

https://dspace.org/

Investigation into Corporate Real Estate Management (CREM) practices within South African non-real estate organisations

Maetle, Tshegofatso Phineas

2017

https://hdl.handle.net/10539/24004

Maetle, Tshegofatso Phineas (2017) Investigation into Corporate Real Estate Management (CREM) practices within South African non-real estate organisations, University of the Witwatersrand, Johannesburg, <http://hdl.handle.net/10539/24004>

Downloaded from a DSpace repository. https://dspace.org/

INVESTIGATION INTO CORPORATE REAL ESTATE MANAGEMENT (CREM) PRACTICES WITHIN SOUTH AFRICAN NON-REAL ESTATE ORGANISATIONS.

By Tshegofatso Phineas Maetle

Student Number: 399164

A dissertation report submitted to the Faculty of Engineering and the Built Environment, University of the Witwatersrand, in fulfilment of the requirements for the degree of Master of Science in Building Property Development and Management.



School of Construction Economics and Management

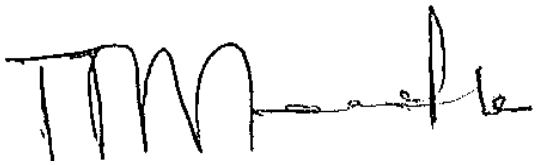
University of the Witwatersrand

Johannesburg

2017

Candidate Declaration:

I declare that this dissertation is my own unaided work. It is being submitted to the Degree of Master of Science to the University of the Witwatersrand, Johannesburg. It has not been submitted before for any degree or examination to any other University.



Candidate Signature

30th Day of July 2017

Abstract:

The purpose of this research report was to introduce evidence on executive attitudes towards Corporate Real Estate Management (CREM) practices and value adds in South African non-real estate companies. This research report sought evidence on how South African non-real estate companies manage their Corporate Real Estate assets in line with their quest to achieve their organisations' overall corporate strategies.

Online questionnaires and surveys with both CRE experts and other CRE executives have been conducted to get the most representative view in terms of current practices related to Corporate Real Estate Management.

Several organisations that are part of the survey have property portfolio of over buildings either owned or leased by them. However, it appears respondent organisations do not seem to put adequate emphasis of employing people with requisite real estate academic qualifications to manage their real estate portfolio. Even though over 70% of organisations indicated that they have a formally organised real estate unit or person responsible for managing real estate portfolio, the functions of these units do not match the standard functions identified in the literature i.e. Facilities Management, Property Management, Acquisitions & Disposals as well as Development. For 70% of organisations the CRE accounting officer is sitting at the level of Chief Financial Officer as well as National Manager. This research paper provides in-depth and evidence-based assessment of how senior executives monitor CREM practices and how they treat CRE within their non-real estate organisations in South Africa. The report also brings to light the executive attitude and understanding of variables that determines the value adds of CREM to their organisations' overall corporate strategy.

Executives should review whether their attitudes towards the management of CRE assets contribute in maximising the value these assets towards achieving the overall corporation's strategic objectives.

Acknowledgments:

I would like to extend my gratitude to my research supervisor, Professor Samuel Azasu for his patience, guidance and invaluable input throughout this program.

I would also like to thank everyone who took time off their busy schedules to complete the online survey as well as all the executives who made their time with me to conduct the interview process as part of this research project.

Lastly, I would like to acknowledge my family as well as my colleagues at both work and school who provided me with support and encouragement to complete this research project.

Table of Contents

Chapter 1 - Introduction 9
1.1. Background: 9
1.2. Problem Statement: 10
1.3. Significance of the Problem: 11
1.4. Research objectives: 13
1.5. Research Question and Sub-questions: 13
1.6. Delineation and Assumptions: 14
Chapter 2: Literature Review 16
2.1. Corporate Real Estate (CRE): 16
2.2. Corporate Real Estate Management (CREM): 19
2.3. Role of CREM department in the organisation: 20
2.4. Value added by Corporate Real Estate Management (CREM): 21
2.5. CREM as a source of competitive advantage: 25
2.6. The Corporate Real Estate Management (CREM) Strategies: 28
2.6.1. CREM Functions Outsourcing Strategy: 28
2.6.2. CREM Functions Out-Tasking Strategy: 30
2.6.3. CREM In-house Management Strategy: 31
2.6.4. CREM Alliancing or Partnership Strategy: 31
2.7. Current Executive Attitudes towards added value of CREM: 32
2.7.1. Role of CRE executive: 32
2.7.2. Attitudes of CRE executives: 35
2.8. Methodologies of previous studies: 36
2.9. Conceptual Framework: 36
2.10. Conclusion: 37
Chapter 3: Research Methodology: 40
3.1. Research Method: 40
3.1.1. Design and Data Collection: 42
3.2. Issues of Reliability and Validity: 44
3.3. Data Analysis: 45
3.4. Ethical Considerations: 46
3.5. Limitations: 46

3.6. Delimitations: 47
3.7. Scope and Contribution: 47
Chapter 4: Results and Discussion 48
4.1. The respondents: 48
4.2. Role of CRE executive: 49
4.3. Attitudes of CRE executives: 55
4.4. Role of CREM department in the organisation: 57
4.5. The Corporate Real Estate Management (CREM) Strategies: 58
4.6. Leasing versus Owning: 59
4.7. CREM as a source of competitive advantage: 61
4.8. Value added by Corporate Real Estate Management (CREM): 61
Chapter 5: Summary and Conclusions 63
5.1. Introduction: 63
5.2. Summary of findings: 63
5.3. Conclusions and Implications: 64
5.4. Recommendations: 65
5.5. Future Work into CREM practices: 66
References 68
Appendices 1: Administered On-Line Questionnaire Responses 74

Table of Figures

Figure 1: CREM as a Part of the Firm's Strategic Framework (Lindholm et al. 2006) 24
Figure 2: Modelling CREM and Organisational Competitiveness: 27
Figure 3: The CREM Strategic Management Framework 37
Figure 4: Outsourcing Decision Framework 51

List of Tables

Table 1: CREM must support an organisation's strategic objectives (Deloitte Consulting) 22
Table 2: Elements of added value of real estate by De Jonge (1996) 23
Table 3: Possible figures for measuring CRE performance identified in previous research 24
Table 4: Outsourced CREM Functions (Matsham & Heywood, 2012) 29
Table 5: Summary of differences between Property Management and CRE (Ali et al., 2008) 34
Table 6: Summary of differences between Facilities Management and CRE (Ali et al., 2008) 34
Table 7: Number of people Employed by Respondent Organizations 48
Table 8: Property Qualifications Respondents profile 49
Table 9: Amount of Time Spent of CREM Activities by CRE Executives 49
Table 10: CRE Executives Job Titles 52
Table 11: CRE Executive organizational level 54
Table 12: CRE Executive Board Meeting Attendance 55
Table 13: Treatment of CRE costs 57
Table 14: Frequency of Corporate Strategy Review 59
Table 15: Freehold Corporate Real Estate Portfolio 60
Table 16: Approximate annual rental cost of CRE portfolio 61
Table 17: Formalized CRE Unit in the organisations 64
Table 18: Corporate Real Estate Strategy 65

Chapter 1 - Introduction

1.1. Background:

Firms require space to enable them to conduct their business operations as well as space for their back-office staff. Previous studies have shown that operating costs associated with corporate real estate assets are second only to payroll in most organisations (Veale, 1989). This highlights the importance for firms to pay important attention to how they manage these assets as well as the type and calibre of people to allocate the responsibility of managing these assets to. Several studies on the value added by corporate real estate (CRE) to firm have been carried out mainly in the US and Europe in the past. Further to these the issue of executive attitudes regarding the management of corporate real estate assets has been examined by leading authorities in the subject matter such as Veale, Gibler, and Zeckhauser et al.

Veale (1989) found that despite the great value of corporate real estate assets, they were seriously undermanaged. The finding by Veale (1989) is further confirmed in recent studies by Lindholm & Leväinen (2006) that corporate leaders in many firms still do not recognize the strategic potential of their real estate. Significant research findings show corporate real estate represented between 25% to 41% of total corporate assets (Zeckhauser & Silverman, 1983) and that corporate real estate space costs accounted for 10% to 20% of operating expenses or nearly 50% of the corporate net operating income (Veale, 1989).

These studies reinforce the imperative need to refocus attention towards understanding corporate real estate management (CREM), key value drivers of CREM and how these are impacted by the attitudes of the executives responsible for managing Corporate Real Estate assets. Lindholm, et al., (2006) defines CREM as the economic, efficient and effective

acquisition, integration, coordination, operation and disposal of appropriate real estate resources to achieve (ever changing) organizational objectives. Lindholm, et al., (2006) showed in recent years that the corporate real estate industries are looking for ways to demonstrate how CREM adds value to organizations. Per Gibler and Lindholm (2012) corporate leaders are increasingly realizing that using real estate strategically can help increase shareholder value i.e. corporate real estate is important to their ability to achieve the company's strategic objectives. Studies have shown that the effect of operating, financing and investing decisions can be seen in the financial statements (Stickney, et al., 2007). As businesses go through difficult economic conditions, how CRE performance is reported in the annual reports can reveal the attitudes of executives towards CRE (Simpson & McDonagh, 2008).

Although there are regular reports on Corporate Real Estate Management practices (development, management and investment) in South Africa, academic literature is sparse (Ijasan, 2013). This lack of academic literature on the value added by corporate real estate management to the overall company strategic objectives as well as South African executives' attitudes towards CRE is imperative to be answered in the South African context. One of the latest studies on Corporate Real Estate practices in South Africa is by Lalloo (2013) where he investigated CRE practices on the top 200 companies listed in the Johannesburg Stock Exchange. Some of the key finding by (Lalloo, 2013) (Lalloo, 2013) includes that majority of firms have no formally organised real estate units, majority the firms prefer to own their CRE assets rather than leasing them due to amongst other reasons location, transport advantages as well as minimisation of risks associated with leasing. This research project seeks to add knowledge on current corporate real estate management practices in South Africa.

1.2. Problem Statement:

Most of the studies focusing on Corporate Real Estate (CRE) and Corporate Real Estate Management have been concentrated in the USA as well as Europe. Some of the leading authorities in this subject matter focused their research on Managing Corporate Real Estate Assets (Veale, 1989; Manning & Roulac, 1999; Ali, et al., 2008). Further researches on CRE Executive Attitudes and Prospects for an Emergent Management Discipline have been carried out (Carn, et al., 1999; Veale, 1989). Other leading authorities have focused their research on Corporate Real Estate strategy (Ali, et al., 2008; Gibler & Lindholm, 2012) as well as value added by Corporate Real Estate (Lindholm and Leväinen, 2006; Lindholm and Gibler, 2006; Nappi-Choulet et al., 2009). The Corporate Real Estate Management strategies have been studied (Kooymans, 2000; Matsham & Heywood, 2012). There have been a limited number of researches conducted on Corporate Real Estate Management practices in South Africa and one of the latest research reports is Corporate Real Estate Practices in South Africa – A Survey of top 200 Companies listed on the Johannesburg Stock Exchange (Lallo, 2013). Therefore, Corporate Real Estate Management practices in South Africa are still relatively unknown. The challenges facing Corporate Real Estate Executives are not fully understood and these executives' attitudes in managing the CRE assets should be investigated and understood. How Corporate Real Estate assets are managed will have a significant bearing in the value added by CREM in the firms' overall strategic objective. This study will add to the current body of knowledge on the management of Corporate Real Estate process and practices by understanding the attitudes of CRE Executives towards CREM, how they treat CRE and the importance they attach to CREM in its contribution towards achieving organisational objectives.

1.3. Significance of the Problem:

Influential early research work by Veale (1989) has already unveiled that operating costs associated with the management of Corporate Real Estate assets is secondly only to payroll costs in most US organizations. Despite this, Veale (1989) further found that despite their

great value, Corporate Real Estate assets are seriously undermanaged. This under-management of CRE assets is still found in much later research where it is found that corporate leaders in many firms still do not recognise the strategic potential of real estate (Lindholm & Leväinen, 2006). Per this research, corporate leaders still classify corporate real estate as the cost of doing business rather than a value adding performance. Nappi-Choulet et al. (2009) argues that Corporate Real Estate is part of the overall investment portfolio that executives must manage to maximise shareholders' wealth. Brown and Arnold (1993), ground breaking book Managing Corporate Real Estate, identified the following studies as important for corporate community relations and strategic facilities planning: Economic Impact, Fiscal Impact, Market Value Impact, Infrastructure Impact and Environmental Impact.

Therefore, it is imperative that non-real estate corporations can quantify the value added by the Corporate Real Estate portfolio. Further to that it is imperative that they demonstrate a strategy for Corporate Real Estate Management that can contribute to the organisation being able to achieve its corporate strategic objectives. Nappi-Choulet, et al., (2009) further states that rational managers should invest in assets that maximise the value of their firms. This infer that corporation that view CRE assets and the management therefore as strategic, will then ensure that competent Executives / Managers will be entrusted with the management of these assets and the level on the organisation at which CREM decisions are taken will be at a strategic level. Per Lindholm et al. (2006) the globalization of business operations and other competitive pressures are forcing corporations to re-evaluate their real estate needs. They further submit that the demand for more efficient utilization of space and higher workplace productivity has led to businesses adopting a range of strategies in managing their corporate real estate assets.

Since prior research on CREM has mainly been focused in the US and European markets, to the author's knowledge, there is limited research that has been conducted on Corporate Real Estate Management in South Africa. Therefore, for South African non-real estate

corporations to fully leverage their CRE assets portfolio they require to have full appreciation of all variables that ensures that CREM practice or strategy they have adopted is supporting the overall corporation objectives thus maximising shareholders' value. Research (Hesket, 1997) has shown that financial performance is correlated with creation of value and delivery of products and services. These in turn, per Gibler et al. (2004, working paper), are influenced by employee morale, productivity and satisfaction, which contribute to quality of the products and services that lead to customer satisfaction and loyalty. Similarly, Gibler et al. (2004, working paper) argues, real estate and workplace performance characteristics can be viewed as another set of indirect contribution to the firm's financial performance.

1.4. Research objectives:

The objective of this research is to explore and analyse current Corporate Real Estate Management practices within South African companies. The purpose of this is to further understand components of CREM that create added value to the core business. The following fields will be explored, Business Strategy, Business Performance, Value measurement, Corporate Real Estate Management and Workplace Performance. Further to this will be assess the current attitudes of CRE Executives towards the value add of the Corporate Real Estate Management.

The goal of this research is to examine current CRE executives' attitudes towards Corporate Real Estate Management activities and organisations to understand the direct and indirect added value of CRE on their core business performance and ways to measure the added value of Corporate Real Estate Management (CREM).

1.5. Research Question and Sub-questions:

The central research question in this research proposal project is the following:

What are the executive attitudes towards Corporate Real Estate Management (CREM) value adds within South African listed and non-listed non-real estate organisations?

Then the following sub-questions follows:

a) What are the attitudes of CRE executives towards CREM and CRE assets?
b) What importance do CRE executives attach to CREM in achieving organisational objectives?
c) How do CRE executives treat CREM and CRE assets?
d) What are the specific linkage between Corporate Real Estate Management and organisation's overall Corporate Strategy?

1.6. Delineation and Assumptions:

The study will be limited to non-real estate firms operating in South Africa. At this stage the intent is to look at both the Johannesburg Stock Exchange (JSE) listed and non-listed firms and distinctions between the two groups will accordingly be observed and noted in my conclusion.

Given previous research having showing that operating costs related CRE assets is second only to payroll costs in most organizations (Veale, 1989), it can be assumed that Corporate Real Estate Management practices have direct link to the firms' (both real estate and non-real estate) realization of its overall corporate objectives. Based on previous research and current literature, the author assumes that there is a relationship between CRE executive attitudes towards CREM and the value derived by firms from the CRE assets (Veale, 1989). Given that non-real firms generally do not have internal Corporate Real Estate Management expertise, this research proposal assumes that non-real estate firms either employ in-house CREM by resourcing their in-house teams with the requisite CREM structure or they outsource these functions to expert external service providers. The sample of Corporate Real

Estate executives interviewed and their answers obtained will be assumed to reflect the general opinion of South African CRE decision makers.

Chapter 2: Literature Review

The author has searched Corporate Real Estate Management literature that will provide information on the (a) definition of Corporate Real Estate Management and its primary functions, (b) Added value of Corporate Real Estate Management and its Performance measuring attributes, and (c) Executive attitudes towards added value of Corporate Real Estate Management. This literature review has been organised into ten (10) parts which critical to the success Corporate Real Estate Management. The eighth part explores previous research approaches used in previous studies. The objective of looking at previous studies research approaches is to be able to extract the best possible method used to get as accurate the results as possible.

The literature review concludes with a conceptual framework which presents an outline for the possible regression model to be considered and a summary of literature reviewed.

2.1. Corporate Real Estate (CRE):

Seminal work by Zeckhauser and Silverman (1983) defines Corporate Real Estate as “the land and buildings owned by companies not primarily in the real estate business”. Brown, et al., (1993) defines Corporate Real Estate as properties that are either owned or leased by firms to achieve corporate objectives. Corporate Real Estate, per Joroff, et al., (1993), is termed as the “fifth resource of business corporations / organizations, after the traditional resources of People, Technology, Information and Capital”. Brueggeman & Fisher (2001) refer to Corporate Real Estate as the use of real estate, as part of business operations and associated activities. Kooymans (2000) incorporates the “investment” term when referring to Corporate Real Estate. He points out that “CRE is a term that is generally used in a broad sense to refer to real estate owned by a corporation, whether it is for investment or for use”.

Finally, Ali et al. (2008) argues that “the most appropriate definition of Corporate Real Estate is as a functional unit in an organization, which is responsible for the real estate asset holdings and their activities, and supports the organization to achieve its business objectives”.

From the above it is clear that the definition of CRE has evolved over time in line with the realization of the potential contribution CRE can have on the organization being able to achieve its overall strategic objectives. Therefore, for this research purpose, CRE will be defined in line with the broad definition that considers CRE being a contributor the overall business objectives.

Heywood (2013) based on his review of literature, advances that there are five central roles of Corporate Real Estate. He provides the analysis of these roles based on whether CRE is leased or owned:

a) Factor of production:

Heywood (2013) argues that this role is the one that is often meant most in definitions of CRE that include reference to real estate as incidental to the primary business, and real estate not being the primary business (after: Rondeau (1992), Brown et al. (1993), Kenley et al. (200) and CoreNet Global (2007). Similarly, this role is where management of CRE is conceived as aligning real estate and its services with the core business, to maximise the value added and to contribute, in an optimal way, to the overall business performance (Dewulf et al. 2000).

Heywood (2013) further reiterates that for CRE as a factor of production, there are three key issues that emerge:

i. Costs of that real estate in the production process;
ii. Real estate’s fitness for that productive activity (fit-for-purpose); and
iii. CRE’s contributions to revenue generation.

b) Corporate Asset:

This role is based on CRE's presence in corporate financial statements where it is reported as a corporate asset (Heywood, 2013). He further submits that other than the quantum of CRE on the balance sheet, there are three further aspects to this role grounded in corporate finance and accounting methods that act out in about CRE as decisions about financing the organisation:

i. The proportion of CRE on the balance sheet;
ii. Assets' accounting basis; and
iii. The relationship between debt and CRE.

c) Investment:

Heywood (2013) advances that CRE sees two simultaneous forms of investment occurring. This is because of the management of real estate where real estate is not core business. The two investment forms identified are as follows: (i) as a real estate project and as a contributor to business projects; and (ii) as a necessary factor of production input into business investments.

d) Commodity:

The two CREM commodity activities identified by Heywood (2013) are trading CRE which is about using real estate markets to acquire or dispose of CRE and CRE development which is about applying property development practices to both existing CRE and new requirement CRE.

e) Public Infrastructure:

Per Heywood (2013), this role of CRE is derived from two ideas and the first idea is Graaskamp (1977) model that identifies a consequence in the public realm from real estate development where services flow from public infrastructure to the project and, quid pro quo,

taxes flow towards the public (community). The second idea is that these are externality effects that arise from CRE (Heywood et al., 2010).

2.2. Corporate Real Estate Management (CREM):

Management of Corporate Real Estate (CRE) is known as Corporate Real Estate Management (CREM) and its definition has gone through an evolution since the early days of research into Corporate Real Estate. Per Nourse (1990), CREM refers to "the management of real property assets for use in business other than real estate". CREM, Brown et al. (1993) argues, is "the optimum use of all real estate assets utilized by a corporation in pursuit of its primary business mission". Bon (1994) argues that CREM "concerns the management of buildings and parcels of land at the disposal of private and public organizations that are not primarily in the real estate business". Corporate Real Estate Management (CREM), per Bon & Luck, (1998) refers to "the management of property that is incidentally held, owned, or leased by an organization to support its corporate mission". Lindholm (2006) argues that CREM "concerns every real estate and facilities related issue in public and private organization, whose core business is not in real estate business".

Liow and Nappi-Choulet (2007) submits that current CRE practices suggest at least four important areas in the light of business management focus: CRE Strategic Planning, CRE Organization structure, CRE Business Performance and CRE Risk Management and Assessment.

Kenley et al. (2007) theorises that CREM practices are diverse, encompassing more than the physical environment practices generally referred to in previous literature. They advance the following eleven (11) categories of CREM practices: (a) CRE Unit Practices (i) Organisational practices, (ii) Strategic practices, (iii) CRE decision-making practices); (b) CRE Technical Practices, (iv) CRE Holding practices, (v) CRE Financing practices, (vi) CRE Accounting

practices, (vii) Location/Site selection practices, (viii) Workplace practices, (vx) CRE Information Technology practices, (x) Use of metrics, and (xi) Use of benchmarking.

2.3. Role of CREM department in the organisation:

Gibler (2004) identifies the following Corporate Real Estate Management activities and functions: (a) Planning, (b) Facility location, (c) Property Acquisition, (d) Property Financing, (e) Facilities Management, (f) Property Management, (g) Asset Management, and (h) Property Disposition. Gibler (2004) further advances that there is a paradigm shift in the Corporate Real Estate Management context. CREM is shifting from focus on physical to focus on functionality, from purpose designed space to flexible and adaptable space designs, from long-term needs to variety of time frames, from investment focus to cost focus and finally from investor driven market to occupier driven market.

Per Wim de Villiers (Deloitte Consulting), Corporate Real Estate Management unit / department have essentially three objectives: (a) To provide a cost effective yet productive workplace, (b) To effectively and efficiently manage the organisation's assets and facilities, and (c) To maintain a real estate portfolio that can support the ever-changing demands of the organisation.

Corporate Real Estate Management's contribution to shareholder value can be modelled to illustrate the tangible and intangible effects thereof. It is imperative that the organisation's CREM strategy is aligned to and supports the organisation over-arching strategy. CREM executives should be able to consistently measure and understand how CREM is adding value to the organisation. Per shareholder value theory, the goal of the firm is the maximization of the wealth of the shareholders (Lindholm and Gibler, 2006). A firm should strive to maximise the return to shareholders, as measured by the sum of capital gains and dividends, for a given level of risk or reduce the risk with the same level of income. Per Kaplan

and Norton (1996, 2000, 2004) organizations have two basic approaches for increasing the shareholders' value: revenue growth and productivity.

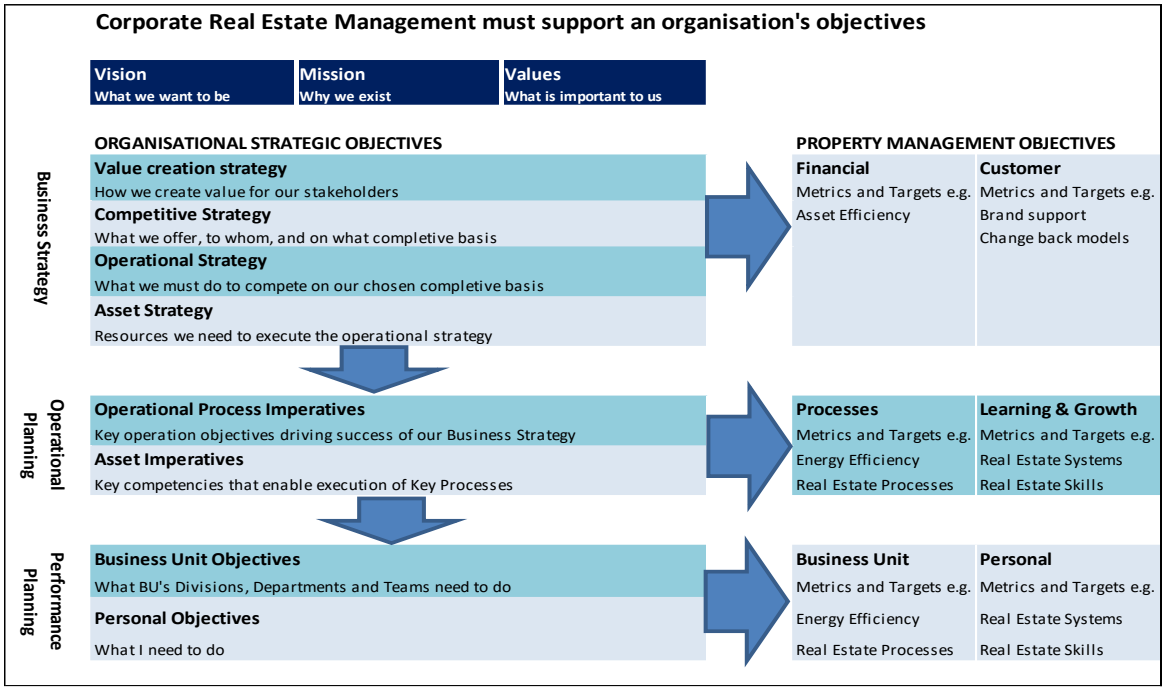
2.4. Value added by Corporate Real Estate Management (CREM):

Different methods of measuring value added by Corporate Real Estate Management are explored with the intent of understanding which methods are employed by non-real estate companies operating on South Africa.

Per Deloitte Consulting, a performance measurement system can be developed to measure what value CREM is adding to the organisation. This system should consist of a minimal number of mutually exclusive measures, balance financial and non-financial measures, and measures that focus on shareholder expectations. The individual measures that comprise the performance measurement system should be valid (measure what is intended to be measured), reliable (provide consistently valid results), practical (economical, convenient, and interpretable), and relevant (valuable and useful).

Table 1 below, by Deloitte Consulting, shows the framework on how Corporate Real Estate Management must support an organisation's strategic objectives. This framework, for measuring the added value of CREM, follows a structured process in identifying and determining how value is created, what can be done to improve, real estate business processes and improvement actions. It is important that performance measures seek to identify and provide information about the beneficial outcomes of actions, as well as the completion of the action and the resource inputs that it requires (Varcoe, 2001).

Table 1: CREM must support an organisation's strategic objectives (Deloitte Consulting)



Source: Wim de Villiers, Real Estate Solutions at Deloitte Consulting

It is important to note that according to Hill (2002), from a Shareholder Value Added (SVA) perspective the following points are relevant: (a) Owning real estate assets increases the Net Asset Value (NAV) position but also improves the Net Operating Profit After Tax (NOPAT) position, as a result of the company not having to pay rent, (b) Where property asset are mortgaged, the position is similar except that the debt equation has to be factored in, and (c) An understanding of market rental cycles must be factored into the analysis to incorporate the full alternative picture of leasing corporate real estate. Therefore, Shareholder Value Added can be measured by ownership and / or leasing of Corporate Real Estate assets.

Corporate Real Estate Management was originally focused on meeting continuous need for accommodation (Krumm, 1999). This focus has now shifted towards providing functional leadership and cost-effective services for businesses (Gibler et al, 2004). To meet the biggest challenges businesses are facing today, businesses need efficient, innovative and productive work environments with flexibility for expansion and contraction in response to the market (Gibler et al. 2002).

De Jong (1996) describe seven elements of added value contributing to the transformation of corporate real estate from mere "cost of doing business" to a true corporate asset (See Table 2 below).

Table 2: Elements of added value of real estate by De Jonge (1996)

Increasing Productivity	Offering adequate accommodation Site selection Introducing alternative workplaces Reducing absence of leave
Cost Reduction	Creating insight into cost structure More efficient of workplaces Controlling costs of financing
Risk Control	Retaining flexible real estate portfolio Selecting suitable locations Controlling the value development of the real estate portfolio Controlling process risk during (re) construction Controlling the environmental aspects and labour conditions
Increase of Value	Timely purchase and sale of real estate Redevelopment of obsolete properties Knowledge of and insight into real estate market
Increase of Flexibility	Organisational measures (working hours, occupancy rates) Legal / Financial measures (mix own/rent/lease)
Changing the culture	Introducing workspace innovations
Public Relations and Marketing	Selection of branch locations Image of buildings Governing corporate identity

To achieve its strategic goals, an organisation must compute relevant performance measures which should derive from the firm's strategy (Keegan et al. 1989). To be effective and play a strategic role in the organisation, better real estate performance measures are needed to reflect how well real estate is being utilised in the business (Nourse, 1994), not just its cost

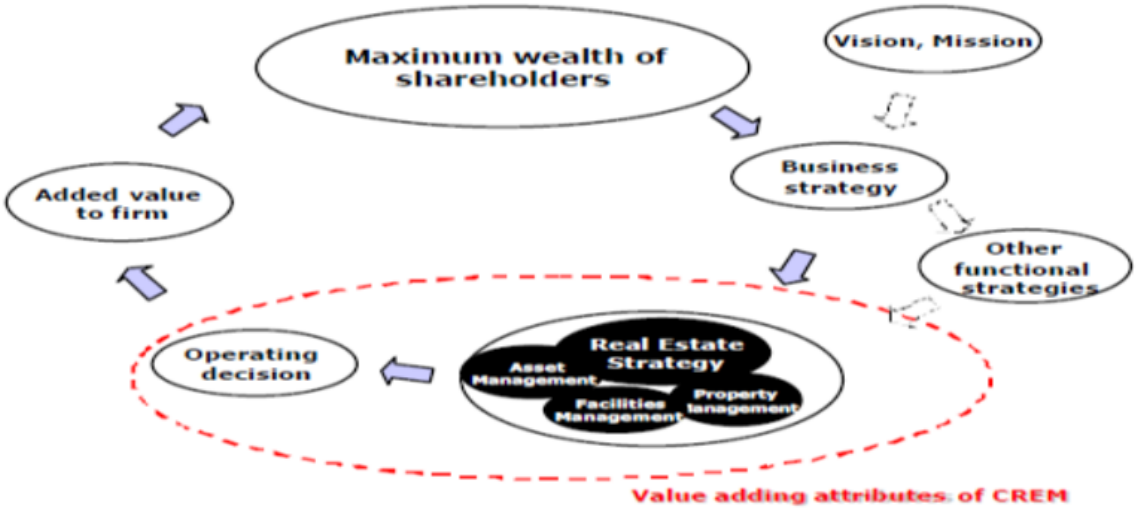
to the firm. Bdeir (2003) found that most CRE units measure operational performance, identifying short-term financial indicators such as occupancy costs. Per Gibler et al. (2004), possible figures for measuring Corporate Real Estate performance identified in previous research include the following listed under Table 3 below:

Table 3: Possible figures for measuring CRE performance identified in previous research

Physical Space	**Physical Characteristics**
Total Amount of Space	Physical condition of exterior
Unit of space per employee/seat	Physical condition of interior space
Business unit/Property type/Location	
Person per seat	**Tenure**
Percentage of space occupied	Lease cost versus construction cost
	Leases cost versus owning cost
Cost of Physical Facility	Lease-to-Own ratio
Cost per square meter	
Cost per employee/seat/business unit/property type/location	**Value**
	Marketability of property -market value
Cost related to Income	Book value of property
Ratio of occupancy costs to sales or revenue	
Sales per unit of space	**Corporate Real Estate Staff**
Business return on assets	Cost per CRE employee
Real estate spending as a percentage of operating expenses	Cost per in-house versus outsourced employee
	Corporate space per CREM employee
Flexibility	Corporate sales per CREM employee
Flexibility of physical facility for changes in use	Corporate employee per CREM employee
Flexibility of lease provisions to adapt to life cycle of company products	
	Other
Satisfaction	Average distance to employee homes / to customer/
Employee satisfaction	to supplier/between managers
Customer or client satisfaction	Provision of amenities

Gibler et al. (2004) suggest that CRE executives must develop better means of communicating with top executives to explain how real estate contributes to the company's profitability and success. Lindholm et al. (2006) developed a model of CREM as part of the organisation strategic framework (see Figure 1, below). The essence of this strategic framework spells out the requirement for organisations to identify critical drivers of success and develop functional strategies that incorporate these drivers. In the case of realising the value added by Corporate Real Estate Management, Lindholm (2006) submits that it is of strategic importance that the Corporate Real Estate Management strategies are aligned to the organisation's overall strategy.

Figure 1: CREM as a Part of the Firm's Strategic Framework (Lindholm et al. 2006)



Nourse and Roulac (1993) argues that to effectively support the range of corporate objectives, multiple rather than a single real estate strategies may be required.

2.5. CREM as a source of competitive advantage:

Porter is widely considered to be the landmark author in the field of competitiveness of corporations as he has explicitly introduced notions of “competitive strategy (Porter, 1980), “competitive forces” and “competitive advantage” (Porter, 1985) Kenley et al. (2007) argues that at least two conceptualisations of organisational competitiveness can be identified. The first is a market based position where a firm’s market position or its competitiveness is determined by its ability to generate performance superior to other firms with similar value offerings to the market – its competitors (Gatignon and Xuereb, 1997; Hamel & Prahalad, 1994; Han, et al., 1998). The second conceptualisation is that of competitiveness equating to a firm’s sustainable growth rate relative to its competitors. A firm that outperforms its competitors can be said to enjoy a competitive advantage over them and is superior in dealing with competitive forces (Bartol & Martin, 1994).

Several themes have emerged in the CRE literature than makes a connection between CRE and organisational success (Kenley et al. 2007). These literature includes but are not limited

to the following: The alignment of CRE and organisational strategy (Englert, 2001; Nourse and Roulac, 1993; O'Mara, (1999a); (Roulac, 2001); CRE's value to the organisation (Lindholm and Gibler, 2006; Lindholm and Leväinen, 2006; McDonagh, 2002); Management of the relationships between CRE and organisations (McCarty, et al., 2006); and That CRE is under recognised resource (Joroff et al., 1993), and that integration of CRE and other organisational infrastructure resources will provide additional value to the organisation (Dunn, et al. 2004; Materna & Parker, 1998).

Roulac (2001) theorises contributions of space and place to the following seven sources of competitive advantage:

- Create and retain customers;
- Attract and retain outstanding people;
- Contribute to effective business processes;
- Promote enterprise values and culture;
- Stimulate innovation and learning;
- Impact core competency; and
- Enhance shareholder wealth.

Buns (2002) hypothesises that CRE may contribute to competitiveness through value creation as both a tangible, physical asset and as an intangible asset through support of workforce and organisational climate. O'Mara, (1999b) study of managing CRE for competitive advantage does so from the perspective of external competitive forces (Porter's 5 forces) and how real estate responses to the forces or facilitates competitiveness. O'Mara (1999b) notes three broad competitive strategies for organisations derived from Porter's work and consequentially for organisations' CRE, they are *Cost*, *Differentiation* and *Focus*.

The Corporate Real Estate Asset Management (CREAM) Research Group at the University of Melbourne developed a theoretical model that depicts the relationship between CREM practices and firm competitiveness (see Figure 2, below):

Figure 2: Modelling CREM and Organisational Competitiveness:



**CIR is Corporate Infrastructure Resource*

Per Kenley, et al., (2007) this model provides for links to competitiveness through two levels of mechanisms. The first level is through corporate competitiveness modelled as deriving from three Sources of Competitive Advantage or ways of competing – *Cost*, *Differentiation* and *Innovation*. The second level mechanism is that of Functional Strategies that conceptualises organisations as bundles of business functions (such Operations, Marketing, Finance, Human Resources, Information and Technology) that are required to achieve organisational objectives. Kenley et al. (2007) tested the model in the Australian CREM environment and found that Australian CREM choice of practices employed for competitiveness is cost-based.

It remains relatively unknown how non-real estate corporations in South Africa position their CREM practices to enhance their competitive advantage in their operating market. Part of

this research project will be to uncover choice of CREM practices for competitiveness in the South African non-real estate firm space.

2.6. The Corporate Real Estate Management (CREM) Strategies:

Veale (1989) argues that the effectiveness of CREM for many organisations would be improved not from another computer package or new financing acronym but from a solid grounding in general management principles, such as Cost Management; Management Reporting; Long-range planning; Inventory and Control; Management by objective; Personnel Management and Risk Analysis. In delivering effective CREM, different organisations employ different strategies and below is an analysis of some of the CREM strategies employed by non-real estate organisations:

2.6.1. CREM Functions Outsourcing Strategy:

The outsourcing of non-core business activities has recently mushroomed throughout the world as organizations seek reduced cost and strategic business advantages in an increasingly competitive marketplace (McDonagh & Hayward, 2000). They further submit that a component of this overall trend has been a dramatic increase in the extent to which real estate asset management functions of non-real estate investment organisations have been taken over by “external service providers”. Rothery & Robertson (1995) define outsourcing as employing an outside agency to manage a function formerly carried on inside the company. D'Aveni & Gunther, (1994), Rothery and Robertson (1995) and Joroff et al. (1993) variously refer to the drivers of outsourcing as being business process re-engineering, including value engineering, time compression and value chain analysis; organizational restructuring (re-inventing); competition and the ever-faster erosion of competitive advantage; changing technology; and cost control.

The CREM functions that are found to be outsourced mainly lies at Management & Control level as well as the Operational level in line with the CREM Strategic Management Framework (Matsham & Heywood, 2012). Strategic CREM functions as well as Client relationship management are usually kept in-house whereas other functions are being outsourced (see Table 4, below).

Table 4: Outsourced CREM Functions (Matsham & Heywood, 2012)

Type of Functions	Outsourced	In-House	
Strategic Planning	No	Yes	Strategic
Client Relationship Management	No	Yes	
Acquisition, Leasing and Development	Yes	Yes	Management and Control
Portfolio Management	Yes	Yes	
Financial Analysis	Yes	Yes	
Facility Management	Yes	Yes	Operational
Property Management and Building Operations	Yes	Yes	
Maintenance and Repairs	Yes	Yes	

Elmuti, et al., (1998) stated that there are primarily long-term and short-term benefits that non-real organizations take into pursue by outsourcing their CREM functions.

Long-term benefits for CREM functions outsourcing were:

a) The ability to free up resources for other core business purposes;
b) Being able to share risks with the external service providers, who is thought more able to manage risks inherent in their speciality; and
c) Accelerated business process re-engineering by enabling a world class practice specialist to immediately take over the activity (Elmuti et al., 1998).

Short-term benefits for CREM functions outsourcing were:

a) Managing a difficult or out-of-control function.
b) The ability to access resources not available internally for various reasons including lack of funds, facilities or technology.
c) Reducing and controlling operational costs through the external provider's economies of scale. This was identified as the primary reason to outsource (Elmuti et al., 1998).

Timm (2009) and Wong (1995) argue that outsourcing is neither simple, easy nor without risk. Some of the common problems reported in outsourcing CREM include the following:

a) Vicarious liability for the actions of others of which you may not be aware, or in which you may not be fully involved;
b) Becoming an ignorant customer through the atrophy of internal management and technical skills, until you become unable to competently specify and manage the outsourced activity;
c) Losing the capacity to profit from the benefits of future productivity enhancement in changing industries or markets by trading rights of first access to the outsource service provider;
d) Creating a self-imposed monopoly with the service provider by emphasizing the short-term transaction cost savings from that single service provider over the potential long-term strategic benefits of a healthy and competitive market supply;
e) Outsourced providers less in tune with the organisation's needs or culture and seeing themselves as an order-taker than having a strategic role;
f) Time consuming bid or management processes;
g) Slower response times;
h) Lack of control;
i) Poor communication and a lack of satisfaction with relationships; and
j) Reliance on contractual obligations and formal decision-making and reporting arrangements between the organisation and external service provider.

Hartmann, et al., (2010); Kenley et al., (2000); Kooymans (2000) and Wills (2002) argue that one of the biggest challenges faced when outsourcing Corporate Real Estate Management has been Performance and Performance Measurement.

2.6.2. CREM Functions Out-Tasking Strategy:

Out-tasking is the outsourcing of relatively minor CREM functions. All out-tasking is outsourcing but not all outsourcing is out-tasking (Kooymans, 2000). In CRE sense, outsourcing of the cleaning of buildings would be out-tasking, whereas outsourcing of the CRE function would be called outsourcing.

2.6.3. CREM In-house Management Strategy:

Certain organisations might adopt the in-house CREM strategy mainly because they experience challenges associated with the outsourcing strategy (service provider performance issues and lack of quality in meeting the organisation's standards and needs). Matsham and Heywood (2012) argue that the decision to undertake in-house management of CRE could be influenced by factors of personal perception, behaviour, experiences or biases.

2.6.4. CREM Alliancing or Partnership Strategy:

The concept of Alliancing or Partnership is defined as a strategy to achieve higher performance and / or lower costs through joint, mutually dependent action of independent organisations or individuals (Rothery and Robertson, 1995). Whereas outsourcing is based on achieving service levels set out in a service agreement, Partnerships are based on issues like cultural fit (Kooymans, 2000).

Kanter (1994) observes that inter-company alliances tend to meet the following criteria, which serve well to differentiate alliancing from outsourcing:

a) *Individual Excellence* – both partners are strong in their core competencies and have something of value to contribute to the relationship;
b) *Importance* – partners have long term goals in which the relationship play a key role;
c) *Interdependence* – the partners need each other;
d) *Investment* – the partners show tangible signs of long term commitment by devoting financial and other resources to the relationship;

e) *Information* - partners share information required to make the relationship work, including objectives and goals, technical data and knowledge of conflicts, trouble spots and changing situations;
f) *Integration* – partners build broad connections between many people at different organisational levels, becoming both teachers and learners;
g) *Institutionalisation* – the relationship is given formal status, with clear responsibilities and decision-processes, so that the partnership can survive the people who initially put it together;
h) *Integrity* – the partners behave honourably, enhance mutual trust, do not abuse confidential information and do not seek to undermine each other.

2.7. Current Executive Attitudes towards added value of CREM:

Previous literature has shown that senior corporate executives play an important role in promoting CREM and in inspiring the whole corporation to be more responsible towards CREM process (Schaefers, 1999).

It is therefore fundamental to understand the role of CRE executive. Per Ali et al. (2008) the role of a CRE manager in a business organisation is challenging since CRE activities comprise all aspects of real estate holdings in the business organisation. Seiler, Chatrath, and Webb (2001) point out that the CRE manager has a more complex objective function than does the individual investor or developer who seeks real estate investments to increase wealth.

Therefore, we undertake to understand the current job description of the CRE executives as well as the critical skills required to the optimum performance in their roles. This will play a vital role in setting the scene for the attitudes that CRE executives have towards the value added by corporate real estate management.

2.7.1. Role of CRE executive:

Then (1996) identified four types of operational asset management models used on the perceptions of senior management and influenced by the prevailing organisational culture. The first type is the indifference response, where senior management perceives real estate assets as “free goods” that provide the physical space for business activities. The second is the reactive response, which views real estate operations as a cost that must be borne by the company. In this regard, senior management’s emphasis is on cost minimization for the real estate operation. The third response is proactive where real estate is perceived as an asset that will add value to the business. Ali et al. (2008) refers to this model as a shift towards active problem solving by the real estate function on behalf of the business units. The fourth and final response views real estate as a business resource which can create business opportunities. The business resource response reflects the involvement of the CRE executive in the strategic planning process and real estate assets as an important resource in the business.

Gillies and Dow (2002) found that competence in the property area is no more than a prerequisite for CRE role but that an exceptional CRE manager must also understand their organisation and possess excellent leadership, management and communication skills. They further found that some of the challenges facing CRE managers include: (a) understanding and guiding their organisations, (b) improving performance within the CRE function as well as (c) working with the property industry.

Table 5 by Ali et al. (2008) below shows some of the key functions of the CRE manager role relative to that of a Property Manager:

Table 5: Summary of differences between Property Management and CRE (Ali et al., 2008)

Scope	Property Management	Corporate Real Estate Management
Objectives	Property Maintenance	Strategic real estate activities to support the business operation
Activities	Day-to-day tasks; Administrative management Marketing and Physical management	The management of all aspects of real estate; Acquisition and development, Disposition, Property Management, Financial analysis, surplus property, and miscellaneous activities such as leasing and brokerage
Users	Building occupiers / tenants	Stakeholders
Management	Property Manager	Corporate Real Estate Manager
Skills	Property Specialist, Business administration and Engineering	Property specialist with financial and management background
*Level of management**	Tactical or operational	Strategic and tactical

Note: *Depends on the structure of the organisation

Further to the above, Ali et al. (2008) depicts the major differences between Facilities Management and Corporate Real Estate Management (Table 6).

Table 6: Summary of differences between Facilities Management and CRE (Ali et al., 2008)

Scope	Facilities Management	Corporate Real Estate Management
Objectives	Provide quality working environment to support the business operations	Strategic real estate activities to support the business operation
Activities	Acquisition and Disposition, Physical upkeep, record keeping, and reporting tasks to CRE owner	The management of all aspects of real estate; Acquisition and development, Disposition, Property Management, Financial analysis, surplus property, and miscellaneous activities such as leasing and brokerage
Users	Staff and workers in the organisation	Stakeholders
Management	Facilities manager	Corporate Real Estate Manager
Skills	Professionals with the architectural, construction engineering, industrial engineering and operation management skills	Property specialist with financial and management background
*Level of management**	Tactical or operational	Strategic and tactical

Note: *Depends on the structure of the organisation

CRE manager's role is therefore concerned with the strategic role of real estate management within an organisation with both Facilities Management (FM) and Property Management part

of the operations under the CRE Manager (Ali et al., 2008). O'Mara (1999) argues that CREM decisions are made in the context of what the organisation does to compete and succeed in the market place.

2.7.2. Attitudes of CRE executives:

One impediment of real estate being included in corporate strategic planning is corporate executives' lack of knowledge and understanding of real property (Gibler et al. 2012). According to Schaefers (1999), if real estate managers are to be included in the strategic planning process, they must become strategists and creative problem solvers who take a management view of real estate over a long-term planning horizon. In his seminal paper, Veale (1989) argues that attitudes of decision makers are likely to be a decisive factor in effective management of Corporate Real Estate assets. In terms of Veale (1989), "*effective* is used to mean incorporating decided, decisive, and deliberate methods or management structures for reducing uncertainty and arriving at desired real estate solutions."

The following are seven dimensions to test the hypotheses for what constitutes effective management in Corporate Real Estate (Veale, 1989):

a) The presence of a formal, organised real estate unit;
b) The use of management information systems (MIS) for real estate operations;
c) The use of property-by-property accounting methods;
d) The frequency of reporting real estate information to senior management;
e) The exposure of real estate executives to overall corporate strategy and planning;
f) The reported availability of information and methods, for evaluating real estate performance and use; and
g) The performance if real estate assets relative to overall corporate assets.

Carn, Black and Rabianski (1999) believe that Corporate Real Estate executives need business, engineering and technological abilities to be successful. Earlier studies by Arthur Andersen et al. (1993) showed that respondents said understanding the company's business,

negotiation and deal-making and strategic planning skills are required for success. Therefore, similar, to Peter Veale 1989 study, for the purposes of this current research project, the seven dimensions used by Veale will be used to assess whether there is effective CRE management in place and subsequently assess the attitudes of CRE executives towards added value of CREM.

2.8. Methodologies of previous studies:

At least three large surveys have been carried out on identifying factors in the more successful Corporate Real Estate Management: Silverman and Zeckhauser (1981), Veale (1989) and Arthur Andersen (1993). The limitation with mail survey was a small response rate of 6.2% (Nourse, 1994).

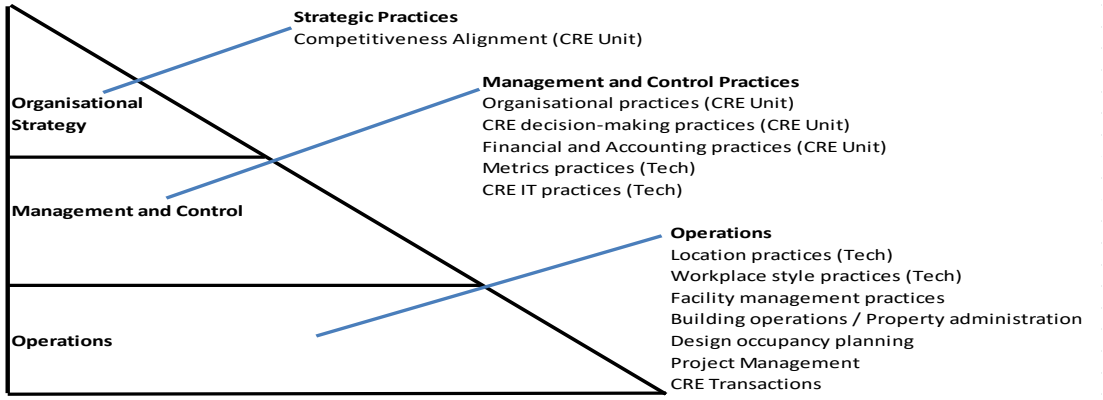
Case Study interviews have been used by Nourse, (1994) where he interviewed executives about how they measure and monitor real estate performance on a regular basis. Per Nourse (1994), top executives responsible for Corporate Real Estate Management were sent a letter describing the study. This was followed by a telephone call to work out interview times with an appropriate executive.

Schaefers, (1999) have used questionnaires will multiple-choice answers sent to senior executives who were responsible for Corporate Real Estate Management. The response rate was about 23% of those who received the questionnaires. Within a South African context, Lalloo (2013) collected data through a survey research. He used a questionnaire which was divided into six (6) main sections covering: Organisation, Structure, Real Estate decision making, leasing versus owning, corporate real estate management, and in-house versus outsourcing management.

2.9. Conceptual Framework:

The CREM Strategic Management Framework (Figure 2.3, below) provides a comprehensive account of the areas of knowledge required by CREM to operate strategically (Heywood and Kenley, 1999).

Figure 3: The CREM Strategic Management Framework



This framework provides greater utility than the other frameworks and attempts at defining a Body of Knowledge because:

- It is an overarching theoretical framework suitable for strategic CREM that matches strategic management theory;
- Competitiveness alignment is a key theoretical position at strategic level that is crucial to strategic success of CREM;
- It is a comprehensive collation of practices and dimensions of practice with practices located relative to the Strategic Framework.

2.10. Conclusion:

Previous researches clearly show that CRE assets forms a significant part of most organisations overall asset base. Veale (1989) further found that operating costs associated with the Corporate Real Estate is second to only human resources costs in some

organisations. This therefore put on the Corporate Real Estate Management practices and those who are managing these assets in as an important driver towards achieving overall organisation strategic objectives. By recognizing the importance of Corporate Real Estate Management practices, companies can do better to align their corporate strategies with those of their CREM.

Previous studies on CREM practices have been confined mainly to the developed nations of the US and the European countries and therefore there is an opportunity to replicate some of these studies within the South African context and answer key questions posed by this research proposal. Some of the seminal studies in the CRE and CREM have included the following:

a) Managing Corporate Real Estate Assets: Current Executive Attitudes and Prospect for an Emergent Management Discipline, Veale (1989). Veale (1989) identified that CRE Executives do not maintain adequate information about their CRE assets and this leads to significant under-management of these assets. Veale (1989) further held that the strongest factor appeared to be the attitudes of managers in the regards to the importance and value of real estate functions within their organisations.
b) A framework for identifying and measuring value added by corporate real estate, Lindholm et al (2006). Lindholm et al (2006) found key elements with regards to the management of the CRE assets:
    - Many firms do not recognize how real estate adds value to the business;
    - While they may have a corporate real estate strategy, that strategy is often not developed in coordination with the overall business strategy;
    - In addition, the performance measures being used by many companies focus solely on cost, not value added.

This research will assist understanding the following questions:

- Attitudes of CRE Executives towards CREM and CRE assets?
- The importance attached to CREM by CRE Executives?
- How CRE Executives treat CREM and CRE assets?
- What is the alignment between CREM strategy and overall corporate strategy?
- What are the specific linkages between CRE strategy and corporate strategy?

Chapter 3: Research Methodology:

3.1. Research Method:

In this research study, a combination of both quantitative and qualitative research approaches has been applied. The study aimed to investigate current attitudes of CRE executives towards the value added of Corporate Real Estate Management within the South African context. This aim was achieved through the following objectives:

a) Establishing general CREM practices in SA non-real estate firms (JSE listed and non-listed).
b) Determining where the Real Estate organisation fits within the wider firm's strategic departments.
c) Establishing functions performed by firms' CRE organizations and which strategies they employ to execute these functions.
d) Understanding the competencies and experience of CRE executives and how they perceive CRE assets and CREM contribution to overall firm's objectives.
e) Determining how firms measure value delivered by their CRE assets.

Maxwell (1998) distinguished between the main factors (which he called the components of the interactive model: purpose; conceptual context; research questions; methods; validity) and environmental factors (including: persona and political goals; perceived problems; personal experience; existing theory; prior and pilot research; though experiments; data and conclusions; research paradigm; researcher skills; personal style; setting; ethical standards; funding; participant concerns). Most of these factors were considered in this research study.

The research philosophies are formed from basic ontological and the related epistemological positions, and have developed in both classical and contemporary forms to effectively classify different research approaches. The following research philosophies and approaches are

dealt with extensively by different authors and are also referred to as key paradigms – those of Positivist (classical), Interpretivist constructivist (classical) and Realist (contemporary), (Saunders, Lewis and Thornhill, 2007).

Literature review formed the basis of this study, and the study does not set out to test pre-existing theory instead relied upon qualitative and quantitative data. Open interviews and web based questionnaire have been used with many different organisational actors and at all organisational levels to discover and understand the individual and shared sense of meaning regarding the CRE, CREM, the value derived from CRE assets as well as attitudes of CRE executives towards the value derived from the CRE assets. The study was also interested in the factors that affect the different interpretations gathered from informants, but the emphasis here is on understanding the individual and shared meaning rather than on explaining underlying mechanisms, or identifying causal effects.

Born from a frustration that positivism was over-deterministic (in that there is little room for choice due to the causal nature of universal laws) and that constructionism was so totally relativist (and hence highly contextual), realism takes aspects from both positivist and interpretivist positions. It holds that real structures exist independent of human consciousness, but that knowledge is socially created, with Saunders, et al., (2007) contending that our knowledge of reality is a result of social conditioning. Per Blaikie, (1993), whilst realism is concerned with what kinds of things there are, and how these things behave, it accepts that reality may exist in spite of science or observation, and so there is validity in recognising realities that are simply claimed to exist or act, whether proven or not. In common with interpretivist positions, realism recognises that natural and social sciences are different, and that social reality is pre-interpreted, however realists, in line with the positivist position also hold that science must be empirically-based, rational and objective and so it argues that social objects may be studied ‘scientifically’ as social objects, not simply through language and discourse. Realists take the view that researching from different angles and at multiple

levels will all contribute to understanding since reality can exist on multiple levels Chia, (2002) and hence realism may be inductive or theory building.

The realists approach has been chosen for added benefit of being able to understand reality from multiple levels. Both the quantitative and qualitative approaches were used in analysis of data and interpretation thereof. The differences between qualitative and quantitative research have been explained by several different authors (e.g. Maxwell, 1998; Corbetta, 2003). Maxwell, (1998) pointed to the key criteria for qualitative research design. In a qualitative study, the activities of collecting and analysing data, developing and modifying theory, elaborating or refocusing the research question, and identifying and dealing with validity threats are usually going on simultaneously, each influencing all the others. In addition, the researcher may need to reconsider or modify any design decision during the study in response to new developments or to changes in some other aspect of the design. Corbetta (2003) demonstrated that qualitative research is open and interactive and observation precedes theory whereas quantitative research is structured and theory precedes observation.

3.1.1. Design and Data Collection:

Firstly, the author conducted a literature review of relevant research on Corporate Real Estate, Corporate Real Estate Management, Strategic Management, CREM Value Management as well as Executive attitudes towards Corporate Real Estate Management. This provided a framework on current CREM practices in South Africa as well as the understanding of CREM value adding attributes and the Executives' attitudes towards the value add of CREM.

Secondly, interviews with Corporate Real Estate Executives, Functional Managers and Consultants/Experts in South Africa were conducted to obtain specifics on Corporate Real

Estate, Corporate Real Estate Management and value added measurements used in each firm. In the process the Executive attitudes towards value add of Corporate Real Estate Management were assessed. Executives of non-listed (Johannesburg Stock Exchange) non-real estate companies were interviewed in this research project. Face to face interviews with five (5) CRE executives where conducted addressing the main objectives of this project. Backgrounds of companies interviewed were assessed by amongst other things the following attributes:

(a) Private or Public;
(b) Core business of the company concerned;
(c) Total number of employees;
(d) CREM employees;
(e) Properties extent in total (m^2);
(f) Ownership Percentage;
(g) Offices Percentage.

The on-line Questionnaire was also administered in cases where executives of the organizations cannot be reached. In total 23 responses where received from over 50 requests that where sent. In each of the interviews or questionnaires, the aim was to get information on the following:

(a) Determine the company's core business;
(b) Determine whether there is a CREM unit in the company;
(c) Determine the roles and reporting lines of the CRE executive;
(d) Determine how they define the added value of Corporate Real Estate Management;
(e) How they think CREM add value to the core business mission (Executive attitudes);
(f) Whether the broad strategy of the business includes Corporate Real Estate strategies;
(g) Ascertain the level within the firm at which strategic Corporate Real Estate decisions are taken;

(h) Identify key indicators that the firm is measuring related to Corporate Real Estate Management and how those results are being used in real estate related decisions.

After comparing results of the interviews and the online questionnaire with the previously published literature, evidence in terms of Corporate Real Estate Management practices within the South Africa context was possible to be put forward. This new information will assist in understanding the extent to which South Africa companies are leveraging the value lever that is Corporate Real Estate Management.

3.2. Issues of Reliability and Validity:

Reliability is an indicator of a measure ‘s internal consistency (Zikmund, et al., 2010). Consistency is the key to understanding reliability. Reliability is also defined as the extent of getting consistent results on different occasions using the same tools (Saunders, et al., 2009). Per Zikmund, et al. (2010) a measure is reliable when different attempts at measuring something converge on the same results. Standardised interviews and online questionnaire have been used to enhance the reliability of the results.

Zikmund et al. (2010) define validity as the accuracy of a measure or the extent to which a score truthfully represent a concept. They further submit that the four basic approaches to establishing validity are *Face Validity*, *Content Validity*, *Criterion Validity* and *Construct Validity*. Face validity refers to the subjective agreement among professionals that a scale logically reflects the concept being measured. Content validity refers to the degree that a measure covers the domain of interest. Criterion validity is the ability of a measure to correlate with other standard measures of similar constructs or established criteria. Lastly, Construct validity exists when a measure reliably measures and truthfully represents a unique concept. Construct validity consist of several concepts, including: face validity, content validity,

criterion validity, convergent validity and discriminant validity. Validity will be ensured by using online survey as well as personal interviews.

3.3. Data Analysis:

The analysis of qualitative research involves aiming to uncover and/or understand the big picture - by using the data to describe the phenomenon and what this means. Both qualitative and quantitative analysis involves labelling and coding all the data in order that similarities and differences can be recognised. Responses from even an unstructured qualitative interview can be entered in a computer for it to be coded, counted and analysed. The qualitative researcher, however, has no system for pre-coding, therefore a method of identifying and labelling or coding data needs to be developed that is bespoke for each research - which is called content analysis. Content analysis will be used where qualitative data has been collected through Interviews.

Results from previous research have predominantly being focused on developed economies and could not be generalised across all countries, especially developing countries. However, research methodologies used by leading authors such as Veale (1989) could be replicated in the South African context to determine the results for this market. For accurate examination of CREM practices in non-real estate companies in South Africa, a thorough literature review was undertaken by the author to understand what key elements must be taken into account. Characteristics of the respondents have been analysed in terms of the following key elements: Job Title, Number of employees the organisation hires, Responsibilities of the CREM unit, Industries in which the organisation belong, Size of firm in terms of the CRE assets, Number of sites the organisation runs as well as number of years of experience of the CRE Executive.

3.4. Ethical Considerations:

In conducting this research, careful consideration was taken to ensure that neither the participants in this proposed research nor their organisations are compromised in any way or form. Where non-disclosure agreements are a requirement for company sensitive data to be disclosed, the author ensured that that information is carefully protected and purely used for research purposes.

Proper and adequate planning for the research has been done so that an opportunity for misleading research findings is minimised. Adequate time for field work, which includes interviews and online questionnaire, was allocated so that the respondents are given enough time to plan for their feedback. The dignity and welfare of all participants has been safe-guarded to ensure that they or their organizations are not unnecessarily exposed to risk which may be inherent in this research process. No financial or any other form of inducement has been offered for anyone individual or company to participate in this research project. No fabrication, falsification of data will be carried out in this research project.

Where someone's original work is used, property in-text reference as well as full reference has been made in the research document. All precaution required has been taken to ensure that plagiarism, as per the University rules, is prevented.

3.5. Limitations:

Limitations are potential weaknesses in the study and are out of the control of the author. The inference made from this research may not be a full representation of how real estate companies manage their Corporate Real Estate assets and how they perceive the value add of CREM. The research study has been purely being dependent on CRE executives and their companies' willingness to participate and cooperate with the researcher. Another limitation

was time as the author depended on the prompt responses to the online questionnaire survey as well as CRE executives agreeing to interviews that the author sent to them.

3.6. Delimitations:

The delimitations are those characteristics that limit the scope and define the boundaries of this research proposal (Simon, 2011). The research study was limited to non-real estate organisations and all research findings may not be applied to other firms particularly those whose core business is centred on management of Corporate Real Estate functions.

3.7. Scope and Contribution:

The author aimed to unveil CREM practices within South African non-real companies (both listed and non-listed). Further to this is to understand the current CRE executive attitudes toward value added by CREM.

The contribution is to understand the current CREM phenomenon which is not adequately known with the non-real companies' domain. As there is limited research data in this area, this research project aims to contribute by bringing forth new empirical data regarding current CREM practises. This research study focused on the following research objectives:

a) Advancing knowledge on current CRE Management strategies employed by South African non-real estate organisations;
b) Assisting CRE executive to understand key value drivers of Corporate Real Estate Management;
c) Providing empirical evidence on what executive attitudes prove critical in realising full added value of CREM;
d) Assisting in benchmarking South Africa CREM practices with those of its global counterparts.

Chapter 4: Results and Discussion

4.1. The respondents:

There were 23 respondents to the online questionnaire that was administered. As is the intention of this research study, all participating organisation are non-real estate organisations and either JSE listed or non-JSE listed. Further to this interviews with five Real Estate Executives were held. The respondent came from Financial and Consumer Goods organisations which respectively formed 35% and 39% of the overall respondents. 91% of the respondent organisations employed over 700 people as shown in Table 8 below.

Table 7: Number of people Employed by Respondent Organizations

#	Answer		Response	%
1	Less than 100		1	4%
2	101 - 300		0	0%
3	301 - 500		1	4%
4	501 - 700		0	0%
5	Over 700		21	91%
	Total		23	100%

77% of the respondents indicated that they do not have a qualification related to property or Corporate Real Estate Management, see **Table 8** below. This is an important observation which will be further discussed in the last chapter of this report as it goes to the core of both understanding the management and value maximization of the Corporate Real Estate assets. It is important to clarify that all 77% respondents do have tertiary qualifications such as LLB, MBA and Chartered Accounting etc.

The significant bias by non-real estate organisations for opting to have CRE executives with strong legal (LLB), executive business management (MBA) and Accounting (CA/ CFO) background could also be viewed as a step in the right direction in securing and fully optimising and maximising organisation's real estate assets. This could be the organisations classifying their CRE assets as a key asset class within their portfolio of assets that requires competent legal, accounting and financial controls.

Table 8: Property Qualifications Respondents profile

#	Answer		Response	%
1	Yes		5	23%
2	No		17	77%
	Total		22	100%

4.2. Role of CRE executive:

Table 9: Amount of Time Spent of CREM Activities by CRE Executives

#	Question	1	2	3	4	5	Total Responses	Mean
1	Preparation of property capital budgets	9	5	6	3	0	23	2.13
2	Preparation of maintenance/operational budgets	8	8	6	1	0	23	2.00
3	Buying/selling real estate assets	8	7	6	2	0	23	2.09

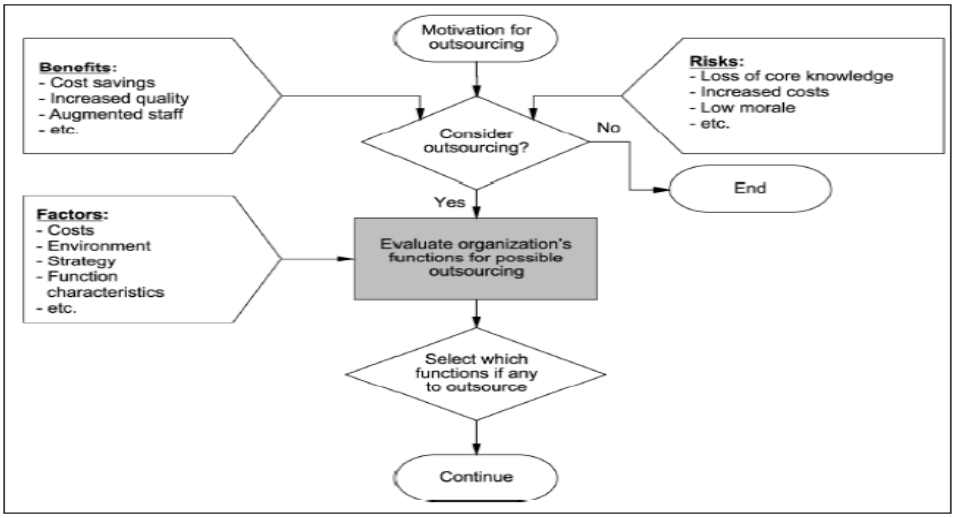
4	Undertaking financial viability studies	7	5	5	3	3	23	2.57
5	Planning/developing real estate strategy	8	6	3	3	3	23	2.43
6	General administration	6	4	7	3	3	23	2.70
7	Supervising engineering/construction	14	4	2	3	0	23	1.74
8	Lease negotiation/administration	7	9	3	3	1	23	2.22
9	Statutory compliance - e.g. Building Acts/Health and Safety	13	5	3	2	0	23	1.74
10	Maintenance supervision	14	5	3	1	0	23	1.61
11	Managing external service providers	10	5	5	3	0	23	2.04

Table 9 and 10 below reflect the CREM activities that CRE executives spend their time on.

Table 9 indicates that general administration supervising, real estate strategy development and planning, acquisition and divestment as well as undertaking financial viability studies are some of the key activities that CRE Executives are spending most of their time on. It is significant to notice that CRE Executives spend a significant amount of time on managing external service providers (mean of 2.04). This has a direct correlation to non-real estate organisations that through interviews have their CRE Executives indicate that certain of the CREM activities such as Maintenance Activities (Facilities Management) as well as Construction and Project delivery activities are outsourced to specialist service providers and not executed directly by teams within non-real estate organisations. Figure 4 below depicts

the typical elements of the outsourcing decision and shows where the motivators, benefits, risks, and factors are typically encountered in such decisions (Kremic and Tukel, 2003). Non-real estate organisations maybe resorting to outsourcing of some of the CREM activities due to advantages of outsourcing delivering value for money to the company by having more time to concentrate on core business and having the access to professional, expert and high-quality services.

Figure 4: Outsourcing Decision Framework



Source: Kremic and Tukel, (2003)

Table 10: CRE Executives Job Titles

Job title
Text Response
Transactor
COMPANY SECRETARY
Head: Property Equity
Head of Corporate Property Management
Head Of Property & Facilities
Head of Property and Development
CFO
Real Estate Executive
Assistant General Counsel
Assistant Company Secretary / Facilities and Property Manager
CFO
Programme Manager
Group Property Manager
Group Property Director
Group Company Secretary
Head Group Shared Services -
Company Secretary
Head of Property dept.
Company secretary and financial manager
General Manager - Property services
former group company secretary and legal adviser
Head: Shareholder Portfolio Management
CFO

Table 10 (CRE Executives Job Titles) indicates the seniority at which CRE Executives are operating within their organisations. The job titles in this survey are generally very senior and potentially demonstrate how the non-real estate organisations are viewing the importance of the business portfolios that these executives are leading.

The job titles in the response to the survey clearly indicates that a significant number (70%) of CRE Executives operating at the level of Chief Financial Officer as well as National Manager within their organisations (Table 11: CRE Executive Organizational Level). 18% of the CRE Executives operating at the level of CEO / MD and Board level.

The reporting level reflects key things in terms of critical nature and / or importance of CREM role to the organisation as well as the ability of the CRE Executive to participate and influence decisions at senior levels within the organisation.

Table 11: CRE Executive organizational level

Level of operation within the organisation				
#	Answer		Response	%
1	Board		2	9%
2	CEO or equivalent		1	4%
3	MD or equivalent		1	4%
4	CFO/FD or equivalent		8	35%
5	Unit Manager/National Manager		8	35%
6	Team Leader/Supervisor		0	0%
7	Other (please specify)		3	13%
	Total		23	100%

Table 112 below indicates that majority of CRE Executives in the survey always attended senior management and / or board meetings. This directly talks to the capacity of CRE Executives being significant players within their organizations and their ability to influence organizational strategic decision-making processes.

Table 12: CRE Executive Board Meeting Attendance

CRE Executives attendance of senior management or board meetings

#	Answer		Response	%
1	Never		4	18%
2	Occasionally		1	5%
3	Very Often		2	9%
4	Always		15	68%
	Total		22	100%

4.3. Attitudes of CRE executives:

Veale (1989) had already provided a framework for testing what constitutes effective management of Corporate Real Estate.

a) The presence of a formal, organised real estate unit;

b) The use of management information systems (MIS) for real estate operations;

c) The use of property-by-property accounting methods;

d) The frequency of reporting real estate information to senior management;

e) The exposure of CRE executives to overall corporate strategy and planning;

f) The reported availability of information and methods, for evaluating CRE performance and use; and

g) The performance if real estate assets relative to overall corporate assets.

The survey has shown significant shifts in terms of attitudes of the CRE Executives towards Corporate Real Estate Management. A significant number of respondents have indicated the following results within their organisations:

a) Presence of CREM unit in their organisations;

b) Presence of organisational Corporate Real Estate Strategy;

c) Use of globally recognised MIS such Harborflex for CREM transactional activities such as portfolio management;
d) Operating at the highest levels such CFO / CEO level within the organizational structure;
e) High and consistent attendance in senior management and board meetings which points to ability to influence strategic direction of the organisation.

These observations indicate a move by South African non-real estate organisation from CRE under-management towards fully leveraging the value CRE assets and CREM bring to the organisation. As demonstrated in Table 13 below, a sizeable number of non-real estate organisations are starting to allocate CRE costs separately.

Table 13: Treatment of CRE costs

Does your organization treat property as a separate business cost or is it included as a general operating overhead?

#	Answer		Response	%
1	Treated separately and allocated to each property		11	48%
2	Treated separately but cannot be allocated to each property		0	0%
3	Included in general operating overhead		12	52%
	Total		23	100%

4.4. Role of CREM department in the organisation:

Research undertaken by Lindholm et al (2006) proposed that overall corporate strategy could be one of two options, revenue growth or profitability growth. This would lead to 7 possible real estate strategies which include (Haynes, 2012)

a) Increased value of assets;

b) Promote marketing and sales;

c) Increase innovations;

d) Increase employee satisfaction;

e) Increase productivity;

f) Increase flexibility;

g) Reduce costs.

Table 9 above showed activities that CRE Executives spend most of their time on. From that this table it is quite clear that some of the key CREM strategies such as promoting marketing and sales as well as increase innovations are not being focused on.

Krumm et al (2000)

4.5. The Corporate Real Estate Management (CREM) Strategies:

Table 14 below shows that CRE Executives are aware of Corporate Strategy Review and the frequency thereof. Given that we have information from this study that CRE Executives are operating at senior management level as well as at board level in some instances the opportunity for CRE Executives to align the CRE Strategy with the corporate strategy does exist.

Table 14: Frequency of Corporate Strategy Review

Frequency of Corporate Strategy review

#	Answer		Response	%
1	Semi-annually		3	13%
2	Annually		14	61%
3	Every 2 years		2	9%
4	Every 5 years		0	0%
5	Every 10 years		0	0%
6	Never		0	0%
7	Don't know		4	17%
8	Other (please specify)		0	0%
	Total		23	100%

4.6. Leasing versus Owning:

One of the main tasks of CREM should be to measure capital requirements and the opportunity costs of Corporate Real Estate capital. The model for the own-versus lease decision compare the present value of profits the organisation expects if they lease versus the present value of expected profits if the organisation decides to own its real estate. From Table 16, the survey shows that South African non-real estate organisations in general are biased in favour of owning the Corporate Real Estate assets (45%). In terms of the study on CRE practices in South Africa on top 200 JSE listed companies (Lalloo, 2013), the following are some of the reasons why companies prefer to own rather than lease their corporate real estate assets:

a) Location;

b) Transport advantages;

c) Minimisation of risks associated with leasing i.e. rent changes;

d) Community links which are advantageous to their business efforts.

This is the area where Lease Versus Buy analysis is critical and a competent CRE Execute can add value to the organisation's bottom line.

Table 15: Freehold Corporate Real Estate Portfolio

Approximate percentage of CRE OWNED

#	Answer		Response	%
1			7	32%
2	11 - 25%		3	14%
3	26 - 40%		1	5%
4	41 - 55%		0	0%
5	56 - 70%		0	0%
6	71 - 85%		1	5%
7	86 - 100%		10	45%
	Total		22	100%

Table 16 indicates that 59% of the South African non-real estate organisations spend in excess of R10million in annual rental costs associated with leased CRE portfolio. This is a material spend, dependant on the size of the organisation, and hence proper analysis of lease versus buy becomes critical.

Table 16: Approximate annual rental cost of CRE portfolio

Approximate annual rental cost associated with the LEASED CRE Portfolio

#	Answer		Response	%
1	< R 0.1M		3	14%
2	R 0.1 - 1M		3	14%
3	R 1.1 - 5M		1	5%
4	R 5.1 - 10M		2	9%
5	> R 10M		13	59%
	Total		22	100%

4.7. CREM as a source of competitive advantage:

Competitiveness and CRE is a nascent field of research and remains under-theorised (Kenley, R. et al., 2007). Kenley et al. (2007) had found that CRE is an important organisational resource on, at least, two levels:

Firstly, CRE is a tangible resource being the place (physical environment) where people and technology interact in the doing of business (O'Mara, 1999b, 2-3). This physical environment may be dimensionalised as location (place) and workplace (space of production) (Roulac, 2001), and is capable of influencing individual and organisational behaviour (O'Mara, 1999b, 17).

Secondly, CRE management practices are intangible resources that, as part of a firm's capability, facilitate organisational strategy in achieving competitive advantage.

4.8. Value added by Corporate Real Estate Management (CREM):

As businesses strive to improve their competitive position in an ever more crowded marketplace, strategic use of all their resources, including real estate is necessary to

succeed (Lindholm and Leväinen, 2006). Maximizing the contribution of property to the wealth maximization of the firm's shareholders requires development of an organizational strategic plan that drives a supporting real estate strategy. Corporate Real Estate Management must be fully leveraged to maximise shareholder wealth.

Chapter 5: Summary and Conclusions

5.1. Introduction:

For accurate assessment of subject South African non-real estate organisations' performance against industry standards in other countries, data received from the survey was compared to some of the leading research findings used in the literature review of this report.

5.2. Summary of findings:

From the conducted survey as well as interviews conducted, most non-real estate organizations (70%) have organised real estate unit and the person with the overall accounting responsibility for that unit (see Table 17: Formalized CRE Unit in the organisations below). Mostly, the CRE Executive responsible for CREM activities is senior within the hierarchy of the organisation and operates at the level of CEO / MD or National Manager. The CRE Executive also always attends senior management and / or board meetings of the organisation. Qualifications of the most CRE Executives in this survey are mostly with the Legal, Accounting and executive business management areas. This could point out to some weakness in South African non-real estate organisations in fully building their CREM teams with people with strong real estate qualifications to even strengthen how these strategic assets are managed in contributing to deliver organization strategic objectives.

The survey results demonstrate that South African non-real estate organisations are moving in the right direction in terms of building CREM units as well as creating space for CRE Executives to operate at the highest levels within the organizations. It points to shifting

attitudes towards realising the full value of CRE assets through effective Corporate Real Estate Management.

Table 17: Formalized CRE Unit in the organisations

Formally organized real estate unit or person with primary responsibility for property				
#	Answer		Response	%
1	Yes		16	70%
2	No		7	30%
	Total		23	100%

The survey has shown that 48% of the respondents treat CRE unit as a separate business unit and allocate costs per property within the CRE unit. This is a positive development as CREM should contribute toward the strength and competitiveness of a company by ensuring that company-owned and company-leased resources are used effectively.

Majority of South African non-real estate organisations (52%) still includes CRE unit costs in general operating overhead. This shows lack of focus on fully developing the optimal functioning of the CREM unit. As Veale (1989) has previously shown, CRE costs are only second the manpower costs and to lump CRE costs as part of general operating overhead costs does not reflect a full understanding and management of the CRE assets within the organisation.

The research study has provided insight into Corporate Real Estate Management practices within South African non-real estate organisations. It outlines the level of importance that organisations place on corporate real estate and corporate real estate management. It further examines the attitudes of Corporate Real Estate Executives towards the management of Corporate Real Estate assets.

The study further investigates the alignment of Corporate Real Estate Strategy versus overall corporate strategy of the organisation. Corporate Real Estate assets represent a significant part of the organisations' worth (Veale, 1989) and have to be efficiently managed to both maximise their value and contribute towards the organisations reaching their overall corporate strategies.

5.3. Conclusions and Implications:

The objective of this research was to explore and analyse current Corporate Real Estate Management practices within South African companies. The purpose of this is to further

understand components of CREM that create added value to the core business. Further to this will be assess the current attitudes of CRE Executives towards the value add of the Corporate Real Estate Management.

Table 18 below indicates that most South African non-real estate organisations have organisational Corporate Real Estate Strategy in place. This point to non-real estate organisations realising the importance of having a strategic roadmap in place in fully leveraging the value that Corporate Real Estate assets as well as Corporate Real Estate Management can bring in contributing towards achieving wider corporate organisational strategy.

Table 18: Corporate Real Estate Strategy

Organizational Corporate Real Estate Strategy

#	Answer		Response	%
1	Yes		17	74%
2	No		6	26%
	Total		23	100%

5.4. Recommendations:

One of the key factors in the effectiveness of Corporate Real Estate Management has been found to be attitudes of managers (Veale, 1989). Corporate Real Estate Executives' attitudes can significantly influence the importance and value of the Corporate Real Estate Management within their organisations. Veale (1989) further found that CREM decision making is driven strongly by the mission and the operational needs of the organisation.

One of the emerging trends within the South African non-real estate organisations has been the strong showing in terms of CRE units being officially set up. Further to that, this study

shows that CRE Executives within non-real estate organisations are operating at the level of CFO / CEO / Managing Director and always participate in senior management and / or Board meetings. This trend shows a shift in terms of which CREM enjoys high prestige and priority within organisations. There is still a gap whereby most of the CRE Executives are not have CRE qualifications. There is still a bias towards accountants and lawyers to head CRE units by South African non-real estate organisations.

Another way of evaluating the attitudes of CRE executives towards CREM is by answering the following questions; (a) Does the organisation have a corporate strategy. (b) How often does the Corporate Strategy get reviewed, (c) How is the corporate strategy communicated to staff, (d) Does property play a part in corporate strategy (e) Does the Corporate Real Estate Strategy influence property decisions, (f) How effectively does Corporate Real Estate Strategy provide relevance and guidance to what should happen with the portfolio (g) How often does Corporate Real Estate Strategy get reviewed.

Relative to the previous studies undertaken by Lalloo (2013), results of the current survey clearly indicate a shift in attitudes by the CRE executives towards CRE assets and CREM. 74% of the respondents indicated that their organisations have Corporate Real Estate Strategies. 68% of the responded indicated that individuals responsible for property decisions do attend senior management or board meetings. So, from a formal perspective, the foundation has been laid for an attitude that reflects the importance of CRE assets as well as CREM as important levers for organisations to achieve their overall corporate objectives. Strides still must be made in fully transforming CRE executives' attitudes to fully leverage the value that can be derived from effective management of CRE assets. Of interest in the study is the opinion by 71% of the respondents that indicate that Corporate Real Estate Strategy is neither effective nor ineffective in providing relevance and guidance to what should happen with CRE portfolio.

5.5. Future Work into CREM practices:

There have already been several researches conducted on Corporate Real Estate Management within South African organisations to date. This research adds to the body of knowledge and shows shifting trends in terms of how non-real estate organisations are starting to move towards maximising the value that CRE assets and CREM can bring to the overall corporate strategy. More detailed research into how certain CREM activities such as CRE Facilities Management and CRE Portfolio Management outsourcing is being managed and whether the intended outsourcing objectives are being achieved.

Further research on CREM function by refining and developing specialist areas is required. There is a shown bias for non-real estate organisations to appoint Executives with accounting and legal background to head their CRE units and there is no evidence on how their lack of direct CRE qualification and / or experience affects the optimal functioning of CREM.

References

Ali, Z., McGreal, S., Adair, A. & Webb, J., 2008. Corporate Real Estate Strategy: A Conceptual Overview. *Journal of Real Estate Literature,* 16(1), pp. 1-22.

Bartol, K. & Martin, D., 1994. *Management.* New York: McGraw-Hill.

Blaikie, N., (1993). *Approaches to Social Enquiry.* 1st ed. Cambridge: Polity Press.

Bon, R. & Luck, R., 1998. Annual CREMRU-JCI survey of corporate real estate management practices in Europe and North America: 1993-1997. *Facilities,* Volume 16, pp. 82-92.

Brown, K. et al., (1993). *Managing Corporate Real Estate.* New York, NY: John Wiley.

Brueggeman, W. & Fisher, J., (2001). *Real Estate Finance and Investments.* USA: McGraw Hill.

Carn, N., Black, R. & Rabianski, J., 1999. Operational and Organizational Issues Facing Corporate Real Estate Executives and Managers. *Journal of Real Estate Research,* 17(3), pp. 281-299.

Chia, R., (2002). *The Production of Management Knowledge: Philosophical Underpinnings of Research Design, in Partington, D. (ed.) Essential Skills for Management Research.* 1st ed. London: SAGE Publications Ltd..

Corbetta, P., 2003. *"Participation Observation", in P. Corbetta, Social Research: Theory, Methods and Techniques,* California: Sage Publications.

D'Aveni, R. & Gunther, R., 1994. *Hypercompetition: Managing the dynamics of strategic maneuvering,* New York: The Free Press.

Dunn, D. et al., (2004). *CoRE 2010 Integrated Resource and Infrastructure Solutions,* Atlanta: Corenet Global .

Elmuti, D., Kathawala, Y. & Monippalil, M., 1998. Outsouring to gain Competitive Advantage. *Industrial Management,* Volume 40, pp. 20-24.

Englert, J., 2001. *The Strategic Alignment Handbook: A Corporate Infrastructure Resource (CIR) Management Application Guide,* Atlanta: IDRC Foundation.

Gatignon, H. & Xuereb, J., 1997. Strategic orientation of the firm and new product performance. *Journal of Market Research,* Volume 34, pp. 77-90.

Gibler, K. & Black, R., 2004. Agency risks in outsourcing Corporate Real Estate functions. *Journal of Real Estate Research,* 26(2), pp. 137-160.

Gibler, K. & Lindholm, A., 2012. A Test of Corporate Real Estate strategies and operating decisions in support of core business strategies. *Journal of Property Research,* 29(1), pp. 25-48.

Gibler, K. & Lindholm, A., 2012. A Test of Corporate Real Estate strategies and operating decisions in support of core business strategies. *Journal of Property Research,* 29(1), pp. 25-48.

Hamel, G. & Prahalad, C., 1994. *Competing for the Future.* Boston, MA.: Harvard Business School Press.

Han, J., Kim, N. & Srivastava, R., 1998. Market Orientation and Organizational Performance: Is innovation missing?. *Journal of Marketing,* Volume 62, pp. 30-45.

Hartmann, S. et al., 2010. Responsibility for and Performance of Corporate Real Estate functions. *Journal of Corporate Real Estate,* 12(1), pp. 7-25.

Haynes, B., 2012. Corporate real estate asset management: aligned vision. *Journal of Corporate Real Estate,* 14 (4)(ISSN 1463-001X), pp. 244-254.

Ijasan, K., 2013. Potential of Strategic Corporate Real Estate Management: South African Perspective. *International Journal of Economics, Business and Finance,* 1(8), pp. 235-248.

Joroff, M., Lourgand, M. & Lambert, S., (1993). *Strategic Management of the fifth Resource: Corporate Real Estate,* Atlanta: Industrial Development Research Foundation.

Kanter, R., 1994. Collaborative Advantage: The art of alliances. August, pp. 96-108.

Kenley, R. et al., 2000. *Unleashing Corporate Property: Getting Ahead of the Pack,* Melbourne: Property Council of Australia and Victorian Department of Infrastructure .

Kenley, R. et al., 2007. *Corporate Real Estate Management as a source of competitive Advantage.* Fremantle, Western Australia, 13th Pacific Rim Real Estate Society Conference.

Kooymans, R., 2000. The outsourcing of corporate real estate management: How do corporate real estate units and outsource service providers view each other and management issues?. *Paper presented at the 06th Pacific Rim Real Estate Society Conference,* 24-27 January.pp. 1-13.

Kremic, T. & Tukel, O., 2003. *Assisting public organizations in their outsourcing endeavors: a decision support model, Working Paper,* Cleveland, OH: Cleveland State University.

Lalloo, A., 2013. *Corporate Real Estate Practices in South Africa - A Survey of the top 200 companies listed on the Johannesburg Stock Exchange,* s.l.: s.n.

Lindholm, A., Gibler, K. & Leväinen, K., 2006. Modelling the value-adding attributes of Real Estate to the wealth maximization of the firm. *Journal of Real Estate Research,* 28(4), pp. 445-476.

Lindholm, A. & Leväinen, K., 2006. A Framework for Identifying and Measuring value added by Corporate Real Estate. *Journal of Corporate Real Estate,* 8(1), pp. 38-46.

Manning, C. & Roulac, S., 1999. Corporate Real Estate Research within the Academy. *Journal of Real Estate Research,* 17(3), pp. 265-279.

Materna, R. & Parker, J., 1998. *Corporate Infrastructure resource management: an emerging source of competitive advantage,* Atlanta: Industrial Development Research Foundation.

Matsham, A. & Heywood, C., 2012. *An Investigation of Corporate Real Estate Management Outsourcing in Melbourne.* Adelaide, Australia, 18th Annual Pacific-Rim Real Estate Society Conference.

Maxwell, J., (1998). Designing a qualitative study. *Handbook of applied social research methods,* pp. 69-100.

McCarty, T., Hunt, R. & Truhan, J., (2006). Transforming Corporate Real Estate value through Relationship Management. *Journal of Corporate Real Estate,* Volume 8, pp. 2-18.

McDonagh, J., 2002. *Measuring Corporate Real Estate Management Performance.* Christchurch, 08th Pacific Rim Real Estate Society Conference.

McDonagh, J. & Hayward, T., 2000. *The Outsourcing of Corporate Real Estate Asset Management in New Zealand.* Sydney, Pacific Rim Real Estate Society (PRRES).

Nappi-Choulet, I., Missonier-Piera, F. & Cancel, M., (2009). Value Creation and the impact of Corporate Real Estate assets. *Journal of Corporate Real Estate,* 11(2), pp. 78-90.

Nourse, H., (1994). Measuring Business Real Property Performance. *Journal of Real Estate Research,* 9(4), pp. 431-444.

O'Mara, M., (1999a). Strategic Drivers of location decisions for informatio-age companies. *Journal of Real Estate Research,* Volume 17, pp. 365-388.

O'Mara, M., (1999b). *Strategy and Place: Managing Corporate Real Estate and Facilities for Competitive Advantage,* New York: The Free Press.

Porter, M., 1980. *Competitive Strategy: Techniques for analysing industries and competitors.* New York: The Free Press.

Porter, M., 1985. *Competitive Advantage.* New York: The Free Press.

Rothery, B. & Robertson, I., 1995. *The Truth about Outsourcing,* Hampshire U.K.: Gower Publishing.

Roulac, S., (2001). Corporate Property Strategy is integral to corporate business strategy. *Journal of Real Estate Research,* Volume 22, pp. 129-151.

Saunders, M., Lewis, P. & Thornhill, A., (2007). *Research Methods for Business Students.* 4th ed. Harlow: Prenticve Hall Financial Times.

Saunders, M., Lewis, P. & Thornhill, A., 2009. *Research Methods for Business Students.* 5th ed. Harlow, United Kingdom: FT Prentice Hall.

Schaefers, W., (1999). Corporate Real Estate Management: Evidence from German Companies. *Journal of Real Estate Research,* 17(3), pp. 201-319.

Simon, M., 2011. *Dissertation and scholarly research: Recipes for success.* 2011 ed. Seattle, WA,: Dissertation Success, LLC.

Simpson, J. & McDonagh, J., 2008. *Financial Reporting on Corporate Real Estate: A Study of the annual reports on non-investment companies listed on the New Zealand Stock Exchange (NZE).* Wellington, New Zealand, 16th Pacific Rim Real Estate Society Conference.

Stickney, C., Brown, P. & Wahlan, J., 2007. *Financial Reporting, Financial Analysis and Valuation: A strategic Perspective.* 6th ed. s.l.:Thomson South Western.

Timm, R., 2009. The Trouble with outsourcing. 24(3), pp. 73-34.

Varcoe, B., 2001. The Performance measurement of Corporate Real Estate portfolio management. *Journal of Fcilities Management,* 1(2), pp. 117-130.

Veale, P., 1989. Managing Corporate Real Estate Assets: Current Executive Attitudes and Prospects for an Emergent Management Discipline. *Journal of Real Estate Research,* 4(3), pp. 1-22.

Wills, P., 2002. *Increasing Shareholder Value through quality Corporate Real Estate Management.* Christchurch, NZ, 13th Pacific-Rim Real Estate Society (PRRES).

Wong, G., 1995. *Critical issues in the outsourcing process,* s.l.: s.n.

Zeckhauser, S. & Silverman, R., 1983. Rediscovering Your Company's Real Estate. *Harvard Business Review,* 61(1), pp. 111-117.

Zikmund, W., Babin, B., Carr, J. & Griffin, M., 2010. *Business Research Methods.* 8th ed. Canada: South-Western Cengage Learning.

Appendices 1: Administered On-Line Questionnaire Responses



RESEARCH QUESTIONNAIRE RESPONSE

Researcher:	Tshegofatso Phineas Maetle
Student Number:	399164
Cell Phone:	+27 82 809 2887
Email:	399164@students.wits.ac.za
	Tshego.Maetle@gmail.com
Supervisor:	Professor Sam Azasu
Research Title:	An investigation into current corporate real estate management practices within South African non-real estate organizations.

My Report

Last Modified: 07/30/2017

1. To which JSE sector classification would your organization belong?

#	Answer		Response	%
1	Basic materials		1	4%
2	Oil and gas		0	0%
3	Industrials		3	13%
4	Consumer goods		9	39%
5	Health care		0	0%
6	Consumer services		2	9%
7	Telecommunications		0	0%
8	Financials		8	35%
9	Technology		0	0%
	Total		23	100%

Statistic	Value
Min Value	1
Max Value	8
Mean	5.30
Variance	4.95
Standard Deviation	2.22
Total Responses	23

2. What is the core business of your organization?

Text Response
Lending
PROPERTY DVELOPMENT AND MANAGEMENT
Financial services
Life Assurance and Investments
RETAIL
Hospitality
Construction
Retail
Retail
Long and Short Term Insurance
Civil engineering contractors
Mining of Platinum Group Metals (PGMs)
Packaging
Fashion and Homeware retail
Logistics
Financial Services (Banking and Insurance)
Publishing and Printing
Retail
Investment holding company
Retail
consumer goods
Financial Services
Private Schooling

Statistic	Value
Total Responses	23

3. How many people are employed by your firm?

#	Answer		Response	%
1	Less than 100		1	4%
2	101 - 300		0	0%
3	301 - 500		1	4%
4	501 - 700		0	0%
5	Over 700		21	91%
	Total		23	100%

Statistic	Value
Min Value	1
Max Value	5
Mean	4.74
Variance	0.84
Standard Deviation	0.92
Total Responses	23

4. How many sites do you operate from in South Africa?

#	Answer		Response	%
1	1		2	9%
2	2 - 5		4	17%
3	6 - 10		1	4%
4	11 - 50		3	13%
5	51 - 100		4	17%
6	over 100		9	39%
	Total		23	100%

Statistic	Value
Min Value	1
Max Value	6
Mean	4.30
Variance	3.31
Standard Deviation	1.82
Total Responses	23

5. How many buildings are in your corporate real estate portfolio? (OWNED AND LEASED)

#	Answer		Response	%
1	1 - 20		6	26%
2	21 - 50		2	9%
3	51 - 80		3	13%
4	81 - 120		2	9%
5	over 120		10	43%
	Total		23	100%

Statistic	Value
Min Value	1
Max Value	5
Mean	3.35
Variance	2.96
Standard Deviation	1.72
Total Responses	23

6. Approximately what percentage of property is OWNED?

#	Answer		Response	%
1			7	32%
2	11 - 25%		3	14%
3	26 - 40%		1	5%
4	41 - 55%		0	0%
5	56 - 70%		0	0%
6	71 - 85%		1	5%
7	86 - 100%		10	45%
	Total		22	100%

Statistic	Value
Min Value	1
Max Value	7
Mean	4.18
Variance	8.06
Standard Deviation	2.84
Total Responses	22

7. What is the approximate book value of the OWNED part of the portfolio?

#	Answer		Response	%
1	N/A (no properties OWNED)		0	0%
2	< R 100M		4	19%
3	R 101 - 500M		0	0%
4	R 501 - 1 000M		3	14%
5	R 1 001 - 1 500M		1	5%
6	R 1 501 - 2 500M		2	10%
7	R 2 501 - 4 000M		3	14%
8	> R 4 000M		8	38%
	Total		21	100%

Statistic	Value
Min Value	2
Max Value	8
Mean	5.81
Variance	5.56
Standard Deviation	2.36
Total Responses	21

8. What is the approximate annual rental cost associated with the LEASED part of the portfolio?

#	Answer		Response	%
1	< R 0.1M		3	14%
2	R 0.1 - 1M		3	14%
3	R 1.1 - 5M		1	5%
4	R 5.1 - 10M		2	9%
5	> R 10M		13	59%
	Total		22	100%

Statistic	Value
Min Value	1
Max Value	5
Mean	3.86
Variance	2.50
Standard Deviation	1.58
Total Responses	22

9. What is your job title?

Text Response
Transactor
COMPANY SECRETARY
Head: Property Equity
Head of Corporate Property Management
Head Of Property & Facilities
Head of Property and Development
CFO
Real Estate Executive
Assistant General Counsel
Assistant Company Secretary / Facilities and Property Manager
CFO
Programme Manager
Group Property Manager
Group Property Director
Group Company Secretary
Head Group Shared Services -
Company Secretary
Head of Property dept.
Company secretary and financial manager
General Manager - Property services
former group company secretary and legal adviser
Head: Shareholder Portfolio Management
CFO

Statistic	Value
Total Responses	23

10. How many years have you been working in this position?

Text Response
3
9
4 months
3
5
9
5
Four
2
6.5
1
I was a project manager for 11 years before i was promoted to programme manager +-1 year ago.
1
18
5
2 years
10
4
5
1
23
10+ years
5

Statistic	Value
Total Responses	23

11. Do you have any formal qualifications in property?

#	Answer		Response	%
1	Yes		5	23%
2	No		17	77%
	Total		22	100%

Statistic	Value
Min Value	1
Max Value	2
Mean	1.77
Variance	0.18
Standard Deviation	0.43
Total Responses	22

12. If yes, what is your highest qualification in property/real estate?

#	Answer		Response	%
1	National Certificate		0	0%
2	National Diploma		1	8%
3	BSc		0	0%
4	BSc Honors		1	8%
5	Postgraduate Diploma		1	8%
6	MSc		0	0%
7	PhD		0	0%
8	Other (please specify)		10	83%

Other (please specify)
FCIS, CAIB, MDP
CA (SA)
B Tech
LLB
B.com hons , MBA, PMP
CA(SA)
BA LLB Attorney
Chartered Accountant
MBA
LL B

Statistic	Value
Min Value	2
Max Value	8
Total Responses	12

13. At what level in the organization do you operate?

#	Answer		Response	%
1	Board		2	9%
2	CEO or equivalent		1	4%
3	MD or equivalent		1	4%
4	CFO/FD or equivalent		8	35%
5	Unit Manager/National Manager		8	35%
6	Team Leader/Supervisor		0	0%
7	Other (please specify)		3	13%
	Total		23	100%

Other (please specify)
Junior
Head of Real Estate reporting to the CFO
Middle

Statistic	Value
Min Value	1
Max Value	7
Mean	4.35
Variance	2.51
Standard Deviation	1.58
Total Responses	23

14. Do you have primary responsibility for the property portfolio?

#	Answer		Response	%
1	Yes		13	59%
2	No		9	41%
	Total		22	100%

Statistic	Value
Min Value	1
Max Value	2
Mean	1.41
Variance	0.25
Standard Deviation	0.50
Total Responses	22

15. What types of activities do you NOT do? (Select as many as apply)

#	Answer		Response	%
1	Facilities Management		8	62%
2	Property Management		8	62%
3	Acquisitions and disposals		5	38%
4	Development		9	69%
5	Strategy		6	46%

Statistic	Value
Min Value	1
Max Value	5
Total Responses	13

16. Please select the amount of time you personally spend on the following activities in your present position. 1 = No time spent; 5 = Majority of time

#	Question	1	2	3	4	5	Total Responses	Mean
1	Preparation of property capital budgets	9	5	6	3	0	23	2.13
2	Preparation of maintenance/operational budgets	8	8	6	1	0	23	2.00
3	Buying/selling real estate assets	8	7	6	2	0	23	2.09
4	Undertaking financial viability studies	7	5	5	3	3	23	2.57
5	Planning/developing real estate strategy	8	6	3	3	3	23	2.43
6	General administration	6	4	7	3	3	23	2.70
7	Supervising engineering/construction	14	4	2	3	0	23	1.74
8	Lease negotiation/administration	7	9	3	3	1	23	2.22
9	Statutory compliance - e.g. Building Acts/Health and Safety	13	5	3	2	0	23	1.74
10	Maintenance supervision	14	5	3	1	0	23	1.61
11	Managing external service providers	10	5	5	3	0	23	2.04

17. Does your organization have a formally organized real estate unit or person with primary responsibility for property?

#	Answer		Response	%
1	Yes		16	70%
2	No		7	30%
	Total		23	100%

18. State the number of staff in the property unit:

Default - Property Management Staff
Number
0
150
65
1
3
20
4
0
2
1
24
3
40
5
15
10
4

Default - Maintenance Staff

Number
0
80
40
30
20
200
8
1
10
0
2
50
450
10
5
25

Default - Administration Staff

Number
100
120
10
1
6
50
1
1
2
1
7
2
40
3
20
5

Default - Other

Number
0
20
2
8
9
100
31
0
0
0
30

Statistic	Property Management Staff	Maintenance Staff	Administration Staff	Other
Min Value	-	-	-	-
Max Value	-	-	-	-
Total Responses	-	-	-	-

19. Does your organization treat property as a separate business cost or is it included as a general operating overhead?

#	Answer		Response	%
1	Treated separately and allocated to each property		11	48%
2	Treated separately but cannot be allocated to each property		0	0%
3	Included in general operating overhead		12	52%
	Total		23	100%

20. For your organization, please select the decision(s) that can be made by operational unit/divisional managers who are directly involved in property:

#	Answer		Response	%
1	Real estate disposal		4	17%
2	Real estate purchase		4	17%
3	Real estate maintenance		18	78%
4	Real estate capital expenditure		11	48%
5	Real estate lease negotiation		15	65%
6	None of the above		3	13%

21. When making real estate requests, does the operational unit/divisional manager (select as many as apply):

#	Answer		Response	%
1	Consider their immediate business needs		20	91%
2	Consider the needs of other business units as well their own		17	77%
3	Consider wider regional issues		14	64%
4	Consider a national perspective		14	64%
5	Consider group policy and/or strategy around the provisions of accommodation		15	68%

22. Please indicate the degree to which senior management of your firm would agree with the following statements: 1 = Disagree; 5 = Strongly agree

#	Question	1	2	3	4	5	Total Responses
1	We are not in the property business	6	1	3	6	7	23
2	Property is simply a place to house a function	4	2	7	3	7	23
3	Property is a necessary overhead and a cost to the business	1	2	3	8	9	23
4	Management recognize that all business are in real estate to some degree	1	5	5	10	2	23
5	We have created a unique working environment that our staff enjoy	2	0	3	13	5	23
6	We strive to minimize property cost	0	1	1	10	11	23
7	We use our architecture to provide brand recognition	4	5	2	5	7	23
8	Our facilities are configured to assist our processes	1	1	2	8	11	23
9	We want our customers to have a positive experience	0	1	1	7	14	23
10	We want to position our brand so clients have convenience	0	2	3	5	13	23
11	Management of property is regarded positively as it is seen to provide cost effective solutions to operating the units real needs	1	2	5	6	9	23
12	Management of real estate assets can significantly reduce the organization's overall financial risk	0	1	4	7	11	23

23. How does your organization record real estate value for the owned part of the portfolio? (Select as many as apply)

#	Answer		Response	%
1	Historic purchase cost		6	27%
2	Book value		9	41%
3	Current market value		10	45%
4	Depreciated replacement cost		7	32%
5	Other		0	0%

24. How does your organization record real estate value for the leased part of the portfolio? (Select as many as apply)

#	Answer		Response	%
1	Annual rental		11	55%
2	Annual gross occupancy cost		3	15%
3	Total financial commitment e.g. lease term x annual rent		8	40%
4	Weighted average lease term		5	25%
5	Other		2	10%

25. Does your organization have a Corporate Strategy?

#	Answer		Response	%
1	Yes		22	96%
2	No		1	4%
	Total		23	100%

26. How often does the Corporate Strategy get reviewed?

#	Answer		Response	%
1	Semi-annually		3	13%
2	Annually		14	61%
3	Every 2 years		2	9%
4	Every 5 years		0	0%
5	Every 10 years		0	0%
6	Never		0	0%
7	Don't know		4	17%
8	Other (please specify)		0	0%
	Total		23	100%

Other (please specify)

27. How is the Corporate Strategy communicated to staff?

#	Answer		Response	%
1	Specific memo to each section head		3	13%
2	In-house company newsletter		5	22%
3	Company email to all staff		5	22%
4	Senior management team meetings then disseminated to each section/division		18	78%
5	Not formally communicated to staff		3	13%
6	Other (please specify)		2	9%

Other (please specify)
quarterly feedback
Results presentations bi annually

28. Does property play a part in the Corporate Strategy?

#	Answer		Response	%
1	Yes		15	68%
2	No		7	32%
	Total		22	100%

29. Are corporate visions and goals related strategies clear to all staff?

#	Answer		Response	%
1	Yes		20	87%
2	No		3	13%
	Total		23	100%

30. How easy is it to obtain a clear understanding of each business unit's or divisions vision, goals and related strategies?

#	Answer		Response	%
1	Very Difficult		2	9%
2	Difficult		1	4%
3	Somewhat Difficult		3	13%
4	Neutral		2	9%
5	Somewhat Easy		3	13%
6	Easy		11	48%
7	Very Easy		1	4%
	Total		23	100%

31. Are there clear financial objectives and metrics that link all units?

#	Answer		Response	%
1	Yes		19	86%
2	No		3	14%
	Total		22	100%

32. Is there a shared planning process that links the different unit's strategies?

#	Answer		Response	%
1	Yes		19	83%
2	No		4	17%
	Total		23	100%

33. Are there clear measures and reporting mechanisms that ensure strategies are implemented?

#	Answer		Response	%
1	Yes		22	96%
2	No		1	4%
	Total		23	100%

34. Does your organization have a Corporate Real Estate Strategy?

#	Answer		Response	%
1	Yes		17	74%
2	No		6	26%
	Total		23	100%

35. Which of the following elements are considered in the formulation of Corporate Real Estate Strategy (answer as many as apply):

#	Answer		Response	%
1	A large cohesive integrated picture of portfolio-wide issues		11	55%
2	Considers groups of property by type		6	30%
3	Considers groups of property by geographical location		10	50%
4	Considers each property in isolation		10	50%
5	Other (please specify)		4	20%

Other (please specify)
disaggregated
N/A
Strategic Properties
none

36. Does the Corporate Real Estate Strategy influence property decisions?

#	Answer		Response	%
1	Yes		17	77%
2	No		5	23%
	Total		22	100%

37. In your opinion, how effectively does the Corporate Real Estate Strategy provide relevance and guidance to what should happen with the portfolio?

#	Answer		Response	%
1	Very Ineffective		1	5%
2	Ineffective		1	5%
3	Somewhat Ineffective		4	19%
4	Neither Effective nor Ineffective		15	71%
	Total		21	100%

38. How often does the Corporate Real Estate Strategy get reviewed?

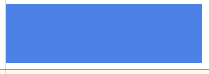
#	Answer		Response	%
1	Semi-annually		2	9%
2	Annually		10	45%
3	Every 2 years		4	18%
4	Every 5 years		0	0%
5	Every 10 years		0	0%
6	Never		4	18%
7	Don't know		2	9%
8	Other (please specify)		0	0%
	Total		22	100%

Other (please specify)

39. In your opinion, what importance is placed on the Corporate Strategy in developing the Corporate Real Estate Strategy?

#	Answer		Response	%
1	Not at all Important		5	23%
2	Very Unimportant		1	5%
3	Very Important		10	45%
4	Extremely Important		6	27%
	Total		22	100%

40. How well would you say the Corporate Real Estate Strategy is aligned with the Corporate Strategy?

#	Answer		Response	%
1	Very Poor		3	14%
2	Poor		1	5%
3	Well		9	41%
4	Very well		9	41%
	Total		22	100%

41. Does the individual responsible for property decisions attend senior management or board meetings?

#	Answer		Response	%
1	Never		4	18%
2	Occasionally		1	5%
3	Very Often		2	9%
4	Always		15	68%
	Total		22	100%

42. If a business case is used to obtain approvals for new business opportunities, does the business case make reference to and consider the pre-determined Corporate Real Estate Strategy and Corporate Strategy for alignment?

#	Question	Yes	No	Total Responses	Mean
1	Corporate Strategy considered	21	1	22	1.05
2	Corporate Real Estate Strategy considered	15	7	22	1.32

43. In your opinion, what are the key linkages between the Corporate Strategy and the Corporate Real Estate Strategy? (select as many as apply)

#	Answer		Response	%
1	Business driven demand sets the requirements for property		17	77%
2	Provides an appropriate work environment to promote staff performance and satisfy client needs		5	23%
3	Meets pre-determined performance metrics		8	36%
4	Cost control of the real estate function		12	55%
5	Allow the organization to execute its key objectives and corporate strategy		10	45%
6	No linkages		3	14%
7	Other (please specify)		2	9%

Other (please specify)
Mining Charter Compliance
Strategic Location