



# INSIGHTS 2018

**GLOBAL CORPORATE  
REAL ESTATE**

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Operating across borders

## CROSS-BORDER DELIVERY; CROSS-BORDER CHALLENGES

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**MARK HOLMES**  
COO FOR CONSULTANCY, MACE

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*Mark is the COO for Consultancy at Mace. He joined the business in 1992 and was made a director in 1996. Throughout his career he has been driven by a desire to challenge conventional ways of doing things and to really make a difference to his clients' businesses.*

*Mark was instrumental in setting up and establishing Mace's project management and consultancy business in the UK in both the private and public sectors. As well as developing our hub in North America, Mark continues to push the international expansion of our cost consultancy, CRE contracts and FM business, Macro, across our four overseas hubs.*

While all of our clients have their own unique challenges and issues to manage, there are some common external factors that are affecting the way they do business and manage their estates, wherever they are in the world.

- **Cost base** – property still tends to be one of a company's biggest costs and real estate teams are constantly being pushed to drive down organisational costs.
- **Headcount** – managing forecast headcount with any medium to long term certainty is difficult, particularly given the political and economic context we live in today. So this tends to drive a cautious approach to running an optimum size portfolio, because of the need to maintain short term flexibility to meet changing business needs.
- **Technology** – embrace it, as it is real estate's friend and ally, but equally, it is a great facilitator of change; the data it can provide on how the estate is working and the way it can facilitate new ways of doing business. The downside is that it can equally dramatically change the nature of your footprint and where it should be located, such as the massive move to India for a number of our clients.
- **Talent** – our colleagues, our partners, what this means for them, more so than ever before, is that they have choices today in terms of how they work. If you are to attract, retain and develop that talent, then the workplace has to work harder for the organisation than ever before, for the organisation to stay competitive in its chosen marketplace.

So it's not easy balancing off sometimes conflicting objectives and then just when you're on an even keel, something such as geopolitical instability comes along which can drive huge shifts in the market place, disrupting strategies and forcing companies to build in huge levels of uncertainty to their plans.

In Europe, Brexit is having exactly this effect. Whether they are UK-based, Europe-based or just operating in those markets, companies from all sectors are attempting to plan for the future while staying nimble enough to adjust for the unpredictable impact of the exit of the UK from the EU.

For certain sectors – such as financial services and property – these impacts could be huge. Many are reacting by hedging their bets; opening up a range of options for the future without committing too fully to any one plan.

Others are moving early, hoping that they will make the correct call and that their business will benefit from being in the right place once matters are clearer.

Elsewhere in the world, other political uncertainty – such as Trump’s unpredictable trade strategy, the potential resurgence of conflict on the Korean peninsula and uncertain relationships between the Gulf States – are driving similar approaches for global firms.

Our experience has taught us that – whether you err on the side of caution or grit your teeth and push the risk envelope – what matters most is that your strategy is realistic and can be delivered effectively.

No one can predict the future – but a good real estate strategy can help to ensure you’re ready for it.



## ACHIEVING CONSISTENCY ACROSS THE PORTFOLIO

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### CLAIRE ODGERS

REGIONAL HEAD OF PROPERTY: EUROPE AND AMERICAS  
STANDARD CHARTERED BANK

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*Claire joined Standard Chartered Bank in 2015 as Regional Head of Facilities Management for Africa and Middle East, and was appointed into her current role in November 2017. As Regional Head of Property for Europe and Americas, Claire ensures that all aspects of the Property function are well managed, well operated and provide a safe and productive work environment for the staff and customers of Europe and Americas. This is delivered within country by the local teams.*

*Claire's had a varied career over the years: having started her working life as a teacher, she went on to own and run her own restaurant, before moving into the corporate world at Ernst & Young (EY) where her love and passion for Facilities Management was born. After six years she moved to a Service Delivery position at Absa (Barclays) where her seven years challenged her to manage a very large, complex portfolio across all Facilities Management disciplines and positioned Claire very well to take on the SCB Africa and Middle East FM portfolio.*

Over the past four years, Standard Chartered has been on the journey to transform its global portfolio, covering 63 markets, into one that is consistently managed and properly supported.

On this journey, several key factors are proving to influence its successful implementation

#### 1. The right partner in the right region

One supplier was identified to deliver our asset management activities globally which is proving to be effective. When considering our workplace activities, however, it was evident that no supplier could offer the best service across all of our markets. Subsequently, three supply partners were identified, but with the same contractual obligations in order to ensure specifications and expectations of delivery remain consistent.

#### 2. Finding the balance between delivering and applying governance

Achieving consistency and following governance processes should not conflict with each other or be mutually exclusive. If they do conflict, then one or the other needs to be 'broken' and re-framed to ensure that governance processes support, and in fact, encourage/ensure, consistency of service delivery.

Governance processes need to be streamlined and focus only on high risk activities and turnaround times to be set. This requires co-operation between Standard Chartered to commit to appropriate governance, and the supply partner to then deliver on the services within governance requirements. Also critical is to separate 'governance' from 'oversight' or 'control' and streamline processes to eliminate unnecessary reviews.

#### 3. Prepare for the divorce before the wedding day

Robust engagements on specifications, turnaround times, roles and responsibilities prior to the go-live of the contract has eliminated much confusion and assumption during the early days of mobilisation. It is time well spent running through operational scenarios and 'what-ifs' in areas where there is often confusion.

#### 4. Clarify Key Performance Indicators (KPIs) vs. service levels

The challenge is to ensure that there are an appropriate level of Key Performance Indicators (KPIs) and that they are agreed in advance. Too many KPIs can result in a financial impact to the supply partner and in turn influence service delivery. KPIs should be measured consistently and fairly against data driven criteria.

At the same time all other areas of service delivery should continue to be tracked against agreed service levels and measured via turnaround times, customer surveys or reported against a RAG (Red, Amber, Green) status. Outcomes should also be addressed formally and remediation plans established and tracked as part of business as usual.

#### 5. It's not just about operational measures

To continue on the journey of delivering consistently and within governance, transformational and partnership indicators should also be considered within the supply partner relationship.

**Transformational indicators** – these measures show how the partnership is developing beyond the monthly performance of services. They are important in that they are joint metrics aligned to the property strategy. Transformational measures are measured via a RAG status and appear at Account Level Review Meeting reports for discussion. Importantly, the measures are a health indicator for property as a function as to whether we are on track delivering to our strategy.

**Partnership indicators** – these are to encourage the partnership beyond a normal contractual arrangement, building something that other suppliers want to become a part of.

This continues to be an exciting journey for us at Standard Chartered as we move closer to the balance between governance and consistent delivery.



## MANAGING CASHFLOW AND MAXIMISING BEST VALUE ACROSS A LARGE PROGRAMME OF WORKS

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### CHRIS ELLIOTT

PROPERTY DIRECTOR – PROGRAMMES, JAGUAR LAND ROVER

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*Chris joined Jaguar Land Rover as Property Programmes Director in 2015 and is responsible for the development and delivery of the major buildings and infrastructure programmes across the company's non-manufacturing sites.*

*Prior to joining Jaguar Land Rover, Chris spent 17 years in the aviation sector, primarily at Heathrow Airport where he held a number of roles including programme director for infrastructure, programme sponsorship director and procurement director for the capital investment programme.*

When approaching the management of a large programme of works across a global real estate portfolio, it is the balanced management of cost, benefit and risk across all of its elements which will define its ultimate success or failure.

At the outset of a programme's design, it's essential at this early stage to capture all aspects of the programme – its target outcomes, benefits, critical success factors, resource requirements and constraints – to help define the required projects contained within it and what the corresponding capital budget should be.

An early focus on costs and a clear understanding and alignment of the whole programme organisation on what is affordable to deliver the necessary outcomes is critical. It really will help drive collaboration across the programme and enable the delivery of best value at every level.

My advice is to make sure you've got your arms around the programme. Instigating and implementing structured processes for cost management, benefit management, change management and risk management helps to identify and address issues early.

### **Bespoke systems and processes for reporting and governance support tight cash management over the delivery of multiple projects simultaneously**

An all-encompassing risk management process, means any exposure to risk can be proactively managed to minimise or mitigate impact throughout project lifecycles and the overarching programme. When creating a cost management process for a multi-year complex programme, designing in some flexibility helps encompass the possibility of both macro and micro influences which can affect the flow and timeline. After all, it's not an exact science and things happen in large, complex capital programmes. Having flexible portfolio management processes and governance in place allows a controlled response to any unexpected incident, wherever you are in the world.

Putting the right procedural basics in place from the outset, such as governance processes, operating practices and reporting systems supports the consistent management of project cash flow and value techniques.

A centralised management structure allows for 'one version of the truth'. This helps predictably manage cost, risk and time and ensure that each project proceeds within appropriate and pre-determined cost parameters. 'Predictable' is boring but good. Once predictability has been achieved consistently around cashflow, for example, it builds credibility in the management of the programme and enables progressive maturity in the level of controls from project, to programme, to portfolio level.

A clear baseline set for the entire programme against industry benchmarks and previous programmes provides an understanding of the level of certainty on cost and time, e.g. is it a 'most likely' P50 or is there a higher degree of confidence? Identifying possible pitfalls when operating in a particular country or location and understanding where efficiencies can be found and incorporated, establishes an efficient framework to work against.

Value for money across a large programme of works means securing construction which is fit for purpose, fulfils user needs and achieves a balance between quality and costs throughout its life. Value for money, during the design and construction process, can be achieved by rigorously applying structured value management techniques and utilising relevant benchmarking data.

The clear alignment on affordability already established in the programme facilitates collaboration and the cross-fertilisation of ideas between client, architects, engineers and quantity surveyors, leading to a much more detailed understanding of technical design and construction solutions which can affect the cost predictions. A close working relationship with, and an understanding of, the local supply chain also supports the early provision of accurate and up to date cost information directly from the marketplace. Identifying potential challenges concerning the supply side – such as any tariffs, local currencies and tricky logistics – enables issues to be addressed early before procurement. It also assists in the sourcing of local suppliers and contractors, enabling the project to be more sustainable, across multiple geographical borders.

Finally, lessons learnt from previous programmes should always be applied, so it's not a case of reinventing the wheel each time.



### **Best value is delivered by considering the whole-life cost of asset ownership over the business plan lifecycle**

Long-term cost over the life of an asset is increasingly used as the indicator of true value as opposed to pure capital cost. Equally, exceeding minimum standards of environmental performance can make good business sense – such as reducing operational costs, enhancing attraction for building users, reducing obsolescence, increasing funding opportunities and maximising potential.

Viability does depend on recognising the implications of targets and working creatively to achieve best value. Cost-benefit analyses assess the comparative sustainability impact of proposals and prioritise measures in terms of environmental savings, balanced with capital and whole-life costs. Identifying synergies for environmental improvements which can be cost effectively implemented on an estate-wide basis can provide larger scale benefits. Savings can be generated through more efficient ways of working, streamlining products and processes, improving efficiency and creating economies of scale, for example, through a preferred list of industry leading suppliers and installers can drive demonstrable and measurable reductions in costs for building components and materials across a portfolio.

Combining all of these aspects improves quality, reduces construction programmes, provides more sustainable buildings and reduces lifecycle and facilities management costs across a global real estate portfolio.

## ZERO HARM CULTURE @ SIEMENS

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**OLIVER JAROSCHEK**

HEAD OF BUILDING SOLUTIONS EMEA, SIEMENS AG

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*Oliver Jaroschek has headed up Building Solutions in Europe, the Middle East and Africa for Siemens Real Estate since 2013. Prior to this Oliver worked as Director for Turner & Townsend and Project leader at Deutsche Bahn AG. Part of his job is the responsibility of Zero Harm Culture at all Siemens construction sites in EMEA.*

At Siemens our focus on safety is a tradition. As early as 1880, Werner von Siemens recognized that ensuring the safety performance is both a human obligation and makes economic sense.

Although Siemens has always been committed to meeting local environmental protection, health management and occupational safety (EHS) requirements, it was not enough to our Managing Board. In 2010, our Board Members signed and undertook a new initiative: the Zero Harm Culture @ Siemens.

Zero Harm Culture @ Siemens is the company-wide, global initiative that aims to permanently transform our way of thinking about safety at work and improves our behaviour in safety. It was launched in Brazil, Germany and Portugal, as pilot countries of this journey. Our people were convinced of the benefits of this cultural change, but it is not an easy transformation. Change culture demands time and commitment of all stakeholders across all operation however, after eight years, we can proudly say that Zero Harm Culture is an integral part of the way we work at Siemens and applies to all units and across all borders.

At Siemens Real Estate, we are responsible for the company's entire property portfolio. This includes every facet of real estate management, such as the construction, operation, maintenance and disposal of offices, production facilities and special buildings over more than 2,000 locations worldwide. As Head of Building Solutions in EMEA (Europe, Middle East and Africa), I am currently responsible for around 20 new construction projects in countries with very different cultures, such as Egypt, Italy, Russia or Switzerland and Zero Harm Culture applies everywhere.

Of course, every construction site is different, and sometimes small teams work on projects, but usually hundreds of people from different companies, including our contractors and suppliers, as well their own business partners are working with us, in our projects around the globe. Nevertheless, there is one challenge faced by me and my team that never changes: get everyone onboard and committed to this journey towards a Zero Harm work environment.

For this, we emphasise our Zero Harm Culture principles:

**1. Zero incidents – it is achievable.**

Unrealistic? No, we are convinced that it is possible. Everyone must be able to work at Siemens without suffering an incident. Everywhere. At any time. That is our goal.

**2. Health and safety – no compromises!**

Deadline pressure? Yes. Cost pressure? Yes. Compromising safety? Absolutely not. The health and safety of all employees is our highest priority. These values come first. No ifs or buts!

**3. We take care of each other!**

We work with our eyes open to recognise dangerous situations and look after one another. Risky behaviour is not cool – and we intervene when we see it. We lead by example.

On this journey, I always encounter the same excuses and preconceived ideas, but I am deeply convinced that as a leader, I need to live the example by being a role model, adapting how I address the message to the people working with us. Training is helpful and necessary, as are controls, clean processes and structured guidelines. Rewards systems, not necessarily monetary, are implemented to highlight a safe behaviour, reinforcing our goals and expectation in projects. A ‘one size fits all’ approach certainly doesn’t exist. As mentioned before, many influences, such as culture, climate and/or religion, shape each individual behaviour.

Therefore, every project requires individual consideration and active participation. It is extremely important to get everyone involved with EHS at very early project phase, to build up a common understanding of our EHS goals and expectations. I am definitely convinced that Zero Harm Culture is not a burden, in fact it provides real added value for everyone, including Siemens as a company.



## TAKING A GLOBAL APPROACH, APPLYING LOCAL KNOWLEDGE

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**ROSS ABBATE**  
GROUP MANAGING DIRECTOR, MACRO

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*Ross Abbate is the Group Managing Director of Macro, the facilities management arm of Mace.*

*He joined Macro in 2007 as a Business Development Manager and was made a Director in July 2009. During this time he has been responsible for the growth of the business resulting in new contract wins with clients in a number of regions across the world. In 2015, he became Managing Director of Macro, focusing on Macro's culture of delivering and growing through superior customer service.*

*Ross has over 20 years' experience in working within the FM industry and is driven by the desire to deliver customer service which adds real value to his clients' businesses.*

Facilities management is expanding its global operations footprint, driven in part by merger, acquisition and work activity that is consolidating teams, removing redundancy and streamlining operations. While the goal is reducing operational costs and improving efficiencies, expanding facility management operations is not without its challenges if we don't harness the knowledge of the people throughout the business.

### **Communication**

Effective and frequent communication at all levels of the organisation is key to implementing the changes and is often the most neglected function. A common issue that while a business may develop a real estate strategy and make a significant financial commitment to influencing a change, a lack of commitment to an effective communication and project plan can put the project at risk from the start. The project will then have a questionable prospect of even marginal success in the future without some significant changes. It's the details, planning and communication that matter.

### **Retaining knowledge**

Property consolidation activity can expand the global reach, and these expanded operations often result in reduced and reassigned staff through both consolidation and attrition. The loss of key staff with local knowledge and perspective can slow momentum in the short term, or longer for global expansion. Best practice includes a communication plan where team members know how they fit into the future plans and how they will be affected by the changing business requirements.

### **Focus on the wider team and break down silos**

Global facility management operations maintain a focus on resources, processes, and strategy while recognising economies of scale through using local knowledge with a global mindset. Best practice includes the ability to accelerate and align technologies, providing opportunities for a standardised approach to collecting data and using this information to shape the strategy for the future. This 'single source data collection' approach to collating information – both internal to the organisation and external with business partners – improves the quality of the information and improves data transparency and data governance.

### **Information in global business**

A standards-based model for collecting information can also provide for evaluations that address regional and local needs, while maintaining a core data approach and offering more consistent business intelligence across your business. This model provides a strong and consistent framework for gathering business intelligence globally and more effective benchmarking which can be used in the local marketplace.

### **Adding value and innovation**

Facility management teams should be focused on expanding services to address an increase in their ability to capture information that is technology based. Energy efficiency, sustainability, space classification, and utilisation are just a few areas that can provide analytics which improve the workplace environment, productivity, and reduce expenses. It's about innovation supported by data and technology that can validate improved performance, whether its building performance based or human performance based anywhere in the world.

### **Creating a global, but flexible (local) approach**

While a global strategy is vital to the successful roll-out of a consistent approach across multiple territories, our experience has found that building in a degree of flexibility is also critical to its success. Adopting a framework or components of flexibility embraces local variabilities and allows for a degree of customisation, taking an 80/20 approach provides a balance between global and local needs.

### **Communication is a two-way street**

While undoubtedly the majority of communications flow for the strategy is from the centre out to local offices, in order for the strategy to be a success, communications have to flow both up and down. Implementing both formal and informal mechanisms for feedback also helps support the ongoing roll-out, not only to identify problems early on, but to use local best practice to update the global standard practices.





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