

# How to develop a property plan

A guide for Commonwealth agencies

April 2010



## Contents

Key questions answered in this document	2
Purpose of this document	2
Defining your property strategy	3
Property Planning in the Commonwealth	4
<b>Defining your property strategy</b>	<b>5</b>
Understanding your organisations property needs	6
<b>Gap analysis</b>	<b>7</b>
<b>Pulling the plan together</b>	<b>7</b>
<b>Example approaches</b>	<b>8</b>
<b>The accommodation manual</b>	<b>10</b>
<b>Who is Grosvenor?</b>	<b>12</b>
<b>Interested to know more?</b>	<b>12</b>



This publication has been developed for general informative purposes only.

This publication presents the opinion of Grosvenor Management Consulting. No part of this report is to be considered or relied upon as formal advice. No reliance should be placed on anything contained within this report without first seeking more specialist advice.

## Key questions answered in this document

What are my obligations in preparing a property plan for my organisation?

How can I document a plan when my organisation changes direction every 2-3 years?

What should the plan look like? What should it contain?

How can I make the plan practical – a document that is useful and can evolve with the business?

How do I engage with my stakeholders to get their input and acceptance?

How can I use the plan to make property decision making easier for the organisation without restricting flexibility?

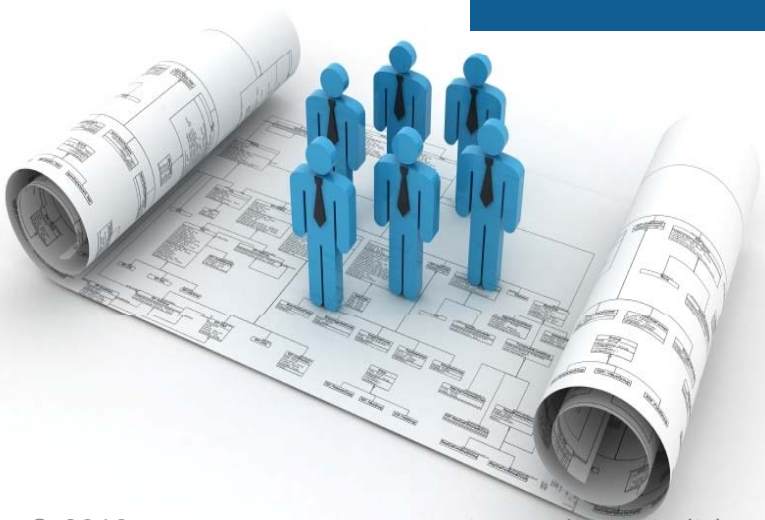
What is the role of my outsourced property management service provider?

## Purpose of this document

This document was created as a result of requests that came out of what was obviously a well received presentation to a CoreNet Global forum in Canberra on the Australian Government's revised Property Guidelines, in particular the mandatory requirement for Commonwealth agencies to have a property management plan in place by October 2010.

That forum and this paper is designed to provide practical 'how to' guidance on how to go about putting in place a property management plan (also often referred to as a portfolio plan or accommodation plan).

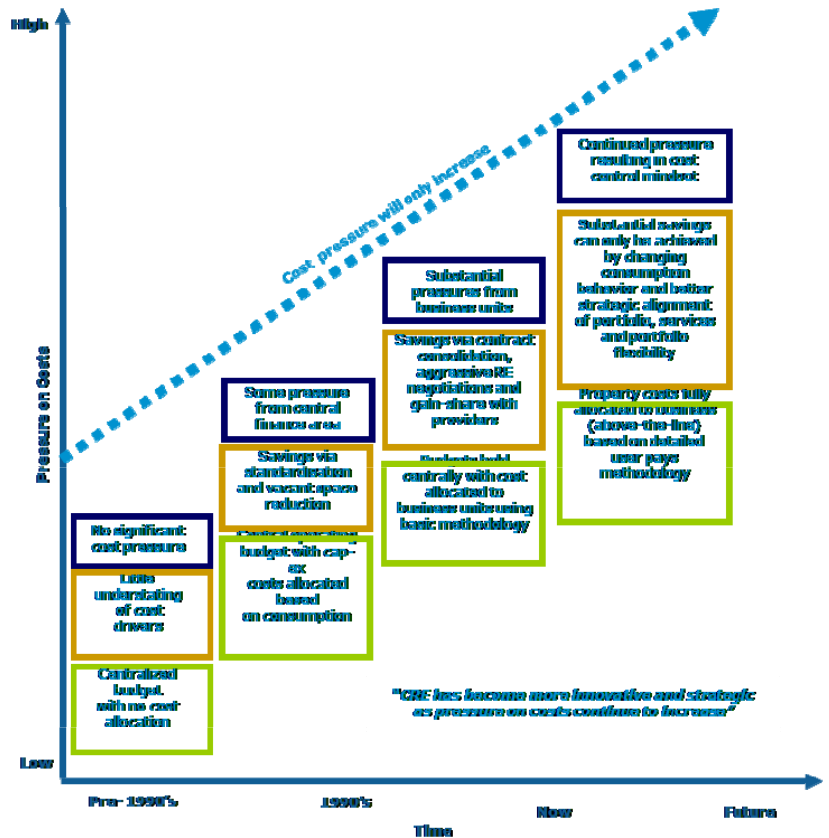
While the forum and this paper is primarily aimed at Commonwealth agencies, the guidance is largely universal and would apply to any organisation who is a large occupier of space.



# The evolving role of Corporate Real Estate

Just like other corporate enabling services, property (often now referred to as Corporate Real Estate or CRE) is undergoing a transformation and is moving up the corporate agenda.

The evolution towards a new strategic agenda continues to be about cost, but also about other important considerations.



	<b>Service delivery</b>	Majority of services performed by in-house staff	Out-tasking of some operational activities i.e. cleaning, maintenance and project management	Outsourcing of operational management and sub-contractor responsibility	Long term strategic relationships with specialist provider firms
	<b>Management focus</b>	Operational focus based on buildings and their management. Coordination fragmented or state-based	Contractor management to achieve operational objectives. Some basic benchmarking	Alignment of property to core business strategy. Cost reduction through incentive based outsourcing	Using CRE as a lever to improve business performance and reduce risks
	<b>Customer focus</b>	Little or no understanding of internal customers needs	Some understanding of internal customers but little effort in changing property to suit the customer	Internal customer management recognised as key. Customer satisfaction measures for in-house and outsourced team	Pro-active CRM with dedicated internal relationship management
	<b>Resourcing</b>	Large in-house teams often staffed with resources from core business operations	Mix of in-house staff who retain core business knowledge and some external property professionals	Majority property professionals for small in-house team	CRE specialists, financial and strategy specialists. Extensive knowledge sharing with HR, IT and core-business
		<b>Pre- 1990's</b> "We're property and this is what you're getting"	<b>1990's</b> "We're property and we know what's best for you"	<b>Now</b> "How can we serve you better?"	<b>Future</b> "This is how we can add value to your business"

## Property planning in the Commonwealth

The Department of Finance and Deregulation has released a Commonwealth Property Management Framework comprising new Property Management Guidelines (<http://www.finance.gov.au/property/property/property-management-framework.htm>). These Guidelines require all FMA Act Agencies to have a property management plan in place from 1 October 2010. Supporting Property Management Planning Guidance has also been issued to clarify the expectations.

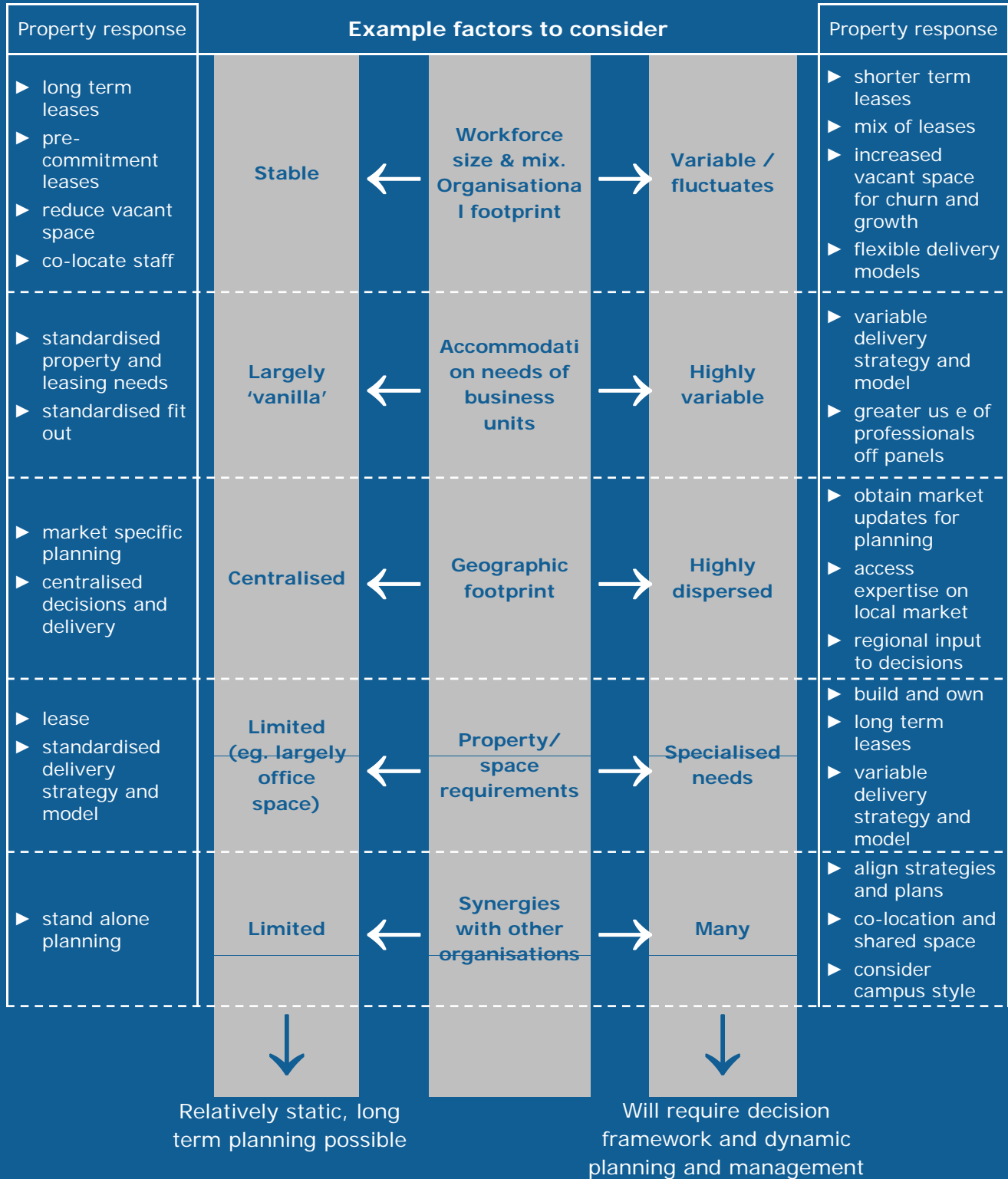
The guidance suggests that plans might have the following contents:

- ▶ existing property portfolio & performance
- ▶ existing and future property needs
- ▶ risk assessment
- ▶ gap analysis
- ▶ actions / outcomes
- ▶ responsibility and accountability

An Accommodation Manual is also suggested containing property specific procedures.

# Defining your property strategy

The first step in developing a property plan is to understand the property needs of your organisation. The types of example factors to consider and Property's typical response can be diagrammatically represented as follows:



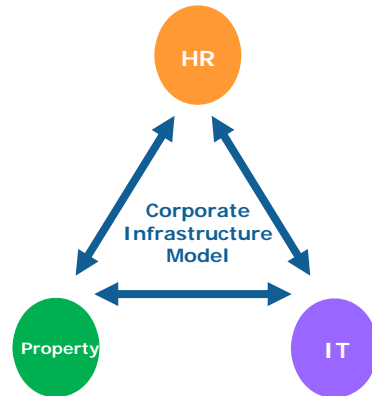
Summarise the above organisational property needs and seek executive endorsement of the organisational response in terms of property strategy such that an approved property decision framework exists for expediting future property decisions.

# Understanding your organisation's property needs

To further the understanding of the organisation's needs for property into the future, you will need to liaise with the business units and other stakeholders. The sorts of issues that should be explored would typically include:

- ▶ Policy directions (or organisational strategy for the private sector)
- ▶ Intentions for services and programs
- ▶ Staff requirements and workforce plans
- ▶ Customer requirements (eg locations)
- ▶ Budget and limitations
- ▶ Major changes, issues or agenda shifts

This may also require close liaison or collaboration with HR and IT functions.



The sorts of issues that may be raised which have an impact on property include greater flexibility, more rapid provision of new space, mobility and telecommuting, greater governance and accountability, increased security, environmental sustainability, and of course the perennial property issue – financial pressures.

These aspects collectively make up the future 'demand' for property.

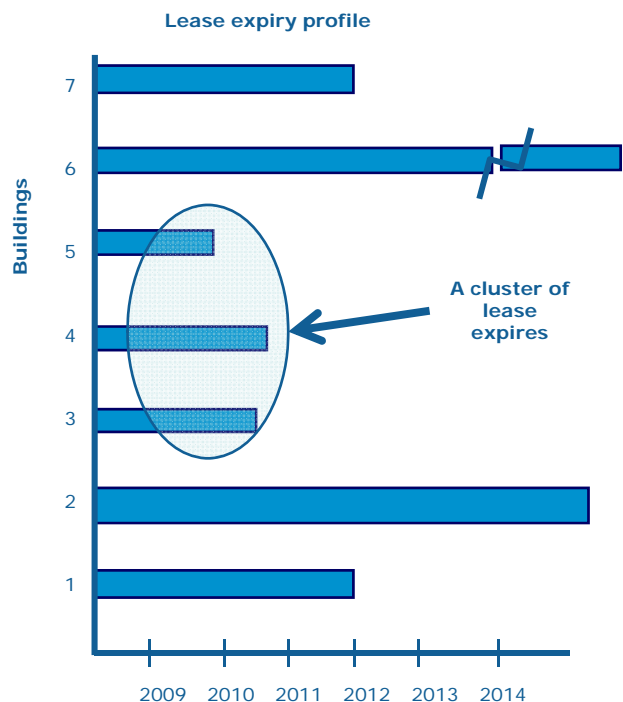
# Understanding your existing property portfolio

This includes understanding the nature of your portfolio, for example:

- ▶ owned versus leased
- ▶ locations, geographic footprint and clusters
- ▶ main property types
- ▶ heritage or other issues
- ▶ It also requires understanding portfolio performance, including comparing building by building:
  - ▶ performance metrics such as total cost and cost by cost category, energy consumption, density (typically by m2)
  - ▶ fault history
  - ▶ condition and compliance issues
  - ▶ staff and business unit satisfaction

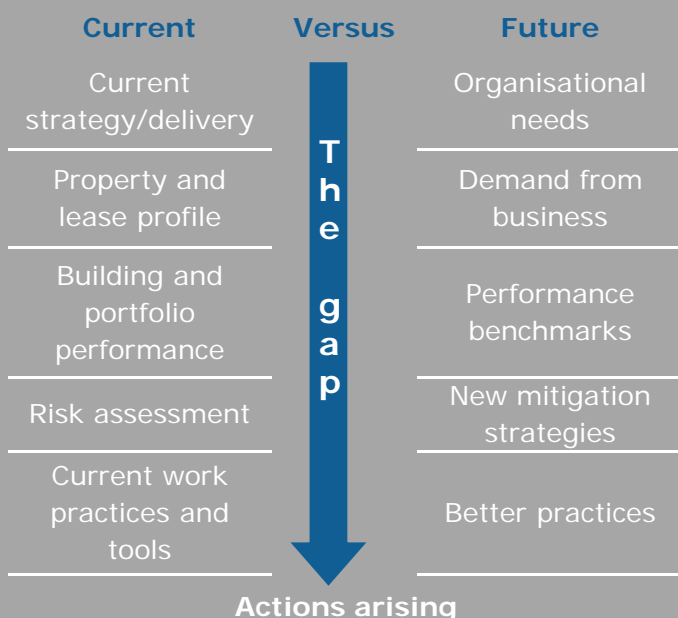
This step should also involve mapping out existing leases and expiry dates (including options).

Collectively the above is the 'supply' of property.



## Gap analysis

It is possible to identify the property actions to be implemented by conducting a gap analysis as follows:



## Pulling the plan together

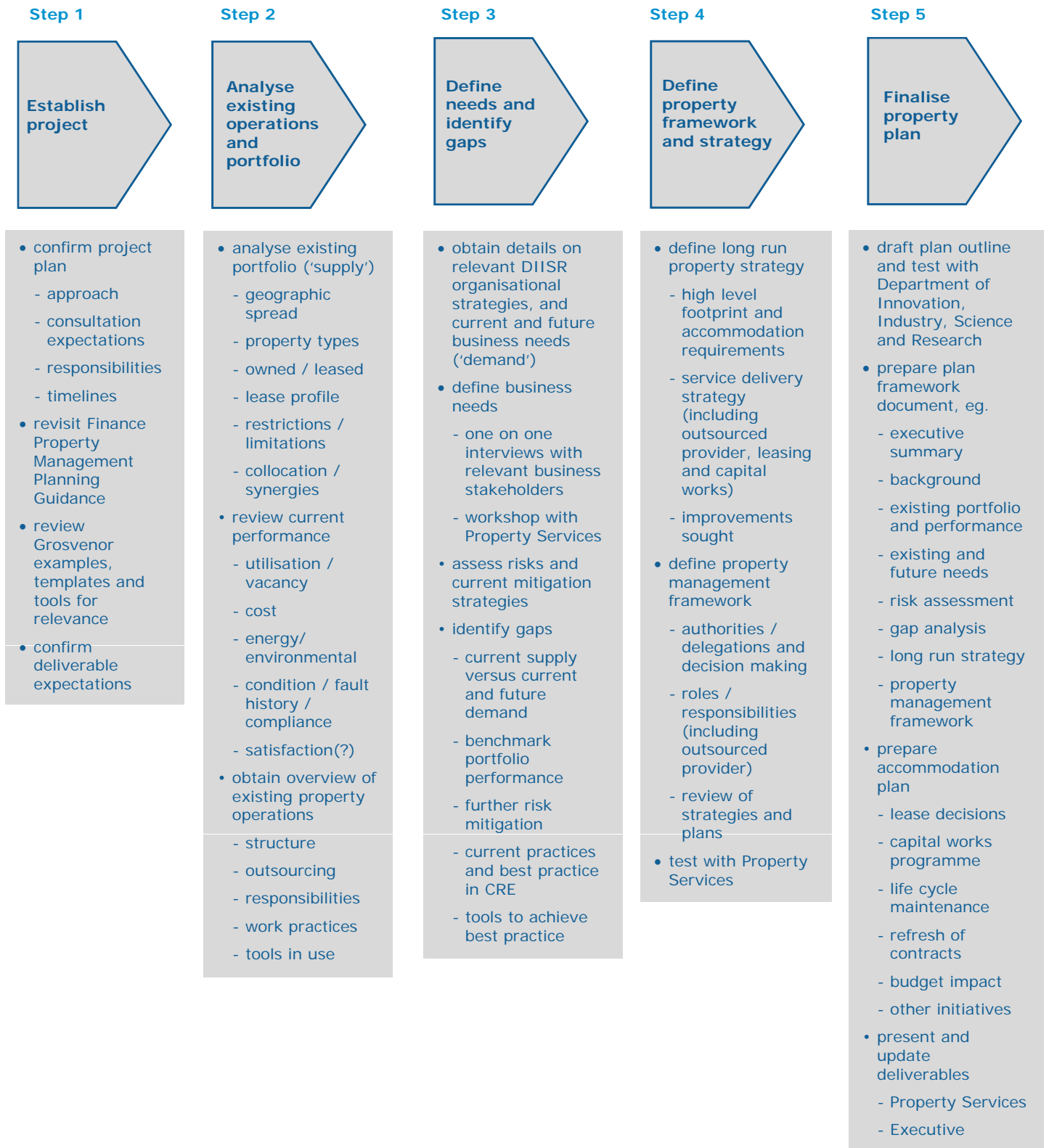
Finance's guidance on the contents of a property plan are appropriate. We would suggest that particularly where your needs and portfolio are more dynamic (refer 'Defining your property strategy') that you consider separating the overall document as follows:

- ▶ Property strategy – the long run, high level strategy that captures those outputs of the analysis from 'Defining your property strategy'
- ▶ Property Management Framework – the framework for decision making including such things as:
  - authorities, delegations and decision making
  - roles and responsibilities including of the outsourced provider(s)
  - ongoing review of strategies and plans
- ▶ Accommodation Plan – the 2, 3 or 5 year plan capturing:
  - leasing plan including plans for critical dates
  - capital works programme
  - life cycle maintenance plan (for significant owned assets or double/triple net leases)
  - procurement plan (review and refreshing facility maintenance and other contracts)
  - budget
  - other initiatives such as energy reduction initiatives and process improvements that arise from the gap analysis

The Property Strategy/ Property Management Framework could be treated as one document and might only need to be reviewed every three years or whenever the organisation goes through major change. The Accommodation Plan could be a set of interrelated documents and might even be included in Excel format. They will need to be reviewed and revised regularly depending on the rate of change of the organisation.

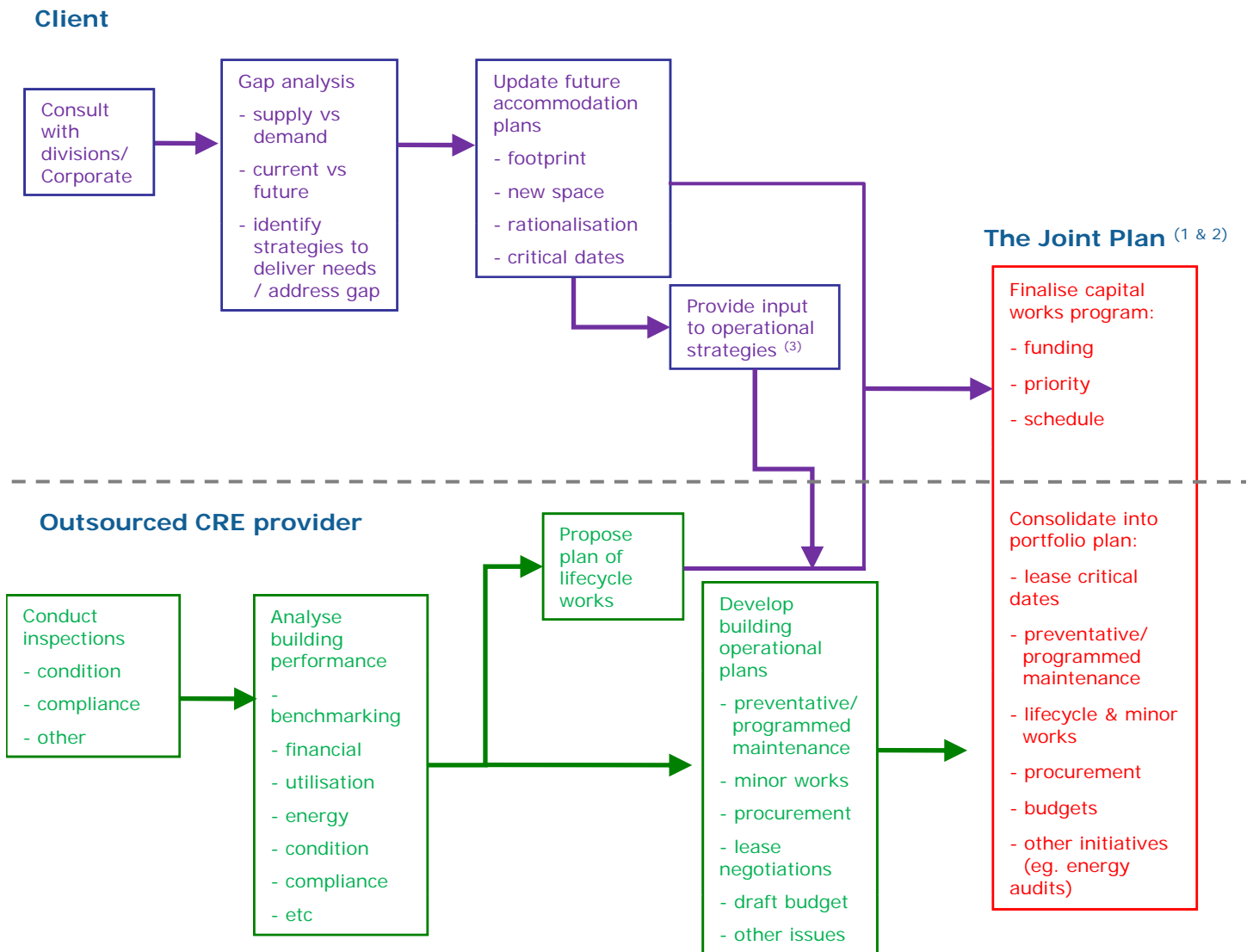
# Example Approaches

An approach we developed for one agency is articulated below



# Example Approaches continued...

If you were to use your outsourced service provider, don't expect them to be able to articulate property strategy for a dynamic organisation. It has proven too difficult for an outsourced provider to have the internal relationships necessary to define organisational needs in a dynamic environment. An example approach involving both the Agency and the outsourced provider is outlined in the following diagram.



**Notes:**

- (1) Typically there will be an ongoing need to revisit the 3yr and annual plans to adjust for new initiatives. Clear prioritisation is key
- (2) Many organisations have found it difficult to achieve the above planning with the expected involvement of their provider. It requires strong commitment from both to obtain results
- (3) Operational plans may need to be adjusted based on future footprint decisions, eg. 'don't spend money on a building we plan to vacate'

# The accommodation manual

As a guide to what the Accommodation Manual could contain, below is a complete list of Grosvenor's property manager's toolkit. Some of these might be more useful to an agency than others.

Service line	Tool/template/SOP	Type
Strategy and planning	<ul style="list-style-type: none"> <li>▶ Accommodation strategy</li> <li>▶ 3-5 yr accommodation plan</li> <li>▶ Accommodation (allocation) standards</li> <li>▶ 3 yr indicative capital works program</li> <li>▶ Cost allocation policy</li> <li>▶ Accom governance committee</li> </ul>	<ul style="list-style-type: none"> <li>▶ Policy doc</li> <li>▶ Tool (Excel)</li> <li>▶ Policy doc</li> <li>▶ Tool (Excel)</li> <li>▶ Policy doc</li> <li>▶ Committee</li> </ul>
Real Estate	<ul style="list-style-type: none"> <li>▶ Critical dates report</li> <li>▶ New lease business case</li> <li>▶ Standard lease</li> <li>▶ Make good business case</li> <li>▶ Market assessment/site identification</li> <li>▶ Lease transactions SOP</li> </ul>	<ul style="list-style-type: none"> <li>▶ Tool</li> <li>▶ Template/SOP</li> <li>▶ Template</li> <li>▶ Template</li> <li>▶ Template</li> <li>▶ SOP</li> </ul>
Capital works	<ul style="list-style-type: none"> <li>▶ Capital works schedule/program</li> <li>▶ Program report (consolidated)</li> <li>▶ Project checklist (incl delegations)</li> <li>▶ Design standards</li> <li>▶ Furniture standards</li> <li>▶ Business case / cost assessment</li> <li>▶ Procurement submission</li> <li>▶ Procurement templates</li> <li>▶ Project design brief/project scope</li> <li>▶ Data/IT/Comms/Security request</li> <li>▶ Project file SOP/Checklist</li> <li>▶ Project status report</li> <li>▶ Record of discussion (x 2)</li> <li>▶ Variation approval template</li> <li>▶ Project completion checklist/SOP</li> <li>▶ Asset registration and disposal plan</li> <li>▶ Post implementation review</li> <li>▶ Term/panel contracts RFQ and procurement templates</li> <li>▶ Project status meeting agenda / minutes</li> </ul>	<ul style="list-style-type: none"> <li>▶ Tool</li> <li>▶ Tool/template</li> <li>▶ Checklist</li> <li>▶ Policy doc</li> <li>▶ Policy doc</li> <li>▶ Template</li> <li>▶ Template</li> <li>▶ Template</li> <li>▶ Template/SOP</li> <li>▶ Template</li> <li>▶ Checklist/SOP</li> <li>▶ Tool</li> <li>▶ Templates</li> <li>▶ Template</li> <li>▶ Checklist/SOP</li> <li>▶ Template</li> <li>▶ Template</li> <li>▶ Templates</li> <li>▶ Template</li> </ul>
Other	<ul style="list-style-type: none"> <li>▶ Relocation request</li> <li>▶ Client satisfaction survey</li> <li>▶ Space allocation and reporting</li> <li>▶ CAD drawings register</li> <li>▶ Landlord compliance declaration</li> <li>▶ Risk register</li> <li>▶ Internal SLAs</li> <li>▶ Car park allocation</li> <li>▶ Contacts list</li> <li>▶ Stakeholder report</li> </ul>	<ul style="list-style-type: none"> <li>▶ Template</li> <li>▶ Tool</li> <li>▶ Tool</li> <li>▶ Tool</li> <li>▶ Template</li> <li>▶ Tool/template</li> <li>▶ Policy doc</li> <li>▶ Policy doc/SOP</li> <li>▶ SOP</li> <li>▶ SOP/template</li> </ul>

# The accommodation manual continued...

Service line	Tool/template/SOP	Type
Facilities Management	<ul style="list-style-type: none"> <li>▶ Inspections report</li> <li>▶ Building Operational Plans and consolidated Portfolio Operational Plan</li> <li>▶ Lifecycle program and Preventative/ scheduled maintenance plan</li> <li>▶ New works request</li> <li>▶ Hazardous materials/asbestos register</li> <li>▶ Help Desk SOPs</li> <li>▶ Building security procedures</li> <li>▶ BCP/Emergency response procedures</li> <li>▶ OH&amp;S (Property) incident report</li> <li>▶ Vacant floor/building checklist</li> </ul>	<ul style="list-style-type: none"> <li>▶ Template</li> <li>▶ Template</li> <li>▶ Tool (Excel)</li> <li>▶ Template</li> <li>▶ Tool</li> <li>▶ SOP</li> <li>▶ SOPs</li> <li>▶ SOPs</li> <li>▶ Template</li> <li>▶ Checklist</li> </ul>
Residential accommodation	<ul style="list-style-type: none"> <li>▶ Residential accommodation standards</li> <li>▶ Tenants service request SOP</li> <li>▶ New residence request</li> <li>▶ Acquisition business case</li> <li>▶ Agent's templates (inspection report, new works request)</li> </ul>	<ul style="list-style-type: none"> <li>▶ Policy doc</li> <li>▶ SOP</li> <li>▶ Template</li> <li>▶ Template</li> <li>▶ Templates</li> </ul>
Environmental Management	<ul style="list-style-type: none"> <li>▶ Environmental policy and strategy</li> <li>▶ Environmental initiatives plan</li> <li>▶ Environmental report</li> <li>▶ Environmental incident report</li> </ul>	<ul style="list-style-type: none"> <li>▶ Policy doc</li> <li>▶ Tool</li> <li>▶ Template</li> <li>▶ Template</li> </ul>
Procurement	<ul style="list-style-type: none"> <li>▶ Procurement plan</li> <li>▶ Procurement templates</li> <li>▶ Contracts register/report</li> <li>▶ Procurement plan</li> <li>▶ Procurement templates</li> <li>▶ Contracts register/report</li> </ul>	<ul style="list-style-type: none"> <li>▶ Tool</li> <li>▶ Templates</li> <li>▶ Tool</li> </ul>
Financial Management	<ul style="list-style-type: none"> <li>▶ Budget development tool</li> <li>▶ Budget to actuals reporting</li> <li>▶ Cost and utilisation benchmarking</li> </ul>	<ul style="list-style-type: none"> <li>▶ Tool</li> <li>▶ Template</li> <li>▶ Tool</li> </ul>
Contract management	<ul style="list-style-type: none"> <li>▶ Contract Management Manual. Attached tools include: <ul style="list-style-type: none"> <li>- Contract diary</li> <li>- Meeting agendas</li> <li>- Minutes template</li> <li>- Reporting templates</li> <li>- Open Items Register</li> <li>- Contract change proposal</li> <li>- Tasking request</li> </ul> </li> </ul>	<ul style="list-style-type: none"> <li>▶ SOP</li> <li>▶ Tool</li> <li>▶ Templates</li> <li>▶ Templates</li> <li>▶ Templates</li> <li>▶ Tool</li> <li>▶ Template</li> <li>▶ Template</li> </ul>

## Who is Grosvenor?

**Grosvenor** is the leading adviser to major private and public sector organisations on property management. Our core areas of expertise are:

- ▶ better practices in property management
- ▶ property management service delivery models
- ▶ outsourcing and procurement of property management providers and capital works
- ▶ property strategy and planning

We have now delivered well in excess of 120 separate property assignments for over 50 major organizations, including having led the majority of the major property management outsourcing and procurement projects in Australia of recent years.

Grosvenor also provides consulting services in the areas of:

- ▶ strategic sourcing and procurement
- ▶ business improvement and change management
- ▶ governance and program evaluation

## Interested to know more?

Please don't hesitate to call if we can be of any further assistance. We would be happy to deliver a more personalised presentation of the information that sits within this paper.



### **Kent Stuart - Director**

Melbourne Office  
Level 15/379 Collins St  
Melbourne VIC 3000  
P: 03 9616 2799

Sydney Office  
Level 12/220 George St  
Sydney NSW 2000  
P: 02 9241 6944



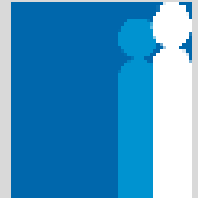
### **Peter Macfarlane - Director**

Canberra Office  
Level 7/15 London Circuit  
Canberra ACT 2601  
P: 02 6274 9200

Website: [www.grosvenor.com.au](http://www.grosvenor.com.au)  
Email: [grosvenor@grosvenor.com.au](mailto:grosvenor@grosvenor.com.au)

Useful reference sites:

- <http://www.finance.gov.au/property/property/property-management-framework.html>
- [www.corenetglobal.org](http://www.corenetglobal.org)



# Grosvenor