Structuring the Corporate Real Property Function for Greater "Bottom Line" Impact

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Abstract. **This study reviews the tasks a corporate real estate (CRE) function should undertake to create more opportunities for a company's real estate-related decisions to increase shareholder wealth. The major obstacles thwarting many corporate real estate executives from gaining the support they have been seeking from senior management, to more fully participate in higher value strategic planning efforts, are synthesized from several recent surveys (Arthur Andersen, 1993; Lambert, Poteete and Waltch, 1995).**

Following a discussion of what corporate real estate staffs should be doing to contribute more to shareholder wealth, and what usually stands in their way, a proactive strategy is put forth for overcoming these obstacles. Lastly, in light of recent contributions to the literature (Duckworth, 1993; Joroff, Louargand, Lambert, and Becker, 1993; Kimbler and Rutherford, 1993; Lambert et al., 1995; Noha, 1993; Nourse and Roulac, 1993) on how to integrate strategic management of a company's real estate assets with strategic management of its business units and overall corporate strategy, some suggestions are made for (1) how to best organize the CRE function within a company, (2) how to make the best use of outside CRE service providers, and (3) what skills should prove most valuable to corporate real estate executives and their staffs.

Introduction

Discussions in the literature (Behrens, 1982; Estey, 1988; Manning, 1991; Raney, 1990; Sladack and Wahn, 1991) on how best to structure the corporate real estate function within a large company date back over two decades. Yet, these earlier discussions have been narrow by comparison to what is currently on the minds of more proactive corporate real estate executives. This earlier literature focused upon transactions and dealmaking (e.g., leasing, construction, outsourcing, partnering with outside vendors, etc.) (Behrens, 1982; Estey, 1988; Raney, 1990; Sladack and Wahn, 1991), "profit center" and separate subsidiary issues (Behrens, 1982; Manning, 1991), centralization vs. decentralization (Behrens, 1982; Raney, 1990), and more recently upon capturing real estate investment returns and international considerations (Estey, 1988; Raney, 1990).

A few corporate real estate executives today (e.g., at IBM, AT&T, Eastman Kodak, and Arthur Young) (Lyne, 1995) are making dramatic contributions to their company's return on investment (ROI) through reductions in space needs, greater workforce

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productivity in space design and utilization, increased space flexibility, improved management information systems and reporting, enhancing competitive advantage, and the beginning of strategic management of corporate real property to further a company's business strategies. Yet, because of the recent emphasis on cost reduction, quality improvement, and more efficient use of invested capital, most corporate real estate executives have been overwhelmed with dynamically changing service delivery arrangements (e.g., outsourcing, etc.) and concern for their survival. Consequently, most have had little time to rethink how best to structure the corporate real estate function within their companies to provide the best support to their in-house "client" business units and overall corporate objectives.

A number of insightful articles have recently appeared in the literature on how corporations can better integrate their real property decisionmaking with business unit decisionmaking and corporate strategy (Duckworth, 1993; Joroff et al., 1993; Kimbler and Rutherford, 1993; Lambert et al., 1995; Noha, 1993; Nourse and Roulac, 1993). Yet, at the same time, recent studies by Arthur Andersen (1993) and IDRC (Lambert et al., 1995) confirm that many corporate real property executives still complain that their senior management will not give them adequate influence to achieve the greater impact they believe real property strategy and decisionmaking can have upon the wealth of their company's shareholders (Lyne, 1995). This situation, which has frustrated corporate real property managers for more than a decade, raises the question more urgently than ever: What can be done by a company's "real estate function" to apply the knowledge now available to achieve this greater impact on a company's "bottom line"?

This paper addresses the above question through synthesis of recent survey results, IDRC reports, and articles on how to better manage corporate real property assets. First, the major reasons for this failure of corporate real estate (CRE) executives and senior management to take better advantage of available knowledge are advanced. Second, ways in which CRE decisions can impact shareholder wealth are reviewed. Third, this paper suggests what corporate real property executives and their "departments" can do to remedy the situation, and thus achieve greater impact upon their company's "bottom line". Lastly, a better trained "higher-level" real estate function within companies, plugged into both line and staff management through a superior decision support framework, is suggested to truly integrate real property decisionmaking with strategic decisions throughout a company.

Ultimately, the effectiveness of the corporate real estate function relies upon connecting real property transactions to the overall corporate strategy aided by an explicit corporate real estate strategy (Nourse and Roulac, 1993). As society's relationship to place and space change how people live and work, new business strategies (Roulac, 1996) will be required for companies to successfully compete. This will result in senior management needing more assistance in understanding these trends and how they are likely to affect alternative corporate strategies. Thus, CRE executives seek to have more input into the strategic planning process at the very time senior management most needs forward-looking CRE executives to participate in overall business strategy, in addition to developing the strategy for the company's real property assets. This additional CRE corporate strategizing role goes well beyond how effective corporate real property decisionmaking can better support established perceptions of existing business practices to CRE participation in rethinking new and better ways to deliver future products and services.

Why So Little "Bottom Line" Management of Real Property?

There are two reasons for so little "bottom line" management of real property assets in larger companies. First, corporate real property managers are not yet talking the same language as senior management and business unit managers to creatively integrate real property decisions, corporate strategic planning, business-unit planning, and operational decisionmaking to enhance corporate ROI. Secondly, while must progress has been made over the past decade, an adequate decision support framework and reporting of information on corporate real property assets, is still not available to line managers of business units, corporate real property staffs, and senior management.

These reasons are uncovered in Arthur Andersen's (1993) multiple surveys of more than 700 executives selected from major U.S. and Canadian companies having 500 or more employees with sales exceeding $100 million annually. Arthur Andersen's discussion (1993) also incorporates what was learned from conducting fifty independent interviews of both senior management and corporate real estate executives in addition to their written surveys.

In summarizing what was learned, Arthur Andersen (1993:12) states that "At the core [of the problem] is a challenge to determine what [company] products and services add value and to eliminate those that do not. This requires more effectively aligning the Corporate Real Estate (CRE) function with corporate objectives and the goals of business units during a period of rapidly changing business practices. Developing strategies for real estate management in relation to corporate benchmarks of return on assets is essential—as is matching real estate management planning to operational plans of business units." Bell (1991), Joroff (1992), Kaplan and Norton (1993), Noha (1993), and particularly Nourse and Roulac (1993), all make similar suggestions.

The Arthur Andersen research (1993:12) indicates that senior management typically believes the CRE function has relatively little opportunity to impact shareholder wealth, as contrasted with the common belief by CRE executives that their department has major opportunities to impact shareholder wealth. Where senior management focus has been on managing their company's Return on Investment (ROI), CRE executives have historically focused on reducing their company's occupancy costs. Consequently, senior management has looked to their CRE function primarily to improve operational efficiency and reduce costs and has not sought CRE assistance with strategic planning, either at the corporate or business-unit levels.

Also of interest from the Arthur Andersen research (1993) is how senior management cited their company's "customer service" and "quality" as being key to their company's profitability. In contrast, most CRE executives fail to see the connection in how managing real estate assets can contribute to improved customer service and quality for their business-unit products and services. Also revealing is how few CRE executives reported close links with their company's MIS, human resources, sales, and operations people—the most likely company functions where CRE executives could impact "customer service" and "quality". Apparently, most CRE contact with company operations is still through "facilities management" and the "legal department".

Over half of the senior executives polled by Arthur Andersen (1993:26) reported receiving no regular information on real estate costs and performance. Yet, within the minority of senior management "who receive regular information [on real estate cost and performance], nearly 71% are satisfied with the quality, content and utility of the reports" and "80% of these senior executives use these reports in making business decisions."

In addition, "an overwhelming majority (83 percent) of CRE executives who do not provide reports to senior management indicate dissatisfaction with their company's current reporting systems and feel they need significant improvement." As expected, CRE executives who do not provide senior management with reports are also more concerned with issues such as "access to senior management" and "lack of involvement in strategic planning". Thus, "one of the most compelling findings of this study [1993:29] is the strong connection between senior management's understanding of, knowledge of, and the importance they place on real estate with the frequency and quality of reports they receive."

Impacting Shareholder Wealth through more Strategic Management of Corporate Real Estate

Lambert et al. (1995) and Cameron and Duckworth (1995), building on the earlier work of Joroff (1992), discuss five progressively more powerful capacities in which corporate real estate staffs can function, with each higher level capacity having increasingly greater impact upon a company's ROI. The subsequent higher level corporate real estate service capacities build upon and also require the CRE unit's successful performance of the lower level capacities. These five levels of corporate real estate function sophistication, described in order of their increasing opportunity to favorably impact shareholder wealth, are the following:

1. *Taskmasters* working for business units to engineer and procure cost-efficient facilities.
2. *Controllers* working with upper levels of management to standardize employee and operating space needs in order to minimize total facility occupancy costs.
3. *Dealmakers* creatively negotiating on behalf of the overall company to seize opportunities to save money through financial, organizational and site selection associated with *individual* company assets. The focus here is on applying standardized project-related negotiation and problem-solving abilities to a business unit's changing space requirements.
4. *Intrapreneurs* working with business-unit executives as a competitive real estate operation in its own right, "benchmarking" their performance in terms of both cost and quality of the real estate services and products they provide. Working with business-unit managers, as well as people from human resources, information services, sales, and marketing, CRE discover production innovations, enhance productivity and participate in the business unit's strategic planning process through the provision of needed occupancy cost data.
5. *Business Strategists* working with senior corporate and business unit managers to integrate workplace, workforce, and technological trends into a broader strategy that will enhance competitive advantage, productivity and shareholder value. CRE staffs work with "stakeholders" within the company, combined with outside resources and service providers, to

anticipate business trends, monitor and measure their impacts, and contribute to the direction of the corporation as a whole through the development of an occupancy strategy.

These five different levels of the corporate real estate management function are summarized in Exhibit 1. Each higher level incorporates prior levels. Thus, the corporate real estate executive serving as a *Business Strategist* must also perform the responsibilities of the *Intrapreneur, Dealmaker, Controller,* and *Taskmaster* as well.

Increasing the Impact of Corporate Real Estate Executives upon a Company's "Bottom Line"

In order for a company to move to successively higher levels of corporate real estate service, corporate real estate executives need to seek out and seize opportunities, rather than wait for senior management to do it for them. While it is true that corporate real estate executives need increased contact and support of senior management to achieve greater levels of impact upon their company's "bottom line," it is also true that CRE executives need to first demonstrate to senior management how this is all possible. By CRE executives contributing to the strategic planning as well as operational needs of the individual business units first, they should be able to demonstrate to senior management how corporate real estate strategy can be integrated with, as well as contribute to, business strategy. After successfully doing this at the business-unit level, CRE executives will be more respected, as well as better qualified, to participate with senior management in business strategizing at the overall corporate level.

Thus, in order for corporate real estate executives to achieve the dialogue and clout with senior management needed to move toward the *Business Strategist* role, they need first to target their "bottom line" support at the business-unit level. And even before contributing meaningfully as a *Business Strategist* at the business-unit level, CRE executives must first win over business-unit managers with their transactional real estate support (i.e., at the *Taskmaster, Controller* and *Dealmaker* levels) and truly learn the businesses of the business units they serve.

Exhibit 1
Corporate Real Estate Functions

Levels of Corporate Real Estate	Function
Taskmaster	Procure cost-efficient facilities
Controller	Standardize space needs to minimize facility occupancy costs
Dealmaker	Creative space-needs, problem-solving and negotiation re specific assets
Intrapreneur	Provide real estate services as a competitive service provider
Business Strategist	Integrate workforce, workplace and technology trends into overall business strategy

Lambert et al. (1995:23) observe that "CRE units operating in companies which have recently downsized are frequently repositioned to report to management at higher levels of administrative authority within a company or to senior management," and most frequently that will be under the chief financial officer. "Because of the dramatic push to downsize corporations, and the need to squeeze bottom-line financial contributions from real estate, the assumption has been that real estate most closely aligns with the finance department. Moreover, in the current competitive environment, that department is viewed as providing the CRE unit with enough clout to accomplish its aggressive real estate repositioning strategies." Yet, they caution (1995: 20) that "more important than specific reporting relationships in the future will be whether the department to which the CRE unit reports enables it to be visible in the corporation and to demonstrate the value it creates" (1995:24).

Lambert et al. (1995:25) suggest that for CRE functions to advance to progressively more valuable CRE roles, "The CRE unit must make greater efforts to customize its services" to its business-unit clients. When Lambert et al. (1995:26) surveyed CRE executives to inquire at what levels they currently were providing most of their service to their companies, a heavy concentration on level 3 *Dealmaker* project-oriented activities was found. "These standardization activities are consistent with the emphasis on cost-cutting in corporations who responded" to Lambert et al.'s survey.

Lambert et al. (1995:26) go on to report that "CRE executives worldwide, however, consistently tell us that they lack the authority, resources, or information they need to be more strategic players. To advance their mission to the "business strategist" role in level 5 [Lambert et al. advise that] CRE units must [first] engage in bona-fide asset management ["Intrapreneur"] activities found mainly in level 4."

The *Intrapreneur* and *Business Strategist* roles of the CRE staff have the potential of contributing vastly to shareholder wealth due to the unique integrative way these roles involve virtually all staff functions (e.g., accounting, operations, marketing, MIS, human resources, etc.) as well as the operating business units of a large company. Where and how people work within a large company inherently has conflicts between the separate company parts, which often is accompanied by ignorance about what the other parts of the whole corporate organization are doing or could do. In order for corporate real estate managers to fill the valuable role of coordinator and educator within their companies, they must first position themselves within their companies as an increasingly indispensable part of all corporate decisionmaking that impacts upon how and where its people work.

In order to become an indispensable part of work space decisionmaking, CRE executives need to simultaneously accomplish several things. First, they need to gain the confidence of business-unit decisionmakers through assisting these managers to make major contributions to their ROI objectives. Working with business-unit managers with cost information (at level 4 as an *Intrapreneur*) will require CRE staffs to learn the businesses of the business-unit managers while demonstrating quality cost-effective real estate services. In order to expand CRE operational support to strategic planning at the business-unit level, Lambert et al. (1995:31) suggest that "by producing real estate strategic plans that explicitly address their internal customers" business objectives—such as efficiency improvements, employee satisfaction, or productivity gains—CRE executives can best demonstrate the value of their services in relation to cost. This, in turn, will provide a platform for being involved in broader corporate planning processes."

This first CRE effort addresses the obstacle cited earlier that CRE executives are not yet talking the same language as senior management. CRE managers will continue to find it difficult to communicate with senior management about how they can contribute strategically to the "bottom line" until they learn the specific concerns and objectives of their companies from the bottom up, beginning at the business-unit level. It is unreasonable for CRE executives to expect either (1) senior management or (2) the business-unit managers to learn the "trade knowledge" of CRE work to bridge the communication gap unless it is accomplished while doing their own work in the company. Lambert et al. (1995:42) frequently reiterates "the importance of tailoring the methods for communicating corporate real estate policies and procedures to the corporate culture within which they will be carried out."

Second, CRE managers need to build extensive service provision relationships with not only the business-unit managers and functional support staffs within their companies (e.g., Management Information Systems (MIS), human resources, legal, etc.), but also with the outside providers of the real estate services needed by their business units. The recent trend within companies of expecting more from the CRE function with fewer in-house people, makes it more important than ever to identify, educate, negotiate with, coordinate, and control the flow of quality outside real estate services to their internal "clients," the operating business units. Fortunately, as CRE departments have been undergoing dramatic changes in recent years, there has also been dramatic change and upgrading in the quality of outside real estate services now available to "leaner" in-house CRE staffs.

Third, CRE managers need to be continually working with both the business-unit managers and functional areas of their companies to assist the evolution of a sophisticated decision support framework that can provide the key data needed for integrated decisionmaking that will enable all corporate units to work together toward their common goal of increasing shareholder wealth. This crucial CRE effort becomes the foundation block for educating everyone within the company about the enhanced role CRE can have in their company's strategic decisionmaking. As everyone in a company gradually learns and experiences just how valuable CRE involvement can be in business-unit decisionmaking, other business-unit managers, and ultimately senior management, will seek even more involvement by CRE in the strategic decisionmaking of their areas of responsibility.

As was readily apparent from Arthur Andersen's (1993) research and that of Lambert et al. (1995), CRE executives need to "benchmark" their successes with business units and report their success back to both business-unit decisionmakers and senior management. This is essential so that managers throughout the company become ever more convinced as to the value of including expanded customized real estate input to their operating and strategic decisionmaking processes. Over time, this increased respect for CRE involvement "buys" CRE managers their (1) mandate from senior management, (2) an adequate decision support framework, (3) personal relationships of respect and trust with both line management and key staff people, (4) relationships with outside service providers for quality real estate services at lower cost, and (5) most importantly, the ability, in addition to the influence, needed to assist both business-unit managers and senior management, to make valuable strategic decisions.

Lambert et al. (1995) conclude their 130-page "phase two" IDRC 2000 research report by specifically citing five opportunities that CRE executives have to further their involvement with strategic decisionmaking throughout their companies:

1. *Build and Demonstrate Business Acumen* where CRE units search for the "strategic fit" among the corporation's and business-unit's challenges in the competitive business environment, and tailoring the CRE unit's planned real estate solutions to support those challenges. (For a detailed discussion of this theme, see Nourse and Roulac, 1993.)
2. *Become Indispensable by Broadening Services* by first standardizing CRE services where needed for transactional support and corporate reporting purposes while also customizing CRE services to meet the strategic changing needs of both the business units and whole company. "CRE executives must seize opportunities to demonstrate their unit's capabilities, taking care not to over-promise results," while "continuously broadening its service definition to support corporate growth."
3. *Informate and Collaborate*. Standardization of CRE services and activities requires automation of the vast amount of data real estate units need each year on both internal corporate operations as well as outside providers and the environment. "Customization can be best achieved through intensive information-sharing activities" that include online systems simultaneously contributed to by "their [CRE] staff, colleagues in other corporate departments, business unit customers, and long-term external service providers." "These important information links also form the basis for collaborative decision-making processes" so that the CRE function "can become a catalyst for the strategic thinking about real estate in relation to the company's other vital resources—people, technology, and capital."
4. "*Operate through Efficient, Intelligent Partnerships*. The service relationships among the CRE unit staff and external service providers must be designed, priced, and managed in ways to achieve expected business objectives. CRE units today need to invest in research and development to create best-of-class policies and procedures tailored to their markets, customers, and portfolios."
5. "*Know What Matters Most to Your Customers, Deliver It, and Prove the Value of What You've Done*." "In today's competitive environment, CRE executives must understand, prioritize, and manage the needs of their customers and then demonstrate the value they achieve in ways that gain them corporate-wide recognition."

Lambert et al. (1995:130) offer two important thoughts to emphasize why CRE managers must do the above to achieve greater CRE involvement in strategic planning and, thereby, have greater impact upon the "bottom line" of their companies. Throughout the CRE evolutionary process discussed above, "CRE units who have satisfied customers inevitably spark new ideas daily," ideas that need the above trust-based relationships, decision support framework, and CRE-educated corporate culture to successfully evaluate and exploit. Also, "best-of-class CRE units in the future will encourage their staffs to continuously learn from their work, to collaborate with professionals inside and outside their companies, and to help transform their companies' world-wide infrastructures from the ground-up."

Organizing the Corporate Real Estate Function to Contribute More to the "Bottom Line"

The issue raised earlier in the literature (Behrens, 1982; Nourse, 1990) on whether it is better to centralize the CRE function close to senior management or locate CRE staff with the disbursed business units ultimately served, needs to be addressed once again to take into account considerations discussed by Cameron and Duckworth (1995), Duckworth (1993), Joroff et al. (1993), Lambert et al. (1995), Nourse and Roulac (1993), and Raney (1990) that bear upon this issue. Lambert et al.'s (1995) survey of eighty-two CRE unit managers, along with at least one CRE business-unit customer in each of these same eighty-two companies, is particularly helpful because it categorizes survey respondent companies by CRE function design.

Of the eighty-two companies reported by Lambert et al. (1995:49), 74% of their respondent CRE executives indicated that their company's CRE function "operate in centralized units, housing their staffs at company headquarters." Another 23% of the CRE executives responded that they "are operating in units that are centralized/dispersed, meaning that they report to central headquarters, may or may not be housed there, and operate with either domestic or international staff who are outstationed." The remaining 3% operated in wholly decentralized CRE units, whose work is frequently dedicated to one large business unit.

Among CRE executives surveyed by Lambert et al. (1995), both the proportion of CRE units organized in wholly decentralized CRE units (only 3% of the eighty-two companies) as well as comments from the other CRE executives surveyed, uniformly told the same story, that these CRE units "often face the greatest challenges solidifying their corporate relationships." As one corporate real estate consultant surveyed by Lambert et al. (1995) remarked, "those guys [in wholly decentralized units] are the ones who have it really tough. They're operating out there with literally no support." Lambert et al. conclude that decentralized CRE units are disadvantaged because they (1) apparently are not able to take advantage of economies-of-scale, (2) have a harder time being recognized on a company-wide basis, (3) have a harder time coordinating with corporate-wide departments such as human resources and information services, and (4) have a harder time gaining support and resources from senior management.

Both Lambert et al. (1995) and Raney (1990) suggest that CRE units can contribute more to shareholder wealth when they are organized as central/disbursed units, where CRE services are controlled centrally, but coordinated with the help of CRE staff more familiar with the details of operating business units and the geographic environments where they do business. Lambert et al. offer a number of specific reasons why this is the case:

- Central/disbursed CRE units are more likely to collaborate with company-wide staff functions such as sales, human resources and management information services. A large number of Lambert et al.'s respondents "acknowledged that they depend on other functional units as important sources of information to generate measures of their performance."
- Central/dispersed CRE units are able to take greater advantage of opportunities to systematically integrate their work within their corporations and share information with staff.

- Central/dispersed CRE units are more likely to have authority to spend larger sums [of money] without additional permission.
- Customer interface is more likely to be organized by both (1) property type and customer as well as (2) geographic region in centralized/dispersed CRE units. (In centralized CRE units, work was organized more by function or project size.) As a consequence, centralized/dispersed CRE units are more able to promote (1) "one-stop shopping with client business units," (2) ease the time and communication burdens for busy executives, and (3) enhance the CRE's staff or external service provider's accountability for service delivery.

Focusing on the investment return potential associated with a portfolio of mainly company-owned facilities, Raney (1990:15) credits the establishment of Hewlett Packard's regional real estate managers, supported by his centralized real estate service expertise, as the key to his CRE unit's success. He explains that "for the first time, this organization will give us [HP] the regional strength to begin focusing on creating value while meeting the space needs of our operating entities. We expect these regional managers to become experts in the respective markets and to understand how to locate and develop buildings that will appreciate while serving our business needs." Raney goes on to emphasize how important it is internationally to have local real estate talent familiar with local laws, markets and business operations supported by the greater expertise and information capabilities of a centralized CRE unit. Raney's *Dealmaker* experience can be extended when adding the *Intrapreneur* and *Business Strategist* roles (Cameron and Duckworth, 1995; Joroff et al., 1992; Lambert et al., 1995) since even more detailed knowledge of an operating unit's circumstances is required to accomplish these more dramatic contributions to shareholder wealth.

How extensively should companies rely upon external providers to do the CRE work for their business units? It appears that outside CRE service providers (i.e., outsourcing) are evolving in sophistication and capability to where an inside CRE unit's staff should soon be able to focus more on maintaining internal company relationships for both data and provision of quality services to the business units (Lambert et al., 1995:9). Nevertheless, for the CRE staff to control the quality of CRE services delivered to their business units from outside providers over wide geographic areas, and thus maintain the trust of their internal constituencies, it appears necessary that they carefully oversee delivery of all outside provider CRE services, especially at the *Taskmaster, Controller* and *Dealmaker* levels. In order to do this, many CRE managers are moving toward fewer and more comprehensive relationships with larger service providers (Lambert et al., 1995:109) which also limits the drain on their scarce internal CRE resources. Additionally, the more CRE units are able to insure the quality of their CRE work to business units through the use of outside service providers, the more CRE staff time will be freed to address *Intrapreneur* and *Business Strategist* concerns.

What knowledge and skill are needed by the corporate real estate function to deliver the strategic and "bottom line" support their companies now need? In essence, CRE executives and their staffs must train themselves to take advantage of "higher level" consulting, educational and coordination opportunities focusing more on general business ROI considerations than merely occupancy cost considerations as in the past. Aided by a good decision support framework, the CRE function can then become adequately plugged into business units, functional staffs and senior executives to integrate real property decisionmaking with strategic decisions throughout a company. While *Taskmaster*, *Controller* and even *Dealmaker* responsibilities will often be outsourced, ever closer in-house control of these lower level CRE functions will be needed to insure their quality and tailoring to the specific needs of business-unit clients.

These needs, combined with the more valuable *Intrapreneur* and *Business Strategist* roles that CRE staffs are now beginning to take on, has led some innovative companies to increasingly draw their newer CRE staff personnel from the business-unit client base being served. Lambert et al. (1995:101) point out that "these individuals understand the corporate culture as well as the business unit needs and [they] can be trained to manage real estate." Assuming both "technical and human skills," CRE staffs need to be trained as "general business analysts" who understand the entire CRE "service delivery system and its menu of offerings" in order to provide quality "one-stop customer service" to the operating business units.

The greater the recognition that senior management gives to the prospective contribution that corporate real estate can make to achieving the enterprise's overall objectives (Roulac, 1995), the more important it is for the CRE function to have a direct reporting relationship with senior management. As forward-looking senior executives recognize the importance of linking their real estate transactions to a real property strategy and to the enterprise's overall business strategy (Nourse and Roulac, 1993), a CRE reporting relationship that promotes such linkages becomes imperative.

One perspective on the appropriate reporting relationship is provided by considering the relationship of the five levels of corporate real estate management to the other management functions of an enterprise. The primary orientation of these five CRE management levels to the management functions of operations, marketing, human resources, finance, and strategy is depicted in Exhibit 2. It should be noted that both the *Intrapreneur* and *Business Strategist* levels necessarily embrace all enterprise management functions.

To the extent that the chief financial officer has a strong strategic role in the business, then having the CRE function report to the CFO will be effective. If the CFO is not integrally involved in the enterprise's overall business strategy, the reporting to the senior executive who oversees marketing, human resources and strategy, or the chief operating officer, is indicated. The greater the recognition by senior management of how decisions

Exhibit 2
Intersection of Corporate Real Estate and Enterprise Management Function

Levels of Corporate Real Estate	Enterprise Management Function				
	Operations	Markets	HR	Finance	Strategy
Taskmaster	✓				
Controller	✓			✓	
Dealmaker	✓	✓		✓	
Intrapreneur	✓	✓	✓	✓	✓
Business Strategist	✓	✓	✓	✓	✓

concerning place and space can impact the company's competitive position (Roulac, 1995), the more important it is that CRE report to the most senior management levels of the enterprise.

Summary and Conclusions

It appears that some of the leaders in the CRE profession are beginning to demonstrate how to use their unique positions within their companies to significantly increase CRE involvement in strategic decisionmaking, and thereby have greater impact upon their company's ROI and shareholder wealth. Given recent literature (Duckworth, 1993; Joroff et al., 1993; Kimbler and Rutherford, 1993; Lambert et al., 1995; Noha, 1993; Nourse and Roulac, 1993), the old question of how best to organize a company's corporate real estate function (Behrens 1982; Estey, 1988; Manning, 1991; Raney, 1990; Sladack and Wahn, 1991), can now be addressed in terms of current senior management thinking.

As society's changing relationships to place and space lead to new decisions concerning the function and location of those physical environments used for working, making and shopping (Roulac, 1995, 1996), the CRE function will be challenged simultaneously both to support existing operations and reinvent the workplaces and shopping environments of the 21st century. Increasingly, the CRE function will reflect the integration of the transaction elements of CRE with an explicit real estate strategy linked to the overall corporate business strategy (Nourse and Roulac, 1993). To achieve greater bottom-line impact, the CRE function will necessarily move organizationally closer to those levels within the enterprise that have greatest impact upon the bottom line. In addition, CRE activities will more and more become integrated with the marketing, finance, human resources, process engineering, and strategizing functions of the enterprise (Roulac, 1995, 1996).

While CRE executives need increased support from senior management to contribute more to their company's "bottom line," it is up to CRE executives to demonstrate their greater value by focusing first on serving the ROI and strategic goals of the operating business units. Prior research indicates that this can probably be best done by organizing and managing the CRE function centrally, plus training a significant proportion of CRE staff to work closely with the operating business units, their support staffs, and local business-unit issues (e.g., market, demographic, environmental, legal, etc.). While insuring the quality of existing CRE services to business units, CRE staffs need to be continually adding more valuable services customized to increasing business-unit ROI, and advertise these successes throughout their companies so more managers will learn to rely on their increasing general business strategy expertise.

An important key to facilitating this increasing involvement of CRE is the evolution and corroborative use throughout a company of an integrated decision support framework that combines real estate, business operations, accounting, human resources, marketing, and environmental data online to facilitate long-term strategic planning and problem solving. While some research has already been undertaken on designing better decision support frameworks (Cameron and Duckworth, 1995) to position the corporate real estate function for greater impact upon a company's "bottom line," this badly needed work has only just begun. Additional research in this area has the potential for providing the greatest assistance to corporate real estate executives to explore, expand and customize their services for greater impact on their company's strategic planning and shareholder wealth.

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