Maximizing the Value of New Technology in Today's CRE Management

BY PHIL WALES and STEVEN MCKISSICK

For some time, cost reduction has been a major driver for corporate real estate (CRE), and these efforts have looked at many facets of the portfolio, typically starting with reduction of excess space and efficient utilization of what remained. Efforts focused on lease optimization and space utilization – efforts that drove elimination of vacant space and created smaller footprints through higher densities. Alternative work programs and energy savings efforts produced the next wave of efficiencies. Today, many 'low hanging fruit' activities have disappeared, yet the drive to be more efficient is still alive and accelerating.

Therefore, the next round must focus on a deeper, more creative approach to how real estate affects the parent corporation's bottom line. This focus is less on space and more on people. It is less on simply saving energy and more on overall portfolio performance. For both objectives, technology is the enabler that provides the critical, real-time information for the best, or most appropriate, decision making. Thus, the real delta over the last five to10 years is a critical shift in focus from the "right" *technology* to the "right" *information*.

Management Priorities Evolve

Corporate pressure to reduce costs is as strong as ever. Real estate managers, approaching this challenge pragmatically, have taken the logical steps to eliminate vacant space and consolidate and lower energy consumption. While some of these decisions were somewhat easy and intuitive, others have been difficult, especially in areas such as the outright cutting back on corporate space.

One of the transitions in space utilization has involved managers doing a better job of tracking space in the portfolio and recognizing that, by more effective space planning, most of that excess could be cut before it even occurs. Then **Alternative Work Strategies** entered the picture and prompted management to determine if densities could be increased or space totally eliminated because of work that could be done external to actual corporate facilities.

Extending that thinking, the growing Alternative Work trend not only reduces the portfolio but also is an incentive for employees to remain with the company on the basis that they can work anywhere/anytime utilizing today's new technologies. From the company perspective, the savings from space reduction are more than matched by savings in employee retention and productivity.

Paralleling this evolution from traditional core issues such as saving space, today's management technologies in CRE are advancing well beyond simply providing historical trends/data and activity status. While questions such as, *how many work orders are outstanding?* and *did the number of hot/cold calls decrease?* are still the impetus for critical baseline data, the next stage must be geared toward becoming fully integrated and having trending data that enables proactive and predictive management of corporate assets.

Today's focus is managing a corporate portfolio that, in many cases, has already been optimized. Thus, the task is to find incremental ways to increase a portfolio's efficiency. With the advent of analytics that give decision makers data about real-time performance, the corporate portfolio can continue to be fine-tuned to best deliver its potential and improve the CRE's impact on the organization.

In other words, although providing a safe, reliable workplace remains a CRE priority, portfolio managers function best when they are working with immediate, actionable data to expand the scope of what they do. Personnel can make decisions more quickly and confidently when they know as specifically as pos-

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sible what they are supposed to respond to, manage, provide and work to achieve within the overall business strategy.

Maximizing Multiple Aspects

On the sustainable side, corporations and facility managers have become better citizens by "going greener and greener," which is actually an offshoot of cost reduction in areas such as energy consumption. New technology allows better management of assets in a building to see if they are performing well, ranging from water usage to energy to recycling. At the same time, automated or smart buildings and related technology are further sharpening analytics for making the most-informed decisions.

Construction of LEED®-certified buildings, while having morphed into a good marketing tool, has proven above all to be smart business. Ranging from re-use/recycling to minimizing ozone-depleting gases, meeting the threshold for certification can be quite beneficial on the corporate balance sheet. But the key is striking a balance between technologies, with integrated management technologies having become much more strategic in their focus on forward-looking planning. And with smarter building system technologies, which deliver better analytics, facility managers can maintain a more efficient and effective portfolio.

Though there have been some very visible, recent examples about reversing Alternative Work programs, the idea still carries significant benefits to both employer and employee when applied appropriately. In addition to potential of productivity gains and employee retention, reducing real estate costs is a genuine and measureable benefit. Technology-driven smart reservation systems for conference rooms can result in better utilization and appropriate resource availability reducing excess or inappropriate conferences. The solution is to optimize space utilization; new technology helps to make this possible.

Mobile technology proliferation has quite definitively made the idea of "work anywhere, anytime" more practical. Now, employees have exceptional work flexibility outside the office. When they actually must be in the company's office, there are "open" desks for a transient workplace, "quiet rooms" in which to make calls and conference rooms – properly sized and with sophisticated equipment – for actions such as videoconferencing. In the last few years, there have been tipping points where technologies such as videoconferencing have become more economical and, therefore, more widely used.

Dynamics of Using New Technologies

Yet, the extent to which CRE organizations apply new technologies varies from company to company, depending not only on economics but also on the corporate culture. Too often technologies are deployed as tactical solutions to discrete problems. The lack of a cohesive plan that aligns technology to a broader strategic roadmap leads to this one-off mentality. Also, the lack of a clear strategic plan drives a culture of "dabbling" in technology – just trying technology to see if it "sticks." Such an approach was clearly seen in the past with videoconferencing, once expected to be the next big-time, cost-saving device. However, in too many corporations, this very expensive investment sat idle because it was just too difficult to schedule and use.

How and how widely CRE organizations use new technologies goes back to a couple of simple questions:

- How does our CRE strategic plan align and support the corporate mission?
- How does technology enable our CRE strategic plan?

For example, if the corporate strategy has a sustainability plank, there should be one in the CRE roadmap. How will technology enable that? Similarly, if the corporate strategy has an optimized work environment to retain talent and optimize performance, there should be a CRE model for how that will be done, too. Then, managers must determine which technology is available to best support it and these technologies must be properly selected, implemented and configured to enable optimized processes.

Although many of CRE's widely-used technologies are not new, a well-planned approach to their appropriate alignment is still the biggest issue. It is the shift in corporate strategies and the ongoing pressure – primarily financial – on CRE to provide an optimal operating environment at the lowest cost.

Technology the Enabler

Today's CRE organizations are fortunate that industry-related technologies have become more reliable, more integrated and more robust.

Implementation of these new technologies is no longer optional in today's CRE environment. Whether it involves handheld devices to help make the workforce more efficient, or intelligent, automated "smart" building solutions, technologies are only getting better. The key is to leverage how these technologies can have the most impact on operations, provide a quicker ROI and enable real estate managers to be more strategic and more effective overall.

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