

TRENDS AND CHALLENGES IN CORPORATE REAL ESTATE

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ABSTRACT

We provide an insight into the current and future role of CRE managers. Typical roles and responsibilities of CRE managers are described, with a focus on the key defining characteristic of CRE being the link point between the organisation and the property industry. The challenges of managing conflicting demands between different parts of the organisation are explored. We give our views on the current challenges for CRE managers, with the development of sound business strategies, effective teams and project delivery performance being the key to successful CRE.

We find that competence in the property arena is no more than a pre-requisite for the CRE role. An exceptional CRE manager must also understand their organisation and possess excellent leadership, management and communication skills. We conclude that the focus of advisers and academics should be on helping CRE managers extend their reach and capabilities in organisational management, through the transfer of leading business and strategic thought into the CRE environment.

Keywords: Corporate real estate (CRE), property strategy, corporate strategy, CRE training, CRE challenges

INTRODUCTION

Since 1990, Dow Corporate Real Estate has acted for over 50 major public and private sector organisations. In this period, we reconfigured some of the largest portfolios in New Zealand and led a number of property industry initiatives. We are the only property consultant in New Zealand, and possibly Australia, that is exclusively focused on the end user of the property resource.

In addition to property advice, we coach and guide many corporate real estate managers and their teams. This gives us a unique point of view in the industry as we work alongside the CRE managers and can see the challenges they face on both a day-to-day and long-term basis. Our coaching and training used to be primarily focused on property issues but, in the last five years, we have changed the focus to the broader corporate issues and the interface with the organisation.

CRE is the link between the organisation and the property market. This linkage is the key defining characteristic of the CRE function. The challenges being faced by CRE managers are in two broad areas:

- Understanding and guiding the organisation;
- Improving performance within the CRE function.

A third area is that of working with the property industry. This is of less universal interest in the CRE field, as many CRE managers have specialist property skills and experience. The implications of these challenges extend to the support industries of consultants, educators and researchers.

WHAT IS CRE?

At the simplest level, CRE is about providing optimal working environments at the most economic cost. To further develop this, the key words are discussed below:

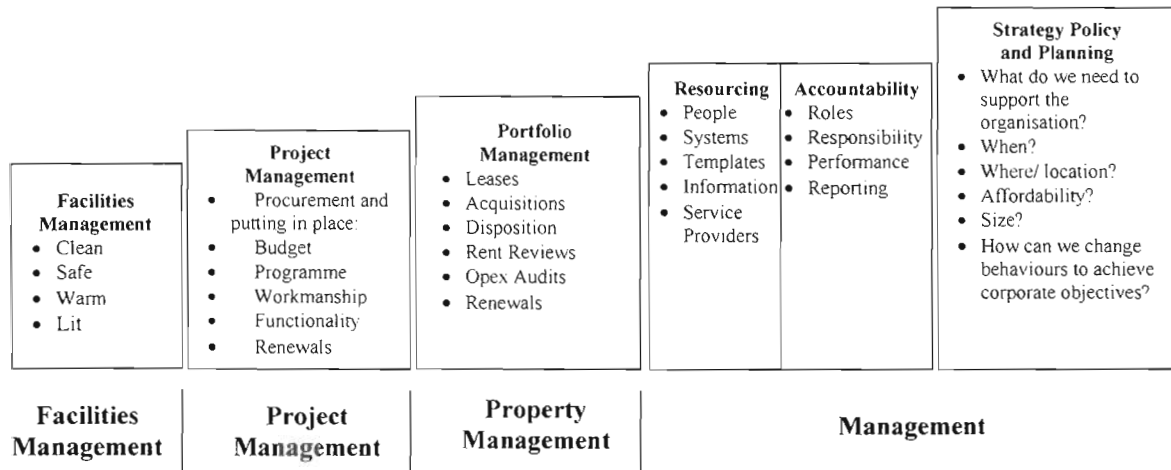
- " Optimal " is measured against the goals and needs of the organisation. We will cover in some detail later, the ways and means to identify the corporate goals and to optimise the various characteristics that working environments have.
- For many organisations, the " working environment " is the office. Technology is liberating work and workers from the traditional office workplace, but the office is still the locality where most business activity takes place. The same principles apply for specialist working environment such as health, education, correctional facilities, industrial and retail.
- The " most economic cost " is a generally assumed target for all organisations. Defining economic cost will be an interesting challenge as the implications of obsolescence become more significant.

CRE, or the provision of working environments, has been around for as long as people have engaged in commerce. However, it was not until the early 1990's that the term CRE came into general use. The main driver of increased focus on CRE was the fact that technology developed to the point where organisations could choose their location. This freedom of choice enabled a whole range of real estate options to be used or considered in an attempt to gain competitive advantage. At the same time, organisations started to focus on human capital and search for new ways to recruit, motivate and retain key staff. The CRE role evolved from a reactive and mechanical process to one of providing working environments in a way that stimulates the organisation to achieve success.

Figure 1 sets out the diversity of responsibilities that a CRE manager must oversee. The increase in sophistication and management input is driven by many concurrent trends. The most noticeable is the impact of technology and the way in which business is being transacted.

The issues, challenges and goals of CRE are similar to that of human resources and IT. What is different is the long-term nature of real estate assets. This requires an even greater emphasis on business and general trends in so far as they could affect the location, size and nature of the physical working environment.

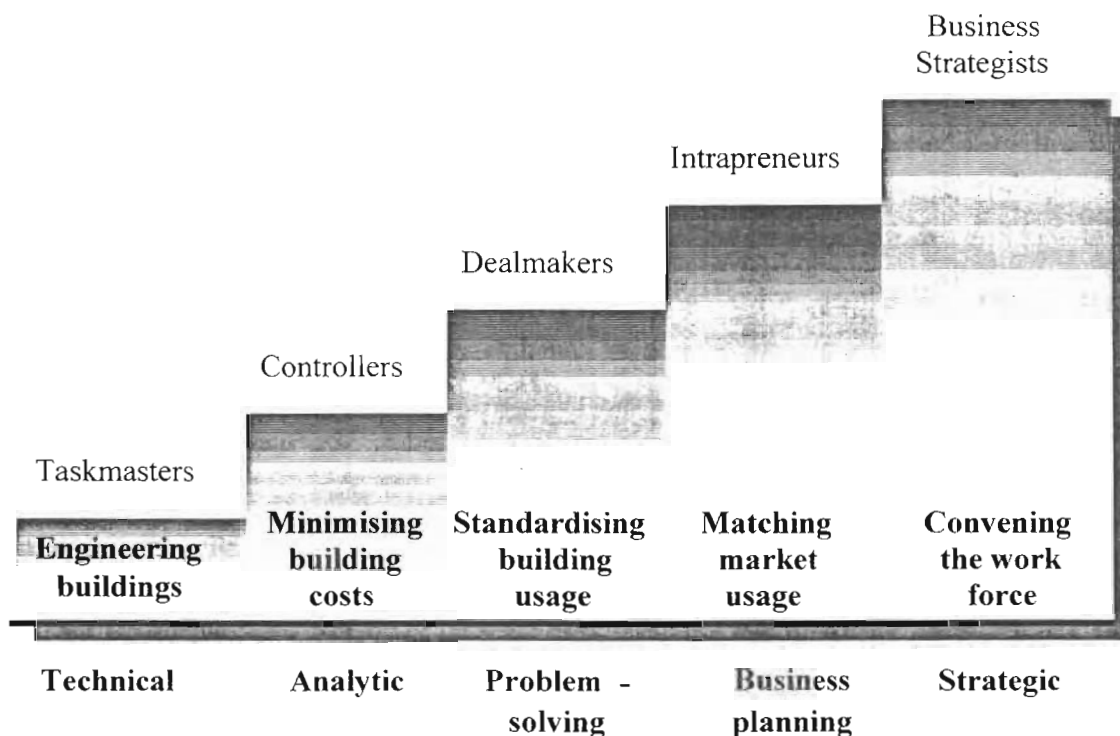
Figure 1: CRE responsibilities



Historically, CRE managers did not realise how critical the organisational and corporate aspects were and, accordingly focused on property issues, losing sight of the big picture. Similarly, a history of poor performance focus and reporting of property matters meant that many organisations had little visibility on the costs and risks involved in real estate.

The IDRC (now CoreNet Global) developed a model of CRE competency as a step diagram to guide the growing competency of CRE managers (see Figure 2).

Figure 2: CRE competency model



CRE is both a property function as well as a management function as shown in Figure 3.

Figure 3: Functional role of CRE

ORGANISATION OBJECTIVES

- Profit/ Outcomes
- Revenue/ Outputs
- Marketing/ Image
- Resourcing

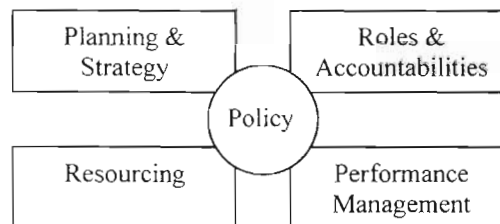


PROPERTY MARKET

- Floor Areas
- Rentals
- Design
- Location
- Specification

The CRE functions satisfy the organisation’s need for a working environment. This requires a range of abilities and skills. Changing technology and increased focus on people has required CRE managers to develop new approaches and competencies. These can be viewed as critical to the new role of CRE managers as the link between the organisation and the property industry.

Figure 4: The “Dow Cornerstones”



We have developed the four cornerstones (see Figure 4) as a comprehensive framework for CRE performance. All of the cornerstones must be in place in order to effectively manage corporate real estate. Policy is the “glue” which binds the management cornerstones together. The principles are applicable to any management function. Our experience is that the majority of management problems within CRE arise from poor definition in the roles and accountabilities area.

WHY IS CRE SIGNIFICANT?

The CRE management function is synonymous with the provision and management of the CRE assets. The function shares the role with similar property roles or professions such as facility managers, strategic asset managers and property managers. CRE is, by definition, a high level view of the corporate need and the provision of real estate to meet that need.

An organisation’s property assets typically comprise a third or more of the total assets of the organisation. Real estate costs are generally the second or third highest cost to the organisation behind HR costs and are often at a similar level to IT costs.

The CRE strategy can be a litmus test of the organisation's overall strategy, long-term financial strategy, HR strategy and IT strategy. The absence of timely and practical strategies in these areas is why many organisations make poor property decisions.

CRE is also significant to the commercial property industry. Skilled CRE managers can provide developers with specific details on the performance requirements to specify clearly the most useful building. This marketing role is important to develop an industry with more focus on the end user of the real estate in place of the historic emphasis on the investment purchaser.

THE IMPORTANCE OF WORKING ENVIRONMENTS

The workplace is a pivotal part of any business. It provides a physical platform for people, technology and process. The nature and "feel" of the workplace helps shape attitudes, culture, brand and self-image. The greatest impact of premises is on the way that people communicate, collaborate and create. Procuring environments that enhance productivity, retention and recruitment is an increasing element of the CRE function. Active management of real estate assets is important, as adjustments will always be required to keep the working environment optimal.

The way we all approach work is changing and accordingly, we need to adapt the working environments we provide in order to suit the new styles of work. Technology has now developed to a point where the location of work can be completely flexible. Despite the technological advances, the office is still the focal point of activity. We conclude that this is driven by the social nature of work. New technology is manifesting itself in subtle changes in the nature of work and the type of worker now occupying a workstation. The knowledge worker is replacing the clerical support staff.

The workplace is more important than ever. A recent study in the UK (Dixon, 2001) identified that, of jobseekers actively looking for work, 90% would not confirm an appointment until they had seen the working environment.

The human resources and IT areas have been subject to close scrutiny in the past. The strategic HRM movement started in the 1980s and the ongoing improvement and penetration of IT systems and tools are impossible to ignore. However, CRE is an area that has yet to be subjected to close scrutiny.

We find that organisations are increasingly focusing on the working environment as a differentiating factor. For example, the critical key success factor for major legal practices is to attract the best talent from universities. One of the most direct ways to improve the appeal is to create an impressive working environment. The working environment can be configured to encourage teamwork, communication within the organisation and creativity. There appears to be agreement from designers, architects and managers that the working environment has an impact on these factors.

The conclusion is not so clear for productivity. Many attempts have been made to prove that premises have a significant impact on productivity. The way in which a working environment impacts on an individual's productivity is difficult to quantify and as a result, there is little conclusive evidence.

A UK funded study (Oseland and Bartlett, 1999) produced a guide called Improving Office Productivity. This identified more than 40 separate studies on aspects of the workplace and productivity. These focus on the environmental aspects such as light intensity, temperature and noise levels.

It does appear that the working environment characteristics meet or satisfy lower order needs of Maslow's hierarchy. In this way, it can be seen that if a comfort factor is missing (i.e. an office worker feels uncomfortably cold), performance will be impaired. Once a working environment is problem-free, it is difficult to attribute further performance improvements to the physical environment.

We know from our involvement with quantitative analysis of working style preferences for clients that individuals have a diversity of preferences in terms of temperature, acoustics and lighting. This diversity contradicts the notion that an optimum exists to increase productivity for all. The Working Style Analysis (Prashnig, 1998) is a breakthrough tool to ascertain each individual's optimum environment. This may drive a new trend toward mass customisation of working environments, in contrast to current best practice which focuses on standardisation.

CHALLENGES FOR CRE MANAGERS

The pressures on CRE managers come from three areas:

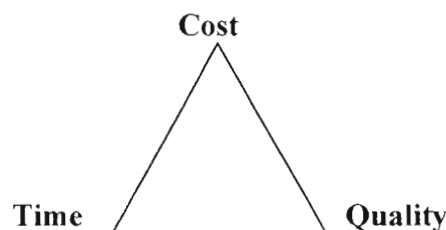
The Organisation

Within any organisation, there is always a conflict between the agendas and specific objectives of the various functions in the organisation. Quality, time and money are often traded. Often the CRE manager has to resolve these conflicts and encourage individuals to recognise the implications of CRE decision making/ planning in a broader context.

The typical corporate challenges include:

- Increasing rate of change
- Increasing expectations of shareholders and stakeholders
- Increasing focus on performance/ measurement/ quality
- Increasing outsourcing of CRE – increasing the need for better definition and clarity on future plans for real estate requirements
- Increasing requirements for probity, clarity, transparency/ visibility of property transactions from managers and regulators.

A typical trade-off diagram for a property project is:



Quality covers many aspects such as future flexibility, image congruency, location and building style/ features.

The CRE Function

The CRE manager is focused on timely and cost efficient delivery of effective working/ operating environments. To achieve this requires competent and efficient application of general business skills such as HR management, motivation and presentation. The effectiveness of the CRE manager will increasingly be subjected to more rigorous performance measurement and reporting, often without any recognition of the complexity of many real estate issues.

The Property Industry

Property markets tend to be dominated by investment based thinking. The CRE manager is at the end of the property investment process. The organisation wants to maximise the business benefit from occupying space while minimising cost and risk. These goals are generally in total conflict with the property owner's objectives.

The CRE manager is constantly pushing against the flow of the property market. The property related professions often do not communicate using the same language and terminology as the occupier of the space. Therefore, the CRE manager must constantly act as an interpreter between these groups. Even terms as fundamental as floor area are interpreted differently by different parts of the property industry.

CHALLENGE 1 – UNDERSTANDING THE CORPORATE STRATEGY

One of the major concerns that we observe is the listening ability of those involved with the CRE function. Organisations must reshape themselves increasingly rapidly in response to economic conditions and market trends. This contrasts with real estate assets that are generally less agile.

In order to set objectives, CRE managers must have access to the latest and most up-to-date information on the strategies and objectives for the organisation as a whole. Often this information is not readily available, as the very latest ideas and possibilities do not find their way into formal documentation for some time.

Corporate goals can conflict with the CRE manager's objectives. One large telecommunications company we are familiar with recently sold their entire property portfolio and leased it back. Rather than this being a strategy to improve the portfolio or change working environments, it was simply to raise cash for a debt-laden corporate.

The most successful CRE managers understand exactly where the organisation is going, when, why and how. With full information on objectives, strategies and timing, the CRE manager can then plan and manage the real estate portfolio to best support the organisation.

Many of our clients are public sector organisations. The drivers of their business are quite considerably influenced by the politics of the day. Accordingly, many of these organisations are unable to plan with certainty on a long-term basis. This presents

special challenges for a CRE manager, as no one in the organisation will confirm or project staff numbers even one year ahead.

The need for flexibility in terms of planning processes, layouts and the way that deals are constructed is now as fundamental as reaching agreement on size, quality, rental, and terms and conditions of transactions.

CHALLENGE 2 – GETTING THE ORGANISATION TO LISTEN

Real estate is often ignored at board level. A recent research project in the UK (Bottle, 2002) found that 25% of UK blue chip companies had not discussed property at board level for 3 years.

A real estate strategy and sound information on real estate considerations should form a base for decisions to be made on real estate. However, communication from the CRE professionals to senior management is not often abundant. A recent survey (Johnson Controls, 2002) asked respondents to agree that “Real estate information is regularly reported to corporate executives”. The response was 3.2 on a scale from 1 – strongly disagree, through 3 – not sure, to 5 – strongly agree. The implication is that information is passed to corporate executives less than half the time. Clearly, this is an area where the corporate real estate industry needs to improve.

If the real estate strategy is not communicated to senior management, the organisation’s options can be restricted. One example is a large organisation we are familiar with which allowed too little time prior to a lease end date before making a decision on whether or not to stay. The CRE manager tried to tell senior management that a decision was required, but the message did not get through. In the end, the organisation renewed its lease at close to the market rental. However, the important aspect that had been missed is that the organisation had to forego an opportunity to change. The CRE manager lost the opportunity to make a positive difference to the organisation. Despite the difficulty of getting senior management to listen, it is our view that the CRE manager is responsible for developing and implementing a strategy to ensure that they are heard.

In another example, the CRE manager for an educational institution found that the management board was constantly making decisions that impacted on real estate without any reference to him. The consequence of these decisions, in the absence of full knowledge, was that additional costs were incurred. Further, the ability to develop and implement a cohesive property strategy was thwarted. In order to be heard, the CRE manager had to threaten to leave unless he obtained access to the management board to advise on real estate issues. When access was obtained, the CRE manager did make a clear difference to the organisation, providing timely advice on real estate impacts. We are not suggesting that every CRE manager needs to threaten to resign, but it is an indication of the level of assertiveness that may be required to change the behaviour of senior management.

Performance management, regular reporting, developing a track record and building trust are the ingredients required to communicate with senior management.

CHALLENGE 3 – ORGANISATION FIT

There are two related issues. The first is the seniority and reporting level of the CRE manager. The second is the structure of the organisation and the CRE function; e.g. centralised, decentralised or functional arrangement.

Reporting level

The right reporting level reflects two things:

1. The critical nature/ importance to the organisation of property
2. The ability of the CRE manager to participate at senior level.

Examples of organisations with different levels of critical impact of property include:

- Correctional institutions – real estate is fundamental to achieving outputs
- Healthcare – real estate influences most aspects of organisational activity
- Software development – real estate requirements are non critical.

Many organisations have a low opinion of the importance of property. Real estate managers rarely have a seat on the board or membership of the senior management team.

Typically, the CRE manager reports to the CFO, Corporate Services Manager or occasionally the HR Manager. The most senior property specialist in most organisations is generally the person responsible for management of day-to-day real estate matters. This may mean that strategic development and contribution to the organisation in terms of workstyle trends and broader initiatives is neither expected nor encouraged.

The CRE function can fit into an organisation in many ways. The most impact and influence is gained when the real estate manager is part of the senior management team. However, the CRE manager must have the understanding, experience and knowledge to contribute to the management of the organisation.

Configuration

The configuration of the CRE function is a similar issue. The decentralised structure is disappearing in favour of central corporate real estate teams. Technology, the growth in competence of national service providers and the adoption of company-wide policies and standards are making a compelling case for centralising and making best use of the limited availability of experience and expertise in the corporate real estate function.

In decentralised structures, it is difficult to get the region or subsidiary to appreciate the importance of adopting mature corporate real estate strategies. There are significant risks involved when inexperienced people deal with real estate. Problems arise when real estate is managed and treated in different ways across a state or country. There is not only an increased risk of technical incompetence, but also a high probability of ad hoc reactive solutions driven by local managers reinventing the wheel.

Whilst there is no right answer and every organisation has a slightly different structure, it appears that a centralised CRE management structure is preferred.

The challenge for most CRE managers is to:

- Centralise to build critical mass and expertise
- Report to the highest possible level in the organisation.

CHALLENGE 4 - DEVELOPING DIVERSE SKILLS

Some years ago, we worked with a number of property managers, who were relatively new to the role. We produced the diagram below (see Figure 5) to give them and their superiors an appreciation of the complexity of their role.

Figure 5: The complexity of property management



In many cases, no more than a familiarity is required but, at the very least, the CRE manager must be aware of any potential pitfalls or dangers in every field. In addition to having a level of competence with the full range, the CRE manager must be aware of macro trends and likely changes. The most practical solution to this need for such diverse knowledge is to create standards and templates. Each area can be considered in detail, with the result that there is no need to reconsider the details every time. It is possible to outsource the creation of the templates and guidelines to experts.

We were recently engaged to advise on property issues by a national operation with leased offices around the country. The previous structure was decentralised with varying standards and availability of funding. In addition to simply providing the resources to obtain new property, manage projects and renegotiate existing leases, we are focused on creating standards and guidelines.

Equipped with templates and guidelines, each additional project runs more smoothly due to the better flow of information. The challenge that many CRE managers have is

that of finding time to develop forward thinking processes and standards, as well as coping with the day-to-day demands of the role.

CHALLENGE 5 – PRESENTATION/ REPORTING SKILLS

In 2001, we ran a series of forums for CRE managers, focussed on achieving better performance out of the real estate assets. The most common complaint of the CRE attendees was that “senior management don’t care about real estate”.

At one of the forums, an attendee asserted that if senior management do not care, it is the result of poor communication or reporting by the CRE manager. If the CRE manager cannot sell their message to senior management, the method of communication must be improved. We agree with this view. It is the CRE manager’s responsibility to sell the value created by sound management of the real estate resource.

CRE managers are often weak at reporting or selling their “value-add”, as the mindset of typical CRE managers is focused on getting the job done. The typical CRE manager is more familiar with managing at a process and implementation level. This property management approach encourages:

- High motivation to get “things right”
- An eye for detail
- Risk aversion
- Technical skills.

Often this skill set comes with:

- Low presentation skills
- Limited confidence to present well
- Limited “big picture” appreciation
- Reactive vs. proactive approach
- Meeting regulations vs. driving the organisation forward.

In organisations with stable workforces and few strategic changes, the CRE manager may have nothing of interest to report to senior management. If this is the case, a financial statement and occasional or exception reporting would be in order.

The challenge is to present the correct level of detail to the operational managers that are most affected by the real estate provision. This area has historically been neglected. There is often such a serious communication gap that the vast majority of managers have no recognition of CRE.

CHALLENGE 6 – BUILDING A ROBUST PLANNING PROCESS

In order to focus on key success factors, the CRE manager must develop clear, practical plans. These will achieve the delivery of corporate objectives from the real estate assets. The immediate task that CRE manager's face is defining and agreeing:

- What is a property plan?
- What is a strategic property plan?

- What is a CRE strategy?

The plan must encompass a blueprint for the real estate assets, as well as a plan for the management of the CRE function. We have formed the view that it is best to be quite clear about the differences between the two. The asset management plan or strategic property plan should focus completely on the property assets and the way in which the property assets help achieve corporate objectives.

In contrast, a CRE management strategy should be a business plan for the function. This will include elements such as the roles, responsibilities and accountabilities of the various players for workplace/ real estate strategy, property, policies, planning protocols, performance management, reporting guidelines and service level agreements between the CRE function and other parts of the organisation.

Without going into detail on the requirements of a property plan, the key elements that need to be addressed are as follows:

1. Understanding the overriding corporate strategy or corporate plan.
2. The linkages between the property characteristics and the corporate outputs. Considerable thought must be applied to determine exactly how the real estate assets enable or inhibit the organisation achieving its objectives. This requires thinking laterally and practically about a particular asset type that is used to service a particular need. An example could be a public swimming pool where the ideal characteristics for a pool need to be determined to ensure that the pool is built in the way that best meets the operator's objectives. This may involve a complete rethink of the reasons why the asset exists at all. Does a swimming pool exist to train athletes, does it exist to entertain children, or does it exist as a social focal point for a community. These questions need to be answered impartially in order to build the ideal profile for the asset to be provided.
3. Commitment and involvement from the business units. They understand their business drivers better than an external adviser.
4. Developing a demand profile for real estate that is independent of the actual location and size of assets. It is always tempting to use the existing portfolio as a base rather than starting from first principles to assess demand.

If the planning process is rigorous and it involves the users thinking through the reasons why they use the asset and the benefits that the asset provides to help meet corporate needs, this process will potentially result in a much clearer understanding of the location, size, quality and timing of the requirement. The CRE manager needs to be assertive, but sensitive in working with the business units to ensure that they feel a part of the process. If the process is foisted upon them, they will invariably fight a rear guard action later, sometimes irrespective of the cost implications.

The plan must be created in partnership with the business units. By encouraging the business unit managers to reflect on why they occupy space and what it provides for them, including considering non-property solutions, the CRE manager can add significant value to the organisation.

CHALLENGE 7 – CONSTRUCTING CLEAR ROLES AND RESPONSIBILITIES

It is self evident that the roles, responsibilities and accountabilities for the CRE function should be focused on the needs of the organisation. The general intent is not normally a problem. A mission and vision for the CRE function should be developed to provide a parallel perspective to the organisation's mission and vision.

In management reviews, we look for three aspects in connection with roles and responsibilities. These are:

1. The clarity of both the written and generally understood roles and responsibilities within the organisation for the range of corporate real estate tasks. If a number of people/ business units are undertaking the same or similar function, it is invariably a sign of confused thinking in terms of role definition.
2. The most important role or responsibility in connection with providing real estate assets is that of monitoring performance and in particular, ensuring “value for money” from the whole-of-organisation perspective rather than the property/real estate perspective.
3. To focus on the above, we spend time tracking down the conceptual “owner” of the real estate within an organisation. The “owner” is the one who pays for the real estate. Ideally, the “owner” should also be the user or beneficiary of the real estate. In CRE, the user pays principle works well and encourages sensible decision-making.

As mentioned earlier, the key to success is to set objectives and achieve them efficiently. The challenge is to create a coherent set of responsibilities that fit clearly with the organisations goals. Clarity on roles and responsibilities is essential if performance is to be managed with certainty.

CHALLENGE 8 – DEVELOPING A ROBUST PERFORMANCE MANAGEMENT SYSTEM

Frederick Taylor said, “If you cannot measure it, you cannot improve it”.

This fits well with our approach to performance management, as we feel that a strong performance management structure will focus on finding ways and means to improve performance and improve achievement of the organisation's goals.

Performance management systems can be internally inconsistent. For example, the individual or team is charged with meeting performance targets, but they have incomplete control over the resources to achieve those targets. This inconsistency can lead to serious problems in terms of motivation or stress on a CRE manager. To ensure that this consistency is achieved, we include authority as a resource in the Cornerstone Model and have managers check that they have sufficient authority to achieve their performance targets.

Review of the performance management system often uncovers poorly defined roles or responsibilities and weak planning and project evaluation processes. Because the data exists, many performance management regimes focus on the input of the real estate resource such as total costs, rental levels, and space per employee. A major shift is required to focus on the outputs.

The chief executive is likely to be more focussed on how the CRE function is helping to achieve the corporate objectives. Is the accommodation:

- Supporting image and branding?
- Functional?
- Enabling creativity?
- Encouraging better work practices?
- Flexible?
- A low risk element?

The optimum performance management system will review and encourage better results for the organisation. If presented well, this output-focused reporting will be a key communication tool. The challenge is for the CRE manager to develop the measures and demonstrate performance.

CHALLENGE 9 – DEALING WITH A DISPARATE PROPERTY INDUSTRY

There is no dispute that the skills, knowledge and motivations of different professionals operating in the property industry vary considerably. The differences tend to arise from the skills required for success in each particular field. The impact of the need for specialist skills is an increase in the number of advisers and contractors involved in any property project. For example, a relocation project could require a tenant to employ a number of advisers, many of which will be involved only briefly. The CRE manager must build effective teams from this group and achieve continuity throughout the project.

The CRE manager must see the whole process through from conception to completion. Project management skills are imperative, but are often only learned on the job. The challenge is for CRE managers to build project management skills and capabilities. These are, and will be, a critical success factor.

CHALLENGES FOR ACADEMIC RESEARCH IN CRE

Academic research can assist the CRE management function by refining and developing particular specialist areas. However, we feel that focus on the development of a number of models or profiles will yield the maximum impact. These models are:

1. A profile of a typical CRE manager, their background and current skill base.
2. A clear view of best practice CRE management. We have constructed a detailed description of best practice and are happy to share this with anyone who would like to take the task further.

3. A summary profile of the key success factors for CRE managers. Some of the key success factors could be as follows:

- big picture thinking
- strategic understanding
- assertiveness
- negotiation skills
- motivation
- doing the right thing not just doing things right
- salesmanship
- education and communication.

If items 1 and 3 are reconciled, the gaps between typical skill sets and the ideal skill set could be identified. If this were made widely available, the academic community would have clarity on the areas with the highest demand for training and research.

Most CRE managers come to the function later in their career. The result is a diversity of backgrounds. Part time or distance learning is likely to be more effective than attempting to add CRE to already full undergraduate real estate courses.

CONCLUSION

CRE is here to stay as a profession. Standards and expectations of CRE managers will continue to grow. If CRE managers have the skills required, the CRE role will be recognised and the demand for CRE managers will increase.

Organisations are becoming more focused on the benefits of working environments. Individuals are also becoming more aware of their working environments and the ability that they now have to manipulate how and where they work. At the same time, development of technology is enabling completely different ways of working. CRE managers must keep up with these trends and strengthen their knowledge of the links between the characteristics of working environment and output.

We expect that knowledge of the property industry will become an entry qualification for CRE managers. The keys to outstanding success and the characteristics of exceptional CRE managers relate to a range of additional management skills. We have examined many of these in detail in this paper.

The most useful ability that CRE managers could develop is an appetite for learning and continued improvement. There may be benefits in developing specific courses for CRE managers. This will involve teaching across the range of related disciplines such as CRE, facilities management, strategic asset management, property management and interior design to find common ground.

We hope that this article has given an insight into the way in which the CRE profession is developing and the challenges facing the typical CRE manager.

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