AN INVESTIGATION OF CORPORATE REAL ESTATE MANAGEMENT OUTSOURCING IN MELBOURNE

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ABSTRACT

Outsourcing of at least some Corporate Real Estate Management (CREM) services has become common business practice over recent years, in Australia and elsewhere, and its adoption continues to spread. The literature suggests several reasons why this has occurred including – cost control, seeking access to skills and technology, and competitive reasons. Several challenges have also been identified such as vicarious liability for service provider actions, loss of internal capabilities, and provider performance.

It is some time since outsourcing and in-house CREM arrangements were systematically studied in Australia. This paper reports a qualitative study that investigated current issues around CREM outsourcing arrangements in six Melbourne-based organisations.

Six factors that contributed to CREM outsourcing were identified with several organisations reporting multiple contributory factors. The most important factors were cost savings and access to skills, technology and best practice. Similarly, six challenges were identified and also six strategies to overcome those challenges. The most important challenges were communication issues and service provider performance. Strategies to overcome the challenges included improved communication management, and performance management through Key Performance Indicators and regular monitoring.

Many of the study's findings confirm issues and challenges identified in previous studies. This study does show that the issues and challenges are persistent but organisations are aware of them and are taking steps to address them.

Keywords: Australia, Corporate Real Estate Management, outsourcing, strategies

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INTRODUCTION

Corporate Real Estate Management (CREM) is a property management discipline that has emerged over the last few decades. The earliest literature usually cited dates from the late 1980s and early 1990s, for example Zeckhauser and Silverman (1983), Veale (1989), Rutherford and Nourse (1988) and Nourse (1990), There are many issues encompassed in the field but, broadly, they coalesce around matters of the real estate or physical artefact, for instance the own-lease decision (such as Golan (1999)), and workplace design (for instance Duffy et al. (1993)) or management practices such as organisation of the CREM function (Valenziano and Kious (2005)) and CRE strategies (O'Mara, 1999).

An important and persistent issue is how to arrange the sourcing of CREM services for the organisation across the very large number of possible services noted by Chotipanich (2004). Traditionally, internal sourcing (management and delivery) was presumed though individual tasks such as design and legal services were usually sourced from external professionals.

The practice of outsourcing of Corporate Real Estate Management (CREM) is now well established in the developed world and is also spreading to the developing world (Mackintosh, 2008) as organisations to seek competitive advantage in an increasingly competitive marketplace by reducing costs, gaining access to skills, technology & best practice, undertaking organizational restructuring to achieve strategic business advantage (Deavers, 1997; Kooymans, 2000; McDonagh and Hayward, 2000). CREM is thought of as a non-core activity for many organisations where outsourcing is a relatively easy way to drive costs out of a business.

Outsourcing is used as a general term for the partial or total contracting out of a business task, function or process to an external service provider. It involves replacing the internal provision of services with the external provision of those services which includes out-tasking, strategic alliances and partnership arrangements (Kenley

et al., 2000; Kooymans, 2000; McDonagh and Hayward, 2000; Rothery and Robertson, 1995; Wills, 2002). In the spectrum of modes of CREM service provision outsourcing also has a specific meaning relating to a function (like CREM) as a whole (Kenley et al., 2000). Both meanings are used in this study.

The outsourcing (meant generally) of CREM activities and tasks has mushroomed both as a result of cost-cutting (originating in difficult trading conditions in the early 1990s) and, now, in an ongoing strategy to seek efficiency, quality and advantage in an increasingly competitive environment (Ciandella, 1996; Elmuti et al., 1998; Kooymans, 2000; Mackintosh, 2008; Rothery and Robertson, 1995; Wills, 2008). As long ago as 1995 it was shown that 85% of all executives in North America and Europe were outsourcing all or at least part of one business function with this expected to rise to 93% by 1998. Real estate and plant accounted for about 15% of this (Elmuti et al., 1998).

Outsourcing is commonly seen as a relatively easy way to drive costs out of a business, and anecdotally it has primarily been taken up by many organisations and corporate firms in Australia for that reason (Kooymans, 2000; Wills, 2008). Although seen as a practical and viable choice for most organisations to outsource their CREM this is often not so simple and has also thrown up significant problems, as discussed below.

Globally, outsourcing CREM services has grown strongly in recent years, particularly in Asia which has widely adopted the practice from US multi-nationals endeavouring to bring consistency and predictability to their international operations (Mackintosh, 2008). These factors take on even more importance during periods of expansion and acquisition. Whilst this approach in Asia started slowly in the early 2000s, it has gathered substantial pace and now represents the biggest growth region for the industry globally. The Australian market for CREM outsourcing has broadly followed these global trends, with the rise of emerging companies over the last decade or so providing CREM services to major corporations and firms to further add value to their businesses (Mackintosh, 2008). In Australia, outsourcing has evolved from a situation of concerns about the availability of the requisite skills and the advice quality (Kenley et al., 2000) to the majority of top corporates using some outsourcing; some of which are into their third or fourth iteration (Heywood and Mottley, 2011). Recent opinion suggests that there are moves away from bundled services with a single service provider to 'best-of-breed' providers for individual activities (Colliers International Research, 2011).

It is some time since outsourcing has been specifically examined in an academic study in Australia. The last identifiable one is Kooymans (2000) though it has been peripherally studied in other Australian CREM studies, for example Kenley et al. (2000), Property Council of Australia and KPMG (2005) and Wills (2007). The professional literature has also featured outsourcing, for example Timm (2009) and Heywood and Mottley (2011) though this literature usually made up of normative statements based on professional experience rather than empirical studies.

AIM

There are various opinions and outlooks on how to do outsourcing, as opposed to in-house management in regards to the overall contribution it has towards the core business. Therefore, this study aimed to investigate the scope of CREM outsourcing by Australian organisations based in Melbourne as well as investigating the different CREM arrangements they used in order to identify the factors that contributed to their CREM outsourcing, and the challenges and implications of doing so.

WAYS OF PROVIDING CREM SERVICES TO ORGANISATIONS

Outsourcing is only one part of how CREM services are provided to organisations which can be described as having structural and sourcing aspects.

There are a number of ways for structuring the CREM. The CREM structure may be centralized (standardized process, decisions and outcomes by the head office-based CREM function) or decentralized (individual business units and operations have their own CREM processes and objectives) (Kenley et al., 2000). An alternative structuring method is by using process, functional, customer or geographically-based structures (Valenziano and Kious, 2005) – being geographically-based is a decentralised model and the other three structures could apply to either centralised or decentralised structures.

A centralized CRE unit can itself be structured in three different ways: as a centralized global functional business units (global in terms of world geography as well as global in the sense of being organization wide); centralised but with geographic spread where the centralized CRE unit has geographically based units as well as business functional units; and as a separate (may be subsidiary) property company (Kenley et al., 2000). A centralized CRE unit facilitates strategic management, as CRE decisions can be made and implemented centrally providing consistent property standards, performance measurements and sourcing arrangements throughout the entire organization.

A decentralized CRE unit instead has individual CRE departments as a part of separate business units or regionally-based businesses. Here, the individual CRE units undertake individual processes and have objectives of their own thus may not be aligned as a whole (Kenley et al., 2000). The advantage of a decentralised function is that real estate solutions can be customised to the needs and circumstances of individual business and locations.

There are also several available options that may be adopted in sourcing CREM services that provide a spectrum of modes of CREM service provision (Kenley et al., 2000). At one end of the spectrum is outsourcing – the total or partial contracting out of a business function, task or process to an external service provider for an extended period – typically 3 to 5 years. At the other end is the in-house option, where the company performs all services on its own. Strategic alliance and partnerships and joint ventures lie between these extremes (Kenley et al., 2000; Kooymans, 2000; McDonagh and Hayward, 2000; Rothery and Robertson, 1995; Wills, 2002). When an external service provider provides relatively minor CREM functions, this is out-tasking over a relatively short, finite period. Hence, any out-tasking is a form of generalised outsourcing, though not all outsourcing is out-tasking (Kenley et al., 2000; Wood, 1997).

There are several aspects or sub-functions of CREM that can be externally sourced such as real estate and property management, facility project management, maintenance and repairs, building services and operations, office services, planning and programming, space-planning and management, operations administration and management, and employee supports and services ranging from the strategic to basic real estate operations. Chotipanich (2004) Figure 1 has a fairly comprehensive list of CRE-related services under these headings. How these are configured or packaged for external or internal delivery can generally be described as bundling (Hartmann et al., 2010) though different models can be identified (Bron et al., 2011) – 'Best-of-Breed' (individual service providers that are each the best in their field), 'Bundled' (single service providers providing multiple services), and 'Integrator' (a single service provider coordinates the supply of individual service providers within a cohesive solution).

From the possible services, organisations evaluate and then adopt a suitable configuration as their strategy for CREM sourcing that can include a mix of outsourcing (specific), out-tasking, strategic alliancing or in-house services. It has been recommended almost from the start of CREM theorisation that the more sophisticated sub-functions like client relationship management, risk management, location decisions, and portfolio planning be kept in-house, and the more day-to-day, operational sub-functions such as facility management, construction, and project management were outsourced (Kimbler and Rutherford, 1993). Nevertheless, there remains great diversity of opinion as to what is an appropriate model (Hartmann et al., 2010). Often writers' views appear to be significantly influenced by their position, either as a service provider seeking new opportunities or as a CRE executive who may be threatened by outsourcing possibilities. Regardless, there is general agreement that more tasks are being externally sourced and that outsourcing of higher-level strategic functions is more fraught with difficulties and risks.

IMPLICATIONS & CHALLENGES OF OUTSOURCING

A number of studies have examined the forces driving outsourcing in CREM and other organisational functions (Table 1). These forces have evolved from an initial focus on cost savings to ensuring the best access to skills, technology and quality of service while building a core business-focused organization (Ciandella, 1996; McDonagh and Hayward, 2000; Wills, 2008). Outsourcing all of CREM also means that an organisation is able to eliminate their CRE department thus reducing human capital producing a leaner organisation with the hired service provider having to worry with all real estate related matters, including personnel.

Table 1 – Reasons for Outsourcing

Leading reasons	Rotherery & Robertson (1995)	Ciandella (1996)	Elmutti et al (1998)	Kooymans (2000)	McDonagh & Hayward (2000)	Oluwoye, Karantonis & Fakorede (2001)	Wills (2008)
Cost Control	X		X	X			X
Business process re-engineering	X		X	X			
Time compression	X			X			
Value chain analysis	X			X			
Organisational restructuring	X	X	X	X			
Competitive reasons	X			X		X	
Changing technology	X			X			
Risk Sharing			X				
Access to skills, technology & best practice		X	X		X	X	X

Some of the longer-term benefits identified as deriving from outsourcing CREM and other corporate functions include:
- The ability to free up resources for other (core business) purposes;
- Being able to share risks with the external provider, who is thought more able to manage the risks inherent in their specialty; and
- Accelerated business process re-engineering by enabling a "world class practice" specialist to immediately take over the activity (Elmuti et al., 1998).

Other short-term benefits identified were:
- Managing a difficult or out-of-control function. This may be a short-term solution, because if there are long-term internal problems, they are likely to exist externally as well, and be more difficult to fix;
- The ability to access resources not available internally for various reasons including the lack of funds, facilities or technology. Longer-term, the feasibility of acquiring resources instead of continuing to outsource should be examined; and
- Reducing and controlling operating costs through the external provider's economies of scale. This was identified as the primary reason to outsource (Elmuti et al., 1998)

However, outsourcing successfully is neither simple, easy nor without risk (Timm, 2009; Wong, 1995). By the same token, simply cutting back on internal resources and deploying the same old work in the same old way externally can end up costing more, not less. Some of the most common problems reported in outsourcing CREM include:
- Vicarious liability for the actions of others of which you may not be aware, or in which you may not be fully involved;
- 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;
- 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;
- Creating a self-imposed monopoly with the service provider by emphasising 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;
- Outsourced providers less in tune with the organisation's needs or culture and seeing themselves as an order-taker rather than having a strategic role;
- Time consuming bid or management processes;
- Slower response times;
- Lack of control;
- Poor communication and a lack of satisfaction with relationships; and
- Reliance on contractual obligations and formal decision-making and reporting arrangements between the organization and the external service provider (Gibler and Black, 2004; Kenley et al., 2000;

Kooymans, 2000; McDonagh and Hayward, 2000; Wills, 2002; Wong, 1995).

One of the biggest challenges faced when outsourcing CRE has been performance and performance measurement (Hartmann et al., 2010; Kenley et al., 2000; Kooymans, 2000; Wills, 2002). In the past, performance measurement may not have even carried out in a formal sense or reluctantly committed to as part of formal contractual arrangements, except where performance incentives were built in. Evidence from practice suggests that this is changing. Relatedly, suspicions of the motives of external service providers gave rise to feelings that they would do as little as they could get away with, in order to enhance their own profitability (Gibler and Black, 2004).

METHOD

This research investigated how corporations organise the sourcing of their CREM to determine the current factors that influence those decisions, particularly the outsourcing one. In doing so the research also sought to ascertain the current challenges and implications involved in outsourcing CREM.

A qualitative approach to the research was adopted using semi-structured interviews of six senior CRE managers from major Melbourne-based organisations. A qualitative approach is suitable because, though there are some well established models for how to do outsourcing, how to best perform CREM functions – in-house or externally – remains contentious. This is especially so when considering how to best meet organisational strategic challenges and corporate goals (Gibler and Black, 2004; Hartmann et al., 2010; Kenley et al., 2000). Because CREM outsourcing is idiosyncratic to organisations a qualitative study is appropriate to explore the various factors, issues, and challenges faced by individual organisations. Aggregating the results across mulitple organisations provides a snapshot of current practice in the field.

Participants were selected for their CREM seniority being in charge of an organisation's CRE portfolio, their resultant exposure to outsourcing decision-making, and to represent a range of industry sectors. Though Melbourne organisations, all were nationally significant and most were organisations with an international presence. Although only six organisations were investigated, the findings are considered valid as they represent major Australian CRE organisations representing a range of industry sectors and so may provide results generalisable by argument.

The qualitative research interview sought, like all such interviews, to describe and investigate the meanings of central themes in the life world of the subjects (Kvale, 1996). In this study, the interview consisted of questions that moved from the general to the specific. Questions on CREM's experience and organisational arrangements were followed by opinion and value questions about the factors contributing to corporate real estate outsourcing, the challenges faced when outsourcing CREM and strategies to address those challenges.

A thematic analysis was the primary data analysis method. This is an historically conventional practice in qualitative research as it involves searching through data to identify recurrent patterns (themes) that emerge as being important to the description of the phenomenon (Daly et al., 1997). A theme is a cluster of linked categories conveying similar meanings and emerged through the inductive analytic process. Identification of themes was achieved by carefully reading and re-reading the data (Rice and Ezzy, 1999). In this study, the data was displayed in a series of matrices based on each interview question

FINDINGS AND DISCUSSION

The six organisations in this study used a variety of sourcing arrangements (Table 2). Structurally, they all adopted a centralised CREM function. This is appropriate for Australian CREM practice for a relatively small, though geographically dispersed, business context.

Organisations 1, 2, 4 & 5 currently undertake some form of external CREM sourcing with a service provider. Their strategies also include out-tasking relatively minor CREM functions when necessary. Organisation 1 was the only organisation with a service provider strategic alliance that shared risks and rewards. Organisations 3 and 6 were at the other end of the spectrum of modes of service provision performing the entire CREM function in-house. However, Organisation 3 was showing interest in outsourcing in the near future.

Table 2 – The use of modes of CREM outsourcing

Activity	Organisation & Type					
	1	**2**	**3**	**4**	**5**	**6**
	Financial Institution	Food & Beverage Company	Not-for-profit Organisation	Local Government Authority	Premium Beverage Company	Retailer
Outsource	X	X		X	X	
Out-task	X	X		X	X	
Alliancing	X					
In-house			X			X
Duration	8 years	3 years	Never (CREM in-house)	10 months (new service provider)	6 months	Not now (CREM now in-house)

It is somewhat surprising given the prevalent advocacy of outsourcing in the literature, over some time, that outsourcing was not as widespread or as long-standing in the sample population. One could be forgiven, from the literature, for thinking that outsourcing might be ubiquitous though these results correspond to other studies, for instance Hartmann et al. (2010) most recently, that show that outsourcing is not a universal practice. Though the majority (four) were outsourcing organisations, two were quite recent adopters (≤ 1 year) while the other two were quite well established outsourcers (≥ 3 years). This analysis shows that while outsourcing is a well established practice even now organisations are doing this for the first time, haven't done it yet, or prefer to do it in-house.

This study shows that outsourcing of whole functions for extended periods and outsourcing of specific tasks for shorter periods were equally common. Alliancing was found in only once in this population. This analysis into sub-types of provision is rarely done because this subtlety of categorisation is rarely used, or where there are sub-types analysed they tend to be CREM activities or tasks like forms of FM, for instance Hartmann et al. (2010) and Chotipanich (2004), rather than the mode of provision.

When asked which sub-functions were outsourced and which were managed in house, all six organisations stated that they undertook "strategic" sub-functions in-house which include strategic practices of competitive alignment in their CRE unit. This can be seen in Table 3 where most organisations kept the more strategic sub-functions such as strategic planning and client relationship planning in-house. There were mixed arrangements in regards to "management & control" sub-functions (acquisition, leasing & development, portfolio management and financial analysis) across the six organisations. At an "operational" level, four organisations outsourced these sub-functions (facility management, building operations and design occupancy planning, property management and maintenance management) to an external service provider whereas the other two performed these sub-functions in-house.

Table 3 – The sub-functions outsourced

Type of functions	In-house	Outsourced	
Strategic Planning	6	0	⎫ Strategic
Client Relationship Management	6	0	⎭
Acquisition, Leasing & Development	4	2	⎫
Portfolio Management	2	4	⎬ Management and Control
Financial Analysis	2	4	⎭
Facility Management	2	4	⎫
Property Management & Building Operations	2	4	⎬ Operational
Maintenance & Repairs	2	4	⎭

This study shows results similar to other studies, for instance Hartmann et al. (2010) and Bowles and Kadzis (2007) where, though variably arranged, the more strategic and sophisticated activities are sourced in-house and the more operational activities are outsourced. This corresponds to early advice from Kimbler and Rutherford (1993).

Factors contributing to outsourcing

Five factors were identified that contributed to the reason for CREM outsourcing (Table 4). These were cost savings, access to skills, technology & best practice, organizational restructuring, business process re-engineering, and legislation & policies. Cost savings was the most important factor contributing to CREM outsourcing (4 of 6 organisations). This was also the case for that organisation considering outsourcing. This was followed by access to skills, technology & best practice (2 of 4). In one instance, it was not just a matter of accessing better skills, but being able to access them at all because the CREM function was that thinly resourced.

> 'Some of the staff that I have around the country sort of fell into property. They really don't have a property focus, as such. They're good at organising repairs and maintenance or capital works but when it comes to the strategic look at property – No, they don't have that.' (Organisation 3)

Organizational restructuring (2 of 4) was used to produce a much leaner CREM organisation. Business process re-engineering and legislation & policies were the least important being a factor for one organisation each. For one organisation, business process re-engineering allowed it to achieve uniformity in its CRE portfolio management when outsourcing to an external service provider. This was particularly relevant in this organisation as it consisted of multiple, very diverse business units that tended to operate with little reference to other business units.

Table 4. The reasons for outsourcing

Reason	Organisation					
	1	2	3	4	5	6
Cost savings	X	X	X		X	
Access to skills, technology & best practice		X	X			
Organisational restructuring	X			X		
Business process re-engineering					X	
Legislation & policies				X		
Comments	Primarily, cost savings followed by organization restructuring.	Primarily, cost savings and then the lack of skill-sets.	In-house. May look to outsource to because lack of property skill-sets and to achieve cost savings.	Primarily, unnecessary non-property related staff and compliance with legislation.	Primarily, cost savings followed by business process re-engineering.	All functions managed in-house because of previous bad experience.

Overall these findings confirm previous studies that show that outsourcing in CREM is primarily done to achieve cost savings. A smaller list of factors was identified here than in the analysis of the literature above mostly because of the research's sample size. Legislation was not evident in the previously analysed literature in this study. Its appearance here reflects the inclusion of Organisation 4 – a local government authority – which had been subject to Compulsory Competitive Tendering and Best Value legislation in the 1990s where external sourcing of service delivery or external testing of service delivery was required.

Challenges of outsourcing

The findings obtained in the case of the challenges of outsourcing were quite interesting in that most organisations (4 of the 6) believed that there were problems with outsourcing CREM to an external service provider. When questioned further to the challenges they encountered six themes were evident (Table 5). These were communication issues, conflict of interests, achieving a strategic partnership, quality of service delivery, lack of 'ownership' and performance issues. The results revealed communication and performance issues as the major challenges of outsourcing (both 3 of the 6) as it was hard to disseminate and transfer vital information such as organisational needs, values and culture across to the service provider. In terms of performance, it was

identified that it was hard to measure and monitor performance as well as an issue of service providers which never delivered promised service, thus lacking in quality of service delivery.

Table 5. The challenges and conflicts encountered whilst outsourcing

Challenges	Organisation					
	1	**2**	**3**	**4**	**5**	**6**
Communication issues	X				X	X
Performance issues			X		X	X
Conflict of interest	X				X	
Achieving a strategic partnership	X			X		
Quality of service delivery				X		X
Lack of ownership		X		X		

Two responding organisations, Organisations 1 & 5, stated that they currently face a conflict of interest between themselves and the external service provider as there tends to be a different perception of which services and tasks are to be performed by the external service provider. Both organisations went on to mention that the conflict of interest were mainly attributed by the constant disagreement and mismatch of what the organisation is trying to achieve as opposed to what the service provider is doing.

From the data analysed, Organisations 1 & 4 identified that achieving a strategic partnership and good relationship was difficult to attain between the organisation and the external service provider. Both organisations highlighted that there was a lack of mutual understanding and a little distrust between their own employees and that of the external service provider's.

> Once people know they are not 'us' (they) can treat them differently. So the service provider will be trying to enforce our policies, our strategies; they will be implementing them and they can get pushback from the business. (Organisation 1)

There was also a strong sense of belonging amongst the external service provider employees towards their own company as well as that of the organisation (outsourcer) employees thus resulting in both parties unable to achieve good a relationship and strategic partnership.

That there are challenges in outsourcing has been previously identified by Gibler and Black (2004), Timm (2009) and Wong (1995), among others. This study corroborates those challenges and notes that communication and performance were the most important issues. That these issues still persist suggests that they might be endemic in the outsourcing relationship. This further suggests that a key CREM activity is both managing those challenges and developing strategies to address them.

Strategies to overcome the challenges

In terms of the strategies used to overcome the challenges that the study identified, the findings revealed that two-thirds of the organisations have adopted strategies to assist in dealing with the challenges (Table 6).

Table 6. The strategies used to overcome the challenges of outsourcing

	Organisation					
	1	**2**	**3**	**4**	**5**	**6**
Strategy	Integration of all departments (Property Community Groups)	None (Does not have any specific CREM strategy)	None (CREM done in-house but looking to outsource)	Undertake blind inspections and performance measurements	Undertake regular meetings and liaison	Undertake CREM in-house

Although almost all the organisations were faced with outsourcing challenges, the challenges do not impede their decision to outsource CREM. Furthermore, one of the organisations is seeking to outsource its currently in-house managed CREM. On the other hand, a contrary perspective was presented when one organisation revealed that they used to outsource their CREM to external service providers however have decided to revert back to manage CRE on their own. This was adopted to overcome the previously experience challenge of outsourcing of the issue of service provider performance and the lack of quality in meeting the organisation's standards and

needs. However, it can be argued that the decision to undertake in-house management could be influenced by factors of personal perception, behaviour, experiences or biases.

Bringing CREM services in-house is one response to the challenges of outsourcing. Where a commitment to external service provision remains it, is apparent that strategies should be put in place to address them. They may not overcome the issues but they might possibly ameliorate them. Three strategies were evident here, other than bringing CREM in-house – integration of all property-using departments in a 'Property Community Group', use of regular meetings and liaison, and performance management through measurement activities like Key Performance Indicators, and using spot, blind inspections. The Property Community Group that

> 'consists of representatives of all the business units within the building. Here (in this building) you'd have about fifteen people in the group – all the business units and major users of the service. That (group) is chaired and managed by the service provider. And, we've outfitted them in our (logo identified) clothes so they're seen as us. The group meets monthly' (Organisation 1)

CONCLUSION

This paper presents a contemporary study of Australian CREM outsourcing practices. It fills a longstanding gap in investigations of the phenomenon in Australia. The research showed that outsourcing is still considered favourably by organisations, even though there were certain challenges and conflicts that can occur between the organisations and their service providers. Generally, the impeding challenges do not affect their decision about CREM outsourcing. Communication and performance issues were identified as the most significant challenges faced by the organisations. These are persistent issues being identified throughout the history of CREM's theorisation. Rather than not outsource, strategies were being used to address these challenges including communication and performance measurement techniques. Cost savings still remained as the primary reason for outsourcing CREM, as it has done throughout CREM outsourcing's history.

As a qualitative study this research established current dimensions of Australian CREM outsourcing that could be used as the basis for a more extensive, quantitative study.

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