Financial KPIs: What really works

Friday, May 2, 2014
9:30am – 10:30am EST
Introduction

• CNG Young Leaders Committee

• About Virtual Learning Programs (VLP)
CoreNet Global Young Leaders Committee

Young Leaders of CoreNet Global

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<th>Segment</th>
<th>Role</th>
<th>Name</th>
<th>Company</th>
<th>Chapter</th>
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<td>Leadership</td>
<td>Chair</td>
<td>Bender, Kristin</td>
<td>Time Warner Cable</td>
<td>Carolinas</td>
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<td>Vice Chair</td>
<td>Vlasto, Joey</td>
<td>Newmark Grubb Knight Frank</td>
<td>New York</td>
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<td>Strategy</td>
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<td>Dandurand, Jon</td>
<td>Deere &amp; Company</td>
<td>Kansas City</td>
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<td>Strategy Vice Chair</td>
<td>Walle, Tia</td>
<td>Chevron</td>
<td>Northern California</td>
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<td>Strategy Associate</td>
<td>Fry, Glenn</td>
<td>Johnson Controls, Inc</td>
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<td>Chapter Liaison</td>
<td>Chapter Liaison Chair</td>
<td>Martindale, Seth</td>
<td>CB Richard Ellis</td>
<td>Southern California</td>
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<td>Ellingsen, Molly</td>
<td>VOA Associates, Inc</td>
<td>Chicago</td>
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<td>Chapter Liaison Associate</td>
<td>Walsh, Laura</td>
<td>Osram Sylvania</td>
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<td>Programs</td>
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<td>Hackett, Kelly</td>
<td>Cushman &amp; Wakefield</td>
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<td>Programs Vice Chair</td>
<td>Polivka, Jenna</td>
<td>Cassidy Turley</td>
<td>Mid-Atlantic</td>
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<td>Programs Associate</td>
<td>van Vliet, Lester</td>
<td>Nokia</td>
<td>Benelux</td>
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<td>Communications Chair</td>
<td>Clark, Christina</td>
<td>Warren Dixon - RE Services, Inc.</td>
<td>Northern California</td>
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<td>Franklin, Iain</td>
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<td>Beers, Jessica</td>
<td>Jones Lang LaSalle</td>
<td>Boston</td>
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<td>Past Chair</td>
<td>Rodriguez, Kenny</td>
<td>New Vista Space</td>
<td>New York</td>
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**Mission**
Provides a forum for professionals 35 and under to fast track their careers in the corporate real estate industry through educational opportunities, networking, community investment volunteer events, & leadership opportunities.

**Website**
www.youngleaders.corenetglobal.org

**LinkedIn Group**
CoreNet Global Young Leaders

**Get Involved Today!**
Contact Tricia Warrick – twarrick@corenetglobal.org
Previous Programs

Previous Topics have included:

• Navigating a Summit
• Technology and the Economy
• Destination World: Negotiating leases internationally
• Temperature Wars: Reconciling comfort, cost and carbon
• Complexity of Commercial Real Estate: Why advanced training helps you succeed
• Future of Design and Construction Efficiency
  • Workplace KPI’s
Today’s Program

Financial KPIs

Moderator:

Cat Cotman, Senior Managing Director
Cassidy Turley

Panel:

Ming Lee Chua, Global Real Estate Director, Strategy and Planning
Unilever

Elliot Lewis, Portfolio Manager MENAT & SSA
General Electric

Rick Kriva, VP Global Real Estate
Honeywell International Inc.
Moderator Introduction

Cat Cotman  
Senior Managing Director, Cassidy Turley

- Cat leads Cassidy Turley’s Corporate Real Estate solutions team for SunTrust Bank.  
- Her team delivers transaction management, project management, space planning, move management, strategy, and lease administration for SunTrust’s 15 million SF portfolio.  
- Prior to joining Cassidy Turley, Cat was a Senior Vice President, Corporate Real Estate at Bank of America.  
- Cat has also held senior leadership positions at Capital One Financial Corporation and Prudential Insurance.  
- She earned her Bachelor’s degree from Swarthmore College and her Masters of Business Administration from New York University, Stern School of Business.
Panel Introduction

Ming Lee Chua
Global Real Estate Director, Strategy and Planning, Unilever

Ming Lee joined Unilever in 2012 as Real Estate Director. She was then responsible for managing Unilever’s Real Estate transactions across 46 countries (25 million sf). In 2014, she took on a role to be the Global RE Director for Strategy and Planning. She is responsible for portfolio planning and governance of Transaction management for 110mil square feet of offices, industrial and warehouses across more than 90 countries.

Before joining Unilever, Ming Lee has worked with Jones Lang LaSalle in the Corporate Solutions team for more than 20 years, managing different accounts across Asia Pacific. Some of her clients she has worked with included Procter & Gamble, Cisco Systems, Deutsche Bank and DBS Bank.

Elliot Lewis
Portfolio Manager MENAT & SSA, General Electric

A Chartered Surveyor, with over 14 years of international experience in corporate real estate, Elliot has worked both in house and as an advisor for a broad range of MNC’s. Elliot is currently Responsible for strategic & tactical Portfolio Management of GE’s operational properties in MENAT & SSA, consisting of 127 property interests with a total rentable area of 2.6million sq ft and rent role of USD 42.7m. Elliot co-chairs the Middle East Chapter of CoreNet Global

Rick Kriva
VP Global Real Estate, Honeywell International Inc.

Rick Kriva is Vice President of Global Real Estate at Honeywell International, Inc., a diversified technology and manufacturing leader headquartered in Morristown, NJ, with sales of $39 billion. Honeywell’s real estate portfolio consists of over 1,300 locations and 60 million square feet worldwide.

Prior to joining Honeywell in 2004, Rick was Vice President of Real Estate and Development at Motorola, Inc. where he had global responsibility for managing the company’s real estate portfolio. Rick held positions of increasing responsibility at Motorola, including director of Real Estate and Environmental Affairs, and director of Quality and Customer Satisfaction.
Key Performance Indicator:
Measurements that reflect the critical success factors to help an organization define and measure progress toward organizational goals, sometimes referred to as “forward thinking” metrics. KPI’s are generally established in advance of an activity to drive behavioral change and align outcomes to organizational objectives.

Financial KPIs: KPIs directly aligned to an organization’s financial goals such as overall cost savings, cost of goods sold, return on investment etc.
Today’s Program Agenda

Program Maturity

- What is being measured?
- Who are key stakeholders?
- Who is actively engaged in the program?
- Results to date?

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<tr>
<th>Scope</th>
<th>Program Maturity</th>
<th>Key Metrics</th>
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<tbody>
<tr>
<td>Unilever</td>
<td>Regional</td>
<td>• Cash savings</td>
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<td></td>
<td>• Annual P/L savings</td>
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<tr>
<td>GE</td>
<td>Regional</td>
<td>• Cost per seat</td>
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<td></td>
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<td>• Cost per square meter</td>
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<tr>
<td>Honeywell</td>
<td>Global</td>
<td>• Annual savings</td>
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<td>• Cash</td>
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<td></td>
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<td>• Rooftop reductions</td>
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<td>• SF reduction</td>
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Timing

- Unilever KPI Program 9:40 am
- GE KPI Program 9:50 am
- Honeywell KPI Program 10:00 am
- Panel discussion 10:10 am
- Open Q&A 10:20 am
- Adjourn 10:30 am
### Unilever Overview

<table>
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<tr>
<th><strong>Unilever</strong></th>
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<tr>
<td><strong>How long have you been managing your KPI program?</strong></td>
<td>2-3 years</td>
</tr>
<tr>
<td><strong>What were your first year results and where are you today?</strong></td>
<td><strong>1st Year Results:</strong> Achieved and delivered more than €50million cash in 2013.</td>
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<tr>
<td><strong>Key KPI Metrics:</strong></td>
<td>• €yyM cash in property disposals annually • €XXM+ in P/L Real Estate gross saving</td>
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</table>
Strategy, solution design, integration with geographies, and innovation

- Supplier consistency
- Integration of global support teams
- Innovation of services
- Driving Agile Working agenda in WP
- Holistic Workplace portfolio plans
- Portfolio strategy & planning
- Owns Real Estate partner relationships
- Ensures consistency of all RES ops
- Accountable for all Travel, Meetings & Events and Fleet.
- Maintaining teams in geographies

Client & user engagement, landing programmes, delivering service

Single point of accountability for all Workplace Services delivered in geography, services and costs.

- Overall ownership of services & costs, and consolidated supplier framework.
- Ownership of local building (excl factories) projects such as new builds, refurb, moves.
- Real Estate transactional activities.
- Deployment of global programmes
- Responsible for unlocking value across S. Asia
- Real estate transactions
Unilever Financial Overview (Example of reporting)

Cash Inflow
- XXXM Projected
- 44M Remaining
- Delivered

P/L on Inflow
- yyyM Projected
- 4M Remaining
- Delivered

OTI
- zzzM Projected
- 4M Remaining
- Delivered
## GE Overview

<table>
<thead>
<tr>
<th>How long have you been managing your KPI program?</th>
<th>7 years</th>
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<tr>
<td>What were your first year results and where are you today?</td>
<td>GE portfolio is very dynamics with new portfolio segments added to centralized RE management. Each year typically involves a re-baselining and new target setting exercise.</td>
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</table>
Internal focused KPI’s - Due to the dynamic nature of the markets and the constant change within GE, there is no one specific KPI that has remained constant in terms of its baseline over the 7 years. This is predominantly due to penetration, currently GE is running 60% of the Office portfolio which they managed from cradle to grave. Over time they have added business premises to their portfolio which has resulted in some stances to initial low costs due to limited investment by the business in the premise, moving to increasing costs and then reducing costs as AWS and IFM are implemented. While Cost per seat is therefore a Key KPI – GE only looks at the cost per seat based on actually allocated Headcount and at the start of any lease they are building in growth resulting in a natural reduction over time as the space fills.

The above graph in an indicative sample of Seat Costs over a region
External focused KPI’s – GE is highly focused not only on the internal KPI’s of cost per seat by also on external KPI’s and benchmarking GE’s portfolio to that of the market at competition in order to deliver a complete picture to the stake holders. These come in the form of:

- Rental Rate Per sq m,
- Fit out cost per sq m
- Operating Cost per sq m
GE is highly focus on savings across the portfolio and tracking the impact of initiatives that drive the output - KPI’s
### Honeywell

<table>
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<tr>
<th>Question</th>
<th>Answer</th>
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<tbody>
<tr>
<td>How long have you been managing your KPI program?</td>
<td>10 years</td>
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<tr>
<td>What were your first year results and where are you today?</td>
<td><strong>1st Year Results:</strong> $30M annual savings</td>
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<td><strong>Today:</strong> $300M annual run rate savings, +350M cash from dispositions, 650 rooftops, Stronger One HON culture</td>
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Honeywell

Global Real Estate (GRE) Framework

**RE Transactions and Execution**
- AMERICAS
- EMEA / INDIA
- ASIA / PACIFIC

**RE Strategy and Business Alignment**
- ACS
- AERO
- PMT
- TS

**Facility Management and Operations**
- CO-SOURCING PARTNERSHIP
- ENERGY AND SUSTAINABILITY

Strong Business Unit and Functional Alignment
2014 GRE KPI Scorecard (3+9 FCST)

**Annual Savings ($M)**

- **Goal**

**Cash ($M)**

- **Forecast**
- **Complete**

**Rooftop Reductions**

**Footprint Reduction (K SF)**

*On-Going Stakeholder Reviews Align & Drive Results*
Panel Discussion

**Program Maturity**

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**Key Questions**

- What have been your biggest lessons learned or “ah-ha” moments as you’ve spearheaded financial KPIs in your organization?

- If you had to punctuate the one, most important, critical factor or a financial KPI program success that you’d want to this audience to take away from today’s presentation – what would it be?
QUESTIONS?
ON BEHALF OF
THE CORENET YOUNG LEADERS
COMMITTEE,

THANK YOU
FOR ATTENDING!