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CORPORATE REAL ESTATE SERVICES

Over the last 10 years, the corporate real estate environment has changed dramatically. In response, J.J. Barnicke Limited's (JJBL) Corporate Services Team has also changed its service delivery model in order to meet the expanding expectations of our multi-market corporate users. Today's larger corporate users are demanding a number of key performance expectations from their real estate service suppliers. These heightened expectations are increasingly being provided through a defined single point of contact that is dedicated to the account and operates in an advanced information technology environment.

In recent times many people have been adhering to the old adage of "faster, better, cheaper". JJBL, however, challenges all corporate users to seriously consider the importance of following the new age concept of "place, space, and speed". Price, in a traditional sense, has become a secondary consideration relative to the greater and more complex concepts surrounding the total loaded cost of the strategic real estate decisions that are being made every day. In traditional broker terms, price or cost has been measured by such things as unit cost, NPV, and NER's etc. While these traditional measures are very important to both providers of space and the end users, each side of the equation is being increasingly challenged to account for the total cost of each facility solution over its expected utilization period.

For anyone involved in corporate real estate, and particularly those others who can help lead the real evolution of today's corporate real estate practice, it is becoming increasingly clear that those involved in driving this new thinking will be handsomely rewarded through the creation of new service level standards which will ultimately deliver defined and measurable bottom line value to their corporate customer base.

While some may say that we are living in the information age, and that information is power, we at JJBL believe that today's smart service providers are becoming much more strategic and much more analytical in nature, with a view to offering our customers much more sophisticated and informed advice. Continued success in today's rapidly evolving corporate real estate world involves the anticipation of market changes, an in-depth knowledge of how our corporate customers are attacking market share and, in particular, how they are now managing the highly valued commodities of brand, speed to market, and service excellence.

With so many new and emerging markets within what has truly become a real time global village, the lines between "markets" are much less defined and not limited to just geographic issues anymore. In the new economy, markets can simply be demand streams that are waiting to be tapped by the introduction of new products and new services that most people have not started to fully consider. The stage is now set for these new technologies, products and service trends to roll out and dramatically influence the nature of work, where we do it, and how quickly decisions will be made. Just take a look at the advanced technologies being implemented in the emerging markets of India and Asia. So much will be learned from these "emerging tigers", and yet rather than worrying about this as a competitive threat, we must all recognize and acknowledge that they too have much to learn about North American know-how in service delivery, management skills, and the development expertise required to manage growth in the throws of constant and never-ending change.

Historically, a company's cost of occupancy (i.e.: its lease costs or capital real estate costs and related amortization thereon) has always been a focus for cost containment and cost minimization initiatives, as these costs have always had a direct impact on the "bottom line" and a company's valuation model. Strategically focused corporations, however, now see their real estate as a commodity often used or deployed to attract, motivate, retain, and challenge their "best and brightest" employees. Corporations are becoming more and more focused on the wage and salary impacts that often represent the company's largest expense. They also consider the overall impact of real estate decisions (typically long-term planning initiatives) on the economic efficiency and effectiveness of this significant combined expenditure.



What is the total cost of today's commercial real estate transaction? How does a company truly measure this total loaded cost over the life cycle of the implied commitment? These are very serious questions that require strategic and tactical direction in order to fully and completely address the big picture economic issues.



THE PROCESS BY WHICH JJBL ADDRESSES THESE, AND OTHER RELEVANT ISSUES, IS GOVERNED BY THE FOLLOWING 4 KEY MODULES:

- 1 STRATEGIC THINKING AND PLANNING
- 2 ENHANCED TECHNICAL SOPHISTICATION AND RELATED MARKET KNOWLEDGE
- 3 REAL TIME REPORTING, PROCESSES, AND ACCOUNTABILITY
- 4 THE MEASUREMENT OF RESULTS – THE CONTINUOUS IMPROVEMENT MODEL

1 STRATEGIC THINKING AND PLANNING

Prior to embarking upon or recommending any portfolio or relocation initiatives, JJBL participates in a “forward looking” strategic planning and thinking process with clients. This process examines a client’s macro level needs including a) business elasticity, expansion, and contraction forecasts; b) transportation corridor efficiencies and needs; c) employee retention and labour pool concerns; d) proximity models to consumer markets and suppliers; e) critical date reviews; f) long range planning constraints related to identifiable risks; and g) portfolio opportunities in consideration of market conditions. All of these, and related issues, are reviewed thoroughly in order to make a cogent, economic and long lasting recommendation to JJBL’s corporate clients.

Tools used to complete these processes include GIS mapping and related demographic studies, extrapolation of statistical trends, employee workspace and related churn cost review, market analysis and statistics, as well as other related checklists. This review is typically completed prior to any discussion or recommendations on relocation, expansion, portfolio optimization etc.

2 ENHANCED TECHNICAL SOPHISTICATION AND RELATED MARKET KNOWLEDGE

After the strategic thinking and planning review is completed, the recommendations are then documented and implemented. These recommendations often involve establishing new locations that are more efficient and more aligned with the client’s long-term business strategy. JJBL’s advanced market research tools are used to identify alternatives and opportunities that are consistent with the client’s needs. These advanced market tools

include a unique database of solutions to determine all available properties/ opportunities in the market or potentially available to suit a project’s need. This process is supported by expert negotiating strategies and comprehensive documentation methods used to fully coordinate with a client’s internal or external resources such as legal, environmental, risk management, finance, design & construction, and facility management.

3 REAL TIME REPORTING, PROCESSES AND ACCOUNTABILITY

Client reporting and accountability is provided over secure intranet sites that permit real time reporting and review. This process allows for the real time sharing of information resulting in more efficient and timely decision-making. Client processes are developed or used, ensuring consistency for all activity. As a result, clients have the confidence in knowing that their service provider is following a predetermined and approved process. This makes the client’s job much easier and frees up valuable time for other activities.

In order to ensure there is a clear picture of what has happened on any project, a complete and comprehensive close-out file process is followed. All relevant documents from client authorization (project initiation) through to final legal documents, abstracts, summary forms, and value-added documentation are assembled into one file and supplied to, or held for, the client. This complete service delivery model produces higher quality results and a much more consistent process no matter where our clients are situated. Real time reporting, consistent processes, and a willingness to be accountable provides today’s clients more audit friendly files and also serves to support the increasing issues surrounding the Sarbanes-Oxley requirements for procedural documentation.

Since JJBL has offices in every major market, our clients are provided with the delivery of a seamless and consistent process-driven service that provides total accountability through a dedicated single point of contact.

4 THE MEASUREMENT OF RESULTS – THE CONTINUOUS IMPROVEMENT MODEL

The key to any activity and the continuous improvement thereon is the measuring of results. Key Performance Indicators (KPI’s) are typically agreed to, in advance, in consultation with JJBL. Cost avoidance, savings, cycle time, customer satisfaction, and similar criteria are measured, allowing all parties to determine if key expectations were met or exceeded, as well as identifying recommended process or service delivery enhancements. Any activity can be measured, and only through measurement and evaluation can a process to continually improve the delivery of services be implemented. As a result of the market’s changing expectations, JJBL has invested heavily in training initiatives, recruiting, and IT infrastructure development, and is committed to staying ahead of the curve by subscribing to this continuous improvement model.

