CoRE Fundamental Workshop
Wednesday 7 December 2016, BNP Paribas, 5 Aldermanbury Square, Wood St, London EC2

Moderator: John Gilleard, Senior Director of Learning, CoreNet Global
Speakers: James Crisp, Cushman & Wakefield
          Sam Pickering, Source8
          Michelle Pattison, CBRE
          Daniel Miller, JLL
          James Maddock, Cushman & Wakefield
          Martin Holden, Eversheds

Billed as giving participants ‘an overview of the corporate real estate industry’, this fantastic day-long workshop forms an introduction to CoreNet Global’s well-known Master of Corporate Real Estate (MCR) programme. Led by Dr John Gilleard, CoreNet Global senior director for Learning EMEA and India, the day covers such key topics as workplace strategy, sustainability, finance, service delivery, and legal issues.

It is a packed day with six key sessions and a final wrap-up, each session being presented by a CoreNet member. As Dr Gilleard explained, while you can obtain a degree in surveying, finance or architecture, as yet the only way to uncover the mysteries of corporate real estate is to take the CoreNet course. Attendees included real estate executives from occupiers and service providers, both members and non-members of CoreNet’s UK Chapter, all keen to find out more about how the CoreNet courses can help in developing their careers.

Leading off, James Crisp provided us with an outline of what corporate real estate is all about. According to James the objective of the corporate real estate department is to provide the ‘real estate necessary to do business’ that is ‘aligned to the purpose of the business’. Property can be, he said, a balance sheet asset, a market asset and an organisational asset - and corporate real estate management can be lined up under three main headings: Organisation Management, Portfolio Management and Performance Management. Organisation management covers the management of
the department itself; Portfolio management is the management of properties including workplace strategies, and outsource partners; and finally Performance management which covers strategic planning and reporting metrics through for example balanced score cards.

After coffee the next session was Sustainability with speaker Sam Pickering who talked about the key drivers for business one of which is now sustainability. A quick look at the next few years led into the evolution of regulation with a mix of global and local programmes that is slowly but surely being drawn into a global agreement. ‘Reducing energy costs is becoming less and less related to the cost of commodity rather the non-commodity element of a bill’, he said. ‘Clever procurement is becoming obsolete, it is more about using less’. And ‘There are numerous certifications around the world - find the one that is right for you - and consider: is it better to concentrate on well-being in the workplace?’ The latest COP conference in Marrakech put together a series of resolutions of which the modern corporate real executive should be ready to make use in future CRE decisions. His closing
statement was: will the global geopolitical situation change what was the first global agreement?

Last before lunch was Michelle Pattison who looked at trends in the workplace - ‘the future’ she said, ‘is now!’ Discussing potential changes between now and 2040, she pointed out that the corporate real estate executive needs to be thoroughly aware of such things as population growth, changing economies, the environment and technology, all of which will affect the workforce (the rise of the entrepreneur). Noting changing working patterns, she introduced us to Nina the ‘digirati’, who is a home-based entrepreneur, mother of two whose packed day is a mix of internet networking and co-working. As a result she said the place of work will be redefined and we will need to be more agile in our culture, closing the gap between HR, IT and corporate real estate and prioritising employee wellness.

First up after lunch was Daniel Miller, with a look at corporate real estate finance. As real estate typically represents a major cost for a business, understanding financial impacts, particularly in view of the new accounting changes that are coming into effect for all leases, is an absolute must for any aspiring CRE director. Moving on to financial planning and analysis, Daniel talked about developing and managing budgets, analysing budget variances and identifying mitigation strategies. He then went into some of the general points of accounting and how it affects real estate particularly with reference to acquiring or surrendering property. He also outlined the importance of net present value (NPV) and cash flow versus P&L, and performance metrics used by the CRE industry. Finally, ‘accounting is not black and white,’ he said, ‘there is still scope for interpretation and judgement’.

Next was James Maddock with an explanation of Service Delivery and Partnership – i.e. outsourcing and why and how to do it. ‘By all means' he said, 'but make sure you get the balance right'. The ideal is that you outsource the basics, leaving your team to tackle the strategy - but: ‘don’t outsource what you can’t manage’. The key is to decide what exactly can be given to an outside partner, and then choosing that partner so that they are compatible with your aims and objectives. In his talk James
provided much advice on choosing the right partner, setting up the contract, ‘mobilising’ or setting the contract in motion and then managing it once it has been set up. ‘Most important is to have a good relationship with your suppliers,’ he pointed out, ‘while still retaining the ability to measure their performance critically - never become complacent’.

Finally it was the turn of Martin Holden who was to give us an overview on legal issues which a corporate real estate executive might be expected to deal with: the Landlord & Tenant Act - security of tenure; key lease issues; and reducing energy consumption from buildings. On protected tenancies she had some reassuring words before heading into a brief description of the lease renewal process. Martin then moved on to discuss Entry issues (the extent of the demise, how to deal with a multi-let building and so on), Liabilities during a lease (rent, service charge etc), and then Exit issues (break rights, assignments, and dilapidations). Lastly he looked at Energy Performance Certificates (EPCs) - where they are or are not required and what sort of penalties might be expected for non-compliance.

And then it was for John Gillear to wrap up the proceedings. ‘We have seen and heard’ he said, ‘a sample of the subjects related to corporate real estate’. He recommended ‘The Essential Guide to Corporate Real Estate’ CoreNet Global’s recently published textbook. ‘Whether you are looking for a global view of corporate real estate (CRE) or trying to better understand the interactions between the various business units underpinning professional practice, The Essential Guide offers a fundamental examination of CRE,’ he said. ‘Designed as a foundational manual the guide covers the spectrum of variables shaping the daily decisions of CRE professionals and provides insights and strategies for effective management. Focussed on the fundamental aspects of the profession, the book provides an important insight into CRE for those new to their corporate real estate career, seasoned practitioners seeking to gain a broader understanding about a specific aspect of the profession, colleagues in other business units partnering with corporate
real estate or students and faculty seeking academic resources and career path information’.

All agreed a most interesting and rewarding day. For more information on the MCR programme please click here.

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