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How to Align the Organization of the CREM-Department to Strategy during a Recession

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Abstract

Purpose – In a time of economic downfall a lot of companies choose to reduce corporate real estate (CRE) costs instead of aiming at more user-oriented CRE strategies. This also affects the budgets that are available for CRE. Therefore it is important that the organization of the CRE management (CREM)-department is optimally aligned with the CRE-strategy. This study provides CRE-managers with a tool for evaluating the organization of the CREM-department when applying the CRE-strategy of cost reduction.

Design/methodology/approach – The formulated evaluation tool for the alignment of the organization of the CREM-department is a result of an explorative study. First a literature study was conducted which led to a theoretical model of factors that influence the organization of the CREM-department, with regard to five components: Organizational structure, Sourcing, Centralization, Process management and Company culture. Then empirical data was collected through interviews with two groups of respondents, namely CREM-departments who served as cases and CRE-consultants to hear their expert opinions. Cross-case analysis of the eight CREM-departments and a comparison of these results with the expert opinion of the consultants were used to look for links between the CREM department components and each CRE strategy.

Findings – It was not possible to formulate links between every possible CRE strategy and the CREM-organization as most of the cases had implemented the same strategy, namely cost reduction. This did provide the opportunity to construct a clear evaluation model for this particular strategy. Not all the themes were aligned with the chosen CRE-strategy identically by all the CREM-departments with a cost reduction strategy, but many similarities came forward and were backed by the CREM experts. This was worked into an evaluation model on the alignment of the organization of the CREM-department with a cost reduction strategy.

Research limitations/implications – The model developed is especially relevant for CREM-departments who have similar characteristics as the CREM-departments who served as cases: large companies with a division macro-organizational structure that apply the CRE-strategy of cost reduction. The evaluation model does not spell out exactly how the CREM organization should be managed and formed, but does provide insight in a number of main choices that can influence the organization of CREM. The purpose of the evaluation model is that the CREM department becomes aware of the consequences for the organization of CREM when implementing a cost reduction aimed CRE-strategy.

Keywords: CREM organisation, strategy, cost reduction, model

1. Introduction

Even in today's wireless society, most companies still need corporate real estate (CRE) to accommodate and expand their (commercial) activities. The economic crisis has (had) a substantial effect on the corporate real estate management (CREM) activities of companies, which is commonly defined 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, 2007)." As the definition of CREM already states it is important to align the CRE-portfolio to the core tasks and processes of the company at all times, and thus the CRE strategy to the corporate strategy. Due to the recession, some organizations tried to do so by implementing new ways of working to decrease the necessary number of m²'s, while others cut costs by postponing maintenance and/or building cheaper accommodations. These choices for certain CRE interventions (whether ad hoc or based on strategy) probably also had an effect on the CREM organization itself. After all, to achieve optimal alignment between corporate and CRE strategy, the organization of the CREM department needs to be aligned with the CRE-strategy as well.

About the alignment between corporate strategy and CRE-strategy numerous studies have been conducted (e.g. Krumm and De Vries, 2003; Nourse and Roulac, 1993; Lindholm, Gibler and Leväinen, 2006; Heywood, 2011). But on the alignment of the organization of the CREM-department with the CRE-strategy almost no research exists. The context parameters and domains of the CREM department have been mapped before too (e.g. by Kämpf-Dern and Pfnür, 2014), but this study only identified which components of the organization of the CREM department one should reckon with and looked for best practice configurations in general. In other research areas like business studies, studies on the alignment of organizational structure and company strategy have already identified how to best set up the management organization. This paper is one of the early studies on this alignment at the level of the organization of the CREM department. As the recession has made most of the organizations in our case studies chose for a CRE strategy of reducing costs, the fieldwork in this paper focuses on this CRE strategy in particular. Stoy and Kytzia (2004) have identified important drivers of cost reduction by CREM, but did not spend a lot of attention on a fitting organization of the CREM department to manage them.

This paper is based on an explorative study where first a literature research has been conducted to identify relevant components of the organization of the CREM-department and the CRE-strategy. Next, these components are discussed during interviews with respondents of eight CREM-departments of organizations in the Netherlands and with four representatives of large CRE advisors to explore possible links between CRE strategies in general and the organization of the CREM department. The results from the interviews were used to construct an evaluation model to evaluate whether the CREM organization is aligned to the chosen CRE strategy, of which only the cost reduction strategy model is discussed in this paper as it was most valid. The main research question this paper tries to address is: How can the organization of the CREM-department achieve optimal alignment with a cost reduction CRE-strategy? This

paper is divided in five sections. The next part describes the literature review on existing CRE-strategies and the parameters of the organization of a CREM department. The research approach is explained in the third section of this paper. Then the results of the interviews are described and discussed. The paper ends with conclusions and recommendations.

2. Literature review

According to De Jonge (1996), four management elements can be identified for CREM. These elements are the general management, the financial management, the asset management and the facility management. These components can have a focus on strategic activities or a focus on operational activities, which makes a big difference in where and how CREM can add value and reach alignment. CREM is a relatively young professional field which has gone through a transformation the past decades. The evolution of CREM is described by Joroff, et al. (1993) in five stages and shows a changing role for CREM from a more operational Taskmaster (through a controller, dealmaker and entrepreneur phase) towards a Business Strategist, so an increasing focus on strategic activities. Research among 476 asset managers in New Zealand (McDonagh, 2008) showed that the number of CREM departments with a strategic plan increased from 50% in 1992 to 71% in 2005. The stages described in the evolution of CREM all have specific tasks and focus areas. Hartmann, et al. (2010) described the real estate lifecycle and the most important responsibilities/tasks of CREM along the way. They distinguished three main tasks of CREM, namely ensuring availability of CRE (e.g. acquisition, leasing, development), keeping CREM operational (e.g. facility management) and its disposition (e.g. disposal, rent administration). Veale (1989) identified seven aspects that influence the effectiveness of CREM in these tasks, later comprised to six by McDonagh and Frampton (2002). Having a strategic plan and seeing CRE as strategically important are two of these aspects, next to the presence of an independent CREM-department, use of a CREM information system (MIS), bookkeeping per building and the availability of information about the added value of CRE for the organization.

To achieve maximum added value to the general result of the company, the CRE-strategy needs to be aligned with the general strategy and the core values of the company. Heywood (2011) and Appel-Meulenbroek & Haynes (2014) have tried to identify respectively the components of and practical tools for applying a full alignment model to reach maximum added value. The core of the many different existing CRE alignment models are the CRE strategies CREM can choose for. The seven CRE-strategies of Lindholm, Gibler and Leväiven (2006) are used in many studies on CREM, sometimes extended with an 8th CRE-strategy of sustainability, identified later by Gibler and Lindholm (2012). These CRE-strategies are:

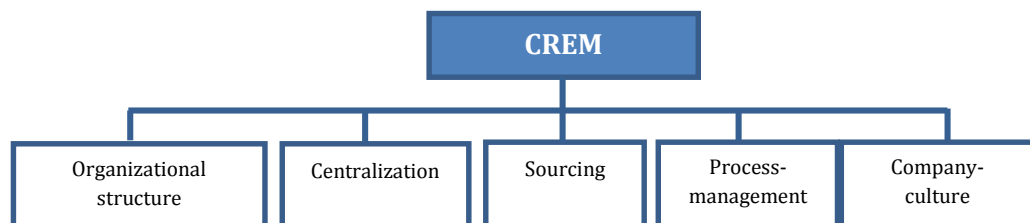
- Reducing costs
- Increasing the value of assets
- Promoting marketing and sales
- Increasing innovation

- Increasing employee satisfaction
- Increasing productivity
- Increasing flexibility
- Supporting sustainability

As explained before, this paper focuses on the reducing cost strategy.

Kämpf-Dern and Pfnür (2014) developed a model with five components specifically for the organization of a CREM department, see figure 1. The component “Organizational structure” is the way CREM is organized. A number of different organization structures can be used for a CREM department. Each structure has its specific characteristics and possibilities with regard to responsibilities, controlling and budgeting. Four different organizational structures have been identified for CREM-departments: Functional, Regional, Process based and Market/Client (Jones Lang LaSalle, 2011). In a functional structure the management of CREM personnel is based on the activities that they perform, while in a regional structure CREM is split up even further by separately managing such departments in each region. In a process structure all these activities are integrated and the management is ordered by the real estate lifecycle. The market/client approach has relationship managers for each business unit/market of the primary process that manage all activities specifically for them.

Figure 1: Components of influence on the organization of the CREM department (Kämpf-Dern & Pfnür, 2014)



The component of “Centralization” determines the spread of the influence of the CREM-department, if indeed such an independent department is present. This influence strongly depends on the position of the CREM-department in the macro organizational structure of the company. In total five macro organizational structures have been identified, being: Functional structure, Division structure, Matrix structure, transnational structure and a Project structure (Johnson, Scholes, & Whittington, 2008). Each macro organizational structure has its own specific characteristics. Krumm (1999) explained where a CREM-department is located in each structure. In the functional structure it is located as a separate business unit next to the other business units. In the division structure, CREM is a centralized service, but often the divisions partly may take their own CRE decision. In the matrix structure, CREM does not really have a clear position and its activities can be spread all over. This is also true for the transnational structure, although they often do have a central strategic CREM-department to set guidelines. In a project structure organization, CREM is a central support department. Dewulf, Krumm and De Jonge (2007) described how the position of CREM in organizations changed through the years, as they moved from the functional

structure in the 1930's to a transnational structure in the sixties to division structures, which have become most common since the 1990's.

The component "Sourcing" deals with the activities that can be handled by external providers versus those performed internally by the own CREM-employees. A third option is to form alliances with strategic partners for delivering certain activities together. A study on outsourcing of CRE-activities under 50 CRE-experts (Bowles & Kazis, 2007) showed that in general complicated tasks are not suitable for outsourcing, like client management, risk management, location choice and portfolio management. However the study showed that the more operational tasks like facility management, maintenance and project management are suitable for outsourcing. Important reasons for outsourcing are access to specialist knowledge, flexibility, quality improvement, innovation, cost reduction, presence in regional markets and increased effectiveness (McDonagh and Hayward, 2000). Van Driel (2010) identified two levels of outsourcing in CREM. In the first level of outsourcing CREM is almost completely handled by external providers on the tactical and operational level. In the second level of outsourcing only at the operational level tasks are handled by external service providers. The degree of outsourcing increases with the number of tasks that a CREM department feels responsible for (Hartmann et al., 2010).

The component "Process management" focuses on the guarantee of the quality of the provided services or products. Three main factors influence the performance of CREM: Information, Knowledge and Network. The factor Information specifically depends on the quality of the available Management Information System (MIS), which should contain data on the company, personnel, facilities, costs and the real estate market (Gibler, Gibler and Anderson, 2010). The factor Knowledge consists of the amount of specialized knowledge needed to complete important tasks. Epley (2004) identified seven areas of important knowledge/skills, being the ability to interpret market data, identify client goals, do location analyses, determine rents, analyze user needs, recognize the impact of demographic changes and recognize growth patterns. The factor Network consists of the quality of the formal and informal network of the CREM-department. This network for example can speed up the process of project implementation and also can help to negotiate better terms and prices for the CREM-department. As mentioned before, studies on CREM effectiveness (Veale, 1989) also point out process management aspects like, the frequency that CREM reports its performance and whether CREM has sufficient insight in corporate strategy.

The last component of the model is the "Company culture". According to Johnson, Scholes and Whittington (2008) this consists of four parts, namely the core values, views of personnel, behavior (routines) and the cultural paradigm of the organization that is presumed by all. As Grinyer and Spender (2006) state, culture can lead to strategic drift as routines are hard to change, but at the same time this can also be the competitive advantage of the organization. Therefore it is necessary to know the future vision for CREM, check whether a change in company culture is necessary, and what the impact of this change would be on existing personnel.

The literature study has been visualized in a theoretical framework (see figure 2), which formed the basis of the interview format that was used during the fieldwork. The approach of the interviews is discussed in the next section.

Figure 2: Theoretical framework



3. Research approach

The theoretical framework was tested in practice to look for possible links between certain CRE strategies and the way the CREM organization was set up to execute this particular strategy. For this, two groups of participants were included in the field research. The first group contained eight CREM-departments at organizations with a divisional macro organizational structure (see Table 2). CREM-departments of national and multinational companies were selected as well as government agencies. The selected organizations are active in different sectors, so they have a lot of different CRE-types. The broad selection of cases leads to a good example of the CREM-departments in general. There were two organizations who participated that wish to remain anonymous. Therefore the organization names are coded to company 1 and company 2.

In the professional sector of CREM a lot of consultancy firms are actively assisting CREM-departments during the process of strategy formulation. Therefore the consultancy firms formed a second group of participants. In total four CRE-advisors were asked about their opinion on the link between the organization of the CREM-department and different CRE-strategies. The four CRE-advisors who participated in the field research are employed by Jones Lang Lasalle, Cushman & Wakefield, CBRE and Redept (see table 1) and all have many years of experience.

After cross-case analysis of the answers provided by the CREM departments, also the results of the collected interview data from both groups of respondents will be

compared. The overall representativeness for the total population of CREM-departments is unsure, but because only large organizations with a divisional organizational structure are selected an argument can be made that the overall generalizability is fairly good. Therefore the results of the conducted field research can be used to gain insight in the alignment of CREM-departments of large organizations in general and the data can be used to form an evaluation model on this alignment.

Table 1: Characteristics of the CRE-advisors

CRE-advisors	Company	JLL	Cushman & Wakefield	CBRE	Redept
	Total number of employees [X]	48.000	16.000	44.000	<10
	Company turnover 2013 [Mln. Euro]	3.932	2.051	7.184	<1
	Function respondent	Head of Tenant Representation	Asset manager	Senior Director	Partner at REDEPT
	Experience respondent CREM [Years]	13	16	15	18

Interviews were chosen to collect data, because of the complexity of the research, the high level of abstraction and the number of different definitions and theories used in the field research. The theories and definitions needed to be explained to the respondent, in order to provide a clear understanding and to ensure that all respondents would have the same references. The interviews of both groups respondents were based on the formulated theoretical framework (see Figure 2) complemented with some general questions about the respondent as a start.

The structure of interviews with the CREM-departments and with the CRE-advisors were fundamentally different. The eight CREM-departments who served as cases only had to provide information about the components in the theoretical framework through semi-structured questions. The collected data made it possible to check afterwards if there exists a certain alignment between the organization of the certain CREM-department and the applied CRE-strategy at that time.

On the other hand the second group of respondents formed by four CRE-advisors were asked directly about possible alignment between CRE-strategies and the organization of CREM-departments. As a result of this, the CRE-advisors needed to think about the best configuration of the CREM-department for each specific component for every CRE-strategy identified in this study. However, the result of such an interview structure is that the number of questions that needed to be asked was very high and the time that it would take to complete the interview would be very long. Therefore the CRE-advisors were only asked to indicate which CRE-strategy best fitted each factor of the components in the theoretical framework (see figure 2).

3. Results and discussion

The majority of the respondents from the CREM-departments had more than ten years of working experience in CREM (see Table 2a + b). The current CREM-department configuration was changed fairly recently in most cases and all departments have left the lower levels of the CREM evolutionary steps (although none indicated to work completely at the Business strategist level). Most of the organizations that the CREM-department respondents work at had a total annual turnover of over a billion euros. The portfolios of the CREM-departments mostly consisted out of office buildings, but also had some special buildings. These buildings have a very specific function in the infrastructure or production process of the particular organization. The interviews showed that the majority of the surface area of the portfolio is divided over a limited number of properties. The CREM-departments apparently made a decision to limit the number of properties and have chosen for large scale properties on strategic locations. The number of properties in table 2 can give a misperception about the portfolio because some respondents have a very large number of properties because all the technical properties are taken into account.

Table 2a: Description of the first 4 CREM-departments

	Organization	KPN	Philips	Company 1	Shell
	Year of origin current CREM department	2013	2007	2004	2009
	Turnover 2013 [Mln. Euro]	8.443	23.329	989	338.201
	Number of employees [#FTE]	23.451	116.681	2.300	92.000
	Sector	Telecommunication	Consumer goods	Technology	Oil & Gas
	Position respondent	CEO of asset management	Cluster manager operations	Property manager	Building service manager
	Experience respondent [Years]	14	17	8	10
	Number of properties [X=unknown]	2250	X	8	5
	Type of CRE	Technical, offices	Production, Technical, Offices	Offices, Production	Offices, Laboratories
	Total surface area [m ² BVO, X=unknown]	650.000	X	120.000	500.000
	Properties in ownership [% properties]	Technical: 90% Offices: 0%	X	Offices: 17% Production: 50%	Offices: 80% Laboratories: 80%
	Leased/rented properties [% properties]	Technical: 10% Offices: 100%	X	Offices: 83% Production: 50%	Offices: 20% Laboratories: 20%
General description	Level in CREM evolution	Entrepreneur	Dealmaker- Entrepreneur	Dealmaker- Entrepreneur	Dealmaker

Table 2b: Description of the second 4 CREM-departments.

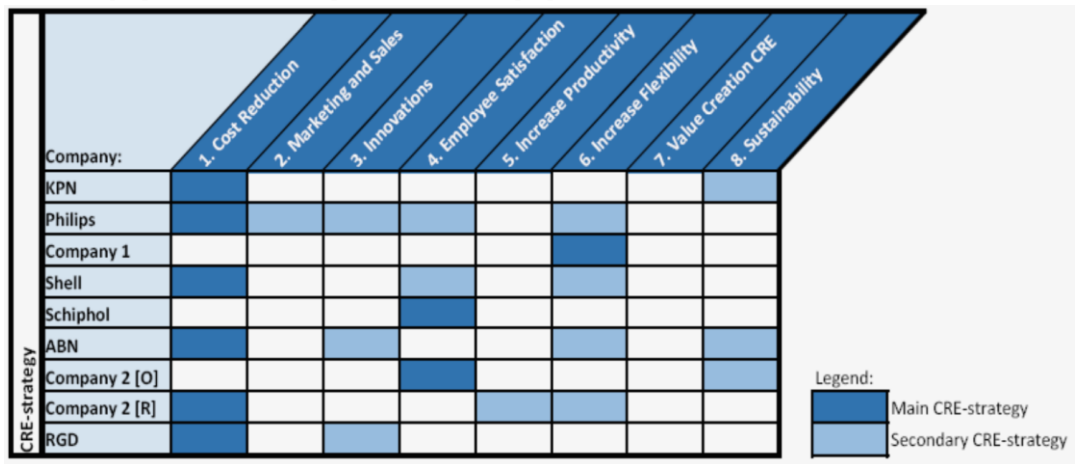
	Organization	Schiphol	ABN	Company 2	RGD
General description	Year of origin current CREM department	2010	2002	N.a.	2014
	Turnover 2013 [Mln. Euro]	1.382	7.324	13.020	14.037
	Number of employees [#FTE]	2.093	23.000	56.870	851
	Sector	Transportation & Retail	Financial services	Financial services	Government agency
	Position respondent	Manager corporate facilities & real estate	Head of portfolio management	CEO of corporate real estate	CEO real estate
	Experience respondent [Years]	9	25	24	14
	Number of properties [X=unknown]	9	328	5	X
	Type of CRE	Offices, Technical	Offices, Retail, Technical	Offices, Technical	Prisons, courts, police stations and other properties
	Total surface area [m ² BVO, X=unknown]	37.000	750.000	430.000	6.900.000
	Properties in ownership [% properties]	Offices: 0% Technical: 100%	Offices/Retail: 50% Technical: 100%	Offices: 75% Technical: 100%	Offices: 56% Specials: 83%
	Leased/rented properties [% properties]	Offices: 100% Technical: 0%	Offices/Retail: 50% Technical: 0%	Offices: 25% Technical: 0%	Offices: 38% Specials: 14%
	Level in CREM evolution	Dealmaker- Entrepreneur	Entrepreneur- strategist	Controller- Dealmaker	Dealmaker- Entrepreneur

The majority of the CREM-departments who served as cases not only pursued one CRE-strategy but a combination of CRE-strategies. Therefore the respondents of the CREM-departments were asked to specify a main CRE-strategy plus CRE-strategies that were of secondary importance, see figure 3). Because of the economic downfall at the moment the dispersion of the chosen CRE-strategies is low. It is clear that the majority of the respondents chose one main CRE-strategy, namely cost reduction. This is positive for the representativeness of the study for that CRE strategy, but at the same time made it impossible to make valid statements on alignment of the organization of

CREM departments with the other CRE strategies. Therefore only the CRE-strategy of cost reduction is elaborated further in this paper. With cross case analyses the results of the sample of CREM-departments were compared and also set against the opinions of the CRE-advisors. The following paragraph describes the results of these comparisons for the CRE-strategy of cost reduction. Figure 4 provides a summary of this discussion for each component of the framework.

Figure 3: CRE-strategy pursued by the CREM-departments.

**[O] CRE properties in ownership, [R] Rental CRE properties.*



Alignment of the CREM department to a cost reduction strategy

With regard to the component “Organizational structure”, the focus on activities in the cases (CREM-departments) differed from the advice of CRE-advisors for optimal cost reduction. The advice of CRE-advisors is that the focus should lay on operational activities, while the CREM-departments indicated that the focus should lay on strategic activities. A possible cause for this difference is that the CREM-departments try to act as a Dealmaker or Entrepreneur in the evolution of CREM, while the attitude of Taskmaster is already sufficient to be able to reduce costs according to the CRE-advisors. It appears as if the position of a controller fits the CRE-strategy of reducing costs best because a controller is completely focused on the costs. It is very important that all the costs are analyzed and that there is sufficient information about the costs that are spent pro asset but also sufficient reporting capacity. The difference in focus of activities is also shown in the importance that CRE-mangers appointed to the four different management elements in CREM and the advice the CRE-advisors gave on this subject. The respondents of the CREM-department gave the highest rating of importance to the general management. The consultants advices to focus on the financial and asset management. The respondents of the CREM-departments also rated strategic tasks highest, like portfolio management, rent/lease management and location choice. Because the CRE-advisors advised an operational focus, they rated operational tasks higher like maintenance. On the last factor from the component “organizational structure” the advice of CRE-respondents was that the CREM-department should have a functional organization structure, because in this structure all tasks are divided and

all the costs can be made clear for the different tasks. In the case of multinational companies a functional structure pro region was advised.

With regard to “Centralization”, ideally the CREM-department has the power to overrule other divisions in the company when decisions have to be made about the assets. It is important to have an independent CREM-department present in the company, according to the consultants. Otherwise it would be hard to make decisions regarding cost reduction that are evenly spread throughout the divisions and for example, if necessary, relocate divisions into one location.

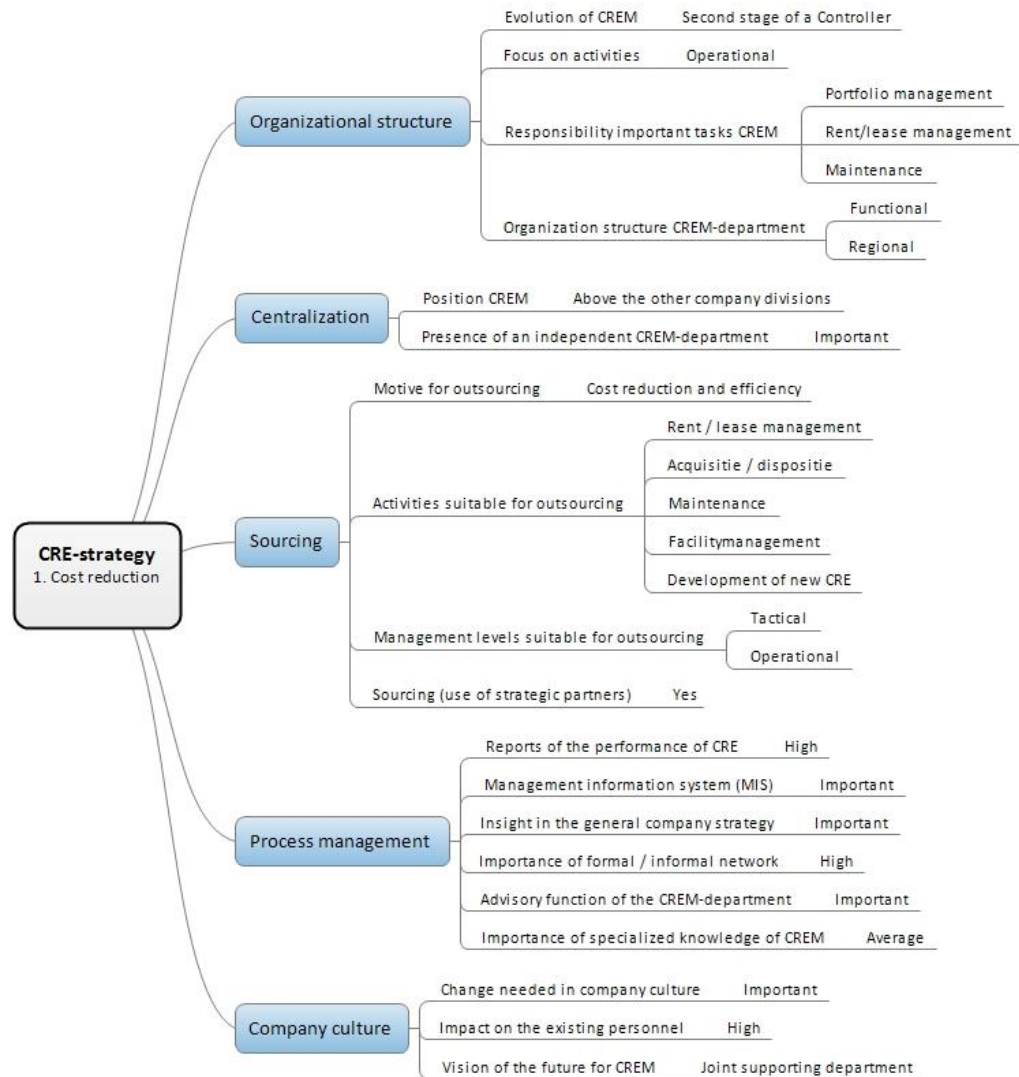
For the component “Sourcing” the motive behind outsourcing is important. According to both groups of respondents, the motives for outsourcing certain tasks of the CREM-departments were mainly cost reduction and efficiency, because external providers are specialized in certain activities and the external providers benefit from scale advantages. This is especially valid for operational activities as all CREM departments outsources maintenance and facility management. The advice of the CRE-advisors clearly shows that the intensity of outsourcing of activities is the highest for the CRE-strategy of cost reduction. The management levels on which outsourcing should take place are the operational level and partly the tactical level. Forming alliances with external services providers might reduce the cost significantly and could also lead to a higher level of service.

With the component “Process management”, the importance of reporting CRE performance was high, both according to the experts and visible from the fact that all CREM departments focused on cost reduction did so. A CRE-strategy of reducing costs demands KPI's, which are focused on lowering costs and the costs need to be reported regularly to the board of executives. A good insight in the formal and informal networks would also help the CREM-department when negotiating new service agreements and implementing changes that are necessary to reduce the costs. It is also important to have a good management information system (MIS), which these CREM departments did. It should contain information pro asset and all the investments and regular costs should be integrated into the system. The CREM-department needs sufficient insight into the long term strategy of the company, because CRE normally requires long term commitments. Therefore it would be wise if the board of executives would get advice from the CREM-department before implementing large changes, to decrease future risks, which does happen in the cases for this paper. According to the consultants, only an average knowledge level is required when implementing the CRE-strategy of cost reducing.

For “Company culture”, the following insights came forward. For successfully implementing the strategy of cost reduction all personal spread out over the divisions should be aware of the costs and should try to minimize the costs as much as possible. The impact of the CRE-strategy of cost reduction on the CREM employees could be high because of the use of external service providers for the more operational tasks. As a result part of the existing personal might lose their employment. Both the respondents of the CREM-departments with the strategy of cost reduction and CRE-advisors predict that all the supporting departments will be combined into one joint supporting department. This way scale advantages can be achieved but also the amount of

knowledge sharing can grow. This could not only lead to lower costs but also to a higher level of service.

Figure 4: Evaluation model for the alignment of the CRE-strategy of cost reduction



It seems impossible to formulate an evaluation model which is applicable for every real estate department and describes the organization of the CREM-department in higher detail. This research was explorative and one of the first to assume that there might be a certain relationship between the organization of the CREM-department and the applied CRE-strategy. This relationship was indeed present based on the eight CREM-departments that served as cases in the conducted field research. Not all the components that influence the organization of the CREM-department were aligned with the applied CRE-strategy identically by all the CREM-departments with a cost reduction strategy, but many similarities came forward and were backed by the opinion

of CRE-advisors. One could say that this precisely shows the need for an evaluation model on the alignment of the organization of the CREM-department with the CRE-strategy. The evaluation model developed is especially relevant for CREM-departments who have similar characteristics as the CREM-departments who served as cases. This means that the evaluation model is relevant for CREM-departments of large companies with a division macro-organizational structure and apply the CRE-strategy of cost reduction. The evaluation model does not spell out exactly how the CREM organization should be managed and formed, but does provide insight in a number of main choices that can influence the organization of CREM. The purpose of the evaluation model is that executives of CREM-departments become aware of the consequences for the organization of CREM when implementing a new or changed CRE-strategy.

Conclusions and recommendations

It appears that CREM-executives are aware of the consequences of a chosen CRE-strategy for the organization of their department. The evaluation model formulated in this paper can support decision making on the alignment of the organization of the CREM-department when implementing the CRE-strategy of cost reduction. Awareness of the CREM-department for the consequences of a chosen CRE-strategy for the organization of their department is very important. It is not only important that the organization is aligned to the applied CRE-strategy. Also the decision making process needs to be aligned with the applied CRE-strategy. To achieve this, a CREM-department should formulate a strategic plan based on the chosen CRE-strategy. The strategic plan can be used as a framework to test future decisions. The implementation of a strategic plan demands that the CREM-department takes a different general attitude. Now the attitude is mostly reactive which leads to a decision making process that is ad-hoc. The recommendation is that the attitude changes to a more proactive one. The creation of a strategic plan could lead to more added value of the CREM-department for the general result of the company.

A general recommendation for CREM that came forward during the fieldwork is the setup of a central support department of the company. An advantage is that specialized knowledge of a specific department will be shared more easily with the other departments. This knowledge sharing could lead to more added value of the support departments for the company. Although supporting departments often are physically concentrated in one location, the question remains whether a lot of knowledge or expertise sharing takes place between them. Both a possible increase of knowledge sharing as the extra added value this would provide are subjects for further research.

Other suggestions for future research are numerous, as this was only an early explorative study. The alignment could be studied in more detail with a large sample of CREM-departments and CRE-advisors. Now, CREM departments in particular have been examined which apply the CRE strategy of cost reduction as the primary CRE strategy, but it would be interesting if and how the CREM organization should be different in case of other main CRE strategies. In addition, follow-up studies can collect more data pro research component, which makes it possible to analyze the CREM-departments who served as cases more extensively.

A last suggestion for further research can be done based on the CREM-model of Kämpf-Dern & Pfnür (2014) with all the domains that influence the total institutionalization of the CREM-department. In this study only two of the four domains that affect the institutionalization of CREM were studied (CRE-strategy and CREM-organization). The influence of the other two domains, CREM-targets and CREM-Controlling, was not taken up in this study but is of course also interesting to research. CREM Controlling might affect process management and centralization of CREM organization. While CREM-targets could affect the choice for a particular CRE-strategy. So, further research should include the influence of CREM-targets and CREM-controlling for the alignment of the CREM-organization as well. The ultimate alignment model for the CREM-department should provide insight in alignment of all context parameters and domains, which have an impact on its organization.

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