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What's In a Name: Rethinking Titles in RE/FM

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THE RISE OF THE CxO

The Opportunity & Impact for RE/FM

In information technology circles, there's been considerable buzz about the emergence of a new position in large organizations. According to Harvard Business Review, Gartner and other analysts, more companies are naming Chief Data Officers (CDOs). In fact, Gartner predicts 25% of large global organizations will have a CDO by 2015. This makes intuitive sense given that data has become an essential asset for companies in industries ranging from consumer packaged goods and high-tech manufacturing to entertainment and media. By naming CDOs, companies are acknowledging that the old cliché about data being the lifeblood of an organization has become an operational reality.

Of course, data and technology are not the only major assets or competitive differentiators that companies possess. Thus, other functions – like IT, Procurement, HR and customer service – have sought a certain level of validation (and cache) by seeking comparable titles. You may have heard about Chief Information Officers (CIO), Chief Technology Officers (CTO), Chief Procurement Officers (CPO), Chief Human Resources Officers (CHRO), Chief Talent Officers or Chief People Officers, as well as Chief Service Officers and Chief Customer Experience Officers. At the same time, Chief Risk Officers and Chief Security Officers have become common in financial services, reflecting the increasing threat of cybercrime and other threats.

Is this just a case of way too many executives with over-inflated egos? Is it title inflation or are there important strategic reasons driving these shifts? And what does it mean to leaders in real estate and facilities management (RE/FM)? A closer look at these individual areas reveals some common themes. First, data is a corporate asset the value of which increases when it is shared across functional and business unit boundaries. You could make the same case with people; talent management has become so critical for companies that a senior-level thought leader should be in place to help top executives, as well as the board, pull the right strategic levers when it comes to people-related issues.

Secondly, it appears that, like Chief Financial Officers (CFOs), these other CxOs are expected to contribute significant value. In the case of CFOs, they have moved from largely administrative responsibilities in accounting and audit to help guide the business at the highest level. Instead of simply managing the books, CFOs have taken on greater responsibility in allocating capital, advising on mergers and acquisitions, identifying growth opportunities and communicating company results to key stakeholders, including financial markets. As their portfolios expanded, CFOs became true “chiefs.” A case in point that is all over the press these days thanks to his generous severance package is Rob Marcus, the CEO of Time Warner Cable, who rose to his current position from CFO. In other words, any leader whose portfolio can provide a difference-making contribution to the top or bottom lines and who can offer high-value strategic inputs to proactively shape the destiny of the enterprise likely deserves a C-level designation.

I would argue that real estate and facilities leaders merit such a title for those exact reasons. Workplace environments align to the most critical issues and highest-value opportunities, including talent management and innovation enablement. And just as CFOs rose from primarily administrative roots, C-level RE/FM officers can – and must – transcend their current organizational profiles, which do not typically incorporate serving as advisors to the business stakeholders.

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Global businesses are just now coming to terms with the “workplace revolution,” which we view as the new ways of working, designing and innovating with new products. Vastly more collaboration is required for success today, and significantly less physical or traditional space. In this way, high-performing RE/FM teams can provide the strategic agility smaller companies need to make bigger market gains faster, collaborate and compete more effectively and innovate more fluidly. The bottom line is that RE/FM is one of the most powerful, if undervalued, strategic transformation levers available to the C-suite, and thus should be represented there.

All of this presents a challenge in terms of the actual titles. Chief Environment Officer (CEO) is clearly taken. Chief Employee Enablement Officer (CEEO) or Chief Collaboration Enablement Officer (CCEO) don't quite roll off the tongue. Chief Real Estate Officer (CREO) may overemphasize bricks-and-mortar or facilities concerns. Rather than focus on the acronym, let's take a look at a few specific areas where RE/FM leaders have the opportunity to make C-level opportunities and what steps they need to take to move up the organizational chart.

HUMAN CAPITAL & TALENT MANAGEMENT

Talent has become so important that it can no longer be considered strictly the realm of HR leaders. Indeed, human capital and talent management are among the top issues on the CEO agenda, thanks to dramatic demographic shifts and sea changes in worker expectations. Combined, these forces are redefining how companies are structured and operate.

More fundamentally, 21st-century companies compete based on their intangible assets – like the ideas of their people and the collective intellectual property that underpins the business. RE/FM leaders have a significant and strategic role to play in creating the environments that ensure that ideas and insights can be efficiently and effectively converted into better products, services and processes.

The millennial generation coming into the workforce today expects to work more collaboratively, in non-hierarchical settings and with advanced (or at least not outdated) technology. If HR tries to identify and filter fitting candidates for a variety of jobs, then RE/FM leaders can make major contributions in attracting and retaining top talent by creating the environments in which they can work most successfully. It's all about engaging these workers so they are fully committed to their roles and empowered to do their best work.

The point is that our job in RE/FM is less about the bricks-and-mortar and more about what happens within the spaces we help design and create. This view of people is closer to that of the CEO. Further, RE/FM executives should play a lead role in figuring out the alternative workplace strategies that best suit the company's goals and objectives. These are important issues that many organizations are struggling with today. The key questions to ask include:

- What is the business case for establishing alternative workplace facilities, such as hoteling?
- What technology is necessary to ensure remote workers are productive?
- How can the company measure worker productivity?
- What cultural changes are necessary to ensure that companies embrace a remote working culture?

When RE/FM leaders help companies address these issues, they are de facto acting like C-level executives. Similarly, we must devise environments, systems and capabilities so workers can enhance the quality and value of their work no matter where they are located.

ENABLING GLOBAL GROWTH

A top item on the strategic agenda for CEOs, global expansion is right in the RE/FM wheelhouse. Ensuring the organization has the ability to quickly and efficiently scale up operations in new geographies and simultaneously scale down in others is a C-level consideration. Thus, it's a great opportunity for RE/FM executives to demonstrate leadership for the business as a whole, not just their departments. For example, we can serve as thought partners with COOs and regional business leaders to ensure the right strategies are in place for smooth transitions into (or out of) markets.

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Beyond simply procuring and standing up space, forward-thinkers are crafting plans for the creative reuse and repurposing of buildings to support mixed-use campuses or environments. And it's important to note that, here again, RE/FM leaders must think beyond buildings and facilities. A high-tech company where I once worked was growing so fast that an infrastructure-focused RE/FM strategy would never keep pace with the demand for space and skilled resources. Given our headquarter locations, we faced real risks of natural disasters, namely earthquakes.

The response of our RE/FM team was strategic and proactive. We employed Monte-Carlo and other risk simulation analysis models, as well as advanced planning techniques, to project near-, mid- and long-term flexibility into our portfolios. We engaged with various business units to map global labor pools for advanced engineering skills and get ahead of the labor demand curve. We partnered with academic institutions and governments to tap into their scientific and technology programs. We developed a 10-15 year roadmap of our global footprint to drive competitive advantage to the company. This effort was an enterprise-wide initiative that covered all business units and enterprise functions. It was led by RE/FM, not HR or any other CxO.

In the end, the company invested billions of dollars in new facilities in multiple regions of the globe, including within the U.S. But more significant than supporting the construction of high-end LEED-certified facilities, the RE/FM team demonstrated its ability to truly serve as a business partner (out in the forefront, not on the sidelines), helping the company chart a cost-effective and proactive course to global growth, taking into account the risk management, business operations and human resource implications. We even counseled senior leaders on the value proposition of distributing the C-suite. In other words, the RE/FM team played a crucial role that enabled the company to become and operate as a true global enterprise, not a California-based international company. Success of the expansion was measured not just geographically, but also by skills, capability, culture and all the usual business metrics.

SOURCING MASTERY

Sourcing is another obvious area where RE/FM leaders can ensure invested dollars produce bottom-line results beyond their own defined set of responsibilities. Why? Because best practices from within the RE/FM realm are relevant across the enterprise. RE/FM leaders can and should engage with their peers in HR, legal and procurement to share success stories and lessons learned in areas such as supplier relationship management and governance, performance management, value-oriented metrics and creative contracting structures.

It's important to note that RE/FM experts can contribute to the shaping of sourcing strategies and processes, not just the latest trends in contract terms. In our work with companies across a wide range of industries, we've seen that sourcing success typically begins during solicitation.

With more companies increasing their reliance on a broader range of vendors, suppliers and contractors, gaining access to “sourcing black belts” is critical. The payoffs can take many forms – from lower costs and higher productivity, to reduced regulatory and operational risk. It's important to note that RE/FM experts can contribute to the shaping of sourcing strategies and processes, not just the latest trends in contract terms. In our work with companies across a wide range of industries, we've seen that sourcing success typically begins during solicitation. For example, well designed RFPs provide the basis for mutually beneficial partnerships with a wide range of vendors. Similarly, collaborative evaluation and contracting phases can ensure that service level agreements (SLAs), key performance indicators (KPIs) and other incentives are realistic and closely aligned to the most important business objectives.

RE/FM's participation is critically important when one considers that real estate is generally the second or third largest spend behind labor costs and IT. Obviously, it makes sense to ensure such large investments have quantifiable ROI models. Further, they must be directed to catalyze strategic change programs. Further, real estate is not as illiquid an asset as some might think and can be used to generate cash for ongoing business operations. In other words, experienced RE/FM leaders can help give the company real financial flexibility with creative thinking and proven strategies around the portfolio.

7 WAYS TO BE A CXO TODAY

There's no reason RE/FM leaders need to wait for a C-level title before starting to "walk the walk" of senior leadership. Here are seven ways to start showing true leadership today.

- 1 Be an enabler – not an order-taker.** Devising and proposing solutions proactively is a way to build sustainable, trusted relationships with key business and functional stakeholders. Plus, it's an opportunity to add value consistently across the business cycle, rather than at infrequent transactional or operational events.
- 2 Get strategic about technology:** New technologies – like integrated workplace technology systems – can help RE/FM teams generate breakthrough gains in processes ranging from lease management to vendor management. But most RE/FM units today underutilize technology. Strategic planning is necessary to understand just what technology can do for current operations and which tools and applications offer the most compelling business case.
- 3 Use metrics that emphasize value, not just cost.** Six Sigma and advanced quality measures should be re-evaluated and implemented on a proactive basis. This shouldn't be a reactive approach to an event. Establish balanced scorecards, dashboards, KPI's, SLA's and benchmarking processes that are truly incorporated into a performance management toolkit for RE/FM leaders.
- 4 Build bridges to the business:** The most effective RE/FM leaders are known for engaging their business stakeholders regularly and on their own terms – not just at quarterly or annual planning sessions. They get out of their offices to stay current and connected with the business challenges their internal customers face. They speak the language of the business and act like salespeople to ensure their customers understand the full range of capabilities RE/FM can offer.
- 5 Innovate Internally:** Innovation in the RE/FM community needs a rethink. Creating alternative workplace environments is a great first step, but much of the innovation action to come in RE/FM is likely to be in the technology, collaboration and risk management space. There's ample opportunity for RE/FM leaders who are inclined and motivated to accept the invitation to innovate.
- 6 Translate values into spaces and services.** Physical workspace should be an expression of corporate values and the corporate brand – especially when sustainability is a top priority. The service levels provided RE/FM can and should reflect core values, too.
- 7 Start Branding:** All executives, including those in RE/FM, are in the communications business. But, unfortunately, many internal clients are still unclear of exactly what RE/FM can do for them. They just don't get the overall value and still see us as the function that supplies toilet paper and light bulbs to buildings. Naming a department "Workplace Solutions" just doesn't cut it. Marketing communications can go a long way to raising your organization's visibility and perceived value. Brief e-mail newsletters, internal news articles or blogs can highlight current service offerings and deliver strategic perspective on key issues.

THE BOTTOM LINE: IMAGINING THE WORKPLACE OF TOMORROW

Innovation. Growth. Collaboration. Talent management. These are just some of the specific areas where the RE/FM agenda clearly intersects and overlaps with that of business leaders. Thus, it's an opportunity – a call to arms, even – for RE/FM leaders to think more strategically and make a bigger value contribution to the business by offering guidance. To get there, RE/FM executives will need to adopt a broader, bigger-picture view of the business and reconceive their role within it. And they will have to start acting differently, recognizing the importance of direct engagement with the business and the need to communicate a clear value proposition. There is little doubt that tomorrow's workplace and workforce will look a lot different than today's. RE/FM leaders are best positioned to shape that evolution – no matter their exact title. For those who are doing some or many of these things, then "stand up and be counted" and demand the respect you deserve just as your functional peers have received.

ABOUT THE AUTHOR



George Bouri, Global Board Member & Managing Principal – Americas

George Bouri is a Member of the Global Board of Trascient Management Consulting, LLC and the Managing Principal for the Americas region, with over 20 years of combined management consulting and corporate experience. Mr. Bouri has a proven track record in business transformation, helping take many leading companies to financial and operational success. In his role at Trascient, he is responsible for providing leadership for the firm across a broad range of areas, including driving growth strategies, building client solutions, spearheading key accounts, and optimizing service offerings.

Prior to joining Trascient, Mr. Bouri served as Senior Vice President of Global Shared Services Real Estate & Facilities for Time Warner Inc., where in an effort to more efficiently manage resources across the company, he spearheaded the creation of a center-led organization that represented a first across the Time Warner companies and became the blueprint for other shared services initiatives to follow.

Over the course of his career, Mr. Bouri has held senior management positions at blue-chip companies, including Deloitte Consulting, Andersen Business Consulting, Sun Microsystems, Hewlett-Packard and Richard Ellis (now CBRE). While at Deloitte, he orchestrated business transformation initiatives for numerous clients resulting in significant efficiency gains and profitability improvements, including American Express, Citigroup, DuPont, GE, Merck, Pfizer, Thomson Reuters, among others. With an emphasis on business transformation (process, people and technology) and through innovative capital asset & workplace programs, clients also experienced reductions in employee turnover and major improvements in employee morale, satisfaction, and overall business performance.

George has been frequently quoted in national media publications, such as The Wall Street Journal, Forbes, and Fortune Magazine as well as a number of industry journals. He is often featured as a keynote speaker and panelist at major conferences and serves as a visiting faculty at a select number of academic institutions.

Mr. Bouri received a Master's degree in Business Administration (MBA) from the University of Denver, Daniels School of Business and a Bachelor's degree in Business Administration (BBA) from the University of Wisconsin.

ABOUT TRASCENT

Trascent, a premier global management consulting firm, drives measurable performance improvements in Real Estate and Facilities Management (RE/FM). The firm partners with leading companies in biopharmaceuticals, consumer packaged goods, diversified industrials, financial services, high technology and other sectors to develop breakthrough solutions and generate quantifiable results. Trascent's top-rated industry conferences have been attended by senior RE/FM and business leaders from more than 80 companies in the United States, Europe and Asia.

Our services include:

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