

## ***INTRODUCTION***

Strategic real estate planning used to be a math problem. Figure our square footage requirements for each employee, then multiply it by the number of employees. While simple, that method won't be effective in today's competitive business atmosphere. Smart companies view their real estate needs – and more importantly, their real estate opportunities – as a puzzle. Interlocking pieces of information and ideas shape an organization's real estate plans. *An effective strategic real estate plan creates a framework for linking future business issues to real estate plans and shows company leaders how real estate decisions can help them achieve their business goals.*

### ***1. What is a strategic real estate plan?***

Like other strategic business plans, a strategic real estate plan is basically a corporate roadmap that links real estate decisions to corporate business objectives, guiding your company through your many short and long term real estate options...should you own or lease, expand, relocate, decentralize, consolidate? If so, where and how?

**The Keewaydin Approach:** Keewaydin delivers strategic plans that go to work immediately rather than gathering dust on a shelf in someone's office. The final result always involves a set of options and an actionable recommendation that complements your corporate culture and business objectives.

### ***2. Why does my company need a strategic real estate plan?***

Real estate and facilities often account for 25 percent of a company's assets and most real estate decisions involve long term commitments. Having a strategic real estate plan will position your company to provide the most cost effective real estate solutions with the flexibility you need in the future to adapt to inevitable business changes.

Real estate also plays a role in your ability to attract and retain good employees and to positively influence productivity, teamwork and retention. Your real estate also tells the world about your company's image and culture. Because of its strategic importance and financial impact, corporate real estate demands a long-term plan.

**The Keewaydin Approach:** While most real estate plans look only at the short-term, we stretch the planning horizon for real estate from two to three years to ten since real estate decisions can have dramatic long-term implications. In addition, we take a comprehensive, analytical, highly individualized approach to determining the best real estate strategy for your company. We make it a point to uncover all creative options, not just the obvious.

### ***3. Does every company need a strategic plan?***

There are varying levels of complexity for strategic real estate planning, often driven by the size of the company and its real estate required to support the business. While all companies can benefit from a strategic real estate plan tailored to their needs, larger companies clearly have more at stake and a critical need for proactive, long-term strategic planning. Companies that are dynamic, such as those in high growth or shrinking industries or those expanding into new markets and businesses, also will see significant benefits from strategic real estate planning.

**The Keewaydin Approach:** We have the experience of working with both smaller companies, as well as multinational Fortune 500 companies, and understand that each plan must be tailored to the individual company's needs, whether simple or complex.

### ***4. When is the best time to develop a strategic real estate plan?***

The need for a strategic real estate plan is often driven by a significant change in business needs that is triggering a major real estate decision such as expansion, consolidation or relocation. For today's businesses, mergers and acquisitions are likely signals for assessing real estate and developing a strategic real estate plan for integration, both short and long term.

However, if your company has a strategic business planning cycle, you should integrate strategic real estate planning into that regular overall business planning activity.

**The Keewaydin Approach:** Whether your company has a routine planning cycle, or whether the need is triggered by a significant business event, Keewaydin can work within your timeframe to get the answers you need to make your short and long term real estate decisions.

## ***5. How is long-range strategic planning different from most real estate plans?***

A strategic real estate plan does two things differently than typical facilities plans. It encourages an organization to use real estate as a business tool and permits organizations to get the most for their real estate dollar. Second, a strategic real estate plan expands breadth and depth of planning. For example, most facilities plans take a company's projected employee growth, multiply it by the number of square feet needed per employee and from that project space needs. To be useful, a strategic real estate plan needs to look at all of the underlying factors in a company's real estate needs. These underlying factors need to be uncovered, analyzed and understood for a real estate plan to deliver genuine value.

**The Keewaydin Approach:** Here are some of the questions Keewaydin asks at the start of a strategic planning process: How do you work today? How will that change in the future? How do factors like technology, corporate culture or image affect how employees work? Will alternative work environments affect your space needs? What factors will most affect your business' success or failure in the future? What are the real estate implications and opportunities in those success factors? Who needs to be together? What potential organizational changes could impact future facilities needs? What industry trends could change the structure of your business?

## ***6. Who should be involved in the strategic planning process?***

In addition to corporate facilities managers, an effective strategic real estate plan requires the involvement of senior executives. The consultant provides outside perspective on the company's use of facilities and can objectively challenge current perceptions and practices.

**The Keewaydin Approach:** Early in the information gathering process, Keewaydin interviews senior executives on a broad range of issues, including growth, corporate direction, critical success factors, culture, image, and the strengths and weaknesses of current facilities. These interviews yield vital information about the company's goals and challenges. They often reveal areas in which conflicts or disagreements exist. After completing the interviews, executives gather for a half-day idea generation session at which Keewaydin leads executives in a far-reaching discussion of strategic facilities questions. This session often builds consensus among key decision-makers. Equally important, it reveals areas of disagreement. At the end of the session, Keewaydin, company executives and facilities managers will have identified the most important decision criteria in the real estate planning process.

## ***7. How does business growth and shifts in corporate direction effect long-term real estate decisions?***

Corporations are constantly changing. Employee needs change. Business units grow at different rates. New business opportunities emerge. Executives must also deal with issues of mergers and acquisitions, strategic alliances and divestitures of unprofitable businesses. A long-range strategic real estate plan analyzes these potential shifts in business direction, so a company has greater flexibility to manage change. It also can highlight strategic real estate actions that have the potential to improve business opportunities and reduce operating costs.

**The Keewaydin Approach:** By integrating business objectives into a flexible, cost-effective strategic real estate plan, a company can react to inevitable change in a timely, cost effective manner.

## ***8. Why is culture and image important in real estate planning?***

A recent survey discovered that CEOs ranked "finding good people and keeping them" as their Number 1 concern. Facilities are a key factor in employee satisfaction, according to Fortune magazine. Companies are finding that expanded amenities and parking solutions have a surprising cost/benefit ratio. In many cases, the cost of creating a highly desirable work environment is minor compared to the costs of replacing key employees. Facilities also communicate volumes to your customers and employees about the company's culture and values. A long-range strategic real estate plan can ferret out those issues and put a price tag on various options.

**The Keewaydin Approach:** We view real estate decisions as much more than just bricks and mortar. We'll help you identify all of the tradeoffs and benefits of real estate decisions, and help you explore how to use facilities to position your company as an employer of choice.

## ***9. Aren't real estate decisions largely about "location, location, location?"***

In a strategic real estate plan, location means more than just addresses...it means exploring all creative real estate location options such as expansion of existing facilities, relocation, consolidation, or any combination. It means understanding your current facilities and their feasibility for expansion. It means understanding growth trends and looking at where to position your company to attract the right labor and present the right corporate image. It means understanding who needs to be together, and whether multiple facilities would be feasible.

**The Keewaydin Approach:** We first look at your location options in a more generic sense to test whether a relocation or consolidation is the best answer for your business. Our strategic plans give organizations as many options as possible – and the data and analysis to make a wise decision about direction. We believe executives need to know the costs and benefits of each of those options before actually touring buildings or looking at specific locations.

## ***10. How long does a strategic plan take? What will be the end results?***

The strategic planning process can take 3 to 6 months, and the end result for your company will be a detailed plan with recommendations for a 10-year real estate strategy that fits your company's needs, goals and challenges. The plan will explore all alternative short and long term solutions, compare their financial impacts, and weigh how each meets the decision criteria.

**The Keewaydin Approach:** No two strategic real estate plans are alike, just as no two businesses are exactly alike. We take the time to scope out the complexity of your company's real estate issues, and from there develop a schedule and plan of action tailored to your specific needs.

## ***11. How does the strategic planning process begin?***

To get started, the company needs to have the commitment of both the real estate team and the senior management team for the project. Because the real estate plan will be linked closely to the business plan, access to information and key players is important and must be one of the first action items.

A kickoff meeting is a first step to getting the project started, identifying project goals, team resources, and setting a schedule.

**The Keewaydin Approach:** After reviewing existing information, Keewaydin works to understand a company's business strategy, its plans for future growth and its current real estate portfolio. This step involves a physical inspection of current facilities, a review of financial data related to real estate, as well as an analysis of information on employee growth trends and distribution, employee travel patterns, options for expansions, acquisitions or shifts in business and any other issues that affect real estate and business results.

Keewaydin may also look at how competitors, vendors or partners handle real estate issues and what impact that may have on the company.

## ***12. What are the benefits of having a strategic real estate plan?***

The financial impact varies from company to company. For one organization, a strategic real estate plan revealed an alternative that positioned the company to save \$25 million compared to the obvious solution.

**The Keewaydin Approach:** Results vary, but Keewaydin's approach to solving your strategic real estate planning puzzle remains constant. Keewaydin will lead you through a disciplined process that identifies realistic, long-term options and defines a relative net financial impact of each option. The plan will allow your organization to know its options and prepare for their financial implications.