

The Changing Role of Real Estate in Integrated Workplace Management

By Sam Rabon, David Stillebroer and Iwan van Eldijk

Real estate management within organizations is more than simply the management of a company's buildings. Corporate real estate management also facilitates the effective operation of the organization. Businesses of the future are developing increasingly into a national or worldwide network of knowledge workers who are connected to one another digitally and work in constantly changing teams inside, and outside, of their own organization. Central to this is the workplace, which supports this form of working in accordance with the "Martini principle": Anytime, anyplace, anywhere.

The integrated workplace is the future for both remote and office workers. The concept goes further than just facilitating a flexible workplace within a carefully designed environment, as achieved in many new office buildings; it demands the implementation of an Integrated Workplace Management System (IWMS). At the heart of the integrated workplace is the organization itself, which adapts without losing the specialist functions of real estate management, facility management and ICT.

This article provides direction as to how supporting disciplines, such as corporate real estate management, can be organized to enable integrated workplace management, while maintaining added value to the business and facilitating the realization of strategic corporate objectives.

Developing Integrated Workplace Management

In recent decades, real estate management has been professionalized within the organization from a technically-oriented department into a brokerage or accommodation strategist within the business. This development was recognized by Joroff (1993) in his competency shift model; although in this model it was limited to the single function of corporate real estate management (CRE).

In the current, complex world, distinctions must be drawn between the major forces that have an influ-

ence on the direction in which organizations develop. CoreNet Global, Gartner, the Massachusetts Institute of Technology (MIT) and Deloitte have all carried out extensive studies into the factors which influence the future of businesses. Globalization, technological developments, changes in the nature of work, a greater emphasis on innovation, increased risk and more emphasis on social and sustainable enterprises all have a role to play.

Business environments are changing rapidly as a result of these influences; in order to remain competitive, companies will need to change the way they are organized, with flexibility at the core of any future development. New organizational models are flat, fast, flexible, process-driven, applicable worldwide and independent. Businesses are transforming themselves into a cohesive network structure instead of the classic hierarchy.

The effective response of the support functions, within an organization, to the development of this network structure is a critical success factor. According to Gartner and CoreNet Global, the workplace is a vital, strategic tool for the organization that continuously improves and re-invents itself.

What is Integrated Workplace Management?

The integrated workplace is the result of a collaborative, multi-disciplinary approach; it is not associated with a place but with a person. The individual represents the business, irrespective of where they are located, and facilities take a dependent, rather than a leading role. Flexibility for the organization, as well as the individual, is vital. Making rapid and cost-effective changes to the business a reality enables organizations to capitalize on available opportunities.

The person, not the place, is central to Integrated Workplace Management

There is no longer a uniform definition of the concept of Integrated Workplace Management. Gartner

sees real estate portfolio management, facility management, project management and maintenance as components. CoreNet Global would include the disciplines of HRM and finance as part of a broader integrated workplace approach. Although there are several support functions involved in integrated workplace management, real estate is always involved as the provider of the space and infrastructure.

Integrated Workplace Management Functions and Processes

In their report "Align by Design", Alvarez and Marsal (2005) identify 10 key ways in which the corporate real

Align by Design	Source: Alvarez & Marsal (2005)
1. Align with business units, organization structure, technology and governance	
2. Sit at planning table with business unit strategists	
3. Integrate corporate real estate with other strategic support units	
4. Control costs, manage portfolio, create efficiencies	
5. Attain timely, accurate, secure and standardized data	
6. Learn to measure ROI to sell expended funding of CRE	
7. Review integrated processes from end-to-end perspective	
8. Build for financial and decision-point transparency in reporting	
9. Use KPI's and other data to drive decision support, inform business units and gauge ROI	
10. Synergize all of the above to create a strategic competitive advantage	

estate function can provide optimum support to businesses. The alignment of real estate strategy with the organization's objectives, the integration of corporate real estate with other supporting departments and the improvement and integration of processes from the perspective of the end user are three of these steps. The others concern the effective collection and presentation of data and the improvement of internal processes.

A number of large organizations are now thinking in terms of integrated workplace support, primarily driven by the pre-existing functions of Real Estate, Facilities and ICT, which have been seen as traditionally providing a single support role. In reality, conflicts

occur between these disciplines, which become apparent when realizing an integrated workplace. This often leads to discussions concerning the merging of these departments into a single, integrated support function; which, in turn, raises the issue of the desired synergy of an integrated workplace vs. the retention of specialist support functions. It is, therefore, not a question of whether the different support departments have to be merged, but of how the processes which these departments perform can best contribute to the integrated workplace. This approach will deliver more for the business than any potential efficiency improvements that could be found within a single department.

From a general management perspective, the functions of Real Estate, Facilities and ICT are nothing more than departments that jointly provide an end product with a quantifiable added value. While this is evident in other parts of the business (for example in Design, Production and Logistics) the merging of these functions into a single department is not a subject of discussion – primarily because of the scale of the activity and the recognition of the uniqueness of the separate functions. However, synergy is also required here.

The arrival of Enterprise Resource Planning (ERP) systems has taught us to look at functionality and synergy differently. It is not the merging of operations that delivers the desired improvement, but the adaptation of cooperative processes, possibly as a result of redeveloping processes via Business Process Redesign (BPR).

Processes assume a central position in the organization of Integrated Workplace Management, not functions

Similarly, we can look at the processes that are necessary in order to make Integrated Workplace Management possible within an organization. Support of these critical processes by the different operational departments takes precedence over whether or not to merge functions into one department in order to achieve synergy.

An integrated workplace is therefore achieved as the result of a network of collaborative internal and external suppliers. The Total Cost of Ownership (TCO) of this integrated workplace approach (the 1+1=3 rule) is an important performance indicator for the efficiency of the business as a whole.



Based on this process concept, we adhere to a concise definition with a broad scope. Integrated Workplace Management concerns all support processes within an organization associated with People, Place & Technology.

Here's an interesting question: What processes fall under Integrated Workplace Management? Carry out an exercise for yourself by ticking off all the functions in your organizational chart that are involved in the support of People, Place & Technology. Perhaps this will give you a little insight into the importance of process integration.

What is the Function of Real Estate Management in the Organization?

Within the Integrated Workplace Organization, real estate management is primarily concerned with enabling the realization of primary business objectives through the delivery of space and infrastructure for integrated workplaces. In order to deliver this space and infrastructure, real estate management will continue to deal with portfolio management, space rental, development, maintenance and deliv-

ery of building-related services. What changes is its focus, which shifts from the effective and efficient use of real estate to the more effective support of the integrated workplace. It is not the delivery of solutions to benefit solely the real estate function that takes precedence but the development of processes for the entire integrated workplace organization, of which real estate is an integrated part. Corporate real estate management therefore becomes one of the enablers of the organization that continuously improves and reinvents itself.

Consequences for the Real Estate Manager

Integrated workplace management demands a "bigger picture" approach from the real estate manager – a specialist in their field who has an appreciation of the broader business perspective. This broad view is necessary in order to anticipate the changing needs for tomorrow's businesses and translate future developments into solutions for the integrated workplace. The challenge for the real estate manager here is to combine short-term flexibility for the organization with a conscious longer-term portfolio policy.

The development of collaborative processes mean that not only does the real estate manager have the processes within their own department in order, but enables control of sub-processes by Facility Management and ICT functions in order to arrive at an integrated end product. In light of the current thinking within these departments, this demands a major change of direction and culture.

The development towards integrated workplace management is at too early a stage to present reliable reference data on improvements in efficiency and effectiveness. This concept will contribute to efficiency, (through a lower Total Cost of Ownership for workplaces per FTE) but above all to the effectiveness of the organization through an improvement in people's productivity and utilization of office space.

Conclusion

Central to the developing knowledge enterprise is the workplace, which supports a new form of working - the 'Martini principle': anytime, anyplace, anywhere. The person, not the place, is the key. Organizational support functions, including corporate real estate management, adapt to this new principle without the defining characteristics of real estate management, facility management and ICT being lost.

In the Netherlands, we are beginning to see larger organizations thinking in terms of integrated workplace management. This is often driven by the existing functions of Real Estate, Facilities and ICT, which jointly deliver the workplace as a single product. However, in the Integrated Workplace, processes are central, not functions.

Real estate management will continue to deal with its specialized tasks but with a focus on more effective support of the integrated workplace instead of the efficiency of real estate in isolation. In a more collaborative role, real estate and other support functions will be thinking in terms of processes for the integrated workplace. The business as a whole will then assess the effectiveness of internal suppliers on joint results and demonstrable synergy.

Where do we go from here? Get to know your neighbours (FM and ICT), they could become your partners... **LEADER**

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