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Preface

This thesis is the final product for my graduation at the MSc program Real Estate Management & Development at the Eindhoven University of Technology. For this final thesis I studied the worlds of healthcare, corporate strategies and real estate strategies. These subjects are not common in the curriculum and therefore, for me, very interesting. I was able to study these subjects at Coresta Group bv, an organization specialized in corporate real estate strategies.

These are very interesting and uncertain times for care institutions. Legislation is changing and the market presents different demands. To be able to deal with these developments, care institutions must take a closer look at their strategies regarding their organization and their real estate. This is not an easy task, given the fact that this sector was regulated for many decades.

Besides the care institutions who are struggling, scientific studies also struggle with the alignment of the strategies. Few studies address this alignment and their findings are often general and differ from each other. This thesis therefore tries to shed some light on these subjects and analyzes and structures these developments and problems. This thesis also provides new insights into the alignment between strategies.

I would like to thank Rianne Appel-Meulenbroek and Gordon Brown for their helpful comments and continuous support as my supervisors from the Eindhoven University of Technology. I am also very grateful to everybody at Coresta, especially Arjan Kuijpers, Ben Feijts and my supervisor Johan Paul for their comments and practical support. Furthermore, I would like to thank all the experts who participated in the interviews which provided input for this study. Finally, I would like to thank my family, my boyfriend and my close friends for their support and faith in me.

Yvette Ramakers

Eindhoven, February 2008

Executive summary

The care sector in The Netherlands is changing rapidly due to (upcoming) changes in the care legislation. The government tries to stimulate more market forces and tries to create an environment where care institutions have to behave more like profit organizations in stead of non-profit. Many of these organizations still feel threatened by these new market forces, because for over fifty years, they played by the rules of the government.

Their (often) inexperience with CREM and real estate strategies, can cause troubles for their organizations when the market mechanism is at full speed and when new entrants arrive in this market. Therefore, it is eminent that care institutions develop a solid corporate strategy and real estate strategy. The research objective for this study is therefore:

Provide founded comprehensive information in order to aid care institutions in choosing the optimal real estate strategies.

The care sector

All the developments influencing the care sector start with one basic development: demographics / the ageing of society. This large group of retiring people results in a much smaller group of working people. This has two effects. The first one is a substantial shortage in personnel that can take care of the large group of elderly. The second one is that this smaller group of working people cannot provide enough tax money to keep the social security system as extensive as it was the last decennia. The government slowly changed their policy and legislation and stimulated the separation of living and care. They also try to stimulate the market forces by changing the reimbursement system. The new generation elderly is also different from the current generation elderly. They are much more emancipated and have their own specific demands.

These developments will place care institutions in a much more competitive market. They will have larger financial and organizational risks and they will have to deal with more demanding elderly. According to the experts this will result in a sector with more mergers and private initiatives and will focus more on home care and nursing homes and less on care homes. The care institutions will also confer to the market and pay more attention to the demands of the elderly. They often prefer to live independently as long as possible, small-scales living is becoming more popular, they want more differentiation in order to chose the accommodation that suits them the most.

Alignment between strategies

There are many new developments going on in the care sector and especially the developments concerning real estate can have a far reaching effect. Therefore it is important that care institutions can make the most optimal decisions concerning their real estate. In order to add maximum value to the organization, real estate strategies have to be aligned with corporate strategies. Therefore, 8 scientific studies, which claim to align corporate and real estate strategies, were analyzed. This analysis showed different variations of possible alignments between the strategies. However, each study had its positive and negative aspects. The studies tended to use many different corporate strategies. This phenomenon was largely responsible for the differentiations in the alignments. The studies were more on line with each other on the real estate strategies. This is not surprising, because there is little research done in this field and therefore they all refer to the same sources. After analyzing the studies, the choice was made to focus on the alignment of the first step of strategy formulation with real estate strategies. To try to create a complete alignment between corporate strategies and real estate strategies is complex and time consuming; therefore this thesis limited itself to the first step of strategy formulation. This first

step is represented by the concept: driving forces. This concept from Tregoe & Zimmerman (1980) was seen a few times in the analyzed studies and was representative for the first step. The real estate strategies that would participate in the alignment are a mix of all strategies, but are most comparable to the strategies of Lindholm, Gibler & Leväinen (2006).

Alignments in the care sector

To establish a reliable alignment between the driving forces and real estate strategies, experts in the field of care will be interviewed extensively and they will be asked to present their views on the care sector and on the alignments. They are asked to indicate the importance of real estate strategies to the driving forces. These results can be found in figure a.

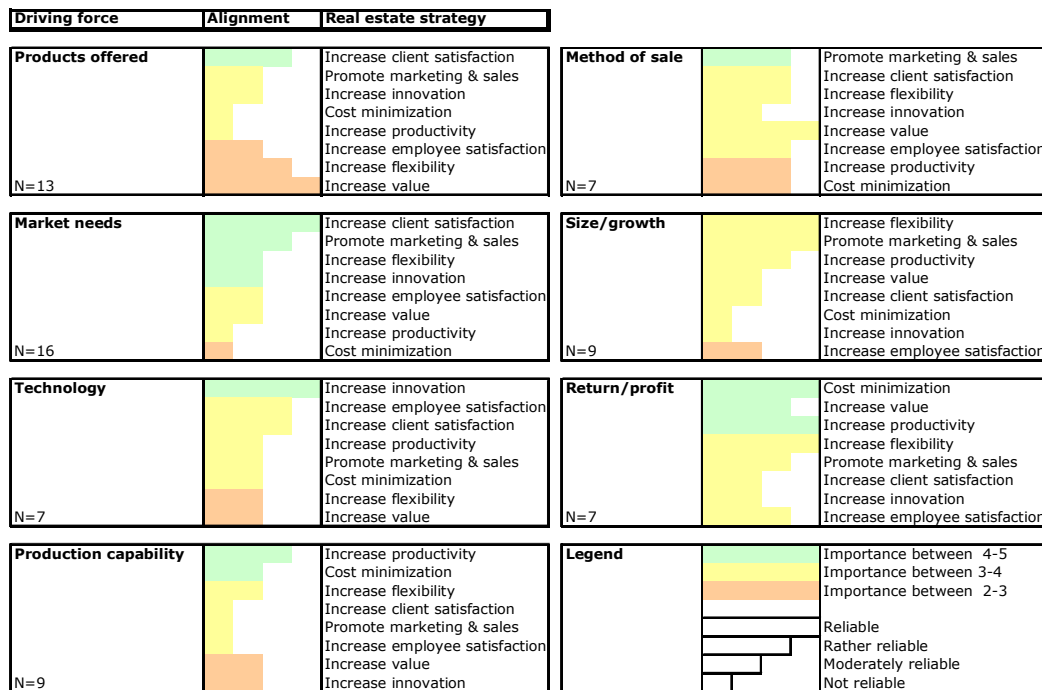


Figure a: Overall alignment between the corporate strategies and real estate strategies as indicated by the experts.

The individual alignments show that for the most important driving force in the future according to the experts, *market needs*, the real estate strategy *increase client satisfaction* is the most important. This is remarkable, because this real estate strategy was added by a group discussion with Coresta Healthcare and has not been studied in scientific studies before.

This overall alignment is made specifically for the care sector, is realized with a limited number of experts and the results diversify in reliability. Therefore, this alignment is limited in its practical usage. However, this alignment provides insight into the importance of each real estate strategy for each driving force. It shows how the experts view these strategies and it shows the areas in which the experts still have many disagreements. Decision makers in care institutions are stimulated to think about their corporate strategies and their real estate strategies in a different perspective. They are stimulated to rethink their current strategies and start at the basis of their organization again. They are stimulated to think in big ideas instead of small solutions. Together with their own exploring of their care institution, the established alignments in this study can provide guidance for a more optimal alignment with their real estate.

Recommendations are made in order to increase the reliability of the alignments, for example more respondents, testing with case studies and in a time were there is less uncertainty in the sector. It is also recommended that more research should be done in the next steps of the alignment to make the alignment more complete. Also the real estate strategy *increase client satisfaction* should be explored, because this *new* strategy is indicated the most important in the future.

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1

Problem exploration

To introduce the subject of the thesis and to explain how the research will be performed, this first chapter will provide a clarification of the motivation, the problem outline, the problem definition, the research questions, the research objective, the research outline and the demarcation of this thesis.

1.1 Motivation

History has shown the positive effects of corporate strategy on an organization. To improve the effect on corporate performance, this strategy should be implemented in all business units and primary functions of an organization (Roulac, 2001). The most successful organizations have a clear and well implemented strategy in most parts of their organization. However, there is one primary function that is often left without a clear strategy; real estate. Research into almost 200 Fortune 1000 organization shows that over 2/3 of all these successful organizations do not incorporate real estate as a part of their core strategy (Osgood, 2004). The reasons for lacking clear corporate real estate strategies can be different for each organization. All too often there is the problem that the real estate strategies they might pursue are not clear or explicit (Nourse & Roulac, 2004). There is also the age-old perception that real estate is not a part of the core business or strategy, but rather a support strategy (Osgood, 2004). Other organizations state that 'they are not in the real estate business', while in the meantime a large amount of their assets often are in real estate (Nourse & Roulac, 2004).

Organizations have to realize that implementing a real estate strategy is necessary to meet the challenges of globalization, changes in technology, movement into a service economy and innovations in workplace design (Lindholm & Leväinen, 2006). An explicit real estate strategy which suits the organizations can create value in more ways than one. The emergence of corporate real estate management (CREM) has supported this movement and the search for strategies aimed at enhancing the value of real estate assets and facility related services to the core business (Lindholm, Gibler & Leväinen, 2006). However, there is still little systematic research available about the alignment between corporate strategies and real estate strategies. Few scientific studies describe this alignment and they are also at the beginning of this complex task. The attempts of aligning the strategies are till this day mainly based on experience and intuition. These factors are important when the decisions must be made, but with more research done and more founded methodologies, these decisions can be optimized.

In The Netherlands CREM is also an upcoming aspect in many organizations. However, it is noticeable that the commercial/profit organizations are further along in the process of embracing CREM than the non-profit and governmental organizations. Most health care institutions in The Netherlands are non-profit organizations. They have operated in a highly regulated market for many decades. This regime is coming to the end of its term. The government is more and more deregulating this market by liberalizing and letting the market mechanisms do their job. They have made many changes in the legislation and are planning to make even more changes in the years to come. These changes are introduced in order to stimulate the market mechanism and to make the organizations more competitive and aware of their accommodation decisions and policy (VWS, 2005).

1.2 Problem outline

The organizations that operate in the care sector have been under the wings of the government for decades and most of them are not familiar with CREM and corporate real estate strategies. They never had to be familiar with the modern types of management, because the government dictated many rules, which gave the organizations little room to explore innovative alternatives (Gibbels, 2006). The care sector in The Netherlands is changing rapidly due to (upcoming) changes in the care legislation. The government tries to stimulate more market forces and tries to create an environment where care institutions have to behave more like profit organizations in stead of non-profit. Many of these organizations still feel threatened by these new market forces, because for over fifty years, they played by the rules of the government (Gelder, 2006).

Their (often) inexperience with CREM and real estate strategies, can cause troubles for their organizations when the market mechanism is at full speed and when new entrants arrive in this market. Therefore, it is eminent that care institutions develop a solid corporate strategy and real estate strategy (van Kessel & Swen, 2006).

1.3 Problem definition & objective

The problem outline described the situation of the problem. In order to narrow this problem down and to give direction to this thesis the following problem definition is formulated:

Which relationships can be distinguished between corporate strategies and real estate strategies of care institutions, under influence of the (upcoming) changes in the care sector, and in which way can this information contribute in establishing an optimal real estate strategy?

In order to provide a founded solution for this problem, the problem definition will be subdivided into several research questions. By means of these research questions, the problem will be structured and the combination of these separate answers will result in a comprehensive solution. These are the research questions:

1. Which developments are influencing the care sector and how?

2. Which corporate strategies can be distinguished?

3. Which real estate strategies can be distinguished?

4. How can the found strategies contribute in making an optimal alignment?

5. Which strategies are applicable in the care sector?

6. How can this information be combined and aid care institutions in choosing the optimal real estate strategies?

Following from the problem description and the research questions, the research objective is:

Provide founded comprehensive information in order to aid care institutions in choosing the optimal real estate strategies.

1.4 Research outline

The research outline will explain the basic structure of the thesis and will describe the different steps in solving the problem.

Chapter 1: Problem exploration

In this current chapter, the problem exploration is discussed. The motivation for the thesis and the problem are clarified. The problem definition, the research questions and the research objective are defined, demarcations are made, the relevance of this thesis to practice and science is explained and the role of Coresta Group BV is clarified.

Chapter 2: The care sector

In the second chapter the Dutch care sector is explored, providing more information about the developments that are influencing the care sector. The care sector is analyzed in 3 steps: on the macro-, meso- and micro level. This will result in an overview of which developments are of influence on the care sector, how the care sector is organized and what organizations are operating in this sector.

Chapter 3: The alignment between strategies

In chapter 3 the types of alignments between corporate strategies and real estate strategies are studied. Based on scientific studies, the different discovered alignments will be organized and analyzed. This information will lead to an insight into the most optimal alignment between corporate and real estate strategies.

Chapter 4: The alignment in the care sector

The information about alignments found in chapter 3, will be projected on the care sector in chapter 4. By means of expert interviews the information from the literature research will be combined with more practical information from the field. This will result in an alignment between corporate strategies and real estate strategies in order to aid care institutions in making optimal strategic real estate decisions.

Chapter 5: Conclusion & recommendations

The last chapter will conclude on the findings of the study. This chapter will also make recommendations for further research.

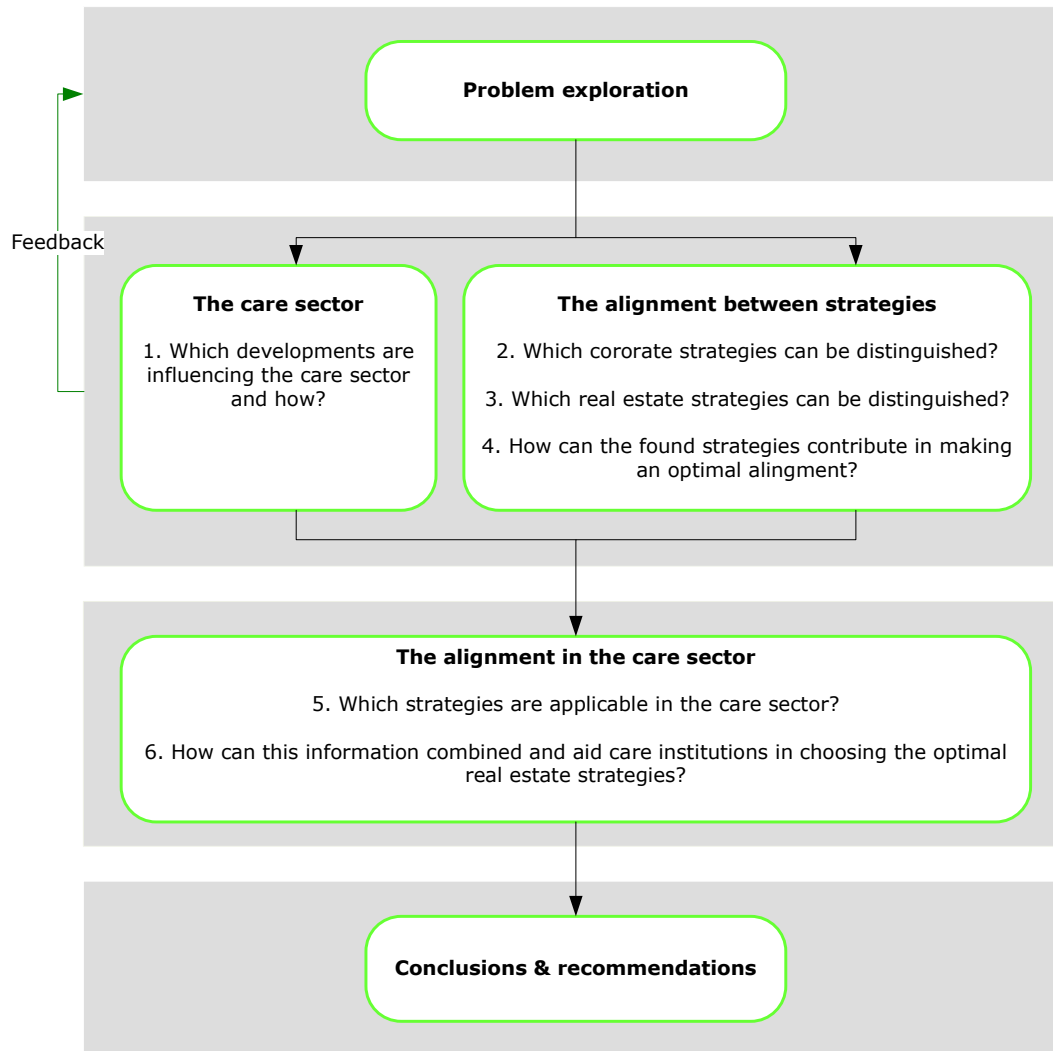


Figure 1.1: Research outline of the thesis

1.5 Demarcation

This thesis focuses on care institutions that provide *intramural accommodations* for people who need *nursing or care*. The care sector is much broader, but the other kinds of institutions all have their own specifics when it comes to their accommodations, what would make the study very complex and broad. This demarcation makes it possible to be more specific about this certain type of institution. Thus, the intramural care and nursing institutions are referred to when 'care institutions' are mentioned. These types of accommodations are a part of the General Law Special Health costs (AWBZ¹). The AWBZ is a national insurance for healthcare costs, for which people can not be individually insured. Each legal inhabitant or employee of The Netherlands is collectively insured and has a right to a reimbursement from the AWBZ (VWS, 2006). This thesis focuses solely on care institutions *within The Netherlands*. This because the healthcare system in The Netherlands is very different from other countries and also the changes in the legislation that trigger the market forces are only applied in The Netherlands.

¹ Algemene Wet Bijzondere Ziektekosten (AWBZ)

1.6 Relevance

The relevance of this thesis can be divided into two parts; the scientific relevance and the practical relevance.

The scientific relevance of this thesis is in the larger extent the alignment between the corporate strategies and the real estate strategies. Till this date, there has not been much research done into this subject. This thesis analyzes the studies that do exist on this subject and tries to take the next step towards an optimal alignment between these strategies. Therefore, this thesis conducts explorative, qualitative research.

The practical relevance is especially focused on the care institutions. The care institutions will be responsible for their real estate in the near future and the results from this thesis will help them in making optimal strategic real estate decisions. This thesis does not deliver tailor-made solutions, but can provide directions for and insights into their real estate strategies.

1.7 Coresta Group BV

This thesis is realized in cooperation with Coresta Group BV. Coresta Group BV is an expert in corporate real estate management and is active in the fields of government, education, social employment and healthcare. This thesis is especially supported by Coresta Healthcare BV. Coresta Healthcare BV is specialized in the health care sector and more specifically in nursing and care institutions. They provide care institutions with strategic advice concerning their real estate management and development.

2

The care sector

The care sector in The Netherlands has had a dynamic past and till this date the dynamic market continues, under influence of changing governments, economics, demographics and so on. Therefore the first glance of this chapter will be on the history of the care sector [2.1]. Next, the current status of the care sector is examined. This analysis is done outside-in, which means that first the macro-level is analyzed [2.2]. This paragraph gives an analysis of the macro-environmental influences according to the PESTEL²-method. Subsequently the meso-level is analyzed [2.3]. This paragraph explains how the healthcare sector operates at the moment, what the mayor changes are and how they will influence the sector. The micro-level clarifies the situation concerning the care organizations and their real estate [2.4]. Figure 2.1 clarifies the structure of the analysis. The analysis done in this chapter provides half of the analysis of the SWOT-method (Strengths, Weaknesses, Opportunities and Threats). A SWOT analysis summarizes the key issues from the business environment (O&T) and the strategic capability of an organization (S&W) that are most likely to impact on strategy development (Johnson, Scholes & Whittington, 2006). The opportunities and threats of care organizations will be discussed in this chapter. Strengths and weaknesses can only be identified for individual organizations and therefore they are not discussed in this thesis. To make the opportunities and threats from the business environment insightful, they will be placed in the margin next to the concerning text that explains the opportunity or threat. At the end of this chapter [2.5] they will be summarized in a matrix and their relevance to real estate will be discussed. This last paragraph will also answer the first research question: Which developments are influencing the care sector and how?

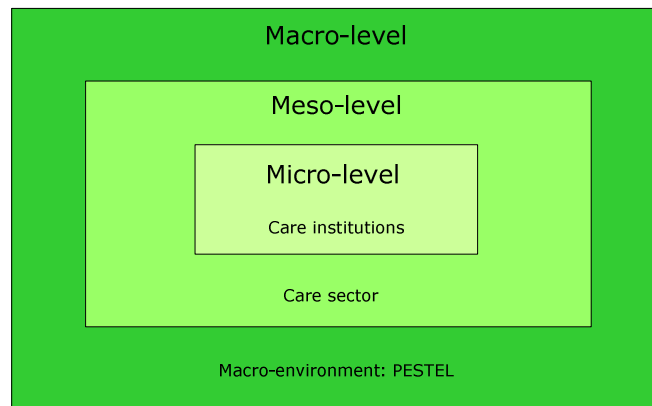


Figure 2.1: Structure of the analysis

² PESTEL is a method to analyze the macro-environment on the following subjects: political, economic, socio-cultural, technological, environmental and legal.

2.1 History

At the beginning of the twentieth century the government introduced the first social securities (Boer & Punt, 2000). After the Second World War, everything had to be rebuilt and there was a relatively quick expansion of the governmental tasks. The welfare state got more and more its own identity and also the social securities regarding to healthcare experienced a structured and spread growth (Boer & Punt, 2000). The growing costs for care were in the fifties and sixties compensated by the economic growth (Kuijpers & van Loon, 2006). This growth suddenly stopped in the mid-seventies, when there was an oil-crisis in 1973. The governmental expenses rose quickly and they set in a new trend: economize (Boer & Punt, 2000). The eighties distinguished themselves by big cuts, also in the health care sector. In the nineties this trend continued. The ageing of society and the regulations of the government however caused long waiting lists (Kuijpers & van Loon, 2006). By this time the majority of the people understood that the welfare state could not expand limitlessly and they started to see the problems that were ahead (Boer & Punt, 2000). The government introduced a new means that should be the solution to the problems: market mechanism (VWS, 2005; Kuijpers & van Loon, 2006).

2.2 The macro-level

To analyze the macro-environment, it is useful to implement the PESTEL-framework. The PESTEL-framework categorizes environmental influences into 6 main categories: political, economic, socio-cultural, technological, environmental and legal developments. These categories are not all independent of each other and many are connected. The PESTEL-framework looks at the future impact of environmental factors (Johnson, Scholes & Whittington, 2006). In this paragraph only the macro-environmental developments that are of influence on the care sector are discussed. The political and legal influences have many connections with each other and therefore are combined in 1 section.

2.2.1 Socio-cultural

Population demographics

Around 1950 there were just over 10 million people living in The Netherlands. In 50 years, this amount grew to over 16 million people and the forecasts are that the peak will be around 2030-2040 when there will be 17 million people living in The Netherlands (www.cbs.nl). Besides the fact that there are more people, there is also a demographic shift in the population. This is partly due to the baby boom after the Second World War, where relatively many children were born. In the sixties and the seventies the birth rate decreased rapidly. As a result of this, the proportion between the elderly and the youth is out of balance and created a bubble in the population. This baby boom generation creates an ageing in society. Not only are there now more elderly, they also tend to get older, due to better healthcare (Garszen & van Duin, 2007). This can be seen in figure 2.2.

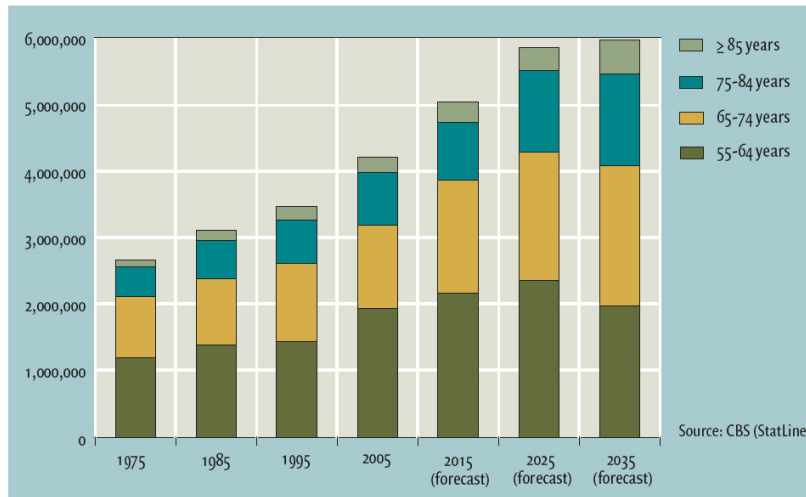


Figure 2.2: Amount of people in different age groups, from 1975 to a forecasted 2035 (www.cbs.nl)

As shown in figure 2.2, in the coming decades the number of elderly people will increase, especially the age groups of 75 and older. Due to the fact that with age come more diseases and disabilities, the need for health care will increase (www.rivm.nl).

Opportunity 1

When the need for care increases, the need for care institutions and health care also increases, therefore the amount of real estate needed for care increases.

Health

Besides the ageing of society there are more developments with an effect on health care. An investigation of the CBS shows that 3% of the Dutch population feels that their health situation is worse than 10 years ago. It also shows that the use of care facilities has increased. Especially the dentist, physiotherapist, alternative healers were visited more often. The use of medicine and the contraceptive pill also increased. The development of lifestyles shows that less people smoke, less people are heavy drinkers, but more people were (seriously) overweight (CBS, 2007). The ageing and the lifestyle factors, such as obesity, might result in an increase in chronic diseases at older ages (ABN AMRO Economisch Bureau, 2007³). This will result in a higher demand for care and also more intensive care. This will have the same reflection on real estate.

Opportunity 2

Ethnic community⁴

The number of foreign elderly (>55) is limited up till now. The predictions are that this group will have an expansion in the coming years; from 125.000 in 2005 to 228.000 in 2015. 70% of the non-western foreign elderly are Turkish, Moroccan, Surinamese and Antilleans. Foreign elderly live mainly in the 4 largest cities of The Netherlands. They live mainly in pre-war and city-renewal neighborhoods, where great concentrations of foreigners live. In these living areas, livability and social security are under pressure. Due to their low-incomes, foreign elderly live in the qualitatively less suitable houses. The foreign elderly also want to live independent for as long as possible. Besides the independency they attach great importance to culture, living near their children, family and acquaintances.

Most foreign elderly only want to go to a nursing or care home, when there is no other option. Moving to a nursing or care homes, would mean that their children or family do not want to take care of them and

³ A think tank from the ABN AMRO bank which analyze financial and socio-cultural developments.

⁴ The information in this section is based on the report 'Allochtonen ouderen & wonen' of the Dutch institute for Care and Wellbeing (NIZW) and the Institution for Multicultural Development (FORUM), unless noted otherwise.

this would mean a loss of prestige. They also don't know much about the Dutch nursing and care homes and home care is also relatively unknown to foreign elderly. There are only few foreign elderly who use the facilities of home care. This is often due to the help they get from friends and family, the unfamiliarity with the concept, the language barrier and the amount of money.

This research shows that the ethnic community is a population group that does not participate largely in the health care sector and therefore will not create many changes in the take-up of care.

Education⁵

The level of education is indirectly of influence on the care sector. The biggest influence is noticeable through people's chances on the labor market and the level of their income. Secondly, the level of education can also show in their political involvement, social participation, participation in cultural life, leisure time use, use of ICT and health. Taking these factors into account, indirectly the level of education has an influence on their demand for and take-up of care. This can be explained on the one hand that the working conditions and the less healthy lifestyle of people with a low education constitute a risk factor for disabilities; on the other hand, disabilities at an early age can stand in the way of a successful school career.

The last few decades the level of education in general has risen. An increase in the level of education results in more active, assertive and self-reliant elderly (ABN AMRO Economisch Bureau, 2007). They have often built up a good pension, are more able to defend their own interests and have fewer difficulties to find their way to the relevant authorities than the current generation elderly people.

Research shows that higher-educated people often have the means to receive domestic help and to pay for adaptations in their homes. This results in more higher-educated people living independently for a longer time. Lower-educated people more often live in care homes. Those who live independently often receive help from acquaintances, friends or their children.

Threat 1

The raise of the education level therefore will reflect especially in the raise of home care. This is a threat for solely intramural care institutions.

2.2.2 Economic

Employment

Threat 2

Due to the problem of an ageing society, the government is trying to increase the number of elderly people in paid employment. This is done because the social security system is under great pressure by the ageing population. The working population will become too small to be able to pay all the taxes to keep the social security system in tact (De Boer, 2006; ABN AMRO Economisch Bureau, 2007). By maximizing the working population, the pressure on the social security system can be reduced. Likewise, by working till an older age, people stay more vital and need less care at earlier ages. This will also reduce the pressure on the social security system.

Opportunity 3

Employment has risen over almost all age groups from 1992 till 2005 (www.cbs.nl). The strongest growth is in the age group 55-59 years old, the employment of the older age groups has grown less rapidly. This is due to the fact that people over 60, take early retirements, are incapable of working, are unemployed or are unsuitable for the labor market. The average person in The Netherlands prefers to stop working at age 63. The exit rates of the labor market show that in 2004 people left the labor market at an older age than in 1993. This indicates that people actually do work longer and till an older

⁵ The information in this section is based on the 'Report on the elderly 2006' of the Social and Cultural Planning Office of the Netherlands (SCP), unless noted otherwise.

age. This trend of longer and more employment is due to the fact that more women participate in the labor market nowadays and to the rising level of education (De Boer, 2006). Studies have shown that in The Netherlands, less well educated people participate less in the labor market than well educated people. Also a higher percentage of the well educated people participate in the labor market till older ages (De Boer, 2006).

Threat 3

This development is a good sign for the social security system. However, for the care sector, there is still another problem. With the decrease of the younger generation there will be less people to take care of this growing group of elderly who need care. Also more and more new participants on the labor market do not opt for care work, because of its poor pay, demanding work and unattractive working hours. Their vastly improved level of education has opened other opportunities in the labor market with better career options, friendlier work settings and higher pay (Outshoorn, 2002).

Disposable income

The disposable income of people is relevant to the care sector especially in times of the stimulated market forces. Earlier was stated that people with a higher education (who often have higher disposable incomes) live independently for a longer time, with the result that home care increases and intramural care decreases. However, many (well educated) elderly do need intramural care at one point in their life. All people receive a basis reimbursement for their care, but if their disposable income is higher, they are more likely to choose a better, larger and more luxurious accommodation, fit for their needs with all the facilities they want. When the market produces more diverse accommodations with different levels of care services, the client has a wider choice and therefore will choose the accommodation that fits their needs and their budget. Till this day, there is not much differentiation in the accommodations, but with the changing legislation the future creates more options for institutions to differ in their accommodations and to provide more options for their clients.

Opportunity 4

The overall disposable incomes have risen over the years, also for the elderly. The disposable income of the elderly is still low in comparison with the working class age groups. The reason for this is that current generation seniors mostly did not save for a pension during their working career, which means that they have to get by on the old age pension (AOW⁶). This picture becomes brighter in the future, when the baby boom generation retires. They did save for their own individual pension, which means that their disposable income will be higher in the coming years (NIZW, 2004).

According to Aedes-Actiz (www.kcwz.nl) the number of elderly with a low disposable income will stay the same, the elderly with middle-incomes will experience an important growth and the elderly with high incomes will increase slowly. Another important fact is that many of the future elderly have their own homes (www.cpb.nl).

The increase of the disposable incomes results in the fact that elderly have more purchasing power and therefore will have more money to spend on health care. The market will develop more differentiation in accommodations for people to choose from.

2.2.3 Political & Legal

Political and legal developments create radical changes within the care sector. These developments try to transform the care sector from a regulated market into a deregulated market, which is controlled by market forces. A big catalyst of these changes is the Law Admittance Care institutions (WTZi⁷). This section will first explain how the system of reimbursements works and second this section will explain which opportunities and threats will emerge from the changes.

⁶ Algemene Ouderdomswet (AOW)

⁷ Wet Toelating Zorginstellingen (WTZi)

Changes by the WTZi

In the situation before the 1 January 2006 the insurance legislations: National Health Services legislation (ZFW⁸), the General Law Special Health costs (AWBZ⁹); the capacity legislation: Law Hospital Facilities (WZV¹⁰); and the tariff legislation: Law Tariffs Health care (WTG¹¹), were connected (VWS 2005). It was a closed system that was centrally controlled. To decentralize this system, the laws had to be changed. The 4 aspects that have to be changed to do so are: The building regime, the admittance, the contract obligation and the guarantee of debt servicing charges (van Lare, 2006).

In the building regime the minister of VWS decided whether the building initiatives of a care institution, fit within the criteria set by the government, for the spread, need and available budget for care institutions. The government got advice from the Council Building Hospital facilities (CBZ¹², now Council Care Facilities (CBZ)). When the project fit within the plans of the government, the care institution got a declaration of need and was added to the priority list. The CBZ checked whether the plans met the demands and eventually they issued a permit. This license automatically guaranteed the finance of the construction. The building regime will probably be fully cancelled on 1 January 2009 for the care institutions.

The contracting obligation was the obligation of the health care insurers and the care institutions to make agreements with each other. The health care insurers were obliged to sign a contract with every care institution and care institutions were obliged to offer the same contract to every health care insurer. Since 1 January 2005 the contracting obligation has ended.

With the introduction of the WTZi on 1 January 2006, the CBZ no longer controls the admittance of the care institutions; this is now done by the WTZi. The WTZi automatically disconnects the admittance and the issuing of a permit.

In the WTG was arranged that the care institutions with a permit automatically could count on a reimbursement of the accommodation costs, in spite of their production. This reimbursement consisted of annual reimbursements for interest-, depreciation- and maintenance costs on the one hand and pulling rights on the other hand, which gave the right to a renovation after 20 years.

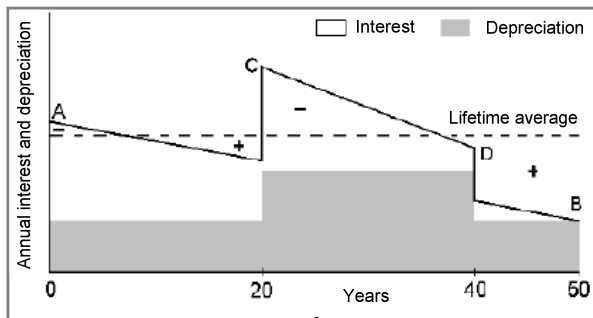


Figure 2.3: The current reimbursements till 1 January 2009 (VWS, 2005)

Figure 2.3 shows the reimbursement for the interest and depreciation during the lifetime of a building. The reimbursement of the linear depreciation is based on the historic building costs and assumes a technical lifespan of 50 years. The jump of the line CD shows the investment for the renovation, from the build pulling rights, after 20 years. The renovation is depreciated in 20 years and after that, the original line of reimbursements for interest and depreciation continues (VWS, 2005; Lare, 2006).

⁸ Ziekenfondswet (ZFW)

⁹ Algemene Wet Bijzondere Ziektekosten (AWBZ)

¹⁰ Wet Ziekenhuisvoorzieningen (WZV)

¹¹ Wet Tarieven Gezondheidszorg (WTG)

¹² Council Bouw Ziekenhuisinstellingen (CBZ) (Later: Council Bouw Zorginstellingen (CBZ))

With the introduction of the WTZi, the start of the transition regime for the reimbursement system has been made. On 1 January 2009 the building regime is probably fully cancelled and the debt servicing charges are then an integral part of the tariffs for the AWBZ institutions. These integral tariffs are for the time being called Normative Accommodation Component (NHC). The NHC is not as much a part of the WTZi, but more a consequence from the WTZi. In the future the government wants a complete separation between living and care (CBZ, 2005a).

Normative Accommodation Component (NHC¹³)

The system of the NHC's is based on the care production of an institution. The institution then receives an annual amount that should be sufficient to cover all the investments and the maintenance costs (figure 2.4). This amount is based on the number of patients in the care institution times the height of the reimbursement for the indication of the clients. This new reimbursement system is called care-weight-payment and the most important products of this system are the care-weight-package, ZZP's¹⁴ (VWS, 2007b). On the first of January 2007 the ZZP's were introduced. In this new system the care institutions are reimbursed based on their achievement per client. These achievements are expressed in ZZP's. The ZZP's are used in the indication giving, the reimbursements, the care purchasing, the justification of the given care and the registration. A ZZP is a package of care that fits the characteristics of a client and the care that the client needs. A ZZP consists of a description of the type of client, the necessary hours of care, a description of the care and the delivery conditions (CBZ, 2007). Every ZZP has its own price level. VWS created 45 ZZP's for the 3 sectors within the intramural care: 10 for nursing and care, 7 for mental health care and 28 for handicapped care. The Centre Indication giving for the Care (CIZ¹⁵) assigns the ZZP's to the patients. Thus, the number of people with ZZP's and the kind of ZZP they need together determine the amount of money that the care institution receives from the government (VWS, 2007b).

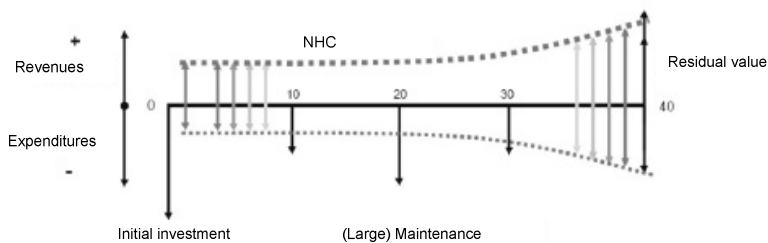


Figure 2.4: The system of the NHC (Fritzsche e.a., 2004)

VWS believes that, this new system of reimbursements will lead to a higher quality of the care institution, lower costs, and less administrative work. They believe that by giving the care institutions the responsibility for their own investments, the care institutions will have economic stimulations to respond better to the demand for care (VWS, 2007a). The process of implementing the NHC's will take place in phases, to let the institutions get acquainted with the new legislation and get their finances in order. This description of the NHC's is a rough frame of what the exact new reimbursement system will look like. The exact design of the NHC's is not determined yet. VWS is still discussing internally and with other organizations about the exact content and the exact height of the reimbursements. The NHC's are supposed to take action on 1 January 2009 (VWS, 2007a).

¹³ Normatieve Huisvestings Component (NHC)

¹⁴ Zorg Zwaarte Pakket (ZZP)

¹⁵ Centrum Indicatiestelling Zorg (CIZ)

This section political & legal will result in many opportunities and threats for the care sector. Therefore, only the most important opportunities and threats will be discussed.

Reimbursement

- Threat 4 For a care institution the new reimbursement system creates new opportunities and threats. Concrete, the absence of care production will result in no compensation for their debt-servicing charges. Besides that, the new reimbursement system provides an annual amount and does not take into account the extra costs that may have been made. Here the risk is, that the investment rhythm of the care institution is different from the reimbursements they receive. In the current system the reimbursements of the accommodation costs adapt themselves to the investment rhythm of the institutions. In the new system the reimbursements are constant and this can cause great problems in the institutions' cash flows. Also the amount of money they will receive can differ from the amount they were used to receive (VWS, 2005; RVZ, 2006; Graat, 2007).
- Threat 5

Financing

- Threat 6 Besides the cost there is also the capital risk. The position of the financiers as stakeholders of institutions becomes stronger. The current risk on real estate is small, but in the new system the risk becomes much larger. The Dutch care institutions now finance their capital needs mainly with short term and long term loan capital which they attract from banks. The Dutch care institutions currently are, on estimation, more than € 10 billion in debt on loan capital with banks. These banks have an AAA rating and can therefore loan their money cheaper than most commercial banks. These banks are also statutorily obliged to loan an eminent amount of their loan capacity to low risk institutions. The consequences for these loans, when the risk profile of the care institutions increases, are still unclear. The financiers will make risk calculations, based on the financial situation of a care institution, but also on the reliance on the board, management and business plan of the institution. If the financiers foresee larger risks in the financing of the care institutions, the interest will go up and the loan will have less profitable conditions.
- Opportunity 5 The financing conditions could also become more positive. When the strict regulations disappear, care institutions can be build more marketably and with an eye on the future. This lowers the risk for financiers and therefore positively influences the financing conditions. (RVZ, 2006).

Competitors

- Threat 7 Besides the cost and capital risks, there is also the risk of competitors. By the abolishment of the licenses, the entrance of new competitors is possible. This can be considered a threat, because of more competitors, but it can also mean new opportunities for new entrants and for existing institutions to enter new regions or markets. This alteration is reinforced by the fact that from 1 January 2009 the Council Rationalization Care institutions (CSZ¹⁶) will be abolished. Therefore, the care institutions can keep their profits and do not have to hand them over to the CSZ anymore (VWS, 2007a). With the abolishment of the CSZ they also have more freedom concerning the disposal of their real estate and the building of their own capital (VWS, 2007a). With the abolishment of the CBZ the care institutions can make their own decisions concerning their investments. They can choose freely if they want to rent, buy or lease and also with which party they want to work (VWS, 2007a).
- Opportunity 6
- Opportunity 7
- Opportunity 8

PGB

Since 2007, clients can choose where they want to receive their care. They receive a Person Bound Budget (PGB¹⁷), they receive a reimbursement for care in capital, or they receive a Person Following

¹⁶ Council Sanering Zorginstellingen (CSZ)

¹⁷ Persoons Gebonden Budget (PGB)

Opportunity 9 Budget (PVB¹⁸), they receive care in kind¹⁹. For a long-term stay a PGB is not possible yet (VWS, 2007b; NZa, 2007; Graat, 2007). This means a new opportunity in the sense that if the institution performs well, it will have many clients. However, if a care institution is not attractive to clients; the possibility exists that a care institution can become entirely vacant and this will not be compensated by the government anymore.

Threat 8

Book value

The book value problem in the care sector occurs with functionally outdated buildings, where the book value is much higher than the economic value. This problem occurs over the entire health care sector, but is the largest with the care institutions. This problem is largely caused by the depreciation based on the historic costs. New development has an obligated historic depreciation term of fifty years and large scale maintenance in twenty years. There is no distinction between the different sectors. In the care sector the book value problem is estimated at € 5 to € 7 billion (Laverman 2004 in Graat, 2007). In the care institutions almost 75% of the real estate supply is of moderate to bad quality.

Threat 9

This is a very serious problem on the balance sheet of a care institution. However, there are also a few positive aspects on the balance sheet, which increase the value of real estate. The largest aspect is that the value of the ground and the terrains is also based on the historic costs and not on the market value.

Opportunity 10

Also institutions with services on central locations in large cities have extra 'non-activated' value (RVZ, 2006a).

2.2.4 Technological

Domotica

Domotica is a generic term for information and communication technology in and around the house. It tends to make the household chores, communication, care and leisure around the house more convenient and comfortable. Domotica also makes it possible for elderly and handicapped to live independently in their own homes for a longer period of time (CBZ, 2006). Experimental projects with domotica have showed that it can be applied in homes of people with very different needs of care; even for people with physical disabilities, senile dementia and cognitive disorders with intensive need of care. An important condition to apply domotica into a house is that the owner/user is able to understand how to use the appliances.

Domotica can help with care in more than one way:

- It provides the possibility for people to live longer in their own home.
- It creates a safer environment for people to live in, for example by automatically turning of the gas, automatically turning on the lights and being connected to an alarm post.
- It leads to a lower working intensity for the staff and a reduced need for personnel.
- It reduces administrative workload by automatic registrations of personnel and clients.

There are some ethical question marks to domotica. The registration of activities and the placing of camera's can be an infringement on a person's privacy. The actions therefore must be relevant for the clients or personnel's convenience and/or safety and it must always be conferred with the clients and/or their close ones (CBZ, 2006).

Threat 10

Due to these technological innovations in domotica, people can live longer in their own homes. This is negative for the institutions that provide solely intramural care. For the intramural care it has the

Opportunity 11

advantage that domotica can make their working environment more efficient.

¹⁸ Persoons Volgend Budget (PVB)

¹⁹ A care institution, where they will be cared for, will be assigned to them

Healing environment

Healing environment is a term that suggests that the build environment can have a direct influence on the healing process or at least on the well-being of the client. The practical and economical aspects are not taken into consideration. It is all about the perception of the environment, the interaction between the environment, the feelings and the health of the clients (Heijmen, 2007). There are many aspects of a building that can contribute to a healing environment. Some examples are:

- *The view.* Especially for less mobile clients, a view is an important quality of a building. A view on a shopping street, a park or a schoolyard is considered positive (Heijmen, 2007).
- *The feeling of safety and security.* People want to have a choice to hide and feel protected. The built environment can contribute to this feeling by for example making small corners into rooms, where then can feel safe (Heijmen, 2007).
- *A building can be activating or deadening.* Long hallways with many doors, the same materials and the same shapes of rooms can lead to a deadening feeling. Different rooms and shapes can have a positive effect on the brain. This can also be achieved by art, plants and colors (Biley, 1996; Heijmen, 2007).

Opportunity 12 Attention for a healing environment is considered very positive and therefore will attract people to care institutions that make this effort.

2.2.5 Environmental²⁰

Sustainable building

The goal of sustainable building is to reduce the environmental burden to a minimum, caused by the building itself, the use of the buildings and the disposal of buildings who are not sufficient anymore.

In sustainable building it is important to recognize that the building materials are not the most important. Restricting the building volume, by renovation or conversion of buildings, results in a larger environmental profit then when is chosen for new developments; even if the most environmental materials are applied.

Opportunity 13 Sustainable building offers good chances to take the construction a step further in sustainable development. A sustainable quality of the build environment also offers a good financial return. New insights in the life cycle costs of a project show that sustainability on the long term is much cheaper than the traditional solutions. It is also more pleasant to live or work in a sustainable building. It gives a better work atmosphere, a higher productivity, a stronger (social) bonding with the environment and a natural charisma that shows social feeling of responsibility.

2.3 The meso-level²¹

The care sector is extensive and contains different markets and stakeholders. This paragraph will provide an insightful view on the care sector.

When people need AWBZ care, they first have to get an indication from the CIZ. This indication gives the client a right to care. The clients can get the care through their PGB and trough care in kind. When the consumer chooses for a PGB, they get an amount of money from which they can purchase the care they need. The consumer is in that case directly in the care giving market (figure 2.5). Care offices (executive organs of the health care insurers) purchase the care in kind from the care institutions that are permitted to give AWBZ care. The care offices have a freedom of contracting in the extramural care,

²⁰ The information in this section is based on www.senternovem.nl, unless noted otherwise.

²¹ The information in this paragraph is based on 'Care voor de toekomst' of the NZa unless noted otherwise

which means that they do not have to contract all the care institutions. They do have a care obligation, which means that they have to purchase a sufficient amount of care for their clients. For the intramural institutions the obligation for contracting ends on 1 January 2009. The client, who has chosen for care in kind, has to choose from the care institutions which are contracted by the care office. Figure 2.5 shows the different markets within the care sector and their connections (RVZ, 2006).

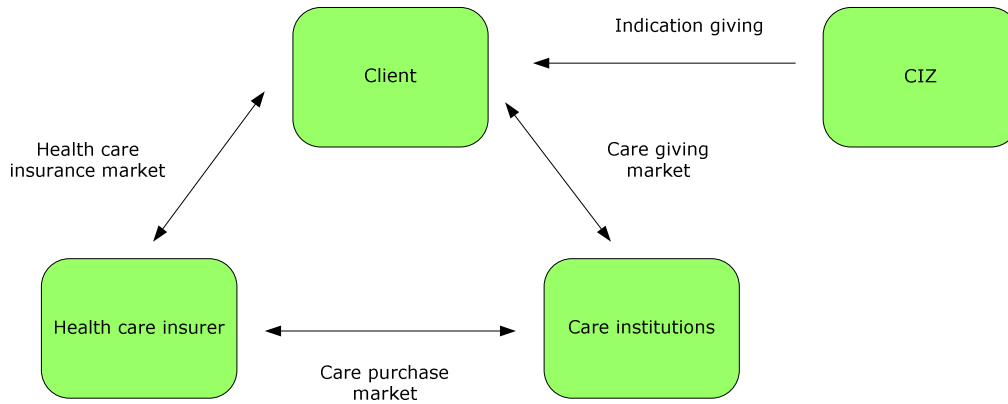


Figure 2.5: The care industry (RVZ, 2006)

Indication giving

The indication giving by the CIZ is the gateway to the AWBZ care system. The indication giving is the volume control of the AWBZ and therefore it is of great importance that the indications are given independently and objectively. This guarantees that every person has the same right to care and there are no excessive extra costs pressing on the system. The system should be objective and independent, but there are still some risks:

- The CIZ could give indications that are too high or too low, due to insufficient protocols.
- It is difficult to guarantee the independence and objectiveness of the indications, because 36% of the indications are done by care institutions that are authorized by the CIZ to give the indications. This can give conflicts of interests.
- The CIZ can have insufficient means to guarantee on time indications.

Health care insurance market

In a competitive health care insurance market clients normally choose the insurer that suits them the best. Because clients can switch to other insurers, the insurers are stimulated to react to the market.

Opportunity 14

The AWBZ care market currently does not give clients free choice of health insurances. In the legislation is stated that the clients' basic health insurer also has to be their insurer for their AWBZ care. The health care insurers have mandated the execution of the AWBZ to the care offices per region. Clients therefore only have one option for a care office. They cannot switch between insurers. The only option they have is to 'shop' for care themselves, with their PGB, at care institutions. The fact that clients cannot switch if they don't like the care that is offered to them, does not stimulate care offices to buy good and efficient care or listen to their clients.

Threat 11

The tasks of the care offices are per 2009 accommodated within the tasks of the health care insurers (www.minvws.nl). This creates more opportunities for competition within the market, because clients now do get the choice between the different insurers. This will stimulate the insurers to provide the best care, in order to get sufficient clients. Consequently this will stimulate care institutions to provide the

best care, in order to get contracts with health care insurers. This could also be a threat to health care institutions, if they can't measure up to the standard.

Care purchase market

Since the care offices do not bare any risks for the care costs (till 2009), only for the administration costs, they have a stimulation to negotiate as less as possible and to agree quickly with care institutions. Also this stimulates them to negotiate with the large care institutions as much as possible and to let only a few new institutions enter the market. Care institutions also know that no matter how good or bad they are, they almost certainly get a contract with the health care insurer and this does not stimulate them to provide better care. The care offices have to contract the large players to reach their care quota. This gives these large institutions a great bargaining power. The clients are also hard to control. They have often made up their mind in advance, to which care institution they want to go, based on the familiarity, not on the quality of care. This gives clients and institutions more bargaining power.

The threat of new entrants to the market could give the care institutions a stimulation to provide higher quality care. The new entrants could attract unsatisfied clients. Most of the new entrants are care institutions that have grown a lot and are now operating in more regions. They also have experience in care institutions, which makes them serious competitors.

With the abolishment of the care offices in 2009, especially the large care institutions loose their safe position. Now the health care insurers gets to choose what care they buy from which care institution. This will stimulate the care institutions, because it is possible that no insurer will buy their care. The abolishment of the care offices also provides opportunities for new entrants in the market.

Care giving market

When a client receives an indication, they have to choose in what care institution they want to stay. Therefore it is important that clients actually have a choice concerning care institutions. Often scarcity in the care market will lead to only a few options for clients to choose from and they cannot choose for the institution that fits their needs best. Also the number of different care institutions is important. If one institution provides al the care in the region, there is still not much to choose from. The forming of cartels also reduces the stimulus to provide quality care. Transparency and information are other important factors for the choice for a care institution.

As a result of the abolishment of the care offices, seen in the previous sections, clients will have more choice, concerning care institutions.

2.4 The micro-level

This paragraph provides a better view of the micro-level of the care sector. This level focuses on the care institutions. First this paragraph shows which target groups are accommodated in care institutions, then the care institutions are clarified and subsequently the different types of real estate are shown.

2.4.1 Target groups²²

Care institutions accommodate people with certain types of disorders. The types of disorders can be divided into 2 main types: Somatic disorders and psycho geriatric disorders.

People with somatic disorders have physical problems. The extent of care they need can differ greatly among patients. There are 4 subgroups of people with somatic disorders:

²² The information in this section is based on a publication of the CBZ 'Ouderen: *wonen en zorg*' (2004)

- People with the need for reactivation. This is mostly a short term stay with constant care in the vicinity or 24 hour care available.
- People with the need for a protected environment. Mostly a long term stay with care on appointment and direct care.
- People who need constant care and nursing. These people often need a long term stay with constant care in the vicinity or 24 hour care available.
- Elderly with a psychiatric, mental or sensorial handicap. This is often a long term stay, where the need for care can vary from care through appointment or 24 hour care available.

People with psycho geriatric disorders are people with a combination of connected symptoms. Dementia is a disorder that is common in care institutions. Dementia is often caused by the disease Alzheimer and by changes in the blood vessels of the brains. Other causes are Parkinson, Creutzfeld-Jacob, aids and brain tumors. Dementia can even occur at relatively young ages. It is a progressive sickness with the stages light, medium and severe. People with dementia have memory disorders and cognitive disorders that clearly have a negative influence on their daily lives. Besides dementia there are also other people accounted to psycho geriatric patients, like the people with the syndrome of Korsakov. Korsakov is memory loss due to long term excessive drinking problems.

Inhabitants of care institutions can suffer from these disorders to a certain extent. Their indication, given by the CIZ, indicates which type of care they need. With this indication they can choose the type of care institutions which offers them the best suited care.

2.4.2 Care institutions

When a patient receives his indication, he can now choose which kind of institutions will suit him the best. Intramural care institutions are traditionally divided into the nursing homes and the care homes. Nursing homes and care homes are often generic terms used for all kinds of accommodations. This changed through the years and new types of accommodations were built. This section explains what kinds of care the nursing and care homes provide. The next section will explain other new types of accommodations. These other types of accommodations also provide nursing and/or care.

Nursing home

A nursing home is an institution for people who need nursing, care or rehabilitation, which they can not receive in adequate measures in their home or in a care institution. An admission can be temporary, but a definite admission is possible when a person needs constant nursing. There are also people admitted in nursing homes who need palliative terminal care. These people are seriously ill and are in the last stage of their life (www.brancherapporten.minvws.nl).

The first nursing home was founded in 1930. Until the 1960's a nursing home was characterized as a hospital with no specific treatment. The growth of the nursing homes was strongly stimulated by the AWBZ, which was founded in 1968. It was also in this period when the first psycho geriatric departments were founded. The first nursing homes had mostly large rooms, where 4 to 6 people would sleep. The treatment was central; the stay in a nursing home was a condition for the treatment. This changed over the years and most large rooms have now disappeared and are replaced with 1 or 2 person rooms (CBZ, 2006b). In the last 15 years the organization of nursing homes has encountered an important change in the intramural and extramural care. They offer more daycare and care outside the institution. The

Opportunity 15 number of inhabitants of nursing homes has increased over the last 10 years. The daycare days in

nursing homes almost doubled (www.kcwz.nl). This gives people the opportunity to live in their own homes as long as possible (www.brancherapporten.minvws.nl).

Nursing homes		Care homes	
Establishments	366	Establishments	1.300
Inhabitant	60.000	Inhabitants	99.000

Table 2.1: Number of establishments and inhabitants of nursing and care homes (www.brancherapporten.minvws.nl)

Care homes

Care homes provide care for people who cannot live independently anymore. The care home provides domestic and personal care and diverse activities. Inhabitants receive help with activities that are difficult for them, like washing, dressing themselves, cooking and cleaning (www.kcwz.nl).

Threat 12

There are a few changes going on in the care homes. Due to the trend that more people want to live longer independently, care homes notice a drastic decline in inhabitants. Over the period 1995-2005, the number of inhabitants decreased with almost 20.000 inhabitants (16%). Especially the very small (<25) and the very large establishments (>100) are losing their attraction and inhabitants, the medium size establishments are gaining in attractiveness. Care homes therefore extend their services for intramural inhabitants. This is often in cooperation with nursing homes. Care institutions also are more involved in the extramural care, since they were allowed to in 2002 (CBS, 2007).

Opportunity 16

2.4.3 Alternative real estate

Besides the traditional care homes and nursing homes, there are other new types of accommodations. These accommodations also provide care and/or nursing. This depends on the accommodation and the type of care they offer. These types of accommodations are often substitutes for the traditional care and nursing homes. They are a threat to these traditional institutions, when they are not exploited by them. This section will describe these types of accommodations.

Threat 13

Small-scaled living accommodations

Small-scaled living is a group accommodation for a small group of people, who need intensive care and support, where it is possible for them to live the most normal life possible. They live in a normal neighborhood and are in the first place inhabitant. The care comes in second and adapts to the living habitats of the patient. Domotica can be a helpful tool in small-scaled living accommodations and is used on a large scale in these accommodations. Small-scaled living is suitable for mentally handicapped, physically handicapped, sensorial handicapped, psycho geriatric and somatic patients. Together with the developer of the accommodations (mostly housing associations) they can decide whether they want to build within the WTZi or if they want to separate living and care and go by the rules of the house building (www.kcwz.nl).

Residential care complex

A residential care complex is a complex of independent accommodations. In the design attention is paid to safe and sheltered living. There are care- and service arrangements, but with strict contractual separation between living, care and service. In a residential care zone the residential care complex can fulfill the function of a service centre for the surrounding neighborhood. Residential care complexes are meant for all people, but it turns out that mostly elderly people live in the complexes. In some complexes there are combinations with mentally or physically handicapped.

Most residential care complexes are developed in the rental sector. There are a few complexes with combinations of purchase and higher rent sectors (8%) en and a small percentage is for purchase (2%).

Given the popularity of residential care complexes it seems that there is enough room to develop in the mid-section of the market.

More than half of the inhabitants need care on demand basis. Residential care complexes therefore are substitutes of care and nursing homes (www.kcwz.nl).

Care hotel

A care hotel is a hotel in combination with care facilities. This means:

- The client stays temporarily in the care hotel and ultimately goes back home;
- In the hotel there are possibilities for 24-hours care and services;
- The stay is in a hotel like setting, with a service-oriented organization and a comfortable accommodation with diverse facilities.

Care hotels can be situated within a hospital, an (AWBZ-) care institution or on an independent location. Care hotels provide an extra step between the hospital and home and as a result people can leave the hospital earlier and stay in a quality and comfortable environment. Besides the quality advantages, there is also a financial advantage. Temporarily stay in a care hotel makes it possible for people to live longer in their own homes and move later, or not at all, to a care institution. Another reason for a stay can be, that it is temporary not possible to receive the usual care at home. A care hotel then fills this gap and the client can go home when the care is available again. Another reason can be that clients see it as a vacation resort, where they also receive the care they need (www.kcwz.nl).

Care farm

Care farms offer different types of care. Often they provide daycare, but there are also care farms where people can work and live. This can be for visits in weekend and holidays, but also for permanent stay. A care farm can have a relaxing and even healing effect on the patients (www.zorgboeren.nl).

Life course proof accommodations

Life course proof accommodations are accommodations that are suitable, or can easily be made suitable, for inhabitation until old ages even in case of physical handicaps or chronic illness. Life course proof accommodations are available for different demands of care, in new developments or re-building. They are in fact suitable for all groups in society, in all phases of their lives. There are 3 types of life course proof accommodations:

- Individually adapted accommodations;
- Life course proof accommodations on supply (made for 1 target group);
- Adaptable life course proof accommodations (with the possibility for care).

Life course proof accommodations often have many informal other names.

2.4 Conclusions

This chapter provided an overview of the most important developments influencing the care sector. The different markets within the care sector were clarified and the level of the individual institutions was examined. This exploration of the care sector on the 3 levels provides a comprehensive view on how the care sector was developed, how it currently functions, what is about to change and what possible outcomes are.

During this chapter, opportunities and threats for the care institutions were indicated. These opportunities and threats are bundled in table 2.2. This table also indicates possible effects on care institutions and on their real estate.

In order to combine the opportunities and threats with the total exploration of the care sector, figure 2.6 provides a schematic overview of the care sector. It shows the changes in the macro environment, starting with the ageing of society which is an early instigator to many of these changes. The changes in demographics come together with a higher level of education, a higher level of income and a generation of elderly that have their own opinion and their own individual needs. They want more choice, more differentiation and they want to live longer independently. On the other side the ageing of society results in a population that becomes out of balance. The amount of elderly will become too large in proportion to the younger working population. There will be less people who are paying taxes and thus the social security system will become too expensive. This is the reason why the government is also cutting expenses in the care sector. The reimbursement system will change and there will be more competition in the market. Due to the ageing there will be more and older elderly and thus there will be more need for care and real estate. The elderly want more differentiation and more home care. This will result in a decline, which is already set in motion, of care homes and an increase in nursing homes and home care. Besides the wishes of the clients, care institutions also will have to compete in a more competitive market where organization, finances, image and efficiency become much more important than they ever were. The numbers next to the changes indicate the opportunities and threats as found in the literature. The green numbers are the opportunities and the gray numbers are the threats.

With this chapter and the figure and table below, the first research question was answered.

1. Which developments are influencing the care sector and how?

However, these answers will be complemented with the results from the field research in chapter 4. The results from this field research together with these results from the literature research will provide a complete overview of the developments and their influences on the care sector.

Opportunity	Possible effect on care institutions	Possible effect on real estate
1 More and older elderly	More demand for healthcare	More demand for real estate
2 Decreasing health level	More demand for (more) intensive healthcare	More demand for a different quality of real estate
3 Initiatives to maximize the working population	More tax money available for health care	More money for real estate
4 Higher disposable income	More money available for health care	More demand for (luxurious) real estate
5 Abolishment of the building regime	More freedom concerning building	Bigger chance for marketable buildings
6 Abolishment of the licenses	More opportunities for new entrants	More demand for real estate
7 Abolishment of the CSZ	Institutions can keep the profit they make	More money available for real estate
	More freedom concerning disposal real estate	More freedom concerning disposal of real estate
	The opportunity to build own capital	Lower debt-servicing charges
8 Abolishment of the CBZ	Own investment decisions	More freedom in renting/buying/leasing
9 Personal budget for clients	Client has a free choice of care institution	More attention for the design of real estate
10 Discovery of non-activated assets	More value than expected	More value of real estate
11 Domotica in care institutions	More efficiency in working environment	More efficient real estate
12 Healing environment	A healing environment attracts clients	More attention for the design of real estate
13 Sustainable building	Good financial returns	Less renovation and upkeep necessary
	Better image, shows social responsibility	More attractive real estate
14 Abolishment of the care offices	More competition, better competitor position	More focus on real estate
15 More demand for nursing	More demand for nursing homes	More demand for real estate suited for nursing
	Increase daycare in nursing homes	More demand for real estate suited for nursing
16 More cooperations in care sector	Larger market for institutions	More flexible real estate needed

Threat	Possible effect on care institution	Possible effect on real estate
1 Higher education level	More demand for home care	Less demand for intramural care facilities
2 Lower % of population working --> Less tax	Less tax money available for healthcare	Less money available for real estate
3 Less people working in the care sector	Not enough personnel	Demand for more efficient real estate/workspaces
4 Abolishment of the building regime	No/less production --> no/less reimbursements	No/less money available for real estate
5 Different investment rhythm	Cash flow problems	No/less money available for real estate
6 More demanding financiers	Higher interest when increasing risks	Less money available for real estate
7 Abolishment of the licenses	More opportunities for new entrants	Need for renovation/ disposal / new real estate
8 Personal budget for clients	Client has a free choice of care institution	More vacancy, maybe even disposal of real estate
9 Different book value	Shortage on balance sheet	Less money available for real estate
10 Abolishment of the care offices	More competition, worse competitor position	More vacant real estate/disposal of real estate
11 Living independently longer	Less clients in intramural institutions	Less demand for real estate
12 Alternative accommodations	Less clients in intramural institutions	Less demand for real estate

Table 2.2: Overview of opportunities and threats to the care institutions and their real estate

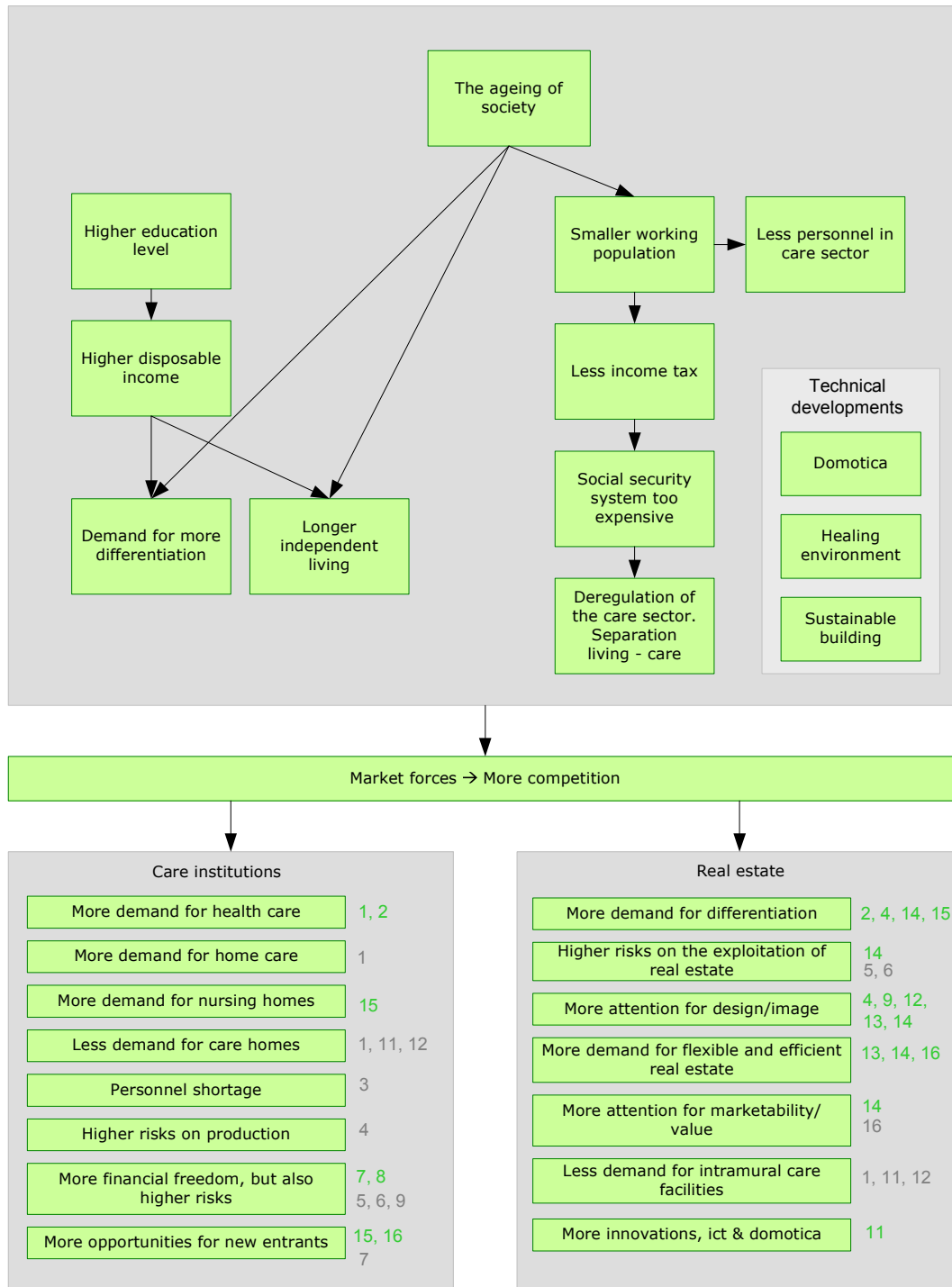


Figure 2.6: Schematic overview developments and effects in the care sector

3

The alignment between strategies

This chapter switches from the care sector to the world of strategy. The previous chapter has shown that there are many new developments in the care sector and especially the developments concerning real estate can have a far reaching effect. Therefore it is important that care institutions can make the most optimal decisions concerning their real estate. This has not been necessary for them for the last decennia. This results in a large group of care institutions, which are inexperienced with corporate real estate management. In order to add maximum value to the organization, real estate strategies have to be aligned with corporate strategies. This chapter will search for an alignment between corporate strategies and real estate strategies. First the terms strategy and strategic management will be explained [3.1]. Next the emergence of corporate real estate management will be discussed [3.2]. In the search for an optimal alignment previous studies will be consulted and analyzed [3.3]. Next, the results from these paragraphs will be integrated in 1 alignment [3.4] and conclusions about this chapter will be drawn [3.5].

3.1 Strategy

The word strategy has a long history. It descends from the Greek word *stratēgōs*, meaning “a general”. The verb *stratēgēō* means “to plan the destruction of one’s enemies through effective use of resources”. As a result, many of the terms commonly used in strategy – objectives, mission, strength and weaknesses – were developed by the military (Swayne, Duncan & Ginter, 2006). The word strategy is shaped throughout the centuries by many different generals, writers, researchers and businessmen. For example, Von Clausewitz, who wrote about the successes of Napoleon. He stated that there was no ‘recipe’ for strategic success, but people can learn from experiences and use these to make better and faster decisions (Nickols, 2000; Shimizu, Carvalho & Laurindo, 2006).

Strategy kept on developing through the decades, but it first started to professionalize in the 1950s. Post-WWII economies were growing and the demand for many products and services were accelerating; this led to long-range planning. The objective of long-range planning is to predict for some specified time in the future the size of demand for an organization’s products and services and to determine where demand will occur. As industries became more volatile in the 1960s and 1970s, long-range planning was replaced by strategic planning. Strategic planning is based on the assumption that economic, social, political, technological and competitive change is taking place and that the leadership of the organization must periodically evaluate whether it should even be offering its present products and services, whether it should start offering different products and services, or whether it should be operating and marketing in a fundamentally different way (Swayne, Duncan & Ginter, 2006). According to Ackoff planning is “*a process that involves making and evaluating each of a set of interrelated decisions before action is required, in a situation in which it is believed that unless action is taken a desired future state is not likely to occur, and that, if appropriate action is taken, the likelihood of a favorable outcome can be increased*” (Ackoff, 1970). Ackoff also states that the longer the effect of a plan, the more difficult it is to reverse and the more strategic it is.

In the 1980s the concept of strategic planning was broadened to strategic management. Ansoff states: *strategic planning was only a component of a much more complex socio-dynamic process which brings*

about strategic change" (Ansoff, 1976). This development acknowledged not only the importance of the dynamics of the environment and that organizations may have to totally reinvent themselves but also that continuously managing and evaluating the strategy are keys to success (Swayne, Duncan & Ginter, 2006). Lamb defines strategic management in the following way:

"Strategic management is an ongoing process that assesses the business and the industries in which the company is involved; assesses its competitors and sets goals and strategies to meet all existing and potential competitors; and then reassesses each strategy annually or quarterly [i.e. regularly] to determine how it has been implemented and whether it has succeeded or needs replacement by a new strategy to meet changed circumstances, new technology, new competitors, a new economic environment, or a new social, financial, or political environment." (Lamb, 1984)

3.1.1 Different theories

Through the decades new strategy theories emerged in literature and by the new millennium there were already thousands of books claiming that they had the answers. Mintzberg et al. stated in their book 'Strategy safari' that "there is a terrible bias in today's management literature toward the current, the latest, the 'hottest.' This does a disservice, not only to all those wonderful old writers, but especially the readers who are all too frequent offered the trivial new instead of the significant old (Mintzberg, Ahlstrand & Lampel, 1998)." Therefore Mintzberg et al defined 10 'schools of thought' (table 3.1).

Mintzberg's ten schools of thought				
Category	School	Sources	Key words	Strategy
Prescriptive	The design school	Selznick 1957 Andrews 1965	congruence/fit, distinctive competences, competitive advantage, SWOT, formulation/implementation	planned perspective, unique
	The planning school	Ansoff 1965	programming, budgetting, scheduling, scenarios	plans decomposed into substrategies and programs
	The positioning school	Schendel, Hatten mid 1970s Porter 1980, 1985	generic strategy, strategic group, competitive analysis, portfolio, experience curve	planned generic positions
Descriptive	The entrepreneurial school	Schumpeter 1950 Cole 1959	bold stroke, vision, insight	personal, unique perspective (vision)
	The cognitive school	Simon 1947, 1957 March and Simon 1958	map, frame, concept, schema, perception, interpretation, bounded rationality, cognitive style	mental perspective (individual concept)
	The learning school	Lindblom 1959, 1968 Weick 1969; Quin 1980 Prahalad & Hamel early	incrementalism, emergent strategy, sense making, entrepreneurship, venturing, champion, core competences	patterns, unique
	The power school	Allison 1971 Pfeffer and Salancik 1978 Astley 1984	bargaining, conflict, coalition, stakeholders, political game, collective strategy, network, alliance	political and cooperative patterns and positions
	The cultural school	Rhenman and Normann late 1960s	values, beliefs, myths, culture, ideology, symbolism	collective perspective, unique
	The environmental school	Hannan and Freeman 1977	adaptation, evolution, contingency, selection, complexity, niche	specific position, generic
Integrative	The configuration school	Chandler 1962 Mintzberg, Miller late 1970s Miles and Snow 1978	configuration, archetype, period, stage, life cycle, transformation, revolution, urnaround, revitalization	any, in context

Table 3.1: The 10 schools of strategy, by Mintzberg et al. (1998)

They stated that these schools have appeared at different stages in the development of strategic management. A few have already peaked and declined, others are still developing and some remain small. Some of the schools, especially the prescriptive schools, have dominated the literature and practice. According to Mintzberg et al. not just 1 of the schools is the right one. Each school has positive and negative aspects. A synthesis of these schools would lead the right path for strategic management (Mintzberg, Ahlstrand, Lampel, 1998).

3.1.2 Strategic management

Swayne, Duncan and Ginter (2006) agree with Mintzberg et al. in their book *Strategic Management of Health Care organizations* about the need to integrate the different schools of thought. They see the prescriptive schools as the analytical or rational approaches to strategic management and the descriptive schools as the emergent approaches. The integrative school also tries to combine all the previous schools. Hurst also explains why both approaches are required:

*"The key question is not which of these approaches of action is right, or even which is better, but when and under what circumstances they are useful to understand what managers should do. Modern organizational life is characterized by oscillations between periods of calm, when prospective rationality seems to work, and periods of turmoil, when nothing seems to work. At some times, analysis is possible; at other times, only on-the-ground experiences will do."*²³

Managers may use the analytical approach to develop a map as best as they can from their understanding of the external environment and by interpreting the capability of the organization. However, once the journey begins, new understandings and strategies may emerge and old maps must be modified. Therefore, what is needed is some type of model that provides guidance or direction to strategic managers, yet incorporates learning and change. If strategy making can be approached in a disciplined way, then there will be an increased likelihood of its success implementation (Swayne, Duncan & Ginter, 2006).

Swayne, Duncan and Ginter present a strategic thinking map for strategic management. This map is designed to ignite strategic thinking as well as strategic planning and foster new thinking and planning when required. The strategic thinking maps will start the journey to develop a comprehensive strategy for the organization, yet the maps cannot anticipate every contingency. Today's plan and decision templates will not be adequate for solving all of tomorrow's problems. Therefore, strategic managers will have to think, analyze, use intuition and reinvent on their journey. Figure 3.1 shows the strategic thinking map.

²³ David K. Hurst cited by Swayne, Duncan and Ginter. Both are mentioned in the bibliography.

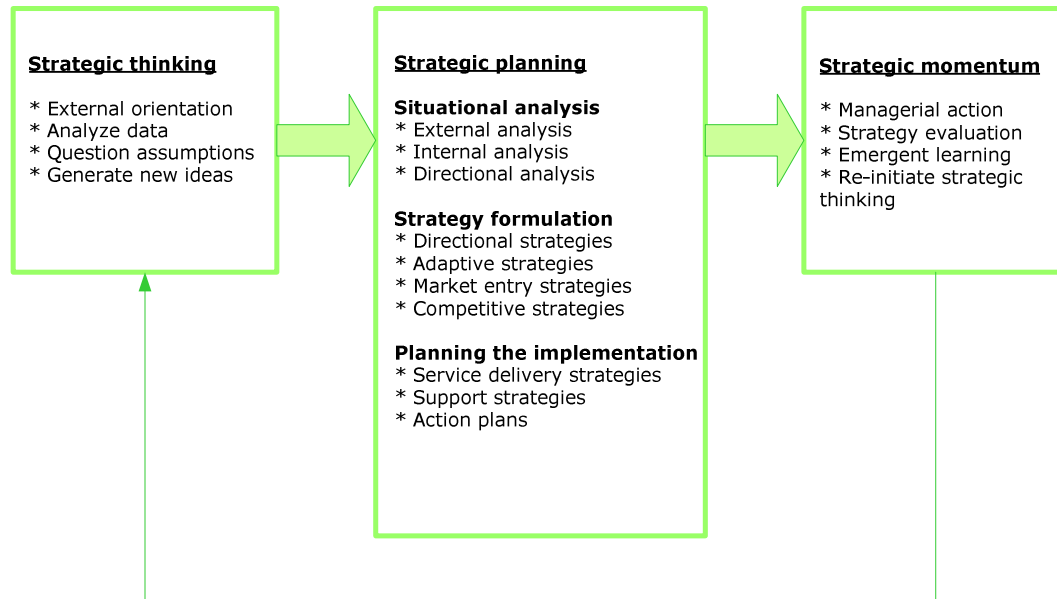


Figure 3.1: Strategic thinking map by Swayne, Duncan and Ginter, 2006

As suggested in figure 3.1 strategic managers must become strategic thinkers with the ability to evaluate the changing environment, analyze data, question assumptions and develop new ideas. Strategic thinking is the fundamental intellectual activity underlying strategic management. Strategic thinking assesses the changing needs of the organization's stakeholders and the changing technological, social and demographic, economic, political/regulatory and competitive demands of its world. Additionally, they must be able to develop and document a plan of action through strategic planning. Strategic planning has 3 parts, situational analysis, strategy formulation and planning the implementation. Strategic planning is a decision-making and documentation process that creates the strategic plan. Once a strategic plan is developed, strategic managers must manage the strategic momentum of the organization. They evaluate its success, learn more about what works and incorporate new strategic thinking. Appendix A provides more extensive information about the strategic thinking map.

Strategic management should not be regarded as a technique that will provide a "quick fix" for an organization that has fundamental problems, it is not a process of completing paperwork and it is not a process of simply extending the organization's current activities into the future. Instead, strategic management is a perspective that requires everyone in the organization to cease thinking solely in terms of internal operations and their own operational responsibilities. It insists that everyone adopts what may be a fundamentally new attitude, an external orientation and a concern for the big picture.

3.1.3 The levels of strategy

In the previous section strategic management was explained, but to actually manage a strategy of a corporation, it is easier to use a systems approach. A systems approach will be required to specify the level of the strategy and the relationship of the strategy to the other strategic management activities. A clear specification of the "level" of thinking will determine the type and range of decisions to be made. Strategic management can distinguish 4 levels of strategy: corporate level, divisional level, organizational level and functional level. Figure 3.2 shows the different levels and their relationships.

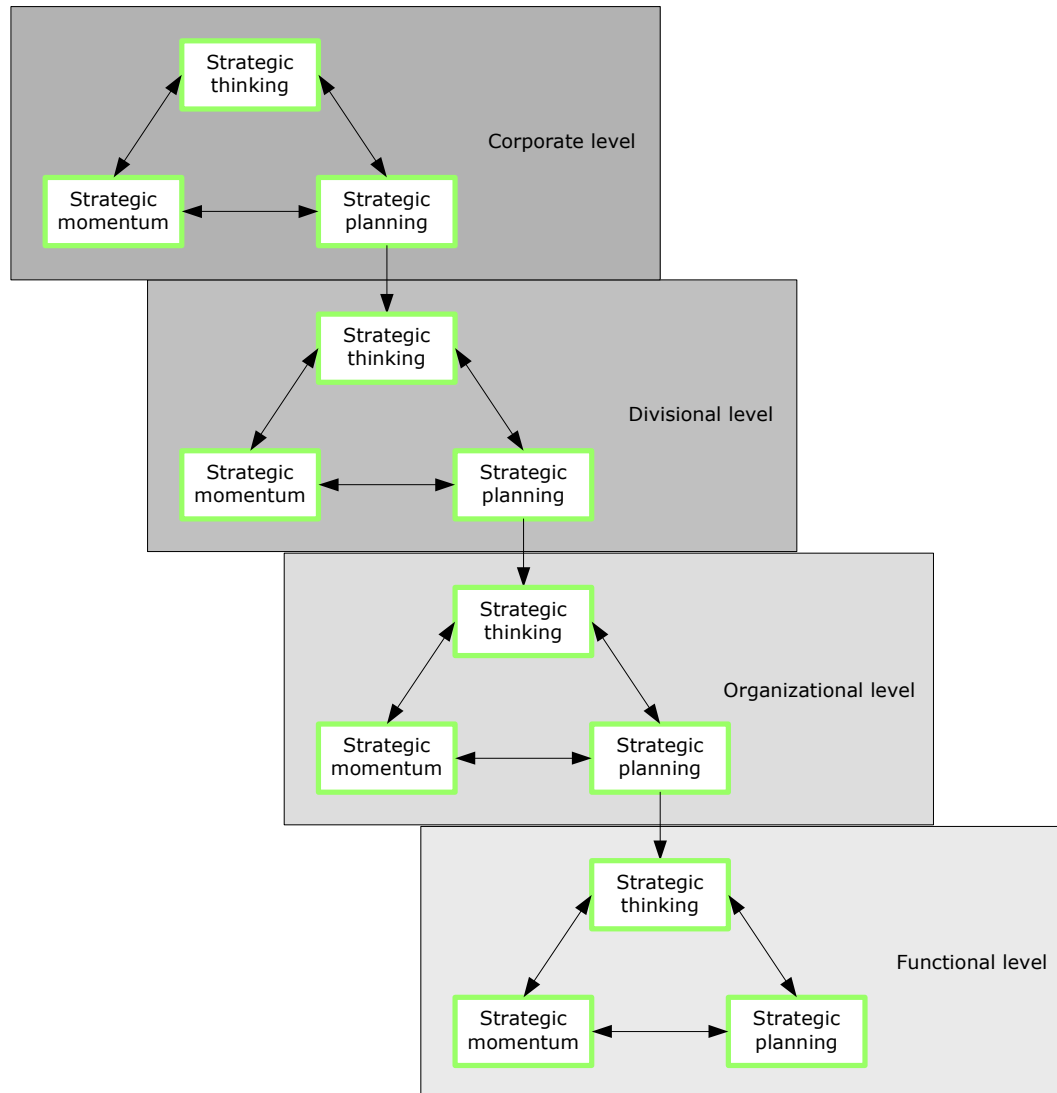


Figure 3.2: Levels of strategy within strategic management by Swayne, Duncan & Ginter, 2006

Corporate level strategy

“Corporate-level strategy is concerned with the overall purpose and scope of an organization and how value will be added to the different parts of the organization” (Johnson, Scholes & Whittington, 2006). This could include issues of geographical coverage, diversity of products/services or business units, and how resources are to be allocated between the different parts of the organization. According to Nickols (2003) corporate strategy defines the markets and the business in which a company will operate. Being clear about corporate-level strategy is important: it is a basis of other strategic decisions (Johnson, Scholes & Whittington, 2006).

Divisional level strategy

Divisional strategies are more focused and provide direction for a single business type. Divisional strategies are most often concerned with positioning the division to compete. These semi-autonomous organizations are often referred to as SBUs (strategic business units) or SSUs (strategic service units). Therefore, strategic managers for these units are mostly concerned with a specified set of competitors and well-defined markets (service areas) (Swayne, Duncan & Ginter, 2006).

Organizational level strategy

Within a division, individual organizational units may develop strategies as well. These organizational level strategies typically concern 1 organization competing within a specific well-defined service area (Swayne, Duncan & Ginter, 2006).

Unit level strategy

Unit level strategies support organizational strategies through accomplishing specific objectives. Unit operational strategies may be developed within departments of an organization such as clinical operations, marketing, finance, information systems, human resources and so on. Unit strategies address 2 issues. First, they are intended to integrate the various sub functional activities. Second, they are designed to relate the various functional area policies to any changes in the functional area environment (Swayne, Duncan & Ginter, 2006).

Strategic management may be employed independently at any level of the corporation. However, it is much more efficient if there is a top-down support and strategies are integrated from one level to the next. Some corporations do not have all the above mentioned levels of strategy. An independent care institution has fewer levels in their organization than a nationwide operating care institution. Therefore, its scope is smaller and their strategy often less complex (Swayne, Duncan & Ginter, 2006).

3.2 Real estate

Corporations need real estate to accommodate their personnel and their activities. The demands for real estate can be very different (de Vries, 2007). Van der Voordt and Van Wegen (2000) categorize the following functions of real estate²⁴:

- Utilization function (accommodate people and activities);
- Technical function (safety, wind- and waterproof);
- Financial function (fit within the financial boundaries of the organization);
- Symbolic function (added value through the expression of culture, marketing, etc.).

The traditional role of the corporate real estate officer was to find facilities based on specifications set by operations, negotiate best price, manage the space, then dispose of it when operations did not want it any longer. Real estate decisions were made on a property-by-property basis with no overall guiding plan for real estate assets. In addition, these real estate choices were often made without consultation and coordination with other important business units, such as human resources, technology, capital and information communication (Gibler, Black & Moon, 2002). Joroff, Louargand, Lambert and Becker (1993) identified 5 evolutionary stages of corporate real estate unit development: taskmaster, controller, dealmaker, entrepreneur and business strategist (see figure 3.3). This sequence recognizes the need for real estate executives to move from order taking and care taking to tackling company-wide competitive issues. The question now is whether corporate real estate officers have evolved into the business strategist stage.

²⁴ Cited in de Vries, 2007. Both publications are registered in the references.

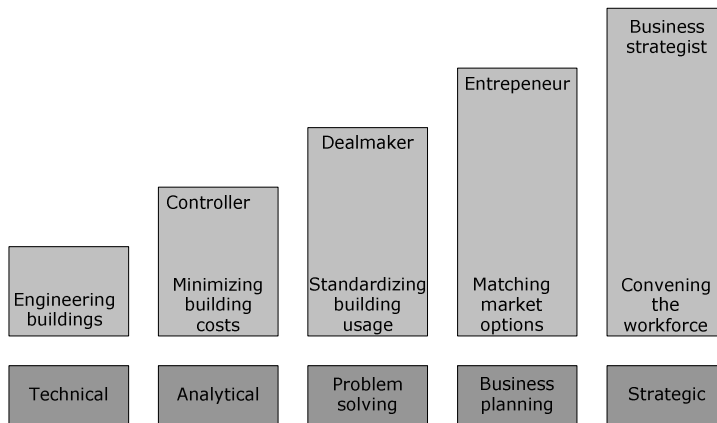


Figure 3.3: Evolution of corporate real estate management (Joroff, c.s., 1993)

This evolution also made managers start to consider real estate as the 'fifth corporate resource', next to human resources, technology, capital and information communication (Joroff c.s., 1993). Figure 3.4 gives a schematic overview of the corporate resources and their interrelatedness.

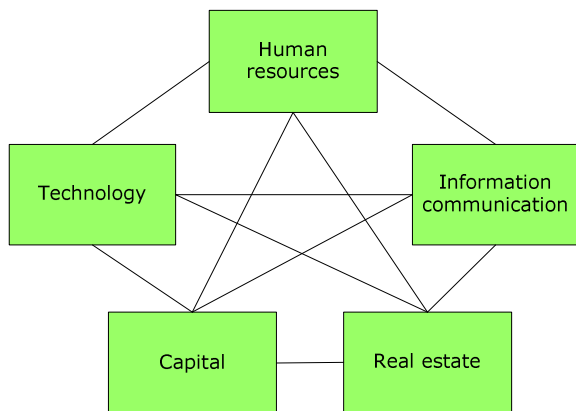


Figure 3.4: real estate as the 'fifth corporate resource' (Joroff c.s., 1993)

This realization of the importance of real estate went side by side with a more professional management of real estate. The literature indicates this type of management mostly as corporate real estate management (CREM). The discipline of CREM can be described as:

"The management of a corporation's real estate portfolio by aligning the portfolio and services to the needs of the core business(processes), in order to obtain maximum added value for the businesses and to contribute optimally to the overall performance of the corporation." (Dewulf, Krumm & de Jonge, 2000)

A proper real estate strategy can create value for organizations in more ways than one. The emergence of CREM has supported this drive and the search for strategies aimed at enhancing the value of real estate to the core business (Lindholm, Gibler and Leväinen, 2006). The real estate portfolio has to be a reflection of all the interests within an organization and, in that way, it should add value to both the different business units and the organization as a whole. Therefore, when the organization changes its strategy and goals because of changes in external or internal circumstances, the composition of the real estate portfolio should change as well. This does not always happen; in many cases the real estate portfolio is the result of several ad hoc building decisions (Dewulf, Krumm & de Jonge, 2000). This indicates that an alignment between corporate strategies and real estate strategies is essential for making optimal real estate decisions.

3.3 Analyzing previous studies on the alignment

To make an optimal alignment between corporate strategies and real estate strategies, scientific studies were gathered. To retrieve the most detailed, scientifically approved and trustworthy information, the most prominent real estate related journals were examined. The search was focused on studies which claim to align corporate and real estate strategies. All the studies were read and, based on their relevance to this thesis, were selected to contribute to this chapter; this resulted in 8 studies. The 8 studies and their authors are listed below. The summaries of the studies are displayed below in the figures 3.5 – 3.12. An extensive overview of all the elements of the studies can be found in appendix B.

- Nourse & Roulac (1993): *Linking real estate decision to corporate real estate*. Journal of Real Estate Research.
- Roulac (2001): *Corporate strategy is integral to corporate business strategy*. Journal of Real Estate Research.
- Acoba & Foster (2002): *Aligning corporate real estate with evolving corporate missions: Process-based management models*. Journal of Corporate Real Estate.
- Krumm & de Vries (2003): *Value creation through the management of corporate real estate*. Journal of Property Investment & Finance.
- Osgood (2004): *Translating organizational strategy into real estate action: The strategy alignment model*. Journal of Corporate Real Estate.
- Scheffer, Singer & Van Meerwijk (2006): *Enhancing the contribution of corporate real estate to corporate strategy*. Journal of Corporate Real Estate.
- Lindholm, Gibler & Leväinen (2006): *Modeling the value-adding attributes of real estate to the wealth maximization of the firm*. Journal of Real Estate Research.
- Singer, Bossink & van de Putte (2007): *Corporate real estate and competitive strategy*. Journal of Corporate Real Estate.

Linking real estate decisions to corporate strategy. Nourse & Roulac (1993)									
Purpose	The purpose of this paper is to demonstrate the linkages between real property strategy and overall business strategy and between property strategies and real estate implementation decisions.								
Methodology	The nine driving forces are combined with eight real estate strategies and linked with fourteen critical distinct decisions. This presentation necessarily is incomplete and purposely suggestive, since it must be customized to serve the objectives of the particular corporation's business objectives, markets, products and resources.								
Driving Force									
Real Estate Strategies	Product Offered	Market Needs	Technology	Production Capacity	Method of Sale	Method of Distribution	Natural Resources	Size/ Growth	Return/ Profit
1. Occupancy Cost Minimization	P	T	S	T	P	S	T	T	P
2. Flexibility	T	P	P	NA	NA	NA	NA	S	S
3. Promote Human Resources Objectives	T	T	P	P	T	S	T	S	T
4. Promote Marketing Message	S	S	S	S	S	P	S	P	S
5. Promote Sales and Selling Process	S	P	S	S	P	P	S	P	S
6. Facilitate Production, Operations, Service Delivery	P	S	S	P	S	P	P	S	S
7. Facilitate Managerial Process and Knowledge Work	S	S	P	S	T	T	S	S	S
8. Capture the Real Estate Value Creation of the Business	NA	NA	NA	NA	NA	P	P	S	P

Figure 3.5: Adapted from Nourse & Roulac, 1993

Corporate property strategy is integral to corporate business strategy. Roulac (2001)	
Purpose	This article presents new thinking and draws on prior research to illustrate the positive outcomes that can be realized from strategic management of the corporate real estate function.
Methodology	The research is done by drawing on the strategic management literature and the more limited literature on the strategic management of CRE to make the inductive case for why corporate property strategy is integral to corporate business strategy, rather than presenting empirical work.
Real estate strategy	<p>Contribution to competitive advantage</p> <hr/> <p>Whether there is an effect</p> <p>The impact of the effect</p> <p>Examples</p>

Figure 3.6: Adapted from Roulac, 2001

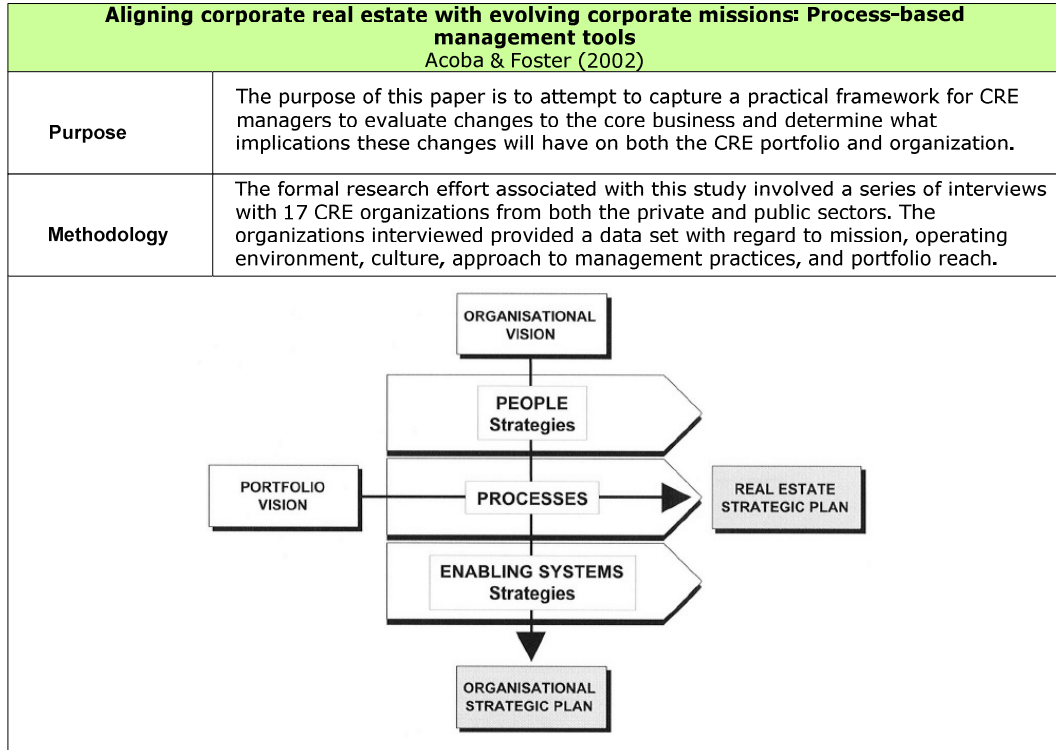


Figure 3.7: Adapted from Acoba & Foster, 2002

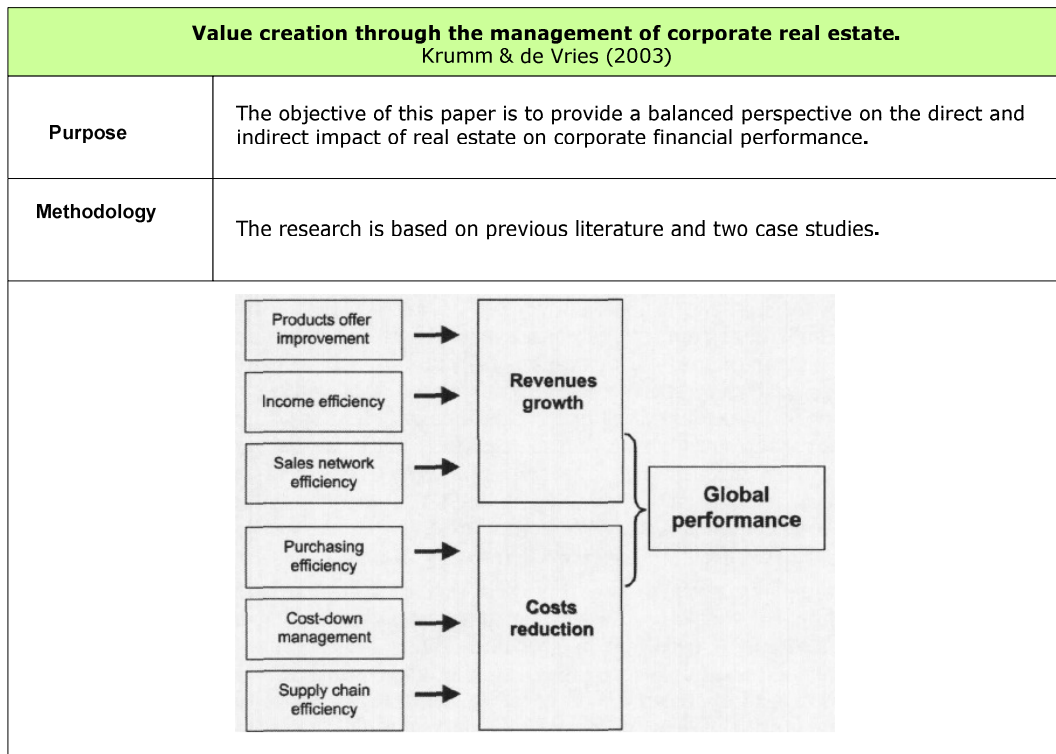


Figure 3.8: Adapted from Krumm & de Vries, 2003



Figure 3.9: Adapted from Osgood, 2004

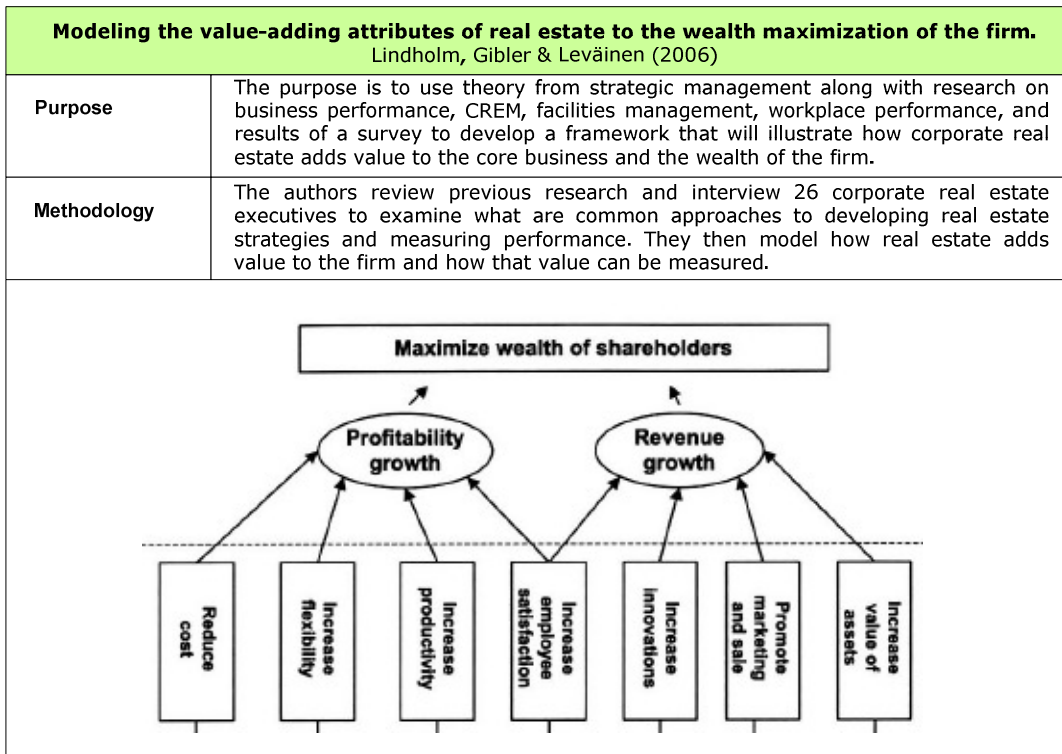


Figure 3.10: Adapted from Lindholm, Gibler & Leväinen, 2006²⁵

²⁵ The major part of this article is consistent with the article 'A framework for identifying and measuring value added by corporate real estate', from Lindholm and Leväinen (2006). Therefore, only the extended article is assimilated.

Enhancing the contribution of corporate real estate to corporate strategy Scheffer, Singer & van Meerwijk (2006)																																																																																									
Purpose	The purpose of this article is to provide a practical measurement tool that enables corporate real estate executives to unveil the alignment between the centers of gravity among the driving forces of corporate real estate and corporate strategy.																																																																																								
Methodology	A measurement tool is designed by adopting a theoretical framework in which seven added values of real estate are aligned with nine corporate driving forces. The practical applicability of this tool is validated by assessing the contribution of corporate real estate to corporate strategy at 14 Dutch-based global corporations.																																																																																								
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Figure 3.11: Adapted from Scheffer, Singer & van Meerwijk, 2006

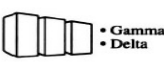
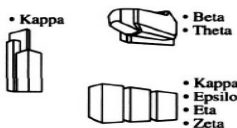

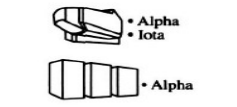
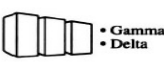
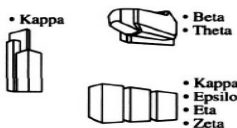

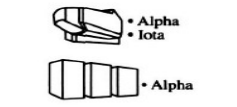
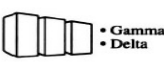
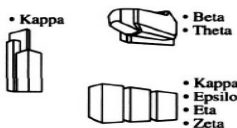

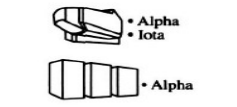
Corporate real estate and competitive strategy. Singer, Bossink & van de Putte (2007)																
Purpose	The purpose of this paper is to investigate how organizations use a corporate real estate strategy to support their competitive strategy. It provides a theoretical and empirical overview and analysis of effective combinations of firms' real estate and competitive strategies.															
Methodology	The paper constructs a literature-based model that combines real estate strategy and competitive strategy. It applies the model in a study of ten case studies of multinational firms in The Netherlands.															
<table border="1" style="margin: auto;"> <thead> <tr> <th colspan="2"></th> <th colspan="2" style="text-align: center;">Source of Competitive Advantage</th> </tr> <tr> <th colspan="2"></th> <th style="text-align: center;">Low Cost</th> <th style="text-align: center;">Differentiation</th> </tr> </thead> <tbody> <tr> <th rowspan="2" style="writing-mode: vertical-rl; transform: rotate(180deg);">Competitive Scope</th> <th style="writing-mode: vertical-rl; transform: rotate(180deg);">Industry Wide</th> <td style="text-align: center;"> Cost Leadership Strategy  </td> <td style="text-align: center;"> Differentiation Strategy  </td> </tr> <tr> <th style="writing-mode: vertical-rl; transform: rotate(180deg);">Single Segment</th> <td style="text-align: center;"> Low Cost Focus Strategy  </td> <td style="text-align: center;"> Differentiation Focus Strategy  </td> </tr> </tbody> </table>				Source of Competitive Advantage				Low Cost	Differentiation	Competitive Scope	Industry Wide	Cost Leadership Strategy 	Differentiation Strategy 	Single Segment	Low Cost Focus Strategy 	Differentiation Focus Strategy 
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Figure 3.12: Adapted from Singer, Bossink & van de Putte, 2007

The figures 3.5 to 3.12 provide brief explanations of the 8 chosen studies. The figures and appendix B show the extensive information that is provided in the studies. However, the question is: What do the

studies actually prove? What information do these studies provide that can actually be worked with? Which information are the results based on? Do these studies provide an optimal solution for aligning corporate strategies with real estate strategies? To answer these questions, the studies will be analyzed more extensively and will be compared with each other.

3.3.1 Corporate strategies

To start with a more extensive analysis, the first part of the intended alignment will be examined more closely; the corporate strategies. To make a meaningful alignment, there has to be a solid base. Real estate strategies have to be linked to the most complete corporate strategy to make the most optimal alignment.

The strategies used in the studies differ greatly from one another. Table 3.2 shows the corporate strategies as used by the authors in the different studies. The table also shows the sources used in the studies. 4 studies base their 'corporate strategies' on previously defined strategies, 3 studies define their own 'corporate strategies' and 1 study does not define 'corporate strategies', but describe ways of how real estate can contribute to a corporate strategy. This study is taken into account, because the content is still very interesting, in spite of the different interpretation.

Author	Corporate strategies as used by authors	Source
Nourse & Roulac (1993)	1. Products offered 2. Market needs 3. Technology 4. Production capacity 5. Method of sale 6. Method of distribution 7. Natural resource 8. Size/growth 9. Return/profit	Tregoe and Zimmerman (1980)
Roulac (2001)	x	x
Acoba & Foster (2002)	1. People strategies 2. Processes 3. Enabling systems strategies	Authors
Krumm & de Vries (2003)	1. Revenues growth 2. Costs reduction	Authors
Osgood (2004)	1. Mission & Vision 2. Customers & Markets 3. Products & Services 4. Distinctive competences 5. Values & Culture	Author
Scheffer, Singer & van Meerwijk (2006)	1. Products offered 2. Market needs 3. Technology 4. Production capacity 5. Method of sale 6. Method of distribution 7. Natural resource 8. Size/growth 9. Return/profit	Tregoe and Zimmerman (1980) Nourse & Roulac (1993)
Lindholm, Gibler & Leväinen (2006)	1. Revenu growth 2. Profitability growth	Kaplan and Norton (2000)
Singer, Bossink & van de Putte (2007)	1. Lowest costs 2. Differentiation 3. Focus	Porter (1996)

Table 3.2: Corporate strategies as used by authors

Table 3.3 shows the chosen studies, the comments on the corporate strategies used in the studies and the final assessment of corporate strategy in the study. The color of the assessment indicates the

usefulness of the study in the area of corporate strategies. Green indicates that this study is very useful; yellow indicates that the study is partly useful and orange indicates that this study is not useful.

Author	Comment on corporate strategies used by the authors	Assessment
Nourse & Roulac (1993)	They base their corporate strategies on the nine driving forces of Tregoe and Zimmerman (1980). The driving force consider nine strategic area's to be of relevance to the corporation, but solely one as the driving force. This one strategic area is the most important for the corporation and will be leading in important decisions. The driving forces do address all elements of strategic management, but find themselves at the beginning of strategy formulation.	
Roulac (2001)	Roulac summarizes real estate strategies and adds the possibilities of how real estate can add value to the corporation. He does not mention certain corporate strategies. This makes this study not useful for the part of corporate strategies.	
Acoba & Foster (2002)	Acoba and Foster describe three types of strategies: people strategies, processes and enabling system strategies. They chose these three strategies based on a client engagement in which they benchmarked a number of their client's core processes against peers within their industry. The strategies are immediately aligned with real estate and therefore are not thoroughly explained on their own. This makes the strategies more difficult to place, but still useful.	
Krumm & de Vries (2003)	The study of Krumm and de Vries leads the corporate strategies back to revenues growth and cost reduction. These are area's of great importance in each business, however, strategic management is more then solely aimed at finances. In order to make an optimal alignment the basis has to be broader then solely the financial perspective.	
Osgood (2004)	Osgood does not explain specific corporate strategies, but talks about the parts of the strategy: the mission & vision, customer & markets, products & services, distinctive competences, values & culture. These parts are of great importance to a corporate strategy and therefore this view is important.	
Scheffer, Singer & van Meerwijk (2006)	These authors use the same corporate strategies as Nourse and Roulac, the driving forces. For comments this refers back to Nourse & Roulac (1993).	
Lindholm, Gibler & Leväinen (2006)	These authors also base their link solely on the financial perspective of the organization. This is important, but not sufficient for an optimal alignment (same comment as Krumm and de Vries (2003)).	
Singer, Bossink & van de Putte (2007)	This study is based on the generic strategies of Porter: focus, differentiation and low cost. These are competitive strategies. They are important in determining the direction of an organization, but do not cover the complete range of strategic management.	

Table 3.3: The assessment of the corporate strategies in the chosen studies

Table 3.3 shows that the studies of Nourse & Roulac (1993), Osgood (2004) and Singer, Scheffer & van Meerwijk (2006) are the most useful when the corporate strategies are considered. They are the most comprehensive and address many elements of strategic management. The study of Roulac (2001) is not useful considering the part of the corporate strategies, because he does not mention any concrete corporate strategies. The other studies are all partly useful, because they all do address corporate strategies in a certain way, but they are often general and focused on a certain type of strategy.

The elements of corporate strategy used by Osgood can be found in figure 3.13. In his study he does not give an extensive description of the corporate strategies used by him, but the terms are all well known in strategic management and are among other things explained in appendix A.



Figure 3.13: Corporate strategies used by Osgood (2004)

In figure 3.14 the driving forces are clarified. This concept is supported by both the study of Nourse & Roulac and Singer, Scheffer & van Meerwijk. The driving forces find themselves at the beginning of strategy formulation. Tregoe & Zimmerman, the 'creators' of driving forces, define the driving force as: *'the primary determiner of the scope of future products and markets'*. Their research suggests that there are 9 basic strategic areas, all of which can decisively affect and influence the nature and direction of any organization. All 9 areas are critically important for almost every company. However, in every company 1 of the 9 strategic areas is the driving force of the organization (Tregoe & Zimmerman, 1980).

Products offered

The organization with products offered as its driving force has a concept of its products which is key to the future markets it serves. The products offered-driven organization will continue to produce and deliver products similar to those it has. New products will have characteristics very similar to those of current products. This organization will focus on higher penetration of its current geographic markets and the particular market segments where there is a need for its products. It will constantly be looking for ways to improve or extend these products.

Market needs

The organization whose driving force is market needs will provide a range of products to fill current and emerging needs in the market segment or customer groups it serves. It will be constantly looking for alternative ways to fill the needs it is currently filling. It will also be constantly searching for new or emerging needs in the market segment it serves. The market needs-driven organization develops or acquires new and different products to meet needs in its market segments. When it explores new geographical markets or market segments, they will have characteristics similar to those it currently serves. For the organization driven by market needs, significant resources will be directed to functions such as needs analysis and market research. The timely development and offering of new products is very critical.

Technology

An organization that is driven by technology offers only products or services that emanate from or capitalize on its technological capability. In such an organization, technology determines the scope of products offered and markets served, rather than the products and markets determining the technology. The technology-driven organization would seek a variety of applications for its technology. It would do this through the products or services it develops from this technology, or by selling the output of this technology to those who would develop further products or services. While the technology-driven organization usually strives to be the technological and innovative leader in this field, it will not always be the initiator of technological breakthroughs made elsewhere to a variety of applications.

Production capability

An organization that is driven by production capability offers only those products that can be made or developed using its production know-how, processes, systems and equipment. The organization will manufacture products with long runs and economies of scale. Focus will be on efficiency in production with emphasis on those products with maximum efficiency. New products could be quite different from current products, while still utilizing existing production know-how, processes, systems and equipment. This organization may make products for another organization as a means of utilizing this capability. It may also lease or sell its capability to others.

Method of sale

An organization that is driven by its method of sale will determine the products it provides, the markets it enters, and its geographic scope on the basis of the capabilities and limitations of that primary method of sale. An organization that is driven by its method of sale may seek other sales approaches that are similar to or compatible with its current method of sale. Its other capabilities, particularly method of distribution, will be developed to support its method of sale. This organization may sell products from other organizations to gain maximum advantage from its method of sale driving force.

Method of distribution

An organization that is driven by method of distribution will determine the products it sells, the customers it sells them to, and its geographic scope on the basis of those kinds of products or services and customers that can be handled through its established distribution channels. It may seek other distribution channels that are similar to its current method of distribution. Its other capabilities, particular method of sale, will be developed to support that method of distribution. This organization may distribute products from other organizations to gain maximum advantage from its distribution network.

Natural resources

An organization with natural resources as a driving force would develop its products and markets through the use or conservation of its natural resources. It would concentrate on control of those resources as a means of increasing their value. An organization that is natural resource-driven may sell those natural resources to others or turn them into products. Just because an organization owns or buys natural resources to support its products, such as a steel company, does not mean that its driving force is natural resources.

Size/growth

An organization whose driving force is size/growth determines the scope of the products it offers, the markets it serves, and its geographic scope from its desire to become larger or smaller. Size/growth is the driving force only if the desire to grow only leads to a change in the product and market scope. An organization that wants rapid growth, but within its current product and market scope, is not size/growth-driven. The organization with size/growth as its driving force will set levels of size and growth significantly different from its current level of performance. This organization will push into new unrelated products or markets. Size/growth does not automatically mean getting larger. It may mean a controlled reduction if such a reduction determines the scope of products and markets. Size/growth is not likely to be a long-term driving force. Organizations typically remain size/growth-driven for a limited period of time to enable them to move toward another driving force.

Return/profit

An organization that is return/profit-driven will determine the scope of its products and markets from its desire for specific levels of return/profit. Return/profit is the driving force only if a change is made in the product or market scope in order to achieve its return/profit requirements. An organization that wants to increase its return and profit and yet stay within its current product scope and market scope is not return/profit-driven. To be return/profit-driven these return and profit targets must be used to determine the scope of future products or markets and not as a screen for particular products or markets to select within that product scope. This driving force may lead an organization to change from one line of related products to a different line of related products because of return/profit considerations. The return/profit-driven organization's product/market choices may be constrained or limited by its need to produce a consistent return.

Figure 3.14: Driving forces by Tregoe & Zimmerman (1980)

3.3.2 Real estate strategies

In this section the second element of the intended alignment will be examined more closely; real estate strategies. The authors of the studies were more on one line about the real estate strategies, then about the corporate strategies. This is explainable by the fact that many authors use the same source for the strategies they use. This can be seen in table 3.5. Nourse & Roulac (1993) are used 3 times in the articles, and also de Jonge (1996) is used 3 times. Acoba & Foster (2002) and Osgood (2004) based their strategies on their own experience and Singer, Bossink & Van de Putte (2006) referred to O'Mara (1999). This is also noticeable in table 3.4, where the real estate strategies are commented. Many studies are useful because of the fact that many studies state more or less the same things about real estate.

Author	Comment on real estate strategies as used by the authors	Assessment
Nourse & Roulac (1993)	They formulate eight real estate strategies themselves. These strategies are extensive and cover many areas of real estate. Therefore, these real estate strategies are useful for the intended alignment.	
Roulac (2001)	Roulac uses the real estate strategies as formulated in Nourse & Roulac.	
Acoba & Foster (2002)	Acoba and Foster describe nine real estate strategies. The strategies are extensive and useful.	
Krumm & de Vries (2003)	Krumm & de Vries use seven real estate strategies described by de Jonge (1996). These strategies are extensive and useful.	
Osgood (2004)	Osgood describes six real estate strategies. These strategies are not explained more thoroughly, so the content of the strategies is more difficult to interpret. Therefore, this study is only partly useful.	
Scheffer, Singer & van Meerwijk (2006)	These authors also use the strategies as described by de Jonge.	
Lindholm, Gibler & Leväinen (2006)	These authors base their real estate strategies on the strategies of Nourse & Roulac, de Jonge and expert interviews. Due to the extensive analysis and description of the strategies. This study is very useful.	
Singer, Bossink & van de Putte (2007)	The strategies as described by these authors are based on O'Mara (1999) and can better be described as portfolio strategies. Therefore, these strategies are not useful for the intended alignment.	

Table 3.4: Comment on the elements of real estate strategies

Table 3.5 summarizes the real estate strategies used by the different authors. To indicate the similarities between the real estate strategies of the different studies, colors have been added to the different strategies which are acknowledged by many authors. The strategies that do not have a color are rarely used and do not clearly match strategies by other authors²⁶. This way, the matching strategies can easily be spotted.

²⁶ Every strategy is indicated with one color, this is the color that represents the strategy the best. This does not mean that the strategy does not also benefit other colors.

Nourse & Roulac (1993)	Roulac (2001)	Acoba & Foster (2002)	Krumm & de Vries (2003)
<ol style="list-style-type: none"> 1. Occupancy cost minimization 2. Flexibility 3. Promote human resources objectives 4. Promote marketing message 5. Promote sales and selling process 6. Facilitate and control production, operations, service delivery 7. Facilitate managerial process and knowledge work 8. Capture the real estate value creation of business <p>Source: Authors</p>	<ol style="list-style-type: none"> 1. Minimize costs of occupancy decisions 2. Increase flexibility 3. Promote human resource objectives 4. Promote marketing message 5. Promote sales and selling process 6. Facilitate production, operations, services and delivery 7. Facilitate managerial process and knowledge work 8. Capture the real estate value creation of business <p>Source: Nourse & Roulac (1993)</p>	<ol style="list-style-type: none"> 1. Real estate acquisition 2. Space alteration 3. Organizational structure 4. Sourcing strategies 5. Customer relationship management 6. Employee development 7. Workplace standards 8. Fee-for-service/Chargeback systems 9. Information management & Information technology <p>Source: Authors</p>	<ol style="list-style-type: none"> 1. Increasing productivity 2. Cost reduction 3. Risk control 4. Increase of value 5. Increase of flexibility 6. Changing the culture 7. PR and marketing <p>Source: De Jonge (1996)</p>
Osgood (2004)	Scheffer, Singer & van Meerwijk (2006)	Lindholm, Leväinen & Gibler (2006)	Singer, Bossink & Van de Putte (2006)
<ol style="list-style-type: none"> 1. Quality of space 2. Cost of Space 3. Quantity of space 4. Location of Space 5. Technology of space 6. Practices for providing space <p>Source: Author</p>	<ol style="list-style-type: none"> 1. Increasing productivity 2. Cost reduction 3. Risk control 4. Increase of value 5. Increase of flexibility 6. Changing the culture 7. PR and marketing <p>Source: De Jonge (1996)</p>	<ol style="list-style-type: none"> 1. Increase value of assets 2. Promote marketing and sale 3. Increase innovations 4. Increase employee satisfaction 5. Increase productivity 6. Increase flexibility 7. Reduce costs <p>Source: Partly: Nourse & Roulac (1993) Partly: De Jonge (1996) Partly: Interviews</p>	<ol style="list-style-type: none"> 1. Incremental strategy 2. Value-based strategy 3. Standardization strategy <p>Source: O'Mara (1999)</p>








Legend	
Increase flexibility	
Increase innovations	
Increase productivity	
Increase value	
Cost minimization	
Increase employee satisfaction	
Promote marketing & sales	

Table 3.5: Overview of real estate strategies in the articles

Table 3.4 indicates that the strategies of Osgood are only partly useful because they are not explained thoroughly. The strategies of Bossink, Singer & van de Putte are not useful for the intended alignment, because they are more in line with portfolio strategies. These strategies might become very useful in further research, when other parts of the strategy formulation will be aligned with real estate strategies. Table 3.5 provides the same indication. The strategies of Osgood cover fewer areas than other authors and the strategies of Bossink, et al. describe a different level of strategies. In the search for the most complete set of real estate strategies (table 3.5), it turned out that the strategies of Lindholm, Gibler & Leväinen were the most complete. This is not remarkable, because these authors combine the real estate strategies from Nourse & Roulac and de Jonge. Due to table 3.5 the most optimal and complete set of real estate strategies can be formed:

- Cost minimization
- Increase innovations
- Increase flexibility
- Increase productivity
- Increase value
- Increase employee satisfaction
- Promote marketing and sales

These 7 real estate strategies will be extensively clarified in figure 3.15

Real estate strategies

Cost minimization

It is important to distinguish the difference between being cost effective and seeking the lowest costs. All decisions should be cost effective for the quality of space sought, but this strategy emphasizes the search for the lowest cost decision (Nourse & Roulac, 1993). The most actions done by companies to act upon this strategy is to outsource some real estate services, co-locate business units, making more efficient workplaces, choosing locations based on governmental incentives, reduce expenses by negotiating lower rents and increase quality and timing of maintenance to avoid costly repairs and capital expenditures (Lindholm, Gibler & Leväinen, 2006).

Increase innovations

Increasing innovation is a less familiar real estate strategy. Many firms are in the knowledge business, which operate in very competitive environments. To survive and grow in this business, they need to innovate. These firms need to provide workspaces that encourage and support innovative thinking and working. This requires the participation and input of the employees in planning the spaces and providing the type, size, and design of workspaces that create an inspiring working atmosphere. This will lead to increased revenues to the firm (Lindholm, Gibler & Leväinen, 2006).

Increase flexibility

A strategy of increasing flexibility may include both physical workspace and financial terms. Real estate must accommodate changing organizational space requirements and favor facilities that can easily be adapted to multiple uses by corporations and others (Nourse & Roulac, 1993). Designing more flexibility into buildings can also make it less costly to renovate and expand the original building for new use within the business or to sell it at a more favorable price when surplus, thus reducing occupancy cost over the long run (Nourse & Roulac, 1993). Some operating decisions that would follow from a flexible real estate strategy include choosing spaces that can be adapted to multiple uses and workers, creating flexible workspaces within the structures, negotiating short-term leases that include options for expansion and contraction, and leasing rather than purchasing properties that are not essential to the core business (Lindholm, Gibler & Leväinen, 2006).

Increase productivity

Increasing productivity will also lead to increased profitability. Real estate decisions about site selection, infrastructure and interior design directly impact the functionality of the space, allowing employees to work more efficiently and effectively. Real estate and facilities decisions influence a number of personnel and system factors, which influence the level of productivity of the individual and subsequently, the level of productivity of teams and profitability of an organization (Lindholm, Gibler & Leväinen, 2006).

Increase value

Increasing the value through managing the real estate portfolio, views real property as a capital asset, that can be managed to insure an optimal financial contribution to the firm (Lindholm, Gibler & Leväinen, 2006). By timely disposal and acquisition of real estate, marketable buildings, knowledge and insight into real estate markets and redevelopment, real estate can make this contribution (Krumm & de Vries, 2003; Scheffer, Singer & Van Meerwijk, 2006).

Increase employee satisfaction

Increasing employee satisfaction with their working environment depends on real estate and facilities management decisions concerning site selection, workplace design and amenities, and environmental quality. Firms making workplace decisions to improve employee satisfaction can expect to achieve the increased financial returns experienced by other firms in a range of industries who have recognized this indirect path to profits (Lindholm, Gibler & Leväinen, 2006).

Promote marketing & sales

Physical design can be used to create an image for the company among its suppliers, employees, customers and investors, an indirect way of adding value to the firm (Lindholm, Gibler & Leväinen, 2006). Real estate can function as a form of physical institutional advertising. Accessibility and visibility are keys to attract customers and increase revenues. An attractive environment supports/enhances sales and a high traffic location attracts customers (Nourse & Roulac, 1993; Lindholm, Gibler & Leväinen, 2006).

Figure 3.15: Real estate strategies

3.3.3 Alignment

In this section, the third part of the intended alignment will be examined more closely; the alignment itself. All the studies claim to make some sort of alignment between corporate strategies and real estate strategies. The quality of this alignment has to do with the quality and the usefulness of the strategies, but also with the manner in which they align the different strategies. This section analyzes the linkages.

Author	Comment on the alignment	Assessment
Nourse & Roulac (1993)	Nourse & Roulac align the nine driving force from Tregoe & Zimmerman with eight real estate strategies, which they formulated themselves. They value this alignment on a scale of primary, secondary, tertiary or no importance. The explanation of the assignment of the values is unfortunately not included in the study, which makes it difficult to work with the found data. Nevertheless, this way of aligning can be very effective.	
Roulac (2001)	Roulac summarizes real estate strategies and adds the possibilities of how real estate can add value to the corporation. He does not mention certain corporate strategies. This makes the alignment made in this study not useful for the intended alignment.	
Acoba & Foster (2002)	Acoba and Foster establish an alignment between elements of corporate strategies and real estate strategies by subdividing the three elements into a few real estate strategies. This makes their theory more leading and less flexible. This method of aligning the strategies can be very effective. They also provide a model to help managers to implement the theory.	
Krumm & de Vries (2003)	The study of Krumm and de Vries leads the corporate strategies back to revenues growth and cost reduction. These are area's of great importance in each business, however, strategic management is more then solely aimed at finances. In order to make an optimal alignment the basis has to be more broader then solely the financial perspective. Therefore, this alignment is only partly useful for the intended alignment.	
Osgood (2004)	Osgood claimes to make an alignment, but only gives a brief schematic overview of the supposed alignment. The supposed alignment has potential, but the lack of detailed informtion makes this alignment not useful for the intended alignment.	
Scheffer, Singer & van Meerwijk (2006)	These authors use the same apporach for the alignment as Nourse & Roulac. The difference is that they value the alignments just by assessing the factor important or not. However, they do make an extra step in their study, by making a model of how managers could use their theory in practice. This model is unfortunately very open for interpretation, but useful.	
Lindholm, Gibler & Leväinen (2006)	These authors also base their alignment solely on the financial perspective of the organization. This is important, but not sufficient for an optimal alignment. They also subdivide the financial perspectives into real estate strategies. This also makes their alignment more leading and less flexible. This makes this study only partly useful for the intended alignment.	
Singer, Bossink & van de Putte (2007)	These authors use competitive strategies and portfolio strategies. Both type of strategies are not very useful for the intended alignment.	

Table 3.6: Comment on the alignment.

Table 3.6 provides comment on the alignments of the different studies. It shows that Nourse & Roulac, Acoba & Foster and Scheffer, Singer & van Meerwijk make the most useful alignments. Nourse & Roulac and Scheffer et al. both use the driving forces, but the real estate strategies from respectively Nourse & Roulac and de Jonge. The method of alignment is also quite similar. They both value the link between the strategies; however Nourse & Roulac are more specific in the quality of the link. Nourse & Roulac value the link on a scale of primary importance, secondary importance, tertiary importance and not applicable; Singer, Scheffer and van Meerwijk only state whether there is a link or whether there is no link at all, according to their own opinion. The down-side of these links is that the authors do not state why they think a link is important/ relevant or not. They also do not explain why they assign a certain importance to a link. This makes it difficult to work with the data found in the literature. Scheffer et al. also add a model which molds their theory into a practical model that can be used by the management. However, to work with this model asks a lot of own interpretation by the manager, which makes the model more compliant. Acoba & Foster establish their link by subdividing their corporate strategies in real estate strategies. They look at the alignment from a different point of view and try to describe the 'best way' of aligning the strategies. They also provide a model in which the manager can indicate goals and current status of the specific strategies. They do not provide information within the model, a manager must fill-in the model with current effectiveness and future effectiveness. This model however, is more static than the models suggested by Nourse & Roulac and Scheffer et al.

Table 3.7 shows the alignment made by Nourse & Roulac, table 3.8 the alignment established by Singer, Scheffer & van Meerwijk and table 3.9 the alignment established by Acoba & Foster.

Real estate strategies	Driving forces								
	Product offered	Market needs	Technology	Production capacity	Method of sale	Method of distribution	Natural resources	Size/ growth	Return/ profit
Occupancy cost minimization	P	T	S	T	P	S	T	T	P
Flexibility	T	P	P	N/A	N/A	N/A	N/A	S	S
Promote human resources objectives	T	T	P	P	T	S	T	S	T
Promote marketing message	S	S	S	S	S	P	S	P	S
Promote sales and selling porcess	S	P	S	S	P	P	S	P	S
Facilitate production, operations, service delivery	P	S	S	P	S	P	P	S	S
Facilitate managerial process and knowledge work	S	S	P	S	T	S	S	S	S
Capture the real estate value creation of the business	N/A	N/A	N/A	N/A	N/A	P	P	P	P

Table 3.7: Alignment established by Nourse & Roulac (1993)

Real estate strategies	Driving forces								
	Product offered	Market needs	Technology	Production capacity	Method of sale	Method of distribution	Natural resources	Size/ growth	Return/ profit
Increase productivity	X		X	X			X		
Cost reduction	X				X			X	X
Risk control	X	X	X	X	X	X	X	X	X
Increase of value							X		X
Increase of flexibility		X	X						
Changing the culture			X						
PR and marketing		X			X	X		X	

Table 3.8: Alignment established by Singer, Scheffer & van Meerwijk (2006)

COMPONENT ELEMENTS		EFFECTIVENESS SCALE				
		1	2	3	4	5
PROCESSES	Real Estate Acquisition Project & Budget Approval Authority Agreements w/ Real Estate Brokerage Firms					
	Space Alteration Validation of Project Requests Process for Project Approvals Project Funding Responsibility					
PEOPLE	Organisational Structure CRE Executive Reporting Lines CRE Service Delivery Models Access & Visibility to Senior Management					
	Sourcing Strategies Delineation of Roles & Responsibilities Development of Long-term Relationships Management of Impacts on Internal Staff					
	Customer Relationship Management Formal CRM Staff Positions Linking CRE Strategy to Business Strategy					
	Employee Development Personal Development Plans Incentive Programmes					
ENABLING SYSTEMS	Workplace Standards Organisation-wide Standards Churn Management Simplified Space Requirements Analyses					
	Fee-for-Service/Chargeback Systems Chargeback Allocation Process Decentralisation of Funding Responsibilities					
	Information Mgmt & Information Technology Portfolio Management Systems Project Management Systems Customer Relationship Management Systems					

Table 3.9: Alignment established by Acoba & Foster (2002)

This paragraph has described, compared and commented the scientific studies that claim to make an alignment between corporate strategies and real estate strategies. Paragraph 3.4 will combine these findings in order to make the most optimal alignment between the strategies.

3.4 Integrating outcomes

In paragraph 3.1 strategies in general and strategic management in particular was discussed, paragraph 3.2 explained the origin and the use of CREM and paragraph 3.3 analyzed the studies that wrote about alignments between corporate strategies and real estate strategies. This paragraph tries to integrate the information from these previous paragraphs into a total optimal alignment.

In order to retrieve the most optimal alignment between the strategies, scientific journals are the most trustworthy sources to find information. Appendix B shows which journals were used. In paragraph 3.3 the different elements of the studies were assessed for their usefulness to the intended alignment. The result of these assessments can be found in table 3.10.

Author	Corporate strategies	Real estate strategies	Alignment
Nourse & Roulac (1993)	Green	Green	Green
Roulac (2001)	Orange	Green	Orange
Acoba & Foster (2002)	Yellow	Green	Green
Krumm & de Vries (2003)	Yellow	Green	Yellow
Osgood (2004)	Green	Yellow	Orange
Scheffer, Singer & van Meerwijk (2006)	Green	Green	Green
Lindholm, Gibler & Leväinen (2006)	Yellow	Green	Yellow
Singer, Bossink & van de Putte (2007)	Yellow	Orange	Orange

Table 3.10: Total assessment of analyzed studies

Table 3.10 shows that the studies of Nourse & Roulac and Scheffer, Singer & van Meerwijk are the most useful in total. The studies of Singer, Bossink & van de Putte and Roulac are the least useful. The other studies are partly useful. The problem with these studies is that all are useful in larger or smaller manners, but they are all not the most optimal alignment. This because they all align their real estate strategies to certain parts of the strategy formulation. Most of the studies also do start with the directional strategies. Nourse & Roulac, Osgood and Singer, Scheffer & van Meerwijk use the most complete translations of the directional strategies in their studies. Krumm & de Vries and Lindholm, Gibler & Leväinen solely address the financial aspects of the directional strategies. Acoba & Foster are difficult to place in the strategic plan because their strategies were not thoroughly explained. Singer, Bossink & van de Putte can be placed in the section competitive strategies and Roulac is also difficult to place, because he does not address certain corporate strategies, but mainly mentions the added value real estate can provide. The studies mostly use similar real estate strategies, but they all retrieve different models and outcomes. The difference lies mainly in the first element of their alignment; the

corporate strategies. Thus, in order to make the most optimal alignment, the first element of the alignment has to be as complete as possible. In paragraph 3.1.3 the strategy thinking map by Swayne, Duncan and Ginter was presented. Figure 3.16 shows this thinking map once again.

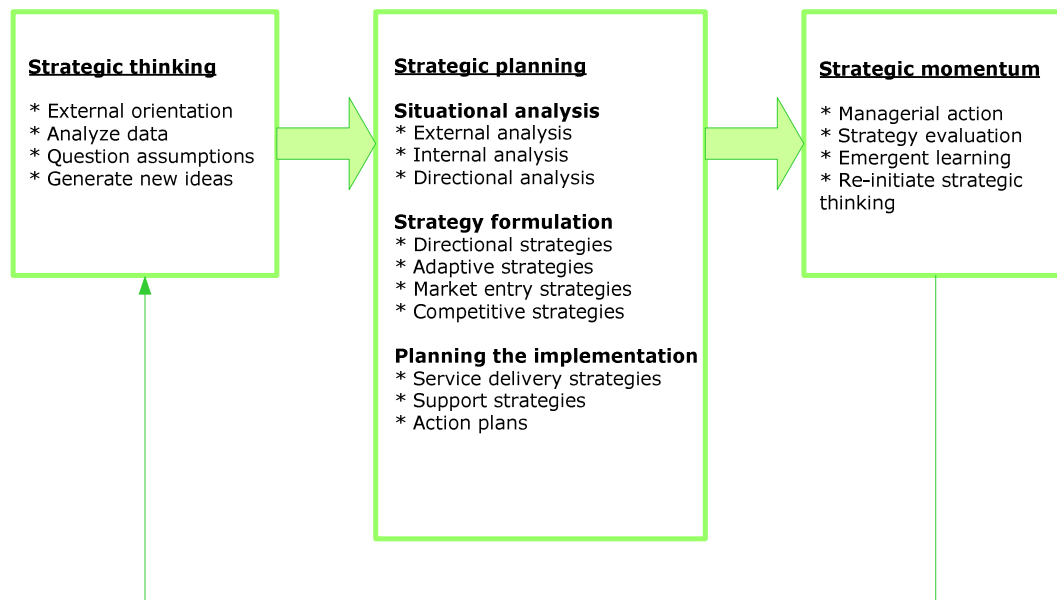


Figure 3.16: Strategic thinking map by Swayne, Duncan & Ginter, 2006

The development and documentation of a strategic plan occurs in the part strategic planning. Figure 3.17 provides a more detailed picture of the strategic planning. This first shows the situational analysis, following the strategy formulation and last the strategy implementation. The box with the driving forces has a slightly different color in this picture, because this box is not in the original strategic plan. The driving forces are added after they have proven to be useful in the analysis of the studies. The driving forces are added in the section directional strategies, because they are in close contact with the mission, vision, goals and values of an organization.

For a long time real estate has found itself in the box *support strategies*. On itself, this is not a bad place for real estate to be in, as long as the alignment with the other strategies is optimal. The problem is that this alignment is not optimal. Therefore, in order to make sensible real estate strategies, the line has to go back to the beginning of strategic planning and make sure that the real estate strategies are in line with what the general strategies foresee. Better yet, to add extra value to the organization. If executives foresee in early stages, what the added value of real estate can be, they can also adapt other elements of their total strategy to the advantages that can be made by their real estate. This would mean that real estate managers should be involved in the strategic management process from the beginning. This will result in a better integration between corporate managers and real estate managers. A better integrated strategy can anticipate on problems and make use of value that real estate can add and eventually will provide the corporation with a more efficient, competitive and suitable strategy.

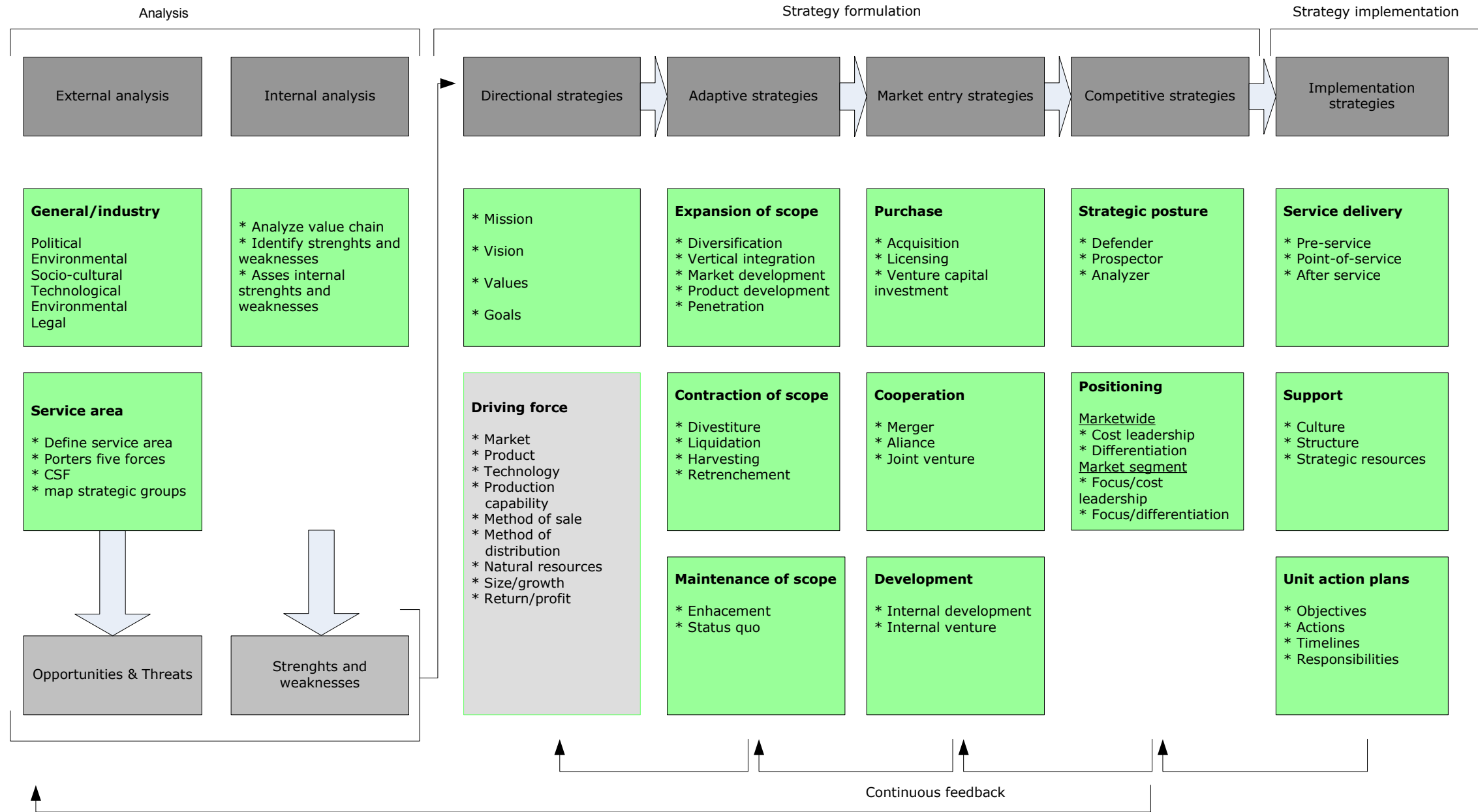


Figure 3.17: Strategic plan, own adaptation from Swayne, Duncan & Ginter 2006.

With real estate managers involved in the strategy making, the alignment of corporate strategies and real estate strategies should be improved. But without the right knowledge, background information or experience, the involvement on itself can be insufficient. Therefore, this study tries to provide structured information in order to guide the real estate managers in making optimal strategic real estate decisions. To provide full, complete information on how to make on optimal alignment is a very difficult, complex and time-consuming task. There are many factors and elements to take into account. This is probably one of the main reasons why the scientific studies have limited themselves knowingly or unknowingly to certain elements of strategic management. This thesis will not try to provide the complete set of structured information for an optimal alignment for the simple fact that this process would take years. However, this thesis will try to provide information that will guide managers in aligning the first step of corporate strategies with real estate strategies.

Figure 3.18 provides a schematic overview of the strategic plan as seen before in figure 3.17. The dark red box indicates the tools for real estate analysis. There has been much research done and many books written about this subject, therefore this thesis assumes that real estate managers possess this knowledge. Chapter 2 describes a part of this analysis. The bright red box indicates the position of the rest of this thesis in the process of strategy formulation. This thesis will try to align the first part of the strategy formulation process, the directional strategies, with real estate strategies. The light red box indicated the research that has to be done, before the most optimal alignment between real estate and the entire process of strategic management can be established.

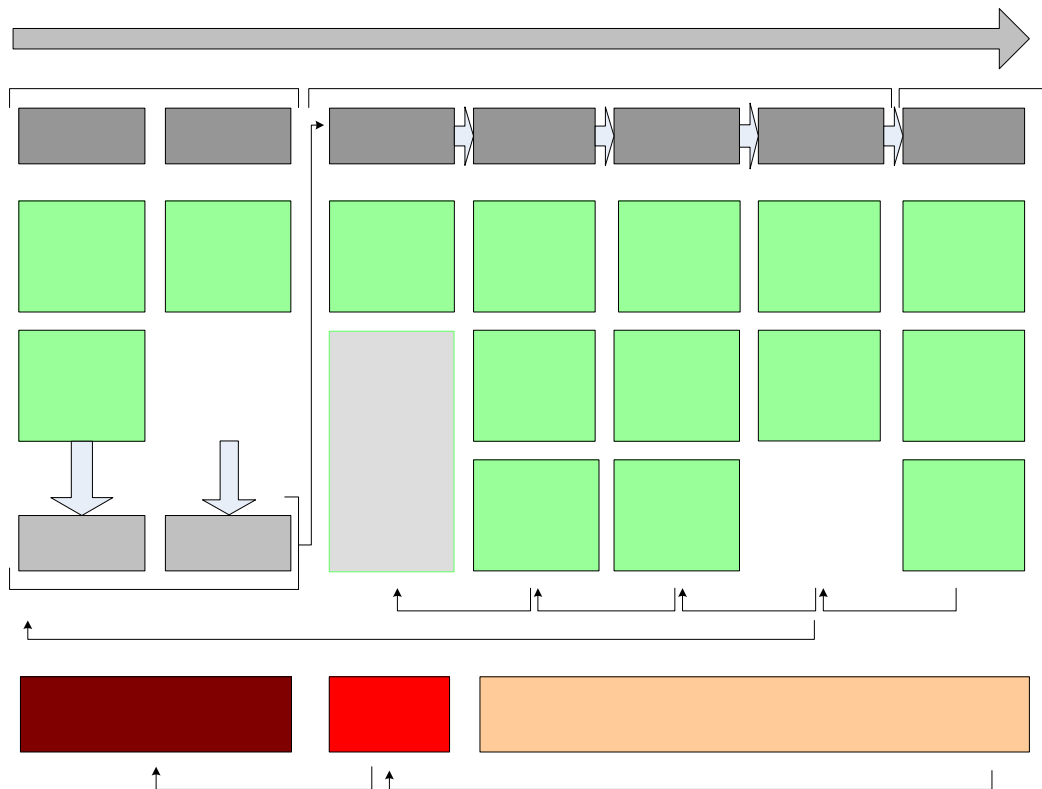


Figure 3.18: Real estate combined with strategic management

The directional strategy consists of the mission, vision, values, goals and driving forces. These are elements on which the top managers have to have a clear view. These are the first choices they have to make and the first lines they have to set. Almost all the studies referred to in this chapter agree on this basis for strategy formulation. The driving forces are well connected with the mission, vision, values and goals of an organization. They indicate the importance of each strategic area to the organization and

show the driving force behind the organization. In order to provide information for the alignment between the directional strategies and the real estate strategies, it is more comprehensible and workable for managers to submit the driving forces in their decision making process. The driving forces are well-defined strategic areas compared to the mission, vision, values and goals of an organization, which can vary greatly. Because the driving forces and the other 4 elements are almost interchangeable, the alignment is still complete for the directional strategies and much more comprehensible and workable for the managers.

This alignment between the driving forces and the real estate strategies will be projected on the care sector in the next chapter. This chapter will investigate which parts of the alignment are more or less important and how important they are considered to be by experts in the field of care.

3.5 Conclusions

The second, third and fourth research questions are answered in this chapter.

2. Which corporate strategies can be distinguished?
3. Which real estate strategies can be distinguished?
4. How can the found strategies contribute in making an optimal alignment?

This chapter can conclude that there is still a lot of work to be done in the alignment of corporate strategies and real estate strategies. Scientific studies in this field are scarce. The studies that have been conducted also struggle in trying to make a complete alignment. This is not a strange phenomenon, because the optimal alignment is a complex process and with little research to start from, it is even harder. Therefore this chapter tried to place the conducted studies in the strategic management process in order to give an overview what scientific research has been conducted, where it stands at this point and what has to be done in the future. This thesis will try to add the next step to this research, by making an alignment between the directional strategies and real estate strategies. This alignment will be made especially for care institutions. The negative consequence of this limitation is that the assertions, coming from this research, can not be generally applied. However, the positive consequence is that the assertions from this research will be more specific for the care sector and therefore more trustworthy in their appliance. The input for the elements of this alignment comes from the scientific studies, but the adaptations to the care sector and the input for the valuation of the alignments come from experts in the field of care. The next chapter will provide this input.

4

Alignment in the care sector

In order to align not only the 2 different types of strategy, but also the theory and the practice, this chapter focuses on the experts in the field of care. To establish a reliable alignment between the driving forces and real estate strategies, experts in the field of care will be interviewed extensively and they will be asked to present their views on the alignments. The reason for the usage of experts instead of literature research is simple. There is a lack of literature on the alignment in the care sector. Especially scientific literature is not available. This is not a strange phenomenon, since chapter 2 pointed out that the care sector was regulated for many decades and only recently this sector is starting to deregulate. This deregulation will continue in the future. With this deregulation and the introduction of the market forces, care institutions have to be more aware of their strategies and the alignment between different strategies. Scientific literature can not provide specific answers for this sector; experts might. Therefore, this chapter will start with the application of the data from the literature study to the care sector [4.1]. Then the design of the expert interviews will be explained [4.2]. Following, the first part of the interviews will be discussed, part A [4.3]. This part analyzes the open end questions and will result in an overview of the opinions of the experts on the care sector. In the second part of the interviews, part B will be analyzed [4.4]. This part will discuss the importance of the driving forces and the results of the alignments. After all the information is interpreted, the way to apply this information will be motivated [4.5]. The last paragraph will conclude all the findings in this chapter [4.6].

4.1 Strategies for the care sector

The experts from Coresta Healthcare²⁷ were asked to participate in a group discussion, to examine if all strategies from chapter 3 are relevant to the care sector and if some strategies should have to be adapted. This group discussion resulted in the elimination of 2 driving forces and the addition of 1 real estate strategy.

Out of the 9 driving forces, the driving forces natural resources and method of distribution were eliminated. A care institution does not have natural resources like oil or gas on which they are dependent; therefore it was a logical choice to eliminate this driving force from further research. The method of distribution was a more difficult choice. Care institutions can consist out of several departments like nursing or care. It is also possible that care institutions provide home care. If this is the case, the method of distribution could be a driving force for care institutions. However, in chapter 1 was stated that only the intramural (activities of) care institutions were taken into consideration in this study. Intramural care institutions do not distribute care outside the institution; therefore this driving force was also eliminated. The process of eliminating the driving forces is shown in figure 4.1. Figure 4.3 shows the remaining driving forces which will be presented to the experts. The real estate strategies were all considered useful for care institutions. The group discussion even resulted in an additional real estate strategy especially for the care sector; *Increase client satisfaction* (figure 4.2). The clients are the people who have to spend the most time in the care institutions and they are the ones bringing in the money. Therefore it is very important that they are as satisfied as possible. Since they spend most of their time inside the institutions, real estate can contribute largely in this satisfaction. This results in 8 real estate strategies, who can be seen in figure 4.4.

²⁷ The experts of Coresta Healthcare can be found in the bibliography.

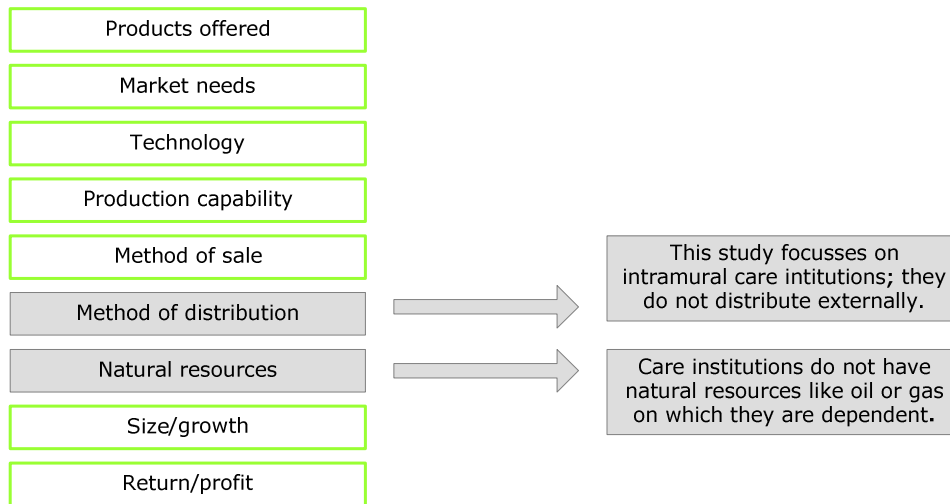


Figure 4.1: Eliminating driving forces based on group discussion with Coresta Healthcare

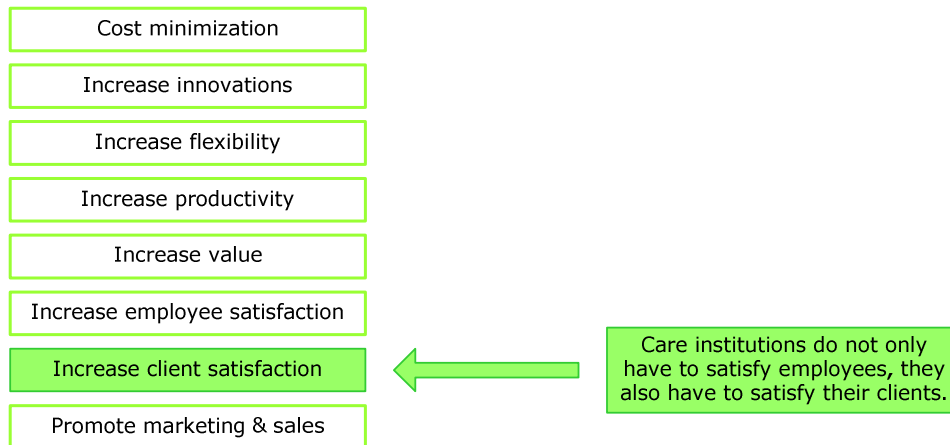


Figure 4.2: Adding a real estate strategy based on group discussion with Coresta Healthcare

Driving forces**Products offered**

The organization with products offered as its driving force has a concept of its products which is key to the future markets it serves. The products offered-driven organization will continue to produce and deliver products similar to those it has. New products will have characteristics very similar to those of current products. This organization will focus on higher penetration of its current geographic markets and the particular market segments where there is a need for its products. It will constantly be looking for ways to improve or extend these products.

Market needs

The organization whose driving force is market needs will provide a range of products to fill current and emerging needs in the market segment or customer groups it serves. It will be constantly looking for alternative ways to fill the needs it is currently filling. It will also be constantly searching for new or emerging needs in the market segment it serves. The market needs-driven organization develops or acquires new and different products to meet needs in its market segments. When it explores new geographical markets or market segments, they will have characteristics similar to those it currently serves. For the organization driven by market needs, significant resources will be directed to functions such as needs analysis and market research. The timely development and offering of new products is very critical.

Technology

An organization that is driven by technology offers only products or services that emanate from or capitalize on its technological capability. In such an organization, technology determines the scope of products offered and markets served, rather than the products and markets determining the technology. The technology-driven organization would seek a variety of applications for its technology. It would do this through the products or services it develops from this technology, or by selling the output of this technology to those who would develop further products or services. While the technology-driven organization usually strives to be the technological and innovative leader in this field, it will not always be the initiator of technological breakthroughs made elsewhere to a variety of applications.

Production capability

An organization that is driven by production capability offers only those products that can be made or developed using its production know-how, processes, systems and equipment. The organization will manufacture products with long runs and economies of scale. Focus will be on efficiency in production with emphasis on those products with maximum efficiency. New products could be quite different from current products, while still utilizing existing production know-how, processes, systems and equipment. This organization may make products for another organization as a means of utilizing this capability. It may also lease or sell its capability to others.

Method of sale

An organization that is driven by its method of sale will determine the products it provides, the markets it enters, and its geographic scope on the basis of the capabilities and limitations of that primary method of sale. An organization that is driven by its method of sale may seek other sales approaches that are similar to or compatible with its current method of sale. Its other capabilities, particularly method of distribution, will be developed to support its method of sale. This organization may sell products from other organizations to gain maximum advantage from its method of sale driving force.

Size/growth

An organization whose driving force is size/growth determines the scope of the products it offers, the markets it serves, and its geographic scope from its desire to become larger or smaller. Size/growth is the driving force only if the desire to grow only leads to a change in the product and market scope. An organization that wants rapid growth, but within its current product and market scope, is not size/growth-driven. The organization with size/growth as its driving force will set levels of size and growth significantly different from its current level of performance. This organization will push into new unrelated products or markets. Size/growth does not automatically mean getting larger. It may mean a controlled reduction if such a reduction determines the scope of products and markets. Size/growth is not likely to be a long-term driving force. Organizations typically remain size/growth-driven for a limited period of time to enable them to move toward another driving force.

Return/profit

An organization that is return/profit-driven will determine the scope of its products and markets from its desire for specific levels of return/profit. Return/profit is the driving force only if a change is made in the product or market scope in order to achieve its return/profit requirements. An organization that wants to increase its return and profit and yet stay within its current product scope and market scope is not return/profit-driven. To be return/profit-driven these return and profit targets must be used to determine the scope of future products or markets and not as a screen for particular products or markets to select within that product scope. This driving force may lead an organization to change from one line of related products to a different line of related products because of return/profit considerations. The return/profit-driven organization's product/market choices may be constrained or limited by its need to produce a consistent return.

Figure 4.3: Remaining driving forces as presented to the experts (Tregoe & Zimmerman, 1980)

Real estate strategies

Cost minimization

It is important to distinguish the difference between being cost effective and seeking the lowest costs. All decisions should be cost effective for the quality of space sought, but this strategy emphasizes the search for the lowest cost decision (Nourse & Roulac, 1993). The most actions done by companies to act upon this strategy is to outsource some real estate services, co-locate business units, making more efficient workplaces, choosing locations based on governmental incentives, reduce expenses by negotiating lower rents and increase quality and timing of maintenance to avoid costly repairs and capital expenditures (Lindholm, Gibler & Leväinen, 2006).

Increase innovations

Increasing innovation is a less familiar real estate strategy. Many firms are in the knowledge business, which operate in very competitive environments. To survive and grow in this business, they need to innovate. These firms need to provide workspaces that encourage and support innovative thinking and working. This requires the participation and input of the employees in planning the spaces and providing the type, size, and design of workspaces that create an inspiring working atmosphere. This will lead to increased revenues to the firm (Lindholm, Gibler & Leväinen, 2006).

Increase flexibility

A strategy of increasing flexibility may include both physical workspace and financial terms. Real estate must accommodate changing organizational space requirements and favor facilities that can easily be adapted to multiple uses by corporations and others (Nourse & Roulac, 1993). Designing more flexibility into buildings can also make it less costly to renovate and expand the original building for new use within the business or to sell it at a more favorable price when surplus, thus reducing occupancy cost over the long run (Nourse & Roulac, 1993). Some operating decisions that would follow from a flexible real estate strategy include choosing spaces that can be adapted to multiple uses and workers, creating flexible workspaces within the structures, negotiating short-term leases that include options for expansion and contraction, and leasing rather than purchasing properties that are not essential to the core business (Lindholm, Gibler & Leväinen, 2006).

Increase productivity

Increasing productivity will also lead to increased profitability. Real estate decisions about site selection, infrastructure and interior design directly impact the functionality of the space, allowing employees to work more efficiently and effectively. Real estate and facilities decisions influence a number of personnel and system factors, which influence the level of productivity of the individual and subsequently, the level of productivity of teams and profitability of an organization (Lindholm, Gibler & Leväinen, 2006).

Increase value

Increasing the value through managing the real estate portfolio, views real property as a capital asset, that can be managed to insure an optimal financial contribution to the firm (Lindholm, Gibler & Leväinen, 2006). By timely disposal and acquisition of real estate, marketable buildings, knowledge and insight into real estate markets and redevelopment, real estate can make this contribution (Krumm & de Vries, 2003; Scheffer, Singer & Van Meerwijk, 2006).

Increasing client satisfaction

Client satisfaction is important for increasing and maintaining the number of clients and therefore important for the continuation of the business. Increasing client satisfaction in the care sector depends for a large amount of the real estate where they are accommodated. Real estate can increase client satisfaction but adapting itself to the needs of the clients, this can reflect in larger rooms, more windows, a healing environment, etc.

Increase employee satisfaction

Increasing employee satisfaction with their working environment depends on real estate and facilities management decisions concerning site selection, workplace design and amenities, and environmental quality. Firms making workplace decisions to improve employee satisfaction can expect to achieve the increased financial returns experienced by other firms in a range of industries who have recognized this indirect path to profits (Lindholm, Gibler & Leväinen, 2006).

Promote marketing & sales

Physical design can be used to create an image for the company among its suppliers, employees, customers and investors, an indirect way of adding value to the firm (Lindholm, Gibler & Leväinen, 2006). Real estate can function as a form of physical institutional advertising. Accessibility and visibility are keys to attract customers and increase revenues. An attractive environment supports/enhances sales and a high traffic location attracts customers (Nourse & Roulac, 1993; Lindholm, Gibler & Leväinen, 2006).

Figure 4.4: The real estate strategies as presented to the experts

The group discussion with Coresta Healthcare matched the data retrieved from the literature study with the care sector. This resulted in slightly adapted driving forces and real estate strategies. The data is now ready to use in the expert interviews.

4.2 Expert interviews

Expert interviews are used for qualitative research. Qualitative research is used to explore a key problem and to make this problem insightful. This type of research is less interested in numbers, but more interested in the opinions of the participants and why they have these certain opinions. The result of this method of research is a description of a situation from different perspectives (Baarda, de Goede & Teunissen, 2005).

4.2.1 Goal of the expert interviews

The overall goal of the expert interviews is to aid in making an optimal alignment between the first step of strategy formulation, translated into the driving forces, and real estate strategies. In order to achieve this overall goal, the interviews consist of several separate goals. These goals can be divided into 2 parts. The first part of the interviews, part A, will try to paint a picture of the current opinions of the experts, uninfluenced by research that was conducted in this thesis. The experts will be asked about the developments in the care sector, strategies of care institutions and their position towards aligning strategies. This part will give a full overview of the current tendency of the market, the differences and similarities in opinions between participants and it will indicate whether care institutions are willing to align their strategies.

The second part of the interviews, part B, will focus on their perception of the importance of real estate strategies for certain driving forces. The design of the interview will be clarified in section 4.2.3. First, the experts will be introduced.

4.2.2 Experts

In order to perceive a representative opinion of the market, a heterogeneous, diverse group of experts will be interviewed. The experts can be divided into 3 groups:

- The care institutions
- The independent organizations
- The consultants
 - Coresta Healthcare
 - External consultants

In total there were twenty expert interviews conducted. These twenty interviews consist of 7 participating care institutions, 3 independent organizations, 6 consultants from Coresta Healthcare and 4 external consultants. The participating experts and organizations are summarized in table 4.1.

	Name	Organization	Function
Care institutions	Arp, A. Kempen, van A. Koeneman, B. Magielse, B. Siegelaar, A. Straus, H. Verhoeven, T.	Zorggroep Avant & Laak en Eemhoven Florence De Zorgboog Pro Senectute Zorggroep Solis Argos Zorggroep DrieGasthuizenGroep	Board of directors Building master Chairman of the board Chairman of the board Commercial coordinator real estate Board of directors Projectleader real estate
Independent organizations	Markus, L. Vijverberg, J. Vries, de J.	Actiz Bouwcollege TU Delft	Senior policy associate Head of the department care Assistant professor
Consultants	Aarle, van E. Biesheuvel, A. Fouchier, A. Trimp, K.	Van Aarle de Laat Plan & projectpartners Aerde Bouwmanagement ABZV	Managing director Managing director Consultant Managing director
	Feijts, B. Houtappels, K. Kuijcks, S. Kuijpers, A. Lare, van N. Paul, J.	Coresta Healthcare BV Coresta Healthcare BV Coresta Healthcare BV Coresta Healthcare BV Coresta Healthcare BV Coresta Healthcare BV	Consultant Consultant Senior Consultant Consultant Consultant Managing director

Table 4.1: Experts participating in interviews

4.2.3 Design of the interview

The goals of the interview and the participating experts have been clarified. This section will focus on how these goals will be achieved. In part A, the experts will be asked open-end questions to explore their opinion about the current developments and their view about strategies. Part B will give the experts information about results conducted from the study and will ask the experts to provide input for the model.

Part A

Part A consists of 4 themes. These themes all address topics necessary to create an overall view. The 4 themes are:

- Developments influencing the care sector
- Corporate strategies
- Real estate strategies
- Aligning the strategies

The 4 themes will be discussed below. The specific interview protocols can be found in appendix C.

Developments influencing the care sector

This theme wants to discover which developments are of great influence on the care sector. The interview makes a distinction between developments of influence on the care institution as a whole and developments specifically on real estate. These answers provide an inventory of important developments seen by the experts and can also provide an addition to the list of developments formulated in chapter 2. The experts are also asked to give their opinion on how care institutions will deal with these developments and how the market will be influenced.

Corporate strategies

This theme tries to explore how the experts perceive a corporate strategy. What is in their opinion a corporate strategy? This explorative first question forces them to think about strategy and also shows in what ways and on what levels they are thinking about and dealing with strategy. The experts will be asked if they find a corporate strategy important for care institutions. The care institutions can also clarify their own corporate strategy. This theme will end with the question if and how the corporate strategies of care institutions will be influenced by the developments mentioned earlier in the interview.

Real estate strategies

The theme 'real estate strategies' is quite similar to the previous theme. First the experts will be asked how they perceive a real estate strategy. This is another explorative question to let them think about real estate strategies on their own and this will show their position towards real estate strategies. The experts will be asked if they find real estate strategies important for care institutions and whether they are working with strategies or not. The care institutions can explain in which way they are engaged in the strategies. Finally they will be asked again if and in which way care institutions will change the way they are working with real estate strategies due to the developments of influence on the care institutions.

Aligning the strategies

Experts will be asked whether care institutions are currently active in aligning their corporate strategies with their real estate strategies. The care institutions who claim to do so, may explain their way of aligning strategies. Experts are also asked whether the developments have an influence on the policy of care institutions in aligning strategies and if they will change their ways in the future.

Part B

When starting with part B, first the driving forces will be introduced to the experts. An explanation will be given about each driving force and, if they wish to, the experts can also read an extensive description. When the driving forces are clear, the experts will be asked to indicate the most important driving force for care institutions, before and after the influence of the developments. This information provides knowledge on which driving force, in the experts' opinion, the emphasis will be on in care institutions. It also provides information about the transition that care institutions will go through, if in fact a transition is noticeable. After the driving forces, the real estate strategies will be introduced. An explanation will be given about the different real estate strategies and the experts can also read an extensive description about the strategies. After this information is clear to the experts, they are asked to indicate a level of importance of each real estate strategy to the driving forces. They are asked to indicate this importance on a score sheet seen in figure 4.5. There are 5 boxes that can be crossed. The box on the left stands for 'unimportant' and the box on the right stands for 'important'. The 3 boxes in the middle represent the transition in importance. Appendix C shows the complete score sheet for all experts.

Driving force:						
Cost minimization	Unimportant	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	Important
Increase innovation	Unimportant	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	Important
Increase flexibility	Unimportant	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	Important
Increase productivity	Unimportant	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	Important
Increase value	Unimportant	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	Important
Increase employee satisfaction	Unimportant	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	Important
Increase client satisfaction	Unimportant	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	Important
Promote marketing & sales	Unimportant	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	Important

Figure 4.5: Part of the score sheet for the experts

The independent experts and the experts from the care institutions are asked to indicate the importance of real estate strategies to 2 driving forces, because of the limited time for an interview. For which driving force they indicate the importance of each real estate strategy is different for each expert. Mostly the experts were asked to indicate the importance for the driving force that were important to them in the past and the driving force they expect to be important in the future. Some experts found the same driving force important in the past and in the future. They were asked to indicate the second most important driving force or sometimes the least most important driving force. This was also done in order to receive indications from experts outside Coresta Healthcare, for each driving force. The experts from Coresta Healthcare are asked to give an indication of importance of the real estate strategies for all the driving forces. The experts from Coresta Healthcare provide more information, because they have more time available to participate in the interview. The large participation of Coresta Healthcare in the indications of the scores has a positive effect on the results because there is more input; but it has also a negative effect. The opinion of Coresta Healthcare could influence the total outcome in a different way. This effect will be studied, when the interviews are all conducted.

4.3 Results of part A of the interviews

This paragraph will process the results from part A of the interviews. The process will be conducted by the 4 themes that were described earlier.

4.3.1 Developments of influence on the care sector

All the developments influencing the care sector, which were mentioned in the interviews, start with 1 basic development: the ageing of society. This large baby-boom generation is now at the verge of their retirement age and in several years many of them will need care or nursing. This large group of retiring people results in a much smaller group of working people. This has 2 effects. The first one is a substantial shortage in personnel that can take care of the large group of elderly. The second one is that this smaller group of working people cannot provide enough tax money to keep the social security system as extensive as it was the last decennia. The government saw this problem coming several years ago and set a few actions in motion. They slowly changed their policy and legislation and stimulated the separation of living and care. They also try to stimulate the market forces by changing the reimbursement system. The new generation elderly is also different from the current generation elderly. They are much more emancipated and have their own specific demands. They are more individual, often want to live longer independently in their own homes and they have more money available than the current generation elderly. These are the mayor developments as stated by the experts that are of influence on the care sector and the care institutions. The experts also named the same developments when it came to developments influencing the real estate of the care institutions. This is logical, because real estate is a derivative of the care institution and therefore real estate will be affected by the developments as well.

These developments will place care institutions in a much more competitive market. They will have larger financial and organizational risks and they will have to deal with more demanding elderly. According to the experts this will result in a more professional care sector that will cooperate more with the market and will start more private initiatives, because this generates more money. There will also be more mergers as a result of care institutions that get into financial troubles due to the developments. The care institutions will also confer to the market and pay more attention to the demands of the elderly. There will be much less large intramural care homes. The nursing homes will increase in numbers. There will be more small-scaled locations and more diversity in the supply of real estate. They will be more creative with their real estate and pay more attention to their image. Also efficiency will be of great relevance to reduce the costs and flexibility will be important in order to make the real estate adaptable for changing demands in the market. Some care institutions will also concentrate more on extra's like innovations, ict and domotica in order to stand out and position themselves in the market. These developments and consequences will also have the consequence of a larger separation in rich or poor. The more wealthy elderly can buy as much care as they like and the less fortunate elderly will have to do with the basic facilities.

This is a description of the market combined by the answers of all the experts. In their answers they all mentioned the same topics. Some answers were more extensive than others or with different accents, but they all had the same idea. There were no mayor differences noticeable in answers from the different expert groups; the small differences are negligible. The answers that were given show great similarities with the literature research in chapter 2. This chapter gave a schematic overview of the developments and consequences in the care sector. This overview can be expanded by the expectations of the experts. Figure 4.6 shows the overview of the developments influencing the care sector from

chapter 2, expanded by the answers of the experts. The dark green boxes are expansions of answers by the experts.

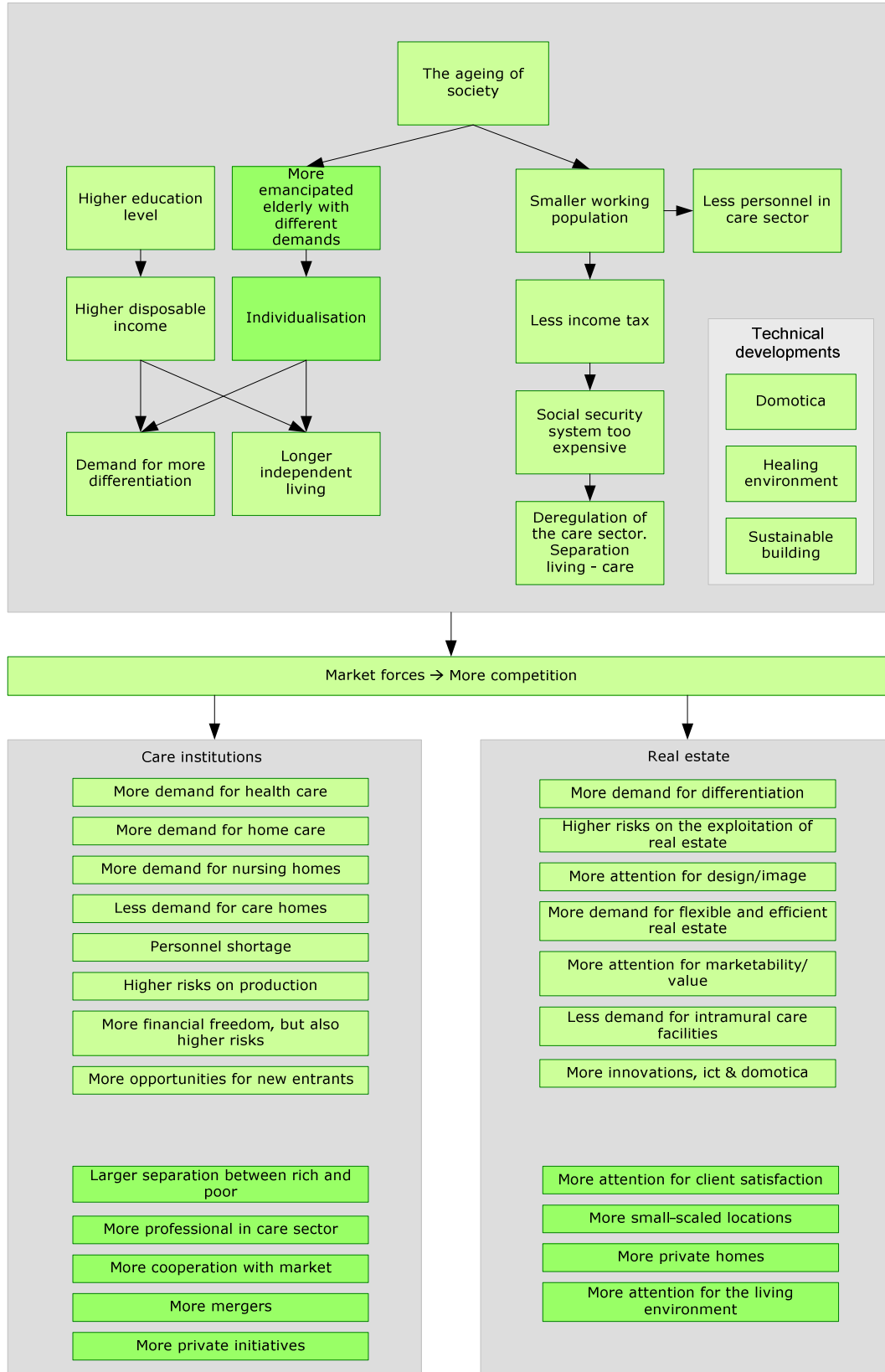


Figure 4.6: Schematic overview of chapter 2, combined with the answers of the experts

4.3.2 Corporate strategies

When talking about strategies, the experts were all more or less on the same level. Most experts found that a strategy contains a mission, vision and goals. It should also be a plan on how to achieve those goals with the means they have. Fewer experts mentioned the evaluation of the strategy and the long-term lifespan of a strategy. The lack of mentioning the long-term lifespan of a strategy is not very surprising, because due to the constant developments and the regulated system, they never had to think long-term. Together with that, evaluation was also often not necessary because the environment changed. The opinions of the different groups of experts were quite equal, there were no mayor differences.

When asking about the existence of corporate strategies in care institutions, the opinions started to diversify more. The care institutions feel that they do have corporate strategies, but the consultants and the independent experts have a different opinion. A minority believes that the care institutions do not have corporate strategies at all. A majority believes that some care institutions do not have corporate strategies and some do have corporate strategies, but not all strategies are considered 'good'.

The corporate strategies of institutions that claim to have a strategy, are mostly focused on client satisfaction and on operational efficiency. With operational efficiency they mean offering as much as possible with a limited budget.

From the participating care institutions about half thinks that they will not change their corporate strategy, because it is resistant to the changes. The other half believes that they will have to change their corporate strategy, because it is insufficient. They will focus more on the needs of the clients, then they did in the past and they will also focus more attention on efficiency. The other independent experts and the consultants believe that care institutions will have to change their corporate strategies. They believe that it will take a while, but that it is necessary in order to deal with the (upcoming) developments.

4.3.3 Real estate strategies

All the experts have the same opinion about real estate strategy; it is a part of the corporate strategy and it is a resource to contribute to that strategy. It is a way to achieve the goals set by the organization as a whole and it can serve as a means for competition.

The care institutions all believe that they are working with real estate strategies, in one way or the other, and they are using their real estate to achieve the goals of the organization. The independent organizations and the consultants do not agree with that. Half of these experts believe that the care institutions are not working with real estate strategies and the other half believes that they try to, but that the strategies are not very tangible.

The content of the real estate strategies of the care institutions as they now claim to have is diverse and location dependable. The overall response was a focus on flexibility and client satisfaction. Their focus becomes clearer in part B of the interview.

Half of the care institutions believe that their real estate strategies will survive the changes in the market and there is no need to change their real estate strategies. The other half of the care institutions does believe that they will have to change or even start to formulate real estate strategies. The real estate strategies are often not tangible, adapted to the total corporate strategy or focused on the client or the future. These are aspects which they will have to let their real estate strategies answer to. All other experts also feel that care institutions should change their current policy on real estate strategies and that they will have to formulate and live up to real estate that deals with the future situation.

4.3.4 Aligning the strategies

The questions about the alignment of the strategies were again answered differently by the care institutions and the other expert groups. Half of the care institutions believed that they were trying to

(successfully) align their corporate strategies with their real estate strategies. The other half of the care institutions believed that they did not align their strategies yet. Half of the independent experts and the consultants believe that the care institutions indeed did not align the strategies. The other half believes that some care institutions do align and some do not. In general the opinions are divided for this question. The thing they do agree on is that for the care institutions that do align the strategies, the alignment is not optimal most of the time.

The care institutions that did claim to align their strategies said to do so by adapting their size and their image to the market and confer to the wishes of their clients.

All of the experts stated that in the future it would be more important to align the strategies in order to survive.

4.4 Results of part B of the interviews

This paragraph will process the results from part B of the interviews. First the driving forces chosen by the experts will be discussed. Following the results from the alignments will be explained.

4.4.1 Chosen driving forces by experts

The experts were all asked to indicate the most important driving force for the care institutions before the developments and after the developments. They could only choose 1 option for the past and 1 option for the future. This was done to make them choose between the options and therefore reveal the most important driving force for care institutions. Figure 4.7 shows the distribution of the importance of the driving forces in the past as stated by the experts.

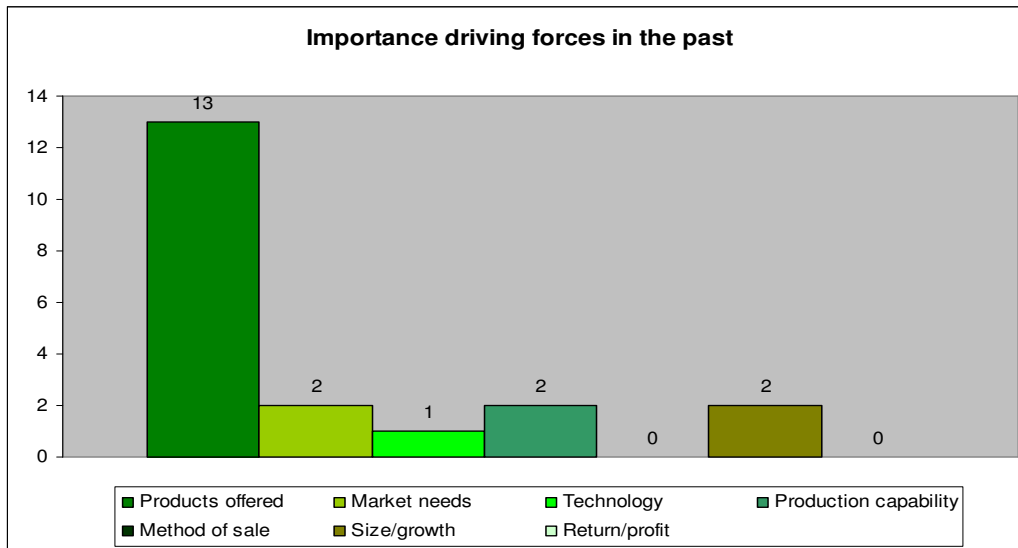


Figure 4.7: Importance driving forces in the past indicated by the experts

Figure 4.7 indicates that most of the experts saw the driving force *products offered* as the most important driving force in the past. This is not surprising seen the regulated system that ruled in the past. Care institutions had little room to diversify in their care offering. Looking at the answers from the individual experts, it was remarkable to notice that the experts from the care institutions did not indicate this driving force as the most important in the past. Only 1 out of 7 indicated this driving force as most important in the past. Their opinions were divided, they also indicated *market needs*, *technology*, *production capability* and *size/growth* as their driving forces in the past. The external experts all but 1 indicated *products offered* most important in the past. This shows a different perspective from the

external experts and the care institutions. This can be explained by the fact that the care institutions indicated the driving force for their own care institution and not in general, as the other experts did.

The experts were also asked to indicate which driving force would become important to them in the future. These results can be found in figure 4.8.

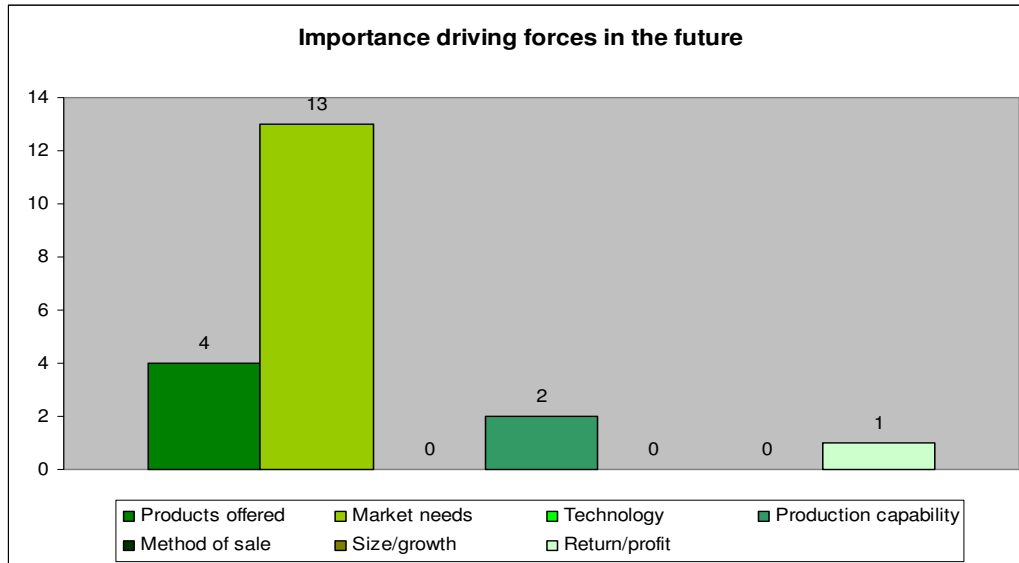


Figure 4.8: Importance driving forces in the future indicated by the experts

Figure 4.8 shows that there will be a transition in the importance of the driving forces, caused by the developments. *Products offered* will become less important and *market needs* will become much more important. This transition is explainable by the fact that the competition is rising in the care sector, market forces are coming into play, elderly are more demanding and therefore care institutions have to listen more to the demands of the market. However, a few experts still believe that the driving force *products offered* is still the way to go in the future. The individual answers show that the external experts are more convinced of this driving force for the future than the experts from care institutions. From the external experts 9 out of 13 chose for *market needs* and 3 out of 7 experts from care institutions chose this driving force.

4.4.2 Results from alignments

The experts were asked to indicate scores to the alignments between the driving forces and the real estate strategies. The external experts, except for 1, indicated scores to 2 driving forces and the experts of Coresta indicated scores for all driving forces. The score '1' means that the real estate strategy is unimportant and a '5' means important. This section will discuss the results of this alignment by driving force. The results will also be displayed graphically by a boxplot. The boxplot indicates the average value by the green rhombus and it indicates the range of the answers by the black line. The first part of the black line represent the range of the first quarter of the answers, the gray box represent the second en third quarter of the answers and the last part of the black line represents the 4th quarter of the answers. This is a simplification of the data range of the answers, but it provides quick insights in the data.

Products offered

This alignment was indicated by 13 experts. According to the experts the real estate strategy *increase client satisfaction* is the most important real estate strategy for the driving force *products offered* with a score of 4,15. According to the experts the client has to be satisfied with their product in order to buy it. In the care sector, real estate is often a large part of the product and therefore the real estate strategy of *client satisfaction* is important. It is obvious that the experts for the larger part agree on this alignment, because the gray box is in between the scores 4 and 5.

The overall lowest scores are assigned to the strategies *increase flexibility*, *increase value* and *increase employee satisfaction*. These strategies are given scores around 2,8. On a scale from 1-5 this is still average, which indicates that even these lowest indicated strategies are still relatively important. The strategies *increase flexibility* and *increase employee satisfaction* have no gray area, which means that the second and third quarter of the answers are very close to the average. Experts consider the flexibility and the value of real estate less important with this driving force for the reason that with this driving force the product will stay more or less the same. It will become better, but it will not drastically change. Therefore, the real estate does not have to be very flexible and the value is also less important because they will probably not change their real estate often. The experts agree the least on the strategies *cost minimization* and *increase productivity*. This can be stated because of the large gray area. Experts differ on *cost minimization* because, some believe that the costs have to be minimized, in order to be efficient and productive; others believe that investments in real estate have to be made to benefit the product. The strategy *increase productivity* is by some considered important, because productivity benefits the returns and thus benefits the product. By others it is considered less important, because the product is special and the productivity is not that important. The disagreement on some strategies is caused by their own experiences and their own sense of importance in real estate. There are no specific differences noticeable between the groups of experts. The scores are shown in figure 4.9.

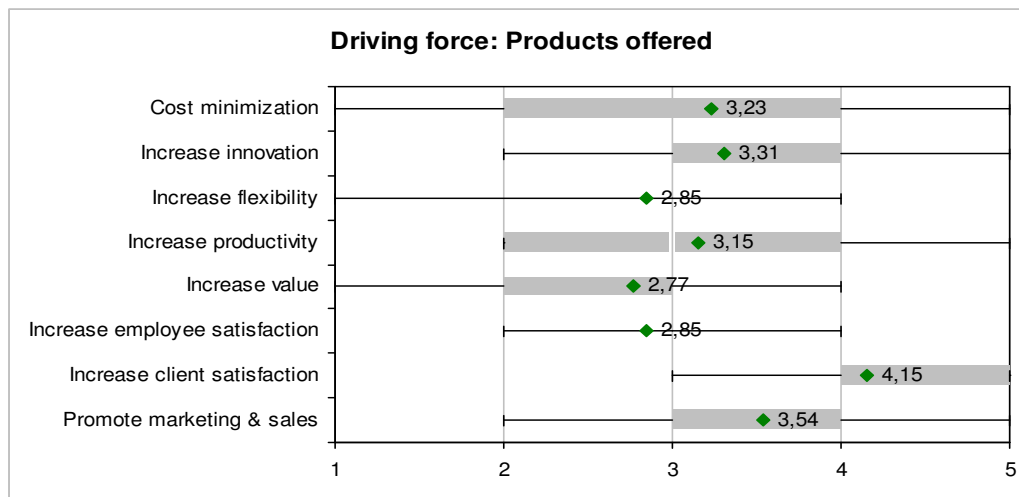


Figure 4.9: Box plot alignment driving force *products offered* and the real estate strategies

This driving force was considered most in the past by the experts. The real estate strategies of care institutions were not very clear in the past, but the overall opinion of the experts was that care institutions had a slight focus on flexibility and on client satisfaction. The boxplot indicates that client satisfaction is the most important real estate strategy and flexibility is of average importance. Therefore, no hard conclusions can be drawn from the answers, but the care institutions should have focused a little less on flexibility and more on, in the opinion of the experts, for example, promoting marketing and sales.

Market needs

This alignment was indicated by 16 experts. The real estate strategy *increase client satisfaction* is the most important real estate strategy for the driving force *market needs*. With this driving force, the strategy scores an 4,81, this is a higher score then for *products offered*. This is also a logical score, because in this case; the client is the market. The experts also fairly agree with each other, because there is again no gray area.

The promotion of marketing and sales is second most important. When the care institution follows the wishes of the market, the clients have to know this and a change has to be promoted. This can be done through their real estate. Due to this changing with the market, *flexibility* is also of importance for the care institution. Innovation is also considered important by the experts. *Increase innovation* receives the 4th place, but still scores an 4,0 average. In order to follow the wishes of the market, the organization has to innovate, also in their real estate. The least important for this driving force is the *cost minimization*. This real estate strategy still has an average score and the box plot in figure 4.10 shows that expert do not agree with each other at all. The black line indicated that all answers have been given and the gray area is also very wide. The reason for this is the same as for the driving force *products offered*. Also the strategy *increase production* causes the same disagreement as with the previous driving force. The strategy *increase innovation* also has a wide gray area, but the answers all lie between the scores 3 and 5. This indicates that it is considered more important then average. There are no specific differences noticeable between the groups of experts. The scores are shown in figure 4.10.

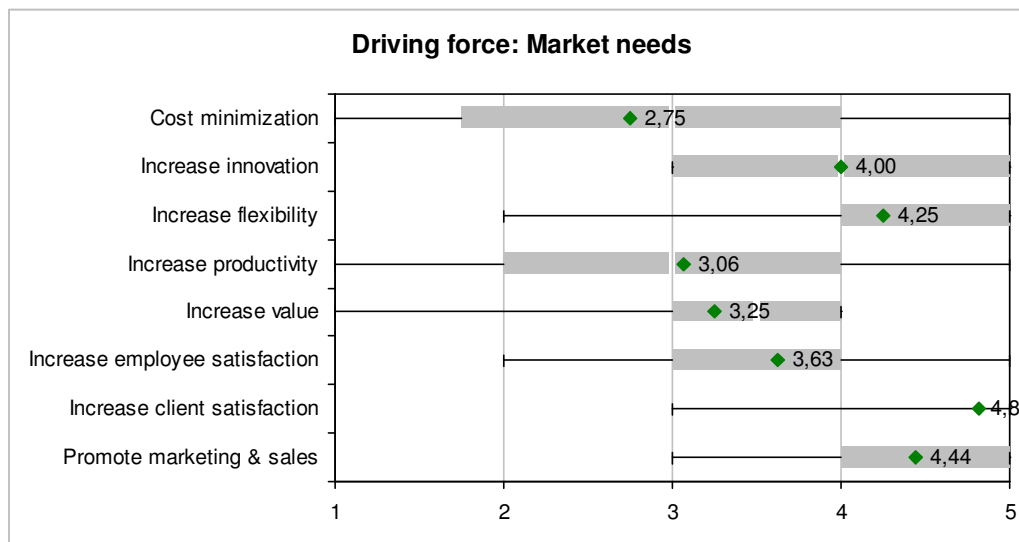


Figure 4.10: Box plot alignment driving force *market needs* and the real estate strategies

Market needs is considered the most important driving force for the future, according to the experts. Therefore, these alignments are quite important to care institutions. So according to these results, care institutions should focus on their *client satisfaction*, their *promotion of marketing & sales* and on their *flexibility*.

Technology

This alignment was indicated by t experts. The real estate strategy *increase innovation* is considered to be the most important strategy for the driving force *technology*. *Increase innovation* scores a 4,86 on a scale of 1-5. This is not a surprising score, because *technology* is dependent of innovation. Therefore, real estate has to contribute as much as possible to innovation. Experts agree fully on this strategy. All answers given were between the scores 4 and 5. The box plot also shows no gray area, which indicated that the second and third quarter of the answers are very close to the average score.

Between *increase innovations* and the other strategies is a big gap. The second most important strategy is *increase employee satisfaction* with a score of 3,57.

The lowest score is for the strategy *increase value*, with a score of 2,71. Experts feel this way because *technology* driven organizations often have specific buildings, which cannot easily be resold. Thus the market value of the real estate is relatively low. All the other scores are between the 2,9 and 3,4, this means that they are of average importance. The strategy *cost minimization* again is a strategy for many experts to disagree on. It scores an average of 3, but the gray area is rather wide from the score 2 to 4. This phenomenon is worse in this box plot for the strategy *promote marketing & sales*. The answers differ from 2 to 5 and the gray area is extended from 2 to 4,5. This indicates that experts do not agree at all about this strategy. Some experts believe that the *technology* has to be promoted wherever it can, thus also in real estate. Other experts believe that the *technology* will sell itself and therefore, does not need the real estate to do promoting. There is no specific difference between the answers of the expert groups. The average scores are shown in figure 4.11.

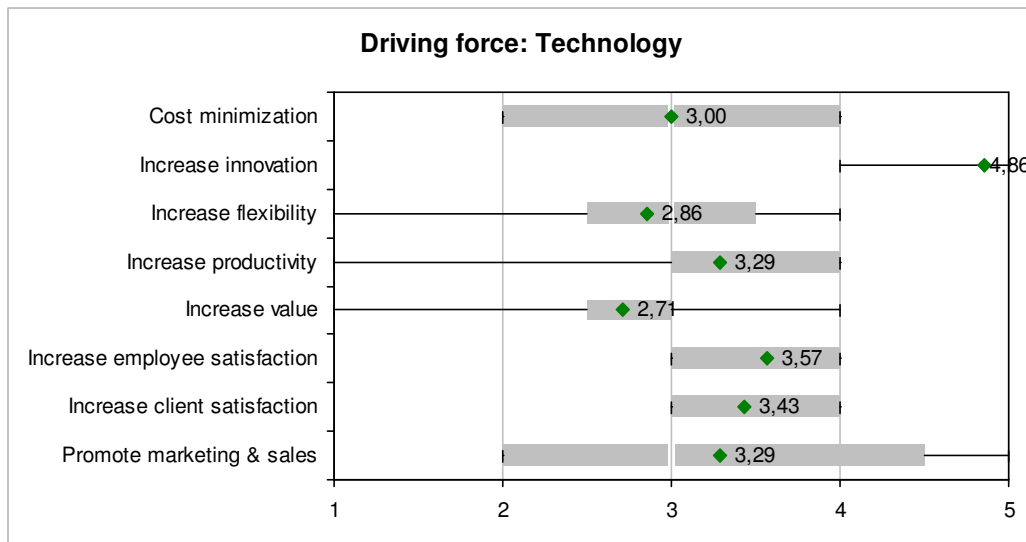


Figure 4.11: Box plot alignment driving force *technology* and the real estate strategies

Production capability

This alignment is indicated by 9 experts. The driving force *production capability* is, according to the experts, best supported by the real estate strategy *increase productivity*. This strategy scores an 4,56 and again is a logical winner. When the organization wants to be as productive as possible, real estate can contribute the best by increasing the productivity. Experts fairly agree on this strategy. The answers are all between the scores 4 and 5.

The strategy *cost minimization* conquers a second place with an average score of 4,22. *Production capability* has a strong connection with *cost minimization*. When the costs are minimized, more money is available for production and capacity. Experts all gave answers in the range of 3 to 5. The gray area is also extended from 3 to 5. This means that all experts find *cost minimization* fairly important, but they do not agree on the exact level of importance.

Flexibility earns a third place with a score of 3,70. Flexibility is necessary in order to overcome changes in the production. *Increase value* and *increase innovation* are considered of least importance by the experts, with a score of 2,44. 'Real estate does not have to be valuable, it has to be productive', is a general opinion about *increase value* in relation to this driving force. Innovations are also not very important for the same reason. *Employee satisfaction*, *client satisfaction* and *promoting marketing and sales* are of average importance. The reason for these strategies to be 'average' is that experts do not agree on their importance. The average scores can be seen in figure 4.12.

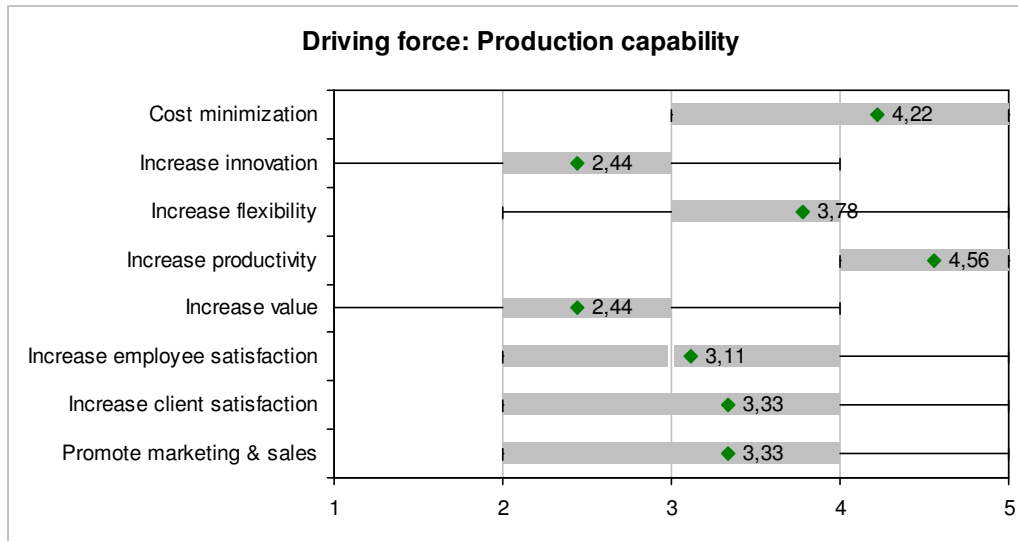


Figure 4.12: Box plot alignment driving force *production capability* and the real estate strategies

Method of sale

This alignment is indicated by 7 experts. *Method of sale* was not considered an important driving force by the experts. Therefore, the experts found it hard to assign scores to these alignments. It is not surprising that the real estate strategy *promote marketing and sales* is the most important strategy for this driving force. The strategy was assigned an 4,43 average. Experts fairly agreed on this strategy with a gray box between the scores 4 and 5.

The strategies *cost minimization* and *increase productivity* were considered the least important strategies, with an average score of 2,43. Experts also fairly agreed on these least important strategies. The other strategies scored between an 3,1 and a 3,6. This also shows the caution and insecurity of the experts. The box plot also shows that experts were more cautious in assigning the scores 1 or 5, in relation to the other driving forces. Due to this caution and insecurity the experts agreed to a large extent with each other. There was also no significant difference noticeable between the groups of experts. The average scores can be found in figure 4.13.

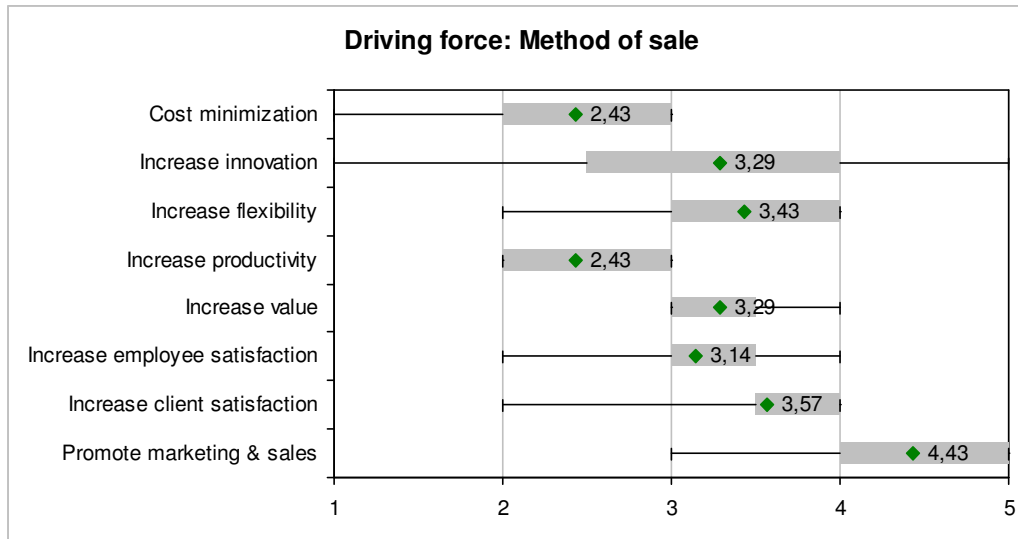


Figure 4.13: Box plot alignment driving force *method of sale* and the real estate strategies

Size/growth

This alignment was indicated by 9 experts. The driving force *size/growth* does not have an absolute most important real estate strategy according to the experts. Both *increase flexibility* as well as *promote marketing and sales* score a 3,78. They find flexibility important in order to adapt their real estate to the growth. *Promoting marketing and sales* is important in order to grow. The experts fairly agree with each other on these strategies. The black line is still extended, it starts at 2 and it ends at 5, but there is no gray area, which means that the second and third quarters are very close to the average.

The 5 'middle' strategies only differed 0,2 points. The only strategy that is assigned a lower score is *increase employee satisfaction* with a score of 2,67.

The strategy *cost minimization* again is a strategy on which experts find it difficult to agree on. Also innovation is considered more important by care institutions in order to grow than by external expert, because they believe in order to grow you need to innovate. The consultants find it in general less important, because innovation is inferior to growth. The average scores can be found in figure 4.14.

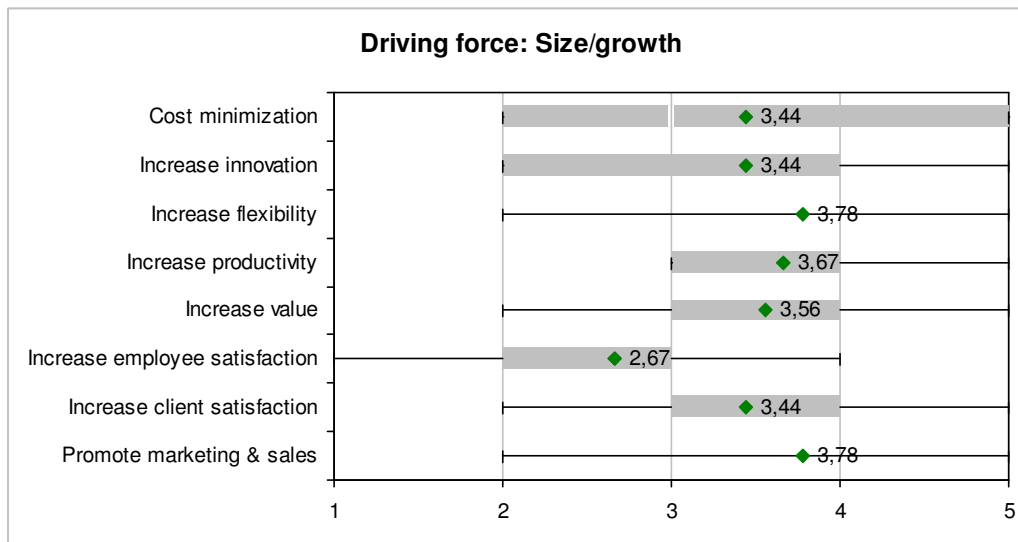


Figure 4.14: Box plot alignment driving force *size/growth* and the real estate strategies

Return/profit

This alignment was indicated by 7 experts. The real estate strategy *cost minimization* is the most important strategy for the driving force *return/profit*. This strategy scores a 4,71 and this result is not surprising, because in order to make more profit, often costs have to be minimized. Experts agree with each other on this strategy. The black line extends from the score 4 to 5. The gray area only extends from the score 4,5 to 5. This means that the answers are all close together. *Increase employee satisfaction* is considered the least important strategy with a score of 3,0. The 7 strategies outside the most important strategy all vary from 3,0 to 4,1. This indicates that no strategy is unimportant for the driving force. In general the experts agreed on a large scale with each other with this driving force. The average scores can be found in figure 4.15.

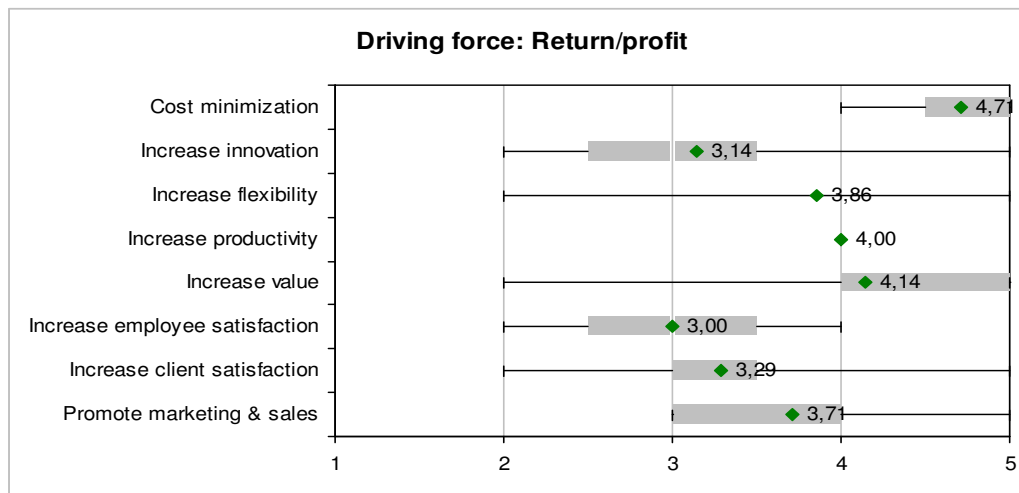


Figure 4.15: Box plot alignment driving force *return/profit* and the real estate strategies

4.4.3 Overall alignment

The individual alignments have been organized and analyzed. It was noticeable that there were differences in the number of respondents for each driving force, differences in importance of real estate strategies and differences in the reliability of the alignment. These differences are the result of a limited number of participants, 20 experts, and the disagreement between the experts. The limited number of experts was caused by the limited amount of experts in the care sector with specific knowledge of strategies and the amount of time to interview the experts. The disagreement of the experts is caused partly by the insecurity in the care sector at the moment and the relative inexperience with strategies in the care sector. This makes it difficult, even for experts, to have exact insights in the alignment of strategies. Besides these causes, also their personal opinion, experience and beliefs influence their individual alignments.

The overall alignment provides an overview of the alignments between each driving force and each real estate strategy (figure 4.16). It shows the number of experts that indicated the alignment, in the lower left corner. It indicates the importance of each real estate strategy. The strategies are placed in a different order ranked by importance. The colors in front of the real estate strategies indicate the importance. The color green is used when the importance lies between the numbers 4 and 5. Yellow is used for the importance between 3 and 4. Orange is used for the importance between 2 and 3 and the color red was not necessary, because no strategy got an overall score between 1 and 2. Also the reliability of the alignment is indicated by the length of the colored bar. The longer the colored bar, the more reliable the alignment is. If the colored bar is short, this means that the importance of the alignment is not reliable, the experts did not agree with each other.

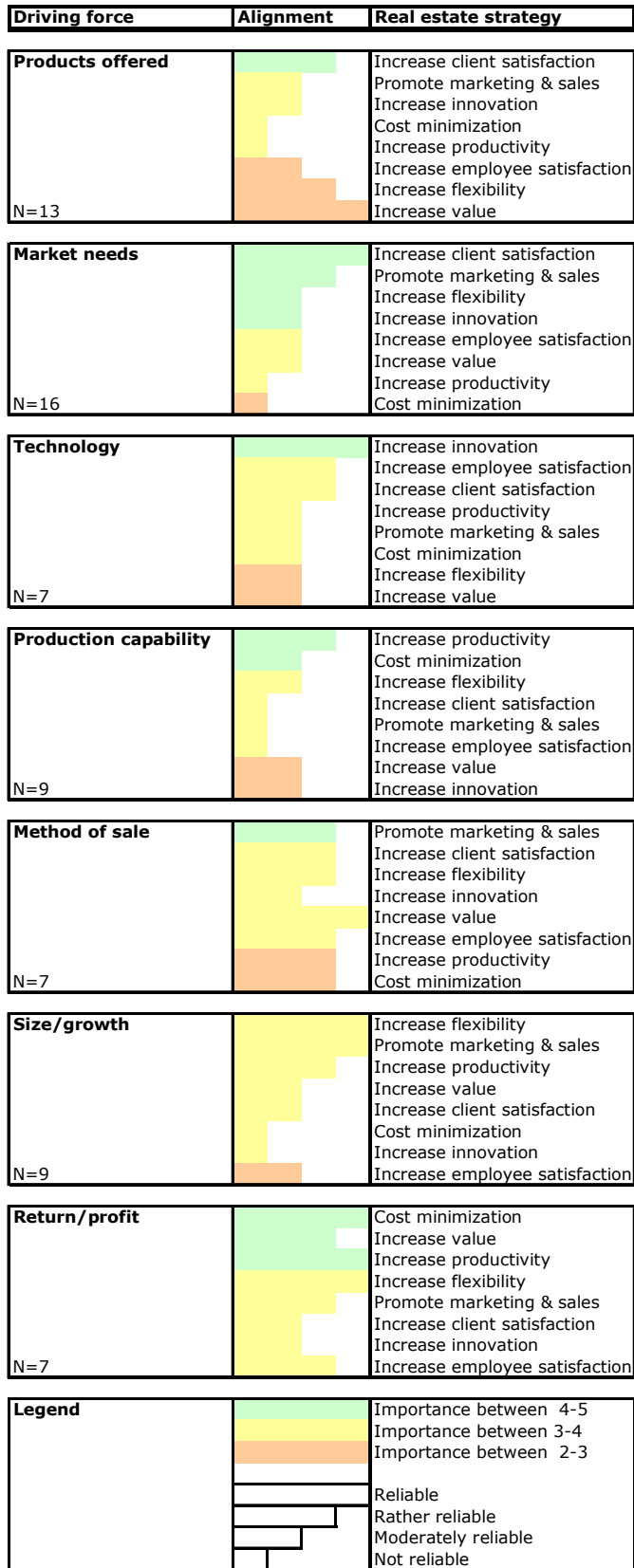


Figure 4.16: The overall alignment between the driving forces and the real estate strategies

Recapturing, this overall alignment indicates the alignment between the first step of strategy formulation, represented by the driving forces, and the real estate strategies distilled from the literature. This overall alignment is specifically for the care sector, is realized with a limited number of experts and the results diversify in reliability. Therefore, this alignment is limited in its practical usage. However, this alignment provides insight into the importance of each real estate strategy for each driving force. It shows how the experts view these strategies and it shows the areas in which the experts still have many disagreements. It invites other experts in the care sector to stop and think about strategies in the care sector from a different angle. It invites them to think about which driving force would suit them, it invites them to think about their real estate strategies and it invites them to think along with the participating experts in the areas of disagreement. This alignment thus provides guidance and a stimulation to rethink their strategies from a new perspective. Therefore, this alignment will help care institutions in making better real estate decisions.

In order to apply all this information to care institutions, there are certain steps that have to be taken. First of all, the care institution must analyze their environment, their own capabilities, etc. (appendix A) in order to know what their position in the market is and how adequate their strategic resources are. Following, they have to formulate their directional strategies and choose their driving force. When they made a conscious decision in their future driving force, they can deduce, from the information in this chapter, which real estate strategies are suitable to pursue and which real estate strategies are less important for their care institution. As stated before, there are limitations to this alignment, thus the results cannot be followed blindly. They provide guidance and stimulates the decision makers to rethink their strategies from a different perspective. In order to make a complete optimal alignment, the care institutions would have to formulate their complete strategy and with each step also take their real estate into consideration. When taking real estate decisions, it is also very important to evaluate the decisions that have been made and to check whether the decisions made, have the desired outcome.

4.6 Conclusion

Part A of the interviews reveals the view on the sector by the experts. This view is combined with the literature research of chapter 2. Together they portrait a complete picture of the care sector in the past, present and future. The expert interviews gave more insights in the possible consequences and results from the developments. Other insights from part A are that, in general, care institutions believe that they are working with corporate strategies and real estate strategies. Half of them believe that they are also aligning the strategies with each other. When they were asked whether they thought they would have to change their strategies in order to deal with the (upcoming) developments, solely half of the care institutions thought they would change their current strategies.

The independent experts and the consultants have a slightly different opinion. Their majority believes that care institutions do not all manage their corporate strategies well, that they are hardly working with real estate strategies and they are not aligning their strategies yet. They believe that most care institutions will have to changes their strategies and align them with each other.

Part B of the expert interviews gave insight in the importance of the driving forces in the past and in the future and gave insights into the individual scores of the alignments according to the experts. The interviews showed that the most important driving force in the past was *products offerte*. The most important driving force in the future will be *market needs*. This transition in strategic importance is logical seen the developments in the macro-environment. The regulated system is turning into a deregulated system where there is more competition and there will be more market forces. Also the elderly are more emancipated and have different wishes and needs. This influences the care institutions and makes them more dependent on their clients.

The individual alignments show that for the most important driving force in the future, *market needs*, the real estate strategy *increase client satisfaction* is the most important. This is remarkable, because this real estate strategy was added by a group discussion with Coresta Healthcare and has not been studied in scientific studies before. This driving force also asks more attention for the *promotion of marketing and sales* of their real estate. Other very strong important alignments are the alignment between *Technology* and *Increase innovations* and *return/profit* with *cost minimization* and *increase productivity*.

The scores for the individual alignments are analyzed and commented. This provides information for care institutions in order to aid them in making an optimal alignment between the strategies. This chapter acknowledges that a complete optimal alignment is still out of reach, but this study makes one big step forward.

This chapter answered the last 2 research questions:

5. Which strategies are applicable in the care sector?
6. How can this information be combined and aid care institutions in choosing the optimal real estate strategies?

5

Conclusions & recommendations

The previous chapters provided information about the developments in the care sector, on the alignment between corporate strategies and real estate strategies and on the way these 2 could be combined in order to aid care institutions in making optimal real estate decisions. This chapter will distill the final conclusions for this thesis in order to provide answers to the research questions and the research objective [5.1]. A reflection on this thesis and the process that came along with it [5.2] and recommendations for further research will be given [5.3].

5.1 Conclusions

The research objective stated in chapter 1 of this thesis was:

Provide founded comprehensive information in order to aid care institutions in choosing the optimal real estate strategies.

In order to do this chapter 2 first analyzed the developments influencing the care sector with the PESTEL analysis method. This method systematically analyzes the political, economical, socio-cultural, technological, environmental and legal developments. This analysis, together with the results from the expert interviews, showed that the ageing of society is the basic instigator to most of the developments influencing the care sector. Other changes in demographics are a higher level of education, a higher level of income and a generation of elderly that has their own opinion and their own individual needs. They want more choice, more differentiation and they want to live longer independently. On the other side, the ageing of society results in a population that becomes out of balance. The generation elderly will become too large in proportion to the younger working population. There will be less people who are paying taxes and thus the social security system will become too expensive. This is the reason why the government is also cutting expenses in the care sector. The government will deregulate the care sector, will change the reimbursement system and will stimulate the competition in the market. Together with these mayor developments, also developments like domotica, healing environment and sustainable building are rising in importance. The vision of the experts, together with the literature study, provides a complete picture of which influence the developments have on the care institutions and how the care institutions should respond to these current changes. This is graphically shown in figure 5.1.

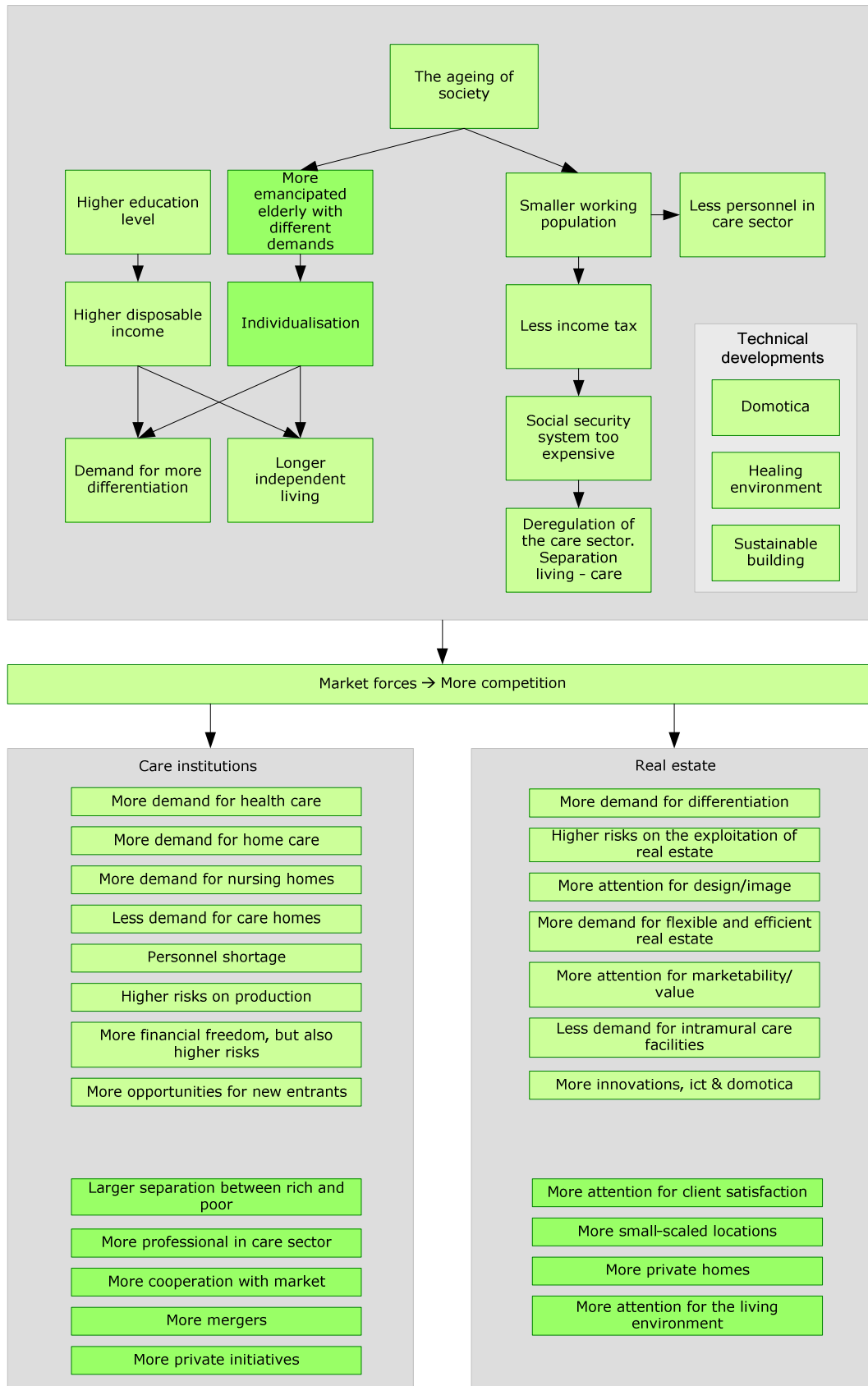


Figure 5.1: Graphic overview of the developments and their influence on the care sector

Chapter 3 can conclude that there is still a lot of work to be done in the alignment of corporate strategies and real estate strategies. Scientific studies in this field are scarce. The studies that have been conducted also struggle in trying to make a complete alignment. This is not a strange phenomenon, because the optimal alignment is a complex process and with little research to start from, it is even harder. Therefore this chapter tried to place the conducted studies in the strategic management process in order to give an overview what scientific research has been conducted, where it stands at this point and what has to be done in the future. The 9 driving forces by Tregoe & Zimmerman (1980) and the 7 real estate strategies found were the basis for making an optimal alignment. They were slightly altered when putting them into the care perspective. This arose from a group discussion with Coresta Healthcare. This discussion resulted in the elimination of 2 driving forces and the adding of 1 real estate strategy (figure 5.2).

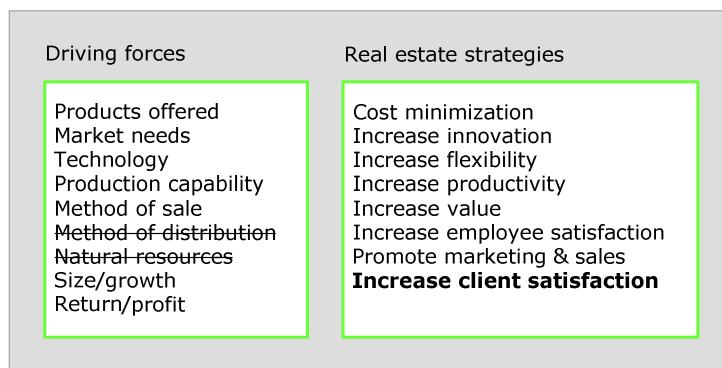


Figure 5.2: Driving forces and real estate strategies after group discussion with Coresta Healthcare

The expert interviews not only complemented the research from chapter 2, they also provided information about the individual alignments between the driving forces and the real estate strategies. Figure 5.3 shows the alignment indicated by the experts. The individual alignments have been organized and analyzed. It was noticeable that there were differences in the number of respondents for each driving force, differences in importance of real estate strategies and differences in the reliability of the alignment. These differences are the result of a limited number of participants, 20 experts, and the disagreement between the experts.



Figure 5.3: Overall alignment between strategies as indicated by the experts

The individual alignments show that for the most important driving force in the future, *market needs*, the real estate strategy *increase client satisfaction* is the most important. This is remarkable, because this real estate strategy was added by a group discussion with Coresta Healthcare and has not been studied in scientific studies before.

This overall alignment is made specifically for the care sector, is realized with a limited number of experts and the results diversify in reliability. Therefore, this alignment is limited in its practical usage. However, this alignment provides insight into the importance of each real estate strategy for each driving force. It shows how the experts view these strategies and it shows the areas in which the experts still have many disagreements. It invites other experts in the care sector to stop and think about strategies in the care sector from a different angle. It invites them to think about which driving force would suit them, it invites them to think about their real estate strategies and it invites them to think along with the participating experts in the areas of disagreement. This alignment thus provides guidance and a stimulation to rethink their strategies from a new perspective. Therefore, this alignment will help care institutions in making better real estate decisions.

5.2 Reflection

Reflecting back on the study, the author can state that the road to an optimal alignment between corporate strategies and real estate strategies in the care sector was bumpier than expected. The care sector still copes with a lot of uncertainties about the legislation and inexperience with (the alignment of) strategies. Scientific literature also provides less usable information than was hoped for. On corporate strategies there were great amounts of books and studies available, even so much that the road ahead was sometimes overloaded with studies. On real estate strategies, the amount of studies decreased rapidly. Not to mention the amount of studies that addressed the alignment between the strategies. To be precise; they could be counted on 8 fingers. This all made the road bumpier, but not impassable.

This study focuses on an alignment on a strategic level. This level engages in the core principles and ideas of an organization and their real estate. The strategic level is an abstract level which determines the raw line set by the corporation. Its outcomes are abstract and often not specific. This study starts with this strategic level in order to aid the care institutions from the start. In order to align real estate with the corporate strategy, the alignment has to grow with the first ideas of a corporate strategy. Once the strategy will become more apparent, the alignment with real estate strategies will follow. Therefore, the next steps that have to be taken are the alignment of the next phases in strategy formulation with real estate strategies.

The abstract level of this study does not only provide science with new insights into the alignments; it can also aid care institutions. As mentioned before, there are limitations to the found alignments; but the alignment itself is not the only benefit from this study. Decision makers in care institutions are stimulated to think about their corporate strategies and their real estate strategies in a different perspective. They are stimulated to rethink their current strategies and start at the basis of their organization again. They are stimulated to think in big ideas instead of small solutions. Together with their own exploring of their care institution, the established alignments in this study can provide guidance for a more optimal alignment with their real estate.

5.3 Recommendations

Considering the explorative nature of the study, recommendations for further research are inevitable. This paragraph will provide recommendations for further research on all parts of this research.

The results from chapter 2 and part A of the expert interviews showed that there are many changes going on in the care sector and there are still many uncertainties. In order to provide more reliable results for the alignments, experts should be interviewed again when many uncertainties are gone and they have an even better feeling on the sector. This would also be the time to execute case studies. Care institutions are then able to estimate which strategies would suit them best in this renewed sector. Case studies can make insightful whether the supposed alignments have their desired effect in practice. Care institutions could also be followed in time, in order to see whether the guidance of the alignments were guiding the right direction.

The results from the alignments can also be improved with a larger number of experts for the indication of the alignments.

In order to provide optimal guidance to care institutions, the alignment should be made optimal. In order to do this, the next steps of the strategy formulation process should also be aligned with real estate strategies. The alignments will be more specific with each step and eventually can provide fairly specific guidance. This is not an easy task, because this is still a relatively unknown field. It can be recommended to study if and how this alignment was accomplished with other strategic resources like technology or human resources.

The last recommendation is a fairly important one. Experts stated that the driving force *market needs* would be the most important driving force for care institutions in the future. They also stated that the real estate strategy *increase client satisfaction* would be the most important strategy for this driving force. It is remarkable that this real estate strategy is the most important strategy for the future, in spite of the fact that this strategy was added in a group discussion with Coresta Healthcare and did not show in scientific studies. This is partly not surprising, because most scientific studies addressed office buildings and not care institutions. However, this real estate strategy needs more research in order to fully understand this strategy and to be able to make this strategy applicable on more specific levels of strategy.

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Experts participating in interviews

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Arp, Albert	Board member	Amant & Laak
Biesheuvel, Arnold	Managing director	Plan-& projectpartners
Feijts, Ben	Consultant	Coresta Group BV
Fouchier, Anouk	Strategic consultant	Aerde bouwmanagement
Houtappels, Koen	Consultant	Coresta Group BV
Kempen van, Anton	Master building	Florence
Koeneman, Bert	Chairman of the board	De Zorgboog
Kuijcks, Sven	Senior consultant	Coresta Group BV
Kuijpers, Arjan	Consultant	Coresta Group BV
Lare van, Nicole	Consultant	Coresta Group BV
Magielse, Bart	Chairman of the board	Pro Senectute
Markus, Lenard	Senior policy assistant	Actiz
Paul, Johan	Managing director	Coresta Group BV
Siegelaar, Arnout	Coordinator real estate	Zorggroep Solis
Straus, Huub	Board member	Argos Zorggroep
Trimp, Kees	Managing director	ABZV
Verhoeven, Theo	Project leader real estate	DrieGasthuizenGroep
Vijverberg, Johan	Head of the department care	Bouwcouncil

Vries de, Jackie

Assistant professor

TU Delft

Websites

Actiz

www.actiz.nl

Buiding Business

www.buildingbusiness.com

Central Bureau of Statistics

www.cbs.nl

Central Planning Bureau

www.cpb.nl

Aedes-Actiz knowledge centre for living and care

www.kcwz.nl

Department of VWS

www.minvws.nl

Governmental Institute for Health and Care

www.rivm.nl

Agency for sustainability and innovation

www.senternovem.nl

Abbreviations

AOW	Old Age Pension Algemene Ouderdomswet
AWBZ	General Law Special Health Costs Algemene Wet Bijzondere Ziektekosten
CBS	Central Bureau for Statistics Centraal Bureau voor de Statistiek
CBZ	Council Building Hospital facilities / Council Building Care institutions Council Bouw Ziekenhuisvoorzieningen / Council Bouw Zorginstellingen
CIZ	Centre Indication giving for the Care Centrum Indicatiestelling Zorg
CPB	Central Plan Bureau Centraal Plan Bureau
CREM	Corporate Real estate Management
CSZ	Council Rationalization Care institutions Council Sanering Zorginstellingen
KCWZ	Aedes-Actiz Knowledge Centre of Living and Care Aedes-Actiz Kenniscentrum Wonen en Zorg
NIZW	Dutch institute for Care and Wellbeing Nederlands Instituut voor Zorg en Welzijn
NHC	Normative Accommodation Component Normatieve HUISvestingscomponent
NMa	Dutch Competition authority Nederlandse Mededingingsautoriteit
NZa	National Care authority Nationale Zorg autoriteit
PESTEL	Method of analysis of: Political, Economic, Socio-cultural, Technological, Environmental and Legal influences
PGB	Person Bound Budget Persoons Gebonden Budget
PVB	Person Following Budget Persoons Volgend Budget
RIVM	Governmental Institute for Public Health and Environment Rijksinstituut voor Volksgezondheid en Milieu
RVZ	Council for the Public Health and Care Raad voor de Volksgezondheid en Zorg
SCP	Social Cultural Planning Bureau Sociaal Cultureel Planbureau
VWS	Ministry of Public Health, Well-being and Sport Ministerie van Volksgezondheid Welzijn en Sport
WTG	Law Tariffs Health Care Wet tarieven Gezondheidszorg
WTZi	Law Admittance Care institutions Wet Toelating Zorginstellingen
WZV	Law Hospital Facilities

ZFW	Wet Ziekenhuisvoorzieningen National Health Services Legislation Ziekenfondswet
ZZP	Care Weight Product Zorg Zwaarte Product

Appendixes

Appendix A: Strategic thinking map

Appendix B: Overview of the analyzed studies

Appendix C: Interview protocols

Appendix A: Strategic thinking map

The information in this appendix is taken from the book *Strategic Management of Health Care Organizations* written by Swayne, Duncan & Ginter (2004).

Strategic thinking

Strategic thinking is the fundamental intellectual activity underlying strategic management. Strategic thinking requires a mindset – a way of thinking or intellectual process that accepts change, analyzes the causes and outcomes of change, and attempts to direct an organization’s future to capitalize on the changes. Strategic thinking:

- acknowledges the reality of change
- questions current assumptions and activities
- builds on an understanding of systems
- envisions possible futures
- generates new ideas, and
- considers the organizational fit with the external environment

Strategic planning

Strategic planning is the periodic process of developing a set of steps for an organization to accomplish its mission and vision using strategic thinking. The result of strategic planning is a plan or strategy.

Strategic planning:

- provides a sequential, step-by-step process for creating a strategy
- involves periodic group strategic thinking (brainstorming) sessions
- requires data/ information, but incorporates consensus and judgment
- establishes organizational focus
- facilitates consistent decision making
- reaches consensus on what is required to fit the organization with the external environment, and
- results in a documented strategic plan

The process of strategic planning defines where the organization is going and sometimes where it is not going. It defines the organization and provides focus. At the same time, the plan sets direction for the organization and – through a common understanding of the vision and goals – provides a template for everyone in the organization to make consistent decisions that move the organization toward its envisioned future.

Strategic momentum

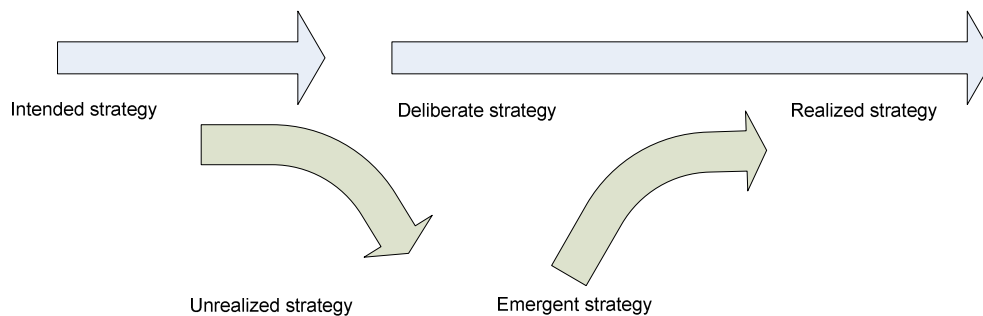
Strategic momentum concerns the day-to-day activities of managing the strategy to achieve the strategic goals of the organization. Thus, once plans are developed, they must be actively managed and implemented to maintain the momentum of the strategy. Strategic momentum:

- is the actual work to accomplish specific objectives
- concerns decision-making processes and their consequences
- provides the style and culture
- fosters anticipation, innovation, and excellence
- evaluates strategy performance through control
- is a learning process, and

- relies on and reinforces strategic thinking and strategic planning

Strategic planning activities are common in all types of organizations. Top managers come together to develop a strategic plan, often using strategic thinking, and many important issues are discussed and documented. However, sometimes a strategic plan is created and everyone enthusiastically returns to the organization only to find “business as usual” – nothing really changes, the strategic momentum is lost, and plans are never implemented. Strategic momentum ensures an ongoing philosophy for developing and managing the plans, actions, and control of the organization. It attempts to continually orchestrate the fit between the organization’s external environment and its internal situation.

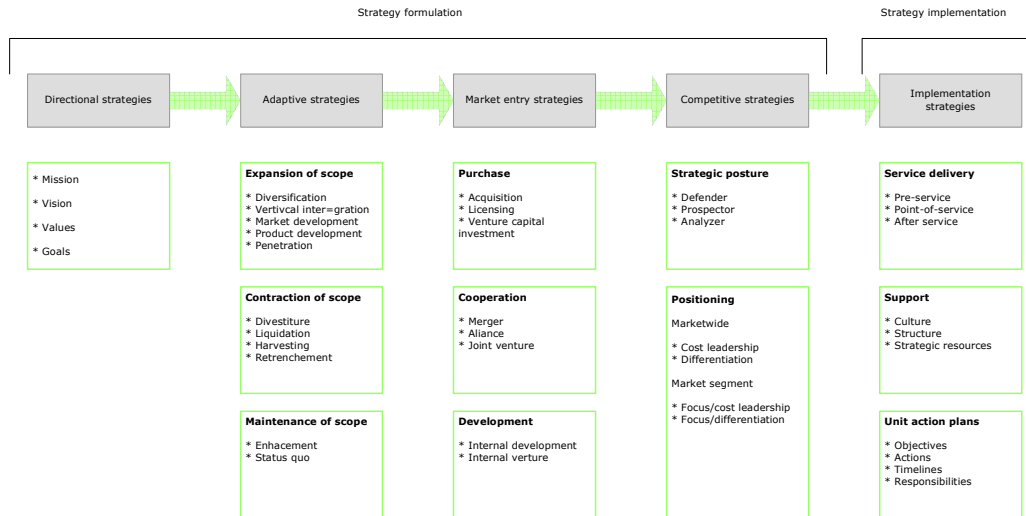
However, unexpected events can always occur and rational strategies do not always work out as planned (an unrealized strategy). In other cases, an organization may end up with a strategy that was quite unexpected (an emergent strategy).



Strategic management should not be regarded as a technique that will provide a “quick fix” for an organization that has fundamental problems. Quick fixes for organizations are rare; successful strategic management often takes years to become a part of the values and culture of the organization. If strategic management is regarded as a technique or gimmick, it is doomed to failure. Similarly, strategic management is not just strategic planning or a yearly retreat where the leadership of an organization meets to talk about key issues only to return to ‘business as usual’. Effective strategic management requires little paperwork. It is an attitude, not a series of documents.

Developing a strategy

Strategy formulation incorporates the broadest decisions that set direction and provide the fundamental strategy for the organization.

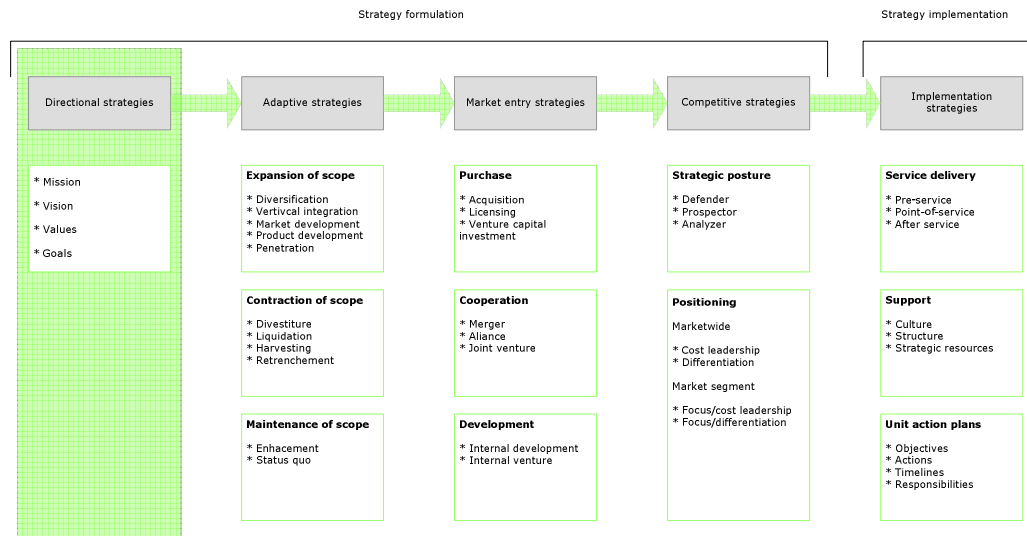


Decisions concerning the five categories of strategies –directional strategies, adaptive strategies, market entry strategies, competitive strategies and implementation strategies – should be addressed sequentially with each subsequent decision more specifically defining the activities of the organization. The first four of these strategy types make up strategy formulation and set the fundamental direction for the organization to achieve its mission and vision. Strategic momentum includes implementation strategies and will set specific objectives for various units to accomplish the organization’s strategic goals.

Strategy	Scope and role
Directional strategies	The broadest strategies set the fundamental direction of the organization by establishing a mission for the organization and providing a vision for the future. In addition, directionals strategies specify the organization's values and broad goals it wants to accomplish.
Adaptive strategies	These strategies are more sprecific than directional strategies and provide the primary methods for achieving the vision of the organization - adapting to the environment. These strategies determine the scope of the organization and specify how the organization will expand scope, contract scope or maintain scope.
Market entry strategies	These strategies carry out the expansion of scope and the maintenance of scope strategies through purchase, cooperation or internal development. These strategies provide mthods for access or entry to the market. Market entry strategies are not used for contraction of scope strategies.
Competitive strategies	Two types of strategies, one that determines an organization's strategic posture and one that positions the organization vis-à-vis other organization within the market. These strategies are market oriented and best articulate the competitive change within the market.
Implementation strategies	These strategies are the most specific strategies and are directed toward value added service delivery and the value added support areas such as the culture, structure and strategic resources. In addition, individual organizational units develop action plans that carry out the value added service delivery and value added sunnort strategies.

Directional strategies

Mission, vision, values and goals are appropriately called directional strategies because they guide strategists when they make key organizational decision. The mission attempts to capture the organization’s distinctive purpose or reason for being. The vision creates a mental image of what the managers, employees, physicians, patients and other stakeholders want the organization to be when it is accomplishing its purpose or mission. It is the organization’s hope for the future. Values are the principles that are held dear by members of the organization. These are guiding principles the managers and employees will not compromise while they are in the process of achieving the mission and pursuing the vision and strategic goals. Strategic goals are those overarching and results that the organization pursues to accomplish its mission and achieve its vision.



Mission

An organizational mission is a broadly defined and enduring statement of purpose that distinguishes a health care organization from other organizations of its type and identifies the scope of its operations in product, service and market terms.

Characteristics of mission statement:

- Missions are broadly defined statements of purpose. Well-formulated mission statements are written and communicated to those involved in doing the work of the organization. They are broad but also, in a sense, specific. That is, mission statements should be general enough to allow for innovation and expansion into new activities when advisable, yet narrow enough to provide direction.
- Mission statements are enduring. The purpose and consequently the mission of an organization does not change often and should be enduring. People are committed to ideas and causes that remain relatively stable over time.
- Mission statements should underscore the uniqueness of the organization. Good mission statements distinguish the organization from all others of its type.
- Mission statements should identify the scope of operations in terms of service and market. It is important for the mission statement to specify what business the organization is in and who believes are the primary stakeholders.

Components of mission statements:

- Mission statements target customers and markets. Frequently the mission statement provides evidence of the kind of customers or patients the organization seeks to serve and the market where it intends to compete.
- Mission statements indicate the principle services delivered or products provided by the organization. A specialized health care organization might highlight the special services it provides in its mission statement.
- Mission statements specify the geographical area within which the organization intends to concentrate. This element is most frequently included when there is a local, state, or regional aspect to the organization's service delivery.
- Mission statements identify the organization's philosophy. Frequently the mission of an organization will include statements about unique beliefs, values, aspirations and priorities. This is particularly true for health care facilities operated by religious denominations.
- Mission statements include confirmation of the organization's preferred self-image. The manner in which a health care organization views itself may constitute a uniqueness that should be included in the mission.
- Mission statements specify the organization's desired public image. This customarily manifests itself in statements such as the organization's desire to be a "good citizen" or a leader in the communities where its operations are located or a similar concern. However, organizations may have a unique approach or focus that they want to communicate to the public.

Not every one of the characteristics can or should be included in the mission statement. Any particular statement will likely include one or several of these characteristics but seldom all of the components will be included.

Vision

Vision is an expression of hope. It is a description of what the organization will be like and look like when it is fulfilling its purpose. Effective visions possess four important attributes: idealism, uniqueness, future orientation and imagery. Effective visions are statements of destination that provide a compass heading to where the organization's leadership collectively want to go. A vision should possess the following characteristics:

- Visions should be inspiring, not merely quantitative goals to be achieved in the next performance evaluation period.
- Vision should be clear, challenging and about excellence.
- Vision must make sense in the relevant community, be flexible and stand the test of time.
- Visions must be stable, but constantly challenged and changed when necessary.
- Visions are beacons and controls when everything else seems up for grabs. A vision is important to provide interested people with a sense of direction.
- Visions empower employees first and then the clients, patients or others to be served.
- Visions prepare for the future while honoring the past.
- Visions come alive in details, not in broad generalities.

Values

Values are the fundamental principles that organizations and people stand for – along with the mission and vision, they make an organization unique. Most often, discussions of organizational values relate to ethical behavior and socially responsible decision making. Ethical and social responsibility values are extremely important. There are however, other values that are very specific to a particular organization and the conduct that has either characterized its members' behavior in the past or in the future. Total quality management, or continuous improvement is in this sense a value as is entrepreneurial spirit,

teamwork, innovation, and so on. It is important that managers, employees and key stakeholders understand the values that are expected to drive an organization.

Strategic goals

Strategic leaders with knowledge of the service category and service area, appreciation for the organizational values, commitment to the mission, and passion for the vision can focus on a series of critical success factors that must be accomplished if the organization is to succeed and if the momentum is to build toward the realization of the vision. Well-written mission statements are the beginning point for strategic goal setting. The critical success factors are the foundations for strategic goal setting. The strategic goals in turn, become the anchors for objectives and action plans.

Critical success factors are those things that organizations must do in order for the organization to achieve high performance. Critical success factors are similar for all members of a strategic group, however, the factors will vary from one category to another and on strategic group to another.

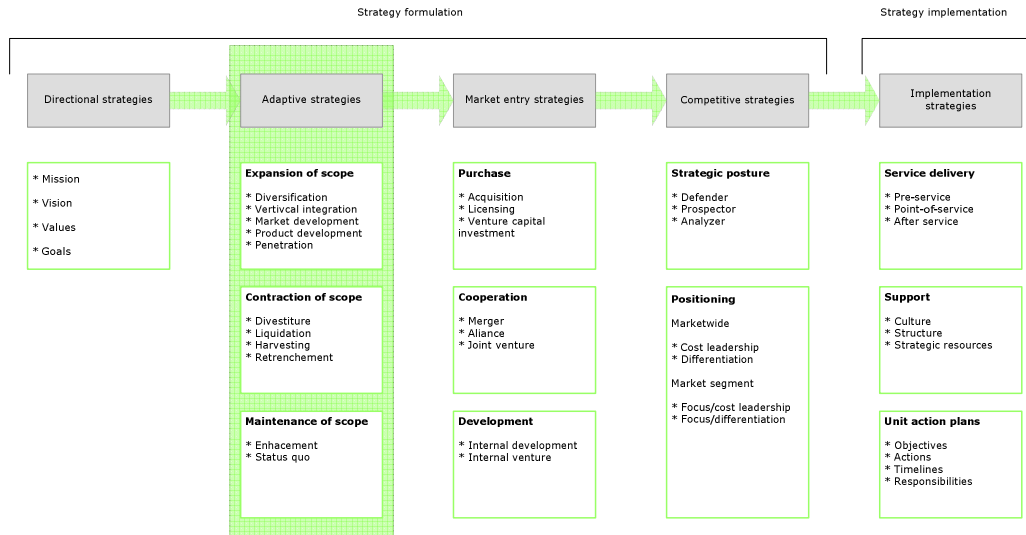
Strategic goals should relate to critical success factor activities, providing more specific direction in accomplishing the mission and vision. At the same time strategic goals should be broad enough to allow considerable discretion for managers to formulate their objectives for individual units. The most appropriate strategic goals possess the following characteristics:

- Strategic goals should relate specifically to activities that are critical to accomplish the mission. Strategic goals that focus on activities that are not mission critical have the potential to divert leadership attention and employee energy.
- Strategic goals should be the link between critical success factors and strategic momentum.
- Strategic goals should be limited in number.
- Strategic goals should be formulated by leaders but should be stated in terms that can easily be understood and appreciated by everyone in the organization.

Because formulation of the mission, vision, values and strategic goals provides the broad direction for the organization, directional strategies must be made first. Then the adaptive strategies provide further progression. The adaptive strategies form the core of strategy formulation and are most visible to those outside the organization. After the adaptive strategies have been selected, the directional strategies should be reevaluated. Seeing the directional strategies and the adaptive strategies together may suggest refinements to either or both. This broader perspective is essential in strategic thinking.

Adaptive strategies

From a practical standpoint, whether the organization should expand, contract or maintain scope is the first decision that must be made once the direction of the organization had been set. Several specific alternatives are available to expand operations, contract operations or maintain the scope of operations. These alternatives provide the major strategic choices for the organization and may be classified as corporate-, divisional- or SBU-level strategies.



Expansion of scope

The expansion of scope strategies include:

- diversification (corporate level)
- vertical integration (corporate level)
- market development (divisional/SBU)
- product development (divisional/SBU)
- penetration (divisional/SBU)

Diversification

Diversification strategies, in many cases, are selected because markets have been identified outside of the organization’s core business that offers potential for substantial growth. There are two types of differentiation:

- Related diversification, an organization chooses to enter a market that is similar or related to its present operations.
- Unrelated diversification, an organization enters a market that is unlike its present operations.

Vertical integration

A vertical integration strategy is a decision to grow along the channel of distribution of the core operations. When an organization grows along the channel of distribution towards its suppliers it is called backward vertical integration. When an organization grows toward the consumer or patient it is called forward vertical integration.

Market development

Market development is a divisional strategy used to enter a new market with present products or services. Specifically, market development is a strategy designed to achieve greater volume, through geographic expansion or by targeting new market segments within the present geographic area. One type of market development is called horizontal integration. Horizontal integration is a method of obtaining growth across markets by acquiring or affiliating with direct competitors rather than using internal operational/functional strategies to take market share from them. An other type of market development is a market driven or focused factory strategy. The fundamental principle underlying these

strategies is that an organization that focuses on only one function is likely to perform better. This strategy involves providing comprehensive service across multiple markets (horizontal integration).

Product development

Product development is the introduction of new products/services to present markets (geographic and segments). Product development takes the form of product enhancements and product line extension. Product development should not be confused with related diversification. Related diversification introduces a new product category, whereas product development may be viewed as refinements, complements or natural extension of present products.

Penetration

An attempt to better serve current markets with current products or services is referred to as a market penetration strategy. Similar to market and product developments, penetration strategies are used to increase volume and market share. A market penetration strategy is typically implemented by marketing strategies such as promotional, distribution and pricing strategies.

Contraction of scope strategies

Contraction of scope strategies decreases the size and scope of operations either at the corporate level or divisional level. Contraction strategies include:

- divestiture (corporate level)
- liquidation (corporate level)
- harvesting (divisional level)
- retrenchment (divisional level)

Divestiture

Divestiture is a contraction strategy in which an operating strategic service unit is sold off as a result of a decision to permanently and completely leave the market despite its current viability. Generally, the business to be divested has value and will continue to be operated by the purchasing organization.

Liquidation

Liquidation involves selling the assets of an organization. The assumption underlying a liquidation strategy is that the unit cannot be sold as a viable and ongoing operation. However, the assets of the organization still have value and may be sold for other uses. Organization may be partially or completely liquidated.

Harvesting

A harvesting strategy is selected when the market has entered long-term decline. The reason underlying such a strategy is that the organization has a relatively strong market position but industry-wide revenues are expected to decline over the next several years. Therefore, the organization will "ride the decline" allowing the business to generate as much cash as possible. In a harvesting strategy, the organization attempts to reap maximum short-term benefits before the product or service is eliminated. Such a strategy allows the organization an orderly exit from a declining segment of the market by planned downsizing.

Retrenchment

A retrenchment strategy is a response to declining profitability, usually brought about by increasing costs. The market is still viewed as viable, and the organization's products/services continue to have wide acceptance. However, costs are rising as a percentage of revenue, placing pressure on profitability.

Retrenchment typically involves a redefinition of the target market and selective cost elimination or asset reduction. Retrenchment is directed toward reduction in personnel, the range of products/services, or the geographic market served and represents an effort to reduce the scope of operations.

Maintenance of scope

Often organizations pursue maintenance of scope strategies when management believes the past strategy has been appropriate and few changes are required in the target markets or the organization's products/services. Maintenance of scope does not necessarily mean that the organization will do nothing; it means that management believes the organization is progressing appropriately there are two maintenance of scope strategies: enhancement and status quo.

Enhancement

When management believes that the organization is progressing toward its vision and goals but needs to "do thing better" an enhancement strategy may be used. Typically, enhancement strategies take the form of quality programs directed toward improving organizational processes or cost-reduction programs designed to render the organization more efficient.

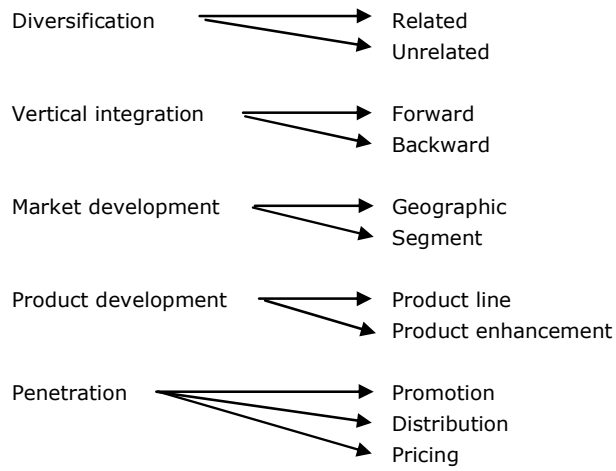
Status quo

A status quo strategy is based on the assumption that the market has matures and periods of high growth are over. Often, the organization has secured an acceptable market share and managers believe the position can be defended against competitors.

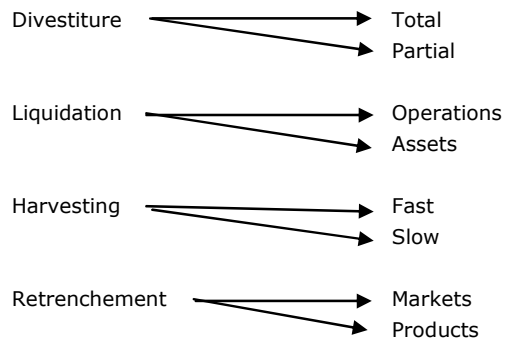
Adaptive strategies

Types

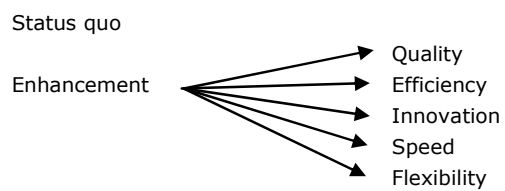
Expansion of scope



Contraction of scope

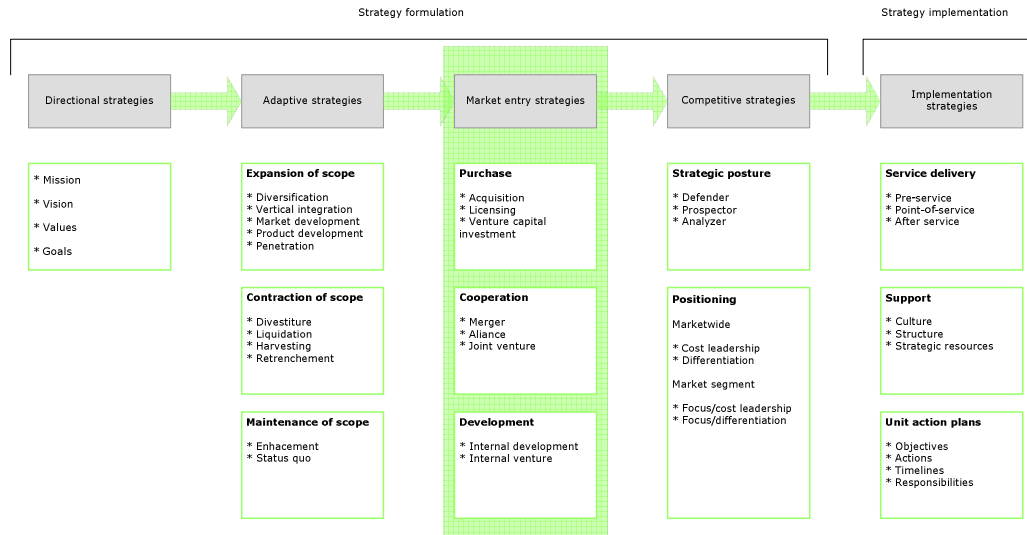


Maintenance of scope



Market entry strategies

the selection of the expansion or maintenance of scope strategies from among the adaptive strategies dictates that the next decision to be made is which of the market entry strategies should be used. If a contraction adaptive strategy is selected, normally there is no market entry decision and market entry strategies are not used. The expansion strategies specify entering or gaining access to a new market, and the maintenance of the scope strategies may call for obtaining new resources. Therefore, the next important decision that must be made for these strategies concerns how the organization will enter or develop the market.



Purchase strategies

Purchase market entry strategies allow an organization to use its financial resources to enter a market quickly, thereby initiating the adaptive strategy. There are three purchase market entry strategies: acquisition, licensing and venture capital investment.

Acquisition

Acquisitions are entry strategies to expand through the purchase of an existing organization, a unit of an organization, or a product/service. Thus, acquisition strategies may be used to carry out both corporate and divisional strategies.

Licensing

Acquiring a technology or product through licensing may be viewed as an alternative to acquiring a complete company. License agreements obviate the need for costly and time-consuming product development and provide rapid access to proven technologies, generally with reduced financial and marketing risk to the organization.

Venture capital investment

Venture capital investments offer an opportunity to enter or “try out” a market while keeping its risks low. Typically, venture capital investments are used to become involved in the growth and development of a small organization that has the potential to develop a new or innovative technology. By making minority investments in young and growing enterprises, organization have an opportunity to become close to and – possibly later – enter into new technologies.

Cooperation strategies

Probably the most used – and certainly the most talked about – strategies of the late 1990s and early 2000s were cooperation strategies. Many organizations have carried out adaptive strategies through cooperation strategies. They include mergers, alliances and joint ventures.

Mergers

Mergers are similar to acquisitions. In mergers, however, the two organizations combine through mutual agreements to form a single new organization, often with a new name. There are four motives underlying mergers:

- enhance efficiency and effectiveness
- enhance access
- enhance financial position
- overcome concerns about survival

Alliances

Strategic alliances are loosely coupled arrangements among existing organizations that are designed to achieve some long-term strategic purpose not possible by any single organization. Alliances include configurations such as federations, consortiums, networks and systems. Strategic alliances are cooperative contractual agreements that go beyond normal company-to-company dealing but fall short of merger or full partnership.

Joint ventures

When projects get too large, technology too expensive, internal resources, competencies or capabilities too scarce, or the costs of failure too high for a single organization, joint ventures are often used. A joint venture (JV) is the combination of the resources of two or more separate organizations to accomplish a designated task. A joint venture may involve a pooling of assets or a combination of the specialized talents or skills of each organization.

Development strategies

Organizations may enter new markets by using internal resources in what are called development strategies. This entry strategy takes the form of internal development or internal ventures.

Internal development

Internal development uses the existing organizational structure, personnel and capital to generate new products/services or distribution strategies. Internal development may be most appropriate for products or services that are closely related to existing products or services. Internal development is common for growing organizations, particularly when they can exploit existing resources, competencies and capabilities.

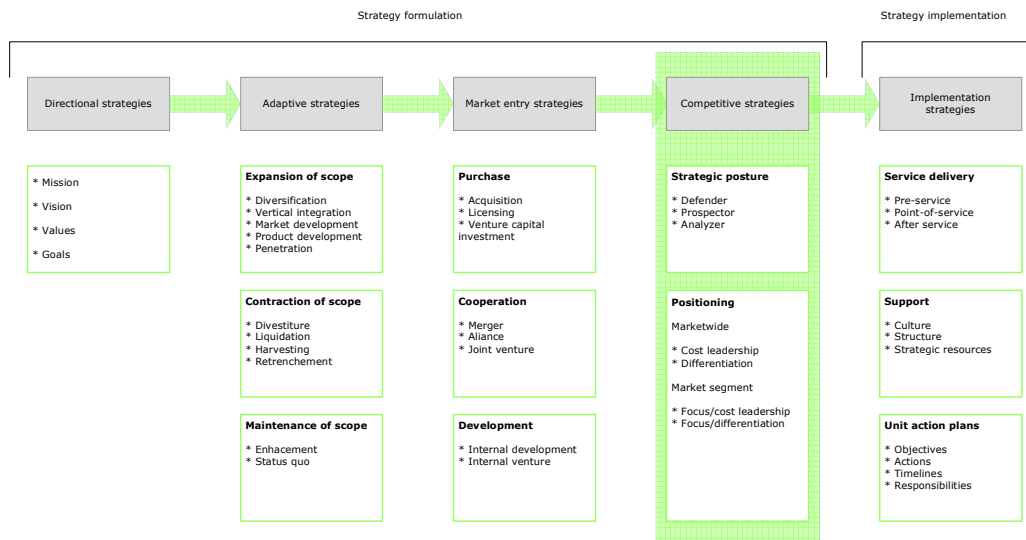
Internal ventures

Internal ventures typically set up separate, relatively independent entities within the organization. Internal ventures may be most appropriate for products or services that are unrelated to the current products or services.

market entry strategy	major advantages	major disadvantages
acquisition	rapid market entry image already established performance known before purchase	new business may be unfamiliar to parent takes a long time to assimilate organization's culture new management team may be required high initial cost
licensing	rapid access to proven technology reduces financial exposure access to brand name exclusive territory	not a substitute for internal technical competence not proprietary technology dependent on licensor rules and regulation
venture capital investment	can provide window on new technology or market low risk	alone, unlikely to be a major stimulus to growth extended time to profitability
merger	uses existing resources retains existing markets and products reduces competition	takes a long time to merge cultures merger match often difficult to find
alliance	fills in gaps in product line creates efficiencies reduces competition in weak markets stabilizes referral base shared risk	potential for conflict between members limits potential markets/products difficult to align resources governance issues
joint venture	can exploit organizational synergies spreads distribution risks	potential for conflict between partners objectives of partners may not be compatible
internal development	uses existing resources organization maintains a high level of control presents image of developing organization	time lag to break even unfamiliarity with new markets obtaining significant gains in market shares may be difficult
internal venture	uses existing resources may enable organization to hold a talented entrepreneur isolates development from organization's bureaucracy	mixed record of success organization's internal climate often suitable

Competitive strategies

Having selected the adaptive strategies and market entry strategies, managers must decide the strategic posture of the organization and how the products and services will be positioned vis-à-vis those of competitors. Strategic posture concerns the organization's fundamental behavior within the market – defending market position, prospecting for new products and markets, or balancing market defense with careful entry into selected product areas and markets. In addition, an organization must consciously position its products and services within a market through one of the market wide or market segment positioning strategies (generic strategies).



Strategic posture

Organization may be classified by how they behave within their market segments or industry – their strategic posture. Research has shown that there are at least four typical strategic postures for organizations – defenders, prospectors, analyzers and reactors. Defenders, prospectors and analyzers are explicit strategies that result in a pattern of consistent and stable behavior within a market. Defender, prospector or analyzer strategic postures may be appropriate for certain internal, market and

environmental conditions. Reactors on the other hand, do not seem to have a strategy and demonstrate inconsistent behavior. However, unless an organization exists in a protected environment, such as a monopolistic or highly regulated market segment, it cannot continue to behave as a reactor indefinitely. Furthermore, an organization's strategic posture should not be left to chance. Strategic decision makers should examine the current market behavior, explicitly delineate the appropriate organization strategic posture and redirect resources and competencies needed to transform themselves into a better environmentally suited posture.

Defender

Stability is the chief objective of a defender strategic posture. Managers using this strategy attempt to seal off a portion of the total market to create a stable domain. A defender posture focuses on a narrow market with a limited number of products or services and aggressively attempts to defend this market segment through pricing or differentiation strategies. Defenders are organizations that engage in little research for additional opportunities for growth and seldom make adjustments in existing technologies, structures or strategies. They devote primary attention to improving the efficiencies of existing operations. Thus, cost-efficiency is central to the defender's success. In addition, defenders often engage in vertical integration to protect their market, control patient flow and create stability. Defenders grow through penetration strategies and limited product development strategies.

Prospector

Prospectors are organizations that frequently search for new market opportunities and regularly engage in experimentation and innovation. A prospector's major capability is that of finding and exploiting new products and market opportunities. As a result the prospector's domain is usually broad and in a continuous state of development. Prospectors are typically in rapidly changing environments and frequently engage not only in diversification and product and market development expansion strategies but also divestment and retrenchment contraction strategies.

Analyzer

The analyzer posture is a combination of the prospector and defender strategic postures. The analyzer tries to balance stability and change. Analyzers are organizations that maintain stable operations in some areas, usually their core products or businesses, but also search for new opportunities and engage in market innovations. Characteristically they watch competitors and rapidly adopt those strategic ideas that appear to have the greatest potential. Analyzers tend to use penetration strategies in their stable core products and markets whereas related diversification, product development and market development are used to enter new markets.

Reactor

The defender, prospector and analyzer postures are all proactive strategies. However, the reactors really do not have a strategy or plan and therefore such organizations are both inconsistent and unstable in their response to the environment. Reactors are organizations that perceive opportunities and turbulence but are not able to adapt effectively. They lack consistent approaches to strategy and structure and make changes primarily in response to environmental pressures. If the internal analysis reveals that the organization has been reactive without a clear strategy or that there is a mismatch between the strategy and implementation, changes will have to be made to move the organization toward a more effective strategic posture.

Positioning strategies

Michael Porter, a well-known strategic management writer, proposes that an organization may serve the entire market using market wide strategies or serve a particular segment of the market using focus strategies. Porter called these generic strategies because they were general strategies that any organization could use to position itself in the marketplace. For both market wide and market segment focus there are two fundamental positioning strategies – cost leadership and differentiation.

Target scope	Advantage	
	Low cost	Product Uniqueness
Broad (Industry wide)	Cost leadership strategy	Differentiation strategy
Narrow (Market segment)	Focus strategy (Low cost)	Focus strategy (differentiation)

Cost leadership

Cost leadership is a positioning strategy designed to gain an advantage over competitors by producing a product or providing a service at a lower cost than competitors’ offerings. The product or service is often highly standardized to keep costs low. Cost leadership allows for more flexibility in pricing and relatively greater profit margins. Cost leadership is based on economies of scale in operations, marketing, administration and the use of the latest technology. Cost leadership may be used effectively as the generic strategy for any of the adaptive strategies and seems particularly applicable to the primary providers segment of the health care industry.

Differentiation

Differentiation is a strategy to make the product or service different (or appear so in the mind of the buyer) from competitors’ products or services. Thus, consumers see the service as unique among a group of similar competing services. The product or service may be differentiated by emphasizing quality, a high level of service, easy use of access, convenience, reputation and so on. There are a number of ways to differentiate a product or service, but the attributes that are to be viewed as different or unique must be valued by the consumer. Therefore, organizations using differentiation strategies rely on brand loyalty, distinctive products or service and the lack of good substitutes.

Appendix B: Overview of the analyzed studies

Year	Author(s)	Title	Journal	Purpose	Corporate strategies as used by authors	Real estate strategies as used by authors
1993	Nourse, H.O. Roulac, S.E.	Linking real estate decisions to corporate strategy.	JRER, 8 (4)	The purpose of this paper is to demonstrate the linkages between real property strategy and overall business strategy and between real property strategies and real estate implementation decisions.	1. Products offered 2. Market needs 3. Technology 4. Production capacity 5. Method of sale 6. Method of distribution 7. Natural resource 8. Size/growth 9. Return/profit Source: Tregoe & Zimmerman (1980)	1. Occupancy cost minimization 2. Flexibility 3. Promote human resources objectives 4. Promote marketing message 5. Promote sales and selling process 6. Facilitate and control production, operations, service delivery 7. Facilitate managerial process and knowledge work 8. Capture the real estate value creation of business Source: Authors
2001	Roulac, S.E.	Corporate strategy is integral to corporate business strategy	JRER, 22 (1-2)	This article presents new thinking and draws on prior research to illustrate the positive outcomes that can be realized from strategic management of the corporate real estate function.	No	1. Occupancy cost minimization 2. Flexibility 3. Promote human resources objectives 4. Promote marketing message 5. Promote sales and selling process 6. Facilitate and control production, operations, service delivery 7. Facilitate managerial process and knowledge work 8. Capture the real estate value creation of business Source: Nourse & Roulac (1993)
2002	Acoba, F.J. Foster, S.P.	Aligning corporate real estate with evolving corporate missions: Process-based management models	JCRE, 5 (2)	The purpose of this paper is to attempt to capture a practical framework for CRE managers to evaluate changes to the core business and determine what implication these changes will have on both the CRE portfolio and the organization.	1. People strategies 2. Processes 3. Enabling systems strategies Source: Authors	1. Real estate acquisition 2. Space alteration 3. Organizational structure 4. Sourcing strategies 5. Customer relationship management 6. Employee development 7. Workplace standards 8. Fee-for-service/Chargeback systems 9. Information management & Information technology Source: Authors
2003	Krumm, P.J.M.M. Vries, L. de.	Value creation through the management of corporate real estate	JPIF, 21 (1)	The objective of this paper is to provide a balanced perspective on the direct and indirect impact of real estate on corporate financial performance.	1. Revenues growth 2. Costs reduction Source: Authors	1. Increasing productivity 2. Cost reduction 3. Risk control 4. Increase of value 5. Increase of flexibility 6. Changing the culture 7. PR and marketing Source: De Jonge (1996)
2004	Osgood JR., R.T.	Translating organizational strategy into real estate action: The strategy alignment model	JCRE, 6 (2)	The purpose of the strategy alignment model is to provide a framework for directly linking real estate initiatives with core business strategy and for measuring results as organizational outcomes.	1. Mission & Vision 2. Customers & Markets 3. Products & Services 4. Distinctive competences 5. Values & Culture Source: Authors	1. Quality of space 2. Cost of Space 3. Quantity of space 4. Location of Space 5. Technology of space 6. Practices for providing space Source: Authors
2006	Scheffer, J.J.L. Singer, B.P. Van Meerwijk, M.C.C.	Enhancing the contribution of corporate real estate to corporate strategy	JCRE, 8 (4)	The purpose of this article is to provide a practical measurement tool that enables corporate real estate executives to unveil the alignment between the centres of gravity among the driving forces of corporate real estate and corporate strategy.	1. Products offered 2. Market needs 3. Technology 4. Production capacity 5. Method of sale 6. Method of distribution 7. Natural resource 8. Size/growth 9. Return/profit Source: Tregoe & Zimmerman (1980) Nourse & Roulac (1993)	1. Increasing productivity 2. Cost reduction 3. Risk control 4. Increase of value 5. Increase of flexibility 6. Changing the culture 7. PR and marketing Source: De Jonge (1996)
2006	Lindholm, A. Gibler, K.M. Leväinen, K.I.	Modeling the value-adding attributes of real estate to the wealth maximization of the firm	JRER, 28 (4)	The purpose of the paper is to use theory from strategic management along with research on business performance, CREM, facilities management, workplace performance and results of a survey to develop a framework that will illustrate how corporate real estate directly and indirectly adds value to the core business and the wealth of the firm.	1. Revenue growth 2. Profitability growth Source: Authors	1. Increase value of assets 2. Promote marketing and sale 3. Increase innovations 4. Increase employee satisfaction 5. Increase productivity 6. Increase flexibility 7. Reduce costs Source: Nourse & Roulac (1993) de Jonge (1996) Interviews
2007	Singer, B.P. Bossink, B.A.G. Putte, H.J.M. Van de.	Corporate real estate and competitive strategy	JCRE, 9 (1)	The purpose of this paper is to investigate how organizations use a corporate real estate strategy support their competitive strategy. It provides a theoretical and empirical overview and analysis of effective combinations of firms' real estate and competitive strategies.	1. Lowest costs 2. Differentiation 3. Focus Source: Porter (1996, 2004)	1. Incremental strategy 2. Value-based strategy 3. Standardization strategy Source: O'Mara (1999)

Appendix C: Interview protocols

Interview protocol external experts, care institutions

Introduction of the interviewer: Student TU/e, master REMD

Available time: +/- 1 hour

Audio recording: yes/no

Purpose of the interview:

Explore the opinion of the experts in the care sector and compare them with results from the conducted literature study. The experts will be interviewed on the recent and upcoming developments in the care sector, the influence of these developments on care institutions and their real estate, the importance of corporate and real estate strategies and (if possible) the reflection of these issues on their own institution.

Developments of influence on the care sector

1. Which developments will have the biggest influence on care institutions (in general)?
2. Which developments will have the biggest influence on the real estate of care institutions?
3. What will be the result of these developments?
4. How will your care institution deal with these developments?

Corporate strategy

5. How would you define a corporate strategy?
6. Do you find it important to have a corporate strategy? Why/why not?
7. If so, what is your corporate strategy?
8. Will this be influenced by the developments? How?

Real estate strategy

9. How would you define a real estate strategy? Do you find it important to have a real estate strategy? Why/why not?
10. If so, what is your strategy?
11. Will this be influenced by the developments? How?

Alignment

12. Do you find it important to align your real estate strategy with your corporate strategy? Why/why not?
13. If so, how do you establish this?
Show driving forces and give a short explanation about the concept, the place in the process of strategy making and the individual driving forces.
14. Which of these driving forces would apply to your care institution before the developments? Why?
15. Would this change due to the developments? How?
Show the real estate strategies and give a short explanation about each of them.
16. Which of these strategies do you comply with? Why?
17. Would this change due to the developments? How?
18. Could you indicate the importance of these strategies to the chosen driving forces on the answering sheet and explain the level of importance of each real estate strategy?

Conclusion

Ask the respondent if there are any more questions, comments or remarks.

Thank the respondent for their participation.

Participant:

Assign an X to the level of importance of each real estate strategy to the driving force.

Driving force:

Cost minimization	Unimportant	<input type="checkbox"/> <input type="checkbox"/> <input type="checkbox"/> <input type="checkbox"/> <input type="checkbox"/>	Important
Increase innovation	Unimportant	<input type="checkbox"/> <input type="checkbox"/> <input type="checkbox"/> <input type="checkbox"/> <input type="checkbox"/>	Important
Increase flexibility	Unimportant	<input type="checkbox"/> <input type="checkbox"/> <input type="checkbox"/> <input type="checkbox"/> <input type="checkbox"/>	Important
Increase productivity	Unimportant	<input type="checkbox"/> <input type="checkbox"/> <input type="checkbox"/> <input type="checkbox"/> <input type="checkbox"/>	Important
Increase value	Unimportant	<input type="checkbox"/> <input type="checkbox"/> <input type="checkbox"/> <input type="checkbox"/> <input type="checkbox"/>	Important
Increase employee satisfaction	Unimportant	<input type="checkbox"/> <input type="checkbox"/> <input type="checkbox"/> <input type="checkbox"/> <input type="checkbox"/>	Important
Increase client satisfaction	Unimportant	<input type="checkbox"/> <input type="checkbox"/> <input type="checkbox"/> <input type="checkbox"/> <input type="checkbox"/>	Important
Promote marketing & sales	Unimportant	<input type="checkbox"/> <input type="checkbox"/> <input type="checkbox"/> <input type="checkbox"/> <input type="checkbox"/>	Important

Driving force:

Cost minimization	Unimportant	<input type="checkbox"/> <input type="checkbox"/> <input type="checkbox"/> <input type="checkbox"/> <input type="checkbox"/>	Important
Increase innovation	Unimportant	<input type="checkbox"/> <input type="checkbox"/> <input type="checkbox"/> <input type="checkbox"/> <input type="checkbox"/>	Important
Increase flexibility	Unimportant	<input type="checkbox"/> <input type="checkbox"/> <input type="checkbox"/> <input type="checkbox"/> <input type="checkbox"/>	Important
Increase productivity	Unimportant	<input type="checkbox"/> <input type="checkbox"/> <input type="checkbox"/> <input type="checkbox"/> <input type="checkbox"/>	Important
Increase value	Unimportant	<input type="checkbox"/> <input type="checkbox"/> <input type="checkbox"/> <input type="checkbox"/> <input type="checkbox"/>	Important
Increase employee satisfaction	Unimportant	<input type="checkbox"/> <input type="checkbox"/> <input type="checkbox"/> <input type="checkbox"/> <input type="checkbox"/>	Important
Increase client satisfaction	Unimportant	<input type="checkbox"/> <input type="checkbox"/> <input type="checkbox"/> <input type="checkbox"/> <input type="checkbox"/>	Important
Promote marketing & sales	Unimportant	<input type="checkbox"/> <input type="checkbox"/> <input type="checkbox"/> <input type="checkbox"/> <input type="checkbox"/>	Important

Interview protocol external experts, independent organizations

Introduction of the interviewer: Student TU/e, master REMD

Available time: +/- 1 hour

Audio recording: yes/no

Purpose of the interview:

Explore the opinion of the experts in the care sector and compare them with results from the conducted literature study. The experts will be interviewed on the recent and upcoming developments in the care sector, the influence of these developments on care institutions and their real estate, the importance of corporate and real estate strategies and (if possible) the reflection of these issues on their own institution.

Developments of influence on the care sector

1. Which developments will have the biggest influence on care institutions (in general)?
2. Which developments will have the biggest influence on the real estate of care institutions?
3. What will be the result of these developments?
4. How will care institutions deal with these developments?

Corporate strategy

5. How would you define a corporate strategy?
6. Do you (and care institutions) find it important to have a corporate strategy? Why/why not?
7. Will this be influenced by the developments? How?

Real estate strategy

8. How would you define a real estate strategy?
9. Do you (and care institutions) find it important to have a real estate strategy? Why/why not?
10. Will this be influenced by the developments? How?

Alignment

11. Do you (and care institutions) find it important to align your real estate strategy with your corporate strategy? Why/why not?

Show driving forces and give a short explanation about the concept, the place in the process of strategy making and the individual driving forces.

12. Which of these driving forces would apply to care institutions in general before the developments? Why?
13. Would this change due to the developments? How?

Show the real estate strategies and give a short explanation about each of them.

14. Which of these strategies do care institutions comply with? Why?
15. Would this change due to the developments? How?
16. Could you indicate the importance of these strategies to the chosen driving forces on the answering sheet and explain the level of importance of each real estate strategy?

Conclusion

Ask the respondent if there are any more questions, comments or remarks.

Thank the respondent for their participation.

Participant:

Assign an X to the level of importance of each real estate strategy to the driving force.

Driving force:

Cost minimization	Unimportant	<input type="checkbox"/> <input type="checkbox"/> <input type="checkbox"/> <input type="checkbox"/> <input type="checkbox"/>	Important
Increase innovation	Unimportant	<input type="checkbox"/> <input type="checkbox"/> <input type="checkbox"/> <input type="checkbox"/> <input type="checkbox"/>	Important
Increase flexibility	Unimportant	<input type="checkbox"/> <input type="checkbox"/> <input type="checkbox"/> <input type="checkbox"/> <input type="checkbox"/>	Important
Increase productivity	Unimportant	<input type="checkbox"/> <input type="checkbox"/> <input type="checkbox"/> <input type="checkbox"/> <input type="checkbox"/>	Important
Increase value	Unimportant	<input type="checkbox"/> <input type="checkbox"/> <input type="checkbox"/> <input type="checkbox"/> <input type="checkbox"/>	Important
Increase employee satisfaction	Unimportant	<input type="checkbox"/> <input type="checkbox"/> <input type="checkbox"/> <input type="checkbox"/> <input type="checkbox"/>	Important
Increase client satisfaction	Unimportant	<input type="checkbox"/> <input type="checkbox"/> <input type="checkbox"/> <input type="checkbox"/> <input type="checkbox"/>	Important
Promote marketing & sales	Unimportant	<input type="checkbox"/> <input type="checkbox"/> <input type="checkbox"/> <input type="checkbox"/> <input type="checkbox"/>	Important

Driving force:

Cost minimization	Unimportant	<input type="checkbox"/> <input type="checkbox"/> <input type="checkbox"/> <input type="checkbox"/> <input type="checkbox"/>	Important
Increase innovation	Unimportant	<input type="checkbox"/> <input type="checkbox"/> <input type="checkbox"/> <input type="checkbox"/> <input type="checkbox"/>	Important
Increase flexibility	Unimportant	<input type="checkbox"/> <input type="checkbox"/> <input type="checkbox"/> <input type="checkbox"/> <input type="checkbox"/>	Important
Increase productivity	Unimportant	<input type="checkbox"/> <input type="checkbox"/> <input type="checkbox"/> <input type="checkbox"/> <input type="checkbox"/>	Important
Increase value	Unimportant	<input type="checkbox"/> <input type="checkbox"/> <input type="checkbox"/> <input type="checkbox"/> <input type="checkbox"/>	Important
Increase employee satisfaction	Unimportant	<input type="checkbox"/> <input type="checkbox"/> <input type="checkbox"/> <input type="checkbox"/> <input type="checkbox"/>	Important
Increase client satisfaction	Unimportant	<input type="checkbox"/> <input type="checkbox"/> <input type="checkbox"/> <input type="checkbox"/> <input type="checkbox"/>	Important
Promote marketing & sales	Unimportant	<input type="checkbox"/> <input type="checkbox"/> <input type="checkbox"/> <input type="checkbox"/> <input type="checkbox"/>	Important

Interview protocol internal experts, Coresta Health care BV.

Introduction of the interviewer: Student TU/e, master REMD

Available time: +/- 1 hour

Audio recording: yes/no

Purpose of the interview:

Explore the opinion of the experts in the care sector and compare them with results from the conducted literature study. The experts will be interviewed on the recent and upcoming developments in the care sector, the influence of these developments on care institutions and their real estate, the importance of corporate and real estate strategies and (if possible) the reflection of these issues on their own institution.

Developments of influence on the care sector

1. Which developments will have the biggest influence on care institutions (in general)?
2. Which developments will have the biggest influence on the real estate of care institutions?
3. What will be the result of these developments?
4. How will care institutions deal with these developments?

Corporate strategy

5. How would you define a corporate strategy?
6. Do you (and care institutions) find it important to have a corporate strategy? Why/why not?
7. Will this be influenced by the developments? How?

Real estate strategy

8. How would you define a real estate strategy?
9. Do you (and care institutions) find it important to have a real estate strategy? Why/why not?
10. Will this be influenced by the developments? How?

Alignment

11. Do you (and care institutions) find it important to align your real estate strategy with your corporate strategy? Why/why not?
Show driving forces and give a short explanation about the concept, the place in the process of strategy making and the individual driving forces.
12. Which of these driving forces would apply to care institutions in general before the developments? Why?
13. Would this change due to the developments? How?
Show the real estate strategies and give a short explanation about each of them.
14. Which of these strategies do care institutions comply with? Why?
15. Would this change due to the developments? How?
16. Could you indicate the importance of each driving force to care institutions on the answering sheet?
17. Could you indicate the importance of these strategies to the all the driving force on the answering sheet and explain the level of importance of each real estate strategy?

Conclusion

Ask the respondent if there are any more questions, comments or remarks.

Thank the respondent for their participation.

Participant:

Assign an X to the level of importance of each real estate strategy to the driving force.

Driving force: Products offered

Cost minimization	Unimportant	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	Important
Increase innovation	Unimportant	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	Important
Increase flexibility	Unimportant	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	Important
Increase productivity	Unimportant	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	Important
Increase value	Unimportant	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	Important
Increase employee satisfaction	Unimportant	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	Important
Increase client satisfaction	Unimportant	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	Important
Promote marketing & sales	Unimportant	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	Important

Notes

Driving force: Market needs

Cost minimization	Unimportant	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	Important
Increase innovation	Unimportant	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	Important
Increase flexibility	Unimportant	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	Important
Increase productivity	Unimportant	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	Important
Increase value	Unimportant	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	Important
Increase employee satisfaction	Unimportant	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	Important
Increase client satisfaction	Unimportant	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	Important
Promote marketing & sales	Unimportant	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	Important

Driving force: Technology

Cost minimization	Unimportant	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	Important
Increase innovation	Unimportant	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	Important
Increase flexibility	Unimportant	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	Important
Increase productivity	Unimportant	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	Important
Increase value	Unimportant	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	Important
Increase employee satisfaction	Unimportant	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	Important
Increase client satisfaction	Unimportant	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	Important
Promote marketing & sales	Unimportant	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	Important

Driving force: Production capability

Cost minimization	Unimportant	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	Important
Increase innovation	Unimportant	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	Important
Increase flexibility	Unimportant	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	Important
Increase productivity	Unimportant	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	Important
Increase value	Unimportant	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	Important
Increase employee satisfaction	Unimportant	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	Important
Increase client satisfaction	Unimportant	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	Important
Promote marketing & sales	Unimportant	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	Important

Participant:

Assign an X to the level of importance of each real estate strategy to the driving force.

Driving force: Method of sale

Cost minimization	Unimportant							Important
Increase innovation	Unimportant							Important
Increase flexibility	Unimportant							Important
Increase productivity	Unimportant							Important
Increase value	Unimportant							Important
Increase employee satisfaction	Unimportant							Important
Increase client satisfaction	Unimportant							Important
Promote marketing & sales	Unimportant							Important

Driving force: Size/growth

Cost minimization	Unimportant							Important
Increase innovation	Unimportant							Important
Increase flexibility	Unimportant							Important
Increase productivity	Unimportant							Important
Increase value	Unimportant							Important
Increase employee satisfaction	Unimportant							Important
Increase client satisfaction	Unimportant							Important
Promote marketing & sales	Unimportant							Important

Driving force: Return/profit

Cost minimization	Unimportant							Important
Increase innovation	Unimportant							Important
Increase flexibility	Unimportant							Important
Increase productivity	Unimportant							Important
Increase value	Unimportant							Important
Increase employee satisfaction	Unimportant							Important
Increase client satisfaction	Unimportant							Important
Promote marketing & sales	Unimportant							Important

Assign an X to the importance of each driving force to the care sector.

Driving force: Products offered	Unimportant							Important
Driving force: Market needs	Unimportant							Important
Driving force: Technology	Unimportant							Important
Driving force: Production capability	Unimportant							Important
Driving force: Method of sale	Unimportant							Important
Driving force: Size/growth	Unimportant							Important
Driving force: Return/profit	Unimportant							Important

Notes
