subsequent interviews one of the hardest parts of reporting the real estate management activities is measuring their added- and strategic value. According to interviewee 2 the CRE department needs to be able to report their activities on multiple levels as the reporting to the corporate top management will require different information than when the report will go to other business lines as HR, procurement and finance (see interview 2 in appendix 5). This will require all lot of data and data management and as can be seen in Table 15 the lack of data and measurable show a real obstruction in the further alignment of real estate strategy and corporate strategy. During the expert meeting this issue was discussed and required measurables and variables were established with people directly from practice. The actions that
Alignment of corporate real estate strategy and corporate business strategy

need to be taken in order to make the state of the art opportunities for added value measurable and reportable are defining a solid organizational structure, creating clear reporting lines to higher management and provide profound data management platforms that will allow the CRE departments to generate reports on different levels and which can be used both for higher management as for reporting and data exchange between departments.

The actual next step towards the development of new management tools has not yet been made. This falls apart in two different topics; the integration of new technologies and knowledge in the organization and the effective internal reporting and measuring of KPIs by CRE departments. As in Table 9 and Figure 29 can be seen corporate real estate departments do have their channels through which they gather new information, knowledge and methods. The implementation of these techniques is however a whole different step, as reflects in the subsequent interviews 1, 2 and 3 the CRE departments will only innovate and apply new models and techniques when this is required to complete the business case. If this is required, corporates are willing to invest in the further development and application of this knowledge into their practices, at this stage outside specialist or consultants are contacted to put this knowledge into the business case.

Bringing everything together there is something to be said about the main research question from this graduation research. **What actions are needed to close the gap between theory and practice in the use of corporate real estate strategy in the corporate business strategy to add value, in terms of profitability and competitive advantage for the whole organization?**

The first actions that will need to be taken are to analyze the current organizational structure of an organization and the place the real estate management department takes in that organization. The internal reporting lines within the organization are an important factor in that. If the real estate department will be able to measure and show what they are and can contribute they will stronger in the strategic debate. For these measurable to be developed efficiently they will need to keep updated with academic developments and with new techniques from practice. The application of new techniques will however be decided based on the assignment and the challenge the real estate department faces. This links back to the balance between the reactive and the proactive character of the CRE department.

To align the corporate real estate strategy with the overall corporate strategy the structure of the organization has a large impact. As discussed earlier from Table 14 it can be seen that CRE departments that are structured as an independent department are valued higher than CRE departments who are structured under finance, procurement or in one case the HR department. This seems counterintuitive at first, that for improved alignment with other departments the CRE department should be taken aside and put up as a separate section. This can be compared to what is pictured in Figure 9 where real estate is put next to the other strategic business lines. This is however not in all case possible, when the real estate department consists of a very small team of for instance 1-2 FTE it would not be logical to set up a whole division. But next to the structure the internal reporting can contribute a lot to the alignment of the CRE strategy and overall strategy. From the data that is captured from the portfolio the CRE managers should be able to generate reports on different levels.

According to practice not all business cases are projects in which new methods and approaches can be applied. It will be a task for practice to identify the projects where it is possible to innovate and actively search for gaps in the knowledge that can, on account of academic publications, seminars, lectures and newsletters be fulfilled. From the survey and interviews comes forth this is not done by the corporate real estate departments themselves, in most cases knowledge from outside specialists is included. Figure 41 gives an overview of how each sector could contribute in the further alignment
of corporate real estate strategy and overall business strategy. Practice will need to lead in identifying suitable business cases for implementing new knowledge. This they could do with or without the help of outside specialists.

![Diagram of Practice, Theory, and Outside specialists](image)

**Figure 41** Overview of actions per sector (own ill.)

### 6.4 Discussion

This discussion part of the chapter will go into the data that was collected and the methods that were applied during this research. Their reliability and credibility will be discussed. The extent to which the research and sub-questions have been answered will be elaborated on. In this section the discussion held with Rogerio Santovito will be elaborated on as this gives a better view of the limitations and possible next steps in this research field. This will be the link between the conclusions and the recommendations for further research coming out of this graduation research.

**Reliability**

In terms of research reliability the methods that have been applied and the data that has been collected can be retraced and repeated. Especially the survey can be easily repeated and send out to the same, others or more possible respondents. The underlying input for the survey, so the variables are harder to reestablish as this was done in an expert meeting. When doing the same session with a different panel some different variable could be included in the survey or be even left out. Because the link with practice was strong during this research and there was therefore easy feedback with practice the alignment between theory and practice during this research was achieved. When conducting this research within another organization there might be different feedback due to the nature of the organizations. Furthermore the research subject did not make it easy to receive feedback from professionals. As strategy is often a sensitive subject, especially in these corporates who are all competing against one another not all respondents could answer all questions in the survey.

**Credibility**

The data that was collected from the survey and subsequent interviews is data from a specific group in the real estate practice. All subjects that were approached for the survey, an interview or both were contacted through connections at CBRE Amsterdam. This limits the target group to organizations who have in some way already shown that they see corporate real estate management as an important business factor. If the survey would be conducted under corporates who are not yet involved with any real estate consultants the outcomes could be different. This will be further discussed in the section with Rogerio Santovito.
6.5 Recommendations

Structure and place corporate real estate departments

The alignment of real estate strategy and corporate strategy is advancing. The implementation of new techniques depends on the business case and the availability of funds for the innovations. The allocation of resources towards the implementation of knowledge regarding the alignment can be positively be influenced if the corporate real estate department can make clear and measurable what they can bring to the table. The structure of the CRE department as a separate department alongside other business lines as HR, IT and finance will contribute to the alignment between these organizations if the size of the CRE department and the rest of the organization allows for this. In order to achieve this proper internal reporting lines are needed. Corporates should therefore develop a certain level of data management from which they can report to both higher management as to other departments in order to elaborate on what they can contribute to the overall organization when included in the overall strategic planning. These reports should be based on carefully determined measurable and variables.

Recommendations for further research

In order to approach the problem from another business perspective the other side of the link between real estate strategy and the overall business strategy should be investigated on. This would mean that intensive case studies should be conducted in which the internal perception of what the CRE department can add to the organization would be measured from different organizational points. This could be higher management and the board but also the departments which who the CRE department will have to align further. Interesting would be to see how the possible new techniques are applied across organizations of different sizes and characters in order to determine the optimal configuration of the organization in terms of the positioning of the CRE department.
In this chapter a reflection is provided on the overall research process, the goals and learning objectives.
7 Reflection

7.1 Methodology

Literature study

The literature study was for the largest part conducted during the P1 and P2 phase. At first I had some struggles managing the data and reports that were coming out of the internet searches. Due to the meetings with Ilir Nase I learned how to properly structure and document a literature research. The pitfall in literature research is that you easily divert from the original path as articles often look interesting although they have in some cases just a very small interface with the original research subject.

The literature that has in the end been analyzed for this research shows a very clear development over time. This has been achieved as I searched for both recent and more dated articles on the subject and Ilir Nase often contributed with new articles that just had been published. As for defining the gap between theory and practice, this will require an even more practical approach as this should be taken on at a much more personal level. In order to define a starting point for the gap analysis a specific theory should be taken into analysis as compared to the research that is conducted in this graduation research.

Survey

The setup of the survey that has been conducted has been written and rewritten more than once. Due to discussions with both my mentors and the professionals at the graduation company it has become quite an extensive survey.

The survey was in the end sent out to 75 people and had a return rate of 44% which lead to 33 entries. I would have liked to see a higher response rate but although the survey was open for more than a month this was at this moment as high as it would have gotten. The strategic subject might have “scared” of potential respondents as it is often sensitive business information.

The data that was in the end abstracted from the survey was nevertheless extensive, the 28 survey questions allowed for a wide variety of cross tabulations. Based on these cross tabulations the main conclusions for this research are drawn.

As said before the fact that the survey was sent out to clients of CBRE (due to availability of contact information) might incur in a research bias as all the respondents have already showed certain interest in their real estate management and are actively working on the subject.

Interviews

The semi-structured interviews at the end of the survey period allowed for a sanity check to be performed on the survey results. These interviews focused on the main findings from the survey and confronted the interviewees with these result in a more personal setting than the survey form. This resulted in a number of interesting statements and opinions that would not have been captured in the survey. It allowed me to put some of the survey results in perspective as they turned out to be more or less important as I would have expected based on the survey results.

7.2 Relevance of the findings

Scientific relevance

As stated at the start of this graduation research this research has been done with practice in mind. Although the survey results showed for some statements based on organizational structure and
internal reporting lines there are no new ground breaking theories developed for the academic world. The actions and recommendations that came from this research are, as intended from the start, more aimed at bringing practice further.

Practical relevance
With corporate business environments becoming more and more competitive, every last drop of profit has to be squeezed out of organizations. Real estate management was one of the few lagging areas in terms of strategic integration and optimization. This research has tried to contribute to the further alignment of real estate strategy and core business strategy and thereby making the business more profitable and competitive. The conclusions from this research show what actions should be taken next in order to further align real estate strategy and core business strategy. These actions need to be further researched on, this could be done by case studies in order to research on a more case specific level and see if the addressed actions indeed fit to an organization.

7.2 Personal reflection
One of the key learning objectives at the start of this graduation research was to understand real estate strategies and how they influence corporate real estate and the overall organization. Based on the academic literature that has been reviewed and the input from practice my view on real estate strategy have developed and show a much more holistic understanding.

During this research several academic research methods have been applied which have helped to further develop these research skills. The most effective I found processing the survey data and making the connections between the variables. This gave a good understanding of data processing and made further connections on the research topic. The link with the practice was strong during this research. I am glad this was possible as I always favor a more practical approach. Apart from the connections that were provided by CBRE they did not push me in a certain research direction, this because it was made clear from the beginning that the initiative is at the TU Delft and they will be the one evaluating the research.

I really appreciated the opportunity created by my thesis mentor Ilir Nase who arranged a meeting with Stephen Roulac, Theo van der Voort and Rogerio Santovito. During this meeting I was able to pitch my graduation subject, methods and findings to them and received valuable feedback. A summary of the follow up meeting with Santovito is listed below.
Alignment of Corporate Real Estate Strategy and Corporate Business Strategy

8 Literature
Alignment of corporate real estate strategy and corporate business strategy


Alignment of corporate real estate strategy and corporate business strategy


Appendix 1 Scoping interviews
Roy Erkelens, Associate Director Global Corporate Resources at CBRE Netherlands was the first interviewee. Roy works with both Dutch organizations and multinational organizations and he stresses out that the degree real estate is incorporated into the business strategy is for a large degree dependent on the kind of business case. In the case where a real estate decision is directly in relation with the core business, like opening a new store, real estate is much more integrated in the decision making model. However, as Roy notices, in these cases the local real estate manager of the company is often passed by corporate executives who take matters into own hands. So the question is whether the real estate is supporting a business case or is it purely a cost center which has to be made.

To assess how real estate is perceived in a business a lot more information is needed like how is the real estate noted on the balance sheet of the organization. Or how long is the timeline executives are looking at? What is the bigger picture of the organization?

Steven Chon, Associate Director Global Corporate Services at CBRE Netherlands and RE&H alumnus, was the next person to be interviewed. Steven is involved with a lot of international operating organizations and states that corporate real estate managers are indeed missing tools in order to push real estate higher on the corporate agenda. He explains that corporate real estate teams have for a longer time been trying to put real estate closer to the business decisions. The problem with this is that real estate is approached from a whole variety of viewpoints as Roy also mentioned earlier. It often depends on the business case that is on hands what kind of role is appointed to real estate. Often it is seen that real estate is one of the last things to be handled and in that stage the message to the real estate managers is “this has to be done, fix it” within clearly defined boundaries. In that case there is virtually no room for real estate managers to approach a case from a strategic real estate perspective. Real estate is too often seen as a last variable which has to be solved within a business case.

Jeroen de Vroome, Associate Director Global Corporate Services at CBRE Netherlands is focusing on both national and international companies. He states that profitability and competitive advantage should be defined further before this can be made measurable. What you see in large organizations is that there is a very long approval process of real estate initiatives which has to be examined by several boards and committees and somewhere in the end there could be a high ranked person who disagrees and then the whole project could be redirected in another direction. This shows that the initial mandate the real estate managers start with is actually insufficient. There are companies who are already implementing this in a more effective way. These companies have included the corporate real estate department in their decision making model and have created guidelines and directives for the development of new offices. This allows the real estate department to react swiftly from desires of the business that requires for more office space. This pre developed guideline is thus a way of the corporate real estate department to fulfill the needs of the business as soon as possible and add value to the organization as a whole.

Remco Kroeze, Senior Director Global Corporate Services at CBRE Netherlands is in contact with both real estate managers at firms and their higher management. Remco describes that it is hard to generalize the added value of corporate real estate management regarding profitability and competitive advantage. The term competitive advantage can be seen very broad. It is an important step to generalize the criteria that you would like to take into account during the research. Are you going to look at efficiency, talent retraction or accessibility? There are numerous options and here boundaries become very important.
Developing a clear list of variables or criteria is an important step in this process not only to create boundaries but also to be able to process the data and, perhaps even more important, report the data and the added value of real estate to the higher management.
Appendix 2 Expert meeting
Report from the expert meeting on 20 August 2015.

An expert meeting was organized on the 20th of August in order to pitch and discuss the current research setup. This was done to be able to investigate the alignment between the theory and practice.

The experts in the meeting consisted of professionals from CBRE Netherlands. They work on a very diverse group of accounts and a wide variety of organizations and companies.


The presentation that was done was a slightly modified version of the P2 presentation which was held earlier in June of 2015 at the university. The emphasis was put on the structure of the research and the research variables that will be included in the interviews and surveys.

As a starting point the progress of the field of real estate management was discussed, showing the evolution from task manager to the eventual business strategist at which stage we are now. The intention of aligning the strategy of the real estate department with the organizational strategy was explained including the intention to show the possible added value of that structure.

The intention of creating a three step process of identifying the possible added value, transform it into KPIs and develop strategies and recommendations based on the measurements.

What was discussed more into detail was the elaboration of the variables related to profitability and competitive advantage.

Feedback

What was noted by the professionals is that they encounter the limitations of the real estate department within organizations different across their clients. The place of the real estate department is still depends on the business case that is on hands within the organization. What is often one of the important aspects of the services they provide for their clients is the reporting regarding the real estate processes. Data managing and knowing how the portfolio of an organization performs has become a large part of the services. These reports are used by the real estate departments for reporting to their higher officers within the organization.

What was also noted is that the phase an organization is in can have a large influence on how they handle their real estate. Organizations active in growth markets will have a whole different stance towards real estate than organizations active in already evolved markets or consolidating markets. This makes it interesting to see when real estate is put high on the agenda within an organization and when not.

While discussing the profitability variables it was noted by one of the experts that the increased productivity variables are too hard to define and make tangible. Finding what makes employees more productive and making it measurable can be considered finding the Holy Grail. This triggered resulted in these variables to be reconsidered and adjusted for the further research process.

Based on the feedback from the professionals several adjustments were made to the original variables list. Combined with the literature, and in specific the article of Den Heijer and De Jonge (2012), the list of variables is redefined that will be used to form an essential part of the reporting tool. The variables are still grouped in and limited to main pillars; profitability and competitive advantage. These variables can be used during the interviews and surveys to gather information on different organizations. The data can then be compared between organizations in which real estate is already aligned with the core business strategy against organizations in which this alignment is still far from completed. The variance between the results of both situations might give an insight into which areas need to be focused on by real estate management in order to improve the alignment in the near future. This method of benchmarking of key variables and KPI’s will add transparency to the decision making process (Den Heijer & De Jonge, 2012). For this research there is a distinction to be
made in terms of required data. For some variables it is sufficient to know if an organization is monitoring them yes or no, while in some cases full data will be required to give an overview of possible opportunities. In the next part of the chapter the variables will be discussed and explained why these are interesting for the research.

Concluding
The expert meeting of 20 August 2015 steered the research towards a more narrow approach. The former wide approach towards employee productivity has been redirected towards a more researchable size without splitting up the research further. The most interesting outcome from the expert meeting was the integration of the overall strategy of the organization in order to investigate if a certain stage of the overall strategy has any influence in the place real estate takes on within the organization.
Appendix 3 CRE department survey

1. In what sector is your organization’s core business?
   - Banking
   - Insurance
   - Personnel services
   - IT
   - Consultancy
   - Oil and gas
   - Technology
   - Pharma
   - Other, namely:

2. What is your current function within the organization?

3. How many employees does your real estate management department have?
   - 0-2
   - 3-5
   - 6-10
   - 11-20
   - 21-50
   - 51+

4. What is the number of employees within your whole organization?
   - 0-10
   - 11-50
   - 51-100
   - 101-250
   - 251-1000
   - 1001-2500
   - 2501-5000
   - 5001-10000
   - 10001-25000
   - 25000+

5. To which part of the organization is the real estate department linked?
   - Independent real estate department
   - Finance
   - Corporate office/general management
   - Administration/shared services
   - Human resources
   - Procurement
   - Other, namely:

6. Through which channels do you keep informed on new practices or techniques in the real estate management field?
   - Visiting seminars
   - Newsletters
   - Professional courses
   - Colleagues
   - Academic publications
   - Not
   - Other, namely:

7. To what extent are you able to apply new methods and techniques of real estate management within your organization?

5 represents a high rate of application of new techniques and insights and 1 is a low application of new techniques and insights.
8. What overall strategy is your company currently implementing?

- Growth strategy
- Consolidating Strategy
- Optimization of Portfolio
- Outsourcing Strategy
- Other, namely:

9. Do you think that the real estate department and all its capabilities and possible contributions to the organizations is valued enough within the organization? 1 is undervalued and 5 is valued

10. When talking about real estate management reporting what are the Key Performance Indicators that are currently being measured within your organization? (more than one option can be selected)

- Leasing cost/SQM
- Full Time Employee(FTE)/SQM
- Cost of workplace/FTE
- Operating and maintenance expenses/SQM
- Time to open/close a new location
- Employee satisfaction
- Other, namely:

11. How is the workspace concept within your organization aligned with the character and activity of the company?

- The workplace concept is dedicated to the character of the organization.
- The workplace concept is aligned to the activities of the employees.
- The workplace concept is dictated by the available space and the layout of the office.
- Other, namely:

12. What percentage of your portfolio is leased? (please fill in the percentage)

13. What is the average length of a new signed lease?

- 0-12 months
- 13-36 months
- 37-60 months
- 61-120 months
- 121-180 months
- 181-300 months
- Other, namely:

14. Are you steering towards a predominantly leased or owned portfolio?

- Leased
- Neutral
- Owned
- Other, namely:

15. Is your decision on leasing or owning real estate influenced by the type of industry you are in?

- No
- Yes, why

16. What is the average time required to open a new location when needed from an organizational perspective?

- 0-2 months
- 3-4 months
- 5-6 months
- 7-12 months
- Other, namely:

17. What is the average time required to close a location when needed from an organizational perspective?

- 0-2 months
- 3-4 months
- 5-6 months
- 7-12 months
- Other, namely:
18. What are the most restricting factors in the process of adjusting the portfolio to the new requirements?
- Unclear mandate from higher management
- Unclear demands at start of the project
- Changing organizational demands throughout the project
- Alignment with other parts of the organization is lacking
- Other, namely:

19. Do you think real estate decisions as location and fit out level of the office has an influence on talent recruitment and retention?
- Yes, location and amenities in the office will influence talent retention.
- Yes, only the location has influence on talent retention
- Yes, only amenities in the office influence talent retention.
- No, these aspects do not have any significant influence.
- Other, namely:

20. To what degree is your real estate department aligned with the HR and IT department regarding the required office space and amenities?
- RE department and HR and IT are working separately.
- There is little integration between the departments.
- A list of requirements is constructed between the departments.
- A list of requirements is maintained by the three departments, they are all involved in implementing the practice.
- Other, namely:

21. Is the real estate department included in organization wide innovation programs?
- Yes
- Neutral
- No
- Other, namely:

22. Have there been innovational changes in your organization regarding real estate management over the last years? What kind of innovation have you put through?

23. Does your organization have a clear distinct real estate strategy defined? Please provide a brief description of your organization’s real estate strategy

24. To what level of the organization is the head of the real estate department reporting?
- C-suite
- Managerial level
- Executive level
- Operational level
- Other, namely:

25. To what degree are the causes below obstruct real estate departments to integrate in strategic collaboration within the organization? 1 is little obstruction 5 is severe obstruction
- Lack of data and measurables
- Lack of alignment with other business lines
- Financial limitations
- Decentralized nature of the real estate department
- Lack of technology/tools
- Lack of skills and knowledge
- No commitment from C-suite for further integration
Appendix 4 Interview protocol

Graduation research Interview protocol

This interview schedule will build on further using the research proposal written earlier. The variables and values stated in that research proposal are the foundation of this interview schedule. Although the variables and values are the base of the interview schedule some alterations had to be made in order to make them applicable in a semi structured interview. This interview schedule will provide a manual for all interviewers in order to approach each interviewee in the same way.

The interview schedule is all constructed around one question:

*What actions are needed to close the gap between theory and practice in the use of corporate real estate strategy in the corporate business strategy to add value, in terms of profitability and competitive advantage for the whole organization?*

Instructions for the interviewer

1. Meeting
   The interviewer should introduce himself to the interviewee

2. Introduction
   The interviewer introduces the goal of the research and what part of the research this interview is. The interviewer should mention the way the results are handled and that there is an option for anonymity. The general contact information of the interviewee will be noted on the contact summary sheet. The interviewer should offer the interviewee the possibility to ask questions.

3. Recording the interview
   The interviewer asks the interviewee whether or not he/she has an objection for the recording of the interview if not the recording device is started.

4. Start of the interview
   The interviewer will go through the questions listed below. He/she will follow the order of the questions as much as possible but can react on the answer of the interviewee by combining interview questions and follow up questions.

5. Interview closing
   The interviewer closes the interview by asking the interviewee if there are any questions left. The interviewer also asks if the interviewee has any other comments or recommendations on the interview. After that the interviewer thanks the interviewee for his/her time and effort. The interviewer should leave his contact information with the interviewee. The recording is stopped.

6. Completion of the contact summary sheet
   The final information can be noted down on the contact summary sheet

Materials to be used
- Recording device
Alignment of corporate real estate strategy and corporate business strategy

- Pen and paper
- Contact summary sheet
- Interview instructions

Card 1: Possible answers and responses of the interviewer
- The respondent gives an answer which is not relevant. 
The interviewer should rephrase the question.
- The respondent’s answer is only partially useful. 
Repeat the answer of the respondent in his own words and put and emphasis on the parts that are for you important.
- The respondent gives an incomplete answer. 
Encourage the respondent to elaborate his answer by keeping silent our humming and nodding.
- The respondent doesn’t know the answer. 
try to make the question less abstract by sketching the situation. Ask the respondent for his own opinion on the matter.

Contact summary sheet
Date of interview:
Name:
Occupation:
Email address:
Anonymous: Yes/No
Experience of the interviewee:
The amount of years the interviewee has been on the same position:

Prior activities in the same line of work and outside of that:

Question 1: What should in your opinion be the relation between the CRE department and the other business lines?
Keywords:

Question 2: Do you think the CRE department should be a separate department within an organization in order to show its true added value?
Keywords:

Question 3: Do you think that CRE management can substantially contribute to the performance of the overall organization besides being just a large cost center?
Keywords:

Question 4: How do you think that the real estate strategy can be more aligned with the overall business strategy?
Keywords:

Question 5: What should change in your opinion in the relationship between the real estate department and the other departments in the organization, for instance higher management?
Keywords:

Question 6: Are you actively keeping track of new CRE management knowledge developments?
Keywords:
Question 7: Do you think that new improved methods will help you improve your reporting efficiency and eventually give CRE management a spot at the strategic table?

Keywords:
Appendix 5 Interview transcripts

Interview 1 conducted on 24-11-2015

Wat denkt u, dat overall gezien, de relatie moet zijn tussen de corporate real estate afdeling van een bedrijf en andere afdelingen, bijvoorbeeld de HR afdeling, IT, en finance. Hoe zouden die in relatie tot elkaar optimaal kunnen functioneren?

Bedoel je dat organisatorisch of in de communicatie en planvorming?

Ik bedoel in de communicatie en planvorming, maar bijvoorbeeld ook in hiërarchie. Wie maakt de plannen en wie is ondergeschikt aan elkaar of staat alles op een lijn en is het echt een synergie die eruit komt?

Oké, als ik eens kijk hoe het bij ons gaat, en daar kan ik me ook wel redelijk in verenigen, dat is dat de business bepaald en daar ligt dus een business vraag aan ten grondslag. Er is een behoefte vanuit het bedrijf en dat kan zijn van: Joh wij willen in regio A gaan wonen want daar kunnen we goed arbeidskrachten vinden, of van oudsher zitten we gewoon graag in een regio. Dat zou bepalend moeten zijn. En die vraag, die wordt primair neergelegd, zo gaat het bij ons ook, bij de corporate real estate afdeling. Of bij het facility management, het is maar net hoe dat is georganiseerd. Ik vind dat zij daarvan dus de effecten moeten optekenen en die effecten zullen uiteindelijk altijd ondersteund worden met informatie vanuit P&O, dus vanuit de HRM omgeving. Dan heb je het over FTEs, als je kijkt naar woon-werk verkeer... noem het allemaal maar op. En uiteindelijk wordt dat dan weer in combinatie met control, dus met de finance afdeling, dat die zeg maar rekentechnisch moeten kijken van joh, klopt het allemaal wat hier gebeurd? Klopt de waarde, cash-flows, netto contante waarde, toekomstbestendigheid en het is die verhouding die ik een beetje voor me zie. Corporate Real Estate is zeg maar de kern, die is zeg maar aanjager van het vraagstuk, die moet het ook verder vormgeven en heeft daar HRM en finance voor nodig.

Oke, dus ik geen enkele manier is CRM hier dus op geen enkele manier ondergeschoven? Dat zien we vaak wel bij andere bedrijven; aan het einde van een business case moet er ook nog een stukje vastgoed geregeld worden.

Bij ons zit dat in ieder geval niet zo.

Vanuit vastgoedperspectief is dat natuurlijk heel mooi om te horen. Is de vastgoedafdeling binnen uw organisatie ook een hele losstaande afdeling of is het nog ondergebracht onder inkoop of finance?

Nee, vastgoed is eigenlijk onderdeel van het vastgoedbedrijf en bij ons is het CREM en FM zeg maar en wij rapporteren aan de COO, operations officer.

Ja, dus een vrij directe lijn naar boven zeg maar.

Ja, wij zitten eigenlijk direct onder de besturen.

En denkt dat dat een toegevoegde waarde heeft in kunnen rapporteren aan wat vastgoed kan bijdragen aan de organisatie?
Absoluut. Kijk daar kan ik heel kort en bondig over zijn.

U zegt dus dat vastgoed dus substantieel kan bijdragen aan de performance van de hele organisatie zolang het maar als een soort van spin in het midden van de organisatie wordt gezien als het gaat om een nieuwe business case?

Nouja, kijk ik vind dat vastgoed niet klein moet zijn. Kijk vastgoed is een bedrijfsmiddel, dat moeten we niet vergeten. En mijn filosofie is dat op het moment dat iets een bedrijfsmiddel is, dan moet de business er ook wat van vinden. En zullen de finance en de HRMs, maar dus ook de facilitaire clubs van deze wereld daar vorm aan moeten geven, aan dat bedrijfsmiddel.

Maar wat betreft de tijden waarin iedereen vastgoed zag als juist een kostenpost? Is die periode voorbij of is dat iets wat toch nog steeds wel speelt?

Nee het is natuurlijk een kostenpost en dat is een substantiële kostenpost. In dat opzicht wijkt het iets af van een traditioneel bedrijfsmiddel zoals een machine, want dat is een direct verlengstuk van het product dat je levert.

Hoe denkt u dat de vastgoedstrategie over het algemeen meer in lijn gebracht kan worden met de bedrijfsstrategie en is dit überhaupt wenselijk?

Of het wenselijk is, dat lijkt me logisch. Enerzijds vanuit de kostenoptiek en anderzijds vanwege de positie van de onderneming. Daar valt wat over te zeggen. Daar valt wat over te zeggen. In relatie tot de arbeidsmarkt, in relatie tot toeleveranciers, in relatie tot... nouja misschien wel historie, de identiteit van een bedrijf he. Er zijn dus allerlei factoren die daar volgens mij bepalend in zijn he. Dus of dat nou vastgoed is of ITC of... nouja bedenk het allemaal maar. Het moet wel in lijn zijn. Je kan dus een bedrijf zijn die eigenlijk maar geld heeft voor een Volkswagen maar als je dan vervolgens in een Mercedes wilt gaan rijden... Ja dat gaat hem natuurlijk niet worden. Dus het moet per definitie in lijn zijn. Ik denk alleen dat de positie van een bepaald vraagstuk rondom vastgoed ook in een bepaald perspectief gezet moet worden. Het mag geen doel op zich zijn.

Oke, dus het moet echt ondersteunend zijn en niet het doel op zich. Oke. En als we nou kijken hoe dit nou wordt geïmplementeerd, zijn er dan nog nieuwe technieken of tools die u kunt implementeren in uw werkgebied? Ik dacht dat uw organisatie veel doet op het gebied van duurzaamheid. Op welk manier ontwikkelt de kennis zich binnen het bedrijf? Is dat iets dat iets dat uit de academische wereld komt of vanuit serviceproviders, vanuit consultants?

Ja dat is een combinatie van heel veel dingen.. Jeetje. Laat ik beginnen dat ik vind dat je als organisatie altijd ogen en oren moet hebben voor wat er buiten je organisatie gebeurd. En als je het hebt over het niveau, dat is dan zeg maar iets dat verwerkt is in de strategie van je bedrijf he. Dus omarm je het als bedrijf en wil je, als je het hebt over duurzaamheid, daar iets in zijn, dan heb je extra prikkels om het te doen. En verder komt het toch een beetje uit als facilair of als corporate real estate afdeling, ben je in staat om de toegevoegde waarde van duurzame maatregelen ook te stalen in de planvorming naar directies toe. En daar heb je de markt voor nodig. Daar heb je specialisten voor nodig. Wij zijn in dat opzicht een regieorganisatie, die specialisten huren wij in. Dat vraagt vertrouwen, dat vraagt soms wat doorzetting, een beetje volharding en dat vraagt ook een bepaald geloof.

En die verbeteringen die daar zo uitkomen, die nieuwe technieken en die stappen vooruit, bijvoorbeeld op het gebied van duurzaamheid, denkt u dat die er uiteindelijk voor zullen zorgen.
Alignment of corporate real estate strategy and corporate business strategy

dat bij corporate real estate een nog stevigere plek krijgt bij het strategisch overleg, dat ze echt meer worden betrokken bij de overall business?

Nee... ik denk dat dat quick wins zijn. Als een bedrijf duurzaamheid en verantwoord ondernemen hoog in het vaandel heeft staan, dan kun je natuurlijk super simpel en super eenvoudig scoren met je clubhuis, zeg ik altijd maar. Dat kun je alleen al doen door groene energie in te kopen. Dan heb je al een hele slag gemaakt en dan kun je naar de buitenwacht toe zeggen: “Kijk eens wat wij doen aan de verduurzaming van ons bedrijfsproces!” Dus dat is relatief eenvoudig. Dus in dat opzicht heb ik niet het idee dat vastgoed een belangrijkere positie gaat innemen. Nogmaals, dat vastgoed wordt gewoon door de business gezien als een bedrijfsmiddel en dat bedrijfsmiddel moet gewoon optimaal functioneren op een manier die past bij de organisatie.

Want uiteindelijk is het een kostenpost en moet iemand het betalen?
Kijk het is een kostenpost war je het op een zo goed mogelijke .. het moet aansluiten bij. Wij kiezen er bewust voor op op een stationslocatie te zitten omdat we daarmee iets terug kunnen geven aan het personeel die met het OV komt. Wij kiezen ervoor om in Utrecht te zitten. Waarom? Omdat we daarmee centraal in het land zitten en onze organisatie bestaat vanuit de oorsprong uit heel veel verschillende plekken in het land. Dus Utrecht is daarmee een redelijk centrale locatie. Dus mensen uit ’s Hertogenbosch, uit Arnhem, uit Den Haag, uit het noorden van het land, die kunnen relatief simpel met de trein, met het OV, naar Utrecht komen. Dat komt denk ik ook wel doordat het personeel een heel belangrijke asset is bij heel veel ondernemingen die in kantoorgebouwen hun dingetje doen.
Als we even heel hoog beginnen, wat denk jij dat de relatie zou moeten zijn tussen een corporate real estate afdeling en andere business lines, hoe betrokken moeten ze met elkaar zijn?

Het valt of staat, met die rol die vastgoed heeft in die organisatie. De mandaten verschillen nogal. Ik moet niet een vraag met een andere vraag gaan beantwoorden, maar daar zijn nog grote gradaties in aan te brengen. Ik denk dat je wel begrijpt wat ik bedoel. In het meest extreme geval heeft zo’n vastgoedafdeling volledig mandaat en gebeurt er niks zonder de goedkeuring van zo’n afdeling. In zo’n geval is het noodzakelijk voor die afdeling om heel dicht op de business te zitten en dat het goed kan adviseren. Als het een veredelde organisatie is, dan is er geen noodzaak toe. Maar ik denk dat jou vraag meer gaat over het eerste geval. Het geval dat er vastgoed beslissingen zijn, dat je die verplichting hebt in een organisatie, dan moet het goed zitten.

Wat ik zie uit de survey is dat bij veel van bedrijven die hebben gereageerd, vastgoedafdeling ondergebracht is onder andere afdelingen. Onder inkoop, finance en onder HR heb ik ze voorbij zien komen. Denk je dat vastgoed echt een aparte pijler moet zijn, zodat ze serieus genomen worden als businessunit die daadwerkelijk kan bijdragen in het proces en waarde kan toevoegen?

Dat kan alleen als het vastgoed onderdeel is van het primaire proces. De reden waarom HR aan de tafel zit en de inkoop ook, is omdat die direct invloed hebben op het primaire proces, dat zijn belangrijke pijlers voor een bedrijf. En zijn organisaties, waar het vastgoed onderdeel is van het primaire proces. Dat zijn er niet heel veel, ik weet de voorbeelden niet op te lappen. Ik weet niet zeker of het een goed voorbeeld is, maar ik kan niet voorstellen bij voorbeeld van een datacenter bedrijf, die datacenter ruimte verhuurt. Het is dan van wezenlijk belang wat er in de portefeuille zit. Dus daar zit je direct aan tafel. In andere gevallen is het iets anders. Afhankelijk van de focus van het bedrijf, is vastgoed onderdeel van finance, HR, of van inkoop.

Waar ik eigenlijk naartoe werk, is om te kijken of mensen inderdaad van mening zijn dat vastgoed waarde kan toevoegen aan een organisatie in plaats van alleen een kostenpost zijn, iets wat ik nog steeds tegenkom in de survey.

Als het om het primaire proces gaat, heb je direct correlatie tussen kosten en waarde toevoegen. En misschien is dat wel onderdeel van de oplossing, je moet jezelf zodanig presenteren, zodanig relevant maken, dat je die koppelingen kunt aantonen.

En daarvoor moet je denk ik aan de voorkant heel goed weten wat je als vastgoedorganisatie doet en kan bijdragen, dus je moet hele goede measurables voor jezelf hebben, anders kan je niet presenteren.

Ja, een ander goed voorbeeld is misschien een retail organisatie. Bij retail is locatie, en de kosten die je hebt voor zo’n organisatie zijnde, van wezenlijk belang. Daar zullen ze nog dichter op de leiderschap zitten.

En denk je dat dan, in the end, we naar een model toe moeten waar vastgoed meer en meer is geïntegreerd met die andere business units, om bijvoorbeeld het primaire proces verder te kunnen ondersteunen.

Ja kijk, integratie met business units, dat is een interessante vraag, want..

Denk je dat die samenwerking beter kan?
Wat je zegt, samenwerking, integratie, het gaat om kennisuitwisseling, het gaat om in hoeverre je in staat bent om de vertaalslag te maken van de bedrijfsdoelstellingen, naar een vastgoedoplossing. Die vertaalslag moet je maken. Het gaat om het interpreteren van strategische plannen van de operationele doelstellingen en die dan weer door vertalen naar een vastgoedoplossing. De grootste uitdaging hierin is, dat ondernemingen zoals wij die vandaag kennen, zeer dynamisch zijn. Dat gaat zo snel, dat is voor onze vastgoedwereld niet bij te houden. Dus die vertaalslag an sich is al heel moeilijk. Maar dan zoek je naar betere samenwerking, dan zoek je een beter dialoog. En dan is de vraag moet je dat op business niveau bewerkstelligen, of wil je het op hoog niveau bewerkstelligen? En waar haal je de meest relevante informatie vandaan? Omdat je te maken hebt met vastgoed dat, hoe zeg je dat..

Inflexibel is?

Inflexibel is, en business units op lokaal niveau, die heel erg wispelturig zijn, en leiders op hoog niveau die wel bereid zijn om langetermijnvisie neer te leggen.

Ja, die willen wel op dat vlak strategische beslissingen kunnen nemen.

Ja, die koersen met een bepaalde visie. En op lokaal niveau heb je te maken met de resultaten van dit jaar.

Hoe zou die relatie verbeterd kunnen worden? Zou je dan echt bij business units op lokaal niveau langere termijn doelen moeten stellen zodat je met elkaar toch wel één target kunt hebben? Niet dat je de ene business unit hebt die heel flexibel is, terwijl vastgoed natuurlijk wat vaster is?

Dan is het van belang om voor jezelf duidelijk te hebben wat je verstaat onder business unit. Want business unit kan bijvoorbeeld zijn de afdeling zus en zo in Capelle aan den IJssel, of het is het hoofd van een andere organisatie, of het is het hoofd van de regio. Wat is business unit? Maar als ik zo luister denk ik dat business units veel meer lokale organisatie is, en ik denk dat de corporate real estate organisatie daar weinig te halen heeft. Ze zijn belangrijk, je moet ze gebruiken om je eigen beeld te kunnen vormen, maar uiteindelijk moet je toch de richting en de samenwerking zoeken op hoog niveau.

Ja, en dan moet je dus heel duidelijk kunnen presenteren, jongens, dit is wat wij als vastgoedafdeling doen en wat wij kunnen bijdragen. Voordat je daar überhaupt een beeld kan schetsen.

Ja, wat ik dus vroeger heel vaak deed, was de indicatie op allebei de niveaus voeren, en het was ook vooral de meerwaarde van vastgoed, om die lokale gesprekken naar boven toe te communiceren. Zo van, dit is wat ik hoor, wat vind je daarvan, en zo kan je ook heel makkelijk het leiderschap van de organisatie helpen.

En zie jij over de jaren heen dat er nog meer methodes of technieken komen die je daarin kunt gebruiken? Dat je ziet dat we steeds meer tools krijgen wel die we kunnen gebruiken om duidelijk te maken wat wij doen? En op welke manier komen die dingen binnen? Waar halen jullie die nieuwe kennis vandaan?

Als ik nu mijn huidige bedrijf vergelijk met Lucent Technologies, waar ik 10 jaar geleden voor het laatst gewerkt heb, dan zijn de tools, met name dus de tools zoals de diverse databases en platforms die we nu gebruiken, een stuk makkelijker om kennis met elkaar te delen en op te slaan. Vroeger ging alles met Excel, en was een SharePoint al eventjes lastig. En nu is het, met name bij mijn huidige werkgever, het vergaren, verwerken, opslaan en delen van die informatie veel makkelijker geworden. En de toegankelijkheid van informatie maakt het makkelijker om beslissingen te nemen.
En het maakt dus ook de mogelijkheid om te rapporteren naar higher management. Om te laten zien wat jouw strategische waarde is.

Ja, want je kunt zolang die data op orde is, daar verschillende soorten rapporten uithalen. Voor verschillende typen publiek. Uiteindelijk is het allemaal dezelfde informatie. Het is geen rocket science, het is gewoon vastgoed. Je hebt vastgoed informatie nodig voor je eigen portefeuille, je hebt kennis van organisatie nodig, en je hebt marktinformatie nodig. Dat zijn de 3 grootste componenten die je nodig hebt voor rapportage. Daar kan je, afhankelijk van tegen wie je praat, verschillende focus op leggen en daar rapportage uit opstellen. En zolang die data gewoon actueel is kan je elk moment van het jaar rapporteren.

En op het gebied van data en data verwerken, zie je daarin nog ontwikkelingen? Hoe komen die nieuwe technieken binnen het bedrijfsleven? Denk je dat er iemand is met Excel vaardigheden, en die dan uit zichzelf een volgende stap zet? Of zie je dat daar toch nog ergens een link is met onderzoeksafdelingen die aan nieuwe denkbeelden bijdragen?

Grote innovaties zijn alleen mogelijk bij een duidelijke noodzaak, iemand moet ervoor betalen. Dus nieuwe producten binnen de advieswereld die komen alleen tot stand met een testcase, met een bedrijf dat zegt ik ga hiervoor betalen, en ontwikkelen tot een product. Hetzelfde geldt voor vastgoed. Zijn er nog innovaties te verwachten binnen de vastgoedwereld? Ik denk niet zo snel, want er is geen financiering beschikbaar in de vastgoedwereld, niet binnen corporate vastgoed. Bij corporate real estate is de cost centre basis, dus die moet zo min mogelijk zijn.

Maar denk je dat dit zo blijft op het moment dat corporate real estate kan aantonen dat ze niet alleen een kostenpost zijn, als ze hun strategische waarde duidelijk kunnen maken? Zou er dan meer geld worden vrijgemaakt?

Ja, dan wel, maar dan moet je een hele sterke business case hebben. Een business case die mijn organisatie had destijds. Een extern adviseur. Die kant moet je op. Dit is wat we verwezenlijken, we hebben dat en dat en dat nodig, kom maar op met je geld. En dan wordt het vrijgemaakt.
Interview 3 conducted on 27-11-2015

Wat zou in uw opzicht de relatie moeten zijn tussen vastgoed department en andere business lines, dus een HR, IT, finance, inkoop. In hoeverre zouden deze aligned moeten zijn en met elkaar moeten kunnen samenwerken?

Nou, ik denk dat het bovenal, het zit ‘m in de, de… Ja sorry, zal maar zeggen, ik ga heel erg zoeken naar Nederlandse woorden nu, Nederlands is niet mijn taal, zal maar zeggen, om mijn werk in te omschrijven, dus af en toe dan hapert het een beetje, maar...

Doe het vooral in het Engels als dat makkelijker voor u is.

Ok. So in my view, in terms of the nature of all of these departments you are mentioning all of their, sort of their main focus, or their main... the nature of their roll within the company is that they’re facilitators. They support the core of the business. So from that point of view, they should be able to work together and to support the core of the business together. Within Unilever that is organized, that doesn’t mean it’s always the practice of things. So what happens... so Unilever’s sort of facilitating departments are organized in one main department, so IT, HR, WR and parts of finance is structured in what is called ETS, so its own department next to the rest of my organisation, let me put it that way. So core, non-core separated. It doesn’t always mean that working together is something that we constantly do, but in some cases projects are taken up collectively. So we have for instance an agile program what in workplace or real estate terms is around workspace and making it flexible, blabla all of that stuff. But, HR and IT also have a place at the table, so that the whole project is... the program is developed on tree pillars, so there’s an HR component, there’s also an IT component, that together facilitates the agile program. So if there’s, we have certification, so that is not only based on how agile the environment is, but also how technology enables to be agile and what type of HR consequences that has, so...

So these are really for instance innovation programs that run through, in this case, all facilitating departments?

Yeah, so, from the nature of what we do, which is enabling and facilitating, that is where is at some point there is crossovers and there is work relationships that are easier to combine once there is already an organizational, sort of, liaison. Or in our case, as well, there is a joined goal. So we have ETS, so our overarching department has its own strategy.

Do you think the real-estate department in this structure can bring enough to the table?

So, I don’t think... From a business standpoint, let me put it that way. So obviously, I’m a real-estate professional and I think we can do marvelous things and we can do fantastic stuff, so it’s not really... It’s almost sort of destroying my own profession. But in the end, what we do, the consequences what we do, is financial driven. Or, in some cases, it’s related to people. So if that’s sort of the core of the company, when the assets sit in the people I can imagine HR plays a very big role in this company, so I understand that. So, in terms of it effects of what we do, there is always something that drives it. And in most cases that is financial driven component or an HR driven component. So, in relation to reporting and translating that activity into business related... understandable business related, in this case, numbers, you will have to always... It’s very difficult to be your own standalone operation. Because in most cases, the business, or the core business that you work for, have no clue what real-estate can or cannot do. They know about the front door, they know about the bricks, they know about how many workstations, etc. But that’s about it. And that’s also how much they care, they don’t care. And it’s an illusion, from where we sit, to think that what to do with the real-estate occupies everyone’s mind, except the real-estate department, because that’s what they’ve paid for. So, I don’t think real-estate will ever be a standalone department, because for business it’s usually just a thing that they need to do their job and it’s not... Unless it’s their core activity, so when there’s a really big retail component or when you’re a supermarket chain, then I understand that real-estate
is a sort of separated, standalone department that can or cannot report directly to a CEO or CFO, or whatever it is at that point. But when real-estate has a facilitating role I think we’re sort of overpromising and under delivering at that point. If you actually want that seat at the table, then I think you really need to address what is the role that real-estate plays in that company specifically. So that won’t be the same for every company or for every corporate. Does that make sense?

So, for other parts of the company, they will most likely see real-estate just as a cost center, a large cost center. You don’t think that there is any way that will change in the near future?

I think it will change for the western world, initially. So... but it changes again... it falls into the same bucket, so it changes with the nature of the business. As the main driver for corporates in the western world move from production to knowledge workers, the component of people becomes really important, so... and especially in certain sectors where, for instance technology, it’s about... where there is still a lot of growth, where there is competition around the smartest people in the world, their environment and where they work and how they work and how motivating that is, will become more important. So, yes it’s still a cost driven... What we do always costs money, it never makes money. So it will always be this part of the business that it just a big, big gaping black hole where money disappears. But I think it’s our job to explain it, not only in financial numbers, but also make it visible what other added value there is. Because there is more added value than just the money. There is the compartment that supports your business drivers, but you need to sell that. It’s also... because you’re facilitating, it’s not only doing your job and doing the best deal and saving money for your company. It’s also about selling what it’s adding... how it is adding value to your company. And not just... but that shifts the nature of what we do from being reactive and just doing what we’re told, to proactive and actually initiating things and being part of that change that the business goes through, because they go through change every day. So it should be about being enabling that and supporting the core business and what they want to do. And then your whole ships from just being that money pit to we can enable people to do better or we can enable production lines to be more efficient. I don’t know, I’m making it up, but...

In the end it’s about measuring and reporting what you can contribute to the organization. So you need methods to measure your own value, is that correct?

Yeah, so over and above the financial department, because the numbers, number remain and will always be, one of the most important things in a company. There here to make money. And there will be other factors that are also important to a company, but in the end it can’t survive if it doesn’t make money. So it’s that simple. So, it’s not a negative thing, it’s just the way the world works. So, and, for a real-estate department you have to realize that that is what, therefore, is the main information that they want out of your department, how you’re doing moneywise. But, if you can translate that into, ok, I’m building a quality, an office that holds more quality than the previous office, and that will ensure that we attract talents that we remain sort of... that we make sure that people get more productive, because they get more daylight, I don’t know, daylight access. And then they will make you more money, then that’s a different story. Then just say, this is the bill for your new office. So, that’s what I mean, in terms of trying to realign and re-describe the added value and not just in number. But maybe it’s just what the effect can be on numbers, so productivity is very difficult to measure for instance. But if you can show that it at least has a positive effect, then you can debate later on how big it is.

And on the account of measuring these activities and reporting this, do you keep track of, for instance, new methods, new models that reflect these added values?

Shamelessly, no. Because we do need them, I guess, because it is very hard to do. The one thing that I have noticed is that... so if... back to the earlier question that you asked, if you want to try to be a sort of standalone real-estate compartment and come up with your own methods, it’s really hard to get that landed in your corporate. In my case it’s a really big multinational, it’s really big company, so
the moment that we try to deviate in terms of measurements and presenting results from what main business is doing, we need to get a really good case. So, in many cases the best way of landing your message is to adopt the ways of working and the measurements and the ways of reporting that are already exist in your company, because people understand that. So, it's not just methods, but it's also the way you can explain the methods and how acceptable that is to your client.
Interview 4 conducted on 30-11-2015

Als we beginnen met vraag één, wat zou in het beginpunt de relatie volgens u moeten zijn tussen bijvoorbeeld real-estate department en andere delen van de business, zoals een HR, procurement, finance, IT, wat is daarin de optimale relatie?

Nou, er zitten... er zijn bedrijven die steeds meer op zoek zijn naar zeg maar integrale werkplek aanpak en werkplekken zijn niet alleen zeg maar de feitelijke werkplek, maar ook zeg maar hoe mensen überhaupt werkzaam kunnen zijn, dus ook dat schiet er wel eens in, thuis, op reis, et cetera. En dat loopt vaak steeds meer tot samenwerking tussen die drie functies. En vooral is dat zichtbaar geworden bij bedrijven die zeg maar veel werk omarmd hebben, waarin zeg maar in de meest vergaande vorm die drie functies al heel erg in elkaar geïntegreerd zijn en vaak al rapporteren aan één functional unit, zoals een global business service of zoiets. En dus de samenwerking wordt steeds nauwer denk ik. Er zijn ook wat bedrijven die achter blijven, maar er zijn ook wat bedrijven die er al ver in zijn denk ik.

Wat denk u, denkt u dat de vastgoedafdeling echt een afdeling op zichzelf moet zijn of kan die worden ondergebracht onder finance, onder procurement, inkoop?

Nou, het antwoord is wat lastig om te geven, omdat het namelijk afhangt van de ontwikkeling van de functie real-estate binnen het bedrijf. Maar ik moet het proberen simpel uit te leggen. Als real-estate een redelijk reactieve en onzichtbare functie binnen het bedrijf heeft, er zijn heel veel bedrijven waar dat nog steeds het geval is, dan vaak uit onwetendheid of, hoe zeg ik dat, onzichtbaarheid is het vaak verstandig om te kijken wat een real-estate functie kan bijdragen aan de business. En als het dan puur om te centen gaat, hè, want dat is vaak ook zo, winst en kosten en zo hè, dan is het vaak verstandig, wanneer zo’n functie aan de financiële functie opgehangen wordt, omdat dat namelijk extra stimulans geeft om de functie als het waren tot ontwikkeling te laten komen. Mijn ervaring is dat als het aan de inkoopkant hangt, ja, dan... zo’n inkoopfunctie is vaak gericht op besparingen en real-estate is niet alleen maar op besparingen het is ook gewoon kwaliteitsimpuls in de werkplek. Dus afhankelijk van waar de ontwikkeling van het bedrijf staat in de relatie tot real-estate of waar de ontwikkeling van real-estate staat in relatie tot de ontwikkeling van het bedrijf, zou ik zeggen als het in procurements ondergebracht wordt, nou dan is daar best wel een inhaalslag te doen. Als het onder finance zou kunnen hangen, dan ja, dan zit je vaak in de vroege fase om te proberen de functie wat meer gewicht te geven en wat er vaak gebeurt als het door finance, als het door die laatste ontwikkeling heen gegaan is, dat het als het ware echt erkend wordt als een substantiële bijdrage aan een bredere strategie die door, ook door IT, omarmd wordt, hè. Dan is het vaak verstandig als het min of meer aan een finance, maar ook aan een HR functie gehangen gaat worden. Als het te vroegtijdig aan een HR functie gehangen gaat worden, dan denk ik dat er weer wat voorzichtigheid optreedt, en dat men, ja, dat de strategieën van zowel wat weer wat afgelakt worden, want de HR community is niet echt een community die beroemd staat vanwege risico dragen. Als je kijk naar waar de meeste real-estate functies echt tot volwassenheid gekomen zijn, dat is vaak onder de umbrella’s van de CFO financiële functie.

En zou dat dan uiteindelijk moeten doorgroeien naar echt een afdeling op zich, zodat het echt op strategisch niveau kan meepraaten, hè op één lijn, met finance, HR, IT en al die andere afdelingen of kan het ook terwijl ze zijn onder geplaatst onder finance?

Nou ja dat is een beetje de natte droom van elke real-estate man dat die, dat de real-estate functie zeg maar heel erg doorgroeit. Maar, ja dat is nog niet echt veel bewerkstelligd. Dus wat ik eigenlijk zie als een huidige ideale situatie is dat het gewoon een directe relatie met de CFO van het bedrijf heeft, omdat toch wel heel veel besluitvorming financieel gedreven is.
Hoe denk je dat dat op gebied van rapportage, wat u zelf ziet in uw organisatie, en hoe zou dat beter kunnen om dus meer de aansluiting te kunnen maken met andere afdelingen?

Weet je, ik denk dat daar heel vaak... Dat is heel moeilijk... Mookie vraag, maar moeilijk antwoord. Waar het heel vaak mis gaat, is denk ik vooral aan de real-estate kant waarbij mensen die in een real-estate organisatie actief zijn, vaak niet echt professioneel onderlegd zijn, ik zeg het even heel zwart-wit hoor, waarbij er twee dingen markeren, denk ik. Ten eerste de kennis om strategische te denken, zijn vaak hele tactische denkers, van de doe'ers vooral hè. Dus het is vaak een gebrek aan kennis om heel strategisch te denken in de taal van de business. En het tweede is eigenlijk, ook wat ik net noemde, de taal van de business, om te proberen vanuit de technische wereld proberen de strategie te vertalen in de wereld van de business. En dat moet je proberen op te hangen ook aan wat voor de business belangrijk is. En wat voor de business belangrijk is, dat haal je uit de managementagenda gewoon van de directie, van de board of de raadsbestuur. En daar moet je proberen de straal in te zoeken van wat jij als real-estate functie kan bijdragen aan wat op dat moment voor de business belangrijk is. En dat hangt helemaal af van waar het bedrijf zich bevindt. Als het bedrijf zich in een groeistatus bevindt, dan past daar een hele andere strategische propositie bij vanuit de vastgoed optiek als wanneer het bedrijf in economic decline is hè, waarbij het alle hens aan dek is en proberen te overleven en besparingen en weet ik veel allemaal wat hè. Dus als real-estate man moet je proberen te ontdekken wat de strategie is van de business en dat moet je proberen te vertalen naar wat er strategisch mogelijk is vanuit de vastgoed functie. Ja en daar moet je inderdaad eerst de strategische kennis van hebben vanuit het vastgoedperspectief, hè, van wat kan ik bijdragen et cetera hè. En ten tweede moet je er dan ook nog eens een keer, hoe moet ik dat noemen, de volwassenheid dat de seniors niet hebben om dat te vertalen naar businesstaal, waardoor je ook een kritieke marge van interesse krijgt. Want als real-estate man alleen maar over vierkante meters praat, en stoelen, en misschien de kleur van het behang, ja, daar krijg je niemand mee enthousiast.

En die strategische ontwikkeling, waarvan je zegt, nou ja niet elke vastgoedman heeft die ervaring of die kennis, ziet u dat die kennis zich wel ontwikkelt? Als ik kijk naar hoe hoog het academische publicaties, dan is er heel veel geschreven in de afgelopen jaren over hoe vastgoed op strategische niveau kan bijdragen aan de business. Denkt u dat dat soort dingen op een manier de praktijk bereiken en daarin worden ingezet? Zie u zelf dat u nieuwe methodes kan inschrijven in uw dagelijkse werkzaamheden?

Dat is simpel, dat is eigenlijk heel negatief, omdat heel veel van de mensen die nu nog maar leidinggevende functies bekleden binnen de vastgoed, binnen de end user omgeving dan hè, dat zijn mensen die helaas niet hebben kunnen genieten van de opleiding waar jij nu op zit. Die was er vroeger niet. Dus heel veel van de mensen die nu leidinggevende positie hebben, die komen vaak uit of uit de organisatie zelf of uit een wat bredere discipline. Ik ben zelf weg- en waterbouw en ik ben het ontvoorrend vastgoed in gekomen door omstandigheden. Of omdat er een zijdelingse opportunity beschikbaar kwam voor mensen. Ik weet bijvoorbeeld dat het hoofd van Unilever, dat is de voormalige personeelsman. Met andere woorden, kun je vanuit die wat moeilijkere benadering verwachten dat die mensen die nu aan de leiding staan zeg maar de laatste kennis hebben? Ja er zullen er een paar bij zijn die hun best gedaan hebben, die proberen, hè, contact te houden en zo met wat er gebeurt. Maar ik denk dat het makkelijker wordt als zeg maar de volgende generatie aan bod komt en wel die kennis meeneemt vanuit educatie et cetera. En dan denk ik dat er toch wel meer beweging in komt. Hoop in tenminste.

Wat mensen vaak zeggen is, ja, we kunnen wel innovaties toepassen, maar dat is één, heel erg afhankelijk van de business case en twee uiteindelijk moet het altijd financieel aantrekkelijk zijn,
voordat men wil gaan innoveren. Ervaart u deze obstakels ook binnen uw organisatie of vanuit uw ervaringen?

Ja daar ben ik het niet helemaal mee eens, omdat namelijk innoveren wordt inderdaad door economische motieven gedreven, maar je moet begrijpen waarom die economische motieven op een gegeven moment belangrijk zijn voor het bedrijf. En als een bedrijf in groeimodus is hè, neem de booking en de googles hè. Ik heb zelf bij zo’n bedrijf gewerkt een jaar of tien geleden, vijftien geleden, waarbij groei heel belangrijk is. Dan is het juist des te belangrijker dat je het beschikbaar kapitaal op een hele verstandige manier inzet en dat is een rede om innovatie te proberen te introduceren. En wat ik nu zie, dat is heel apart, ik heb dus van 2000 tot 2004 heb ik bij Sun Microsystems gewerkt, dat was een van de snelst groeiende bedrijven toentertijd, samen met Cisco.

En dat bedrijf had enorm veel moeite om zijn groei als het ware te volgen. En die hebben toen een hele belangrijke beslissing genomen, die hebben namelijk heel veel innovatie in de werkplek toegepast om maar weer die groei te managen. En met andere woorden, de head of real-estate die daar toen actief was, die zag een rede om innovatie toe te passen binnen de economische cyclus van het bedrijf. En wat ik nu zie, ik ben toevallig recentelijk bij Facebook op bezoek geweest in Amerika, dus ook bedrijven die zeg maar ongebreidelde groei hebben en nog steeds zullen hebben. Ik zie daar, en ik ben daar heel zwart-wit in, ik zie daar totaal geen innovatie eerlijk gezegd. Ja, mooie kleurtjes.

Dus dat is als het ware de innovatie die je toepast als je economische groei hebt. Nou ja, ik bedoel het is evident dat als je in economic decline zit, dat dan geen geld is om innovatie toe te passen, maar ook dan kun je innovatie toepassen, omdat je dan met ook de zeer beperkte middelen nog steeds heel verstandige dingen kunt doen. Maar ja, dan moet je wel de kennis hebben om zeg maar de obsceniteiten uit de verschillende situaties eruit te filteren en om een goed advies neer te leggen. Dus ik, ja, ik, je kunt altijd innovatie plegen, daar ben ik echt van overtuigd. Alleen je moet wel weten hoe je dat moet doen.