

Exploring Avenues for Transformation

Strengthening the Real Estate and Facilities Management Organization

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Focus on Organizational Core Competencies

You are a manager of facilities and real estate assets for your company. You have a good team that services the customers within the organization, acquiring space, managing projects, administering leases, etc. However, there always seems to be hiccups in delivering these services. You receive requirements late, and thus you deliver services slower than desired by your customer. Your cost controls don't seem to work as planned, and your processes seem a bit frazzled and disconnected. The key to strengthening your organization is to focus on improving organizational core competencies

Portfolio management can be disaggregated into four sequential and iterative groups of core competencies, to include:

- **Strategic Planning.** Strategic and budgetary planning that drives the policies and initiatives.
- **Policies and Initiatives.** Policies define the processes and procedures for portfolio management and stabilize the operating model. Strategic initiatives shape the portfolio, and position assets and people for higher performance.
- **Organizational Support.** Support with sufficient resources, tools, and communication channels in order to carry out the strategic initiatives and policies that have been established.
- **Assessment and Evaluation.** Assess the organizational performance for continuous improvement opportunities. Establish portfolio metrics and analytics for performance benchmarking, trending and forecasting.



Core Competencies of Portfolio Management

When we talk about improving real estate and facilities management, we tend to think more of the nuts and bolts of the operations, such as energy costs, lease rates, space utilization and construction processes. However, another stream for improvements is more subtle. These improvements are more focused on the organizational context and thus focused on the intangibles. How can you improve the way that your team operates in order to better deliver services and manage real estate and facilities?

Why focus on the organization? It's simple. The processes that you use to perform work, and the people that drive those processes; own and control more of the value channels than any other elements of the operations. This is the component of real estate and facilities management that focuses on long-term planning and operational sustainability of the portfolio. Leading portfolio management organizations provide robust decision-making capability that ensures the most effective use of the real estate assets in

supporting overall business objectives. Forward-looking portfolio planning also meets the needs for business growth and flexibility.

Challenges to Successful Service Delivery

Much of the value created in the process is determined by how your organization delivers services to internal and external customers. Each element of the framework is important for the delivery of facility and real estate services, and the typical facilities and real estate organization faces significant challenges and obstacles that hinder the realization of the full value of these services.

Strategic planning is often the least understood and the most underdeveloped functional area for facilities and real estate management. Many real estate and facilities departments are viewed as “fulfillment centers” by other departments and are often left out of the operational planning cycles until a specific needs arises. This leaves inadequate time for space acquisition, leads to poor budgeting, creates limited choice in new space selection, and results in a fragmented portfolio of inefficient space. These functional silos can relegate strategic planning for real estate and facilities to the role of “data beggar”, where bits of planning information has to be gleaned through informal channels and infrequent formal sessions.

Gaps in policy are generally the most systemic problem area for real estate and facilities management organizations. These policy gaps are typically driven by new compliance mandates that are poorly understood by the organization, or changing functional needs driven by a dynamic market or operational environment. Many times the changing needs of different functional groups are not communicated or are poorly communicated leading to misinterpretation of needs and vague and reactionary policies. This lack of communication also can create disjointed strategic initiatives between the real estate group and other functional groups leading to conflicts in resource management and dissatisfaction with service delivery.

The level and quality of organizational support often suffers from a lack in capabilities or even the difficulty in accessing existing capabilities. This is often due to a lack of standardized processes or centralized knowledge management, which continues to enable the cycle of non-standardization through the inconsistent application of knowledge and expertise across the organization. To make matter worse, real estate and facilities organizations tend to weak or “stand-offish” relationships with delivery partners, further amplifying the problems associated with standard quality of service delivery.

The most common issue with service delivery is performance management. Self-assessment and consistent evaluation is the key for improvement, but is rarely done consistently or correctly in most real estate and facilities management organizations. The common underlying factor in this issue is data integrity. It’s simple; the data is missing, inaccurate, or untimely. Even when data is available and accurate, there tends to be a mismatch in metrics and tools used within and across business lines to conduct analysis and measure performance. Much of the reporting that is done, tends to be reactive to management requests or compliance with new regulations and mandates.

The best way to address these issues is to react in a transformative manner, re-crafting the old way of doing business. This starts by setting of goals and actions by which to aspire and start paving “Avenues of Transformation”.

Avenues of Transformation

There are seven elements within the avenues of transformation that will create value in the services that you deliver to your customers. These elements enable planning and activities that fill identified gaps in processes and mature the portfolio management function. Each element is transformative in nature, representing a new way of doing business. These are described as seven related elements: portfolio leadership, information management, policy guidance, knowledge centers, training, communications, and partnerships. For each element, there are specific near-term and long-term visions will lead an organization down a evolutionary path to a comprehensive portfolio management capability. These Avenues of Transformation lead to initiatives that can be prioritized for best fit, and be used to guide the organization through its evolution.

Portfolio Leadership

Portfolio Leadership means many things and is closely linked to the other avenues of transformation. However, Portfolio Leadership primarily drives the transformation of the real estate and facilities management group from a reporting function to a strategic planning function. As such, the group should aspire to play a key role in C-level strategy. In most cases, real estate and facilities decisions are followers and not leaders in the process, creating a reactionary culture and perpetuating the cycle. As the organization matures, managers should offer advanced decision support to inform strategic and budgetary planning, and be at the table providing real time accurate feedback on the real property implications of strategic and operational decisions.

Getting Started	On the Road	Your Destination
Collects and consolidates data from disparate sources. Reporting is compliance driven. There is little or no decision support. Real estate is not linked to C-level strategy.	Data quality improved and linked to basic decision support tools. Basic input provided to strategy and budget formulation.	Decision-support capabilities are industry-leading. Facilitates capital budgeting, bringing a portfolio-wide perspective to the process.

Information Management

As an enabler of portfolio leadership, information management is foundational element along the avenues of transformation. An effective information management system that is fully integrated throughout the enterprise will support portfolio management capabilities through the identification of appropriate data sets; ensuring the collection of data that is complete, accurate, timely; and the analysis of the data that leads to actionable recommendations.

Getting Started	On the Road	Your Destination
Disparate and silo systems with inadequate capability. Heavy reliance on “data calls.” Missing, incomplete, inaccurate, and dated information. Few or no decision support tools.	Quality data shared in compatible systems. Expanded datasets support broader portfolio analysis. Standard data dictionary.	Analytic capabilities enable business intelligence. Strong linkages to other functions through ERP level system. Elimination of “data calls”.

Policy Management

A strong policy shop supports operational execution through written guidance, training, and other resources (e.g. subject matter expertise). Policy is an organic part of the process and thus should be continuously evaluated to assure that it has been implemented across the organization, that it is achieving its intended goals, and that it remains relevant over time. Policy is not a point-in-time event. It is a continuous process that starts with the identification of policy needs and follows a process that includes research and drafting of policy that is subsequently issued with input and feedback from impacted parties. The issued policy is supported from the leadership levels with investments in training and technology, as needed. Issued policy is continuously evaluated to ensure that it is still relevant and effective; and is modified or retired as appropriate. This keeps the organization nimble and stops unnecessary bureaucracy from building up.

Getting Started	On the Road	Your Destination
Policy driven by compliance or audit and is vague. Little support for issued policy. Policy is “slow out the door,” staying in draft for extended periods, thus eroding confidence and future compliance with finalized drafts.	Leading practices are integrated into policy. Outreach to users and managers drive a proactive policy agenda. Audit issued policy for compliance, impact, and continued relevance.	Policy as a continuous process of issue, support, audit, evaluate impact and effectiveness, and adapt as required. Policy gaps quickly identified and filled.

Knowledge Centers

With a complex asset such as real estate, knowledge is a key driver for successful portfolio management. As such, knowledge centers should be a shared service that is accessible throughout the organization. Thus, operational groups have access to specialized real estate knowledge and skills, regardless of size and internal capabilities. With the right technology tools and infrastructure, knowledge and skill can reside anywhere within the enterprise and still be relevant and timely to support decisions regarding real estate and facilities. Linking knowledge centers to sources outside of the organization expands resources and enriches the benefits. The mature portfolio management organization will serve as a clearinghouse for these specialized resources, providing the linkages across user groups and providing the resources for specialized expertise.

Getting Started	On the Road	Your Destination
Knowledge is shared through informal networks. Highly varied skill and knowledge levels among operational groups.	Subject matter expertise cataloged at a central source, which becomes a clearinghouse for knowledge transfer. The informal networks are formalized.	Demand for various subject matter expertise is understood and anticipated. Vital skills are centralized for greater enterprise access.

Training and Development

Broadly speaking, a training capability supports two objectives. Training is developed specifically to support new policy and initiatives, and core courses and curriculum are developed to enhance the capabilities for real estate and facilities practitioners. This will serve to standardize leading practices, where discrepancies existing among various groups. Furthermore, this will assure a minimum level of knowledge for decision-makers throughout the organization.

Getting Started	On the Road	Your Destination
Individual management teams lead ad hoc training. Standard curriculum does not exist. Quality of training is not universal.	Core courses established with leading practices as the basis of training syllabi. Cross-organizational training introduced. New training vehicles piloted (e.g. instructor led, online, virtual).	Curriculum established for standard job responsibilities. Certifications required for specified job opportunities. Robust training delivery vehicles provide expanded access.

Communication

In any organization, strong communications across business lines are vital to a cohesive strategy and sharing of leading practices. In the case of many real estate and facilities organizations, communications are vital to successful execution, because other business lines tend to drive requirements and control budgets. Therefore, real estate and facilities organizations depend on relationships forged with other business lines to accomplish effectively deliver services. This means that the real estate and facilities organization must clearly articulate its value to the organization in order to gain the credibility it needs to promote integrated participation and proactive planning. Additionally, the real estate and facilities organization must often assume the role of facilitator for collaboration among other service line in order to successfully plan for and execute projects.

Getting Started	On the Road	Your Destination
Few formal channels of communication. Little participation in formal communication programs. Lack of understanding of the value proposition or the right role among real estate and facilities functions.	The value proposition is recognized and communicated. Existing channels improved and new channels initiated. Central messaging defined.	A clear brand is established. Communications channels become innovative. Communications policy and processes matured.

Partnerships

In order to be successful, real estate and facilities organizations must build fruitful relationships with other vendors and service providers. These partnerships include internal service lines that contribute to your business and outside vendors that provide goods and services that you use to operate and pass services back to your customers. Oftentimes, a problem that a customer is experiencing has been spawned from irregularities in your own alliances. When a partnership is well-developed, the customer receives seamless quality services; however, when partnerships suffer, your customer suffers through slow delivery and inadequate quality of service. As your own organization matures, you must take personal interest in making sure that your partners are matched with your improved operating model. If your partners are transactional in nature, you will struggle to anticipate your own customer needs and fully recognize their needs. Therefore you must involve your partners in your own process redesign to streamline workflows and build common goals. Ultimately this relationship will be extended to true strategic alliance; you and your partners will operate as a single organization. Transactions will simply be a byproduct of collaborative problem solving rather than the sole extent of the relationship. Also, as uncertainty is chased from the alliance through better communication, costs will become easier to predict and manage.

Getting Started	On the Road	Your Destination
Your customers manage their own vendor relationships. No economies of scale. Leading practices are not shared. Performance is suboptimal. Relationships are adversarial. No true “partnering”.	Integrated processes mapped with customers and partners. Improved delivery efficiency and performance. Accountabilities and escalation mechanisms established.	Process and organizational changes fully implemented. You are a relationship manager. True partnerships emerge creating greater ability to proactively manage the portfolio.

By addressing these seven elements, your real estate and facilities management organization can mature from a reactive and rigid organization to an agile visionary leadership group that shares the responsibility for strategic planning and budgeting for one of the largest asset classes and expense categories across the enterprise.

Arriving at the Destination

Many of the systemic issues in your real estate and facilities portfolio are caused by the way your organization operates. Your core competencies of strategic planning, policy and initiatives, operational support, and assessment and evaluation are hindered by lack of capabilities, a non-integrated service delivery model, poor relationships, and weak performance management capabilities. By focusing on the “Avenues of Transformation” your real estate and facilities program can enhance its capability to deliver services, leading to happier customers; not to mention the portfolio of assets that are better aligned to your strategy, thus contributing to a more fiscally healthy enterprise.