SPP Community Connection

SPEAKERS:
Robert Schuur, Southern California Edison
Peggy Withrow, Integrated Workplace Strategy

Research Task Force Leaders:
Charemon Tovar, CBRE
Christelle Bron, Studley
Gail Crowder, Avison Young
Optimizing Capital: Jane Mather, Critical Core
NY Chapter: Barry Alton, Jeffries & Co
Welcome!

• Welcome! Speaker Introductions

• Getting Acquainted with Attendees

  1. *Have you helped yourself to refreshments?*

  2. *Who’s a current member of SPP?*

  3. *Who is an End User?*

  4. *Who is a Service Provider?*

  5. *Does anyone have some burning issue or question they would like addressed at today’s meeting?*
Agenda

• SPP Overview
• Past Accomplishments
• SPP 2012 - 2013 Program
• How to Join and Support SPP
• Road Map Going Forward
• Q & A
**SPP Mission**

- **Mission**: to provide a collaborative environment for knowledge sharing for CRE Strategy & Portfolio Planning

- **Goal**: to gather, share and advance best practices in the field of SPP

- **Objectives**:
  - define the overall domain
  - research or collaborative interaction
  - become the meeting place (in person or on-line) for SME’s to share their experiences and best practices
SPP Purpose

• **Communicate / Collaborate / Advocate**
  – Challenges, Peer-to-peer forum, Industry point-of-view
  – Networking and career advancement opportunities.
  – Integration with other complimentary disciplines within CNG

• **Educate / Inform**
  – Baseline body of knowledge and definitions
  – Current issues, Information and resource repository
  – CNG Summit content and EDP course curricula

• **Advance / Explore / Research**
  – Drive research agenda and organize efforts
  – Identify, organize, share best practices and tools
How we Communicate

- Participate in a Summit
- Direct education within chapters
- Monthly Newsletter
- Webinars
- White Papers
- The Leader
- Email Blast Lists
- Social Media
SPP Benefits

• **Networking**
  – Within SPP & the broader CoreNet community

• **Knowledge**
  – Community of experts
  – Create & learn

• **Recognition**
  – CoreNet audience nationally & internationally

• **Resources**
  – SPP community
  – CoreNet globally
SPP Accomplishments

• **Membership**
  - SPP E-Mail List (377), LinkedIn (722), Summit Registration

• **Research Task Force Activities**
  - **Research Task Forces** – regular opportunities for discussion and research: Optimizing Capital, SPP Technology, Benchmarking Strategic Planning, SubPortfolio Analysis
  - **Lease Accounting Changes**: summit sessions, webinars, contributed to 700 corporate letters to FASB/IFRS, MCS Award for Component Best Practice
  - **SPP Surveys**: SPP Technology (referenced at RealComm); Money Talks; Benchmarking Strategic Planning
  - **Best Practices**: Business Driver Matrix for Portfolio Planning (referenced in SLCR class); SPP Fundamental Components (in process)
  - **Leader Publications**: Navigating the Lease Accounting Standards Maze

• **Summit and Chapter Events**
  - **Summit Presentations** – Multiple NA and International
  - **Chapter Activities** (NYC): Capital Markets Panel, SPP Roundtables, Materials in “Component Leadership Toolkit”
SPP Task Force Updates

- **Technology**
  - Charemon Tovar, *CBRE / Sprint*

- **Sub-Portfolio Planning**
  - Christelle Bron, *Studley*

- **Benchmarking Strategic Planning**
  - Gail Crowder, *Avison Young*

- **Optimizing Capital**
  - Jane Mather, *Critical Core*

- **NY Chapter Best Practices**
  - Barry Alton, *Jeffries & Co.*

- **Big Data & Analytics**
  - Peggy Withrow, *Integrated Workplace Strategies*
Task Force Charter

- Develop research goals for strategic planning technologies
- Organize and execute research approach and method
- Identify, codify and share findings, best practices and tools
- Recruit members!

2012 – 2013 Goals/Objectives

- **1Q/2Q:** Created case studies identifying the basic data elements that participating companies consider “required” to perform strategic planning today. From this, a survey and definitions for these elements were developed.

- **3Q/4Q:** The team will be sending the survey out and analyzing results. Definitions will be validated among the community. Share the results of these with the SPP community and CoreNet membership.

- **2013:** Invite participants to begin sharing examples, discuss the gaps/results and identify options to resolve. Share results via presentation or webinar.

Charemon Tovar, CBRE
What is Strategy and Portfolio Planning? Work Flow - Version 1.0

**Strategy**

- Business Requirements
- Corporate Real Estate
  - Organizational Framework
    - CRE Goals & Objectives
    - CRE Dept. Org and Procurement
    - Financial Criteria
  - CRE Strategic Framework
    - Policies, Guidelines & Standards
      - Location Strategy
      - Functional Guidelines
      - Term Length Strategy
      - Financing Strategy
      - New Workplace Initiatives
  - Portfolio Metrics
    - Portfolio Supply Data
    - Performance Metrics & Targets
      - Cost
      - Lease Expirations
      - Capacity
      - Market Data (R/E Labor)
      - Trends/Forecasts
      - Utilization

**Portfolio Planning**

- Portfolio Management
  - National Portfolio Planning/Scenario Modeling
  - Long-Term Plans w/Risk Assessments
  - Plans to Support Immediate Business Changes
  - Disaster Recovery Plans
  - Metro Planning
- Operational Planning
  - Acquire/Dispose/Add/Modify Space
  - Financing (project level)
  - Programming/Seat Assignment
  - Project Management
  - Facility Management
  - Charge backs

**Financial Management**

- Asset and Capital Plans
- Funding Requests
- Budget Management

Charemon Tovar, CBRE
What are “Required” Data Elements for Strategic Planning?

<table>
<thead>
<tr>
<th>2. Enterprise Level Strategic Drivers</th>
<th>In Strategic Plan?</th>
<th>Level of Importance</th>
</tr>
</thead>
<tbody>
<tr>
<td>2.0 Business Strategy</td>
<td>Yes</td>
<td>1 2 3 4 5</td>
</tr>
<tr>
<td>2.1 Corporate Culture</td>
<td>Yes</td>
<td>1 2 3 4 5</td>
</tr>
<tr>
<td>2.2 Financial Strategy</td>
<td>Yes</td>
<td>1 2 3 4 5</td>
</tr>
<tr>
<td>2.3 Market Pressures, Labor costs/Rent costs</td>
<td>Yes</td>
<td>1 2 3 4 5</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>3. Business Unit Strategy</th>
<th>In Strategic Plan?</th>
<th>Level of Importance</th>
</tr>
</thead>
<tbody>
<tr>
<td>3.0 Business Unit Profiles</td>
<td>Yes</td>
<td>1 2 3 4 5</td>
</tr>
<tr>
<td>3.1 Adjacency Analysis</td>
<td>Yes</td>
<td>1 2 3 4 5</td>
</tr>
<tr>
<td>3.2 Demand Forecasts</td>
<td>Yes</td>
<td>1 2 3 4 5</td>
</tr>
<tr>
<td>3.3 Business Unit “independence” (e.g. refusal to align with portfolio strategy)</td>
<td>Yes</td>
<td>1 2 3 4 5</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>4. Corporate Real Estate</th>
<th>In Strategic Plan?</th>
<th>Level of Importance</th>
</tr>
</thead>
<tbody>
<tr>
<td>4.0 CRE Goals &amp; Objectives</td>
<td>Yes</td>
<td>1 2 3 4 5</td>
</tr>
<tr>
<td>4.1 CRE Department: how it is organized and supports the company</td>
<td>Yes</td>
<td>1 2 3 4 5</td>
</tr>
<tr>
<td>4.2 Financial Criteria</td>
<td>Yes</td>
<td>1 2 3 4 5</td>
</tr>
<tr>
<td>4.3 Risk Mitigation</td>
<td>Yes</td>
<td>1 2 3 4 5</td>
</tr>
<tr>
<td>4.4 Chargeback Strategy</td>
<td>Yes</td>
<td>1 2 3 4 5</td>
</tr>
<tr>
<td>4.5 Technology Support</td>
<td>Yes</td>
<td>1 2 3 4 5</td>
</tr>
<tr>
<td>4.6 Classification strategy for properties</td>
<td>Yes</td>
<td>1 2 3 4 5</td>
</tr>
<tr>
<td>4.7 Location Strategy</td>
<td>Yes</td>
<td>1 2 3 4 5</td>
</tr>
<tr>
<td>4.8 Functional Guidelines, Space Standards</td>
<td>Yes</td>
<td>1 2 3 4 5</td>
</tr>
</tbody>
</table>

Real Estate Strategy Content & Drivers

Level of Importance:
1. Not Important, never considered
2. Low Importance
3. Medium Importance
4. High Importance
5. Absolutely Critical, always included

Charemon Tovar, CBRE
SPP Sub-Portfolio Planning
Strategic Planning Maturity Test

What is it? The “Strategic Planning Maturity Test” will be an online test that will allow CoreNet members to assess their strategic planning capabilities.

Compare your maturity score against your peers...

ABC Company, 48th Percentile

Christelle Bron, Studley
Benefits to the SPP Community

- Compare your maturity score against peers and against the RE industry at large
- Understand where and how you can improve your strategic planning process
- The data collected in this process will enable us to report back to the SPP community on:
  - Leading practices
  - Key challenges faced
  - Key trends by: size, industry, etc.
  - Where companies are investing, and what functions are being improved year over year

When will it be on line? We are targeting Q1 2013

Christelle Bron, Studley
Looking Back

Surveys Completed

- New York
- No. California
- Chicago
- SPP End Users
- Atlanta
- Carolinas

Excellent Participation: 76 End Users Complete Survey on Strategic Planning Practices

Gail Crowder, Avison Young
Responsibility and Approval

- Responsibility for strategic plans differs by organization.
- Less than 50% of organizations require formal approval by business line management or senior staff external to CRE.

What group is responsible for real estate strategic planning?

- Vice President
- Strategic Planners
- Customer Relationship Management
- Transaction Managers
- Other

“Other” does not include service providers or space planners.

Is your real estate strategy document formally approved by senior management?

- CRE senior management
- Senior management external to CRE
- Business line management
- For internal guidance and planning only

Gail Crowder, Avison Young
Strategic Planning Drivers

- Business alignment is the primary driver for 60% of respondents.
- Cost reduction is the primary goal for 32% of respondents.
- Only 42% of plans have explicit cost saving targets.

What is the primary driver for your real estate strategy?

- Business Alignment
- Cost Reduction
- Portfolio Flexibility
- Portfolio Risk
- Other

Does the approved strategic plan have established cost savings targets?

- No savings target
- Target 0-5%
- Target 5-10%
- Target 10-15%
- Target > 15%

Gail Crowder, Avison Young
Strategic Planning Metrics

- 72% consider real estate cost per person a primary driver.
- Less than half compare real estate cost to enterprise revenues or costs.
- 43% of respondents are including sustainability metrics in their plans.

Which metrics are the primary drivers for CRE strategy / performance?

- $ / Revenue
- $ / Person
- SF / Person
- $ / SF
- Other

Are sustainability metrics part of your organization's real estate strategic plan?

- Yes
- No

Gail Crowder, Avison Young
Long Term Plans and Documentation

• Just over 60% have written plan that includes more than performance goals and guiding principles.
• The largest share of respondents complete plans for 3-5 years.

Do you have a written plan that includes more than annual performance goals and guiding principles?

- Yes
- No

If you have a written plan that includes more than annual performance goals and guiding principles, what is the number of years for the planning horizon?

- Plan for 1 year
- Plan for 1-3 years
- Plan for 3-5 years
- Plan for >5 years

Percentages are share of total respondents

Gail Crowder, Avison Young
Looking Ahead

Complete In-Depth Interviews
• How did CRE strategic plan originally get created?
• Who is the owner and who does it interface with?
• When does the cycle for updating it occur?
• How are the inputs gathered?
• What is the output? Departmental guideline or approved corporate plan?
• What is the governance structure?

GOALS:
2013 Webinar
2013 Summit Presentation
*Additional in-depth interviews required. Goal is 25-35 interviews

Gail Crowder, Avison Young
Help Wanted

Join In

• Volunteers needed to conduct interviews with identified companies

• Data from surveys to be mined for further insights

• Monthly sharing of challenges and best practices, questions and insights into strategic planning processes, most beneficial resources.

Gail Crowder, Avison Young
SPP Optimizing Capital

A Path Through the Maze
The FASB13 Case Study: Creating and Executing a Successful Communication Plan

Jane Mather, Critical Core
A Path Through the Maze

The FAS 13 / IAS 17 Lease Accounting Group of CoreNet Global in Cooperation with Newmark Knight Frank

Present

Corporate Real Estate Implications of Planned Lease Accounting: A Working Session – Part III

Richard L. Podos
President
Specialties: Lease Structuring / Funding for Tenant Improvements, BTS, & SLB
Lance LLC
rpodos@lancellc.com

Jane Mather, Critical Core
Develop a Successful Communications Plan

Begin with the End in Mind

• Consider what the outcomes should be
• Determine the Stakeholders
• One way or two way street?
• Stakeholders may be outside of CoreNet

Jane Mather, Critical Core
Sponsorship is a big help!

Sponsorship by three organizations

- Afforded additional support

Jane Mather, Critical Core
Communication Methods

- Build A Library
- Find an Editor
- Participate in a Summit
- Direct education within chapters
- Webinars
- The Leader
- Email Blast Lists
- Social Media
Lessons Learned

- Feedback from email blasts
- Global communication is a challenge

Jane Mather, *Critical Core*
NY Chapter

Round Table Event

Barry Alton, Jeffries & Co.
Big Data and Analytics

Peggy Withrow, IWS
Think BIG:

90% of data in the world today was created within the last 2 years.

Source: IDC Worldwide Big Data Technologies & Services Forecast (March 2012)
What do we want from this research effort?

1. Are we asking the right questions?
2. Do we have meaningful data?
3. Do we have the tools and skills to analyze it?
4. How do we find the strategic advantage from Big Data?
5. Big Data versus Small Data - or is it “Just Right” data?

Graphic from Deloitte Report
October 2012

The insight economy “Big Data matters – except when it doesn’t”

Peggy Withrow, IWS
SPP 2012-2013 Program

- **SPP Task Forces - Creating Knowledge**
  - Continue existing where interest & content
  - Add new Task Forces where expertise & interest dictate

- **SPP Program - Presenting Findings**
  - 2 Chapter Meetings
  - 2 Webinars
  - 1 White Paper
  - 1 Presentation at 2013 Summit

- **SPP Governance - Structure & CoreNet interaction**
  - CoreNet
  - SPP internal
  - Elections
How I can I participate?

- **Become an Affiliate**
- **Operating Board**
  - Volunteer, rep from each Task Force, 4-8 hours / month
- **Advisory Board**
  - Advise on SPP direction, governance and CNG interface
  - Meets Quarterly with Operating Board (must attend at least 3 meetings)
- **Research Committee**
  - Research task force leaders
  - Coordinates activities, sets policies, approves proposed activities
  - Meets once / month, have rep from each Research Task Force
- **Task Force(s)**
  - Share information at Summits, Webinars, Articles
  - Monthly meetings are open to all CoreNet members
  - Volunteer, hosts meetings minimum 8 times / year
## Leadership Structure / Elections

### SPP Advisory Board

<table>
<thead>
<tr>
<th>Role</th>
<th>CNG Board Liaison</th>
<th>Service Provider</th>
<th>Sponsorship</th>
</tr>
</thead>
<tbody>
<tr>
<td>CNG Staff</td>
<td>Randy Smith</td>
<td>Paul Garity</td>
<td>(Task Force /</td>
</tr>
<tr>
<td>(TBD)</td>
<td></td>
<td></td>
<td>Treasurer)</td>
</tr>
<tr>
<td>CNG Staff</td>
<td>Eleanor Estancio</td>
<td></td>
<td></td>
</tr>
<tr>
<td>End User</td>
<td>TBD</td>
<td>TBD</td>
<td></td>
</tr>
<tr>
<td>Service Provider</td>
<td>TBD</td>
<td>TBD</td>
<td>TBD</td>
</tr>
</tbody>
</table>

### SPP Operating Board

- **(Acting) Co-Chair End User**: Robert Schuur
- **(Acting) Co-Chair Service Provider**: Peggy Withrow

### Operating Activities

- **Marketing Communications**
  - Elisa Konik, C&W
- **SPP Web site / Knowledge Mgt.**
  - Coord w/ CNG
- **Secretary / Treasurer**
  - TBD
- **Events / International Liaison**
  - TBD
- **Membership Welcome / Identify interests**
  - TBD
- **Chapter Liaison**
  - TBD
- **Sponsorship (Task Force / Treasurer)**
  - TBD

### Research Activities / Operating Committee

- **Task Force 1 – Benchmarking SPP**
  - Pierre Ratte, Hartford Holdings
- **Task Force 2 – SubPortfolio**
  - Christelle Bron
- **Task Force 3 – Technology**
  - Charmon Tovar
- **Task Force 4 – Optimizing Capital**
  - TBD
- **Task Force 5 – Big Data & Analytics**
  - Peggy Withrow

- **Research / Chapter Activities –**
  - Barry Alton (NY)
Participate: Become an Affiliate!

To join the SPP Community you MUST be a member of CoreNet Global. Then……..

- When you renew your membership for 2013 (*dues invoices to be mailed October 2012*), select the Strategy and Portfolio Planning (SPP) as your PRIMARY or SECONDARY affiliation.

- Your PRIMARY affiliation is free of charge and is included in the membership fee – just remember to make a selection!

- SECONDARY affiliations cost USD50 for one year.
Enjoy the Summit!