

Having a hand in property



Property management is changing. On the one hand, there are more and more calls to see business property as a positive resource, not just bricks and mortar. On the other, technology is increasingly allowing people to work from their homes and on the move; potentially undermining commercial office space in the first place. With this in mind, we asked *Andrew Pegg*, (left) MD of Midas Corporate Consulting, for his opinion on the current FM climate

ESTATES REVIEW: How do company managers view their premises?

ANDREW PEGG: Very rarely in reality, often on a piecemeal basis and when there is a problem.

Some see property purely as a factor of production, a fixed liability or an overhead rather than a business tool which can contribute to their long-term competitive advantage.

ER: Do they make the most of them?

AP: It's unusual, although some do very well. A property in a good location, that is well laid-out, affordable, flexible and a good environment for staff, can make a big difference to a business through productivity gains, efficiency, staff retention and recruitment as well as financially through the bottom line.

ER: How is business property changing?

AP: Occupier needs are changing very rapidly, with many demands and opportunities for businesses to be more competitive if they are to stay in business.

Innovation and developments in technology, such as the growth of the internet, have changed working styles forever. This means that in reality, many businesses will need less people and hence less property – and the property that they do need will be used differently.

For example, with mobile working, office space is no longer where work is done; rather it's a place where

information is stored and exchanged, teams are built and managed.

There is a need for both more flexible space and more flexible leasing structures and tenures to suit business needs. The supply side of the property industry has come some way to facilitating this, but there is still some way to go.

ER: How has outsourcing affected the commercial property sector?

AP: The outsourcing of property services – such as facilities management and estates functions – has increased the expectations of the customer or end-user in that they expect both improvements in services and reductions in costs and non-business risks.

However, this has often led to a lack of accountability and transparency between the service provider and the customer – and in some cases dissatisfaction with the level of service being achieved.

Outsourcing of business processes overseas is a case in point but it is a trend that is likely to continue. Given that the total overhead for a call centre operative in India is under 40 percent of the cost of an employee in the UK – and China and Vietnam are now undertaking our manufacturing – this will mean that fewer people and less property will be required in the UK.

ER: What would be the effect of more people working from home?

AP: This will require a cultural change in how people are managed and will place new demands on the workplace, management systems and structures.

From a property perspective, it will lead to a different form of office layout and function, but it can lead to a better working environment and from a business performance point of view, a net reduction in requirement for office space.

ER: Which factors most affect building performance?

AP: How well a building or property solution supports people to work more effectively is often overlooked when properties are acquired or businesses need change.

It depends on the function of the organisation that is to be carried out – therefore organisations need to have a clear idea of its needs in order to assess whether the building performance will be effective. Often, needs and processes change or companies are acquired; which means that the buildings they now hold do not meet their future needs.

Rather than reevaluate what their needs might be and engage specialist business property expertise to look at the opportunities for restructuring, companies



often carry on with what they have got and this leads to waste and missed opportunities.

ER: Is relocation the solution to bad workspace?

AP: Not necessarily. It's important to understand what the workspace should be like before you can assess whether the current solution can be improved or the business relocated.

Importantly, until the source of the problem is properly addressed, the risk is that a company will simply 'up sticks' and replicate its situation elsewhere without taking advantage of the benefits of relocation.

In many cases, when the total costs of a move are taken into account, a company simply cannot afford to relocate and hence, the best deal for them might be to invest in making their existing space work better.

However, forward-thinking businesses and property managers can integrate IT, HR and other operations at any stage of the business cycle. While this may take a little time and cost in feasibility studies, the overall cost savings and productivity improvements can be considerable.

ER: What makes a good facilities manager?

Customer focus, business acumen and a continual interest in higher standards and training.

ER: Why might some companies bring in independent business property advisors when they already employ someone in-house?

AP: Clients often seek an independent advisor either

when they need an impartial view or when they are looking at new ideas or seeking best practice. This might be when they want to develop their ideas on a more discreet basis than using the in-house team or managers. This is particularly the case when an organisation is facing change; an outside advisor can sometimes come up with solutions to property issues that have not been considered. It's crucial not to neglect property during a downturn or expansion.

ER: What is the biggest danger of not reviewing a company's property portfolio regularly?

AP: The biggest danger is probably the effect on the bottom line and missed opportunities or risks. The RICS 2002 Bootle Report entitled 'Property – A Waste of Space' estimates that companies waste around £18bn on property each year in the UK – and this is probably a conservative estimate. Add to this the fact that an unsuitable building can lead to inefficient working, a lack of productivity and demotivated staff and the benefits of carrying out regular reviews are clear.

ER: What is essential to a good property strategy?

AP: Understanding the needs of the business, how it is likely to change and having mechanisms in place which will enable the current property solutions to respond.

This requires good relationships with the business heads and external stakeholders, sound data and a decision-making processes which enables robust decisions to be made. ■

For more information on Midas Corporate Consulting, call 0870 242 0472 or visit www.midascorporateconsulting.com