



Property and Your Bottom Line

Midas Corporate Consulting Ltd

Institute of Directors - Central London Branch

21st March 2005



Our experience...

- Property Services Agency
- Employment Service
- Windsor & Maidenhead Borough Council
- Barclays Property Holdings
- United Business Media
- DTZ Debenham Tie Leung
- Jonathan Edwards Consulting
- Midas Corporate Consulting

midas

Who we work for...

FUJITSU

TDSi
ACCESS EVERYWHERE

Community
THE UNION FOR LIFE

Biochemical Society

Business
Link

CAN

Community Action Network

MARSH

What we will cover...

- Why does business need a property strategy?
- Developing a property strategy...
 - How?
 - Why?
 - Impact?
- Our approach
 - Case Studies
- The Prize



**Why does a business need a
property strategy...?**

Property is not being used efficiently in the UK...

- £18bn is wasted by UK plc on unnecessary property costs (RICS 2002)
- Average margin UK business is 8%
- Over £225bn of business is required to cover that cost



What are Total Property Costs in £psf...?

	£ psf	£ psf	£ psf
Rent	20	30	50
Rates	9	13	22
Service Charges	5	7	10
“On Floor” costs	2	2	2
Total Operating Costs	36	52	84
Cap Ex	4	5	8
Total Property Costs	40	57	92



How much business do you need to pay the rent (£psf)...?

Rent	£20 psf	£30 psf	£50 psf
Total Property Cost	£40	£57	£92
Margin 8%			
Turnover (£psf)	£500	£712	£1,150
	'Central Fringe'	'Mid Town'	'City/W1'



What does it mean if your property costs change by 10%...?

Rent	£20 psf	£30 psf	£50 psf
Total Property Cost	40,000	57,000	92,000
Change @ 10%	4,000	5,700	9,200
Margin @ 8%	50,000	£71,200	£115,000

Note:

1. Assumes 1,000 sq ft
2. Year on Year...

Two drivers of property costs...

- Amount of sq ft
- Total Property Cost per sq ft

But

- Supply side focus on maximising value
- Market focus on rent per square foot
- Business often encouraged to take more
- Market fee structures encourages efficiency

Developing a property strategy...

- C - Champion
 - O - Outcome
 - S - Space requirements
 - T - Target the opportunities and risks
-
- S - Statistics and data
 - A - Assess impact on bottom line
 - V - Vehicle for delivery
 - E - Execution and evaluation



How we approach property strategy...

- Business led - not transaction driven
- Holistic (People, IT, Finance, Design, Property)
- Integrated solutions
- Creative - not one size fits all
- Business models
 - Measure and benchmark
 - Removes sentiment
- Relationship



Case study...



Client brief:

- Wanted second opinion
- No central control led to excess space
- View was to adopt a transaction driven approach
- Reliant on market and lease structures to reduce costs over time
- Balance provisions for lease exits

The Midas touch:

- Portfolio approach
- High level review of space needs and utilisation
- Clarity and visibility around capacity and costs
- Demonstrated amount of space required & target cost
- Identified long term savings, equivalent to £xxxm new business!



Case study...



Client brief:

- Relocating London office
- Limited time for decision
- Limited resources / expertise
- Anxious and under pressure
- Needed support on process
- Needed clarity on lease
- Needed support with change

The Midas touch:

- Developed accommodation brief - reduced requirement
- Secured time extension
- Created internal / external teams
- Directed the play, fielded the ball
- Identified priorities and process
- Identified savings NPV £250k
- Supported the people, enabled the move

So to get a competitive advantage through property...

- Know your business objectives
- Know your property terms
- Know your pressure points
- Develop your bargaining position
- Ensure you have appropriate expertise
- Have a process and act in time
- Communicate to stakeholders



So what's the prize...?

- Property that works for your business
- So you work less hard to pay the bills
- It's not Property & Loss



Thank you!

...and any questions...?

**mi
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The opportunity...