



BEYOND SQUARE METERS

An agile approach to Corporate Real Estate management

Economic slowdown, relentless competitive pressure, and complex demands from customers and staff are driving companies to introduce agile ways of working across their entire organizations to stay successful. Modern-day corporations not only face the need to adapt quickly to constantly changing market conditions but also to rising costs.

Managing companies' Real Estate requirements is an effective way to reduce costs, particularly when economic conditions are weak. However, during periods of volatility, organizational functions like Corporate Real Estate (CRE) can no longer be viewed simply as a means to tackle rising cost pressures.

As Millennials and Generation C enter the labor force, companies have to adapt to changing expectations about the workplace and introduce new work practices and environments. They need to take a more agile approach to Real Estate and treat CRE as a strategic function rather than merely an administrative one, if they are to meet emerging workforce demands.

Strategic CRE enables companies to become more agile and flexible in how they manage their workspaces, while boosting their ability to attract and retain talent. And greater agility pays off: goetzpartners has found that agile companies are on average 2.7 times more successful (as measured by financial performance) than their non-agile peers¹.

THREE STEPS TO CUT REAL ESTATE COSTS USING CRE

Using working space more efficiently has traditionally been an effective short-term solution during times of rising cost pressures.

That continues to be an important driver of CRE if done well. Large companies can reduce their total Real Estate bill by as much as 30% by taking the following steps:

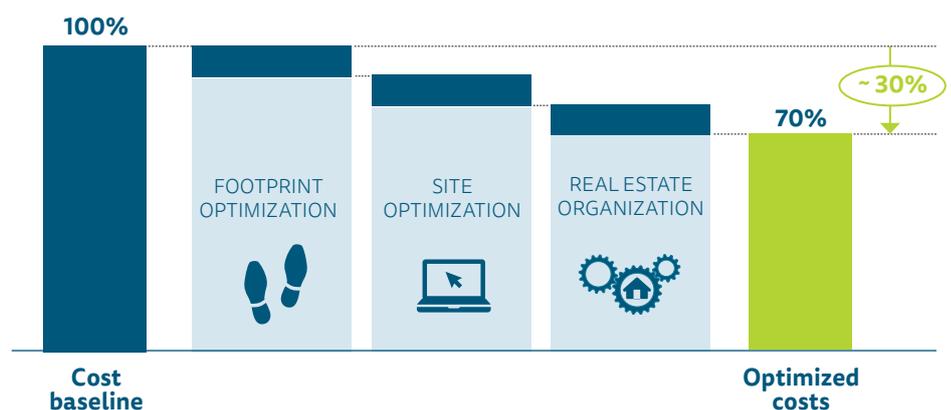
- 01 Optimizing their current footprint ("Where to play"):** Companies can achieve significant cost benefits by reviewing their existing Real Estate footprint and aligning their locations with the company's strategy.
- 02 Site optimization ("How to win"):** Improve workplace utilization, increase desk sharing ratios, and leverage innovative, new space design concepts. Companies also benefit from optimized facility services and utility bills. goetzpartners' findings show that up to 30% of the workspace in large companies is surplus to requirements.
- 03 Re-define the Real Estate organization:** Create a mission for Real Estate to act as a strategic business partner and shape the overall organization and its processes. By streamlining Real Estate operations, companies can unlock additional value.

Planning horizons for real estate decisions are challenged by unpredictable market environments. An agile CRE approach helps companies to unlock value and better adapt to business volatility.



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CRE CAN CUT REAL ESTATE BILLS BY UP TO 30%



¹) "Organizational Agility as a Competitive Factor", goetzpartners, 2017: www.goetzpartners.com/publications/publication/organizational-agility-as-a-competitive-factor

Agile Real Estate management can support organizational transformation

Beyond cost reduction, CRE executives can employ strategies that add bottom-line value through a fast responsiveness to changing business conditions. In this way, CRE departments can become effective partners in the agile transformation of the broader organization.

By taking a strategic perspective, CRE can play an active role in talent attraction/retention and help meet the future needs of the organization and its workforce.

Companies can select from a menu that includes the introduction of modern workplace concepts, serviced offices and membership schemes, pay-as-you-go solutions, co-location with clients/partners, "work from anywhere" concepts and more. An agile Real Estate Management approach requires CRE departments to choose the best items from the menu for their company to boost innovation and save space.

As workplace flexibility becomes more valued – particularly among young employees - and less staff use the same office on a regular basis, fewer permanent offices will be required. To accommodate this greater variability, the agility of the portfolio needs to increase.

The traditional static Real Estate model – where companies have use of a fixed space through a conventional lease or freehold – will shift to a dynamic, utilization-based model. Companies will increasingly rely on a range of office concepts in different locations worldwide to be able to react quickly to changing business conditions. The argument for serviced offices is a compelling one: companies pay only for the space they use, they can access offices in multiple locations, and they don't have the burden of handling facilities management.

Besides serviced offices and pay-as-you-go solutions, another option for companies is to exploit renting space in co-working hubs. In some industries, having company employees work alongside those of their key suppliers or customers can be a valuable way to foster innovation and the transfer of ideas.

How companies can get started on their journey towards agile CRE

To gauge how agile a company's approach to CRE management is, companies can carry out an CRE agility quick check by answering three key questions. For companies seeking to implement agile CRE management, goetzpartners delivers successful CRE strategies with measurable, relevant and long-lasting impact. By making their CRE management more agile, companies can benefit from lower costs, attract and retain new talent, and boost organizational transformation.

CRE AGILITY QUICK CHECK

- STRATEGY**
Do you have a Corporate Real Estate strategy in place supporting your company's overall strategy?
- CONCEPTS**
Are various office concepts such as serviced offices and co-working locations already part of your company's Real Estate portfolio?
- COSTS**
Are your Real Estate costs below 2% of your company's revenue?

▶ If the answer to one of these questions is 'NO', your CRE management is unlikely to be agile.

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BENEFITS OF AGILE CORPORATE REAL ESTATE MANAGEMENT

