

THE QUICK START GUIDE

to property asset management

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INTRODUCTION

Property asset management is high on the agendas of all government departments and public sector bodies given the pressure to reduce operating costs, raise cash and improve the efficiency of service delivery. The process is a critical piece in the 're-engineering jigsaw' of public service delivery improvement.

This Guide gives those involved with managing public sector resources an immediate insight into the property asset management process. It describes the steps to be followed in preparing and executing the property asset management plan and, thereafter, the process for measuring the performance of the remodelled property asset base and service delivery regime.

The 'full story' will be found in the principal work being the **RICS Public Sector Property Asset Management Guidelines**.

MANAGING PROPERTY ASSETS – WHAT IT MEANS

“Asset management is a key part of business planning which connects, at a strategic level, decisions about an organisation’s business needs, the deployment of its assets and its future investment needs.”

This key statement by Sir Michael Lyons in 2004 highlights the strategic importance of asset management to efficient business operations. Sir Michael’s words support our definition of the term ‘strategic property asset management’ as:

the process which aligns business and property strategies, ensuring the optimisation of an organisation’s property assets in a way which best supports its key business goals and objectives.

The principal role of the property asset manager, therefore, is to ensure that the right accommodation is provided in line with business needs to satisfy customer delivery aspirations. This involves the alignment of property asset plans with business strategies, ensuring efficiency in space use and creating a portfolio of quality accommodation which is well maintained and affordable.

THE IMPORTANCE OF PROPERTY ASSET MANAGEMENT

A strategic approach to property asset management results in the positive benefit of cost effective and productivity-enhancing accommodation, together with the coordinated management of all other operational resources.

It is important to realise that a structured and programmed strategy requires the long-term management of property portfolios in order that the best accommodation solutions are provided. Short term, ‘on-off’ or constantly changing strategies will not produce an optimum solution and will result in the needless waste of resources and abortive expense.

SO WHERE DO WE START?

The basic business process for effective property asset management is shown diagrammatically in fig 1. The diagram emphasises the inter-relationship between business and property processes, the essential requirement to satisfy customers and a reliance on reliable and efficient suppliers.

The corporate vision and mission [1] are set by the senior management. These are translated into ‘line of business/ service delivery strategies’ [2] by business managers with property asset and other resource managers working together to achieve an organisation-wide resourcing plan. The detailed property asset planning process [3] will then commence with asset managers analysing exact business needs in terms of accommodation requirements: location, size, facilities required and so on. This plan will also set out how the present portfolio of accommodation will be adapted to best suit the requirements of the customer-facing businesses.

Figure 1: The basic business process for effective property asset management

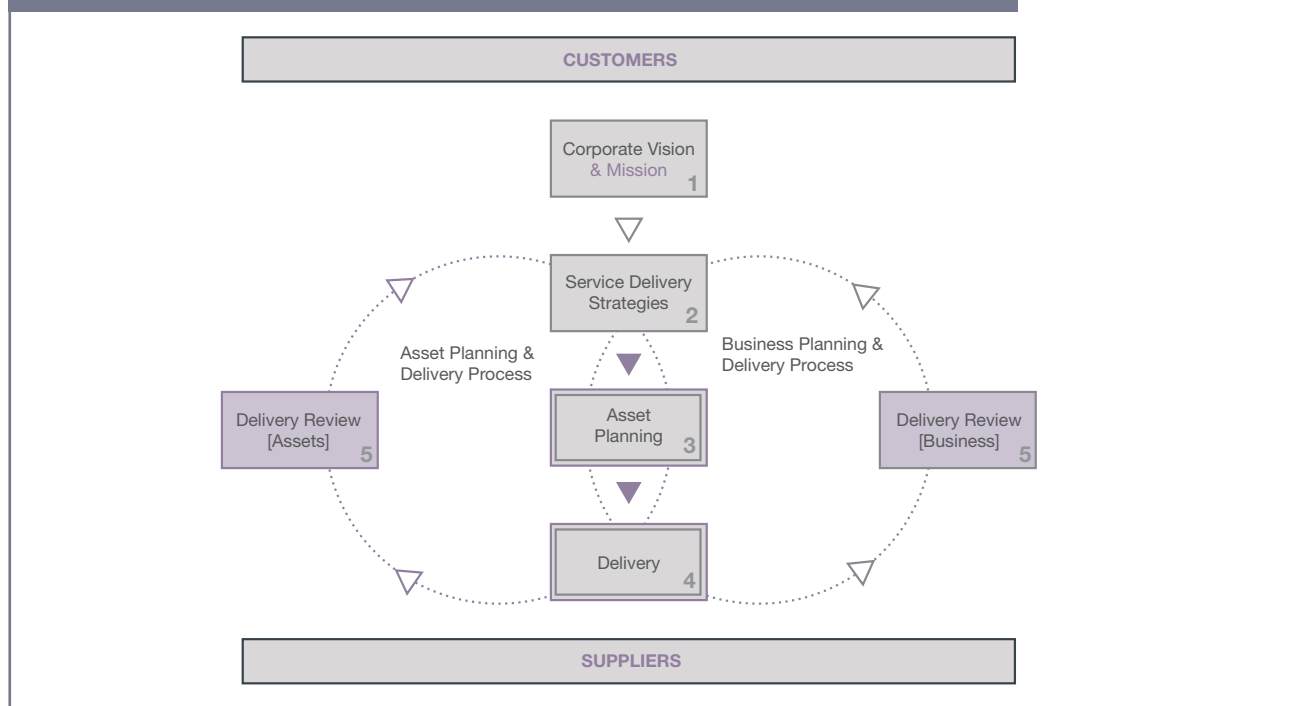


Figure 2: The corporate policy cascade



CORPORATE POLICY CASCADE

The key strands of corporate policy and objectives cascade from the corporate vision and mission statements – see Fig 2.

These objectives will set out the context within which the organisation is to operate, defining the scope, direction and the way in which resources will be allocated to achieve the agreed targets. This will facilitate the design of short, medium and long-term strategies, taking account of capacity and capability, financial status and the alignment of policies, practice and resources to achieve the agreed aspirations.

It is at the strategic business level where the property asset strategy is developed so that operational delivery can be supported by and matched to organisation-wide resourcing strategies, whether this relates to the property, financial, IT or to people assets. The objective is to provide the right property asset, in the right location, at the right price and quality. Inevitably, some prioritisation of policies will be necessary and these will be set after wide customer consultation which, along with data about demographic trends and the available financial resources, will assist with the development of aligned corporate and property asset strategies.

The close relationship between corporate and property asset management policies will be an interlinking system of strategic and operational policies ‘overseen’ by performance reviews which will essentially make up the organisation’s planning framework. A representation of the framework appears below – fig 3.

THE PROPERTY ASSET MANAGEMENT PLAN

The property asset planning process works through sets of operational criteria agreed at service delivery level, reflecting business policies and the property asset management policy. Property asset managers will use this output as a checklist for determining the suitability of existing property assets and the changes that may be required to bring the asset portfolio up to the desired standard for efficient and effective delivery. This is shown in diagrammatic form in fig 4. Here we see only four potential outcomes being considered at Level 1 – in fact, there may be many more or perhaps just one or two options.

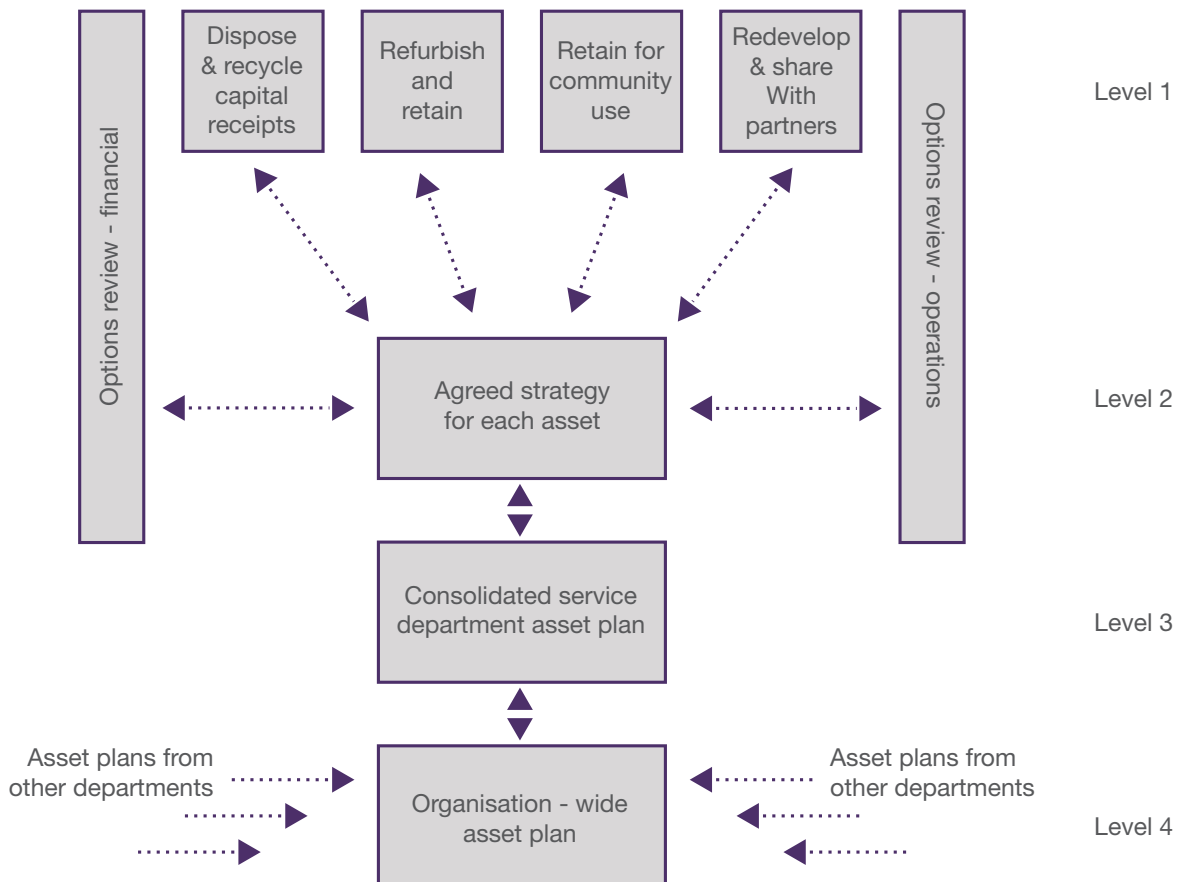
As a result of discussion about the operational, financial and physical aspects of the property assets, an agreed plan is worked out at Level 2 (fig 4). This process is carried out across the service departments to provide a consolidated plan at Level 3 and across the organisation to produce the organisation-wide asset plan at Level 4. Departmental plans will come together to form the property asset management plan for the whole organisation.

The plan will be checked financially as it is developed. The ‘whole business effect’ will be appraised, in particular, the demands on other corporate resources, principally staffing and support IT. The plan’s estimated capital requirement will be checked in the context of overall corporate calls on capital and receipts from asset disposals. The timing of receipts and expenditure will be considered along with

Figure 3: Strategic and operational linkage and performance review process



Figure 4: Property asset planning process



annual expenditure changes. These investigations are designed to test the practicality and affordability of the plan – or more likely aspects of the plan – and provide pointers for the property asset team to further refine their proposals.

The property asset manager will be expected to ‘challenge’ operational colleagues about their need for accommodation, the type, quality and amount of space as well as its location. Each property asset must justify its ‘position’ within the property asset plan and provide tangible benefits. The procurement options for potential strategies will be developed and tested financially and with operational managers, to ensure that delivery and affordability targets can be achieved both immediately and over time.

Measuring the effect on staffing levels and on systems is a vital step in developing the plan. There may, for example, be reductions in staffing levels if delivery facilities are merged and these will require careful management. Property asset managers must remember that staff are often the interface between the organisation and its customers, so the HR specialists are key players to ensure the right delivery staff are in place. In the same way, the Technology team must be involved with the strategy as it is developed: excellent property without appropriate support resources, will not enable the delivery of quality services.

The process of testing the overall resourcing plan is a vital step in the development of the property asset management plan and in gaining acceptance from the operational teams for what may be substantial changes in the way the organisation will deliver services.

THE PLAN CONTENT

What does the formal property asset management plan contain? There are, of course, a number of recommended property asset plan templates and the content will vary to suit each organisation. A typical plan will include some or all of the topics outlined in Table 1.

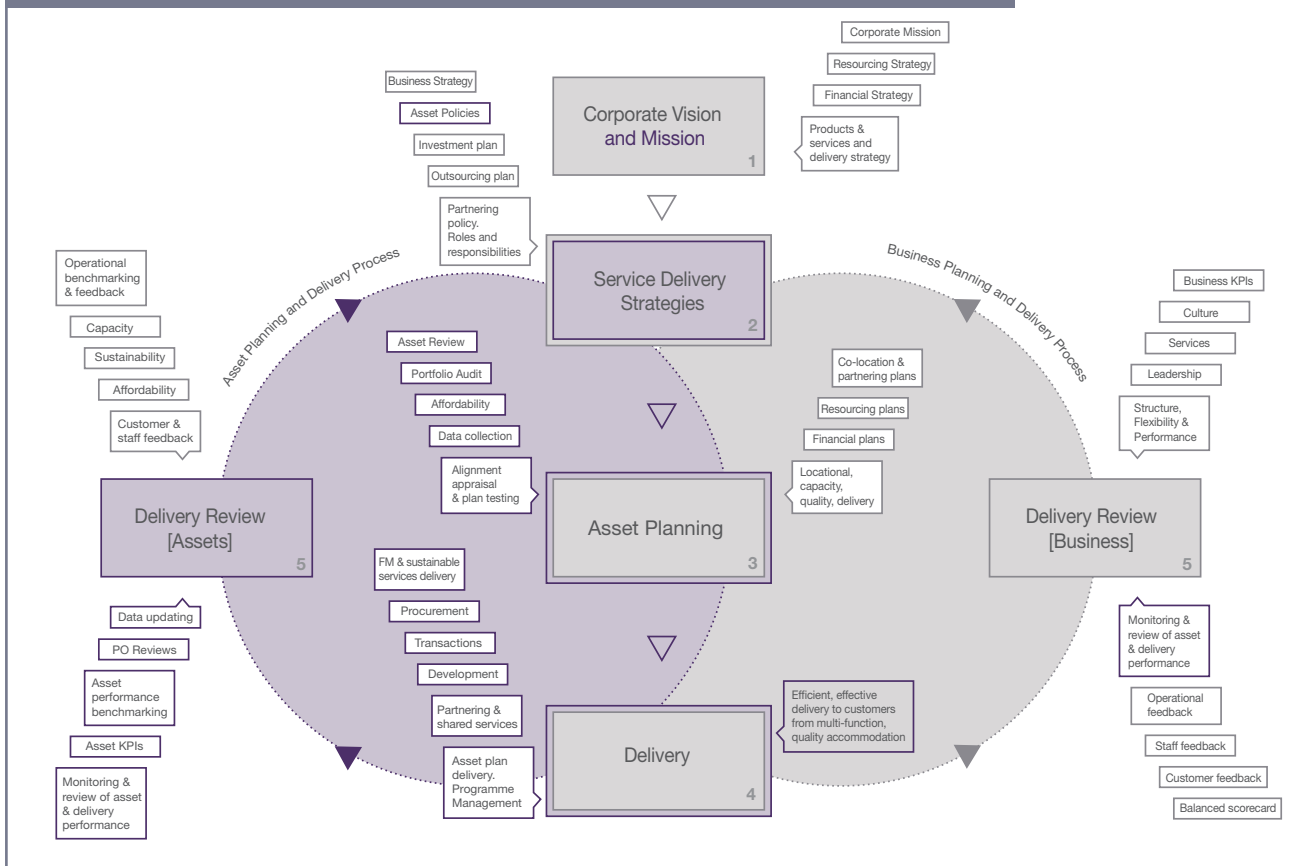
The property asset plan lays the foundation for the efficient and effective use of all assets and provides a platform for structured and rigorous forward thinking and decision-making about operational and property asset strategies.

The plan enables management to be clear about the extent, value, condition and suitability of the property asset portfolio right across the organisation, segmented for each delivery department. This will form the basis for corporate and consultative strategy development and clear methodologies for measuring delivery performance.

Table 1

Property asset Plan Topics	What is included
Plan purpose and the benefits of property asset management	<ul style="list-style-type: none"> • The property asset management strategy and the benefits to the organisation. • How the strategy has been developed, the alignment with 'in-house' corporate strategies and policies as well as with regional and national strategies. • The plan timescale and phasing.
The corporate vision, mission and strategy	<ul style="list-style-type: none"> • A statement of the organisation's goals and objectives and the implication for property assets and other resourcing.
The financial context	<ul style="list-style-type: none"> • The overall corporate financial position and outlook. • An estimate of the budget available for property asset re-alignment. • An outline of potential financial solutions for plan delivery.
Property asset policy; statement of goals and objectives	<ul style="list-style-type: none"> • The property asset policy, goals and objectives for improved delivery. • The use of property assets, sharing, partnering & use by the voluntary sector. • The vision of what the property asset base will 'look like' after the change programme and at the end of the plan period.
The property asset plan for each service delivery department	<ul style="list-style-type: none"> • A departmental analysis of the plan's effect on the total property asset base. • Transforming the property asset base to align with the delivery requirements. • In appendices, a property asset by asset breakdown will show the detail of each property asset and the changes proposed.
Property asset upgrade analysis	<ul style="list-style-type: none"> • The key property asset changes required to deliver the plan. • The strategy to eliminate deficiencies and delivery timescales. • An estimate of the likely cost of property asset upgrade.
Definition of service level to be expected	<ul style="list-style-type: none"> • The quality, capacity, reliability and responsiveness of the property assets is confirmed and priced.
Critical success factors	<ul style="list-style-type: none"> • Business based outcomes and timescales are noted. • This will form the basis for performance management.
Resource implications of the plan	<ul style="list-style-type: none"> • The effect on property assets as well as finance, IT and HR. • Annual expenditure changes will be estimated. • The broad investment and divestment plan will be outlined and the overall approach to sourcing, outsourcing and procurement.
Performance measurement	<ul style="list-style-type: none"> • The agreed performance metrics outlined and the agreed KPIs. • The performance measurement system defined. • Current performance as a base measure and the anticipated performance steps as property asset change takes place.
Organisational changes	<ul style="list-style-type: none"> • The 'property asset champion' is identified along with the property asset management structure, roles and responsibilities, resourcing allocations and capacity management. Governance and decision making arrangements. • Corporate process for property asset management. • The management of data.
Action milestones	<ul style="list-style-type: none"> • Immediate term actions and a timetable for organisational, property asset and delivery service changes over successive years.
Review	<ul style="list-style-type: none"> • The success of the property asset plan measured by the reaction of customers to service delivery and on the bottom line operating costs. Reviews against pre-agreed performance metrics will take place regularly and recommendations made about changes to enhance delivery.
Risk	<ul style="list-style-type: none"> • An assessment of the risks associated with the property assets, either immediately or longer term. A risk assessment of other resource inputs including, for example, financial/budgetary cutbacks and shortage of property asset management expertise and the management of such shortfalls.
Assumptions and provisos	<ul style="list-style-type: none"> • The plan will state the base assumptions and any provisos about data integrity, cost estimates, demand forecasts, property asset lifespan and other variables.

Figure 5: Business, asset planning and service delivery sequence



PROPERTY ASSET PROGRAMMES

Property asset change programmes will be developed to deliver the agreed plans, each of which will be subject to the financial sign-off of business cases. Following approval, programmes of building alteration, refurbishment, procurement and perhaps new-build will begin in a prioritised sequence and with project management oversight. Reviews of progress will accompany these programmes and post occupation reviews will assess the effects of the changes on customer's delivery experiences.

The effective project management of these change programmes provides for the efficient closure to the demanding delivery stage of property asset management activity. It is, of course, followed by the performance measurement of results and delivery reviews which will start the whole process again, ensuring, through this cyclical sequence, that the property asset base is steadily improved to meet customer needs.

THE DETAILED PROPERTY ASSET MANAGEMENT PROCESS

Whilst the property asset management cycle has already been outlined above, here at Figure 5, we provide a detailed process diagram showing the sequence from corporate vision and mission development (1) to delivery reviews (5), including details of the inputs, outputs and activities associated with each principal process stage.

REVIEW THE PERFORMANCE OF PROPERTY ASSETS

The performance of the property portfolio should be reviewed to benchmark against the performance of similar property assets in other organisations. Senior managers may wish to see metrics developed which, for example, track property costs per staff member and cost per sq metre, space usage and efficiency of use, vacancy and surplus space and sustainability measures relating to carbon emissions, waste and recycling.

This quantitative information is used to assist with the improvement of the efficiency of the property asset base. The challenge is to develop and operate a review process which adds value but is part of business as usual – the review process should not create a 'measurement industry' within the organisation.

REVIEW OF CUSTOMER AND STAFF SATISFACTION

The measurement of customer and staff satisfaction is an essential part of performance measurement and the review process. This is achieved by asking customers to complete surveys, either directly or by the completion of survey forms. It will be possible, using a simple scoring system, to obtain an accurate indication of the how the property assets are performing. Operational staff and managers should also be asked to give their views. Once again an organisation-specific matrix will be used to record and score results.

The analysis of these reviews should be carried out jointly by operational and property asset managers and the results assimilated into the service delivery strategy (2) and property asset planning (3) as shown in fig 5 above. This will enable changes in both delivery and accommodation plans to deal with any negative feedback. The use of such reviews over time will result in a continuum of improvements in delivery arrangements.

A successful performance review procedure will involve:

- the measurement of organisational performance
- analysis of results against pre-agreed key performance indicators (KPIs)
- measuring property asset performance and benchmarking
- acting on recommendations for improvement.

KPIs will be set to suit each organisation. The metrics must be relevant to the organisation and, as far as possible, cover all aspects of operations. Regular 'testing' of the experiences of users will provide trend lines of feedback to 'flag up' what further refinements are required.

MEASUREMENT BY BALANCED SCORECARD

To measure organisational performance, a balanced scorecard approach to measurement is helpful. The structure of the Public Sector Scorecard as set out by Moullin in 2002, places performance against long term strategic objectives at the centre of measurement perspectives – see fig 6 below.

The surrounding performance 'beacons' include the broadly familiar input, output, operational and intellectual metrics. In the illustration of a generic property asset-focused scorecard – see table 2, the measurement entries are grounded on the organisation's strategic objectives with measurement metrics/methodologies designed to provide essential feedback to operational and property asset managers. The scorecard focuses on a relatively small number of metrics which the organisation identifies as key drivers towards improved service delivery to its customers.

The benefits to the organisation from the use of the scorecard are a better alignment of the property asset base with business objectives and customer demands and expectations.

REPORTING AND IMPROVEMENT ACTION

The performance measures will be reported to senior managers and the final step is to feed the review results back into the process at the service delivery strategy stage; that is at stage 2 in fig 5 opposite. The continual plan (3), deliver (4) and review (5) sequence will result in improved economy, effectiveness and efficiency through the portfolio and a better operational delivery to customers.

Figure 6: The structure of the public sector scorecard

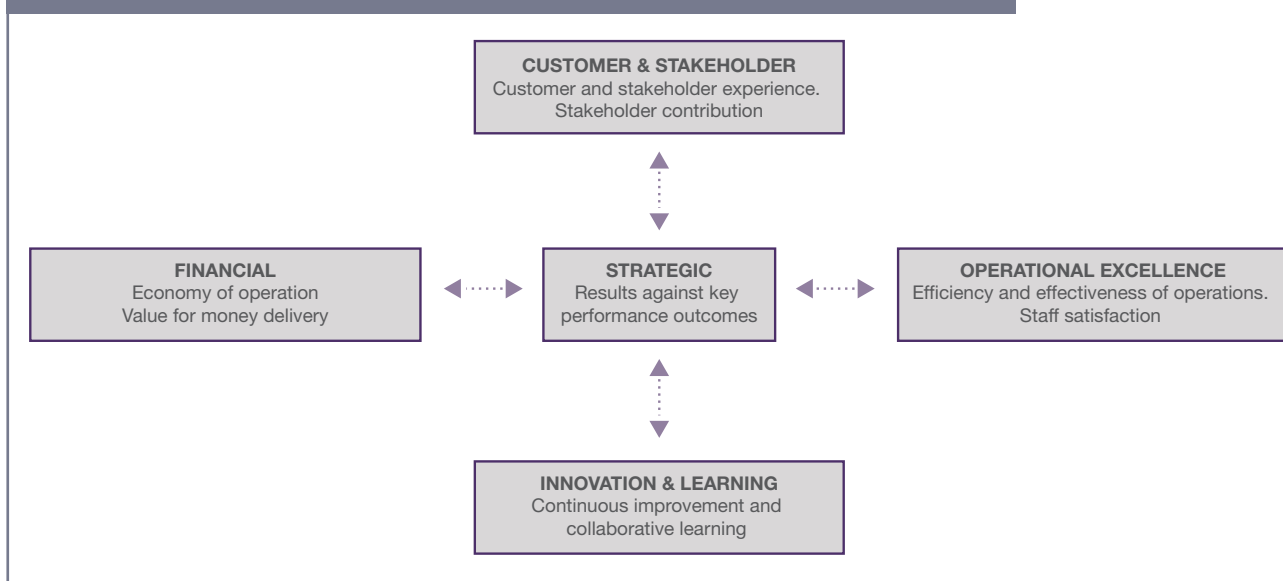


Table 2: A Property Asset Performance Scorecard

Objectives	Operational measurement areas for property assets	Measurement methodology
STRATEGIC		
Achieving/assisting in achieving, corporate objectives	Improving quality of accommodation; reducing space usage	Metrics associated with space reduction, space quality upgrade. Satisfaction with accommodation
CUSTOMER & STAKEHOLDER		
Satisfied customers; contributing to satisfied stakeholders	Talking to customers, staff at all levels about the accommodation 'experience'	Survey of customers; stakeholder surveys; stakeholder interviews
OPERATIONAL EXCELLENCE		
Effective and efficient operations	Better space aids delivery staff; co-location of delivery streams helps customers and other stakeholders; flexible working; efficiency in space usage	Satisfaction with accommodation; location of and space quality assisting delivery; occupational levels; availability of flexible working 'tools'
FINANCIAL		
Value for money; budget adherence	Financial metrics	Operating costs; capital budget adherence
INNOVATION & LEARNING		
Best practice captured and new ideas continually trialled	Performance compared to other organisations; research about new ways of working/delivery of services	Benchmarking performance and learning groups; measurement of performance in research trials
		Following Moullin 2002

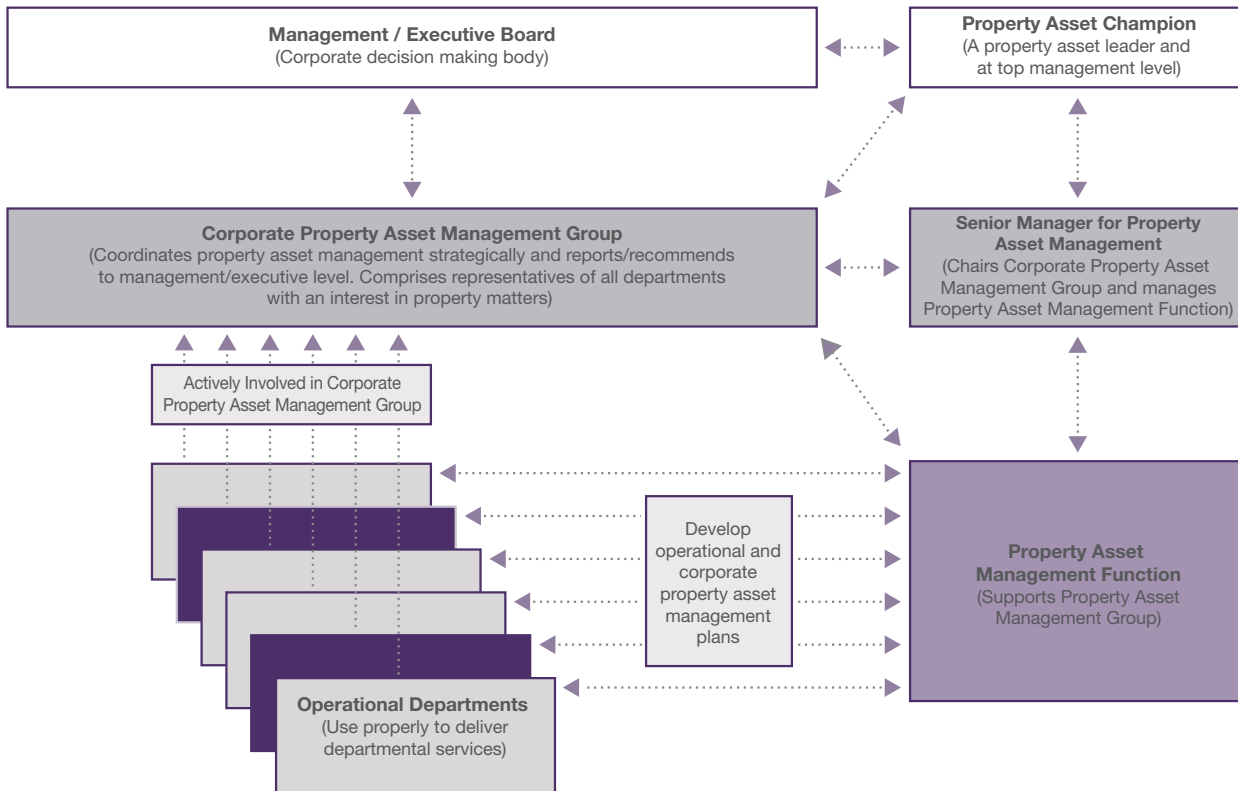
SUSTAINABILITY

Sustainability must be a key feature of property asset management. Assets should be assessed, for example, for energy and water use efficiency and rain water recycling schemes. The location of facilities will have an important sustainability aspect relating to the travel plans of customers and staff. Travel and transport planning should feature in the property asset appraisal process and, where practical, fully flexible workstyle programmes should be offered to staff. The management of buildings has wide sustainability implications in meeting an organisation's sustainability strategies and targets. But remember: the principal way to secure carbon reductions across a portfolio is to use less space.

ORGANISATION AND RESOURCES

Planning and delivery require the right number of adequately qualified/experienced staff to carry through effective property asset management plans. The corporate structure to enable the process to operate might resemble that shown in fig 7 opposite. A separate team will deal with property and facilities management issues on a day to day basis. The interconnection of roles and responsibilities across the organisation, between operational and asset managers and access to senior management provide vital links.

Figure 7: Corporate roles for property asset management



LEADERSHIP AND COMMUNICATION

A clear vision of the organisation’s strategy and approach to property assets should come from the chief executive’s office. The support of the whole senior management team is essential to the efficient delivery of the property asset plan with staff empowered and mandated to treat property corporately and strategically.

Communication should be open and informed with transparency of policy and decision-making on major property asset matters. There should be clear and explicit expectations of how the organisation deals with property asset issues.

CONCLUSION

We hope this Guide provides an entry level exposition of property asset management. This is a multi-disciplinary process requiring good planning and programming, efficient and effective delivery, performance measurement and leadership, all within an organisational structure which is adequately resourced. A tall order? Well, no-one ever suggested property asset management is easy.

When you need more detail about these processes, take a look at the RICS Books website for the full version of the Property Asset Management Guidelines document, or at the following web address: www.publicsectorassetmanagement.com.

Here you will find the full text of the RICS Public Sector Property Asset Management Guidelines 2012 and the document directed to non-property colleagues in organisations entitled, Senior Decision Maker’s Guide – an insight into property asset management.



ASSOCIATED TITLES

The Quick Start Guide to Property Asset Management gives an immediate insight into the property asset management process.

RICS has also produced a principal work, **RICS Public Sector Property Asset Management Guidelines**, as well as the accompanying **Senior Decision Makers' Guide**.

All three titles are available for download **free of charge** from:

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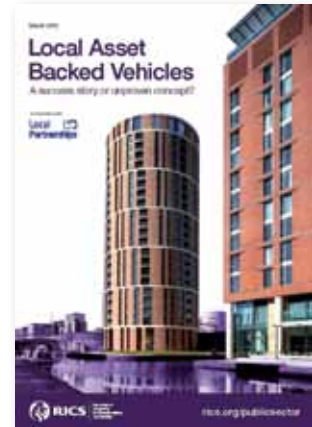


FURTHER READING

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