The CRE / FM Organization
Past ● Present ● Future

workplace intelligence dedicated to business performance
Three Areas of CRE/FM

INFRASTRUCTURE

WORK ENVIRONMENT

PORTFOLIO
## Company Size in relation to functional responsibility

<table>
<thead>
<tr>
<th>CRE/FM Functional Areas</th>
<th>Small (up to 499,000SF)</th>
<th>Medium (500,000 to 999,000SF)</th>
<th>Large (1,000,000 to 2,499,000SF)</th>
<th>Big (2,500,000 Plus)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Budgeting</td>
<td>Office Manager</td>
<td>Operations Manager</td>
<td>Facility Management</td>
<td>Corporate Workplace Services</td>
</tr>
<tr>
<td>Building Operations &amp; Maintenance</td>
<td>Property Manager</td>
<td>Operations Manager</td>
<td>Facility Management</td>
<td>Corporate Workplace Services</td>
</tr>
<tr>
<td>Health, Safety, Security</td>
<td>Property Manager</td>
<td>Security Officer</td>
<td>Facility Management</td>
<td>Corporate Workplace Services</td>
</tr>
<tr>
<td>MAC</td>
<td>Office Manager</td>
<td>Operations Manager</td>
<td>Facility Management</td>
<td>Corporate Workplace Services</td>
</tr>
<tr>
<td>Networks</td>
<td>Office Manager</td>
<td>Network Administrator</td>
<td>Information Management</td>
<td>Information Technology</td>
</tr>
<tr>
<td>Office Layout &amp; Design</td>
<td>Office Manager</td>
<td>Operations Manager</td>
<td>Facility Management</td>
<td>Corporate Workplace Services</td>
</tr>
<tr>
<td>Policies, Procedures, Standards</td>
<td>None</td>
<td>Operations Manager</td>
<td>Facility Management</td>
<td>Corporate Workplace Services</td>
</tr>
<tr>
<td>Portfolio Management</td>
<td>Office Manager</td>
<td>Finance / Accounting</td>
<td>Corporate Real Estate</td>
<td>Corporate Workplace Services</td>
</tr>
<tr>
<td>Project Management (Construction / Renovation)</td>
<td>Office Manager</td>
<td>Operations Manager</td>
<td>Facility Management</td>
<td>Corporate Workplace Services</td>
</tr>
<tr>
<td>Property Accounting</td>
<td>Accounting</td>
<td>Accounting</td>
<td>Corporate Real Estate</td>
<td>Corporate Workplace Services</td>
</tr>
<tr>
<td>Quality Management, Benchmarking, &amp; Best Practices</td>
<td>None</td>
<td>Operations Manager</td>
<td>Facility Management</td>
<td>Corporate Workplace Services</td>
</tr>
<tr>
<td>Real Estate Asset Management</td>
<td>Office Manager</td>
<td>Purchasing Agent</td>
<td>Corporate Real Estate</td>
<td>Corporate Workplace Services</td>
</tr>
<tr>
<td>Real Estate Transactions</td>
<td>Office Manager</td>
<td>Finance / Accounting</td>
<td>Corporate Real Estate</td>
<td>Corporate Workplace Services</td>
</tr>
<tr>
<td>Space Management</td>
<td>Office Manager</td>
<td>Operations Manager</td>
<td>Facility Management</td>
<td>Corporate Workplace Services</td>
</tr>
<tr>
<td>Strategic Planning</td>
<td>None</td>
<td>None</td>
<td>Facility Management</td>
<td>Corporate Workplace Services</td>
</tr>
<tr>
<td>Tactical Planning</td>
<td>Office Manager</td>
<td>Operations Manager</td>
<td>Facility Management</td>
<td>Corporate Workplace Services</td>
</tr>
<tr>
<td>Telecommunications</td>
<td>Office Manager</td>
<td>Telecommunications Manager</td>
<td>Telecommunications Department</td>
<td>Telecommunications Division</td>
</tr>
</tbody>
</table>
Transformation One

- **Early to Mid 1900’s**
  - New Products and Services
  - Centralized Organizations
  - Expanding Markets Nationally

- **Local Brokerages / Developers**
  - Focus: Transactions / Construction
  - Who: Directed by the owner or senior leader

- **Building Operations and Maintenance**
  - Focus: Physical Plant
  - Who: Plant Engineer

- **Office Space**
  - Focus: Designed with little change in mind
  - Who: Office Manager
Transformation Two

Post 1970’s thru early 1990’s
- Mergers and Acquisitions
- Corporate Relocations
- Distributed Operations

National Brokerages / Developers
- Focus: Real Estate Envelope
- Who: Real Estate Officer

Localized Building Operations and Maintenance
- Focus: Preventative Maintenance
- Who: Operations Manager

Workplace
- Focus: Advent of the “Cubicle” designed for change
- Who: Corporate Architect / Furniture Dealer
Mid 1990’s to Today

- Globalization
- Efficiency
- Outsourcing / Offshoring

Global Brokerages / Developers
- Focus: Real Estate Portfolio
- Who: Corporate Real Estate Executive

Centralized Building Operations and Maintenance
- Focus: Infrastructure Recapitalization
- Who: The Facility Manager

Work Environment
- Focus: Alternative workplaces, work settings
- Who: Workplace Strategist
Three significant events that are shaping the course for the future of real estate ...

- The Shared Services Organization
- IFMA
- CORENET Global
Definition

Shared Services refers to the provision of a service by one part of an organization or group where that service had previously been found in more than one part of the organization or group. Thus the funding and resourcing of the service is shared and the providing department effectively becomes an internal service provider. The key is the idea of 'sharing' within an organization or group. [Wikipedia]

Shared Service organizations are usually characterized by the use of the word ‘shared’, and/or ‘service’, in their division and department names.

- Siemens Global Shared Services
- Verizon Services Corporation
- Boeing Shared Services Group
- Lockheed Martin Corporate Shared Services
- NASA Shared Services Company (NSSC)
- Wachovia Corporate Services
- Capital One Services Inc.
- Procter & Gamble Global Business Services
- Enterprise Operations Services – Duke Energy
Business Objectives

The primary objectives, and the reason why so many major organizations have implemented shared services, is to:

1. Reduce and optimize costs associated with an organization's non-core activities
2. Improve operational efficiencies & productivity
3. Provide better service to (internal) customers
4. Measure and better understand back office costs, efficiencies and business unit necessities as a pre-cursor to outsourcing or offshoring

Designing and building an SSC is centered on fostering a front-office mentality and culture to complete what are normally thought of as back-office functions. This requires a focus on customer relationship, cost containment, process and service delivery excellence, and continuous improvement. Accenture
Targeted Areas

Tier One
Volume-Based Services
Transactional Processing
Administrative
• Finance and Accounting
• Human Resources
• Information Technology

Tier Two
Knowledge-Based Services
Specialized expertise
Consultative and Integrated Solutions
• Real Estate, Property Management, Facilities Management, Asset Management
• Legal and General Counsel
• Treasury
• Supply Chain, Procurement & Logistics
• Disaster Recovery, Contingency Planning, Business Continuity
• Software/Applications Development & Maintenance
• Systems Testing & Maintenance
• Research & Development
• Training, Corporate Universities
• Maintenance Planning
• Marketing, Customer Service, CRM, Database Management
• Accounts Receivable, Billing & Collections
International Quality and Productivity Center

Centers of Expertise and Scale are candidates for Shared Services because they provide the greatest opportunities for leveraging efficiency across customer segments.

The Amherst Group Limited
Shared Services

- The Shared Services strategy has been around since the 1990’s in use by companies around the world

- Large organizations such as the BBC, BP, Bristol Myers Squibb, Ford, GE, HP, Pfizer, Rolls-Royce, and SAP are operating them with great success

- More than 30% of U.S. Fortune 500 companies have implemented a shared service organization

- Overall, cost reductions on average are 14% globally and 15% in North America

- The more sophisticated Shared Services organizations use Service Level Agreements, Chargeback for Services, and either have or are considering outsourced partnerships to provide services

- Takes about two years to implement

‘Success through Shared Services’ AT Kearney
Formed in 1980, IFMA certifies facility managers, conducts research, provides educational programs, recognizes facility management degree and certificate programs and produces World Workplace, the world’s largest facility management conference and exposition.

Supporting more than 19,000 members in 60 countries. The association’s members, represented in 125 chapters and 15 councils worldwide, manage more than 37 billion square feet of property and annually purchase more than $100 billion in products and services.

IFMA is the world’s largest and most widely recognized international association for professional facility managers.
The Certified Facility Manager (CFM) credential sets the industry standard for ensuring knowledge and abilities of practicing facility managers. The certification process is designed to assess competence in the field through work experience, education and the ability to pass a comprehensive exam. Since the program began in 1992, more than 3100 facility managers from 32 countries have achieved this prestigious recognition.

IFMA recognized the need for a designation for entry-level and transitioning facility professionals who do not yet have the hands-on experience required for obtaining the CFM.

A knowledge-based credential, the Facility Management Professional (FMP) is designed to accelerate an FM’s transition into the profession.
The IFMA Foundation has developed standards to recognize quality facility management first-professional degree programs at colleges and universities.

- Brigham Young University, Provo, Utah offers a B.S. degree in Facilities Management with a Business Management Minor.

- Cornell University, Ithaca, New York offers a B.S. and M.S. degree in Facilities Management.

- Ferris State University, Big Rapids, Michigan offers a Bachelor of Science degree program in Facilities Management through the College of Technology.

- Georgia Institute of Technology (Georgia Tech), Atlanta, Georgia, offers a Master of Science in Building Construction and Integrated Facility Management through the College of Architecture, Building Construction Program.

- Pratt Institute – Manhattan, New York, New York offers a Master of Science Degree in Facilities Management through the School of Architecture, Department of Facilities Management.

- Wentworth Institute of Technology, Boston, Massachusetts, offers a B.S. in Facilities Planning & Management through the Department of Design & Facilities.
CORENET Global

- Formed in 2002 by merging of International Development Research Council (IDRC) and The International Association of Corporate Real Estate Executives (NACOR)

- CoreNet Global is the world's leading professional association for corporate real estate and workplace executives serving leading multinational companies from the Fortune and Global 1000. More than 7,000 members manage over $1.2-trillion in real estate and workplace assets in Asia, Australia, Europe, Latin America and North America.
**Master of Corporate Real Estate**
Focus is on the strategic management of corporate real estate

**Senior Leader of Corporate Real Estate**
Focus is on the development of essential leadership skills needed to drive strategies that create value
Impact of Significant Events

- **Shared Services**
  - Defining the Business
  - Formalizing Process, etc.
  - Operating as a Business
  - Engaging External Industry

- **IFMA**
  - Providing Education
  - Promoting Best Practices
  - Network of Professionals
  - Conducting Benchmark Surveys

- **CORENET**
  - Network of Industry Leaders
  - Collaboration of Innovative Ideas
  - Consultative Leadership
  - Research
Changing Nature of CRE…

Company Objectives
(Senior Leadership Team)

Business Goals
(Business Unit Managers)

Departmental Needs
(Users Group)

Corporate Real Estate

Services Group

Strategic
Establishing Objectives
Company Goals
People
Profit
Planet

Tactical
Setting Direction

Information Management
Business Initiatives

Immediate
Implementing Change

Lease Management
MAC

Property Management
Project Management

Transformational

Transformational

Transitional

Transactional
Organizational Maturity

Immediate
Departmental Needs (Users Group)
- Facility Coordinators
- Project Managers
- Transaction Managers
- Maintenance Personnel

Tactical
Business Goals (Business Unit Managers)
- Database Administrators
- Space Planners
- Tactical Planners

Strategist
Company Objectives (Senior Leadership Team)
- Portfolio Managers
- Relationship Managers
- Strategic Planners

Visionary
Company Asset (Executive Leadership Team)
- Human Resources
- Information Technology
- CRE/FM
Alignment of CRE, IT, and HR

(Typically 3 largest expenses in a company)

To accomplish this requires extensive relationship management with business units and integrating occupancy (CRE), connectivity (IT), financial acumen (Fin), and management policies (HR), based on a firm understanding of how individuals and teams actually do their work, and how that work may, in turn, be influenced by this bundle of infrastructure and support services.

Integrated Resource Manager
THE EMERGING VIEW
Work happens where and when it needs to, fluid, mobile
Productivity measured on team and individual results; mentoring and coaching rather than supervision
Virtual and remote teams need to collaborate in multiple ways
Space designed based on functions and tasks
Individual-centric model for career / work process / workplace resource use
Constant organizational change requires new ways to flex for growth

TRADITIONAL/HISTORICAL VIEW
When and where work happens is relatively defined as at the office
Performance measured primarily around individual work and site based supervision
Team members located in the same site for cooperation and collaboration
Space designed to reinforce status and hierarchy
Organization-centric model for workplace provision
Maintain extra space inventory in locations to accommodate growth
The Future

- Innovation
- Collaboration
- Strategists

International Brokerages / Developers

- Focus: Strategy & Innovation
- Who: Corporate Real Estate Executive

Automated Building Operations and Maintenance

- Focus: Environmental Control
- Who: The Facility Manager

The Work Setting

- Focus: The ‘Club’
- Who: Workplace Strategist

Tele-Immersion University of NC at Chapel Hill
The Future Community of Work

Boeing, Renton, WA

With full-scale (or universe-level) implementation of Future of Work concepts, a Boeing campus mimics a mixed-use development. Integration of company workplaces with retail, educational, multi-family, and hospitality facilities, as well as mass-transit transportation stations/routes, enables employees to balance work and personal errands.
Who Will Take the Lead?

- Change Manager
- Alternative Work
- HUMAN RESOURCES

- Facility Management
- Operations
- Maintenance
- INFRASTRUCTURE

- Planning
- Design
- Implementation
- Management

- Corporate Real Estate
- Transactions
- Development
- PORTFOLIO

- Mobile Work
- eRooms

- Culture
- Talent
- Technology

WORK ENVIRONMENT

- INFORMATION TECHNOLOGY
In Summary

- The workforce is changing, technology is changing the way in which work gets done, CRE / FM needs to support new ways of working.

- Businesses must stay on the leading edge in order to thrive, managing CRE / FM as a strategic consultant helps support business objectives.

- The state of the art CRE / FM organization will need to develop internal and external partnerships in order to provide the greatest value to the organization.

- The work environment has become of strategic importance as the war for talent escalates, work life balance is expected, and the physical workspace ages out.
Questions