

Planning for Uncertainty: Strategies for Today and Beyond

BY SHOLEM PRASOW AND KAY SARGENT

The end of uncertainty is near...or maybe not. The end of tough times will not be normal times as we had gotten used to – when an important, unexpected event was a major corporation missing a quarterly earnings report by a nickel a share. The end of tough times could mean economic recovery only – in many but not all of the world's key economies – and possibly an unstable one at that.

"The unprecedented speed of onset of this recession was brought about by the connectedness of the world economy. It happened much more quickly than the recession in the early 90s. The burst of the dot.com bubble around Y2K was a blip in comparison," says Barry Varcoe, Director of Group Property, Royal Bank of Scotland Group (RBS), and Chairman, CoreNet Global.

"The reaction to the downturn still may not be totally played out. For example, it takes time to consult with employees affected by change in many regions, particularly in Europe. Slowing down happens more slowly here, and we may not have seen the total impact on the property market yet."

While the stock market's performance suggests that a lot of people are "pricing in" future prosperity, this recession could be a series of waves. Who knows how many waves we will have? Who knows if or when another wave of problems will come?"

"We may be facing a series of wafer-thin recoveries, requiring perhaps intermittent doses of heavy government spending to end them," Varcoe considers.

Aside from the need to plan for change due to an unknown future economic environment, the path towards this

recession has caused a number of fundamental buying pattern changes that will need a modification in the way an organization does things – if it is to survive.

Varcoe says there are signs that we could be entering into a period that is more benevolent, less dominated by greed, and more concerned with environmental impact.

He points out that many organizations will have to radically redesign their customer experience processes to bring the feeling of authenticity back into the relationship. "Who can we trust?" is the dominant question for customers in many business segments. Changes must be made if the business is to survive and those changes will need to be made at the business unit level – involving employees who are in closest contact with the customer.

And of course, changing times require



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– Barry Varcoe, Director of Group Property, Royal Bank of Scotland

agile workplaces. At RBS, as well as virtually all major companies world wide, “The Intelligent Workplace (our term for AWS/Agile Office) is very important to RBS supporting a “flexible community” of people working. We do it both to make the workplace more efficient as well as for sustainability reasons. The best building is the one you don’t need to build because you are using all of your existing portfolio to maximum effect,” Varcoe explains.

The Younger Generation... The Light at the End of the Tunnel?

There is hope in between the fears of uncertainty. The older generation is used to a stable and predictable work environment, with progress coming at a relatively slow pace and their career paths followed that of their predecessors. But the younger generation thrives on change –that is all they’ve known! And change is happening at such an exponential rate that a lack of constant progress seems like stagnation to them. The younger generations will likely be the catalyst around which the New Recovery will be built.

The younger generation is best adapted to the constantly changing times. Where do you find the younger generation? Not in the C –Suite but in the distributed business units – they are the employees who are mostly in close contact with the customers. While working closely with the CEO has always been a hallmark of a successful CRE organization, Varcoe points out that the next RE challenge needs to be that RE needs to learn to work directly with the business units – where the greatest change will be – and where those who adapt best to change are located as well.

Technology Overshadows Everything

Over and above everything else that’s changing, the evolution of technology pervades everything that is being done or planned. The Agile Office is on the forefront of RE planning because you CAN work anywhere, anytime. And the technology evolution isn’t slowing down, it’s picking up speed.

In summary, the end of “Tough Times” will likely be “Constantly Changing Times.” Over the next few

years or decades, the only constant we can be sure of is change.

To plan or not to plan... is that the question? Scramble vs. Blueprint

Shell Oil describes two generic approaches to planning in complex situations. A Scramble Strategy is one in which plans tend to be put off until the very last minute in a (mistaken) belief that the best way to handle uncertainty is not to decide until the last possible moment. That approach goes hand in hand with the firmly-held belief that an expenditure of a dollar delayed is a dollar earned.

A Blueprint Strategy is one in which, of course there always is a plan – a constantly changing plan, to keep in tune with constantly changing times. A course is charted but left agile enough to adjust to changes and shifts as needed. The “go” decision may be delayed, but the plan is always in place.

“We can learn so much from the younger generation – the trick is how we do that as leaders?”

– BARRY VARCOE,
DIRECTOR OF GROUP PROPERTY,
ROYAL BANK OF SCOTLAND

Robust Strategies for Multiple Future Scenarios

The key to planning for uncertainty is to develop multiple scenarios of how the future might develop, followed by strategies that perform well under a range of likely scenarios.

A robust strategy is one that may not be “optimal” under any specific scenario, but rather is one that will perform “pretty well” under a number of possible scenarios, and embraces resilience, flexibility and optionality.

KEY POINT: Companies that develop and continuously update a robust blueprint strategy will be positioned to act accordingly regardless of what the future brings.

In contrast to robust strategies, brittle strategies are those that may be optimal for the most likely scenario, but could be disastrous under other alternatives – like the mortgage and financial strategies that worked so well for so long – until one relatively small deviation caused the world-wide financial collapse.

A Checklist:

Step 1: Getting in bed with the Decision Units – or at Least at the Bedside. Determine where the real power base is or who is motivated to leave their mark. Armed with the backing of the C-Suite, change directives are far more likely to be accepted and implemented with less resistance. The distributed business units cannot be ignored in the planning process, especially at the level of business process and workplace design. It is at that level that the knowledge of what has to be done truly resides – especially in changing times.

Step 2: Measurement Isn’t Everything – It’s the Only Thing. You can’t manage it if you can’t measure it. Most organizations don’t know their own metrics but are continually making decisions in that void. Understanding how your organization uses space, and the impacts of that, are essential to plan accordingly. Benchmarking can be useful but only if you look at companies with a similar mission, demographic, and work styles that have recently implemented change – and, in these changing times, suitable benchmarks are few and far between.

You can learn as much from what didn’t work as you can from what did. The key to maximizing efficiency in changing times is measuring yourself rigorously and continuously throughout the improvement process in order to correlate the changes you’ve made to the resulting performance metrics you collect. This is the best way to understand what works best for your organization.

One of the best ways for CRE to support this process is to become DRE – Distributed Real Estate – at least in part, according to Varcoe. The DRE professional has a crucial role to play in implementation – and that is to continuously identify RE solutions to performance problems identified by the continuous measurements. And any external professional engaged in the design of the project should be engaged to return periodically as may be required to adjust the space as measurements require.

Step 3: Plan for the Future – Not just the Present. Alternative Scenario Planning begins with taking into account the work styles of the staff, corporate goals and mission, the current and projected demographic mix of the work force, the building grid and planning module of the facilities, and, most importantly, have the understanding that change will happen and the solution must be flexible and agile enough to change with the organization.

But to plan, even tactically, you must know thyself and be able to project ahead and foresee the factors that will impact you:

- demographic shifts
- leadership and vision – at the top and at the bottom
- focus on centralized guideline and decentralized implementation
- sustainable initiatives and corporate responsibility
- socialization of the workplace
- preparedness planning
- quality of life issues
- technology enhanced everything
- increasing productivity through collaborative innovation

Step 4: The Continuous Re-plan. Without the design and real estate team CONTINUOUSLY in place to respond to the advances and changes through measurement and management, RE performance plummets AND business intent is missed. Plans for the replan need to be included in the original plan and budget – whether it is a review and re-plan in 60 days or 6 months and 12 months after occupancy as the situation warrants.

CASE IN POINT: CGI – A BLUEPRINT FOR SCENARIO PLANNING

Following the acquisition of AMS, CGI needed to consider options for the merger and management of its real estate portfolio.

STEP 1: Getting in bed with the C-Suite – or at Least at the Bedside.

CGI RE in conjunction with IA as an outside consultant worked with the President of CGI's US and India Operations and the regional leadership team to define new RE objectives based upon the leadership's goal and objectives and an audit of processes work styles, and mobility patterns.

STEP 2: Measurement Isn't Everything - It's the Only Thing. The data speaks for itself:

ORIGINAL RESULTING

RSF:	200,000 SF	65,000
Number of Floors:	20	2.5
Office sizes:	240 SF	120 SF
Workstation sizes:	64 SF	48 SF
Number of employees:	400	585
Seating Capacity:	483 (all offices)	435 (including 60 Hoteling)
Utilization Rate per seat:	414	149
Utilization Rate per employee:	500	111
Desk to employee ration:	1.2:1	.75:1

STEP 3: Plan for the Future – Not just the Present - The need to create a flexible, agile space was identified as a critical component to CGI's ability to be proactive as the client base grew. Detailed feedback was obtained by pre-pilot and post-pilot surveys. The team created a new workplace that incorporated technology, alternative officing environments along with collaborative zones and individual work spaces as required.

STEP 4: The Continuous Replan - The team designed the space with mobile, flexible furniture and demountable partitions so they could review the plan and make adjustments as needed after the move-in and incubation period.

In Summary

We live in a cyclical world...so the good news is that we will see good times again, but they won't look like what we have experienced in the past. They will be transformed by technology advances and new work patterns that fit the emerging demographics. The bad news is that we will see tough times again, but hopefully, if we learned our lessons, we'll be better positioned and prepared to navigate them. Having both internal and external professionals who are continuously immersed in the constantly chang-

ing requirement is key. Employing scenario planning continuously to maximize the organization's ability to adjust and react will set well-prepared companies apart from those who will continually be scrambling.

Editor's Note:

The following references were used while researching this article.

Shell Energy Scenarios to 2050. This document describes Scramble and Blueprint strategies -- more precisely targeted at world energy scenarios: <http://www-static.shell.com/static/>

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STRATEGIES FOR TODAY AND BEYOND**

[public/downloads/brochures/corporate_pkg/scenarios/shell_energy_scenarios_2050.pdf](#)

Robust Planning with Imperfect Models, Knight, Rabideau, Engelhardt and Chen, Jet Propulsion Labs, California Institute of Technology, Pasadena, Calif. This paper outlines the importance of building in frequent replanning steps in an uncertain environment: **<http://trs-new.jpl.nasa.gov/dspace/bitstream/2014/12234/1/01-0193.pdf>**

A Robust Decision Approach to Confronting Terrorism and Risk, Popper and Lempert, RAND Corporation, delivered at CREATE Terrorism Risk Assessment Symposium, University of Southern California, January, 2005. This paper outlines a systematic approach to evaluating and selecting robust strategies among many possible future scenarios: **<http://create.usc.edu/assets/pdf/51850.pdf>**

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