Positioning Corporate Real Estate Management (CREM)
Using A Branding Approach

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ABSTRACT

Research into corporate real estate management (CREM) contributing as a strategic resource is primarily directed towards the technical performance of the corporate real estate (CRE). Hence, there is a significant gap between CREM’s technical performance and the relationship building with its customers within organisations. This is a mind-based, branding-related positioning problem. Branding models that have important criteria in building strong brands could be useful in this CREM positioning problem. In order to provide rich and deep insights into this problem, this study adopted a qualitative realism approach with eight empirical comparative case studies from retail, telecommunications, education, and logistics were purposefully selected from a developing (Malaysia) and a developed real estate market (Australia). The data sources relied on semi-structured interviews and document review based on the chosen theoretical framework for building strong brands called the PCDL Model (Positioning, Communicating, Delivering Performance, and Leveraging). The data were analysed through thematic analysis with the support of qualitative software (QSR NVivo™) to draw conclusions. The empirical findings of this study showed that the PCDL Model was able to serve as a basis for exploring and reinterpreting CREM within organisations. First, the technical positioning brand element (P) guides CREM into the customers’ mind in defining its mind-based positioning boundaries. The process of identifying core competencies in this brand element confirmed CREM as a custodian for physical assets to support organisations. Second, communicating the brand message (C) lies in CREM being a trusted advisor to communicate not only to its customers but also to decision makers. Third, delivering the brand performance (D) helps in exploring performance measurement for CREM based on different management levels - the strategic, tactical, and operational levels. Fourth, this study shows that there are opportunities to leverage CREM towards shared services, sustainability and a green agenda, profit generation function, and a crisis management tool. The main contribution to knowledge from this study is the introduction of a new CREM-PCDL Model framework as an interpretive framework for understanding CREM within organisations. This study also contributes new knowledge to CREM with regard to defining what constitutes the CREM brand.
Declaration

This is to certify that

(i) the thesis comprises only my original work towards the PhD;
(ii) due acknowledgement has been made in the text to all other materials used; and
(iii) the thesis is less than 100,000 words in length exclusive of tables, figures, bibliographies and appendices.

................................
Abdul Jalil Omar
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CHAPTER ONE

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INTRODUCTION

1.1 Background of the research

Success, however defined, is vital to every organisation. Almost every business faces an unrelenting pressure to achieve competitive advantage. New competitors enter markets using new channels with more innovative products. Businesses need to contend with an increasingly complex burden of legislation, tremendous advances in information technology, and the difficulty of recruiting and retaining appropriate skilled workforce. Furthermore, the nature of the work itself has changed for many organisations and their people. Technology advancements, globalisation, deregulation, the desire to improve shareholder value and many other factors are taken into consideration when assessing an organisation’s success (Too et al., 2010). Knowledge work is different from manufacturing work, either today or in the foreseeable future. With the effectiveness of people being so critical to the success of modern organisations, significant attention and resources are applied to create optimal conditions to effectively support people and their performances.

It is a rare occurrence for businesses to not have real estate requirements, whether that business is a large manufacturing company requiring extensive land, plant, and facilities, or a small retailer. Matching their real estate needs to the business requirement is an obvious component of the profit potential of most businesses, whether for revenue growth or profitability growth (Gibler & Lindholm, 2012). It is a main focus of a corporate business strategy to addresses such critical elements as customers, employees, and processes that are profoundly impacted by the environment in which a company does business. However, companies generally pay less attention than they should to the elements of a real estate strategy in creating this environment to interact with customers. Meanwhile, real estate
people focuses too much on cost-per-square-foot rather than holistic productivity metrics, lack of understanding in revenue enhancing workplace strategies, struggle to understand the growth of shared services, and facing the challenge of entering emerging market with less market transparency of information (Sharp, 2013). Significant weakness can be found in the linkage between corporate real estate strategy and the overall business strategy (McDonagh & Nichols, 2009).

The optimisation of real estate takes different forms and presents a variety of challenges, simply because it involves costs at all stages of tenure from acquisition, ownership, operation and disposal. Real estate involves all the land, property, buildings, and fixtures that come with the physical assets. Corporate real estate (CRE) means the real estate owned or leased by organisations to support business purposes (Brown et al., 1993; Joroff et al., 1993). CRE is often a corporation’s second or third largest operating cost and can represent as much as fifty per cent of the total assets found on a typical balance sheet (Weatherhead, 1997). Meanwhile, the provision of Corporate Real Estate Management (CREM) is an increasingly integral part of the business’ success. Many organisations including commercial, educational, industrial, recreational, residential, retail and transportation infrastructures has considered built environment as part of the organisational resource.

1.2 Problem statement

The involvement of CREM in achieving organisational goals has evolved over time. As an important resource, CREM is constantly striving for a place at the strategic management level to highlight its importance (O'Mara, 1999). However, CREM continues to be misunderstood and under-appreciated by many senior personnel, due to the perception that they are not in a real estate business (Roulac et al., 2002). As a result, CREM faces challenges in conveying ideas and demonstrating value for the benefit of organisations and establishing its position in the organisation.

The contribution of CREM is shown to be significant to an organisation’s success mostly through physical, financial, human improvement, functionality and capital
market aspects (Gibson, 2003; Haynes, 2007; Liow & Ingrid, 2008). This important resource needs to be considered as a major enabler of the core business. Although CREM is starting to gain wider acceptance from senior management and there is an expanding accumulation of research about CREM contributions to an organisation, very little has been discovered empirically in understanding the CREM overall brand positioning within an organisation which could assist with improving CREM’s position.

Many CREM researchers focus on the technical abilities such as building lifecycles, portfolio management, property investment and many more, but there is a lack of studies on the strategies to build lasting relationships with the CREM customers within organisations. Studies of CREM relationship building with customers are considered as an under-researched area for CREM when compared to studies about its technical performance. Lack of a body of knowledge that able to promote CREM as part of an important resource for organisations is part of the contributing factors. This makes it difficult to build a clear and strong value to establish strong a relationships between CREM and organisations’ success.

Furthermore, organisations often fail to identify the opportunity to venture much beyond minimising real estate costs. Whilst companies may constantly aim to reduce their costs, the maximum benefits for the companies are achieved through utilising CREM to support organisational core activities (Haynes, 2008). Relying heavily on the cost concept to measure CREM success is largely considered to be inappropriate because cost factors determined by variables such as different market locations, book values in balance sheet, depreciation, maintenance strategies, objectives of the owner, and the degree of outsourcing which in many cases are factors beyond CREM’s control (Asson, 2002; Appel-Meulenbroek & Feijts, 2007). In addition, organisational efforts in minimising real estate costs in the short run, may lead to higher indirect costs to an organisation in longer term.

Common sources that contribute to the problem of demonstrating value and establishing position are that CREM executives and their customers fail to appreciate that the internal organisation environment is as important as the
external environment (Ali et al., 2008; Fisher, 2009). This problem started with the lack of understanding from senior management surrounding the CREM function within the organisation (Osgood, 2004). This is due to corporations not having sufficient visibility of the impact on and value from corporate real estate decisions on corporate performance (Bon et al., 2003; Ali et al., 2006, 2008). Specifically, these include the failure of CREM executives to understand their own business function and CREM customers failure to recognise the multi-dimensional role that real estate plays for an organisation. In addition, the utilisation of decision-making frameworks and performance measurement metrics that are unsuitable for measuring the contribution of real estate to the organisation is also a contributing factor in this misconception (Lindholm & Nenonen, 2006). It seems that the real estate and business decisions within an organisation are too far apart to work together in achieving a common mission. This represents a serious gap in maximising the contribution of CREM within organisations.

In order to tackle this situation, it is suggested that both parties (CREM executives and CREM customers) have to play their roles in positioning CREM within organisations and thereby understand what constitute a CREM brand, particularly in understanding the potential of CREM to deliver value for both parties as a basis of establishing position. This is important because a brand is initially created in the mind of the customers rather than the service provider (Aaker, 1996; Ghodeswar, 2008). Therefore, a study of the CREM customer’s perception of CREM itself is needed in order to create a stronger brand for CREM.

1.3 Branding as a strategy for exploring the CREM positioning problem

The introduction of other bodies of knowledge to real estate studies is inevitable due to the dynamics of the real estate industry, for example, this happens when the advancement of information technology means that people and real estate agents were likely to turn to the internet for real estate information (Goodwin & Stetelman, 2013). Real estate is also greatly involved with economics study in determining control over economic variables such as gross domestic products, implementation of interest rates by central banks, changes in buying patterns, price fluctuation indicators, market equilibrium and public policies imposed by
the government (BeŁEj & Kulesza, 2013). In this study, branding was found to be a suitable interpretive framework in dealing with the performance and relationship issues faced by CREM in positioning itself within the organisations.

Branding means the promise of a bundle of attributes that provides genuine satisfaction to the users (Ambler & Styles, 1997). The attributes that make up a brand may be real or illusory, rational or emotional, and tangible or invisible depending on the users’ perspective. Branding theory largely examines how given organisations successfully serve their external customers. This has been done for a long time and has been proved to work well in bringing both products and services to their target market (Reynoso & Moores, 1995; Aaker & Joachimsthaler, 2000). In this case, the idea of customer normally refers to external customers that are purchasers of goods and services from outside an organisation.

However, an internal organisation comprises a chain of individual units that link together in producing the overall organisational output. The pursuit of a strong external product or service lies in the abilities of internal employees to deliver its internal service, as if the internal organisation is a market place (King & Grace, 2008). A functional internal service provider is responsible for providing a quality driven service within the organisation, or it will consequently face the risk of outsourcing. Developing a strong brand through the internal service provider itself is one way of guaranteeing the continuity of the service and the prospect of improving it (Minjoon & Shaohan, 2010). Based on this premise, an internal service such as CREM has a large role in branding its service to its service receiver in order to remain competitive. Branding provides a useful theoretical framework to do so, because of its proven success in putting a product or service into a market place. A branding framework could act as unique guidance for CREM to stay relevant and competitive within an internal market place.

To date, neither CREM practitioners, nor CREM researchers have explored the impact of a branding perspective on CREM performance and relationships in understanding its positioning problem within an organisation. There are very few
researchers who have explored the branding theory in terms of corporate branding through corporate real estate (Appel-Meulenbroek et al., 2010; Khanna et al., 2013), branding as a value determining factor for properties (Roulac, 2007), and centralisation as part of any corporate real estate branding (Knowles, 2004). Therefore, this study brings the idea of branding into play by providing a set of elements that are useful in understanding or interpreting the CREM position inside organisations.

1.4 The aim

An effective branding strategy can serve as a guide in bringing a service to its target market or customers. However, there is limited evidence from past studies shows that CREM has implemented branding to increase its visibility and marketability. Consequently, the aim of this study is to provide a new interpretive framework for CREM by using a branding approach.

Specifically, the thesis will:

- Explain what branding means for a CREM brand within organisations;
- Present branding activities applicable by CREM within organisations; and
- Demonstrate how the branding elements have an impact on CREM positioning.

The results will be used as a basis to improve CREM’s understanding and contributions in matching the organisational goals. These also provide a basis to improve CREM performance and relationships within the organisational context.

1.5 Research questions

The main research question that drives this study is:

_How does a branding approach facilitate understanding of the CREM positioning inside organisations?_
Positioning in this dissertation means the mental phenomenon that limits CREM ability to improve and contribute to organisation’s success. It also has a technical meaning within the model that is adopted as an interpretive framework. The difference is clarified where necessary in the dissertation. Positioning does not relate to the organisational structure of either the organisation, or the CREM function.

In order to answer the main research question, several sub-research questions contributed to this process. These questions are:

- What are the branding elements that could be applied to the CREM positioning problem inside organisations?
- How could these branding elements apply to the CREM positioning situation?
- Why do these branding elements make a difference to CREM inside the organisations?

1.6 The methodology

As pointed out earlier, real estate plays an important part in an organisation’s success in creating a supportive environment and matching locations and physical needs (Haynes, 2008; Rasila & Nenonen, 2008). Moreover, the challenge for corporate real estate management is not about delivering its technical performance only, but also building its relationships to increase understanding and improve its positioning as an important organisational resource within organisations. As a result, the interpretive paradigm is the most appropriate approach to be adopted in the current exploratory investigation by ‘getting inside’ the CREM executives and their customers’ mind and seeing the positioning of CREM from their points of view (Hassard, 1993; Joroff, 2002) and experiences (Kämpf-Dern & Pfür, 2014). Furthermore, the research question ‘how do’ is descriptive in nature rather than prescriptive which require a theory-building approach (inductive) rather than a theory testing one (deductive).
The study used a qualitative enquiry approach in obtaining in-depth information embedded in the context. A multiple-case study has been used as the principle research method involving a range of industry sectors – retail, telecommunications, education, and logistics in two different countries. Within the case studies, semi-structured interviews and document reviews were used as the primary data gathering method.

This study was established to explore CREM practices in Australian and Malaysian organisations, as these represent different market conditions. The application of branding theory to CREM practices is both beneficial and rewarding in reaping a better understanding of CREM position inside different organisations in those countries. This study draws some well-founded and more generalisable conclusions from CREM’s multi-dimensional issues of performance and relationship between CREM executives and CREM customers. Further explanations about the research design can be found in Chapter Three.

1.7 Overview of the study

The dissertation consists of ten chapters. The first chapter provides a brief overview surrounding the background of the research, problem statements, introduction to using branding in addressing the problem, the aim of the study, the research questions, the research setting, and an overview of the study.

The second chapter deals with the review of the CREM literature and the possible application of branding theory. The chapter first begins by looking at the various concepts and contributions of CREM inside an organisation. It points out the many issues and challenges faced by CREM and subsequently argues its need to be part of the main drivers for corporations. Lastly, the chapter examines literature regarding branding and the possible application to organisational internal service provider such as CREM.

Chapter Three then developed the research methodology for conducting the empirical assessment. This chapter highlights the beneficial use of a qualitative
case study approach using a branding framework as a guided tool in further investigating CREM positioning condition.

Chapter Four presents the case study descriptions Malaysian and Australian companies. These include the background of studied organisations, core businesses, and their organisational structure relating to CREM. This provides an overview of the organisations’ involvement with the usage of real estate within the organisations.

Chapters Five to Eight represented the empirical research findings from the studied organisations. Each chapter provides empirical evidence of branding elements applied by CREM based on the branding model chosen for this study, that called the PCDL Model. The model has four main elements consisting of ‘Positioning’, ‘Communications’, ‘Delivering Performance’, and ‘Leveraging’. Each chapter represents the applications of each branding element from the model. Specifically, Chapter Five discusses ‘Positioning’, Chapter Six elaborates on ‘Communications’, Chapter Seven deals with ‘Delivering performance’ and Chapter Eight demonstrates on the ‘Leveraging’ element being applied by CREM.

Chapter Nine presents discussion of CREM practices in Malaysian and Australian companies through the eight cases used in the study. This chapter provides an overall discussion and linkages between CREM theories with the evidence found from this study.

Lastly, Chapter Ten concludes this study showing how the research provided answers to the research questions, how the study generally contributes to the field of knowledge, research limitations, and suggestions for further research.
CHAPTER TWO

LITERATURE REVIEW

2. 1 Introduction

The literature review provides the basis for discussions in this study and it is presented in two parts. The first part looks at the development of CREM by focusing on three sections: Defining CREM, dimensions of CREM contributions, and challenges faced by CREM. The focus of this part of the chapter is about understanding the CREM contributions to an organisation.

The second part explores in-depth the branding approach in internal service positioning such as CREM. It defines branding and discusses service branding characteristics, and branding of internal services. In addition, this part also explains the elements in PCDL Model being used as a theoretical framework in the study.

2. 2 Defining CREM

The corporate real estate term popularly used in the early 1980s starting from Zeckhauser and Silverman (1983) who defined corporate real estate (CRE) as the land and building owned by companies not primarily in the real estate business. Meanwhile, a slightly different definition of CRE is given by Dresdow and Tryce (1988), who considered real estate leased and controlled by the corporation as the corporate real estate. Brown et al. (1993) added that the term CRE applies to real estate assets that are either owned or leased by firms to achieve corporate objectives. The assets are utilised at the optimum level by corporations in pursuit its primary business mission. The decision to own and lease an organisation’s real estate may reflect the organisation’s desire to build some flexibility into their real estate holdings (Wills, 2008). This leads to a common definition that CRE is real estate held whether it is owned or leased by a corporation to achieve the
organisational goals (Joroff et al., 1993; Roulac, 1999; Manning & Roulac, 2001; Ali et al., 2008). This means that CRE includes buildings, land, and physical space either owned or leased by an organisation in operating the organisation’s core business.

In defining CRE, Brown et al. (1993) introduced the management aspect to CRE by highlighting the optimum use of all real estate assets by a corporation in pursuit of its primary business mission through various activities, including property acquisition and development, property management, financial analysis, and other miscellaneous, though related activities. Joroff et al. (1993) initiated CRE as the fifth resource underlying an organisation after the four better known resources of people, technology, information, and capital. This transforms CRE into a strategic resource for an organisation like any other resource, such as human resources (HR) and information technology (IT) (Becker & Pearce, 2003). As a resource, CRE needs management input in order to be incorporated into organisational activities.

This presumes CRE is more than bricks and mortar and recognises its intangible contributions through its management. While the managerial aspect of human resources is labelled human resource management (HRM) (Huczynski & Buchanan, 2001), so too the management of CRE is labelled corporate real estate management (CREM). This claim is supported by Appel-Meulenbroek and Feijts (2007) who state that CREM is the field of managing the CRE in order to achieve organisational goals. Corporate real estate management (CREM) could be seen as harnessing the ability of management to direct the CRE resource in support of organisational objectives and strategies which translates into business success (Lindholm & Nenonen, 2006). The transition in the demand for accommodation and the changes in the real estate market have contributed to the recognition of the financial value of corporate real estate. This led corporations to look for ways to organise support services to drive return to core business. This has opened for outsourcing and strategic alliances in corporate real estate management. In order to continue to provide added value for corporations and their operating companies, corporate real estate management have to evolve and adapt services to corporation’s current and future role within the corporate setting. Dewulf et al.
(2000) has defined the discipline of corporate real estate management (CREM) 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. Therefore, the CREM focus is to support organisations’ core businesses by utilising CRE resources.

When it comes to strategic management, the primary value of CREM to the organisation is that it contributes to the way an organisation does business (Stoy & Kytzia, 2004). The importance of CREM began from the need for recognition for CREM in improving business outcomes similar to human resources and IT (Joroff et al., 1993). This introduces the concept of Corporate Infrastructure Resource (CIR) and the Integrated Resource Infrastructure Solution (IRIS) model in conceptualising the importance of CREM and the coordination of all the corporation’s support functions (Materna & Parker, 1998; Englert, 2001; Dunn et al., 2004). Several researchers and practitioners have provided frameworks for aligning CREM practices toward the strategic management level in maintaining organisational competitiveness (Roulac, 1996; Varcoe, 2000; Edwards & Ellison, 2003; Heywood & Kenley, 2008). Most of the frameworks proposed incorporated CREM as part of the strategic resources that help organisations move forward and with more likelihood of becoming a part of business strategy. This shows that the effectiveness of CREM relies upon synergising real property value with other organisational functions in pursuit of an organisation’s mission.

In brief, CREM has evolved as an important resource in fulfilling customers’ demands in achieving an organisation’s mission. The focus is to incorporate CREM into the structure and operations of various management levels, cross-functional departments, and in a variety of environmental settings to optimise its value for an organisation.

2.2.1 Structuring CREM within organisations

CREM’s potential customers consist of external and internal customers. External customers, according to Ulrich and Brockbank (2005) are people that receive
service or buy products from a company. Meanwhile, an internal customer is another group inside the organisation whose work depends on the work of another group to deliver what they need so they can do their job properly (Anderson & Kerr, 2002). Consequently, as an internal service function, CREM customers are an organisation’s internal customers (Nourse, 1994; Lawton & Ivanov, 2014). It is an organisational concern to eliminate departmental weaknesses in order to promote customer satisfaction, employee growth and development to complete organisational tasks. This is because the internal customers require CREM services in order to produce products or services for their external customers. Unsatisfied internal customers have the ability to replace CREM with other service providers through outsourcing (Miciunas, 2002). This forces CREM to operate as a business function by itself in satisfying its customers and to prevent the threat of replacement.

There are several ways of structuring a CREM function depending on the organisational structure whether through centralised or decentralised. In early 1990s, many organisations moved away from decentralised non-core functions including real estate management, where virtually all tasks were performed at the business unit level, and have centralised many of the support service functions, leaving the business units that remain with predominately a core business function (Pollard, 1999). This provides the parent company with autonomy in handling real estate decision and prevent redundancy and mishandling of real estate by business units. Upon increasing international expansion, organisations are confronted with new markets of which they often have limited knowledge rather having to rely on outside providers (Krumm et al., 1999). The approach was described as a top-down management approach where all decisions related to support service were centralised tasks with an emphasis on reporting and control. Even though the sourcing strategy is a blend of in-house and outsourced, the final decision will always a centralised decision. The primary goals were about achieving output results, control of resource allocation, removing structural barrier, and provided administrative economies of scale (Miciunas, 2002). The real estate function remained in charge of financial and long term strategic issues. For example in the retail industry, since this change happened organisations have gradually
relinquished business unit’s role in handling real estate transactions by focusing more in generating sales and servicing customers for the company.

For CREM, an ideal CREM arrangement should be designed to fit different individual needs such as those of business units and senior management (Page III & Valenziano, 2001; McCarty et al., 2006). CREM may be combined with other support functions such as human resources, information systems, and procurement to bundle resources together and function as a team – the CIR/IRIS concept (Materna & Parker, 1998; Englert, 2001; Dunn et al., 2004). An important characteristic of CREM is that it involves two perspectives of functionality: a user perspective and an owner perspective (Pfnuer et al., 2004). That means the CREM focus is to represent the demand side of real estate economy rather than the supply side as service delivery (Heywood & Kenley, 2010). The main goal from the demand perspective is for CREM to optimise and utilise the real estate assets in order for the core business to run as efficiently as possible.

Another viewpoint is from the owner’s perspective, especially for owner-occupier with the objective to maximise the value of the corporate real estate assets in order to achieve the highest corporate value (Fisher, 2009). Unlike the user perspective, this approach focuses on optimising cash flow from real estate engagements; in this sense, organisations manage their property portfolio as a real estate investor. Even though CREM represents mostly the demand perspective, understanding of owner’s viewpoint enables CREM to act as an owner in managing its own assets. From being a space provider, CREM coverage has broadened and expanded to encompass all aspects of the physical setting, including people, location strategies, and plant and equipment, and involvement with multiple levels of management in the organisations. Findings by Tien Foo and Sirmans (2008) indicated that stock market reacted positively to the interactive effects of real estate ownership changes by the firms. This requires firms with substantial exposure to real estate risk to align its governance between management and shareholders in managing their real estate assets.

Thus, taking into consideration the above findings, it can be concluded that CREM customers are internal people representing business units, various
management levels, and multiple departments that need real estate assistance in running their operations. Even though CREM serves different sets of customers, the activities still involve interdependent processes and highly correlate with each other to achieve the same organisational goals.

2.2.2 PM vs FM vs CREM

The terms property management (PM), facility management (FM) and corporate real estate management (CREM) are often confused with each other. Different people and regions such as North America, European, and Asia-Pacific used different definitions depending on the history, contributions and management level of each function. These three areas represent different sets of objectives at different levels of management of real estate. Even though there may be redundancy in terms of activities and functions, CREM, FM and PM can be shown to be three distinct areas. This section will discuss the differences so that it will be easier to understand the functions and contributions of CREM towards an organisation’s success. Table 2.1 below summarises the differences between PM, FM, and CREM.

From Table 2.1, it can be seen that property management (PM) undertakes its main function as a space provider for office accommodation to house its users (Gibson, 1994). This function may represent legal rights and interests from the tenant’s or landlord’s perspective. At the same time, PM emerged as a mechanism to lower the transaction costs and internal conflict resolution between tenants and landlords (Yiu et al., 2006). Therefore, PM is not only involved in the management of space and physical property, but also the governance of property ownership, in particular, the costs of exclusion and internal conflict resolution that determine the institutional arrangement for PM.
### Table 2.1: Summary of the differences between PM, FM and CREM

<table>
<thead>
<tr>
<th>Scope</th>
<th>PM</th>
<th>FM</th>
<th>CREM</th>
</tr>
</thead>
<tbody>
<tr>
<td>Objectives</td>
<td>Managing and administrating legal interest from the occupier or landlord perspective (Baldwin, 1994; Nutt, 2004)</td>
<td>Coordinating physical workplace, minimise operating expense (Varcoe, 2000; Then, 2005)</td>
<td>Utilising assets as strategic business drivers (McNamara, 2002; Heywood &amp; Kenley, 2008)</td>
</tr>
<tr>
<td>Activities</td>
<td>Day-to-day tasks; administrative management and physical management.</td>
<td>Occupancy planning, workplace style, building operations, property administration, change management, management of space (McLennan, 2004)</td>
<td>All types of real estate management; acquisition, disposition, property management, financial analysis and miscellaneous activities such as leasing and brokerage (Brown et al., 1993).</td>
</tr>
<tr>
<td>Customers</td>
<td>Building occupiers / tenants, or landlord (Yiu et al., 2006)</td>
<td>Staff and workers in the organisation</td>
<td>Shareholders, senior management, and internal customers/business units (Omar &amp; Heywood, 2010)</td>
</tr>
<tr>
<td>Management’s most likely title</td>
<td>Property Manager</td>
<td>Facility Manager</td>
<td>Corporate Real Estate Manager, Property Director</td>
</tr>
<tr>
<td>Skills Set</td>
<td>Property specialist, outsourcing, and engineering</td>
<td>Professionals with indoor environment knowledge, facilities, engineering, industrial, and operation management (Chotipanich, 2004; Wong et al., 2013)</td>
<td>Property specialists, business administration, project management, procurement, customer relationship management, outsourcing, and financial management (Lyons, 2001)</td>
</tr>
<tr>
<td>Level of Management</td>
<td>Tactical or operational</td>
<td>Tactical or operational</td>
<td>Strategic or Tactical</td>
</tr>
<tr>
<td>Representation</td>
<td>Supply side (landlord and building owners)</td>
<td>Demand side (tenant and building users)</td>
<td>Demand side (users, business units, whole organisation)</td>
</tr>
</tbody>
</table>

In meeting the tenant or landlord requirements, PM focuses on building maintenance and the execution of day-to-day operations in order to enable real estate assets to function properly (Ali et al., 2008). This requires personnel with technical skills in building and engineering. The extent of management service will vary according to a building’s use, quality, size, location, ownership profile, and the strategy of property applied by the company (Baldwin, 1994).
Another area of real estate that needs to be distinguished from CREM is facility management (FM). Facility management is concerned with coordinating the workplace environment to optimise the functional space that supports the business process (Then, 1999; Amaratunga, 2000; Chotipanich, 2004; Price, 2004). Facility management covers a wide range of activities in managing changes that take place between organisations, employees, and the facilities in which the organisation is housed (Varcoe, 2000). FM contributes to organisations in terms of measuring facilities’ efficiency by considering input and output process using hard and soft data in order to improve property performance (Wong et al., 2013). In the case of retail organisations, FM involves with managing distribution networks, including closing and merging less efficient stores (Lau, 2012). This assists organisations in adopting best practice in retail management and facilitate the company’s effective allocation of resources across entire retail network. However, given the FM contributions, it is still remains rooted to operational and cost focuses for workplace to integrate between the physical workplace and people in supporting the organisation’s needs.

There is a shift from facility management as a separate subject to a total approach including all the support services within the organisation (Chotipanich, 2004). Furthermore, the increase in demand from organisations has led to FM encompassing various disciplines including, financial management, contract management, change management, engineering services, as well as health and safety in buildings (Atkin & Brooks, 2000). This brings the FM functions into a higher management level. Considering the FM location within the structural arrangement, FM’s existence is then nearer to CREM’s functions, and in some instances these two functions overlap each other. FM delivery is an essential element for business survival. FM is defined as an approach to maintain, improve and adapting organisation’s building to create an environment that strongly support the primary objectives of the that organisation (Barrett & Baldry, 2003). Ensuring customer satisfaction with high productivity provides can be strategically increase FM acceptance by its customers (Tucker & Smith, 2008).

FM in Europe and North America developed over time as an integrated corporate functions between horizontal division for building and service related functions,
and the other side between vertical divisions in operational, tactical and strategic functions (Jensen, 2008). The FM role are similar to the early phases of CRE roles during 1960s in the typically family run companies that acquire sufficient building space to accommodate growth both nationally and internationally. However, global competition, development of IT, increase cost of office space an as well as increased expectation from staff has contributed to FM becoming a well accepted discipline in European countries (Becker, 1990). The introduction of theories by Porter (1979) on competitive strategy and Hamel and Pralahad (1994) about the concept of core competencies is often seen as the important management theories for companies to focus on their core business and outsource support functions like FM. The customer acceptance contributes to an elevation of FM roles into the strategic management level (Dennis, 2002; Tucker & Smith, 2008). In addition, future direction of research for FM comprise issues related to energy saving and sustainability as the fundamental requirement FM service to most organisations (Jensen et al., 2014). To some extent, the strategic roles played by FM are interchangeably used along with CREM.

Corporate real estate management (CREM) works similar to PM and FM in supporting an organisation’s goals in relating to real estate matters. However, the CREM management scope is wider as it engages with multiple levels of management in operations, management and control, and organisational strategy (Heywood & Kenley, 2008). Though PM, FM, and CREM are technical in nature, research has shown that CREM executives’ skill sets have incorporated many other areas ranging from financial management, globalisation of asset holdings, location strategies, business competitiveness strategy, portfolio management, cultural change, and many more (Liow & Ooi, 2000; Lyons, 2001; Ingrid et al., 2009; Too et al., 2010).

In addition, there seems to be an implicit but unstated assumption that PM is an agent for the real estate supply side representing landlords or building owners (Edwards & Ellison, 2003). PM’s focus is on leasing, building operations, maintenance, and improvements. PM acts as an intermediary to the demand side which consists of tenants and the building users (Roulac, 1996), whereas, FM and CREM basically represent the demand side in aligning real estate assets with an
organisation’s core business (Kenley et al., 2000; Gibson & Barkham, 2001). However, the difference between FM and CREM is that FM’s involvement is more towards the management of tangible assets such as workplace, headcounts, life-cycle management, and space services, while CREM involvement includes more of the intangible elements such as cultural changes, the impact of ownership on finances, competitiveness of locations, cross-functional project management, and business alignment (Nutt, 2004; Osgood, 2004; Lasfer, 2007; Fisher, 2009).

Reviewing the literature, it seems that CREM roles have a wider scope in the real estate area than do PM and FM. The CREM management involvement is more concerned with the strategic nature of real estate management, whereas PM and FM are more operationally focussed on activities. The skill sets for CREM executives are more diverse across business functions such as business knowledge, financial management, portfolio management, and customer relationship management. Meanwhile, PM and FM requires more technical property knowledge in handling business operations. However, both PM and FM can become part of the CREM operations and overlap in certain areas while supporting the overall organisation’s goals.

2.2.3 Commerciality within CREM

Corporate real estate management is as important for a non-commercial organisation as it is for a commercial organisation. It is a common understanding that CREM exists within commercially driven organisations as a supporting role for the organisation’s core business. However, the importance of CREM to non-commercial organisations are still debated. Given the supporting roles for the core business focused on improving the organisation’s physical assets, CREM is considered to have an important role in supporting non-commercial organisations such as the public service, local authorities, and not-for-profit organisations. There are benefits for the consideration of public properties based on the commercial domain, amongst which are reduction of business risk, lower financial outlay is required for a property investment, and easier access to credit from banks (Manganelli & Tajani, 2014). However, there is fear of breaking up public
properties with local or government attachment due to cultural and historic value that have less impact on profit.

A strategy to improve the contribution of CREM within public organisations is still consistent with commercial organisations such as minimise cost, increase flexibility and promotion, and help marketing and sales (Musa & Baharum, 2012). For example, public real estate asset management still requires reforms due to a reactive management approach, focusing on maintenance issues, inadequate property staff, fragmented departmentalisation, lack of information management systems, and lack of performance management (Abdullah et al., 2011). There has been a lack of attention about the value of public real estate in understanding its strategic relations to government decision making, especially when the source to fund the real estate is from the taxpayers (Evers et al., 2002). These circumstances need reform commercially through planning, design, and implementation at the strategic level to ensure the elimination of negative impacts in the long term. The public organisations concerned include schools, universities, and local authorities. Even though these organisations can be categorised as non-commercial, they still require a substantial real estate component embracing such issues as locational factors, a suitable environment for learning, good facilities, friendly learning and working environments in order to deliver an efficient service to their customers.

Much attention arising from government initiatives is directed to influencing local authorities to better use their assets (White, 2011). Corporate real estate management for local authorities has traditionally been conducted through property management. The focus is more in improving community facilities and various government assets. However, the role has emerged at a higher management level into managing asset life cycle and property as a source of community integration (Gerard et al., 2003; Heywood & Smith, 2006). The management of public assets that have not centered on the financial, economic and social analysis have higher tendency to fallout in the mid-long term period, especially when the decision mainly answering to short-term political needs and budgetary constraints (Vermiglio, 2011). This is because integration of property matters into an organisation’s planning produces effects for the local community that improve local authority functions in implementing the central government
agenda. Under-management of real estate assets and the waste of resources, which resulted in non-aligned business and real estate strategies, has contributed to considerable interest in increasing corporate real estate activity within public asset management (White, 2011). This scenario is the reason for incorporating property, people, place, and process in workplace planning in order to optimise productivity in a local authorities or public entities.

Commerciality issues also become a critical success factor for real estate partnerships between government and property developers or property consultants. An increased awareness of corporate real estate in the form of owner-occupation relationships is becoming higher for public organisations (Dixon & Potinger, 2006). As a result, there are increases in private sector organisations that build and operate public infrastructure on behalf of government. This involves a wide-range of activities including roads, bridges, sewage treatment plants, hospitals, schools, and office accommodation. Clearly, these private organisations are applying the principles of commercial real estate management within their practice, whilst at the same time retaining the public organisations’ objectives.

Therefore, the commercial management of real estate assets expands considerably beyond only commercial-oriented organisations to also include non-commercial organisations. Corporate real estate management is commonly used for commercially oriented organisations, however, given the variation in organisations’ background and their supporting roles for the core business that CREM plays, one may conclude that CREM is as important to profit driven organisations as it is to the not-for-profit organisations. The existence of CREM within organisations is an essential factor in helping both types of organisations to grow and achieve competitive advantage. The link between business and real estate strategies is found beneficial to the organisation because it enables a more informed plan to be produced.

2.3 Source of the CREM positioning problems

A rapid metamorphosis of corporations through actions such as downsizing, mergers and reorganisations is something CREM executives have to face in
organisations. Timely responses due to technological change are needed to cope with the demands of CREM customers. The technological revolution has also changed the process of work, influenced the design and management of the workspace environment. Flexibility in providing services while maintaining measurable cost-effective solutions is part of the problem requiring an innovative and strong CREM position (Gibson, 2001). This will also involves redirecting and reorganising CREM operations to respond effectively to the needs of the corporation.

Organisational changes in terms of structure, focus, and management have created difficulties for CREM in positioning itself. Even though CREM covers a wide range of services that can contribute to organisational success or failure, the key purpose is still to support the core business of the organisation (Chotipanich, 2004). The nature and characteristics of organisations are likely to vary and lead to differing reliance on CREM services. Because of this, there is more confusion as to what constitutes CREM than a solid statement of function. The image portrayed to the customers is being perceived as neither functional nor value-adding, and, thus, not really useful to them.

Based on Table 2.2 below, the problem of CREM relates not only to CREM executives, but also to CREM customers in the organisations. Despite the contributions of CREM within organisations, the implementation of effective positioning is still patchy among companies (Gibler et al., 2002; Ali et al., 2006). This means that in some organisations CREM performs well, but poor circumstances contribute to another dimension of the CREM positioning problem which is dependent on the relationships with customers within the organisation.
Table 2.2: Reasons for lack of performance in CREM.

<table>
<thead>
<tr>
<th>Source of problems</th>
<th>Problems</th>
<th>Performance</th>
<th>Relationship</th>
</tr>
</thead>
<tbody>
<tr>
<td>CREM customers</td>
<td>Have little visibility on real estate costs and risk</td>
<td>✓</td>
<td>✓</td>
</tr>
<tr>
<td></td>
<td>(Gillies &amp; Dow, 2002; Roulac et al., 2006)</td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>Under-management of real estate (Veale, 1989; Gibson &amp; Luck, 2006)</td>
<td>✓</td>
<td></td>
</tr>
<tr>
<td></td>
<td>Lack of interest and understanding from senior management (Osgood, 2004; Scheffer et al., 2006)</td>
<td></td>
<td>✓</td>
</tr>
<tr>
<td>CREM executives</td>
<td>Poor positioning (Bon et al., 2003; Valenziano &amp; Kious, 2005)</td>
<td></td>
<td>✓</td>
</tr>
<tr>
<td></td>
<td>Flow of information in line of reporting (O'Mara, 2002; Gibler &amp; Lindholm, 2012)</td>
<td></td>
<td>✓</td>
</tr>
<tr>
<td></td>
<td>Poor communication strategies (Osgood, 2004; Sharp, 2013)</td>
<td></td>
<td>✓</td>
</tr>
<tr>
<td>CREM Executives and CREM Customers</td>
<td>Not having a framework to link CREM strategies with overall strategy (Gibler et al., 2002; Ali et al., 2008)</td>
<td></td>
<td>✓</td>
</tr>
<tr>
<td></td>
<td>Failure to see real estate opportunity beyond short-term cost saving (Kadefors &amp; Brochner, 2004; Martin, 2004; Stoy &amp; Kytzia, 2004)</td>
<td>✓</td>
<td>✓</td>
</tr>
</tbody>
</table>

The growing importance of visibility is linking to commonalities and standards in business, generally. The impact of the visibility of real estate practices is shown in response to trust, competence, and integrity by society, investors, employees and senior management (Roulac, 2006). Visibility is a key element in attracting customers’ attention and can be used to create an image, for example, through workspace design that encourages and supports innovative thinking and working. It is claimed that CREM is often visible for projects at an operational level but has a lack of higher level involvement (Adkinson, 1999; Kessler-Park & Butler, 2002). In addition, CREM executives are involved with time consuming routine tasks to create value to the operation of the core business, with limited resources (McNamara, 2002). Evolving from day-to-day functions to strategic participation may improve visibility and establish mutual relationships, but there is evidence that this frequently does not occur with CREM.

Organisations always reshape themselves in response to economic conditions and market trends which suppose real estate and real estate management will follow.
this direction as well (Fisher, 2009). Communication plays an important role in order to deliver messages across the organisation about the importance of the CREM function in achieving corporate goals. Often, poor communications contributed to CREM messages being undelivered to the targeted audiences (Osgood, 2004; Price, 2004). Customers fail to understand the CREM capability in adding value for organisations. Notably, technology may improve the message delivery process, however, technology cannot be treated in isolation because the transformation is driven by productivity, organisational structures and consumer demand patterns (Dixon, 2005). The primary substance in communication is not the technology that is being used to deliver the information, but in the content of the information and its ensuing actions (Simon, 2006). Therefore, there is a communication gap in the relationship between CREM and its customers.

In fact, conflicts in understanding the role of real estate inevitably arise and often at unpredictable times between the CREM and organisation strategies (Gillies & Dow, 2002). These conflicts occur because of different agendas and priorities. This might suggest that CREM function is not aligned with the business strategies as an internal support service. Transparency and the dissemination of information influence the certainty of long-term planning for an organisation and the CREM department. However, studies by Gibler and Lindholm (2012) found that CREM executives appear to be closing the gap in translating their real estate strategies in operating decisions, especially in the office space selections. The ability of the CREM to understand where the organisation is going, when, why and how is crucial to its capacity to plan and manage real estate functions to best support the organisation. Moving from a task-focused orientation into a strategic focus does not only involve changing formal structures but also the culture, the required different set of skills, and also changing organisational behaviour (O'Mara, 2002).

Research into CREM has identified a common thread of a more limited scope of responsibility for specific real estate tasks to have a strategic connection within the organisation. For example:

- Joroff et al. (1993) plotted the evolution of hierarchical order from Taskmaster, Controllers, Dealmakers, Intrapreneurs, to Business strategist;
• O’Mara (1999) plotted the evolution as a change in mindset from market mindsets, to minimise mindsets, into strategic mindsets; and


Each stage of evolution involves different tasks, management involvement, skills, and responsibilities (see Table 2.3). These changes have influenced CREM practices, for instance, from being reactive to being more proactive and creative, changing specific technical knowledge to generic business knowledge, moving from silo-based management into cross-functional collaborations, and different measurements of performance.

### Table 2.3: CREM involvement in different management levels

<table>
<thead>
<tr>
<th>Task</th>
<th>Facilities Management</th>
<th>Project Management</th>
<th>Property Management</th>
<th>Strategic Management</th>
</tr>
</thead>
<tbody>
<tr>
<td>Management Involvement</td>
<td>Facilities Management</td>
<td>Project Management</td>
<td>Property Management</td>
<td>Strategic Management</td>
</tr>
<tr>
<td>Main Function</td>
<td>Engineering buildings</td>
<td>Minimising building costs</td>
<td>Standardising building usage</td>
<td>Matching market usage</td>
</tr>
<tr>
<td>Performance Measurement</td>
<td>Basic measurement (cost against budget)</td>
<td>Cost of Production (eg. Cost per square foot)</td>
<td>Portfolio optimisation (Return on investment (ROI), profit and lost)</td>
<td>Financial analysis (Net present value analysis, opportunity cost)</td>
</tr>
<tr>
<td>Knowledge Required</td>
<td>Technical</td>
<td>Analytic</td>
<td>Financial and human skills</td>
<td>Business planning</td>
</tr>
</tbody>
</table>

Source: adapted from Joroff et. al (1993)
Even though Table 2.3 shows that CREM has the ability to be involved with various management levels, there is still evidence of CREM having poor communication strategies, especially in measuring performance results with organisational outcomes (Osgood, 2004; Sharp, 2013). The CREM executives now face new demands from senior management to dramatically affect the culture, productivity and performance of their companies, especially, for collaborating work modes with communication technology, flexible office solutions, and creating a participative culture (De Paoli et al., 2013). A reason for this is that real estate concepts are too often presented to senior leadership by real estate people in the language of architects and brokers rather than in business terms (Scheffer et al., 2006). There is a need for strong messages to elevate the functions to the strategic level by emphasising the CREM value to shareholders’ wealth while satisfying business units’ needs (Allen et al., 1993; Liow & Ooi, 2004). This is because a consistent message about CREM contributions helps to deliver a positive relationship to a customer and gain endorsement from senior management to incorporate CREM function into the organisation’s main function.

**A framework linking CREM and overall strategy**

Another problem in CREM positioning is not having a clear framework linking CREM strategies with the organisation’s strategy (McDonagh & Nichols, 2009). Corporations continue to fulfil the traditional transactional role and few corporations take a strategic approach to managing real estate (Gibler et al., 2002; Ali et al., 2008). This leads to organisation failure to see the CREM opportunity beyond a cost-cutting mindset through reduction of space or outsourcing of building services to contractors (O'Mara, 1999). Focusing on CREM merely as a cost-oriented function also limits CREM’s growth opportunities in the organisation. Having a tool to support CREM executives in aligning CRE strategies with corporate strategies contributes to further recognition of the importance of real estate and allows stakeholders to grasp the actual contribution of CRE and the CREM function in a corporate setting (Scheffer et al., 2006). Organisations can only optimise the CREM value when the service provides an appropriate solution to the business’ constant changes (Singer et al., 2007). In addition, proactive approaches by having effective relationship management provides clear direction from senior management and reduces pressure and stress.
in delivering services (Then, 2005). Therefore, demonstration of value through accurate information, timely contributions, market forecasts, demographic research, and ideas for improvement helps the organisation’s management to make decisions that include aspects of CREM.

Furthermore, organisational and human characteristics entwine very closely in creating competitive organisations. Humans are involved with various elements inside an organisation’s structure and play a key part in organisational success (Michie & Sheehan, 2005). Organisational characteristics are also shaped by human relationships with various elements in the organisation’s structure. Hardly any organisation grows without socialisation of the organisation’s culture with individual principles (Fortado, 1994). This includes the CREM function in an organisation understanding an organisation’s culture in order to move along with the organisation. A strong organisational culture lasts several generations of management and reveals remarkable consistency across several key steps towards accepting the organisation’s values (Samovar et al., 2009). Several real estate researchers have explored ways to understand the relationship between CREM function and the organisation reaction. Some suggestions for CREM to prosper are:

- Reduce capital and operating cost and increase flexibility and adaptability (Becker, 2002);
- Real estate intervention through organisational key performance indicators (de Vries et al., 2008);
- Workplace solutions as part of job satisfaction improvement strategy (Lee, 2006); and
- Proposing organisational justice in reference to facilities to improve employee satisfaction (Campbell & Finch, 2004).

All the above findings would help CREM to become of strategic consequence within the organisation. However, as mentioned in Section 2.4, CREM may have the capability to deliver its performance within the organisation but a difficulty lies in the relationship building and positioning of CREM within an organisation. This dimension of relationship building and positioning depends heavily on the
ability of CREM to deliver its message to its customers while moving toward a strategic level. If presented in an optimum manner the relationship building strategies can act as a basis for relationship building between CREM and its customers within organisations.

2.4 Dimensions of CREM contributions

The involvement of CREM in organisations started as early as the idea of the modern economy put forward by Adam Smith in his *Wealth of Nations* in 1776, wherein he highlighted the importance of land, labour and capital as resources for the creation of economic output (Casey, 1997). Then, the importance of land and real estate expanded to encompass land leases, land as a source of revenue, land tax, land rights, good locations, land value and other elements related to land and other real estate matters (Krumm, 2001). In the new millennium, the paradigm shift in business is concerned with the use of real estate for competitive advantage due to global competition and at the same time to cope with changes in information technology, lifestyles and business operations (Roulac, 2001). Hence, real estate is important for corporations and evolves into various forms not simply for the purpose of being a space provider.

Understanding the contribution of CREM to organisations opens it to greater involvement with various knowledge sets and skills typically beyond the realm of CREM territory, and engagement in the implementation of company-wide strategic initiatives (Fisher, 2009). These contributions can act as part of CREM performance in communicating messages to CREM customers within organisations. CREM can contribute to organisations in many forms, depending on the organisation, but including a specific focus on fulfilling business’ needs, profit opportunities, cost reduction, aligning CREM objectives with strategic objectives, providing flexibility in managing risks, and many more (Roulac, 2001; Schriefer & Ganesh, 2002; Krumm & de Vries, 2003; Gibler & Black, 2004; Lindholm & Leväinen, 2006; Singer et al., 2007). These contributions can be grouped into three dominant contributions (Gibler et al., 2002; Gibson & Luck, 2006; Lindholm & Nenonen, 2006). They are:
Financial; Physical; and Functional contributions.

2.4.1 Financial contribution

The financial contribution from CREM differs fundamentally from other forms of real estate management because corporations acquire real estate to fulfil business’ needs, not necessarily for making money from the real estate itself. The financial contributions of CREM can occur in the following ways (Meyer, 2003):

- By being valuable assets on the balance sheet;
- By managing costly and expensive corporate outlays;
- By managing the financial flexibility and risk inherent in any real estate decision;
- By contributing to the organisation’s profit; and
- By giving force to capital market decisions.

Financial considerations are important in making CREM-related decisions by the management especially given the major role played by real estate in company balance sheets. Corporate real estate forms one of the largest asset class in the world that can be more than the total of European institutional real estate investment portfolios (Brounen & Eichholz, 2005). Even though the real estate ownership driven by industrial sector, organisations still has a significant amount of real estate on their balance sheet. A classic example from Zeckhauser and Silverman (1983) mentioned that real estate assets might increase a company’s total asset base by at least 10 per cent. Veale (1989) highlighted that corporate real estate represents about one quarter of corporate worth whilst total occupancy costs for corporations that can range between 5 to 8 per cent of (pre-tax) gross sales. In addition, organisations use financial terms in their communication language to business units when dealing with CREM matters (McCarty et al., 2006). The financial language is among the critical attributes for CREM executives to evolve from the traditional CREM into more strategic roles. This shows that corporate real estate plays a big part in organisations financially.
Even though it is valuable, corporate real estate is also a costly asset. Corporate real estate spending is the second highest operating cost after payroll in most organisations (Veale, 1989; Ettorre, 1995; McNamara, 2002; Edwards & Ellison, 2003). That is the reason for cost-reduction being synonymous with the CREM function. In many situations, CREM is typically asked to calculate the financial consequences of the cost to lease or buy, to move, or to merge and acquire other companies (Gibson & Lizieri, 2001; Cooke, 2002). The cost reduction approach leads to CREM commonly being defined in narrow cost-based terms or as a cost-centred function (Wills, 2008).

Focusing too much on cost factors in fact creates a certain myopia because there are many other components that can contribute to an organisation’s success (Miciunas, 2002). Furthermore, CREM has limited potential for stipulating the cost targets because the use of the occupancy cost concept in profit and loss accounts poses a problem. This is due to the determining factors for these cost types, which in many cases are outside the control of CREM, being dependent on the management objectives (Stoy & Kytzia, 2004).

Other than cost issues, CREM executives are faced with the mounting task of managing the financial flexibility of corporate real estate which is inherently inflexible in nature (Scheffer et al., 2006). Financial flexibility in CREM is usually conceived in terms managing the duration of ownership and various lease forms and terms (Gibler & Lindholm, 2012). That is, a lease is usually defined as being more flexible, but exit clauses and capacity to assign leases are also important in providing lease flexibility (Crosby, 2003). In fact, CREM financial flexibility can be demonstrated in different parts of the organisation’s portfolio for various situations, such as the use of real estate as collateral for mortgage loans, maintenance plans to match the corporate cash flow, flexible workplaces, multiple-use facilities, and taxation advantages through capital allowance schemes (Hill, 2001; Crosby, 2003, 2005). It is a big concern for CREM to manage financial and potential risk exposure from any real estate decision, especially in regard to tenure and the terms of the real estate agreement due to big occupancy costs (Gibson, 2001). Understanding this type of risk allows organisations to know how quickly they could exit a property transaction and at what cost.
Apart from becoming a spender and being perceived as a cost-centre, CREM can also contribute to an organisation’s profit. Space charging to external parties and internal rents to business units play important roles in generating profit for organisations (McDonagh, 2008). In some ways, the internal rents help organisations to control their budgets and reduce waste in space usage. Profit generation also exists by CREM leveraging existing uses. Change in ownership from owning to leasing may save companies in terms of interest payments, relocation to a lower rent workplace reduces excessive rental cost, disposition of surplus properties, and taking advantage of refinancing benefits are a few ways to generate profits from CREM (Adendorff & Nkado, 1996). Hence, CREM capability is not only being conceived as a cost-centre but also can be utilised as profit-oriented function.

Another financial contribution is in terms of capital market impacts. The capital market’s impact may arise for a variety of reasons. However, there is a more positive impact for companies that make announcements to focus on their business than those who do not (John & Ofek, 1995; Tuzel, 2010). Firms with high real estate holdings are more vulnerable to productivity uncertainty and hence are riskier and shareholders then expect higher returns. In this case, asset elimination of non-core CRE holdings brings positive outcomes to share prices by portraying to shareholders that the company is reducing real estate assets and is focusing on their business. Liow and Ooi (2004) and Brounen and Eichholtz (2005) support this claim as their research found that higher real estate asset intensity resulted in negative impacts to a company’s economic, and market added value. The stock returns are lowest among companies with the highest real estate ownership. However, given the separation and variety of ownership controls, companies cannot be expected to make corporate decisions which necessarily enhance shareholders’ value through the stock price only, without an appropriate mechanism to align managerial and shareholder interests, especially during an economic downturn (Ting, 2006; Lee & Lee, 2007). Conversely, decisions by companies to incur capital expenditures, such as in relocation, to operate at a lower cost level, leading to a change in bottom line performance and an increase in revenue, is also one contributing factor in enhancing shareholder wealth (Manning et al., 1999). This leads to a justification for CRE capital expenditure
that has both positive and negative impacts to organisations depending upon how this CRE asset is being used.

2.4.2 Physical contribution

The physical contribution equates to the real estate object itself, also conceivable as the building artefact that relates to visibility or tangibility of CREM within organisations. The workplace environment is the main evidence of CREM’s physical contributions. Several concepts of CREM physical contributions are:

- Providing the workplace environment;
- Corporate branding through physical assets;
- Promote marketing efforts based on location; and
- Corporate relocation (Venezia & Allee, 2007).

An organisation’s efforts in having fewer or smaller individual workspaces, remote working strategies to support mobile workers, satellite facilities, and flexible work stations are examples of how the work environment is being transformed to improve organisational outcomes (Joroff et al., 2003; Venezia & Allee, 2007). This need for the shift in the role of CREM into integration of space, patterns of work, and workplace solutions is to achieve the organisation’s sustainable competitive advantage.

The physical environment is able to create an image for customers to distinguish a company from the competitors through corporate branding (Appel-Meulenbroek et al., 2010; Khanna et al., 2013). Corporate objectives are about disseminating values and emotions symbolised by the company in all aspects including corporate real estate (Gibler et al., 2002). Corporate real estate as part of the front line of first impressions plays an essential role in successful corporate branding. This idea has significant impact on affective, behavioural, and performance outcomes in the organisations not for commercial organisations only, but also public organisations (Kim, 2014). Corporate identity can be communicated through design aspects, especially for retail organisations because these aspects influence consumer behaviour and consumption patterns. This can be achieved by conveying an organisation’s message through its physical presence. The ability of
organisations to do this could close the gap between organisations and their customers.

In addition, CRE’s physical management allows a company to translate its strategies into promoting marketing efforts (Nourse & Roulac, 1993; Lindholm & Leväinen, 2006). Marketing strategies considerations such as distance to customers’ capture, traffic flow to increase visibility, use of corporate design in workplace design and building attributes, promoting energy consumption reduction and sustainable buildings, and part of CREM contributions to an organisation’s marketing efforts. The idea is not only to provide a greater symbol of presence, but also as a holistic approach in each area of organisational processes.

Relocating is an opportunity to rethink space and physical’s usage for an organisation. This is often seen as leveraging moves with the opportunity to reinvent and improve how organisations do business (Allard & Barber, 2003). This strategy works parallel with strategic actions developed by organisations. It is also an opportunity to challenge existing practices and norms in order to explore improvement in how the organisation operates. Transportation issues and local planning also provide an important rationale behind a company’s decision to apply for relocation (Gibler, 2006). Locations not only provide physical proximity to improve its distribution centre’s selection, but it can be an advantage for a company in acquiring needed skills and talent. Regardless of how the physical dimensions contribute to CREM positioning, a deeper understanding of the relationship value with the stakeholders has helped CREM to construct a trusted relationship as a basis in creating a promising differentiation within organisations (Coenen et al., 2012). These contributions can be expanded with so many other things that related to space and physical artefacts, however, the main intention here is to show that significant value can be extracted of CREM from the perspective of physical contributions.
2.4.3 Functional contributions

Apart from the two previous contributions (financial and physical), there are also functionality contributions by CREM. Functionality is about how that workspace works for the occupiers as users and meeting the business purpose which is different than physical contributions that are conceived as belonging to the physical artefact. The main concern is how CREM helps to boost the functionality of the physical artefact of an organisation. For instance, CREM makes a contribution in terms of attracting, nurturing, and empowering human talent (Nourse & Roulac, 1993; Bradley, 2002), boosting productivity by supporting knowledge workers (Martin & Black, 2006; Haynes, 2007), maintaining employee satisfaction, loyalty and retention and also stimulating culture shifts and identity change (Brown, 2008; Morgan & Anthony, 2008), and providing non-financial impacts of real estate ownership and also leased properties to organisations (Manning, 1991; Tipping & Bullard, 2007).

When the productivity of employees becoming central to business competitiveness, it is the time to explore the relationship between physical and social environment (Too & Harvey, 2012). A dysfunctional workplace can be harmful and preventing employees from performing at their best. A new era of work has demonstrated the link between the physical environment and culture varies, but the need for physical space as a social setting is essentially demanding and is related closely to strategic planning in an organisation (Amaratunga, 2000; Rasila, 2012). A new breed of workforce is demanding a highly sophisticated workplace environment that attracts them, satisfies their needs and provides an incentive to stay with the employer (Venezia & Allee, 2007). Technology allows employees to work flexibly and be able to choose work-life without being tied to one desk for a fixed period. With a shortfall of skilled workers, employers have started hunting for talent. These changes happen for a few reasons, such as:

- Management styles became less hierarchical;
- Work being organised around collaborative teams;
- Technology innovation allowing for low-cost communication;
- The demographic change in workforce supply;
- Stiff competition for talent;
- Ability of workers becoming more entrepreneurial; and
- Corporate mergers and downsizing (Gibson, 2003; Morgan & Anthony, 2008).

Many of these contributions are related to supporting the human resource function. However, there is a significant challenge in linking CREM functional strategies with organisational change agendas because the nature of today’s work has changed and varies for many organisations (Haynes, 2007). These days, knowledge workers are very different from manufacturing workers and need a lot of attention for an effective workplace to support their performance. Another challenge for CREM is to convince senior management to allocate a budget for workplace transformation which otherwise leaves CREM executives with the dilemma of doing more with less resources (Martin & Black, 2006). Despite the challenges, there are also opportunities for CREM, especially in managing a scarce resource through cross-functional collaborations rather than the traditional approach (Drake, 2002). The idea of cross-functional resource has been discussed for quite some time in CREM since the introduction of Corporate Infrastructure Resource Management (CIR) by Materna and Parker (1998) and followed by Integrated Resource Infrastructure Solution (IRIS) by Dunn et. al (2004). This helps to break down communication barriers among business units and increase teamwork. Even though this is not new the idea of breaking compartmental functions is still important for organisations to grow.

Sustainability in the workplace also an issue considering the history of sustainability mainly involves with the built environment. Sustainability in construction has contributed to improve health, user satisfaction, and well-being from sick building syndrome (Smith & Pitt, 2011). Input from users started taking place in designing workplace because it has consequent to their productivity from the effect on users’ psychology. Outsourcing is often seen as an escape route for companies to accomplish workplace development due to lower cost structures, transfer of assets such as facilities, equipment and vehicles to a service provider that generates cash, and reduces the need to invest in non-core business functions (Kadefors & Brochner, 2004). As a result, a CREM function being managed by business units and the structure moves towards decentralisation where to some
extent the overheads were reduced and CREM was embedded in the business units. However, new problems arise from duplication of functions and weaker attachment to company-wide standards. Business units create different systems that could not communicate and the standards differ widely depending on the revenue of the business unit. On the contrary, an outsourcing through centralised CREM improved trust from the service provider due to on-going commitment to build better relationship with the client (Freybote & Gibler, 2011).

Though this section is about CREM contributions, there is certainly no doubt that an ample document could be created for how corporate real estate has significant contributions to the business from previous researches. It covers a wide range of roles from location selections, employee enhancement and retention, promote marketing, increase flexibility, cultural development, effective workflow, and many more. Unfortunately, Osgood (2004) found that only about one third of listed companies in Fortune 1000 (top 1000 largest American companies) incorporate real estate initiatives as part of their core business strategy. Theorists and practitioners have multiple schools of thought that confused customers without addressing the core business issues, and strategies developed by CREM are heavily on planning rather than detail implementations. As an internal service function, organisations foresee this function as adding value when it is able to perform in supporting the organisational goals such as enabling the company to outperform its rivals, increase customers’ satisfaction, and attain competitive advantage (Lindholm & Leväinen, 2006; Heywood & Kenley, 2008; Vanderstraeten & MatthysSENS, 2012). However, these measures are difficult to achieve unless CREM is able to improve its communication and relationship building strategy towards the company (Sharp, 2013; Then et al., 2014). It is particularly demanding in emerging markets to gain trust from the senior management (Oladokun, 2010). It needs more than just real estate knowledge to understand the CREM situation. Additional input from other bodies of knowledge are required to help CREM’s internal communication strategy and management relationships in nourishing and building trust with the internal audience (Dolphin, 2005; Mude et al., 2012). There is a need for CREM to bridge this gap beyond its technical performance in order to develop a strong relationship internally among different parties.
2.5 Branding: How it related to CREM

Organisations can be modelled as an internal market for goods and more important for services. Therefore, it is analogous to external market situations where branding has a proven record of successes. It follows that branding theories also applicable to interactions between internal service providers and their customers. An example to this scenario is from human resources (HR) which has utilised branding understanding to improving its own service delivery in addition to overall organisation’s performance (Aurand et al., 2005). HR is a reasonable analogy to CREM because it is a similar corporate infrastructure resource like CREM.

CREM requires different skill-sets such as communication strategies, business knowledge, delivering performance and more in climbing higher in the management hierarchy as a business strategist (Joroff et al., 1993; Fisher, 2009). This is a turning point for CREM moving from being reactive to adopting proactive strategies to keep creating value for organisations. There is a positive outcome from workplace innovation such as higher productivity, lower costs, and better attraction and retention of talent (Haynes, 2008). It is a big concern for CREM being at a taskmaster level with emphasis only on providing and caretaking of buildings with basic physical use of space for production purposes. Performance measurement at this level focuses on quantifying such items as the cost to produce space, the receipt of orders from others, and a lesser involvement in the decision-making process (Joroff et al., 1993). There is a need for CREM to address its performance capability by building its relationships with the targeted customers.

The suitability of a branding approach lies in the multi-dimensional sources of CREM positioning problems involving both CREM executives and CREM customers, and performance and relationship dimensions, as shown in Table 2.2. The involvement process is more integrated with other transformational activities within an organisation. This branding approach then works like a interpretive framework for understanding CREM positioning. Branding has successfully served organisations’ interactions with external customers for a long time and
with that track record, this research aims to demonstrate how branding can inform
the positioning of CREM as an internal organisational service. The branding
concept works well in positioning products and services that are visible such as in
global brands such as Nike, Coca Cola, Microsoft, Mercedes, Intel, Toyota, Nokia
and many more that are achieving success through branding (de Chernatony &
Cottam, 2006; Gapp & Merrilees, 2006). In addition, the branding approach can
be seen to have helped to promote a lot of service companies such as
Pricewaterhouse Coopers, Jones Lang LaSalle, Ernst and Young, various financial
institutions, hotels, car rental companies, and many more in the market.

Branding normally serves the external market with the main target of satisfying
external customers. However, internal markets exist within an organisation that
can be conceptualized as a market itself. A basis for this concept is that CREM
serves its customers and at the same time competes with external service
providers or face replacement through outsourcing. Therefore, there is a need for
CREM to understanding its internal market through branding. Branding has the
ability to establish a mental picture to achieve customer satisfaction (Berry, 2000;
Rafiq & Ahmed, 2000). Gray (2006) stressed that a brand’s strength appears to be
linked to:

- Communication to improve awareness of corporate and brand values;
- Contributing to a wider community to improve corporate reputation;
- Improving internal communication for customers to be kept better
  informed; and
- Improving service quality to improve market positioning.

Analysing branding theory allows an understanding that branding covers much
more than just presenting product and services. Branding theory is successful in
conveying an understanding of products or services to a targeted audience and
building an image in the customer’s mind (Aaker, 2007). The brand is considered
to be the sum of all the elements of the marketing mix and comes with multi-
dimensional elements of product or service design, pricing strategy,
communication strategies, promotion and distribution, positioning strategies, and
leveraging strategies (Ambler & Styles, 1996). This sits well with CREM
positioning problems that come in multi-dimensional forms. The extent of the multi-dimensional relationship is dealt previously in Table 2.2 followed by discussions in Section 2.5.1.

The next section explores branding attributes that have been used to position internal services in order to determine how a branding framework is likely to work and be justifiable for CREM. As an internal service provider, CREM is part of the corporate structure and delivering services to corporate customers (Shaw & Haynes, 2004). Branding in such a way is a technique for connecting or communicating with a targeted audience or customer. A clear understanding of the application of service branding within organisations, may contribute to the understanding of CREM positioning inside organisations.

2.5.1 Defining brand

Brand as a construct has proliferated into multiple meanings in the areas of marketing, accounting, and human perspectives (Aaker, 1991). However, in this study brand provides a vocabulary that aids in understanding the interaction between a service or product provider and their targeted audiences. From Table 2.4, there are at least three brand definitions used by researchers as a basis for this discussion.

Table 2.4: Elements of performance and relationship in brand definitions

<table>
<thead>
<tr>
<th>Definition 1 (Product and service) ((Ambler &amp; Styles, 1996)</th>
<th>Performance</th>
<th>Relationship</th>
</tr>
</thead>
<tbody>
<tr>
<td>• Attributes</td>
<td>• With the users</td>
<td></td>
</tr>
<tr>
<td>• Provide satisfaction</td>
<td>• Promise of attributes</td>
<td></td>
</tr>
<tr>
<td>• Promise of attributes</td>
<td>• Emotional effects</td>
<td></td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Definition 2 (Product and service) (de Chernatony &amp; McDonald, 1998)</th>
<th>Performance</th>
<th>Relationship</th>
</tr>
</thead>
<tbody>
<tr>
<td>• Identifiable product, service, person or place</td>
<td>• Augment the user</td>
<td></td>
</tr>
<tr>
<td>• Identify as unique</td>
<td>• Perceive as unique</td>
<td></td>
</tr>
<tr>
<td></td>
<td>• Added values to the user</td>
<td></td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Definition 3 (Service) (McDonald et al., 2001)</th>
<th>Performance</th>
<th>Relationship</th>
</tr>
</thead>
<tbody>
<tr>
<td>• Activities</td>
<td>• Association with customers</td>
<td></td>
</tr>
<tr>
<td>• Intangibility of the service</td>
<td>• No transfer of brand ownership</td>
<td></td>
</tr>
</tbody>
</table>
First, in definition 1, Ambler and Styles (1996), in general, define brand as the performance of product or service attributes that create a relationship with the purchaser through the promise of those attributes with emotional effects. The attributes that make up a brand may be real or illusory, rational or emotional, and tangible or invisible. Second, in definition 2, de Chernatony and McDonald (1998) define brand’s performance dimension as an identifiable product, service, person, or place augmented in such a way that a buyer or user relates to uniquely added values which match their needs most closely. In a definition 3, McDonald et al. (2001) defines service brand as the performance of activities which have some component of intangibility associated with the service delivered. It involves a relationship through some interaction with customers and does not result in the transfer of ownership of the brand. However, a change of conditions may occur and the provision of the service may not be closely associated with a physical product.

There are a few important points that can be extracted from these definitions which then can be separated into performance and relationship dimensions. Brand definition aspects related to performance are:

- The attributes;
- Being identifiable; and
- Having its own components though intangible.

Meanwhile, aspects of the brand definitions that fell into the relationship dimension are:

- The brand’s promise;
- User satisfaction provided;
- Augmentation to the user;
- Perceived as unique;
- Closely matched to user’s needs;
- An association with customers; and
- Including an element of intangibility.
Basically, quality commitment including training, orientation, briefing and group meeting is higher in service delivery compared to product delivery in order to cope with brand promise (Gull & Ashraf, 2012). The difference between these two is that performance is more inclined towards the physical existence of a product, while the relationship in brand definitions is more inclined towards psychological, emotional, and intangibility aspects that represent a relationship between a product or a service, and the buyers and users.

2.5.2 Services brand characteristics

This sub-section reviews the service branding characteristics that generally occur in understanding service quality and distinguish it from product branding that is most often associated with branding. The differences are arguable as will be shown in this section. Despite the practical success with product branding, there is a degree of disagreement in the literature as to whether the service characteristics outlined in the literature show a difference between product and service branding, for example, a service requires more employee interactions and responsiveness compared to a product (Cannon, 2002). However, it is not the definition which distinguishes product branding from service branding, but the execution strategy that makes the big difference (de Chernatony & Dall'Olmo Riley, 1999). This includes defining dimensions of a particular perceptual space that adequately represents the target audience’s perception through a communication strategy. In other words, the process of positioning service is described as iterative and requires deliberate and proactive involvement of the service provider.

Service branding characteristics draw on a number of marketing and psychology disciplines with a significant part being the behavioural relationships between service providers and customers (Blankson & Kalafatis, 1999). Due to their intangible nature, service brands can be described as clusters of functional and emotional values defined by the customers (Zeithaml & Bitner, 1996). These interactions, before, during, and after the consumption period are in many ways unique for service branding whether that is external, or internal as in the CREM situation.
There is a concern embedded in the level of ‘tangibility’ of a service, that requires the service to deliberately adjust its features in order to achieve effective positioning (Blankson & Kalafatis, 1999). The intangible attributes have no objective perceptual criterion compared to a tangible product. Therefore, in most cases, a service provider relies on consumers’ emotions (Darley & Smith, 1993). This can be seen in the writers that have adopted brand as a promise and clusters of functional and emotional values even though service is intangible in nature (Ambler & Styles, 1996; Ward et al., 1999; Berry, 2000). A further point that emerged strongly for service brands is that consumers do not just interpret the brand from what they hear but from their experiences from all the contact points in the organisation (Hansemaker & Albinsson, 2004). These experiences appear to deliver in the form of feelings, chemistry, relationships, dialogue, confidence, complaints, and retention. There is a lot of subjectivity involved in building a relationship between an internal service provider, such as CREM, and its customers.

The nature of services marketing is highly abstract when compared to commodity products and this reduces the service tangibility for customers when comparing products with services. Furthermore, services have a number of distinctive characteristics compared to real products that subsequently affect their positioning strategies. These service characteristics appear in the form of intangibility, inseparability, variability, perishability, ownership, and non-standardisation (Cowell, 1989; Ellis & Mosher, 1993; de Chernatony & Segal-Horn, 2001). Each of these characteristics brings different marketing implications and positioning strategies to a service (see Table 2.5).
Table 2.5: Implications of service characteristics on marketing and positioning

<table>
<thead>
<tr>
<th>Characteristics of service</th>
<th>Marketing implications</th>
<th>Positioning tactics and strategies</th>
</tr>
</thead>
<tbody>
<tr>
<td>Intangibility</td>
<td>• Sampling difficulty</td>
<td></td>
</tr>
<tr>
<td></td>
<td>• Strain on promotional element of marketing mix</td>
<td></td>
</tr>
<tr>
<td></td>
<td>• No patents possible</td>
<td></td>
</tr>
<tr>
<td></td>
<td>• Difficulty to judge price and quality in advance</td>
<td></td>
</tr>
<tr>
<td></td>
<td>• Focus on benefits and attributes</td>
<td></td>
</tr>
<tr>
<td></td>
<td>• Increase tangibility of service</td>
<td></td>
</tr>
<tr>
<td></td>
<td>• Use brand names</td>
<td></td>
</tr>
<tr>
<td></td>
<td>• Use personalities to personalise service</td>
<td></td>
</tr>
<tr>
<td></td>
<td>• Develop reputation</td>
<td></td>
</tr>
<tr>
<td>Inseparability</td>
<td>• Requires presence of the producer</td>
<td></td>
</tr>
<tr>
<td></td>
<td>• Direct sale</td>
<td></td>
</tr>
<tr>
<td></td>
<td>• Limited scale of operations</td>
<td></td>
</tr>
<tr>
<td></td>
<td>• Learn to work in large groups</td>
<td></td>
</tr>
<tr>
<td></td>
<td>• Work faster</td>
<td></td>
</tr>
<tr>
<td></td>
<td>• Train more service providers</td>
<td></td>
</tr>
<tr>
<td>Heterogeneity</td>
<td>• Standard depends on who and when provided</td>
<td></td>
</tr>
<tr>
<td></td>
<td>• Difficult to assure quality</td>
<td></td>
</tr>
<tr>
<td></td>
<td>• Careful personnel selection and training</td>
<td></td>
</tr>
<tr>
<td></td>
<td>• Ensure standards are monitored</td>
<td></td>
</tr>
<tr>
<td></td>
<td>• Pre-package service</td>
<td></td>
</tr>
<tr>
<td></td>
<td>• Emphasis on custom-made features</td>
<td></td>
</tr>
<tr>
<td>Perishability</td>
<td>• Cannot be stored</td>
<td></td>
</tr>
<tr>
<td></td>
<td>• Problem with demand fluctuations</td>
<td></td>
</tr>
<tr>
<td></td>
<td>• Match supply and demand effectively</td>
<td></td>
</tr>
<tr>
<td>Ownership</td>
<td>• Customer has access to but not ownership of service activity or facility</td>
<td></td>
</tr>
<tr>
<td></td>
<td>• Stress advantages of non-ownership features (for example, permit easier payment system)</td>
<td></td>
</tr>
<tr>
<td>Standardisation</td>
<td>• Difficulty in consistency of service delivery</td>
<td></td>
</tr>
<tr>
<td></td>
<td>• Create uniformity by instilling company culture in personnel</td>
<td></td>
</tr>
</tbody>
</table>

Source: Adapted from Cowell (1989) and Ellis and Mosher (1993).

The element of intangibility has been much discussed and is synonymous with service branding. In many cases, supposedly intangible service organisations also involve a large element of tangible resource such as for an airline service-planes, check-in desks, buildings and so on. However, one of the most obvious ways to differentiate service branding is the ‘unique’ characteristic of the service that matters (Ellis & Mosher, 1993; de Chernatony & Segal-Horn, 2001). It is important to capitalise on clues associated with physical evidence as a tool for communicating service brand values as promised to the targeted audience. Meanwhile, heterogeneity characteristics give a clue to how a service can ensure its quality at the delivery stages. Standardisation should be the key to a successful service delivery, especially in personnel selections and training with emphasis on monitoring on the custom-made features. Therefore, the relevance of intangibility in service is less contributory compared to the way that good customer service is achieved and how the expectation of the brand promise is fulfilled that creates a reputation to address the ephemeral, heterogeneity, and intangible nature of services.
At the positioning stages, there are slight differences between product and services. Aaker (1996) defines service brand positioning as providing clear guidance to those implementing a communication program. Positioning for the brand is part of the identity that the brand must communicate to the audience. The same as for products, services such as CREM, need the same approach where services are not created in an organisation only, but brand positioning is created in the mind, like a friend you love or a neighbour whom you dislike (Meyers & Lubliner, 1998). It has been suggested that from the customer’s perspective that the behaviours of service provider employees also influence customer perceptions of the service (Harris & Fleming, 2005). According to these theories, a person can assume a position or a position can be imposed on a person. In this positioning more than one party is involved – oneself and the other at the same time. One side has always positioned and the other while simultaneously positioning himself or herself. Every time somebody positions him/herself on one side of the discursive act this always involves a positioning of the other side that is being addressed. Perceptions in the mind of a customer should be taken into account when talking about positioning a service product. Essentially, each member of the organisation plays an important role during their representation of service because gaps may exist between service specifications and actual employee behaviours (Parasuraman et al., 1985). Therefore, service delivery is as important as brand promise for the brand in order to achieve customer satisfaction.

2.5.3 Internal services branding

Internal customers can be defined as another group inside the organisation whose work depends on the work of one’s group to deliver what they need so they can do their job properly (Anderson & Kerr, 2002). The basic rule of an internal service is that each department either receives work from, or processes work for, another department. Because of this, individual units or departments need to view themselves as both customers and service providers (Farner et al., 2001). This occurs when they receive inputs from one department (their supplier), add value and send the output of their work to another department (their customer). In this approach to an organisation, the people who receive the outputs or services
provided by another department should be treated as a customer as well. This works the same way in the case of CREM as an internal service, the main function is to act as a resource for other departments or business units in order for them to produce output from the CREM input.

Even though serving internal and external customers are two different things, it is crucial in this conceptualisation to see the internal situation as a free market situation (Keller et al., 2006). This will force every department to provide top quality service to their customers or eventually go out of business. Internal operations do not normally face such market forces but there are opportunities for CREM customers to exit the internal relationship by turning to outsourcing. The idea of internal customer satisfaction is to establish long-term relationships (Teague, 2006). In fulfilling the customer satisfaction, it is critically important for there to be implementation of customer-centric principles within an organisation (King, 2006). Therefore, a first step towards promoting positive services or products is to treat internal customer satisfaction as important as the organisation treats the satisfaction of external customers.

Durability of the organisation is an important objective of a business, especially with the importance of corporate and global branding, a services-based economy, and the growing importance of knowledge workers and the workplace (Martin et al., 2005). This can happen by expanding internal service roles such as CREM into broader aspects of strategic management through employee and workplace branding. An example of internal service function that was able to uplift its own function within organisations is human resources (HR). HR’s upgrading fulfils today’s needs by creating coherence between different functions within an organisation (Memon & Kolachi, 2012). Previously considered a support function, HR is now becoming a strategic partner in helping the organisation achieve its objectives, focusing on reducing costs, increasing quality, creating new products, and increasing performance (Ullah & Yasmin, 2013). Being at a strategic level allows HR to synchronise employee branding on brand identity, brand commitment, brand loyalty and brand performance of the organisation. This set out some propositions for a stronger claim for inclusion of internal service such as CREM into core strategic decision-making within organisations.
Due to the competitiveness of the business environment, the internal service quality is being recognised as a weapon to survive (Vanniarajan & Subbash Babu, 2011). The satisfied employee reflects the behavioural intention towards the external customers. Attraction, retention and motivation of high quality staff is critical this situation where the quality of the service can make a difference between competitors (Rafiq & Ahmed, 2000). Under these circumstances, it is understandable that the effect of employing the concept of internal market approach for serving internal customers would create more satisfied employees when dealing with external customers (Heskett, 1994). Figure 2.1 presents the idea of how satisfying employees can lead to external customer satisfaction.

![Figure 2.1: Satisfying the external market through an internal market](source_image)

Source: Adapted from Heskett (1994)

**Figure 2.1: Satisfying the external market through an internal market**

Internal service branding is an approach for establishing a marketing-like orientation by achieving effective internal exchanges between an organisation and its employees as an ingredient for successful exchange with external markets (Papasolomou & Vrontis, 2006). The implementation of an internal market concept was also aided by the growing belief that an internal market has the potential as a cross-functional mechanism within the organisation. Research evidence suggests that frequency, quality and accuracy of communication within the internal market moderates employees role ambiguity and hence increase job satisfaction (Day, 2000). However, the appeal of the ‘employees as the customers’ philosophy posed a problem in terms of the ‘product’ or ‘service’ sold to them.
which may in fact be unwanted and raise the question as to whether the needs of the external customers have primacy over those of the employees.

Consequently, an internal branding strategy is postulated as a key determinant for firm’s internal growth which played a valuable role in overcoming internal organisational resistance to learning which ultimately will improve business performance (González Mieres, 2012). Internal branding helps in the involvement of employees in making changes, empowers employees and builds credibility which directly influences the employee relationship with the external customers (Mude et al., 2012). Effective integration and leveraging of internal branding and marketing helps to improve the short-term and long-term success of organisations. Internal branding can be utilised to communicate core brand values and promises to the employees inside the organisation with the aim of aligning service employees with the external branding process (Gull & Ashraf, 2012). Therefore, the level of internal branding for CREM within an organisation could bring a significant impact on the level of quality commitment by the employees and enhance the organisational commitment to attain higher service quality.

2.5.4 An internal service branding model for CREM

CREM is an internal service provider function to organisations when, organisations are conceptualised as an internal market for products and services. While branding initiatives most frequently focus on the external customers, CREM’s internal service branding effort establishes its focus on the employees, processes and the system within an organisation. HRM is an analogous internal service provider where through branding it has shown to be useful in positioning itself strategically (Memon & Kolachi, 2012). CREM branding theory mostly focuses on the brand value of the physical artefact and not its service provision dimension. Therefore, it is a reasonable proposition theoretically to examine how internal service branding theory applies to CREM.

Several models of branding can be identified as possibly useful in exploring CREM within an organisation. These include the 5Cs internal branding strategy (Bergstrom et al., 2002), the brand central idea (de Chernatony & Segal-Horn,
2001), the internal service quality dimension (Minjoon & Shaohan, 2010), and the PCDL Model (Ghodeswar, 2008). These are discussed below before developing the selected framework for the study.

Model 1: 5Cs internal branding strategy
This approach from Bergstrom et. al (2002) discusses the internal branding approach through the 5C elements, being:

- Clarity;
- Commitment;
- Communications;
- Culture; and
- Compensation.

First, Clarity refers to the quality of the message delivery to a recipient. This involves comprehensive engagement among employees, partners, vendors, clients, industry analysts and regulators. Second, Commitment is about a genuine sense of understanding when it is necessary for any initiative to be effective. Consensus is dependent on several factors, such as size, complexity, and the culture of the organisation. Third, Communications reflects a deeply felt need for employee appreciation of the function throughout an organisation. The organisation must anticipate, acknowledge, and respond effectively to the inevitability that cultural resistance may exist. Then, the fourth, a brand identity has to start within an organisation with a strong internal Culture before extending to the external customers. In order for cultural change to occur, there must be a strong reason to cooperate, a role to play, and a consequence for opting in or out. Fifth, the importance of Compensation in delivering the brand should be appropriately mentioned, especially for frontline employees. The main idea is to offer a pay-off for those who deliver the organisation’s brand appropriately.

The 5Cs internal branding strategy by Bergstrom et al. (2002) has the potential to explore the CREM positioning condition due to strong communication, consensus, and cultural perspectives. This seems useful for explaining CREM relationship, however, the model puts less emphasis on the performance dimension that emerges from CREM’s current situation. Focusing on relationship
building only may contribute to loyalty in the short-term but an internal service delivery requires a long-term understanding of the performance delivery paradigm as well.

**Model 2: The brand central idea**

The brand central idea model, as proposed by de Chernatony and Segal-Horn (2001), aims to show how managing the internal brand identity is able to sustain behavioural change within the organisation, as well as influencing external audiences. The whole process is achieved through developing a new identity structure at the design and implementation of the brand to provide consistent and total service brand experience. The model is based on four main elements, including Product or service, Communication, Environment, and Staff behaviour (see Figure 2.2).

![Brand Central Idea Diagram](After de Chernatony and Segal-Horn, 2001. Figure 3)

**Figure 2.2: The brand central idea**

The model blends these four elements to define the brand itself rather than letting the customers decide. The idea is for a brand to reach for a new future and make brave leaps through branding ideas to challenge existing practices. This model applied the potential of external services branding such as financial services and insurance with the potential for internal service branding due to the use of innovative and bold ideas to transform an internal service within organisation. However, its application is more suitable to new organisations where the staff do not have any existing internal culture that may impact the quality commitment among them (Gull & Ashraf, 2012). The suitability of this model for CREM is
questionable as its places more emphasis on image and design rather dealing about relationship building that plays a significant impact for internal service such as CREM.

**Model 3: Internal service quality dimension**
The model for internal service quality dimension, by Minjoon and Shaohan (2010), explores internal service branding from six perspectives, as follows:

- Customer intimacy;
- Team-based continuous improvement;
- Communication;
- Reliability or competence;
- Requisition process; and
- Tangibles.

The model is based on understanding that internal service quality leads to internal customer satisfaction focusing on customer intimacy through team-based continuous improvement and requisition. In addition, this model stressed the importance employee commitment through the communication process that lead to a positive association between internal and external customer satisfaction. This aligns with findings from Gull and Ashraf (2012) that stressed the importance of employee quality commitment in order to communicate core brand values and the alignment of brand promise with the branding process. However, one major limitation of the model is its lack of a balance applicability because the model stressed too much on the relationship building with limited focus on performance enhancement.

**Model 4: The PCDL Model**
Another model that could be applicable to branding an internal service is the PCDL Model developed by Ghodeswar (2008). Developed for external branding this model can be applied internally because is has previously been argued in this dissertation that external branding theory is applicable to an internal service situation. The model is for a brand-building effort and was based on case studies of successful brands. The use of multiple case studies shows the broad
applicability of the model. The main idea of a brand-building effort highlighted by the PCDL Model is for a brand to be aligned with the organisational processes that could help to deliver the promises to targeted customers through all company departments, intermediaries, suppliers and parties involved in producing the organisation output. This is important because all the parties play important roles in providing the brand experience to the customers. The model provides a holistic approach by combining four elements: Positioning of the brand (P), Communicating the brand message (C), Delivering brand performance (D), and Leveraging brand equity (L) (see Figure 2.3).

![Figure 2.3: Connection of elements through the PCDL Model.](After Ghodeswar 2008)

The PCDL Model shows that different parts of the brand identity process are connected and how each step fulfilled in order to create a strong brand identity. The model stresses the importance of positioning to ensure the brand message is communicated correctly to the targeted audience. The customers must have been reached through the brand message in order to deliver the brand performance and finally, all these factors affect the leveraging of the brand equity. Specific

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1 Positioning in relation to this model relates to technical activities in branding and marketing rather than the mental phenomenon that relates to the overall problem.
justification for this model’s adaptation for this research is in the Section 2.6 below.

2.6 Justification for the PCDL Model

As discussed above, there are several models for internal service brand positioning. Out of these four positioning models, the focus is for a model that is able to cover the two dimensions of CREM problems - performance and relationship. This is because, CREM problems require a balanced solution even though customer acceptance of CREM is gained from the ability of the service provider to communicate its messages through relationship building, but the performance delivery plays an important part in sustaining CREMs added value to the targeted audience. The branding model that encapsulates the CREM performance and relationship elements within an internal market in a concise way is the PCDL Model as it covers both the performance and relationship dimensions found to be problematic. As a result, the PCDL Model was adopted as a theoretical framework by which to assess the CREM positioning problem within organisations.

Table 2.6: Distribution of performance and relationship dimensions in the models

<table>
<thead>
<tr>
<th>Model</th>
<th>Performance dimension</th>
<th>Relationship dimension</th>
</tr>
</thead>
<tbody>
<tr>
<td>Model 1: 5Cs internal branding strategy</td>
<td>Compensation</td>
<td>Clarity, Commitment, Communication, Culture</td>
</tr>
<tr>
<td>Model 2: Brand central idea</td>
<td>Product</td>
<td>Environment, Communication, Staff behaviour</td>
</tr>
<tr>
<td>Model 3: Internal service quality dimension</td>
<td>Reliability or competence, Tangibles</td>
<td>Customer intimacy, Team-based continuous improvement, Commitment, Requisition process</td>
</tr>
<tr>
<td>Model 4: PCDL Model</td>
<td>Delivering brand performance, Leveraging brand equity</td>
<td>Positioning the brand, Communicating the brand message</td>
</tr>
</tbody>
</table>

After: (de Chernatony & Segal-Horn, 2001; Bergstrom et al., 2002; Ghodeswar, 2008; Minjoon & Shaohan, 2010)
The Table 2.6 shows that all models have both elements of performance and relationship, however, a great balance of elements is required in the case of CREM because the CREM positioning problem is divided into two parts - performance and relationship (see Table 2.2 to see dimensions of CREM positioning problems). Analysing the models, the PCDL Model is shown to have a more balanced distribution of elements compared to the others. The elements in the PCDL Model are balanced and interconnected in creating a strong brand that suits the CREM positioning problem. The application of the elements can be in sequence from Positioning (P), followed by Communicating the brand (C), Delivering performance (D) and Leveraging of brand equity (L). Further explanation for each of the elements follows.

2.6.1 Positioning the brand – the ‘P’

This subsection will discuss aspects of positioning before considering how this applies to CREM. There are two theoretical concepts that related to CREM positioning that need to be differentiated in this study. First, the concept of positioning that refers to a ‘place’ of a certain product or service in customers’ mind to differentiate from its competitors (Ries & Trout, 1981) (Harré & Langenhove, 1991). In marketing, brand positioning is about finding the right location in the mind of the targeted audience with respect to the values associated with the brand (Aaker, 1996). Having a brand position will provide clear guidance to those who are implementing a communication program. It is where the identity and value proposition will be actively communicated. Temporal (2000) suggested that the positioning focus should be on adding psychological value to products, services, and companies in the form of intangible benefits such as trust, values, and the emotional associations that people relate to the brand. This can be achieved through long-term brand-customer relationship.

This positioning concept happens as a result of mental phenomena existed during psychological observation. This positioning being used in general for a product or service positioning to the external customers. Second, positioning that specifically happens within the technical activities in creating branding (Ghodeswar, 2008). This positioning also strives for competitive advantage, but its concern more on
operationalising of the product or service at the specific technical characteristic level. Both positioning concepts are useful in this study with the first one tackling a mental phenomena at a bigger scale while the second positioning explains the technical detail of it.

As mentioned earlier in terms of internal service delivery (such as CREM), the main purpose is to create or enhance internal collaboration rather than competition. Positioning plays a significant role in CREM success as well as the organisation as it aims for a long-term effect rather than merely short-term successes. Positioning is part of the planning processes whereby goals and directions are mapped along with ways in which they can be accomplished (Fishel, 2008). Positioning entails decisions about what, why, and how to do it. It serves as a frame of reference for action that allows for implementation, monitoring, adjustment, and evaluation and as well as for expenditure frameworks.

CREM faces positioning issues in justifying its value to organisations. There are confusions that exist as to whether CREM is a factor of production, being the workplace champion, focusing on sustainability issues, being part of shared services, or finding a suitable alignment strategy (Rashid et al., 2012; van Nattem & Proveniers 2012; De Paoli et al., 2013; Then et al., 2014). Proper identification of CREM core competencies would help CREM identify its positioning strategies because these core competencies are CREM’s competitive advantage compared to other internal functions (Prahalad & Hamel, 1990). These core competencies would also determine the boundary in developing a CREM brand. When corporate real estate is being treated only as a factor of production this consequently contributes to cost reduction perceptions among the senior management of organisations. The perception in some organisations that ‘we are not in real estate business’ has led to a failure to understand the strategic value of CREM (Liow & Ooi, 2000; Fisher, 2009). Thus, organisations are not able to identify the potential value to the organisation from CREM such as the promotion of marketing effort, increased productivity, increased flexibility, value creation from real estate, promotion of human resource objectives, procurement improvement, and increasing innovation for revenue growth (Roulac, 2001; Lindholm & Leväinen,
2.6.2 Communicating the brand message – the ‘C’

Real estate communication involves the new working practices and business reorganisation. Communication challenges faced in building a brand are for the brand to be noticed, to be remembered, to change perceptions, to reinforce attitudes, and to create deep customer relationships (Aaker and Joachimsthaler 2000). CREM communications still bring less impact because of the institutional barriers due to the fact that real estate managers still have insufficient power to influence corporate strategy (Dixon, 2005). The issues often contributed to the cross-sectional nature of real estate communications that organisations prefer to take adhoc projects effort rather than tracking longitudinally effect from real estate. However, there is growing evidence to suggest that a new economy is developing, driven by technological change in alliance with other forces that shows a trend towards services away from manufacturing.

The labour market changes towards flexible working patterns, change in corporate structures such as flatter organisations, outsourcing, expansion from merger and acquisitions, and relocation of production across borders (De Paoli et al., 2013). A
more flexible workflow enabled by ICT has changed the way organisation designed their corporate real estate strategies. More firms adopt a portfolio approach to better manage and optimise resources by allocating real estate space into core and peripheral space (Sing, 2005). This underpinned the increase in real estate communication to fulfil this new trend in accordance with the growing impact of ICT in both retail and office sectors due to the potential impact on rental and capital value.

For an internal service, communicating a brand message is crucial to carving out a vision of how the brand should be perceived by its target audience. If it is not able to convey the core benefits of the brand to its targeted audience it will ultimately fail (Ghodeswar, 2008). The conveying activities are an important part of communication because it is connecting individual human behaviour and creating relationships (Lynch & de Chernatony, 2004). At present, the age of broadcasting and mass-marketing to mass audiences is giving way to an era of narrow micro-marketing to specialised smaller segments (Nandan, 2005). It was suggested that once an organisation establishes a service to sell, its main task is to ensure consistency and uniformity of communicated messages. Personalised or customised communications can increase a sense of appreciation in the targeted audience (Gull & Ashraf, 2012).

There are several ways communication flow happen in organisations. The flow can be downwards, upwards, or lateral (Barker & Angelopulo, 2005):

- **Downward communication** – used by managers to communicate in a downward line with employees that report to them. This might be in the form of instructions, information giving (company policy, trends, and planning), providing organisation directions, and work performance evaluation;
- **Upward communication** – provide feedback to upper management on the organisational hierarchy regarding work practices, project progress, provide information for decision-making, uncertainties, proposals, and meetings; and
• Lateral (or horizontal) communication – occurs in an organisation between employees at the same hierarchy level. It happens to be more prevalent across a middle or lower-level management, where it tends to focus on problem-solving and coordination of work flow, information sharing, and conflict resolution.

Several elements should be considered by a brand provider in the communication process including accessibility, consistency and responsiveness of the targeted audience (Aaker, 1996; Duncan & Moriarty, 1997). Consistency in communication allows the audience to create expectations of what will happen. Audiences give merit to any integrated approach that minimises surprises in receiving the message. Customers will facilitate the communication process if they know what is going on and there is follow-through of a story from the brand that is being communicated (Dolphin, 2005). Meanwhile, responsiveness is about the ability to respond to changing market needs to create trust, expertise, and physical presence while offering customers unique and welcome differences that support the value proposition.

The role of communication for CREM is mainly about identifying the key persons in decision making, consistency in information and finding the right response to real estate issues. The concern is about breaking the communication barriers involving interdepartmental communication within organisations (Gibson & Luck, 2006). In addition, an understanding how individuals rationalise their working environment would also provide CREM executives with employee reactions in communicating real estate improvement effectively (Rasila, 2012). In attempting to deliver a message, it is useful to consider some balance in the functional and emotional insights that make up the CREM value proposition from its core competencies. Highly involved customers pay attention to the core elements of a brand message such as quality of service delivery, price, and the suitability of the services. Attitudes formed by the customers during a communication process are assumed to create stronger relationships, are less resistant to change, and are more predictive of future behaviour with regard to the CREM brand.
2.6.3 Delivering the brand performance – the ‘D’

Delivering service not only involves the performance dimension but also the need to include the relationship dimension as well. Brand providers track how the brands are doing in the market place. Progress can be monitored in terms of the level of consumption, recognition, advertising awareness and brand recall (Ghodeswar, 2008). This approach will enable brand providers to assess the effects of a marketing campaign on influencing the target consumers, which in turn leads to a measure of the brand strength. An effective brand measurement system helps businesses to understand how the brand is performing and whether they are delivering the required performance. The effectiveness of service delivery provide the reason why there is concern about performance and performance measurements in organisations (Andersen & Fagerhaug, 2002).

Rajagopal (2008) suggested a set of systematic brand measurement techniques that combine brand metrics and a brand scorecard. Brand metrics is an effective tool for measuring qualitative parameters of brand performance and in measuring the effectiveness of brand-building activity. It contains five components which include the elements of awareness, acquaintance, association, allegiance, and appraisal. The brand scorecard is derived from the concept of the Balanced Scorecard by Kaplan and Norton (1996) that provides a multiple-dimensional assessment of performance that enables organisations to clarify their vision and strategy and translate them into action. A brand scorecard provides feedback around both the internal business processes and external outcomes based on perception, performance and financial metrics. Thus, measuring performance of an internal service brand requires a comprehensive measurement tool to obtain a multiple-dimensional view of the brand performance.

It was found that the delivery of service is a process of service providers’ interactions with customers (Pina et al., 2006). This service positioning concept is different from product positioning that does not necessarily interact with a customer directly. This offers a new perspective to addressing the quality of service delivered by bringing customers towards a mutually satisfactory relationship. Internal interaction inevitably occurs between departments in any
company and organisational dynamics are of particular relevance for both the service production and its delivery in an organisation (Reynoso & Moores, 1995; Punjaïsri & Wilson, 2007). In the absence of tangibles, the processes need to be designed, managed, and changed for positioning. While goods can be repaired or replaced, many services cannot. Therefore, any improvements to a service have to be done through changes or additions in the process before the problems recur.

In the context of CREM, performance delivery is measured at three different levels into strategic, tactical and operational (Lindholm & Nenonen, 2006). The strategic level are designed and developed for continuous assessment of the processes or outcomes, and often the results of the systems are reported to the senior management of the organisation. However, the choice of strategy in achieving the vision of an organisation differs between organisations and is tied closely to the nature of that organisation (Jordan et al., 2009). This creates a challenge in generating a generic added-value measure for CREM as performance is very difficult to measure in different organisational structures and foci.

CREM tactical performance measurement is a level below the strategic level which is discontinuous, or on a project basis. A clear distinction between the strategic and tactical is that the tactical management level is more about analysing the performance of a current situation or project (Yusoff et al., 2008). Tactical tools are mainly used in a not so permanent way as a strategic measurement system which is evaluated continuously. Some of the tactical tools are developed for measuring outcomes from the CREM projects such as occupancy costs, vacancy rates, and outcomes from energy saving programs.

Operational performance measurement is about measuring the small tasks or projects that were set at the strategic and tactical level. Operational activities are undertaken to achieve the strategic and tactical objectives. Operational information gathered at this stage can be used for both levels of strategic and tactical measurements. It is common for CREM operational activities to involve routine tasks on a daily or monthly basis (Shaw & Haynes, 2004). An important consideration CREM in delivering performance is to identify a proper monitoring
system to help CREM prioritise its work and customers’ interest in order to deliver quality service.

2.6.4 Leveraging the brand equity – the ‘L’

Leveraging (L) the brand equity in the PCDL model is about the extendibility of a brand’s existing equity into new categories. The leveraging process is linking the brand to some other entity that creates a new set of associations namely through line extensions, brand extensions, brand alliance, co-branding, and many more (Keller, 2003). Research within branding theory has found that highly valued brands extend more successfully and have the ability to leverage the chance to expand from a parent’s brand into new entities (Rangaswamy et al., 1993; Sheinin, 1998).

There are a variety of leveraging issues for CREM due to the long-held view of CREM as a support function and order-taker from business units or organisations. With the advancements in outsourcing, CREM now has the opportunity to explore the possibility of leveraging because lowering real estate costs may actually reduce business competitiveness in so far as the saving of pennies per square foot but may lose dollars in opportunities (Krumm, 2001). A more progressive approach is to create effective organisations through aligning real estate related activities as part of enabling synergies.

The literature shows examples of what can now be recognised as leveraging effort to expand the reach of CREM though they are not called that. Among these are financial leverage to increase flexibility (Booth, 1999), risk management through workplace (Sharp, 2013), transforming real estate assets through the capital market (Liow, 1999; Scott, 2004), CREM being part of integrated resource management (Materna & Parker, 1998), tangible assets being part of corporate branding (Appel-Meulenbroek et al., 2010), and real estate uses to promote cultural values for global companies (Lyons, 2001; Too et al., 2010).

As one would expect, successful brand extensions can have a positive effect on the core brand. Conversely, poor brand extension produces negative effects. That
is why it is preferable for a brand to look for extensions that are similar to the parent brand to minimise the risk of image dilution (Pina et al., 2006). If a parent brand is moved up or down in the market, there is a need to take care of the integrity of the new brand identities. However, maintaining a strong brand means having the right balance between continuity and change from the status quo as brand leveraging has associated benefits and risks (see Table 2.7).

Table 2.7: Risks and benefits of brand leveraging

<table>
<thead>
<tr>
<th>Factors affected by risks and benefits</th>
<th>Positioning tactics and strategies</th>
</tr>
</thead>
<tbody>
<tr>
<td>Efficiency benefits</td>
<td>Lower cost to build awareness</td>
</tr>
<tr>
<td></td>
<td>Lower cost to achieve target trial levels</td>
</tr>
<tr>
<td></td>
<td>Communication efficiencies as profile of whole brand is lifted</td>
</tr>
<tr>
<td>Effectiveness benefits</td>
<td>Higher acceptance of the extension from established brand associations, for example quality</td>
</tr>
<tr>
<td></td>
<td>Brand positioning can be strengthened</td>
</tr>
<tr>
<td></td>
<td>Creation of “mega-brand” (increase bargaining power with retailers)</td>
</tr>
<tr>
<td></td>
<td>Effective defence against rivals</td>
</tr>
<tr>
<td>Risks to extension</td>
<td>Lack of funds allocated to launch</td>
</tr>
<tr>
<td></td>
<td>Over-estimation of benefits</td>
</tr>
<tr>
<td></td>
<td>Poor fit with existing brand</td>
</tr>
<tr>
<td>Risk to the brand</td>
<td>Brand dilution</td>
</tr>
<tr>
<td></td>
<td>Cannibalisation of the existing brand</td>
</tr>
<tr>
<td></td>
<td>Intertwined reputations of various lines</td>
</tr>
<tr>
<td></td>
<td>Logistics and manufacturing inefficiencies</td>
</tr>
</tbody>
</table>

Source: Ambler and Styles (1996)

The decision to engage in brand leveraging has risk because it needs the original brand to have a whole value before it can be transformed into another entity without affecting the original brand. Keller and Aaker (1992) found that positive common effects exist only when a better quality parent brand introduces an extension. A basic premise underlying the use of brand extension is that stronger brands provide greater leverage for extensions than weaker brands. The weak extension effect is further noted by the predisposition and failure of the parent brand (Hem et al., 2003). Thus, it is very important to understand how the new entities link and interact with the existing brand, and how the new brand encompasses all the different meanings of the existing brand.

The extent to which a brand can be leveraged also depends on the fitness of a brand extension (Sheinin, 1998). This is important because consumers make decisions about the new brand based on a grouping with the parent’s brand rather
than making a new assumption (Simmons & Lynch, 1991). However, the new position can be a differential fit with the parent’s brand if the new brand has its own equity that provides the strength to stand on its own. There is a need to understand knowledge formation about brand extension so that an extended brand can develop its own unique characteristics (Reddy et al., 1994). The new brand position can display the strongest brand-derived beliefs for the consumer to absorb the new knowledge of the new brand.

In fulfilling the need to understand CREM positioning, there is a need for a framework to explore the CREM position within organisations. Therefore, a branding framework through the PCDL Model is useful as it is a tool that able to blend performance and relationship in building a strong brand for CREM within organisations. The four elements from the PCDL model supported by the branding literature will be used in the empirical case studies. Details of the application are discussed in the research design chapter (refer Chapter Three).

2. 7  Gap in the literature

There are two dimensions to CREM positioning problem; performance and relationship dimension. Out of these, performance (technical performance) such as CREM contributions is well covered in the CREM literature, however, relationship dimension in building strong relationship with the customers is still lacking and less well treated. Even though there are a number of conceptualisations from other bodies of knowledge for CREM researchers such as from human resources in aligning CREM contribution to boost productivity (Becker & Pearce, 2003; Martin & Black, 2006; Haynes, 2008), CREM organisational alignment (Osgood, 2004; Pfneuer et al., 2004), value creation tools (Krumm & de Vries, 2003), and stakeholder models (Green & Jack, 2004; Heywood & Smith, 2006) existed in CREM literature.

The most important contribution of this study is the application of another body of knowledge to CREM. In this study, branding through PCDL Model found to be useful as the guiding framework for integrating CREM performance and relationship within organisations in positioning CREM in a new way. It is evident
that CREM requires a framework for understanding its position. Positioning and alignment of CREM strategies with corporate strategies were shown to be creating competitive advantage and increasing knowledge sharing that leads to enhanced productivity, improved quality, and accelerated innovation (Schriefer, 2005; Lomax & Mador, 2006; Appel-Meulenbroek & Feijts, 2007). What is lacking is a guide to clearly explain how the CREM can possibly be positioned within the organisation and gain recognition based on their contributions rather than being perceived as only a cost oriented function. There is a need to close the gap in the literature relating to the relationship dimension for CREM executives with various parties in organisations for CREM to have a better position.

An exploration of branding shows that it may be capable of helping to close this gap, especially since it has a successful track record in positioning products and services to largely external targeted market. This study will explore the PCDL Model with regard to its role in positioning an internal service within organisation provision, such as CREM. The empirical findings in this study are expected to provide insights into the relationship between the CREM and its customers inside organisations. Understanding this will provide CREM researchers with a guide to look in detail what CREM does in positioning itself and also at the impacts and consequences of adopting another body of knowledge in positioning CREM.

2.8 Summary

This chapter comprises two parts – a review of the CREM literature and presenting the study’s theoretical framework from branding perspective. First, it introduced CREM as a function within organisations by reviewing the existing literature. This chapter also discussed definitions of CREM, defined its customers, and its differentiation from property management (PM) and facility management (FM). From the literature, CREM seems to have a bigger role within organisations covering PM functions as well as FM. In addition, CREM was also found to have significant capabilities for adding value to organisations through physical, financial, and functional dimensions.
A key issue for CREM is in providing a solid framework for improving CREM positioning within organisations. Customers are confused as to what constitutes a solid statement of brand for CREM. The poor positioning leads to failure to in having sufficient visibility with senior management, the under-management of CRE, and a failure to see CREM opportunities beyond cost savings activities. Conflicts of understanding arose not only from CREM customers but also from CREM executives as well. It is a multi-dimensional problem for both parties that have performance and relationship dimensions and CREM requires a guide for interpreting what it does itself inside organisations to gain better acceptance by its customers.

In the second part of this chapter a theoretical framework was introduced to provide a basis for understanding CREM positioning. Out of many branding frameworks, the PCDL Model was chosen because it best fitted both the dimensions of performance and relationships found in the CREM positioning problem. There were four elements in the PCDL Model, namely Positioning (P), Communicating (C), Delivering performance (D), and Leveraging (L). These elements included sub-elements that support the model, and were used as the basis of empirically exploring and interpreting CREM positioning within the studied organisations. The methods associated with using this framework are explained in the next chapter.
3.1 Introduction

The previous chapter discussed the status of CREM within organisations including the CREM contributions and the definition of brand in general, then presented several branding models one of which was put forward as a theoretical framework for CREM positioning. Therefore, as stated earlier in Chapter One, this study aims to provide a new interpretive framework for CREM using a branding approach. From a comprehensive review of the literature, the PCDL Model was identified as the most appropriate among others. In order to explore whether this model is empirically applicable or not in understanding CREM positioning within organisations, this chapter presents the research methodology that was adopted in the conduct of this research. The processes related to how the study was conducted are explained in detail and the rationales for choice of various methods discussed.

This chapter commences with a statement of the aim of the study. The justification for using a qualitative paradigm as a research design will be made, followed by an explanation of the case study approach, data collection methods, data analysis and finally the argument about the research validity and reliability. The research design and methodology presented in this chapter are summarised in Figure 3.1.
3.2 Aim of the study

The study aims to provide a new interpretive framework for CREM using a branding approach. Before going further, an understanding of the underlying research problem will be outlined, together with and the primary research question that drove this research.

Driving research question
The primary research question for this study was as follows:

*How does a branding approach facilitate understanding of the CREM positioning inside organisations?*

In order to answer the primary research question, three sub-questions were constructed to help understand the CREM situation. These questions helped to guide this study in getting the depth of information related to CREM. The sub-research questions also provided the basis for the research investigation and the cornerstone for the analysis of data. The sub-questions were:
What are the branding elements that could be applied to the CREM positioning problem inside organisations?

How could these branding elements apply to the CREM positioning problem?

Why do these branding elements make a difference to CREM inside organisations?

3.3 Research paradigm

In understanding this research paradigm, one is required to understand the dimensions of CREM positioning problems. CREM faces challenges in building relationship with its customers even though research found that CREM has the technical ability to deliver its performance (Wagner et al., 2003). CREM has tried several approaches to impress its customers including being the locational experts, workplace champions, managing company’s physical assets, portfolio managers, strategy development to optimise energy usage, leader in green and sustainability issues, cultural change management, cost saving strategies, procurement improvement, improvement in financial flexibility, and many more (Rasila & Nenonen, 2008; Wills, 2008; Gibler & Lindholm, 2012; Rashid et al., 2012). However, CREM deals with situations and people that lack of appreciation and constantly turning CREM down due to misconceptions of its function which has impacted CREM’s visibility within organisations even though CREM is the second biggest cost for most organisations (Scheffer et al., 2006; Brown, 2008). In fact, organisations treating CREM in isolation perceiving it as a cost burden for organisations (Roulac et al., 2006). This action can jeopardise resources and effect an organisation’s long-term planning. As discussed in the previous chapter, researchers in CREM have tried several approaches to improve the CREM function within organisations such as ranging from becoming a profit generating function, having a shared services strategy, value creation tools, and stakeholder models. Unfortunately, limited evidence was found showing the use of branding in improving CREM positioning. Khanna et. al (2013) and Appel-Meulenbroek et. al (2010) conducted research using branding, but it is more about branding of the physical corporate image in influencing employee motivation which is not in-line
with the positioning issues faced by CREM. None of the researchers use branding as a basis to explore CREM positioning. Therefore, taking advantage of the performance and relationship elements found in branding, this research aims to provide a new interpretive framework for CREM using a branding approach as a tool to elevate the CREM brand to its targeted customers within organisations.

Generally, there are two broad terms in conducting social science research, quantitative and qualitative. Cook and Reichardt (1979) stated that quantitative methods involve randomised experiments, quasi-experiments, multivariate statistical analysis, surveys and the like. In contrast, qualitative research includes methods such as ethnography, case studies, in-depth interviews, participatory inquiry, visual methods, interpretative analysis and participant observation (Creswell, 2009; Denzin & Lincoln, 2011). In addition, all research is guided by a set of beliefs and feelings or paradigms about the world and how it should be understood and studied (Denzin & Lincoln, 1998).

This study adopted a qualitative approach because of several reasons. First, this research is exploratory in nature because this is the first study using a branding approach to undertaken CREM positioning inside organisations. A qualitative paradigm also helps to explain a phenomenon from the researcher’s position and the respondent’s perception and experiences. As stated by methodologists like Darlington and Scott (2002) and Lincoln and Guba (1985) that a qualitative paradigm is suitable and vital when the associated research is exploratory in nature. A qualitative approach is able to generate data in detail embedded in a context and is useful in dealing with research problem of how and why questions. Strauss and Corbin (1990) asserted that a qualitative approach is suitable and highly recommended when little is yet known about the investigated phenomena and the research issues cannot be expressed quantitatively. Given a limited access to data, the qualitative approach is a more useful way of gaining deep and clear experiences from the senior executives involved with this phenomena than a positivist approach does. Hence, the chosen qualitative paradigm is closely matched with those requirements that need in-depth understanding and data rich in meaning of the CREM positioning phenomena inside organisations.
Second, a CREM situation within organisations is a dynamic real-life phenomenon with no control by the researcher of that phenomenon. As part of the exploration, the researcher need to examine the subtleties of the phenomenon using a guided framework. In this case, the researcher is using the PCDL Model from branding as a framework. A qualitative paradigm provides a useful foundation to understand the underlying issues of performance and relationship faced by CREM in positioning itself inside organisations. A qualitative approach has the strengths to address questions and goals derived primarily from specific situations or people. This study is not only interested in the physical events and behaviour that is taking place, but also how the respondents in the study make sense of these situations and how their understanding influences their behaviour. The capability of developing causal explanations of the processes and actual events that led to specific outcomes is also the strength of a qualitative approach (Miles & Huberman, 1994).

Third, this study adopted the qualitative approach to allow greater spontaneity and adaptation of interaction between researcher and the respondents. Questions asked were mostly open-ended that are not necessarily the same to each respondent in the studied cases. With open-ended questions, respondents are free to respond in their own words that were able to elaborate in greater detail about CREM positioning inside their organisations. Due to this open-ended nature, the study depended on a range of flexibility as an indication of different understandings and practices in different organisations. Denzin and Lincoln (2011) describe qualitative research as complex and having its own field of inquiry. The complexity is due to its relatively short history as compared to traditional scientific research and the confounding, inconsistent and overlapping use of terminology.

There are three research paradigms that have been extensively used in qualitative research include constructivism, critical theory and realism (Schwandt, 1994; Lincoln & Guba, 2003; Neuman, 2003; Flick et al., 2004; Maxwell, 2012). A summary of these paradigms is shown in Table 3.1.
Table 3.1: Summary of qualitative research paradigms

<table>
<thead>
<tr>
<th>Paradigm</th>
<th>Descriptions</th>
</tr>
</thead>
</table>
| Constructivism | ● Postulates reality apprehended through the perceptions of individuals; and  
                  ● Researcher usually interacts with the subject being studied. |
| Critical theory | ● Theory argues that social reality has multiple layers; and  
                    ● The researchers conduct research to critique and transform social relations. |
| Realism       | ● Assumes that there is an external reality that can only probably and partially be apprehended; and  
                    ● Uses methodologies that are qualitative, including interviews and case studies. |


Historically, a positivism paradigm has underpinned real estate research. Based on this approach, the understanding of real estate strategies can be quantified. However, Tucker and Pitt (2010) suggested this approach could only provide an outside view of real estate practice, rather than the real expectations and perceptions of real estate service provision. Hence, this paradigm does not allow a mechanism for drawing out any subtleties that may exist within real estate practice.

In this study, realism has been considered an appropriate paradigm to incorporate the multiple views and practices of CREM within the organisations because of the external reality involved in relation to internal reality. Given the internal market is a dynamic phenomena, a qualitative paradigm is able to help understand how CREM executives and CREM customers utilised branding strategies in running organisational activities. The concept of realism focuses on an explanation of the causation with practice and enables researchers to credibly make and support causal claims based on the external reality (Maxwell, 2012). Adequate causal explanations about in the social sciences depend on the in-depth understanding of meanings, contexts, and the processes that are found in qualitative research. This allows the researcher to develop in-depth causal explanations for the outcomes of specific social phenomena that take into account the breadth of organisational structure, environmental factors and business strategy which have played a causal role in an occurrence (Wynn & Williams, 2012). The realism approach requires for understanding of current reality or current CREM practices through agents or
players such as CREM executives and CREM customers that are involved in making decisions within the internal market condition. Therefore, a qualitative realism approach provides a guide for this empirical inquiry that investigates the CREM positioning phenomenon in the contexts.

The research paradigm is important as it shapes how a research question is formulated and how research is designed to answer the question (Creswell, 2009). The research design is summarised in Table 3.2. The table summarises the process of inquiry and involves the decision about paradigm including the underlying philosophy, the strategy or method of inquiry, the techniques of data collection and the tactics in data analysis.

There are five different strategies for qualitative inquiry (Creswell, 2012). The strategies are narrative, phenomenology, grounded theory, ethnography and case studies. The focus of narrative inquiry is on the life stories of individuals or groups. The data is gathered through biographies, autobiographies, written and oral histories, memoirs, storytelling and document analysis. While narrative inquiry focuses on life stories, phenomenology inquiry focuses on lived experience and how people make sense of those experiences. Researchers should avoid pre-judgements questions in order to acquire thick descriptions of the experience. Developing theory from the lived experienced and observed behaviours is the concern of grounded theory inquiry. The data collected from interviews, observations and existing documents are meticulously coded in a range of ways to construct theory in order to understand human phenomena.
### Table 3.2: Summary of the research design

<table>
<thead>
<tr>
<th>The process of inquiry</th>
<th>The rationale</th>
<th>The implemented strategy</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Paradigm</strong></td>
<td>The research paradigm should be initially decided because “questions of methods are secondary to questions of paradigm, which we define as the basic belief system or worldview that guides the investigator, not only in choices of method but in ontologically and epistemologically fundamental ways” (Guba &amp; Lincoln, 1994, p. 105).</td>
<td>Realism</td>
</tr>
<tr>
<td><em>The underlying philosophy</em></td>
<td>Moreover, Creswell (Creswell, 2012, p.74) describes, “qualitative researchers approach their studies with a certain paradigm or worldview, a basic set of beliefs or assumptions that guide their inquiries. These assumptions are related to the nature of reality (the ontology issue), the relationship of the researcher to that being researched (the epistemological issue), the role of values in a study (the axiological issue), and the process of research (the methodological issue)”.</td>
<td></td>
</tr>
<tr>
<td><strong>Strategy or method of inquiry</strong></td>
<td>They are five different approaches for qualitative inquiry: narrative, phenomenology, grounded theory, ethnography and case studies (Creswell, 2012).</td>
<td>Case study</td>
</tr>
<tr>
<td><em>The strategy</em></td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>Data collection techniques</strong></td>
<td>There are distinct set of techniques or “strategies of inquiry connect the researcher to specific methods of collecting and analysing empirical materials” (Denzin &amp; Lincoln, 1994, p.4).</td>
<td>Semi-structured interviews and documents reviews</td>
</tr>
<tr>
<td><em>The technique(s)</em></td>
<td>All the approaches or techniques such as interviews, hermeneutics, psycho-analysis and participant observation “can provide important insight and knowledge” (Nelson et al., 1992, p. 2). Furthermore, there is no specific method or practice can be privileged or superior over another (Denzin &amp; Lincoln, 2011, p. 12).</td>
<td></td>
</tr>
<tr>
<td><strong>Data analysis techniques</strong></td>
<td>The thematic analysis technique complemented the research questions by allowing researchers looking for broader patterns before conducting in-depth analysis. This was done by identifying dominant themes and then clustering the themes into categories (Merriam, 1988).</td>
<td>Thematic analysis and document analysis.</td>
</tr>
<tr>
<td><em>The tactic(s)</em></td>
<td>The document analysis assists researchers to investigate the content of historical evidence on how a particular issue is presented (Henri, 1992). Document analysis helps to build-up a pattern of interaction that underlie in the issue.</td>
<td></td>
</tr>
</tbody>
</table>

Furthermore, an ethnographic inquiry involves deep and extensive concentration on everyday activities of groups or large social systems. The findings are derived largely from participant observation, interviews, curation of artefacts, rituals,
stories and aesthetic texts such as songs (Higgs & Cherry, 2009). The case study inquiry concentrates on exploring phenomena within its context using more than one lens to ensure that the topic of interest is well explored and that the gist of phenomenon is revealed (Yin, 2003; Baxter & Jack, 2008). Using this approach researcher hopes to gain in-depth understanding of the phenomenon and context under study. In this study, the case studies approach is preferred because the situation is how a branding approach facilitates positioning of CREM. It is impossible to have in-depth understanding of a phenomenon without considering the context within which it occurred. Discussions of implemented research strategy and justification of case study approach are detailed in the next section.

3.3.1 Justification for case study approach

In spite of criticisms that have been directed toward the case study approach, it is extensively employed in many fields of social and business research because the strategy provides insights and rich understanding about events being studied compared to other methods (Rowley, 2002). Case studies are justified as a research approach in this study for the following reasons:

- Useful in studying human affairs; and
- Allow for comparison from multiple case studies.

It is widely accepted that case studies are useful in the study of human affairs and it in harmony with the researcher’s experience. By using case studies, this research will produce clear insights into CREM positioning in each organisation. Findings from these individual cases also will be used to draw comparisons across multiple case studies. So far, there is limited research to understand the perceptions and understanding of CREM practices regarding positioning within organisations. A case study approach allows the researcher to explore and study individual situations in a variety of different settings and it is helpful here because it is able to pinpoint different branding strategies for different studied organisations. It also explains relationship building between CREM executives and CREM customers whether this relationship is working or not.
Multiple-case studies are applied in this study as this is considered more compelling and therefore regarded as being more robust than grounded theory and ethnography (Yin, 2003; Creswell, 2012). A single case study to explore the CREM within organisations appears fragile in an environment where data is accessible. The uniqueness of each case demands comparison with other cases to improve understanding in positioning. Furthermore, multiple-case studies allowed multiple explorations, with similar results or contrasting results, or replication. By looking at a range of similar and contrasting cases, the researcher can strengthen the precision, the validity, and the stability of findings by following a replication strategy, and thereby add confidence to the research. Another advantage of studying multiple cases is to see the processes and outcomes across many cases to understand how CREM is practiced in an individual organisation’s context.

There is no common agreement about how many case studies for a research project should contain. Romano (1996) and Patton (1990) suggested that the number of case studies is determined by the researcher himself and there are no general rules for the sample size. In fact, Eisenhardt (1989) and Glaser and Strauss (1973) suggested that a researcher should discontinue conducting additional cases or interviewing additional respondents when he or she reaches the ‘theoretical saturation’ which means collecting repetitive data again and again. Even though literature on methodology does not provide an exact number of cases to be included in the case study design, several experienced case study researchers have suggested a guiding framework. For instance, Yin (2003) advised the conduct of research with multiple-case studies rather than a single-case because it is considered more compelling and regarded as being more robust. Besides, a multiple-case study allows comparison between cases which is similar to conducting multiple experiments.

Yin (2003) added that two to three cases would be literal replications, four to six cases is designed to pursue two different patterns for theoretical replications. But if all the cases turned out as predicted, six to ten cases provided a convincing support for the initial set of propositions. Meanwhile, Eisenhardt (1989) recommended that four to ten cases usually works well. With fewer than four
cases it is often difficult to generate theory with much complexity and unconvincing in research based on empirical grounding, unless the case has several mini-cases within it. Research with more than ten cases would find it difficult to cope with the complexity and volume of the data. Taking into consideration the constraint of time and funding for this study, the range of two to four cases as the minimum and ten to twelve as the maximum is highly accepted by methodologists. But the most important consideration is every particular phenomenon needs to be tackled case-by-case basis to develop and test the theoretical framework and later use this for generalising to new cases.

3.3.2 Research sites

It is beneficial to gain understanding across different industries and contents. For this reason, two different countries and four different industries were used as research site or case studies: Malaysia and Australia.

Malaysia – A developing economy and also developing CREM practice. This allows a researcher to examine how the latest thinking about CREM is being applied to this market condition. Malaysia is of significant interest for data collection for this research, as the country represents a developing country in the Asia Pacific region, which is generally recognised as the emerging economic power house region for the 21st century. Understanding of this market also provides input about practices that are being diffused from a mature market. However, focusing on Malaysia alone may seem inappropriate because it is not broad enough to generalise the CREM positioning context in other market conditions. This may make the research vulnerable in terms of its validity and generalisability.

Australia – A developed economy and CREM practice, arguably should be more advanced in CREM practices. Australia, which is also located in the Asia-Pacific Region, seemed representative of a mature market condition, especially given that it is comparable to US and UK contexts. It reflects a developed country with a more mature real estate market to give a clearer understanding of what is
happening in CREM positioning in different market conditions. Having both market improves the generalisability of the results to global CREM practices.

Different industries were selected and representative of four industries. They are:

- Retail;
- Telecommunications;
- Education; and
- Logistics.

These industries were selected because of two characteristics. First, the industries illustrate the dimensions of CREM in managing main property types in CRE portfolio. These industries cover the full spectrum of properties involves in running their business. Second, the industries mentioned cover the commercial and non-commercial as discussed in Section 2.2.3. Table 3.3 shows the breakdown of the industries and case studies between Malaysia and Australia. The companies chosen were anonymous for the purpose of this study in accordance with the University of Melbourne ethics procedures.

<table>
<thead>
<tr>
<th>Country</th>
<th>Cases</th>
<th>Cases</th>
<th>Cases</th>
<th>Cases</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Malaysia</td>
<td>Australia</td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>Case 1 Retail</td>
<td>Case 5 Retail</td>
<td>Case 2 Retail</td>
<td>Case 4 Logistics</td>
</tr>
<tr>
<td></td>
<td>ChickBase</td>
<td>Home Bakers</td>
<td>TMC</td>
<td>MalLogistics</td>
</tr>
<tr>
<td></td>
<td>Case 2 Telecommunications</td>
<td>Case 6 Telecommunications</td>
<td>Education (PMU)</td>
<td>Logistics (LL Logistics)</td>
</tr>
<tr>
<td></td>
<td>TMC</td>
<td>TLT</td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td>Case 3 Education</td>
<td></td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td>PMU</td>
<td></td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td></td>
<td>Case 8 Logistics</td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td></td>
<td>LL Logistics</td>
</tr>
</tbody>
</table>

### 3.3.3 Case selections

For this empirical investigation, the researcher recruited eight organisations as case studies with four cases from each country. Table 3.4 shows the rationale of the cases selected for this study. Office types of properties were present in many organisations. Telecommunications industries from both countries use offices as their primary corporate real estate mainly because they are involved more in housing their knowledge workers. However, this is not always apparent in other
type of industries such as retail, education, and logistics. Other property types distribute evenly depending on the nature of business for each organisation.

Table 3.4: Rationale for the four industry types

<table>
<thead>
<tr>
<th>Property Type</th>
<th>Retail</th>
<th>Telco.</th>
<th>Educations</th>
<th>Logistics</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Chick Base</td>
<td>Home Baker</td>
<td>TMC</td>
<td>TLT</td>
</tr>
<tr>
<td>Offices</td>
<td>○</td>
<td>○</td>
<td>●●</td>
<td>Ø</td>
</tr>
<tr>
<td>Industrial-Warehouse</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Industrial-Manufacture</td>
<td>Ø</td>
<td>Ø</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Retail outlets</td>
<td>●●</td>
<td>○●</td>
<td>○</td>
<td>Ø</td>
</tr>
<tr>
<td>Technological-Engineering based</td>
<td></td>
<td></td>
<td></td>
<td>Ø</td>
</tr>
<tr>
<td>Service-delivery-Non-commercial</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Residential</td>
<td></td>
<td></td>
<td></td>
<td>O</td>
</tr>
<tr>
<td>Agricultural</td>
<td>O</td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

○ – Other property types managed  
Ø – Secondary property types for the business  
● – Primary property types for the business

The sample was intentionally small, as the purpose of this study was exploratory and a time-intense qualitative approach was adopted which is not a random sample and it is not be relied upon as a source of statistical inference (Coyne, 1997). The multiple-cases in this study is to seek for robustness in exploring the positioning of CREM inside organisations. Meanwhile, the two real estate market conditions able to provide a better understanding of the positioning to make the study more generalisable in different market conditions.

3.4 Data collection

The possible methods of data collection in case studies are extensive but the methods most commonly used include document reviews, archival record reviews, personal interviews, direct observations, participant-observation, and physical artefacts (Yin, 2003). Each of these methods have their own strengths
and weaknesses and no single source has a complete advantage over any of the others (see Table 3.5). In fact, the various data collection methods are highly complementary and multiple sources of evidence will help to produce an effective case study.

**Table 3.5: Strengths and weakness of data collection methods**

<table>
<thead>
<tr>
<th>Source of evidence</th>
<th>Strengths</th>
<th>Weaknesses</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Document reviews</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td><em>Stable</em>: can be reviewed repeatedly</td>
<td><em>Retrievability</em>: can be low</td>
</tr>
<tr>
<td></td>
<td><em>Unobtrusive</em>: not created as a result of the case study</td>
<td><em>Biased selectivity</em>: if collection is incomplete</td>
</tr>
<tr>
<td></td>
<td><em>Exact</em>: contains exact names, references, and details of an event</td>
<td><em>Reporting bias</em>: reflects bias of author’s purpose</td>
</tr>
<tr>
<td></td>
<td><em>Broad coverage</em>: long span of time, many events, and many settings</td>
<td><em>Access</em>: may be deliberately blocked</td>
</tr>
<tr>
<td><strong>Archival Records</strong></td>
<td>(same as for document reviews)</td>
<td>(same as for document reviews)</td>
</tr>
<tr>
<td></td>
<td><em>Precise and quantitative</em></td>
<td><em>Accessibility due to privacy reasons</em></td>
</tr>
<tr>
<td><strong>Interviews</strong></td>
<td><em>Targeted</em>: focuses directly on case study topic</td>
<td><em>Bias possibly due to poorly constructed questions</em></td>
</tr>
<tr>
<td></td>
<td><em>Insightful</em>: provides perceived causal inferences</td>
<td><em>Response bias</em></td>
</tr>
<tr>
<td></td>
<td></td>
<td><em>Inaccuracies due to poor recall</em></td>
</tr>
<tr>
<td></td>
<td></td>
<td><em>Reflexivity</em>: interviewee gives what interviewer wants to hear</td>
</tr>
<tr>
<td><strong>Direct Observations</strong></td>
<td><em>Reality</em>: real time events</td>
<td><em>Time-consuming</em></td>
</tr>
<tr>
<td></td>
<td><em>Contextual</em>: covers context of event</td>
<td><em>Selectivity</em></td>
</tr>
<tr>
<td></td>
<td></td>
<td><em>Reflexivity</em>: event may change because it is being observed</td>
</tr>
<tr>
<td></td>
<td></td>
<td><em>Costs</em>: hours needed by human observers*</td>
</tr>
<tr>
<td><strong>Participant-Observation</strong></td>
<td>(same as for direct observation)</td>
<td>(same as for direct observation)</td>
</tr>
<tr>
<td></td>
<td><em>Insightful into interpersonal behaviour and motives</em></td>
<td><em>Bias due to investigator’s manipulation of events</em></td>
</tr>
<tr>
<td><strong>Physical Artefacts</strong></td>
<td><em>Insightful into cultural features</em></td>
<td><em>Selectivity</em></td>
</tr>
<tr>
<td></td>
<td><em>Insightful into technical operations</em></td>
<td><em>Availability</em></td>
</tr>
</tbody>
</table>

Source: Adapted from Yin (2003)

Since a positioning problem involves human elements, it is important to have data collection methods that relate to an understanding of human aspects. Archival records were not chosen as a data collection method in this study due to constraints related to privacy concerns. Direct observation and participant-
observation were also excluded since this study focused on CREM roles and strategies, rather detailed operations within the organisations. Meanwhile, physical artefacts were more suitable as a source of evidence when a researcher wanted to examine cultural features and their technical operation, which was not useful to this study. Hence, for this study, document reviews and interviews have been used as sources of evidence as illustrated in Figure 3.2.

![Figure 3.2: Approaches in these case studies](image)

### 3.4.1 Document reviews

The general reason for including document reviews in the data collection was to further help with understanding the interview respondent’s context. Another benefit of using information from documents was that it presented written evidence of the involvement by CREM in the organisation and worked as a means of triangulating the data found from semi-structured interviews. Written data in the form of historical information also provided a context for information gathering and direction setting in the semi-structured interviews (Rubin & Babbie, 2009).

In this study, the main source of documents for analysis was public domain documents such those accessible to the public and included in websites, annual reports, newspaper releases, and magazines (see Table 3.6). Document reviews
were widely used in the case studies even though they have reliability and validity issues (Yin, 2003). Two criteria adopted to overcome the situation were achieved through coherence, and transparency of information (Bauer & Gaskell, 2000). A general understanding of documents is that they are uni-dimensional forms of fixed and static texts (Prior, 2003). Even though the text will figure dominantly, documents that are not essentially textual were also considered. Therefore, document reviews were about investigation into various documented materials to gain insights into related information to the case studies.

<table>
<thead>
<tr>
<th>Document types</th>
<th>Company official website</th>
<th>Annual report</th>
<th>Newspaper releases</th>
<th>Other form of documents (eg. Magazines, memos etc.)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Case 1 (ChickBase)</td>
<td>●</td>
<td>●</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Case 2 (TMC)</td>
<td>●</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Case 3 (PMU)</td>
<td>●</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Case 4 (MalLogistics)</td>
<td>●</td>
<td>●</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Case 5 (Home Bakers)</td>
<td>●</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Case 6 (TLT)</td>
<td>●</td>
<td>●</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Case 7 (BMT University)</td>
<td>●</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Case 8 (LL Logistics)</td>
<td>●</td>
<td>●</td>
<td>●</td>
<td></td>
</tr>
</tbody>
</table>

Document reviews were useful in the beginning of the research to understand the context of a case study, to develop case descriptions, to understand organisational structures, lines of reporting, and the relative transparency of information in an organisation. For example, in understanding the line of reporting and decision makers in the organisation from an organisational structure, the researcher was able to understand to whom CREM reported and how many levels separated it from the top management. In addition, document reviews allowed the corroboration of information gained from interviews and its analysis for coherence.

3.4.2 Semi-structured interviews

This study used semi-structured interviews with CREM executives and their customers. This involved implementing a number of predetermined questions in a research instrument based on the PCDL framework (refer Appendices D and E). The questions were designed based on the four elements in the model. The
research instrument was tested through a pilot interview to check the suitability of the questions in obtaining the needed information to answer the research questions and to assess the duration of the interview. During the real interview sessions, the question template was concealed from respondents so as to keep the process as non-directive and as open-ended as possible. The reason for this was to elicit respondents’ views rather than guide them by any of the researcher’s preconceptions. It allowed the researcher insight into the perceptions and attitudes that were known only to the people that has experienced the phenomenon of CREM positioning.

With the consent of the participants, each of the interviews was audio recorded for the purposes of transcription and data analysis. At the same time, the researcher took notes on an interview sheet while interviewing as part of back-up plan in case of technical fault with the recorder. The note taking also allowed for additional interview questions related to certain issues raised by the participants during the course of the interviews.

Even though this approach sought answers to specific questions the respondents were asked to give opinions on a scenario that directly related to their organisation. This technique was designed to provide a sense of comfort, security, sincerity and to allow a greater depth of information to be obtained. Assurance was giving to the respondent before setting the appointment and at the beginning of the interview session that all information given was confidential and their identity anonymous in reporting within the stipulated procedures for ethical conduct of research set by the University of Melbourne (refer Appendices A and B).

Purposive snowball and sampling was used to identify respondents in the initial phases of research (see Table 3.7). For CREM executives, participants were identified based on specific characteristics, such as responsibility for taking care of CREM matters in the organisation (Morse & Richards, 2002). Then, the CREM executives were asked to identify their customers, referring to key individuals who were dealing with CREM services in the organisation so as to construct
representative CREM customer respondents for this study. One respondent for each role – CREM and customers – were used in each company.

Table 3.7: Selection of respondents

<table>
<thead>
<tr>
<th>Industry/country</th>
<th>Malaysia</th>
<th>Australia</th>
</tr>
</thead>
<tbody>
<tr>
<td>Retail</td>
<td>Case 1 (ChickBase)</td>
<td>Case 5 (Home Bakers)</td>
</tr>
<tr>
<td></td>
<td>CREM Executive 1</td>
<td>CREM Executive 5</td>
</tr>
<tr>
<td></td>
<td>CREM Customer 1</td>
<td>CREM Customer 5</td>
</tr>
<tr>
<td>Telecommunications</td>
<td>Case 2 (TMC)</td>
<td>Case 6 (TLT)</td>
</tr>
<tr>
<td></td>
<td>CREM Executive 2</td>
<td>CREM Executive 6</td>
</tr>
<tr>
<td></td>
<td>CREM Customer 2</td>
<td>CREM Customer 6</td>
</tr>
<tr>
<td>Education</td>
<td>Case 3 (PMU)</td>
<td>Case 7 (BMT University)</td>
</tr>
<tr>
<td></td>
<td>CREM Executive 3</td>
<td>CREM Executive 7</td>
</tr>
<tr>
<td></td>
<td>CREM Customer 3</td>
<td>CREM Customer 7</td>
</tr>
<tr>
<td>Logistics</td>
<td>Case 4 (MalLogistics)</td>
<td>Case 8 (LL Logistics)</td>
</tr>
<tr>
<td></td>
<td>CREM Executive 4</td>
<td>CREM Executive 8</td>
</tr>
<tr>
<td></td>
<td>CREM Customer 4</td>
<td>CREM Customer 8</td>
</tr>
</tbody>
</table>

Selection of respondents was restricted to high ranking management in order to obtain an overall view of CREM positioning in the organisation. This meant that there were a minimum of two interviews from each case representing each party: a CREM executive and a CREM customer. The number of respondents was chosen for its practicality relative to the research time-frame, and also to provide corroborative evidence relating to CREM positioning.

Saunders, Lewis and Thornhill (2000) stated that the major advantage of using an approach with more than one method is that it makes possible for triangulation to occur. In other words, using various methods ensured that the data collected was validated and interpreted correctly. Each data collection method was selected for its ability to generate considerable amounts of descriptive information. This was to ensure capture of the key aspects of the CREM practices and in turn comprehensively inform the study’s three research questions. The overall design of the study was therefore centred on providing exploratory and descriptive insights into a specific case, rather than a stress on generalisability of the
outcomes of each case, and to this extent it was not appropriate to apply any statistical techniques or packages.

3.5 Data analysis

Unlike quantitative research techniques, there is no specific formula to guide a researcher in analysing qualitative data (Wimmer & Domminick, 1994; Creswell, 2009). A qualitative approach means the study of things in their natural setting to make sense of, or to interpret, a situation. Usually, qualitative data comes from small samples of the relevant population or target areas and has the characteristic of revealing complexity through in-depth study to obtain deeper understanding of the problem. The process of inducting theory from qualitative data is unique and tightly linked to data available in the topic areas (Eisenhardt, 1989).

For this study, the researcher used a constant and comparative approach which allowed data to be analysed simultaneously while collecting data from other cases, as adopted by Miles and Huberman (1989). Data analysis in this study involved three stages. They were:

- Document analysis;
- Thematic analysis; and
- Conclusions drawing.

3.5.1 Document analysis

The first analytical technique was the assessment of information from documents in the public domain, such as annual reports, company websites, newspaper releases, and other forms of documents to gain an overview of the CREM department within the organisation. Specifically, the purpose of using information from documents is to locate the CREM department within the organisational structure. It was essential to undertake this exercise in order to understand the CREM lines of communication, the hierarchical separation from top management, the reporting relationships, and to identify CREM customers. This information was also useful as a basis to develop further questions for respondents during interviews.
Document analysis further helped in developing the eight case descriptions of the studied cases. Document analysis involves the researcher objectively examining data that has been gathered and making inferences from that information (Berg, 2001). It provided the context for case development in terms of background, core businesses, geographic coverage, business units and their scope, financial statements, and more. The document analysis also provided a comparison and corroboration of respondents’ perceptions with the organisational arrangements documented by the organisation. For example, where the documents described the role and responsibility of CREM in the organisation, then the interview questions were designed to discover respondents’ perceptions of the role and responsibility they played in the organisation and how those roles were manifested in the positioning of CREM.

3.5.2 Thematic analysis

Thematic analysis was carried out for the data from documents and for the transcribed interviews. Findings from interviews were transcribed verbatim into a text document after listening to the recording. This activity was conducted to allow coding of the transcript into categories using computer software. This was done by identifying dominant themes and then clustering the themes into categories (Merriam, 1988). The coding of the data was facilitated by the use of the qualitative research software package NVivo™ (Richards, 2000). Fundamentally, NVivo™ does two things. First, it supports the storing and manipulation of texts and documents and second, it supports the creation and manipulation of codes (refer Appendix F for a list of codes in this study). NVivo™ makes the process of retrieving information much quicker and makes qualitative analysis easier, more accurate, more reliable, and more transparent (Gibbs, 2002). The software allows data to be coded in two basic forms:

- Free nodes – stand alone nodes and useful when just starting to code; and
- Tree nodes – nodes organised in a hierarchical structure to create themes or ‘parent nodes’ and sub-themes or ‘child nodes’.

As this study is using PCDL Model as the predetermined framework for interviews, the four elements in the model consisting Positioning,
Communication, Delivering performance, and Leveraging were coded as the main themes or parent nodes for data analysis. The four themes represent principal guidelines for data analysis as the researcher has to search for answers to research questions within the data. Meanwhile, the sub-themes existed across cases were grouped together to draw conclusions.

The transcribed interviews were reviewed and related information that emerged from the transcripts was coded underneath the four parent nodes. Information that did not fall under any of the four parent’s node was created as free nodes for re-analysis. As the data were read and re-read, iterative information that emerged from the transcripts was readjusted for suitability in the grouped nodes. Similar procedures were applied to the documents in the study.

### 3.5.3 Conclusions drawing

Conclusion drawing is the final phase of data analysis and is also known as the interpretation phase. It implies giving meaning and sense to the coded data through searching for apparent patterns in the data. Themes and sub-themes were organised in diagrammatic form such as tables, flow charts, and other graphics to be used for analysing patterns in response to the CREM positioning problems. This organised data is for immediate access and in a compact form, so that the researcher could see what was happening and draw justified conclusions or move on to the next step in the analysis which the display may have suggested was useful.

For multiple case studies, data was being analysed constantly from the beginning of the first case through single-case analysis and later was analysed by cross-case methods. The primary reason for cross-case analysis was to deepen the understanding and strengthen the findings by examining patterns, similarities, and differences across cases. Dominant themes were analysed to build a logical chain in understanding CREM positioning strategies in each case and across the cases, for examples in matching the core activities between CREM executives and CREM customers. Results for each of the main themes are presented a chapter at a time in the finding chapters (see Table 3.8).
3.6 Validity and Reliability

CREM positioning inside an organisation is context driven on a case-by-case basis, depending on the nature of the business, and demonstrated evidence from the empirical study. There were issues of trustworthiness, coherence and transferability of instruments within the empirical study that were central to academic discussion. It was necessary to verify those instruments for reliability and validity. In order to overcome this, the quality of the framework was assessed using four quality criteria commonly used in empirical social research (Kidder & Judd, 1986; Pandit, 1996; Yin, 2003). There are construct validity, internal validity, external validity and reliability tests in dealing with the case studies, as outlined in Table 3.9.

Table 3.9: Qualitative quality criteria

<table>
<thead>
<tr>
<th>Criteria</th>
<th>Description</th>
</tr>
</thead>
<tbody>
<tr>
<td>Construct validity</td>
<td>• Achieved from clear documentation of research procedures</td>
</tr>
<tr>
<td></td>
<td>• Establishment of causal relationships</td>
</tr>
<tr>
<td>Internal validity</td>
<td>• Ability to generalise the funding to a broader area of study</td>
</tr>
<tr>
<td>External validity</td>
<td>• The ability to replicate the study’s processes and achieve the same outcomes</td>
</tr>
<tr>
<td>Reliability</td>
<td></td>
</tr>
</tbody>
</table>

Source: Yin (2003)

Construct validity is the criterion which was determined and was found to be representative of the research framework from the CREM and internal branding literature, methods of study, analytical process and the conclusion drawing. An important point here was to establish clear documentation and correct operational measures for the concepts being studied. According to Carmines and Zeller (1979), construct validity should specify the theoretical relationships, examine the empirical relationship between the measures of the concepts, and then empirical
evidence must be interpreted to clarify the construct validity of the particular measure being tested. For this study, the theoretical relationship was developed from the PCDL Model that was established within the marketing body of knowledge and the empirical findings were being measured within that framework as well.

*Internal validity* was achieved through the adoption of multiple data collection methods (Maxwell, 2005). Collecting information using a variety of sources (CREM executives and CREM customers) and methods (semi-structured interviews and document reviews) reduced the bias in the conclusions constructed. Theoretical validation was also achieved from regular discussion with CREM academics and practitioners. Combining all these served as a triangulation of the data to achieve robust results.

Meanwhile, *external validity* was about the transferability or generalisability of the CREM positioning models to other industries or economic contexts. A qualitative study is always concerned with the generalisation issue and there has been a long debate by qualitative methodologists on this matter (Guba & Lincoln, 1994; Miles & Huberman, 1994; Bryne, 2001; Yin, 2003). Generalisations are closely related to theory, the difference being that theory specifies the relationship with variables while generalisations are concerned with the extent to which whatever relationships are uncovered in a particular situation can be expected to be the truth for every situation (Patton, 2002).

A qualitative paradigm achieves generalisability through purposive representative sampling. This means generalisation is based on a specific argument or phenomenon depending on the case study selection procedures (Yin, 2003). In other words, knowledge established based on empirical results may be replicated to different conditions, markets, and times with the same phenomena. The external validity or validity of transferability was explicit in the research design through:

- The selection of organisations that represented two different economic development and national circumstances; and
The selection of organisations from a range of different industries that are representative of the CREM organisational circumstances.

In terms of reliability, Silverman (1999) refers to it as the degree of consistency with which instances are assigned to the same category by different observers, or by the same observer on different occasions. Yin (2003) added that reliability demonstrates the operations of the study such as data collection procedures that can be repeated with the same results. The goal is to be sure that if a later researcher follows the same procedures for the same case study they will reach the same findings and conclusions.

To increase the reliability, there was the use of an interview guide itself as an instrument for increasing reliability by providing a consistent approach within the general principle of allowing openness. The interview guide also acted as coding guide for data analysis being applied across all studied cases. What might have decreased the reliability of the study was that the CREM customer respondents were referred by CREM executives, which may have introduced some bias since they might have nominated someone for the interview with whom they have a good relationship. However, the respondents were advised, and understood from the letter of consent, that the researcher was required to produce an academically acceptable thesis as the research output and all information remained confidential and anonymous. An audio recorder was used during the semi-structured interviews to be able to listen to the interviews again and to prepare transcripts. This strategy produced a balanced interview session that produced positive and negative feedbacks without jeopardising the respondent’s reputation or relationship with others in the organisation.

3.7 Summary

This chapter explained the research design and methodology setting for the conduct of this study using a qualitative paradigm. Subsequently, the main issues of the case study research design were highlighted such as the selection of research sites, involvement of multiple case studies, and the reason for purposeful selection of respondents. In addition, document reviews and semi-structured
interviews based on the PCDL Model were the two data collection methods adopted in this study. Furthermore, this study conducted data analysis through document analysis and thematic analysis to draw conclusions. In short, this chapter addressed the validity and reliability of the research methodology used in the study.
CHAPTER FOUR
_____________________________________

CASE DESCRIPTIONS

4.1 Introduction

This chapter discusses the results gathered from all case studies in both countries; the developing (Malaysia) and developed (Australia). As discussed in the research methodology chapter (Chapter Three), this study was undertaken to explore the application of the branding framework in positioning CREM within organisations. Presentation of the findings will be based on qualitative input from the document reviews and semi-structured interviews.

This chapter has two sections. First, it presents the CREM practices from cases in Malaysia. This is important to explain the strategies, activities, and organisational structure of CREM in the cases selected from this developing country. Second, it presents the CREM practices from cases in Australia. The findings about CREM from this developed country are able to provide some insights into the differences between CREM in Malaysia and Australia.

4.2 CREM practices in developing country (Malaysia)

CREM in Malaysia is still considered a new real estate management area despite rapid development in Malaysian corporate business. All four cases from the four different industries were found to have specialised organisational structures with a variety of CREM strategies depending on the core business (see Appendix G). It was found that organisations with many distribution centres or outlets, such as ChickBase (retail) and MalLogistics (logistic), routinely have more real estate when compared to other cases. A reason for this focus was that their outlets where the forefront image for these organisations, functioning as the marketing purpose of the potential customers. An important job for CREM executives was to secure the location of the outlets in order to protect the existing goodwill of the business.
In addition, unstable property prices and stiff competition contributed to this strategy. As a result, there is a shift in practice by these organisations from leasing towards owning their own properties.

In all cases, CREM department held responsible for managing all real estate activities from the feasibility study, buying, renovation, property development, property maintenance and also the disposal of properties. There are three cases (ChickBase, PMU and MalLogistics) use the physical assets for their benefit. All these organisations use their assets for marketing purposes. ChickBase used its strategic location for its outlets to capture potential customers and to capture market from its restaurant. PMU used its physical environment to attract new students into university, while MalLogistics use its physical assets to establish a positive corporate image to gain customers’ confidence.

The CREM structure within organisations in Malaysia can be divided into two types of reporting line. First, CREM reported directly to the key-decision makers (CEO). This structure was found within organisations with extensive real estate outlets scattered at different geographic sites (ChickBase, PMU and MalLogistics). There is a high involvement of physical asset in the operation of their core business. A failure in the management of these physical assets can contribute to business failure. Second, CREM is structured away from the key decision maker (CEO) in the reporting line. TMC located its CREM under support service department and the activities were more inclined towards facility management. CREM practices in Malaysian cases are explained in detail in the next section.

4.2.1 Malaysian retail - ChickBase

ChickBase is a leading integrated food services group located in the Association of Southeast Asian Nations (ASEAN) region. Its core business is a chicken based retail business involving restaurants and poultry retail outlets. These are supported with poultry farming and processing and several ancillary businesses (see Figure 4.1). Currently, ChickBase operates more than 820 restaurants across Malaysia,
Singapore, and Brunei. ChickBase has expanded from a small company into a conglomerate with 26,000 employees (ChickBase’s Annual Report 2011).

As an integrated retail organisation based on poultry, ChickBase’s operations are quite straightforward to understand. The main objective of CREM strategies is to make sure all retail related activities are running smoothly from farming through to marketing and selling the end product. ChickBase has a total value of properties on its balance sheet amounting to RM 1.3 billion (AUD 0.4 billion).² Most of the company assets are attached to:

- Restaurants and equipment;
- Head office building;
- Processing plants;
- Agricultural Land; and

² Exchange rate for AUD 1=RM3.25 on 8th July 2013 from www.commbank.com.au
Most of ChickBase’s restaurants and head office building are located in prime areas with high visibility, good traffic, and easy accessibility. These types of premises are large in number and have a high rental rate due to high demand. The majority of the restaurants are based on leases of three to 15 years. However, a recent change in management policy shows that the company is inclining towards adopting a buying and owning policy for their outlets rather than leasing. Impacts from the change in policy have helped to change the perception and landscape of property management in ChickBase. This change has also transformed the management from reactive to proactive and looking for opportunities to generate income from internal rent and capital appreciation from the properties.

The organisational structure for ChickBase is based on a functional structure carrying out a specialised set of tasks which are being used largely for organisations that produce standardised goods or services at a large volume and low cost (see Appendix G). The organisational structure indicated that the Director of Legal, Properties, and Corporate Services reports directly to the Managing Director. CREM structures at the same level as with other departments such as finance, human Resources, and manufacturing. Being able to report directly to the CEO means the CREM representative has access to the strategic management level in ChickBase. Another interesting point from this structure is that the property function within the same department with legal and corporate services. This is a supportive situation for CREM because when all these three elements are important in a property transaction, especially when property matters need to comply with a lot of legal and internal corporate services issues. This arrangement provides a foundation for CREM to participate in decision-making processes, and thus to some extent has direct communication to key decision makers in relation to CREM matters.

4.2.2 Malaysian telecommunications – TMC

TMC is the largest integrated telecommunications provider in Malaysia and one of Asia’s leading communication companies. With workforce of 24,722 employees, TMC’s vision is to be a leading communication technologies provider in delivering cutting edge communication, information, and entertainment
services through innovation to both local and international customers (TMC Annual Report 2012). TMC has property, plant, and equipment on its balance sheet to the total value of RM22 billion (AUD 6.7 billion) as of 2012. In TMC’s holdings these assets are split into freehold and leasehold assets, with the proportion of leasehold assets being double the value of assets in freehold ownership (Table 4.1).

### Table 4.1: Asset allocation for TMC

<table>
<thead>
<tr>
<th>Core assets</th>
<th>Supporting assets</th>
</tr>
</thead>
<tbody>
<tr>
<td>Transmission stations</td>
<td>Office buildings</td>
</tr>
<tr>
<td>Telecommunication exchanges</td>
<td>Warehouses</td>
</tr>
<tr>
<td>Telecommunication towers</td>
<td>Business outlets</td>
</tr>
<tr>
<td></td>
<td>University or training centres</td>
</tr>
</tbody>
</table>


The core businesses for TMC solely focus on telecommunications products and services. The businesses can be categorised into four sections as:

- Retail (individual consumer, small and medium enterprise, and government agencies);
- Wholesale (fibre optic provider to licensed operators);
- Global (telecommunication business overseas); and
- Support business (University, property management, fleet management, and security management) (TMC Website 2012).

TMC established its structure based on the division of market segments among its businesses. It has a formal organisational structure with clearly defined lines of responsibility and accountability aligned to its business operations (see Appendix G). For example, the Executive Vice-President (Consumer) handles one business unit in the Retail Division under the scope of consumer telecommunications business.

The property department that conducts CREM function is set up under the Vice President of Support Business with other support businesses such as the

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3 *Exchange rate for AUD 1=RM3.25 on 8th July 2013 from www.commbank.com.au*
university, security, and fleet management. The support business reporting line is located under Group Chief Financial Officer who is also responsible for Wholesale and Global business units. Therefore, the CREM function is three levels below, the Board of Directors and needs to communicate through the Executive Vice-President Support Business, then the Group Financial Officer to reach the Group Chief Executive Officer.

The property department looks after property operations in terms of maintenance, housekeeping, structural repair, and upkeep of mechanical installations in network and non-network buildings. It is the property department’s responsibility to ensure all building regulations are complied with, energy consumption is minimised, and consulting other departments on building related operations.

4.2.3 Malaysian education – PMU

PMU began in 1971 as an agricultural-based university being a government owned entity. PMU has since expanded into various disciplines such as engineering, medical sciences, pure sciences, economic management, education, languages and communication, and many other fields. PMU has 31,955 local and international students in the undergraduate and postgraduate levels (PMU Website 2012). As well, PMU has 4,589 academics including research fellows and visiting academics, locally and internationally.

Academic activities are the main core business for PMU. This involves teaching, research, training, consultation, and industry collaboration. The principal objectives are:

- To become a renowned research university;
- Become a centre of excellence in agriculture, education and research;
- Broaden and strengthen its network with industry and society;
- To manage human capital and the work environment effectively;
- To enhance quality management systems;
- To generate and manage financial resources for PMU;
To be fully connected based on information and communication technology; and
To strengthen the involvement of alumni with PMU (PMU Website 2012)

This diversity of objectives still lies within the education business as the university’s focus. Other business areas are the spin-off from education activities such as research and innovation arising from academic endeavour and the commercialisation of products from its research.

PMU’s campus is on 1,108.1 hectares of land located within the Malaysian capital city of Kuala Lumpur. Even though it is located on a huge piece of land, rapid development inside the campus and in surrounding areas limits the capacity for future expansion outside this site due to high land prices outside the main site. PMU stresses the use of its environment to its advantage in achieving its missions, especially in the human capital enhancement of the students and staff. This translates into the use of the campus environment to create conducive learning environments.

The main customer for CREM in PMU is the faculties. It is the intention of its customers to attract as much student they can. While, the PMU’s physical environment setting includes physical, administrative, and social setting to support a productive learning culture to support the faculties’ goals. CREM in PMU plays important role to make full use of the physical environment in attracting students. Facilities such as learning environments, laboratories, accommodation, and the natural vicinity are part of the package for students and staff in PMU.

The organisational structure for PMU begins with Board of Directors at the top of the hierarchy (PMU Website 2012). The Board decides the direction of the organisation aligned with the policy of the Ministry of Higher Education of Malaysia. The key person in PMU’s management is the Vice Chancellor who is responsible for the administration and daily operations of the university’s core businesses.
The CREM function is structured as a Development and Asset Management Department and reports directly to the Vice Chancellor of PMU. The department’s mission is to be the centre of physical development, asset maintenance management, and to provide infrastructure for learning and research in PMU (PMU Website 2012). Its main roles are divided into three main functions involving the administration and finance division, project management division, and maintenance division. Specifically, CREM function in PMU involves in:

- Project Management – To provide physical facilities and infrastructure;
- Facility Management – Maintenance of facilities, buildings, and infrastructure within the campus;
- Management Consultancy – Provide technical expertise, including the need to meet environmental standards;
- Project Financing – Search for and obtain financial resources for development projects; and
- Property Control Role – To be the controller of the property in PMU (PMU Website 2012).

4.2.4 **Malaysian logistic - MalLogistics**

MalLogistics is a leading postal services company that operates with 15,780 staff to provide postal-related services, transport logistics, counter collection, and payment services such as bill payments, remittance, and insurance (MalLogistics Annual Report 2012). The company holds an exclusive concession to provide mail services through its network of 1,217 outlets throughout Malaysia with total property and assets valued at RM 1.1 billion (AUD 0.34 billion).^4

MalLogistics’ core businesses focus on the mail businesses, courier, and mail-related retail business. These core businesses are also the CREM’s customers within MalLogistics. Mail businesses are the largest contributor to company revenue with 62 per cent of total revenue as of 2012 (see Figure 4.2). As technological alternatives to mail grow, this service is declining in demand and the company has started to deploy into different market segments. Corporate Mail Management is a new venture as of 2009 for MalLogistics capitalising on new business opportunities providing hybrid mail business and data processing services for corporations. The courier business is the second largest revenue contribution to MalLogistics with 20.8 per cent and the company has 27 per cent market share as the leading domestic courier company in Malaysia. With the largest footprint in the country in terms of logistics outlets, MalLogistics offers a variety of mail related products and services to customers. Channels such as over-the-counter and self-service terminals at the outlets were used to craft a new retail strategy for over-the-counter financial services, insurance products and services, postal products, and merchandise selling.
The increase in the number and variety of digital media, and changing customer behaviour in recent years, has caused a decline in demand for postal related services. As a result, MalLogistics undertook a transformation plan to respond to these changes. The three year transformation plan began in 2009 and was to anchor a clear strategic direction to develop a more customer-centric environment in a convenient and easy access environment along with efficient operations to allow the group to pursue new business opportunities. The most obvious property role in this transformation plan is the changing image of MalLogistics’ outlets. Refurbishment of current outlets and front offices in headquarters and regional offices into a refreshing new image to help gain customer trust and increased customer satisfaction. The CREM department played important roles in leveraging these physical assets, especially through project planning, contractors’ appointment, material selections, and project monitoring throughout Malaysia.

The majority of MalLogistics’ buildings were in the form of long term leases from the government. These buildings are located in strategic locations in large cities and small towns across Malaysia. Most of the buildings are used for postal related businesses. However, most of the buildings are in poor condition due to bad maintenance before they were handed to MalLogistics. The majority of the buildings requires refurbishment and renovation due to damage or from wear and tear in the buildings.

The MalLogistics divided its structured into forms (see Appendix G). The first is the Strategic Business Units (SBU) that operate the mail, courier, and mail-related businesses. These business units are the income generating part of MalLogistics. The second is a range of support services ranging from finance, marketing, transportation, property, and others that serve the needs of the SBUs to ensure their mail operations run smoothly. All strategic business units and support services report directly to the Group Managing Director. The CREM function for MalLogistics are located under Group Property and Corporate Insurance that report directly to the Group Managing Director.
Apart from the renovation and maintenance activities noted above, CREM is involved with buying and selling properties required for the MalLogistics business needs.\(^5\) This activity is based on requests from business units because all the funds to buy come from them. The CREM department handles the process from the beginning until the property is transferred to the SBUs. As well, the CREM department reviews the tenancy agreements, handles property taxation, and any other physical property related activities. Being a support function, CREM function does not have their own funds and the activities of the department are based on instructions from SBUs. Decisions to buy assets or other property matters only occur when there is a need initiated by the SBUs. This shows that even though the CREM function reports directly to the Group Managing Director as the strategic decision maker, CREM operate as a reactive department. All projects executed by the CREM department are driven by SBUs.

4.3 CREM practices in a developed country (Australia)

CREM in Australia plays a slightly different role compares to CREM in Malaysian cases. Even though CREM still plays its role as the supporting function but its roles expand beyond cost saving only. It was found that CREM is involved with income generating activities, mergers and acquisitions, relocations, and organisational value propositions. For example, in the education case (BMT University) CREM involves in helping core business operations to generate funding for the organisation and in the telecommunication case (TLT), CREM played significant a role in generating income from sales and leasebacks.

All of the Australian companies manage its physical assets through CREM central management. All the property activities including leasing, buying, selling, and managing of properties across business units have to gone through CREM. The centralised management of assets allowed CREM to access all information for planning purposes. In addition, CREM has the advantage to convey its contributions to senior management in justifying CREM contributions, especially

\(^5\) We have many renovation works and search for new buildings for refurbishment. We do buy buildings but it depends on the request from business units. We don’t buy building ourselves. We are more as the support unit to the business units. (CREM Executive 4)
related to the CREM role in balance sheet movement. In addition, Australian cases were also ahead in terms of space charging. The majority of Australian cases charged their business units for the space they used. The benefits of this strategy to organisations were in terms of space and financial management. Organisations have better control over space utilisation and reduce excessive space usage by business units.

In terms of organisational structure, CREM in the Australian cases has more communication layers separating them from the ultimate decision makers (CEO and board of directors), when compared to the Malaysian cases. The line of reporting also varies depending on the organisation. The majority of cases (3 out of 4) have multiple layers of line of reporting before getting to CEO. It seems that Australian cases have a more remote CREM structure compared to Malaysian cases. This structure is against the argument that the more advanced CREM is closer to the strategic level. CREM practices in the Australian cases are explained in detail in the next section.

4.3.1 Australian retail – Home Bakers

Home Bakers operated more than 700 bakeries worldwide with 650 of them in Australia, as of 2013. The company has turnover of more than AUD575 million in 2012 and a market capture of 13.1 per cent of Australia’s bread market (Home Bakers Website 2013). The strength of this company lies in its strong brand that emphasises the freshness of their products. This represents Home Bakers’ value proposition for attracting customers who are committed to high quality fresh bread.

The core business of the company is its bakery franchise business. This lies in the expertise and authenticity of its bakers and baking methods in line with the demand from the consumer for high quality fresh and natural products. As the company adopted a franchise business model, Home Bakers is involved in a full range of support services to franchisees, including:

- Marketing – advertising, public relations, sponsorship, local marketing, research, design and product development;
• Training – franchisee and bakery staff development programs;
• Finance – financial assistance including rostering and payroll systems, disclosure of group interests, negotiating bakery public liability insurance;
• Point of sale – cash flow, reporting and customer loyalty programs;
• Human resource – industrial relations, employee relations and relevant legislation;
• Operations – over 55 operations’ staff across Australia/New Zealand acting as a business partner to franchisees. Product safety and occupation health and safety standards;
• Property – locating viable precincts and negotiating leases directly with the landlords; and
• Purchasing – group purchasing arrangements (Home Bakers Website 2012).

The CREM function for Home Bakers is structure under the Supply Chain, Property and Projects department (see Appendix G). The CREM function is part of the support packages offered to franchisees. The CREM department in Home Bakers is set up along with projects, supply chain management, and lawyers. This confers advantages in managing the property activities, especially when supply chain management is directly related to the physical location of outlets. At the same time, company lawyers in the same department help to deal with leasing and property legal issues in the company.

In practice, the CREM function represents Home Bakers and franchisees in negotiating leases with the landlords. This benefits Home Bakers and franchisees because this carries both strong bargaining power and strong financial back-up compared to negotiations by individual franchisees. This means that every property transaction or lease agreement is with Home Bakers corporate centre and they are responsible for paying the rent to landlords. The CREM function represents Home Bakers as the tenant even though the leases are paid from the franchisees’ accounts.6 Meanwhile, the CREM function collects the rent from the franchisees and pays me and all the bills. So I hold the leases and the franchisees as the sub-tenant. (CREM Executive 5)
franchisees every month (see Figure 4.3). This concept is different from other franchise models that leave the franchisees to manage their own outlets. The outlets are managed through State Property Managers based on the geographical arrangement. There is a challenge using this structure, especially when the franchisees are not making enough money to pay the rent. In these cases, Home Bakers settles the payment itself. This happens because the agreement is between the landlord and the Home Bakers, not the franchisees. Therefore, Home Bakers accepts the liability and puts itself at risk in having to assist the franchisee to be successful.

![Figure 4.3: Lease management in Home Bakers](image)

The main customers for CREM are the supply chain team and franchisees. Property works closely with the supply chain team in making sure an outlet opened by a franchisee is successful. The CREM decision on a site is based on feasibility studies and parameters set by Home Bakers. That is why, apart from property matters, the Property and Supply Chain Management department is also responsible for undertaking the feasibility studies of a potential outlet that is going to open with important consideration of the mix of nearby tenants and market capture around the area.

The CREM function in Home Bakers outsources most of the property activities involving outlet management, such as renovations, refurbishment, maintenance, and also in searching for new outlets. However, CREM control and monitor the activities centrally based on the feedback from its State Property Managers.
4.3.2 Australian telecommunications – TLT

TLT is the largest provider of local and long distance telephone services, mobile services, dial-up, wireless, and cable internet access in Australia with total asset value of AUD30 billion, as of 2012. To maintain its status, TLT aims to continue improving customer satisfaction, reducing costs by simplifying business processes, retaining and acquiring customers by leveraging its own network leadership, and continually investing in long-term growth (TLT Annual Report 2012). TLT remains the dominant and largest provider of fixed line services including home phone and business due to owning the majority of the Australian copper telecommunications network (TLT Annual Report 2012). A significant portion of TLT’s network installation and maintenance is outsourced to private contractors.

At a product level, TLT continues to see growth in its mobile and internet protocol products that offset the decline of its traditional fixed line revenue. The introduction of bundled and broadband pricing has attracted more customers to company accounts. To simplify the business model, TLT’s core businesses are divided into five main business units or business segments. These are also becoming CREM customers within TLT. They are:

- Consumer (telecommunication products and solutions to individual consumers);
- Business (business partners to small and medium businesses);
- Enterprise and government (telecommunication solutions for enterprise and government agencies);
- Media and advertising (media advertising and business directories); and
- Wholesale (telecommunication service to other licensed operators at wholesale customers) (TLT Annual Report 2012).

TLT owned property assets are in various forms, consisting of telephone exchanges, mobile towers, shops, residences, offices, data centres and many more (see Table 4.2). These diverse properties are widespread geographically depending on the required purposes. TLT leases approximately one million square metres of office space around Australia. During the 2012 financial year, TLT also
managed to generate revenue from office leasing, land leasing, and joint venture projects in developing its excess land into residential, retail outlets, or office buildings.

Table 4.2: Type of assets under TLT

<table>
<thead>
<tr>
<th>Core communication assets</th>
<th>Buildings</th>
<th>Other plant and equipment</th>
</tr>
</thead>
<tbody>
<tr>
<td>• Network land and buildings</td>
<td>Owned and leased buildings:</td>
<td>• IT equipment</td>
</tr>
<tr>
<td>• Network support infrastructure</td>
<td>• Retail outlets</td>
<td>• Motor vehicles</td>
</tr>
<tr>
<td>• Access fixed line telephones</td>
<td>• Offices</td>
<td>• Other plant and equipment</td>
</tr>
<tr>
<td>• Mobile towers</td>
<td>• Land</td>
<td></td>
</tr>
<tr>
<td>• Core network – switch centre</td>
<td></td>
<td></td>
</tr>
<tr>
<td>• Telephone exchanges</td>
<td></td>
<td></td>
</tr>
<tr>
<td>• Network products</td>
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</tbody>
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TLT’s organisational structure begins with Board of Directors at the top of organisation followed by the Chief Executive Officer. The structure is designed to serve the core businesses which are the telecommunications products to consumer, business, enterprise and government, and media and advertising products (see Appendix G).

The CREM function is structured under the procurement function which reports to the Chief Financial Officer (CFO). The CFO handles finance and administration activities which also encompass the company’s corporate planning, accounting and administration, credit management, billing, treasury, risk management, investor relations, and procurement (TLT Annual Report 2012). The Director of Property is responsible for matching the shareholder funds invested and spent on real estate to minimise TLT’s property costs. This responsibility embraces leasing, facility management, asset management, and how property adds value to

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7 I report to the head of procurement that sit under the finance and administration division in the organisation. I have overall accountability to manage the shareholder fund including the real estate. The finance department head by the CFO. My primary accountability to match the shareholder fund invested in real estate and effectively minimise the cost base of the property while meeting the business unit’s needs. So that the ultimate accountability whether it’s the strategy, finance, procurement, and development that involve real estate must suit with the organisational needs. It’s all ultimately relate to how we know we get the best out of their portfolio in term of return of investment capital and the cost provided with the solution we got. (CREM Executive 6)
TLT’s operations and wealth. Ultimately, this relates to how the CREM function get the best out of TLT’s portfolio in terms of return of investment capital and the cost of the property solutions for the business.

The CREM function in TLT uses cost saving to highlight its importance. The cost reduction strategy conducted through reducing the property footprint. An example of this strategy occurred following the consolidation of its property footprint in Brisbane offices into new state headquarters in 2009. Also, this consolidation strategy has reduced a significant number of leased spaces in Sydney and Melbourne which reduced the overall rental expenses for TLT.

4.3.3 Australian education – BMT University

The BMT University is one of Australia’s oldest universities being founded over 150 years ago. Similar to the Malaysian education case (PMU), the BMT University has several campuses across Victoria, Australia, but the main one is located in an inner suburb close to the Melbourne city business district. BMT University has consistently ranked as a major national university and among the largest receivers of government research funds. BMT University has 44,855 students with over 10,647 (23.7 per cent) being international students from 129 countries throughout the world, with Malaysia, Singapore, and Indonesia as the leading sources of such students (BMT University Annual Report 2012).

The consolidated BMT University group at the end of 2012 has property, plant and equipment asset value of more than AUD3.5 billion with 85 per cent represented by land and buildings and 6.2 per cent in its library collections (BMT University Annual Report 2012). Capital expenditure is funded through a combination of annual operating surplus, government funds for capital purposes, external third party contributions, and borrowings.

The main campus is the central administration for student and staff activities at the BMT University. It houses the central administration, faculties, colleges, laboratories, and many more facilities. This main campus is a place where most of the teaching and research activities occur. The university promotes a sustainable
campus environment through ‘Green Star’ ratings for new buildings, better waste management, and the minimisation of power consumption. In addition, the campus environment and physical facilities also work as marketing tools in attracting new students to BMT University. In addition, learning space are an ongoing priority for the BMT University including virtual and physical spaces both in and out of class. These include the importance of informal spaces as part of the educational interactions. Since 2002, BMT University has transformed shared learning spaces into ‘learning precincts’ in terms of disciplinary-based teaching and learning styles.

Core businesses for BMT University are related to the education business and the commercialisation of knowledge including teaching and learning, knowledge transfer, research, and commercial engagement. Creation of teaching and learning experiences in BMT University occur through a collaborative environment, participation beyond the classroom, respect for other viewpoints, guidance from staff, and compliance with academic scholarship. Additionally, knowledge transfer activities range from partnership with external organisations, commercial development of research, and appearances in the media and at public forums. BMT University also has seen continued success in securing significant government funding for research infrastructure in priority areas. Thus more research budgets means the university has the opportunity to develop more physical buildings and facilities. This needs strong partnership between academics from the faculties or centres with CREM executives in submitting a viable proposal for research infrastructure funding. Commercial engagement occurs through close relationships with the wider community to fulfil business needs involving a direct and commercially responsive access to the university consulting capability, intellectual property, customised education programs, and licensed curricula.

BMT University’s organisational structure highlighted the importance of core businesses, which are teaching and learning, and research (see Appendix G). Other administrative functions such as human resources, information technology, and finance work to support these businesses. In this case, CREM’s customers are
the faculties and graduate schools that in turn serve students as their main customers. CREM reporting line structured three layers below the Council (similar to BOD). The reporting line begins with Head of University Services, then the Senior Vice-Principal followed by the Vice-Chancellor before it reached to Council.

The CREM department for BMT University is called the Property and Campus Services (PCS) department. This department is responsible for managing the development and operations of the university’s properties in accordance with the design standards, university policies, statutory requirements, and government legislation (BMT University Website 2012). Specifically, CREM function in BMT University act as:

- Asset servicing;
- Campus planning and operations;
- Corporate support and procurement;
- Project delivery; and
- Sustainability strategy and engagement.

This puts a strong focus on facility management activities in ensuring the campus environment effectively supports the BMT University’s business.

4.3.4 Australian logistic – LL Logistics

LL Logistics is the leading Australian provider of integrated logistics services with annual revenue of AUD8.71 billion as of 2012 (LL Logistics Annual Report 2012). It operates an extensive network of over 1200 sites throughout more than 50 countries across the world, predominantly in Australia and New Zealand. The aim of LL Logistics is to deliver the best practice in supply chain management for its diverse customer base. LL Logistics has access to all types of transportation facilities including road fleets, warehousing, ships, air freight, ports, and railways.

Globalisation has been one of the most powerful forces linking individuals, groups, companies and countries in recent years. Globalisation makes LL Logistics increasingly interconnected and interdependent. Advances in
technologies and telecommunications have major implications for the nature of international trade where it is increasingly possible to link high productivity technologies to lower cost labour through logistical networks. The interconnectedness between local logistics into global logistics and supply chains can involve thousands of links across multiple partners, multiple countries, and multiple time zones. As a result, supply chains are becoming more complex, spanning borders and countries worldwide.

As recorded in the LL Logistics Annual Report in 2012, LL Logistics owned a total of AUD 2 billion in property, plant and equipment under its non-current assets. Occupancy and property costs for LL Logistics are the third highest cost after transportation and logistics, and employee costs. LL Logistics owns in excess of three million square metres of warehouse space in Australia, New Zealand, and Asia. The group property assets are in the form of:

- **Warehouses:** As Australia’s largest fully integrated logistics provider, LL Logistics has a number of warehouses and distribution centres with large capabilities in different locations either close to transport links such as freeways, airports or close to industry centralised areas;

- **Terminal and ports:** These types of properties are mostly leased from local councils by LL Logistics to run logistic activities. They are held in various locations around the world, depending on the centre of distribution;

- **Headquarters and Department offices:** Most such offices are small- to medium- sized offices. Some department or site offices are located close to terminals, ports, warehouses, or distribution centres; and

- **Investment property:** This type of property is treated as a separate accounting item from core business properties in the balance sheet (LL Logistics Annual Report 2012).  

LL Logistics has grown significantly since 2001 due to extensive mergers and acquisitions of other companies. Mergers and acquisitions could affect the transferring of another organisation’s assets and liabilities which need to be assessed properly. The benefits of these activities are that they can generate cost
efficiency through economies of scale, enhanced revenue through market gain, and even generate tax gains.

LL Logistics’ objective is to achieve the highest level of service to customers with a focus on market sectors such as automotive, defence and government, manufacturing, mining and resources, retail and fast moving consumer goods (FMCG), and the steel industry. Services include a range of logistic types such as road, air, project management, warehousing and distribution, and personnel placements.

The CREM department in LL Logistics is named the Property Division. CREM services are undertaken by LL Logistics’ corporate headquarters along with Company Secretarial and Legal, Corporate Affairs, Accounting, Human Resources, and Group Information Technology (see Appendix G). These services are shared with all the business units in the group. CREM responsibility in this group is handling physical matters in supporting the group’s core businesses such as property-related key business risks, employee safety, hazardous goods cartage, workplace conditions, new construction, and property management. The CREM department plays important roles in decision-making relating to property matters as the property commitment falls under the non-cancellable operating lease commitments as a long-term commitment to the company. Acquisitions of other companies also involve a lot of property commitments that impact LL Logistics.

4.4 Summary

In summary, more case studies in this study established CREM function to support core businesses without the objective of generating profit. However, a profit generation activities still can be made using justifications from the cost saving activities such as saving footprint reduction, property transaction, and proper management of properties. In this study, a CREM function normally resides in the finance department under the management of the Chief Financial Officer and thus are several layers below the key decision maker, the Chief Executive Officer. However, several organisations structured the CREM department to directly report to the Chief Executive Officer. This occurred in
organisations with high involvement in property activities such as retail and logistics organisations.

The organisational arrangements for both countries are quite similar. Australian cases seem remotely structured from the CEO but CREM in these cases found to have more freedom in generating income for organisations through real estate activities. The same type of industry is inclined to have a similar organisational structure, including in structuring CREM function. A CREM customer in an organisation is depending on the organisation’s core business. Understanding the CREM arrangement within an organisational structure provided an overview of the CREM role in supporting an organisation’s core business. The next section in this chapter takes a closer look at positioning elements from PCDL Model applied by CREM.
CHAPTER FIVE

THE ‘POSITIONING’ ELEMENT IN CREM

5. 1  Introduction

The purpose of this chapter is to present the evidence from the study’s organisation relating to the positioning or ‘P’ element of the PCDL Model, as applied to CREM practices. The positioning elements in this chapter is about the technical positioning within the boundary of CREM activities and organisational structure which is different than the main research problem that about the mental positioning phenomenon. In this chapter, ‘positioning’ is used to mean a specific bundle of activities that create the CREM value for its customers rather than the general term to describe the mental phenomenon related to CREM’s relationship inside its organisations.

The analysis presented in this chapter is based on empirical findings from the thematic analysis and document analysis drawn from the studied organisations. None of the studied organisations provide exemplary instances of CREM positioning so rather than presenting ‘best practice’ evidence from individual organisations, what this chapter documents is the aggregate of the organisations’ CREM practices and reinterprets them as positioning activities. This is important to show how these CREM practices create its brand and to show how CREM’s customers are important in co-creating the CREM position. It is also critical to know this element in order to understand the delivery of the performance under the ‘D’ element in the model presented in later Chapter Seven.

The chapter presents evidence thematically organised around the five following points:

- Challenges faced by CREM within organisations;
- Defining the positioning boundary;
• Identifying CREM core competencies;
• Defining a CREM brand statement; and
• Presenting possible improvements in CREM positioning.

5.2 CREM positioning challenges

The analysis showed that a number of common challenges were faced in the positioning of CREM. These included:

• Understanding the diversity of internal customers;
• Dealing with a cost-centre perception; and
• Operational overloads.

5.2.1 Understanding the diversity of internal customers

One of the challenges in CREM positioning was dealing with conflicting demands for different business units. This existed in the form of diversity of the CREM customers that resulted in conflicting demands from business units in the organisations.

The first form of diversity argument is the different business types evident in the case studies can be seen in the property types discussed in Chapter Four. A recap of asset types represented the following characteristics:

• Retail – hundreds of thousands of square metres across multiple sites in different locations across several countries. The two companies in this study were ChickBase (Malaysia) and Home Bakers (Australia), each with more than 800 and 700 outlets respectively;
• Telecommunications – major properties involved with transmission stations, telecommunication towers, specialised premises, retail outlets, office buildings, and other communication assets. TMC (Malaysia) and TLT (Australia) were the two relevant companies with a huge number of physical assets used to support the telecommunication businesses;

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8 It not so much that one is more difficult than the others. It varies. Dealing with the diversity of the clients, that’s probably the biggest challenge. (CREM Executive 7)
Education – located on extensive land in prime locations to cater for education activities. The locations are near to central business districts, an area with rapid development, good transportation facilities, scarce land supply, limitation in business expansion, and high land values. Both PMU (Malaysia) and BMT University (Australia) were located in big pieces of land. BMT University located on 1,108 hectares of land with total value more than AUD 3 billion;

Logistics – these organisations require huge amounts of space for storage and distribution. Extensive physical usages in terms of warehousing in the operations. MalLogistics (Malaysia) and LL Logistics (Australia) occupy millions of square meters of warehouses scattered across different countries.

Each organisation has different core businesses with a different scope of CREM activities ranging from location selection, renovations, property management, lease negotiations, buy and sell properties, and procurement activities. Therefore, CREM has to understand a business’ requirements before it can deliver services. There is a need for a familiarisation process with the business, whether it is the strategic or operational level for CREM to address.

For example, ChickBase (retail) is different from a telecommunications organisation that is required to manage hundreds of thousands of square meters of space across 700 sites around the country, whilst the CREM operations in TLT (telecommunications) were involved with big offices and centralised IT centres with needs for backup systems. The TLT requirement was for twenty-four hour attention, scheduled maintenance, and a minimum time for response in the case of failure. Meanwhile, cases with large office buildings require knowledge of managing high-rise building facilities, advanced lifts, centralised air-conditioning systems, exterior cleaning activities and more, which was a quite different

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9 The challenge is to understand what is the requirement of the business unit before I can deliver my services. I need to familiarise myself with the nature of their work at their management level and also their operational level. I need to know what facilities they need and how they use them and so on. (CREM Executive 4)
requirement compared to managing small scattered outlets. These differences required different CREM strategies in getting the business units run their operations smoothly.10

In coping with the differences, the CREM function could not just have one strategy for all business units. Business units wanted CREM to understand their various needs and manage their property portfolio individually.11 Even though business units may share the same vision or mission in an organisation, every business unit has its own assets. This is something that CREM customers expected CREM executives to take into consideration when planning service delivery.12 The diversity of business units and their property types come with a variety of requirements to fulfil their core business operations.

This challenge increased for organisations that faced transformations, such as the corporatisation of MalLogistics. In this case, dealing with property matters in the transformation, there were cultural and structural issues within the organisations in building a healthy relationship. The challenge for CREM was to understand this diversity in order to provide property solutions to the business. A further explanation of the business drivers and relationships to CREM objectives is outlined in Section 5.3.2.

### 5.2.2 Dealing with a cost-centre perception

One of the biggest challenges for CREM executives in CREM positioning was dealing with the customer’s perception that CREM was just a cost-centre. Most often, CREM executives have to confront the issue raised by customers and management in reviewing an organisation’s profit and loss. For instance, in Home Bakers, customers accused the CREM function of consuming more resources

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10 I can’t just come and do my job as a property person who didn’t know what the business is actually doing. It all comes back to the core business of the company. (CREM Executive 8)

11 Their knowledge I suppose and their ability to fulfil your specific property requirements. It range from finding your property, fit out the building that follow, the facility maintenance and anything in process that you get from the property people. (CREM Customer 6)

12 We are a sales organisation. It is important for us to have a presence in key markets. From a property perspective, the first is location and the second is the culture of the organisation. What we do with the fit-out has to fit the culture in our company. (CREM Executive 6)
through operational expenses compared to other activities in the organisation. This contributed to a stereotype perception that CREM is all about cost saving with resulting negative impact if CREM were unable to reduce more costs. This challenge was difficult to deal with because the perception existed in the form of conviction with consequent strong resentment. The stigma as a cost centre perception can be frustrating for CREM executives because this is open to bitter criticism and weakened CREM executives’ motivation due to repeated arguments with customers.

Changing this perception to become profit generation function normally faces hurdles because the income generated by CREM was not measured explicitly from CREM activities for the organisation. The profit generated by CREM was put back into the business without specifically refer to it as CREM’s income. CREM functions in the studied organisations were mostly integrated into businesses as support functions to the core businesses which reinforced the customer perception that CREM was a cost centre.

5.2.3 Operational overloads

Operational intensity reduces the capacity of CREM executives to be involved in strategic activities because they are constantly being drawn back to day-to-day activities. This operational overloading affects service delivery, especially when

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13 If not because of us (CREM function), they will save $50 million a year. They (CREM customers) know somewhere in that number that I am the one that causes cost to the company and the figure should be lower than that. (CREM Executive 5)

14 It (the cost centre perception) comes with the role. It’s bad luck. You must be ready and prepared. You know they (CREM customers) always catch you out somewhere. (CREM Executive 5)

15 We are not the core business. Here, we are constantly fighting with the franchisees who say that “I am selling less bread, so the rent should go down”, but the rent doesn’t go down because you sell less bread. It’s irrelevant. It’s a contract. That’s what I do all the time. (CREM Executive 5)

16 We run as a cost centre and not a profit centre. We actually do make a profit through the property trust but technically, we still see ourselves as a cost centre. We don’t evaluate our profit out of total profit. We pretty much ignore that. (CREM Executive 8)

17 It is difficult because with 700 sites you are constantly drawn back to day-to-day activities. (CREM Executive 5)
the company has matters across many outlets at different locations. A consequence of this focus on operational activities may limit the progression of CREM executives to other other strategic activities at higher management levels. This suggests that managing a large number of assets with a high total asset value (TAV) may require more people for efficient management. The TAV is crucial in understanding the effect of real estate to the balance sheet. In this situation, more people will mean higher costs, but not necessarily greater management efficiency. However, the same staff numbers and more effective systems and procedures may make for a far more efficient and profitable outcome.

This study shows that there were three elements involved in understanding the CREM operational activities. There were:

i. The total asset value (TAV) – asset value held by organisations;
ii. The key property types (KPT) – key property types in organisations; and
iii. The number of CREM executives – number of executives in CREM function.

All three elements were found to contribute to the effectiveness of CREM operational activities. An organisation with lower TAV and lower KPT but having a high number of staff, allowed CREM to provide an accepted level of services to customers, especially in managing properties in various different places and at the same time coping with customers’ projects. A higher TAV with higher key property type (KPT) but with lower numbers of staff made it difficult for CREM to deliver and provide responses to customers’ requests (see Table 5.1). However, the number of staff for each organisation could vary depending on the level of outsourcing activities involved.

**ChickBase:** ChickBase has AUD 0.4 billion worth of TAV and 820 retail outlets with just 13 in-house people to manage it. This indicates that a CREM employee

---

18 *Probably property functions have a massive role because there is a lot of building and massive area to look after.* (CREM Customer 7)
19 *We have too many outlets across Malaysia. It’s hard for us to monitor one site only. So we are mobile around the country. If there is small job then the regional manager will deal with it. If there are major jobs, they will be done by us through headquarters.* (CREM Executive 4)
maintains around AUD 31 million worth of assets and almost 63 outlets. A person maintaining assets worth AUD 31 million is acceptable to a certain extent. But maintaining 63 outlets requires intensive and frequent monitoring activities. This is indicative of the operational activity CREM executives have to face that contributes to their operational burden. Also, if the TAV is invested in fewer than three property types, that should make it easier for the CREM function.

<table>
<thead>
<tr>
<th>Organisations</th>
<th>Total asset value (TAV)*</th>
<th>Key property types (KPT)</th>
<th>Number of in-house CREM staff</th>
</tr>
</thead>
<tbody>
<tr>
<td>ChickBase</td>
<td>AUD 0.4 billion</td>
<td>- 820 retail outlets across Malaysia</td>
<td>13</td>
</tr>
<tr>
<td></td>
<td></td>
<td>- Office buildings</td>
<td></td>
</tr>
<tr>
<td></td>
<td></td>
<td>- Processing plants</td>
<td></td>
</tr>
<tr>
<td>TMC</td>
<td>AUD 4.4 billion</td>
<td>- Telecommunication towers</td>
<td>N/A</td>
</tr>
<tr>
<td></td>
<td></td>
<td>- Office buildings</td>
<td></td>
</tr>
<tr>
<td></td>
<td></td>
<td>- Business centres</td>
<td></td>
</tr>
<tr>
<td></td>
<td></td>
<td>- Warehouses</td>
<td></td>
</tr>
<tr>
<td></td>
<td></td>
<td>- Vacant land</td>
<td></td>
</tr>
<tr>
<td>PMU</td>
<td>N/A</td>
<td>- University campus on 1,108 hectares of land within City of Kuala Lumpur</td>
<td>121</td>
</tr>
<tr>
<td>MaLogistics</td>
<td>AUD 0.5 billion</td>
<td>- 1,217 postal outlets</td>
<td>22</td>
</tr>
<tr>
<td></td>
<td></td>
<td>- Office buildings</td>
<td></td>
</tr>
<tr>
<td>Home Bakers</td>
<td>N/A</td>
<td>- 650 outlets across Australia</td>
<td>18</td>
</tr>
<tr>
<td></td>
<td></td>
<td>- Office buildings</td>
<td></td>
</tr>
<tr>
<td>TLT</td>
<td>AUD 39 billion</td>
<td>- Telephone exchanges</td>
<td>43</td>
</tr>
<tr>
<td></td>
<td></td>
<td>- Mobile towers</td>
<td></td>
</tr>
<tr>
<td></td>
<td></td>
<td>- Office buildings</td>
<td></td>
</tr>
<tr>
<td></td>
<td></td>
<td>- Shops</td>
<td></td>
</tr>
<tr>
<td></td>
<td></td>
<td>- Residences</td>
<td></td>
</tr>
<tr>
<td></td>
<td></td>
<td>- Vacant land</td>
<td></td>
</tr>
<tr>
<td>BMT University</td>
<td>AUD 3 billion</td>
<td>- Buildings</td>
<td>209</td>
</tr>
<tr>
<td></td>
<td></td>
<td>- Land</td>
<td></td>
</tr>
<tr>
<td></td>
<td></td>
<td>- Equipments</td>
<td></td>
</tr>
<tr>
<td>LL Logistics</td>
<td>AUD 1.7 billion</td>
<td>- Warehouses</td>
<td>15</td>
</tr>
<tr>
<td></td>
<td></td>
<td>- Post terminal</td>
<td></td>
</tr>
<tr>
<td></td>
<td></td>
<td>- Office buildings</td>
<td></td>
</tr>
<tr>
<td></td>
<td></td>
<td>- Plant and equipments</td>
<td></td>
</tr>
</tbody>
</table>


**TMC:** As the number of CREM executives is not available, no comment could be made whether CREM executives in TMC were experiencing a lack of resources. However, TAV for TMC is distributed across at least five different property types consisting of telecommunication towers, office buildings, business centres, warehouses, and vacant land. These diversified categories of properties with a
TAV of AUD 4.4 billion were considered a huge property holding compared to other companies in this study and Malaysia as a whole.

**PMU:** PMU has the second highest number of CREM executives of the studied organisations. This is because the nature of education’s business requires that it be highly involved with physical assets in its daily operations. As the TAV is not available, it is difficult to comment on staffing levels relative to the scale of the task. However, with 121 employees in the CREM function, staff numbers do seem quite large number in managing a campus. The numbers indicated that PMU conducted its operational activities using internal staff rather than outsourcing, especially for the maintenance of physical assets.

**MalLogistics:** MalLogistics has TAV of AUD 0.5 billion distributed across 1217 outlets and office buildings (almost 400 outlets more than ChickBase). With 22 CREM executives (just 8 people more than ChickBase) to take care of all outlets, this which meant that a CREM staff member in MalLogistics has to look after approximately 55 outlets. If the CREM responsibility is based on the number of outlets, 55 outlets per CREM executives seemed manageable for MalLogistics as these outlets were generally concentrated in a single district, or contiguous districts.

**Home Bakers:** Home Bakers has 650 outlets with 18 in-house executives to manage them. This indicates approximately 36 outlets per staff member. The TAV was not available for Home Bakers, but maintaining 36 outlets per person appears to be manageable compared to the 63 outlets per person for ChickBase and the 55 outlets per person for MalLogistics. However, other considerations such as the spread and location of outlets, the distance between outlets, the value of the facilities, and frequency of lease expirations, were also part of the challenge in managing Home Bakers’ real estate assets.

**TLT:** TLT has a TAV of AUD 39 billion with 43 in-house CREM executives to manage it. If this amount is divided amongst the number of staff, this would suggest a mean TAV per person of almost AUD 906 million was under management. This may indicate a scarcity of resources faced by CREM executives in managing the assets. However, it was found that TLT was actively
involved with outsourcing activities to manage its huge property portfolio. Therefore, the in-house CREM executives do not reflect the entire resource levels for the CREM function within TLT.

**BMT University:** BMT University has AUD 3.0 billion of TAV distributed among three asset categories: buildings, land, and equipment. This asset base is managed by 209 in-house executives. This number of people included the management and maintenance staff because the CREM function looks after everything to do with university properties including sale and purchase of property, strategic planning as well as services such as cleaning and security and many other related activities.\(^{20}\) At a glance, an executive look after assets valued at approximately AUD 14.35 million only. However, given the large number of executives, which includes the maintenance tradesmen and women, it is difficult to draw a conclusion about the efficiency of BMT University in managing its CRE. Compared to the PMU case, the large number of CREM executives indicate that these two institutions used a lot of in-house CREM resources in supporting their core operations.

**LL Logistics:** LL Logistics has a TAV of AUD 1.7 billion with 15 in-house CREM executives to take care of it. This suggests that each person is responsible for assets valued about AUD 113 million. LL Logistics’ TAV is in four different categories of property – warehouses, port terminals, office buildings, and plant and equipment. The higher TAV with many KPT and lower staff reflects inefficiency. Many CREM executives in LL Logistics were used to handling many outsourcing activities rather than being involved with operational activities such as warehouse construction and maintenance.

Based on Table 5.1, there were significant differences in the number of staff between commercial organisations (ChickBase, MalLogistics, TLT, and LL

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\(^{20}\) *Within the group we purchase and dispose of property. We do all the strategic planning for property, the campus master plan, then we develop the capital plan for the property component for the university, manage the project delivery of all the project. Then on the service side, we run things like the security, cleaning, the utilities bill and the maintenance and we’ve got the central purchasing function. We operate the university’s vehicle fleet and also environmental reporting, and health and safety.* (CREM Executive 7)
Logistics) and public- or government-owned organisations (PMU and BMT University). The public- or government-owned organisations have exceeded the commercial organisations in terms of the numbers of staff engaged in their CREM function. Due to the different approaches used in operating a commercial and a government organisation, CREM function deals with operational overloading differently. However, based on the input from CREM executives, CREM activities still require knowledgeable personnel to manage a project whether the project is being outsourced or run internally. Another difference found between the commercial and the government entities is that the commercial companies tended to use an outsourcing strategy compared to having staff internally to handle their properties. To some extent, the way CREM manages its outsourcing strategy could help to improve its service delivery in completing a task given by the business units.

5.3 Defining the positioning boundary for CREM

As mentioned in the literature review, one way of understanding a position is a brand not only can be decided by the service provider but also the customers. This involves more than one party – party doing the brand positioning, and the party received from the imposing activities. In this study, when the CREM function is imposing itself, there will always be others involved – CREM customers. In addition, the identification of CREM customers would allow the CREM function to determine the business drivers for their customers in delivering required performance. There were three elements involved in defining CREM positioning boundary, namely:

- Identification of the CREM customers;
- Identification of business drivers; and
- The organisational structure for CREM.

5.3.1 Identification of CREM customers

The identification of CREM customers involved three groups of people (Table 5.2). They were:
• Direct customers – people that received service directly from the CREM function, being mostly business units, franchisees, and other business functions within the organisation;

• Indirect customers – they are the business units’ customers and vary depending on the organisation; and

• Decision maker – the head of the reporting line for CREM function.

Direct customers were internal customers within the organisation and those that have direct communication with the CREM function concerning real estate matters. Most of these customers in this study are classified as business units even they are named differently for different organisations such as strategic business units (SBU) or faculties. However, CREM customers for the retail organisations have a slightly different profile in the sense that the main customers were the operations functions and the franchisees that managed the outlets.\(^{21}\) These were the people who received CREM services and dealt with CREM directly (see Table 5.2).

![Table 5.2: Customers for CREM services](image)

<table>
<thead>
<tr>
<th>Organisation type</th>
<th>Direct customers</th>
<th>Indirect Customers</th>
<th>Decision makers</th>
</tr>
</thead>
<tbody>
<tr>
<td>Retail</td>
<td>• Operations/ business units • Franchisees</td>
<td>Consumers</td>
<td>Head of Corporate and Legal Services</td>
</tr>
<tr>
<td>Telecommunications</td>
<td>• Business units • Internal division • Retail outlets • Building tenants.</td>
<td>Consumers of telecommunication services</td>
<td>Vice President of Support Business</td>
</tr>
<tr>
<td>Education</td>
<td>• Faculties/ business units</td>
<td>Students</td>
<td>Senior Vice Principal</td>
</tr>
<tr>
<td>Logistics</td>
<td>• Business units • Other internal functions</td>
<td>Retailers, wholesalers, and users.</td>
<td>Chief Financial Officer</td>
</tr>
</tbody>
</table>

Meanwhile, CREM indirect customers were the customers of the business units. That is, they were the consumers or users of company products and resided outside the organisational structure. Even though they were outside the structure,

\(^{21}\) My customers are the retail operation teams which run the retail shops as well as the franchisees and I am the conduit to the landlord. (CREM Executive 5)
CREM considered them indirectly because their satisfaction contributed to the CREM customers’ evaluation of CREM. For example, in the case of education organisations, students are the indirect customers of CREM. However, here there was an instance where the CREM treated them more like direct customers. BMT University ran a university-wide survey of all these customers to obtain an understanding of what was required by all its direct and indirect customers.22

Apart from the direct customers and indirect customers, CREM also treated decision makers as its customers. Even though decision makers were not directly receiving CREM services, they were responsible for giving instructions to the CREM function and evaluated the CREM performance based on service given to business units. The relationship between CREM and decision makers was reflected as a formal reporting structure where CREM executives reported to decision makers and at the same time the decision makers provided instructions to CREM. The communication processes between CREM and decision makers are discussed in detail in Chapter Six.

5.3.2 Identification of business drivers

The justification for the CREM function gives an impression to customers about CREM capability and contributions as a business function.23 In addition, customers were able to understand the CREM function and the extent of the services that CREM was able to deliver in supporting their businesses. CREM executives strongly argued that organisations needed to have CREM function in order to handle physical matters.24 Without CREM, organisations faced difficulties in dealing with real estate matters such as negotiations, lease

22 We do a university-wide survey to our staff and students twice a year which give us more understanding about what the clients want and then follow it up with a discussion to get two-way communications. (CREM Executive 7)
23 The first impression of CREM function that it is a highly complex area. You need people with skill and experience in that background. It’s an area that I have no skills at all. You have to understand the importance of what they do. The important thing is to be able to ensure that you can cooperate. (CREM Customer 8)
24 Absolutely, the organisation will notice if CREM is not here. People would try to do things and negotiate leases and capital management would be out of control. It is a checking system. If the bad things happened, it would be a disaster. (CREM Executive 8)
management, property legal processes, property maintenance, site locations and other CREM activities. However, there were customers who did not understand the importance of having a CREM function within their organisation and assumed that the CREM function were project-based. The ability to identify business drivers helped CREM to fulfil its customers’ needs. In this study, the business drivers for organisations are varied and therefore, CREM objectives also varied depending on the type of organisations (see Table 5.3).

Table 5.3: Business drivers and CREM objectives

<table>
<thead>
<tr>
<th>Industry sections</th>
<th>Business drivers</th>
<th>CREM objectives</th>
</tr>
</thead>
<tbody>
<tr>
<td>Retail</td>
<td>• Market capture.</td>
<td>• Finding good locations for new outlets.</td>
</tr>
<tr>
<td></td>
<td>• Outlets and brand expansion.</td>
<td></td>
</tr>
<tr>
<td></td>
<td>• A knowledge workers company.</td>
<td>• Provide a conducive workplace environment.</td>
</tr>
<tr>
<td></td>
<td>• Capture a bigger market for its telecommunication businesses.</td>
<td>• Partners in strategic planning.</td>
</tr>
<tr>
<td></td>
<td></td>
<td>• Retail outlets to reach customers.</td>
</tr>
<tr>
<td>Education</td>
<td>• Reflect organisation as a leading learning institution.</td>
<td>• Monitor physical well-being of organisations.</td>
</tr>
<tr>
<td></td>
<td></td>
<td>• Providing spaces and facilities for learning environment.</td>
</tr>
<tr>
<td>Logistics</td>
<td>• Speed of goods distribution.</td>
<td>• Assists in distribution pattern.</td>
</tr>
<tr>
<td></td>
<td>• Save cost in transportation.</td>
<td>• Location and accessibility of transportation.</td>
</tr>
<tr>
<td></td>
<td>• Preparing for future growth and its expansion program.</td>
<td>• Improve warehousing strategies.</td>
</tr>
<tr>
<td></td>
<td></td>
<td>• Analysing future planning.</td>
</tr>
</tbody>
</table>

Retail

For organisations that were in retail businesses, the primary aim of CREM executives is to find a suitable location with good traffic flows to the outlets so that it can increases visibility, improve market share, and also expand their outlets. As previously noted, the retail business already involved high numbers of

25 Someone has to do it. We don’t concern ourselves much about having a property department as long as we have the access to those property services. Last time we did not have a property function but we had a strong relationship in each city with an industrial estate agent. (CREM Customer 8)
outlets at various locations across the country. As a result, there was a high frequency of real estate activities, especially for site selections, renovations, lease renewals, and handling customer complaints. The increase in number of outlets means there is increases for organisations’ dependent on the CREM function. Indirectly, this will increase CREM’s importance and visibility to the customers and decision makers.

**Telecommunications**

In the telecommunications cases, the primary focus was on the satisfaction of direct, as well as indirect customers. Therefore, CREM’s main objective in telecommunications was to provide efficient property solutions with the working conditions required by the business. A conducive working environment provided more impact on the business, especially when the majority of the employees were knowledge workers. Elements such as ergonomic workstations, collaboration spaces, and flexible offices were more relevant rather than providing limited traditional spaces to save costs.26

In addition, CREM executives expected business units to treat them as partners in strategic planning because centralised decision making related to real estate helped to align decisions at the corporate level with the business units’ level.27 A coordination of these two levels helped to increase the company’s presence to the external customers, with the potential to capture a larger market for the telecommunications businesses.

**Education**

The business driver for the education cases was to establish the institutions as a leader among their competitors in education. Facilities and learning environments

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26 Our vision is to deliver efficient property solutions and always tie back to what we are working with what the users is going to be. It’s got to be practical and financially viable. (CREM Executive 4)

27 The strategic plan developed at the corporate level and the business units is a must. We align between these two levels. You developed the plan based on the information given by business units. We have a table at leadership level. So, we hear what is going on. What the business is going to buy, what is the business they are looking to sell, what we are looking to outsource or to bring in-house. (CREM Executive 6)
played an important part in achieving their goals. Therefore, it was important for these organisations to have a CREM function within their organisations to support their goals. It was not unusual to find that established learning institutions, such as PMU and BMT University, have a large number of buildings that are near the end of their lifespan due to the organisations’ long history. The physical buildings at this age requires a high level of maintenance and refurbishment. The CREM function provided support in monitoring the physical well-being of the organisations’ physical environment.

Apart from maintaining the physical environment for their institutions, the CREM objective for education organisations was to provide space and suitable facilities for the learning. A learning environment is different from a teaching environment because it blends classroom type facilities with the need for social and technology integration. These facilities and spaces played an important part in providing maximum learning experiences suited to the current learning styles.

**Logistics**

The main drivers for the logistics organisations were all about the speed of goods’ distribution, cost of transportation, and future growth planning. Therefore, the main objective for CREM executives here is to maximize business objectives through analysis of distribution patterns, and finding suitable locations for distribution centres where transportation is accessible for both immediate needs and future growth.

In addition, CREM is required to provide solutions in saving transportation and logistics costs involving fuel and fleet costs by rationalising CRE locations. These cost are the highest costs for logistics organisations. One of the studied organisations (LL Logistics) found that this cost consumed more than 50% of the organisation’s total costs, followed by employees’ costs (28%), and occupancy

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*I guess as far as what we do, property is extremely important because we’ve got students from all over the world coming here to study and we need to have all the facilities that allow them to learn in and all the teaching that we do. We are dealing now with buildings that quite old. The building is approaching 60 years old, a lot of renovation is taking place, they are getting towards their useful lifespan. So it is incredibly important for us to have the right type of buildings. (CREM Customer 7)*

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and property costs (6%). Saving on fuel costs has a significant impact on the organisation’s profit. CREM objectives in improving warehousing strategies and finding suitable locations with easy accessibility helped to reduce fuel costs, increased fleet lifespan, and improve distribution. Meanwhile, CREM ability to forecast and analyse market information of regional planning contributed to the organisations’ business driver of preparing for future growth and expansion.

5.3.3 Organisational arrangement for CREM

Understanding the organisational arrangement for CREM provided an understanding of the CREM boundaries within an organisation. Within the organisation, there were three elements to be considered found, namely:

- The CREM function’s name and reporting line;
- CREM as a cost centre; and
- The justification for having CREM.

The CREM function’s name and reporting line

A majority of cases use a ‘property’ related word in the function’s name, for example property department, property and technical, property management, property and corporate insurance, and property and campus services (see Table 5.4). This ‘property’ term reflects directly to customer perceptions that CREM is a property specialist support function in the organisation. However, the down side for CREM from having the ‘property’ term in the function’s name was limits in association with activities other than only physically related matters.

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29 Annual report for LL Logistics for the year ended 30th June 2012.
30 They are obviously a highly skilled and specialised area. The way we work together is to ensure we define what we want to achieve operationally. We have to set out the operational parameters of the business with property team in terms of the skills to build infrastructure. How they are built. How they source it, how they negotiate the building contract, purchasing of land, regulatory authorities, development approval. Obviously these are all highly specialised areas. (CREM Customer 8)
31 We look after the whole organisation, but only in the property related tasks. If a new customer comes to us and wants a new warehouse, we will go and find that warehouse. We are working for the business. (CREM Executive 8)
Table 5.4: CREM function’ name and nature of reporting line

<table>
<thead>
<tr>
<th>Organisations</th>
<th>CREM function’ name</th>
<th>Head of CREM function’ role</th>
<th>Nature of reporting line</th>
</tr>
</thead>
<tbody>
<tr>
<td>ChickBase</td>
<td>Property &amp; Technical</td>
<td>General Manager</td>
<td>Legal and corporate services</td>
</tr>
<tr>
<td>TLT</td>
<td>Property</td>
<td>Director</td>
<td>Financial (procurement)</td>
</tr>
<tr>
<td>PMU</td>
<td>Development &amp; Asset Management</td>
<td>Director</td>
<td>Development and asset management</td>
</tr>
<tr>
<td>MalLogistics</td>
<td>Property &amp; Corporate Insurance</td>
<td>Group Head</td>
<td>Property and corporate insurance</td>
</tr>
<tr>
<td>Home Bakers</td>
<td>Supply Chain, Property &amp; Projects</td>
<td>General Manager</td>
<td>Supply chain, property and projects</td>
</tr>
<tr>
<td>TMC</td>
<td>Property Management</td>
<td>Head of Property Management</td>
<td>Business support services</td>
</tr>
<tr>
<td>BMT University</td>
<td>Property &amp; Campus Services</td>
<td>Executive Director</td>
<td>University services</td>
</tr>
<tr>
<td>LL Logistics</td>
<td>Property</td>
<td>Director</td>
<td>Financial</td>
</tr>
</tbody>
</table>

From Table 5.4, it is apparent that the CREM does not have its own natural home within the organisational structure. This can be seen through the variety of reporting lines ranging from financial, procurement, property, and services (see Figure 5.1). Three cases were solely within the service’s reporting line – ChickBase, TMC, and BMT University. TLT’s reporting line is blended with Financial and Procurement. Meanwhile, MalLogistics and Home Bakers were blended between a Property and Service reporting line. Arguably, on this analysis, the natural home for CREM could be justified, or perhaps a property-service one.

![Figure 5.1: Lines of reporting for CREM](image)
The consequence of different types in lines of reporting was the need to use different communication language depending upon the line of reporting (This communication language is discussed in Chapter Six). This reporting line also influenced the design of CREM function in terms of activities and scope of tasks. For example, CREM function in ChickBase and TMC which falls under services line of reporting focused more on physical maintenance. Whereas TLT and LL Logistics whose reporting line was through finance, their main concerned were more on procurement and cost-saving activities. Another way to look at this is that CREM structured as the subset of other functions and existed as an order-taker from that department or reporting line where it is located.

Another result that emerged is the variety of names that head the CREM function. Half of the cases use the term ‘Director’ for the head of CREM. Analysis of the reporting line also indicated that a ‘Director’ post was located slightly closer to the ultimate decision makers, such as the Board of Directors or Chief Executive Officer. Apart from the ‘Director’ title, organisations in the study also used ‘General Manager’ and ‘Head of Property’ as titles for the heads of the CREM function. Interestingly, the name that the head of the CREM function has could indirectly reflects the level of acceptance for CREM within the organisational structure because customers’ mind being set that CREM is the referring point when involves about property matters.

**CREM as a cost centre**

Studying the CREM arrangements within an organisation provides a basis for understanding the CREM positioning boundary in terms of its functions within the organisation. It was apparent that all the studied organisations designed the CREM function as a support service for their core businesses, regardless of what they were called (as discussed in the previous section). In addition, being a support centre was associated with being a cost centre for the organisation (see Table 5.5), though several of them were also profit centres.

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32 *Our function is a support unit only. (CREM executive 4)*
Table 5.5: Nature of CREM function in case study organisations

<table>
<thead>
<tr>
<th>Organisations</th>
<th>Industry</th>
<th>Cost centre</th>
<th>Profit centre</th>
</tr>
</thead>
<tbody>
<tr>
<td>ChickBase</td>
<td>Retail</td>
<td>✔</td>
<td></td>
</tr>
<tr>
<td>TMC</td>
<td>Telecommunications</td>
<td>✔</td>
<td>✔</td>
</tr>
<tr>
<td>PMU</td>
<td>Education</td>
<td>✔</td>
<td>✔</td>
</tr>
<tr>
<td>MallLogistics</td>
<td>Logistics</td>
<td>✔</td>
<td></td>
</tr>
<tr>
<td>Home Bakers</td>
<td>Retail</td>
<td>✔</td>
<td></td>
</tr>
<tr>
<td>TLT</td>
<td>Telecommunications</td>
<td>✔</td>
<td>✔</td>
</tr>
<tr>
<td>BMT University</td>
<td>Education</td>
<td>✔</td>
<td></td>
</tr>
<tr>
<td>LL Logistics</td>
<td>Logistics</td>
<td>✔</td>
<td>✔</td>
</tr>
</tbody>
</table>

This meant that CREM holds a clear mandate from their organisations to support all the organisations’ core businesses in relation to real estate and cost related matters. In every circumstance, customers expect organisations’ core business come first and CREM is expected to support them as the main priority unless agreed by the customers or senior management.33

Several costs saving strategies being used by CREM in this study were found to include:

- Property negotiation;
- Property selection;
- Property legal processes;
- Energy saving implementation;
- Reducing the property footprint;
- Property maintenance; and
- Renovation and refurbishment.

Apart from being a cost centre, CREM also able to generate profit. Four case study organisations were clearly instructed to generate profits attributed to them by the organisations on top of their initial establishment as a cost-centre. The organisations were TMC and PMU from the Malaysian cases, and TLT and LL Logistics from the Australia cases. Even though CREM was primarily designed as cost-centres, here CREM still be able to contribute to their organisation’s overall profit-making activities, especially when the increase in profit was highly correlated to cost minimisations. Obviously, organisations are able to increase their profit by reducing costs through CREM activities. However, here the profit-

33 We are together with the business units. At the end of the day they sign off on the costs. We do the deal with their agreement. So, everything is back-to-back. No personal agenda other than the business. (CREM Executive 8)
making objectives came after the cost-centre functions were being fulfilled. Among the profit-generation activities were:

- Unlocking the idle land bank owned by organisations;
- Space renting to outside tenants; and
- Partnership with external property investment companies in managing the company’s property portfolio.

These activities were purposely focused on generating profit for the organisations from CREM activities. CREM detailed activities are developed further in the CREM core competencies section (refer Section 5.4) while profit generation activities are discussed further in the leveraging section (refer Section 8.2.3).

**Justification for having CREM function**

Understanding the justification for having a CREM function within an organisation helped to understand the importance of CREM to organisations. Due to their differences in core business, every organisation uses its CREM function differently. The existence of CREM in organisations was based on several factors. They are:

- Size of the organisation;
- Financial allocation from the organisation;
- The number of business units; and
- Frequency of real estate activities.

The size of the organisation was directly related to the financial ability of the organisation to allocate budgetary funds and other resources to run CREM function. Business units alone cannot afford to have their own CREM unit due to its high cost to establish.\(^34\) Therefore, the organisation needed to support CREM operations at the corporate level rather than at the level of business units, especially to cover the salaries, travelling costs, legal documentation, submission of planning proposals to local authorities, data gathering processes and many more. In this

\(^{34}\) You just can't sustain that sort of cost at the individual business unit level. It will be a huge cost. The function needs to be a shared support service, highly skilled and experienced to cover all business units in the group’s structure. (CREM Customer 8)
study it is a common practice that the CREM function was shared across multiple business units to support their core businesses. Alternatively, organisations may outsource some or all of the CREM function to external service providers. However, feedback from CREM customers in this study showed that sometimes the external service providers failed to provide commitments to the degree required by business units. Apart from saving costs, organisations that have their own CREM function were able to manage their own risk related to property transactions or other related activities.

It was found that even though business units were in the same parent company, each of the business units still operated different core businesses. Furthermore, business units did not have the skills and knowledge to undertake CREM function individually due to limited frequency of CREM activities within their business units. In addition, without an internal CREM function, organisations can pay a higher price than otherwise for CREM activities. The frequency of real estate activities is an indication of the importance of the CREM function. In this study, the organisations that have a high frequency of real estate activities, such as in retail, education, and logistics businesses showed a high dependency on CREM. On top of annual and monthly CREM activities, several organisations, such as BMT University and MalLogistics, were often involved in daily CREM operations.

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35 You couldn’t outsource that (CREM function). If you outsource that, they don’t think like the corporation and they don’t commit to the degree necessary. You couldn’t survive, you couldn’t grow. That functionality is important at the corporate level. (CREM Customer 8)

36 It probably costs more because the benchmarking we’ve done shows we can operate our facilities cheaper than the private sector normally charge. The reason we can do that is because we can manage our own risk. (CREM Executive 7)

37 Well, the business units don’t have the skill. So the skill, the knowledge and the experience don’t exist in the business units to be able to undertake property development or depot construction. We don’t have that and we don’t need to. You have to have that corporate support. (CREM Customer 8)

38 If the company doesn’t have a property person I guarantee that you will have to pay 15% or 20% more on what you save. Even when I started, we were paying things like landlord charges on multi-holdings, plus land tax, rates, and all sorts of things. A lot more can be saved out there if you know. (CREM Executive 8)

39 I deal with CREM function on a daily basis. They cover everything that I deal with. They cover the security, maintenance, capital works and anything to do with the buildings. (CREM Customer 7)
Examining the CREM boundaries provides an understanding of the extent to which a CREM function performs their roles within organisations. A more detailed explanation for understanding the CREM relationship with customers is discussed in the next section.

5.4 CREM core competencies – custody of physical assets.

This study shows that CREM has several core competencies within organisations. These findings were statement of synthesis from both perspectives. They were:

- CREM executive’s perspective; and
- CREM customers’ perspectives.

These two perspectives were found to be useful in understanding CREM’s relationship between the service providers’ side (CREM executives) and the users’ side (CREM customers). An obvious core competence found in the CREM was the role of custodian in safeguarding an organisation’s physical assets. To some extent, the CREM can claim that custodianship of organisation’s physical assets as its ‘super core competence’. Therefore, it is important for CREM to be able to identify its sub-competencies in order to explain the CREM super core competency.

5.4.1 CREM executives’ perspectives

The organisations awarded the custodianship role to CREM function based on CREM professional knowledge and experience in handling all property matters. From the study it was evident that CREM as custodian was pervasive, encompassing areas of responsibility in property management, facility management, and strategic real estate management (see Table 5.6). There was no clear boundary in defining this custodian role because these sub-competencies were something that CREM executives being portrayed as their roles while interfacing with the customers.

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40 My role in the group is that we look after all the property. We control the property for the company. Nobody can go out and just sign a lease out there without coming through us. So we check the legal, planning, and all sorts of things. (CREM Executive 8)
<table>
<thead>
<tr>
<th>Competencies</th>
<th>Role</th>
<th>Activities</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Facility Management (FM)</strong></td>
<td>Workplace planning</td>
<td>• Space provider.</td>
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<tr>
<td></td>
<td></td>
<td>• Indoor air quality.</td>
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<td></td>
<td></td>
<td>• Workplace environmental management.</td>
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<td></td>
<td></td>
<td>• Team working coordination.</td>
</tr>
<tr>
<td></td>
<td>Building operations</td>
<td>• Security.</td>
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<tr>
<td></td>
<td></td>
<td>• Daily maintenance and cleaning.</td>
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<tr>
<td></td>
<td></td>
<td>• Physical upkeep.</td>
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<td></td>
<td></td>
<td>• Energy consumption management.</td>
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<tr>
<td><strong>Property Management (PM)</strong></td>
<td>Property administration</td>
<td>• Rental collection.</td>
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<td></td>
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<td>• Property reporting.</td>
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<td></td>
<td></td>
<td>• Record keeping for property.</td>
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<tr>
<td></td>
<td>Property marketing</td>
<td>• Marketing spaces for let.</td>
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<tr>
<td></td>
<td></td>
<td>• Tenant selection.</td>
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<tr>
<td></td>
<td></td>
<td>• Rental schedules.</td>
</tr>
<tr>
<td></td>
<td>Physical and environmental management</td>
<td>• Renovation.</td>
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<tr>
<td></td>
<td></td>
<td>• Refurbishments.</td>
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<tr>
<td></td>
<td></td>
<td>• Maintenance and replacement of facilities.</td>
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<td></td>
<td></td>
<td>• Health and safety.</td>
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<tr>
<td></td>
<td></td>
<td>• Environmental and sustainability management.</td>
</tr>
<tr>
<td></td>
<td>Property transactions</td>
<td>• Property inspections.</td>
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<td></td>
<td></td>
<td>• Property negotiations.</td>
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<td></td>
<td></td>
<td>• Documentation.</td>
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<tr>
<td></td>
<td></td>
<td>• Purchase and dispose of property.</td>
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<tr>
<td></td>
<td>Property legal</td>
<td>• Legal documentation assessment.</td>
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<tr>
<td></td>
<td></td>
<td>• Tenancy laws.</td>
</tr>
<tr>
<td></td>
<td></td>
<td>• Legal requirements for property.</td>
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<tr>
<td></td>
<td>Procurement</td>
<td>• Central purchasing function.</td>
</tr>
<tr>
<td><strong>Strategic Real Estate Management (SREM)</strong></td>
<td>Property support for business units</td>
<td>• New outlet development.</td>
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<tr>
<td></td>
<td></td>
<td>• Property consultancy for business units.</td>
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<tr>
<td></td>
<td>Central property decision-making</td>
<td>• Property monitoring across business units.</td>
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<tr>
<td></td>
<td></td>
<td>• Providing input for mergers and acquisitions.</td>
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<tr>
<td></td>
<td></td>
<td>• Part of mergers and acquisitions team.</td>
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<tr>
<td></td>
<td></td>
<td>• Cost control mechanism.</td>
</tr>
<tr>
<td></td>
<td>Property master plan</td>
<td>• Long-term physical planning.</td>
</tr>
<tr>
<td></td>
<td></td>
<td>• Capital planning.</td>
</tr>
<tr>
<td></td>
<td></td>
<td>• Business relocation planning.</td>
</tr>
<tr>
<td></td>
<td>Profit generation strategy</td>
<td>• Unlocking idle land bank.</td>
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<tr>
<td></td>
<td></td>
<td>• Joint venture with property trust.</td>
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<tr>
<td></td>
<td></td>
<td>• Property disposition.</td>
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<tr>
<td></td>
<td></td>
<td>• Space rental to outsiders.</td>
</tr>
<tr>
<td></td>
<td></td>
<td>• Sale-and-leaseback.</td>
</tr>
</tbody>
</table>
Table 5.6 exhibits a range of CREM roles and activities while engaging itself as the custodian of organisations’ asset, ranging from operational real estate management up to managing strategic management roles. Ones might reflects this roles with the range of roles by Joroff et al. (1993) when come out with taskmaster roles until the business strategist that able to provide integration of workplace strategies with human resource and IT to improve overall business strategy.

Sitting in the Strategic Real Estate Management (SREM) does not mean that Facility Management (FM) activities are less important than SREM, but this does show that CREM is involved in multiple management levels within organisations which indicate the importance of CREM for the organisations. This also suggested that CREM function constitutes several other real estate sub-functions incorporating technical physical activities and the non-physical activities including financial, human resource, and procurement that covers the area of facility management, property management, and strategic real estate management roles (see Figure 5.2).

![Figure 5.2: Defining CREM function](image)

**Facility management**

There were two roles played by CREM within the facility management area. They are:

- Workplace planning; and
- Building operations.
The facility management’s roles for CREM can be seen as the provision of space as workplace to house workers and for conducting the organisation’s core business. This workplace involved more than just providing a basic office space for workers. CREM executives were expected to come up with property solutions for changing working styles ranging from supporting knowledge workers, increasing team working and collaboration, supporting independent workers, applying flexibility, being able to improve productivity, promoting creativity and more. The workplace planning was not limited to office spaces only. CREM executives in LL Logistics played an important role in making sure warehouses and distribution centres were properly managed so that the distribution activities run smoothly. MalLogistics created a workplace that represents their corporate image. This is where an understanding of how the core business activities operate is a must in order for CREM to provide appropriate property solutions.

Within the facility management area, CREM executives also identified themselves as being responsible for handling building operations such as security, daily maintenance, cleaning, and looking after the physical upkeep of the organisation’s space or physical assets. This covers all the physical assets used by organisations to run their core operations. For example, besides office spaces CREM executives from TLT were also responsible for maintaining all the telephone exchanges, mobile phone towers, retail outlets, data centres and other telecommunication facilities. One of the elements that brings a significant contribution in highlighting the CREM brand is energy consumption and sustainability management. This could be in the form of cost savings, promoting

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41 What we do is to provide a conducive environment workplace to our staff and our customers. Our main concern is our image and appearance. We would give new environment to our customers. (CREM Executive 4)

42 I think we add value in term of facility operation which annually we operate below the average cost than other universities. That’s partly to do with our scale and size. We save the university’s money. And we avoid people to duplicate skills across university because they may only use occasionally. (CREM Executive 7)

43 We look after the environmental reporting. We look after the new building with 5 star green rating. We are looking on how we can fit into a new building to ensure we maintain a high sustainability star rating and also a little bit of work in re-fitting current building efficiently. (CREM Executive 7)
green technology, and efficient utilisation of an organisation’s energy consumption. This element can be part of CREM strategies in increasing its position in organisations.

**Property management**

CREM executives identified their involvement within the area of property management in several roles. These were:

- Property administration;
- Property marketing;
- Physical and environmental management;
- Property transactions;
- Property legal; and
- Procurement.

Property administration is directly related to rental collection, keeping records of physical inventories, and property reporting. This ensures that all properties are well managed. It was a common practice in the studied organisations to have a property database that was able to track their inventory of spaces, lease expiration dates, location, and the condition of the organisation’s assets.\(^4^4\) The property administration can be a complicated and daunting task when it involves many properties at different locations such as is faced by the retail organisations, ChickBase and Home Bakers.

The role of property marketing was mainly about the marketing of spaces that belong to the company. This allows CREM to select tenants and determine the rental schedules for rental spaces. Even though this role seemed small compared to other property activities, this allows CREM to demonstrate to customers and senior management that CREM has the ability to generate additional income for organisations.\(^4^5\)

\(^{44}\) *We developed our own database. Inside there we have all the data of land registrations, profile of the building, tenants profile, and relevant of images of our buildings. (CREM Executive 2)*

\(^{45}\) *We have instructions from the Ministry to the university as a whole to rent out our facilities to the external parties to generate income, but the income does not belong to us. It will go into the university. (CREM Executive 7)*
There were slight differences in the role of physical and environmental management in property management compared to the area of facility management. The scope of work involved large scale projects such as renovation of new outlets, refurbishments, and the replacement of out-dated facilities. Environmental management within the property management represented health and safety, and space management according to the given budget. Balancing reasonable costs with environmental sustainability was about looking at the long-term impact on the physical assets, especially as related to environmental sustainability and occupational health and the cost of operating the building.46

As an expert in real estate matters, CREM executives play an important role in handling property transactions within organisations. The related activities for this role including property inspections, property negotiations, documentation, and the purchase and disposal of property. Property inspection was among the earliest process adopted for every property transaction.47 Property inspection activities allowed for an assessment of the property’s suitability to conduct the organisation’s core business in terms of size requirements and working conditions for the employees. Property negotiation requires CREM bargaining price and usage requirements with the landlord. At this stage, the understanding of any hidden costs involved with property transactions could be identified by CREM to ascertain the benefits of the property. The benefit of property negotiations cannot be measured tangibly; it is a skill gained from experience in handling property matters such as through estate agency, property development, property management, property maintenance, or property mergers.48 Knowledge of finance,
feasibility studies, and development processes positioned CREM executives as the right people to undertake property negotiations for a company.49

In this study, the involvement of CREM executives in the property legal area was crucial for organisations, especially when there are many property transactions or mergers and acquisitions by the organisations. These activities require people with property technical knowledge, like CREM executives because these activities involve legal binding agreements that have significant impacts on organisations in the short or long-term. A practice adopted in the studied organisations was that every property transaction that involved legally binding documents has to be processed through CREM for assessment.50 Among activities is in it assessment of legal documents that has a significant impact on property transaction processes. It is a time consuming process and business units did not have the knowledge to understand the legal consequences for the organisation.51 Making sure a property deal is right in the first place is a key to safeguarding the organisation’s interests and preventing legal implications.

The CREM role for procurement typically exists in the form of handling centralised support services that are not directly related to property matters only. For example, the CREM function in BMT University and TLT are responsible for buying stationery, fleet management, and the requirements for health and safety materials. The CREM function got involved with this role mainly because CREM was part of the finance department within the organisational structure (3 out of 8

leasing and warehouses, negotiation, and dealing with people. I think maybe a real estate agent is good in connecting people. (CREM Executive 8)

49 It’s handy to know numbers and understand feasibility. A lot of people don’t get that. A lot of people don’t understand how property developments are put together. That’s what I am good at and I know if a developer is asking for AUD60 per square metre for a building, I can see what it costs to him and how much money they actually make. (CREM Executive 8)

50 We’ve got the franchising code to follow and we just can’t let them sign up to something that I know that they going to break. Later they will take me to the court even for something they told me to sign up to. They will sue me saying they go broke because of me. (CREM Executive 5)

51 Businesses don’t certainly know all those things because they are running trucks and logistics, and moving things. They are not good at property. So, it is important for a lot of top companies to have a property professional because so much money can be made and so much money can be saved just by doing simple things. (CREM Executive 8)
cases). In addition, CREM has vast experiences in procurement activities during construction and project management activities even though for properties carry different focuses. This role provided CREM with an opportunity to expand its capability beyond the physical management of real estate.

**Strategic real estate management**

Apart from the facility and property management mentioned above, the CREM function was involved in strategic real estate management in organisations. In this competency, the focus was about aligning physical assets and spaces with the organisational core business. At the strategic real estate management level, CREM contributions were embedded into the overall organisation’s strategy rather identified as CREM strategy. A strategy may be initiated or driven by CREM but the whole organisation is involved in making it a success, including business units, finance, human resources, and other functions. This strategic real estate management role involved long-term and on-going commitments that contributes to organisations on a larger scale. Among the roles within this area are:

- Property support to business units;
- Central property decision making;
- Developing a property master plan; and
- Generating profit from property.

As a support function, CREM’s main objective is always to support business units’ activities such as opening new outlets, and property consultancy for business units. There were organisations such as ChickBase, Home Bakers, and MalLogitics that have specific tasks for their CREM function to open a number of outlets for their business units. In addition, CREM strategic real estate management involves in providing property consultancies to business units. At this stage, CREM provides input relating to lease management, feasibility studies, site selection and many other physical related activities.\(^5\) The benefit from this role was the CREM became the point of reference for any property related decisions by business units.

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\(^5\) Whatever you (the business units) do, we will support you but we can’t support you blindly because there are possibilities that we can’t deliver later. So, we will always give our views and opinion. Or else it will give us a lot of headaches later. *(CREM Executive 5)*
CREM contributed to strategic real estate management by playing a role as the central property decision makers, especially when involved in legal binding transactions. The central property decision making allowed organisations to monitor real estate activities across business units in the organisation. The ability to monitor these property activities by business units provided an opportunity for organisations to use property and space as a cost control mechanism. For example, space charging helped an organisation to save costs and allows business units to rethink their space usage. In addition, CREM executives were part of the team in mergers and acquisition activities to provide input from a property perspective in strategic real estate management.

Another strategic role for CREM was their involvement in developing property master plans for organisations. The development of the master plan is important in the long term to guide organisations such as PMU and BMT University. The challenge of this role is to create a flexible master plan to accommodate changes. Meanwhile, CREM was involved with business units to drive business relocation activity. As the point of contact, CREM receives input about the performance of business units that require relocation whether for expanding or contracting purposes.

Lastly, the CREM strategic real estate management’s role was found to generate profit for the organisation. This study shows that CREM was able to contribute profit to organisations by unlocking idle land bank for development, joint ventures...
with a property trust company in managing an organisation’s property portfolio, property disposition, space rental to outsiders, and sale-and-leaseback arrangements. However, CREM has trouble highlighting the profits generated from these activities because there was no separation in financial reporting for profit generated by the CREM.\footnote{The profit we generated always ends up to the business anyway. At the end of the day, there is only one profit and loss, and one balance sheet. (CREM Executive 8)} Therefore, CREM was found in this study able to contribute to various competencies ranging from facility management, property management, and also strategic real estate management but the challenge for CREM executives is to demonstrate this competencies to organisations which is why the CREM customers’ perspective must be looked at.

### 5.4.2 CREM customers’ perspectives

This section presents the CREM core competencies from the perspective of their customers. Customers here mean a group of business units that directly received services from CREM as discussed in Section 5.3.1. An understanding of how customers perceive CREM provided a comparison of core competencies from that seen by CREM executives. There were similarities and differences between these two perspectives that require for some adjustment to be made in order to improve the relationship building process.

In this study, CREM customers also perceived CREM as the custodian of the organisation’s physical assets.\footnote{The first impression is that it is a highly complex area. You need people with skill and experience in that background. It is an area that I have no skills at all. You have to understand the importance of what they do. The important thing is to be able to ensure that you can cooperate together. They must understand what will work and won’t work for us. (CREM Customer 8)} However, the core competencies for CREM function from customers’ perspective were slightly different from how the CREM executives perceived themselves. An arrangement of the competencies showed that customers stressed more the importance of supporting and providing property solutions to business units in operating their core operations. The core
competencies from CREM customer’s perspective can be divided into three main categories (see Table 5.7):

- Business unit focus;
- Being a property service provider; and
- Acting as property owner for organisations (custodian).

Table 5.7: CREM core competencies from the customers’ perspective

<table>
<thead>
<tr>
<th>Competencies</th>
<th>Activities</th>
</tr>
</thead>
<tbody>
<tr>
<td>Business unit focus</td>
<td>- Supporting business units’ core operations.</td>
</tr>
<tr>
<td></td>
<td>- Property search for business units.</td>
</tr>
<tr>
<td></td>
<td>- Provide property input for strategic plan.</td>
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<tr>
<td>Property service provider</td>
<td>- Property maintenance.</td>
</tr>
<tr>
<td></td>
<td>- Workplace management.</td>
</tr>
<tr>
<td></td>
<td>- Property legal administration.</td>
</tr>
<tr>
<td>Act as property owner for organisations</td>
<td>- Space allocation.</td>
</tr>
<tr>
<td></td>
<td>- Reduction of property footprint.</td>
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<tr>
<td></td>
<td>- Space charging.</td>
</tr>
</tbody>
</table>

**Business unit focus**

There was strong evidence of having a business focus being necessary for CREM core competencies from the CREM customers’ perspective. Customers expected CREM to play its supporting role by using all their real estate expertise including any property specialisations such as facility management, property management, property investment and several other specialisations. CREM’s roles in supporting business units mentioned by customers were:

- Supporting business units’ core operations;
- Property searches for business units; and
- Providing property input for strategic planning.

Supporting business units’ core operations is essentially about the CREM function supporting business units to achieve their goals. The main objective for business units in their core operations is to satisfy their own customers who purchased their services or products. Their customers is the main source of income for the business. 

59 Apart from the importance of satisfying their own consumers, business customers are the customers that pay us to deliver the product to the market. (CREM Customer 8)
units saw their success as a joint success with CREM because both parties represented the same organisation.\(^{60}\)

Interestingly, property searches for business units were activities where CREM customers highly depended on their CREM function.\(^{61}\) This is because CREM executives have the ability to search for property that suits the needs of business units, especially important in creating competitive advantage.\(^{62}\) In this process, CREM acts like a property agent for business units by fulfilling their requests. By using the property knowledge and understanding of the business nature have boosted customers’ trust for CREM to find suitable properties for them. However, a request for the property search strictly came from the business units and never came from the CREM because business units are the ones that will fund and use the property.

Customers and CREM basically sharing the same goals, therefore planning together allowed CREM to act on behalf of its customers for an organisation’s success. Having the CREM function in the strategic planning process helped to define the detailed operational activities needed for the specific goal.\(^{63}\) Customers found that it is important to include CREM executives in their strategic planning due to their technical knowledge and a physical project normally involved huge costs with a long-term commitment. Therefore, any project has to be properly

\(^{60}\) I suppose that at the end of the day you have joint success. Our common goal is to succeed and grow. We are here to develop the business and do things a better way. (CREM Customer 8)

\(^{61}\) In our company, the main role for the real estate function is to find good locations for our restaurants. (CREM Customer 1)

\(^{62}\) We’ve got competitors in the market where we want to be. So, I will take that issue to the property team. I told them, guys we need this to happen because we need competitive advantage in the market. We need your help to find the property. They will go and execute the task. The strategy comes from the business unit. (CREM Customer 6)

\(^{63}\) The way we work together is to ensure we define what we want to achieve operationally. We have to set out the operational parameters of the business and corporate property will provide all the skills in terms of infrastructure build, how they built, how they source it, how they negotiate the building contract, purchasing of land, and regulatory authorities for development approval. (CREM Customer 8)
managed right from the beginning because the customers expect the project to be completed as promise.\textsuperscript{64}

**Property service provider**

Customers perceived CREM as a provider of property services to them. This competency played a big part in understanding customers’ perceptions because CREM as an area that involves specialised technical knowledge. Among the services customers noted that they received in this study were the following:

- Property maintenance;
- Workplace management; and
- Property legal administration.

Property maintenance plays a large part in customer’s perceptions of the service provided to them.\textsuperscript{65} Activities in property maintenance varied depending on the nature of the business’ property and nature of the business ranging from looking after cooling and heating systems, and cleaning. It was an accepting statement to find that property maintenance costs were also part of the customer’s justification for requesting new spaces for their business.\textsuperscript{66} This made the real estate costs an important part of making decisions in supporting business units. However, failure in delivering proper property maintenance as expected by customers could bring negative impacts on the relationship with customers. For example, a customer in the TMC case (an external tenant in this case) was unsatisfied with the property services provided by the CREM function.\textsuperscript{67} Customers expected fast responses

\textsuperscript{64} You have to have a good working relationship with property people to be able to do a project because it is a big investment, a long-term investment. Once you do it, that’s it. There are no options. It just has to work. (CREM Customer 8)

\textsuperscript{65} The one big service we received from property functions is the maintenance. These included maintaining the building’s cooling and heating system up to fixing broken doors. If something happens we call the Property. They know what the problem is and they contact the contractor to fix it. (CREM Customer 7)

\textsuperscript{66} We are dealing now with buildings that are old. The building is approaching 60 years old, a lot of renovation is taking place, it is getting towards the end of their useful lifespan. So, it is incredibly important for us to have the right type of buildings. (CREM Customer 7)

\textsuperscript{67} Actually, property people don’t provide us with any service. We receive a cleaning service from that glass door up to that glass door only. In term of break or whatever it is based on our expense because they outsource to another party and it takes too much protocol which makes the process too slow. For example, I told them about a leakage in our kitchen, but it is still not settled yet. We
from the CREM function in relation to property maintenance to prevent disruptions to their core business.

Another service perceived by customers as provided by CREM function to business units was in terms of workplace management or working environments. This covers several activities ranging from energy consumption management, indoor air quality, lighting, and health and safety management which were part of the services that customers were looking for from CREM function in providing a supportive workplace environment. The workplace management was included for building fit-out in accordance to business conditions and requirements.

Property legal administration in the business units’ projects was handled by CREM executives as this matter is considered a part of the CREM technical expertise. It was found that organisations prevented business units from having any legally binding agreement for property transactions without the documents being assessed by CREM function. This largely because property legal matters have a significant risk impact on organisations if not properly manage.

**Act as property owner for customers**

Customers also trust CREM to act as their property owner similar to that found in the CREM executives’ perspective as the custodian of property assets. There are three competencies perceived by CREM customers. They were:

- Space allocation;
- Reduction of the property footprint; and

**employ our own technicians to look after building maintenance in the building. I don’t depend too much of the property function. (CREM Customer 2)**

68 *The property environmental input in to our building includes emissions and energy efficiency. For example, what sort of lighting, windows, tanks and all those environmental issues that relate to the building are important outcomes for us. (CREM Customer 8)*

69 *Their knowledge and ability, I suppose it is to fulfil your specific property requirements. It ranges from finding your property, fit-out to the buildings, facility maintenance, and anything related to property. (CREM Customer 6)*

70 *They’ve got the expertise to do that. All obligations will always go through them because we are a subsidiary of TLT, therefore the business unit cannot and don’t have the authority to deal with any leases. It all has to be TLT Properties. (CREM Customer 6)*
• Space charging.

In this study, customers were aware that space allocation was based on the business size and number of occupants. This means that if a business houses more staff, probably, they are entitled to demand more space from CREM. For example, in the case of PMU, a customer requested additional space be given to his business unit as they housed more students and staff compared to others. But to some extent, this ratio between size and space is also based on the nature of the business’ activities. Business activities that were involved with a lot of warehousing, such as LL Logistics, required more space in terms of storage compared to TLT and TMC that required office space to house their knowledge workers.

CREM was also expected to reduce the property footprint as it is directly involved with management of space and property as part of organisations’ financial control to reduce cost. In this study, the property footprint reduction is a result of a space charging process that was being implemented in the business units. When business units have responsibility to pay for the space they use, then they will find ways to minimise this cost. Apart from savings, in one case a reduction of property footprint through consolidation of sites provided the justification for a new office environment. This new office brought excitement to many staff and at the same time, CREM function was able to make provide input in relating to financial control in managing the organisation’s physical assets.

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71 At the end of the day, we are responsible for the space costs and it affects the group as well. If we don’t need it, we consolidated the space and brought it up to the property functions and then it’s up to them. Sometimes they said if the business unit doesn’t need it is easier for them to get rid of it. (CREM Customer 6)

72 Last time we have four big offices in different locations. The CEO at the time said to the head of the property function that we want an office in the city. The property function then took that request, negotiated the property, and at the end of the day we consolidated into a brand new fit out here. At that time, this office was the best office the company can provide. Everybody wants to be in the new office. That’s probably the biggest property function’s impact I can remember so far, from our perspective. (CREM Customer 6)
The idea of space charging was used as part of the organisational strategy to control costs as a result from misuse space provided to business units. Charging for spaces being allocated to the business units helped to increase the awareness and efficiency in managing their spaces. In this study, though not widely used, the business units welcomed the space charging effort, even though they have to pay for the space they used. This activity forces a business unit to think and act efficiently in managing their spaces. In addition, business units have the choice to expand, consolidate, or surrender the space to CREM for better usage or for disposal purpose.

In comparison to the CREM executives’ perception of themselves, the customer’s perspective was more towards the technical management of real estate to meet their needs. There is a tendency from CREM executives to foresee themselves as the expertise so that can be the property point of reference. However, CREM customers have a slightly different expectation about CREM. They foresee CREM’s core competencies are supposed to be about supporting their core business without concerning about technical detail of the property. Customers highly appreciate CREM when it is able to deliver the request from business units. However, lack of interest in CREM customers to explore CREM potential has prevented the customers from making full use of CREM capabilities, especially in generating income from real estate. One of the reason this happened was because of the lack of ability to communicate at the strategic management level where the profit generation activities happen at that level. The detail about communication in CREM will be discussed in Chapter Six.

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73 Space charging is something like a supply and demand concept. If the space is left idle then we have to pay the rent. I think it is a good idea they introduced this kind of concept because now many faculties and functions that are operating do not want to share their empty space because they don’t pay anything. It is also indicating how efficient you are. (CREM Customer 3)

74 Obviously, we use as effectively as possible the space that we have but now we are not looking for downsizing, we are looking for a new building. The space that we require from the new building is greater than what we have. Therefore, the space cost is going to increase. (CREM Customer 7)
5. 5 Possible improvements in CREM positioning

There is a general acceptance in this study from CREM executives, and the CREM customers about CREM being the custodian in handling organisations’ physical assets. However, there is potential improvement in CREM’s technical positioning in adding value to organisations. The responses to the interview question ‘If you can change one thing for this organisation in relation to the CREM function, what would it be?’ provided an insight into what the respondents expected CREM to look like under a more favourable circumstances. These insights included the following about CREM:

- As a financial control mechanism;
- Having more resources available for effective operation; and
- Being better understood.

5.5.1 CREM as a financial control mechanism

Financial matters attract the interest of the Chief Financial Officer. By either generating income or saving money thus improves profitability, the financial consideration contributes to a perception that CREM should be more engaging with higher level management and organisations’ strategic agenda. CREM was found to be a useful financial control mechanism, especially with regard to the allocation and management of spaces for business units. The purpose was not to generate profit for the business, but it is so much about controlling real estate expenses within organisations. This was achieved through:

- Space charging as a budget controlling mechanism; and
- Central property decision making.

The leasing or renting of space for running core operations and to house staff is often the highest property cost for all organisations. An ability to minimise this cost will automatically reduce the cost burden. One way to control this cost is through space charging to the business units in the organisation because

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75 Our CFO is very calculative. He queries everything we want to spend, even one Ringgit. For example, in our financial section, we have to declare what is our revenue, costs and whatever is involved with financial management. (CREM Customer 2)
underutilised space indicates inefficient management. PMU and BMT University were two cases that adopted this approach as a financial control mechanism. The benefit of space charging for organisations was the ability to reduce space wastage, increase financial management by business units, and an increase in space sharing that might lead to improved team-working in the organisation.

Another strategy for using the CREM function as a financial controller was through central property decision making. This was useful for an organisation that has property scattered around the world in terms of monitoring every property transaction conducted by organisations. Property transactions involving leasing, buying, and selling were assessed through the CREM function. This prevented any redundancy of effort, for example, in getting approval from authorities for development by business units. Another benefit of central property decisions was that collectively an organisation was able to generate a better negotiation result by having better demanding power from the owner. Evidences showed that this strategy was being used successfully in the retail organisations such as ChickBase and Home Bakers.

5.5.2 Having more resources

As mentioned before (refer Section 5.2), one of the CREM positioning challenges is the lack of resources. As a result, a possible CREM improvement would be to have more resources to deliver its capabilities to organisations. Limited staff to look after physical assets limits CREM’s ability to manage physical assets and prevents CREM from venturing into other value-adding activities. Having more expertise in the team can increase the efficiency and quality of CREM services to

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76 All the properties make their way back through this organisation. So, we centrally control who is doing what. (CREM Executive 8)
77 You can’t let the franchisees do their own deals. They can’t turn up at the Westfield (biggest operator for shopping complexes in Melbourne) and can’t possibly do the work we do. They don’t have the ability to do their own lease deals. (CREM Executive 5)
78 I don’t know about manpower but it appears from outside that they have a lot of work to do. It appears like they’ve got so much going on over there and they struggle to keep up and keeping you updated. (CREM Customer 6)
the organisation. In this study, a corporate organisation often scattered its offices and operations in various locations in different regions or countries. Limited resources in terms of manpower can prevent effective workplace management, property developments, and innovation from physical assets. This is because involvement in new ventures beyond current activities by CREM generally comes with the need for extra resources.

Outsourcing is most probably a common solution for the CREM function in overcoming this resource shortage. This was especially so for activities that required specialised or property services that are normally not required on a regular basis, such as specialised equipment maintenance or specialised projects. The appointment of these contractors was on a contract basis with the termination clauses if performance did not meet the standard set by CREM. To some extent, outsourcing also contributed to cost minimisation, job efficiency, and the flexibility of services.

A well-resourced and motivated team has the capacity to make a significant contribution to the organisation. Rewards and recognition can contribute to motivate and facilitate continuing staff development. Empowerment for CREM to deal with new challenges should be part of corporate strategy to let CREM improve its value for organisations. A proper evaluation of success or failure for activities would allow CREM to adjust its approach to serve customers inside organisations.

79 I think we need some improvement. I think we need more resources to run properly for the whole of Malaysia. (CREM Executive 4)
80 Our focus is more on outlet expansion. If we want to get involved in other matters then we need to bring in more manpower. (CREM Executive 1)
81 A lot of them we outsource. All our project delivery we will employ outside consultants and contractors. We only have in-house project coordinators. Maintenance is a mixture of in-house and contractors. Security we outsource, cleaning is also outsourced. A lot of this is on a contract basis. (CREM Executive 7)
82 Annually we operate below the average cost compared to other universities. That’s partly to do with our scale and size. We can save the university money and avoid people duplicating skills across the university because we may only use it occasionally. (CREM Executive 7)
83 I encourage reward and recognition in every achievement. It’s not supposed to be big. Its enough with a morning tea function to celebrate achievements. (CREM Executive 6)
5.5.3 Being better understood

Minimal understanding about the nature of real estate could limit the acceptance and appreciation within organisations. A real estate asset is different from other products in the sense that it is difficult to see an instant impact from any property transaction. Real estate transactions invariably take time to execute, often need a lot of capital, involves significant risk, and are often subject to legal ramifications. This especially true when this relates to new property ventures or project development in different countries. It was evident in this study that CREM wanted to be better understood by its customers and senior management. CREM executives desired that senior management understand the nature of real assets and become more patient in expecting outcomes from CREM activities.\(^\text{84}\) Thus, being better understood could improve CREM mental positioning among senior management and CREM customers.

It was evident that there was resistance to generating profits by CREM, especially when the CREM organisation did not have strong leadership and under-resourced.\(^\text{85}\) A similar situation existed in balancing between CREM operational and strategic activities where the CREM focus was more on the technical property management rather than managing tasks at the strategic management level. Without this understanding, CREM will be end up fulfilling operational routine activities only.\(^\text{86}\) An understanding from senior management about CREM’s potential that allows for venturing into new activities such as land development and running a business-like function inside or outside the organisation could

\(^{84}\) One thing I would like to change is the understanding from the top management that property is not like selling fast food by the roadside. You can’t expect instant profit from the first day you venture into the business. .... The challenge is to make them understand the nature of the property business. (CREM Executive 2)

\(^{85}\) We don’t have strong leadership. The only challenge that I can see here is our head of function is not from a property background. We don’t have enough professionals in our functions to run new ventures either. (CREM Executive 4)

\(^{86}\) There is strategy about doing things better and you have to make the time. Strategy is about what we can do tomorrow for the future miles away, like a kiosk instead of a shop, a take-away outlet instead of retail etc. It never happens, I just can’t do it. The resources I have now are just enough for 700 outlets. That’s my problem. (CREM Executive 5)
improve the CREM position. This suggests that there is some probability for CREM to be understood when there is entrepreneurial spirit evident in the organisation.

5.6 Conclusion

This chapter presents empirical evidence on the CREM positioning from the studied organisations. Several elements played an important part for understanding CREM positioning within organisations such as CREM positioning challenges, defining the positioning boundary, identification of CREM core competencies, and possible improvement for CREM. Several important points appeared from this evidence. All studied organisations established CREM function as a cost-centre with the main role to support the core businesses in the organisations. The main customers for CREM is the business units. Even though it is a two-way relationship, business units were the ones who initiated a project and CREM is responsible to deliver the request.

The CREM super core competency was being the custodian of the organisations’ physical assets. From the CREM executives’ perspective, CREM’s core competencies covers a wide range of responsibilities, including facility management, property management, and strategic real estate management. However, from the customers’ perspective, CREM expected to focus on supporting their core businesses while maintaining the organisations’ physical assets. Another finding from this chapter is the possible improvements for CREM positioning such as being the key role in financial control mechanism, having more resources available for CREM, and having a better understanding of CREM’s potential from senior management. The following chapter (Chapter Six) deals with the ‘communication’ (C) element from the PCDL Model in understanding CREM positioning within organisations.

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87 At that time, this telecommunications company has many buildings and lets the buildings remain empty, which was not serious in looking for business opportunities. When the prime minister at that time advised them to learn from other private companies, then they start to open their buildings to outsiders. (CREM Customer 2)
CHAPTER SIX

THE ‘COMMUNICATION’ ELEMENT IN CREM

6.1 Introduction

The communication element in the PCDL Model is critical to building the relationship between CREM and its customers and has had some treatment in the literature. This chapter documents the CREM communication practices in the studied organisations as a basis for demonstrating how they contribute to CREM branding. The chapter presents evidence relating to four main themes:

- Challenges in CREM communications;
- Communication practices with customers;
- Communication practices with decision makers; and
- Main considerations for CREM communications for branding purposes.

6.2 Challenges in CREM communications

The empirical analysis showed that a number of challenges existed in CREM communications. This study shows that the challenges arose in CREM communication were not just because of technology, but also from human factors as well. These included:

- Customers’ struggle to obtain feedback from CREM;
- Difficulties in dealing with financial elements; and
- Responding to customers’ requests.

6.2.1 Customers’ struggle to obtain feedback from CREM

One challenge for CREM customers was to obtain feedback on what is happening during running of a project. This struggle increases when there were many
projects running at the same time. Customers became frustrated when they were not given an update on the status of their projects. They expected the communication between themselves and CREM to be more than just a one-time reporting activity. This was a common expectation because customers wanted to have positive feelings about the progress of their projects. Basically this is also CREM’s intention when a CREM executive explained that he wanted to be seen as someone who could provide any information requested by the customers, especially by responding to customers’ questions about the activities run by CREM. This suggests that there is a similarity in intention based on what is happening, but disconnection happens when there are many projects running at the same time.

Each business unit works at a different pace depending on their core business with some of them operating at a fast tempo and they expected CREM executives to respond quickly to their requests for solving their problems. The response moved beyond just about rapid communication, but also in terms of wanting faster solutions to their problems. For example, TMC’s customers wanted CREM executives to find ways to solve their problems beyond the normal working procedure. Customers were concerned more about their core business and they demanded CREM to support their business in every way they needed. This was not a surprise given the expectation of the CREM positioning as a support function to the core business. This contributed a challenge to CREM not only in communicating the progress of the project, but in also solving the customer's problem.

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88 You have to chase up to find out what is happening. (CREM Customer 7)
89 We talk a lot but its more towards reporting. We started something but we struggled to find the progress. (CREM Customer 6)
90 I would like people to see me as knowing our business. Being someone that they can count on to ask questions, get responses and get activity. (CREM Executive 5)
91 We work very fast, so we expect them (CREM Executives) to do the same. When I send an email I expect them to respond and act very fast. (CREM Customer 2)
92 In our leakage case, for example, they want to do the job during our office hours. Why don’t they take care of that on the weekend or some other time when our staff are not doing our work? (CREM Customer 2)
6.2.2 Difficulties in dealing with financial elements

The majority of studied organisations were led by people with a financial-based background. In addition, the key performance indicators set by organisations also required the financial elements as they were part of the organisations’ performance measurements.\(^\text{93}\) Many types of major projects in the studied organisations were highly involved with financial elements. Among of them were:

- Mergers and acquisitions;
- Company restructurings;
- Office relocations;
- Renewal of leases;
- Business expansion; and
- Opening new outlets.

There were also organisations, such as PMU that has to comply with a Financial Circular outlining the requirements of the university and the government before they could undertake any development or maintenance project.\(^\text{94}\) This created a challenge for CREM to be involved in the communication process to deliver its functional expertise, especially when dealing with solving major property problems in a limited time.

In addition, there was a need for CREM to understand and communicate with customers in financial language whilst conducting a business project.\(^\text{95}\) As a support function, there seems an unstated ‘rule’ that the CREM executives should

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\(^{93}\) Every year we have to submit our Balanced Scorecard as part of the Key Performance Indicators. In our financial section, we have to declare what is our revenue, how much it cost, and everything that involves financial matters. These included the source of revenues from internal and external customers. (CREM Executive 2)

\(^{94}\) We are bound by the Financial Circular. So, we have to go through approval from the University for every project we would like to do. Certain projects that run below a certain cost we will manage, but projects above RM20,000 (AUD7,000) will be managed by the property function. (CREM Customer 3)

\(^{95}\) Our vision is to deliver efficient property solutions and always tie back to what you are working with what the users are going to be. It's got to be practical, commercially and financially viable. (CREM Executive 6)
follow the customers’ language rather the customers following the language of property used by CREM executives.96

6.2.3 Responding to customers’ requests

The studied organisations have certain guidelines for approving proposed projects. Adhering to the guidelines designed by the organisation can create a dilemma for CREM executives, especially when fulfilling direct requests from customers because they can result in conflicts with those guidelines.97 The customers insist on doing what they thought was right for them, but at the same time CREM executives have certain parameters to safeguard the organisation’s physical assets. To some extent, these parameters limit CREM’s ability to fulfil requests from customers because CREM executives were subject to horizontal communications regarding what the business units wanted, and also vertical communications regarding what senior management wanted to implement.

The reason for having the parameters was to prevent conflict or legal problems arising from property transactions.98 CREM designed the rules with the approval from senior management to provide guidelines in decision making, especially those involving legal implications. Contradictions and tensions occurred when customers’ requests did not match the organisation’s parameters.99 It was a challenge for CREM to solve the conflict when a request by a business unit went against the organisation’s guidelines because both parties are important. All of these challenges in CREM communication indicated that the communication

96 The more important part is real estate people need to improve in their communication language. They have to communicate in business language rather than real estate technical jargon. They have to simplify for the customers or peers to understand what they are talking about. (CREM Customer 1)

97 Sometimes we have franchisees saying they will pay the 100% increase in rent because they can’t afford to lose their business. But, we will say that we are not going to pay that 100% increase because you are not going to make any money and we don’t want you to go broke. (CREM Executive 5)

98 We have the franchising code to follow and just can’t let the customers sign up for something that I know will make them go broke. Later, they will take me to court and will sue me because they went broke because of me. So, I can’t do that. (CREM Executive 5)

99 The difficulty is that sometimes we have to take a university-wide view rather than a faculty view and are put into a certain position whereby we have to say ‘No’ or ‘We can’t do this kind of stuff within the timeframe that the faculty would like’. (CREM Executive 7)
problem was not only from the CREM point of view, but also from the customers’ and the decision makers’ viewpoint as well. Therefore, it is important for this study to understand CREM communications to customers and decision makers in order to address these communication challenges.

6.3 Communication with the customers

This study shows that the flow of communications for CREM were not only to customers regarding business units that directly received CREM services, but also to the decision makers in organisations (see Figure 6.1). TMC is used here as a typical example to show the flow of CREM communication. CREM communications involved two groups of people – its customers and senior management. The first type of communication was communication with customers, which were mostly business units. The second type was the communication with decision makers or senior management in the corporate hierarchy. The communications to decision makers occurred vertically in accordance with the reporting line. Detailed CREM communications to decision makers are discussed in Section 6.4.

Figure 6.1 shows the example of how a company organised its main operations that report directly to the Group Chief Executive Officer. For the CREM function which was located separately under the Support Business with other support functions to provide services to the main operations’ groups, its vertical communication was through Executive Vice President (EVP) Support Business who reported to Group CFO and Group Executive Officer.
Figure 6.1: CREM communication to customers and decision makers in TMC
Meanwhile, communication with customers appears to be horizontal in form. The communication with CREM customers played a crucial role in enhancing a relationship between the CREM function and CREM customers, especially in keeping the information flow going smoothly. Four important elements were found to make significant contributions to understanding CREM communication with the customers. They were:

- Collective goal setting;
- Structuring the relationship;
- Modes of communications; and
- Relationship formation with the customers.

6.3.1 Collective goal setting

The first important element found in CREM communications with the customers was collective goal setting with the business units. It was a part of the integration and connectivity in relationship building that gave a sense of common purpose for CREM and their customers in achieving collective goals together. This explained how CREM as a support service initiated the real estate activities within the organisation, especially in terms of what to achieve, how much budget was allocated, and the timeframe to complete the projects.\(^\text{100}\) Collective goal setting also highlighted to complement the relationship between the two parties. Customers were not able to achieve a successful real estate project without CREM support, whilst CREM increases its status and acceptance by fulfilling the customers’ requests.

Due to many running projects simultaneously, priority setting played a significant role in this goal setting because this allowed CREM executives to make early preparations in order to deliver better services to its customers. Prioritisation also helped the CREM to detail the plan, provide better assistance, and make adjustments to its resources during the service delivery. This contributed to

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\(^{100}\) Early on, they will give us a list of projects they want to accomplish along with their budget. Then we sit down with them and discuss the details further about what they want to achieve and how we can help them. (CREM Executive 4)
impressing customers that the CREM function was able to fulfil their needs. One of the approaches in priority setting was through annual prioritisation. This study identified several benefits of having a collective goal setting for CREM and the business units. Among them were:

- Improved teamwork;
- Shared responsibility; and
- Sharing of resources and working culture.

The team working environment emphasised the common goals among the involved parties. This happened through cross-divisional collaboration that provided an exchange of expertise to solve the problems arise in running project. Even though CREM and the business units have different job specifications to prevent redundancy of effort, maintaining a strong bond among the group members encouraged them to put collective success as a priority above the individual success. For example, ChickBase practised teamwork success on top of individual units within their culture. This enabled the organisation to add greater value in utilising its resources across business units.

Even though CREM was the custodian for organisation’s physical infrastructure, the responsibility for making a project successful was still equally important to the business units because the request and financial resources were from the business units. This led to the formation of mutual understanding that both parties have an equal commitment to each other for the success of a project. In this context, a strong relationship between these two parties was achieved through goal sharing. While the scales of responsibility were quite different between a core business and

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101 We can assist our customers with their projects to a stage where we can put them forward as part of our annual priorities in which we spend the capital dollar. (CREM Executive 7)
102 We are lucky because we have many cross-divisional collaborations in each project. For example, if we have a problem at our exchange building, network people will let us know if the problem is related to property issues. It is actually a teamwork process. (CREM Executive 2)
103 Our working style is involved with teamwork. Everybody or every department has equal accessibility to the Managing Director. We don’t practice rewards to who gives the idea, but we share the same mission to help our company grow. If we agree on one idea, that means we are responsible to make the idea succeed collectively. (CREM Customer 1)
a support function, the findings suggested that cooperation towards the same goals contributed to better understanding that lead for both parties to support each other.

In addition, having collective goal setting helped CREM executives and customers to have realistic expectations about the availability of resources faced by CREM. CREM was able to deliver the best services when it found the required resources. This was important for CREM, especially involving a long duration project such as cultural development in the organisation.\textsuperscript{104} Meaning that alignment of CREM’s resources with customer’s resources proved to be an essential element to achieve organisations’ goals. Therefore, having collective goal setting helped CREM moving in the same direction as the business units and the organisation which helps to create a good working relationship among parties involved.

However, a barrier in setting common goals was the discrepancies in power that apparently affected the relationship between the CREM and business units. There was the potential for an unbalanced flow of instructions as the customers expected CREM function to deliver everything they requested. Such requests from business units created situations where CREM could not refuse or make a counter-offer to the customers other than to deliver their requested. If there are disputes, then senior management is the one that will have the final say. This showed that CREM is actually a request (order) receiver even though its intention to be equal as a partner with the business units.\textsuperscript{105} However, this is the acceptance for how CREM is being structured as the support function within organisations.

\textsuperscript{104} People are the most critical resource, especially in the service industry. It didn't happen overnight, it happened over a period. We don't manufacture anything. We deliver customer parcels. It’s about getting people to work together and making people accountable. It’s about making sure we get the best training in place, the right development and mentoring of our people and all of this must come together. Everyone works hard, plays hard and gets the job done. Everyone’s got to do his or her job. You build good relationships and create a good environment for everyone to work in. But the trick is to get people pulling in one direction. (CREM Customer 8)

\textsuperscript{105} We like them to see us as a partner in delivering their business. (CREM Executive 7)
6.3.2 Structuring the relationship

In this study, it was found that the effort involved in structuring the relationship between CREM executives and CREM customers occurred through CREM relationship managers and customer representatives. This suggests that the CREM function is, in fact, a hybrid organisation consisting of not only the CREM executives but also including the business units’ customer representatives.

A relationship manager represented the CREM function and was held responsible for managing the portfolio for that particular customer or business unit. Meanwhile, a customer representative is a person representing the business unit in providing information related to property needs to CREM. Most of the studied organisations (seven out of eight) appointed representatives from business units to feed information and dialogue to CREM. A main reason to have this structure was because the internal staff from business units have a better understanding of their business than the CREM executives. However, these representatives did not have a formal real estate background like CREM executives in the CREM function. They learned about real estate while working in the business units and the requirement was more toward providing the right information about their business only. Having this arrangement helped the business unit make better plans about their property needs and helped to channel the right information to the CREM function.106

The customer representative

A customer representative acted as a point of contact in the particular business unit in relation to property and physical matters.107 This means that better information can be collected from a business unit because the person has better access and understanding of the business. This put the customer representative in

106 We (the faculty’s management) have a capital works budget. Often we sit down and plan for a couple of years. What we are looking at doing, what sort of works we intend to do with the buildings, what will be the budget for that and then we will work to the budget for a couple of years. (CREM Customer 7)

107 My function is like a property representative. It looks a little bit like I am the customer relations for property functions. I am the point of contact and help to make things happen regarding property in this company. (CREM Customer 6)
the customer relations aspect of CREM. For example, rather than inspect all the outlets across region CREM could rely on input from the representative to obtain input about their properties\footnote{My function is like a property representative for our business. It looks a little bit like I am the customer relations to the property department. Property people will come to me if we need any property work. We have about 30 properties nationally, so the property functions don’t have to go to all our businesses to get property information, instead they will come to me. I am the point of contact and I help to make things happen regarding property in this company. (CREM Customer 6)} (see Figure 6.2).

\begin{figure}[h]
\centering
\includegraphics[width=\textwidth]{organisation_structure.png}
\caption{Representatives of the CREM function inside organisations}
\end{figure}

This suggested that a customer representative occupied a hybrid position in bridging the business units and CREM and allowed the communication process happened between both parties. CREM on the other hand was able to provide information related to the real estate’s need to senior management in order for them to prioritise resources across business units.\footnote{I think one of the things that we are working is to get more agreement across the university about the priorities for projects when we work out the capital plan. Which of the projects are going to go first and which one is going next. So, we are able to get things running smoothly rather than in parallel at the same time. (CREM Executive 7)} However, CREM’s ability to fulfil the request still relied on resources approved by senior management because
as a shared service, CREM is responsible for accommodating requests from all business units across the organisation.

**Relationship managers**

Besides the importance of having customer representatives from business units, CREM function also allocated dedicated staff to manage its customers as a relationship manager.\(^{110}\) It was one of the key points that added value for the customers and at the same time improved communications between customers and CREM. Relationship managers regularly communicate with customer representatives to discuss property plans and strategies to be achieved.\(^{111}\) A relationship manager understands the business units’ vision and mission along with their core business, their performance measurements, and also the information needed from customer representatives. The role of the CREM relationship managers in this study included:

- Managing customers’ property portfolios;
- Collecting CREM information from customers; and
- Making sure customers received quality CREM services.

**Managing customers’ property portfolios**

This role required CREM to act as a custodian or property owner for the organisations’ physical properties as discussed in Chapter Five. The main role is to manage customer’s property portfolio to make sure the customers’ property decision provides the highest possible return.\(^{112}\) Among the CREM strategies in this study for managing customers’ portfolios were:

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\(^{110}\) To be honest with you, one of the key points of success in converting saved cost and value added is the engagement and communication with the business units. They know what we do in our vision and the mission and that we are measured by it. I have in my team three client relationship managers. As a point of relationship, managers act kind of like the executives for the portfolio of the client and make sure they receive reports on time, the quality of product is right, the info is accurate and anything else that they need I am looking up. (CREM Executive 6)

\(^{111}\) I would meet with the relationship manager from the property functions that were assigned to our company. We meet on a regular basis, we talk about strategies and anything they want to put forward with what we want to do. (CREM Customer 6)

\(^{112}\) I have overall accountability to manage the shareholder funds. The primary accountabilities to match the shareholder funds invested in real estate and effectively minimise the cost base of property while meeting the business unit’s needs. It all ultimately related to how we know we get the best out of their portfolio in terms of return of investment capital and the cost, provided it is compatible with the solution we’ve got (CREM Executive 6)
Property reductions – reduction in size and number of property holdings to reduce property holding costs;

Centralised data repository – management of all property data across the organisation to prevent redundancy of uses and for monitoring purposes; and

Tenure management – monitor property usage in terms of lease or owned property portfolios.

Property reductions aimed to reduce customers’ property portfolios without affecting their core business. Reduction in size (property footprint) or number of properties in the portfolio allowed organisations to reduce property costs such as rental costs, taxation, and maintenance. In this study, space or property reductions provided the biggest impacts to customers in reducing their operational costs.

A centralised data repository allowed organisations to have greater accessibility to data in terms of the organisations’ physical property (all eight organisations). This strategy allowed CREM to coordinate the property portfolio across business units in the organisation. Centralised repository helped organisations managing their complex property holdings to prevent redundancy of usage. For example, PMU and TMC developed their own software to manage all their property holdings. A combination of information technology and property knowledge allowed CREM to extract information faster to better serve the customers. A centralised repository was also useful for CREM to monitor the physical condition of customers’ property, outsourcing strategy, operational monitoring, and health and safety guidelines.

Tenure management has significant impacts for an organisation’s strategic planning, legal, and financial aspects. For example, CREM executives in LL Logistics use lease management to manage sale-and-lease back activities. They actively took part in developing the property and then leasing their warehouses to external companies to generate income from rentals. Meanwhile, Home Bakers used tenure management to have early discussions and planning with their franchisees before their leases expired. This effort helped franchisees and Home Bakers to make early preparations in serving the business units.
Collecting CREM information from customers

CREM requires proper information from customers in order to develop CREM strategies to align with the customers’ core business strategies. The use of customer representatives and relationship managers was important in providing the information needed to drive CREM strategies across all business units in the group. In this study, information collected from customers was in three forms: including:

- CREM customers’ initiatives;
- CREM executives’ initiatives; and
- Merger and acquisitions activities.

First, information collection was initiated when customers came to CREM and requested help related to their properties. For example, an expansion of the business that requires new warehousing, new buildings, bigger property size, or installation of new equipment were among the customer initiated information given to CREM. In some circumstances, complaints from customer to business units have triggered the initiative to CREM. Other information was sometimes collected through Project Control Groups while running a project. This Project Control Group communicated all the information associated with the project in a transparent fashion to CREM executives through the customer representative. Then, CREM is responsible to identify and provide a solution to the problem. What customers perceived as a good property decision was the one that fulfilled

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113 The strategic plan that was developed at the corporate level and the business unit level is a must. We aligned that with the business. You then develop the plan based on the information given by them. (CREM Executive 6)

114 Business units will feed us information that they gathered from their customers through the customer service centre. Information that we receive is processed information; for example, business units give us information that their customers complained that the branches were not comfortable or were a bit hot. So, our responsibility is to identify what is the cause of the problem. The business unit just feed us the information and then our task is to solve the problem. (CREM Executive 4)

115 The member of the faculty or the member of the Control Group will get with all the information associated with the project so all the information is transparent. It is all about cost in terms of all of their operations and budget. We take it through the administration policy and procedures so they can see how much it costs. (CREM Executive 7)
their requirement, such as CREM being able to help them achieving their targeted markets.\textsuperscript{116}

Second, information collection happened during contact with customers to identify the need for property actions. Often, a trigger for this action was through impending lease expiration. The period prior to lease expiration that trigger this varies depending on the size of property, whether within six months, 12 months, 18 months, or 2 years. When the expiration date was approaching, CREM executives inform the customers about the date and sought advice as to whether they wanted to retain the properties or relocate. The impact of this information varied depending on the nature of the business. For example, in the case of LL Logistics, when CREM provided information about the establishment of a new port in Melbourne, the customer wanted CREM executives to take action to buy or to lease another place to relocate their logistics operations. This kind of information was something that CREM executives provided to business units to trigger further CREM activities for the customers.

Third, information was collected from merger and acquisition exercises. Two examples of merger and acquisition activities took place in this study. The first example was a series of mergers and acquisitions that occurred over the years, and the second was a single merger following an acquisition that was undertaken in a short period of time. The frequency of these activities conducted in organisation brought a constant exchange of information in CREM communications.\textsuperscript{117} The information collected also helps organisations to make other decisions related to the mergers and acquisitions, such as the desired working culture to develop and the type of workplace that organisations would like to have after merging.

The information collection process has increased reporting frequency which improved relationship with the customers, especially activities that require

\textsuperscript{116} We're simple. The thing that makes a good property decision for us is if it meets our target customer market. (CREM Customer 8)

\textsuperscript{117} We do a lot of acquisitions. The whole process of merger and acquisition goes on over the years. Merging businesses means a lot of properties will be integrated and getting rid of surplus properties. (CREM Executive 8)
involvement from both parties such as goal setting.\textsuperscript{118} This study shows that it was a lot easier when CREM executives were part of the business units’ long-term planning because it allowed each party to exchange information related to the CREM function.\textsuperscript{119}

Making sure customers receive quality CREM services

This study shows that CREM executives who acted as relationship managers were responsible for monitoring the service quality to customers. There were a variety of services delivered at different management levels be that strategic, tactical and operational.

Customers at the strategic level require assistance with their planning, especially in the development of accommodation plans, relocations, and help with merger and acquisition activities. Often at the strategic level, the activities were infrequent, but CREM involvement in the activities was intense. For example, CREM executives in LL Logistics planned to merge their offices from several dispersed locations into one place in Perth (Australia) with a planning horizon in three years. CREM through its relationship managers for this project started planning early because the process was going to take a long time to complete starting from obtaining a planning permit (six to 12 months) and the construction of buildings (12 to 24 months) before business units were able to occupy the building.

At the tactical management level, the relationship managers were involved with the middle management level in running projects such building fit-outs, property transactions, external tenant selections, lease negotiations, opening new outlets, and dealing with regulatory authorities. At this level, relationship managers would

\textsuperscript{118} There are a lot of things you can do to improve communication. The way we do it is to improve and become more efficient in managing customers. We provide more reporting activities and data and also meet more franchisees. In terms of the model, that is what we have currently. (CREM Executive 5)

\textsuperscript{119} We are proactive. I do get to the front and let them know what we are doing and what potentially could happen. (CREM Customer 6)
work within timeframe given by using procedures for project management unless there is changes that require approval from senior management.

Operational level management was focused more toward services such as cleaning, maintenance, repairs, and security services. It was found that at this level, CREM customers wanted CREM to be visible to monitor progress of a project. Also, organisations such as TLT and TMC ensured CREM executives and their customers discussed in detailed what they wanted to achieve operationally. They set out the operational parameters of businesses in terms of activities they wanted to undertake and goals to accomplish, how they would run it, how they would source it, how they would negotiate the building contract, and daily activities in completing these activities so that the operational activities could run on without hassle through minimal monitoring from both parties.

6.3.3 Modes of communication

CREM communications with customers helped CREM to develop strategies for business units in advance which in turn helped CREM manage its resources efficiently. The communications also provided opportunities to evaluate administrative decisions, policy, and work procedures between the CREM function and business units in fulfilling organisational objectives. Furthermore, communications provided a platform for updating what was happening and taking customers through the process and making adjustments to a project when needed. It was found in this study that there are two types of communications between CREM and its customers. They are:

- Formal communications; and
- Informal communications.

Formal communications were those occurred on regular basis through proper channels of communications between the customer representatives and CREM relationship managers. On the other hand, informal communications occurred at

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120 When we have a decision I then will take that to property department and mention to them that this decision has already being endorsed by the company. (CREM Customer 6)
unscheduled times or without using a specified communication channel. The frequencies of these two communication forms are documented in Table 6.1.

**Formal communications**

CREM formal communications with customers were focused on regular communications with business units. The communications discussed a variety of issues ranging from strategy development, future courses of action, deciding financial plans and timeframes, updating progress of projects, and informing the daily operations. There were two types of formal communications in CREM with the customers – the first was regular business communication and the second was project specific communications.

<table>
<thead>
<tr>
<th>Organisations</th>
<th>Formal</th>
<th>Informal</th>
</tr>
</thead>
</table>
| ChickBase     | • Early in the financial year to discuss real estate strategies.  
• Daily communication to discuss outlet matters (legal documents, renovations, and work processes). | • When needed to follow up about approval from local authorities. |
| TMC           | Data not available. | Data not available. |
| PMU           | • Yearly planning with customers. | • Sudden problems - building defects or breakdowns. |
| MalLogistics  | • Early of the year – discussion about budget and timeframes. | • Update on-going project progress. |
| Home Bakers   | • Meet with franchisees 18 months before the lease expires.  
• Daily meeting with franchisees that need property help. | • Information gathering through appointed state managers (the relationship manager). |
| TLT           | • Early in the year - discuss property strategies with business units.  
• Monthly meetings to discuss on-going projects.  
• Once a week through Relationship Manager to discuss any issue. | • Unscheduled meeting when there are on-going projects. |
| BMT University| • Meet with faculty representative twice a year to review projects and to plan.  
• Communicate property matters through newsletter and memos twice a year. | Data not available. |
| LL Logistics  | • Monthly meeting to discuss the running of projects.  
• Weekly conference call.  
• Merger and acquisition process and restructuring purposes. | • Telephone, email, and conference calls to discuss the running of projects. |
In this study, half of the organisations met yearly for strategic level discussions. Another organisation did this bi-annually. Cases such as ChickBase, Home Bakers, and LL Logistics did not meet annually because their meetings were conducted on monthly basis. The frequency of meeting seems related to the management levels. TLT seems to be the best example of this with the three levels quite evident – early in the year for a strategic planning meeting, monthly meetings to discuss project progress, and weekly meetings to discuss issues that arise.

The mode of communication for CREM varied depending on the nature of the business. It can be seen from Table 6.1 that organisations with many retail outlets such as ChickBase and Home Bakers have a high frequencies of communications including daily communication. It is because CREM has to handle so many outlets with different real estate activities from the large number of outlets. For example, case likes Home Bakers with 700 outlets, if they were leased (say) on seven year terms, then this resulted in 100 lease renewals per annum which is an average of two renewals per week. There is no surprise the that daily contact with at least one franchisee was occurring for CREM executives in Home Bakers. The frequency of meetings increased when the lease term was shorter.

A project-specific meeting was mainly to discuss the operation of a project to ensure it is completed on time and within budget. These meetings were conducted on a regular basis, either weekly or monthly, depending on the stage of the project, especially for property development projects. Lease expiration, merger and acquisition, and company restructuring were also among the triggers that initiated communication. For example, lease expiration was frequently used in organisations with many outlets such as Chickbase, Home Bakers, and MalLogistics. For small outlets, the usual practice was to have a meeting around 18 months before lease expiration because this was a reasonable period for customers to prepare for a change of business location.\textsuperscript{121} Meanwhile, a major

\textsuperscript{121} \textit{What we do 18 months before the lease expires is that we sit down and have a meeting with the retail operations and franchisees and my state property manager and we tell them that their lease is about to expire in 18 months. (CREM Executive 5)}
relocation, such as an office headquarters or a central warehouse needed two and half years for CREM to plan it with customers and also senior management.\footnote{122}{Because of the planning now in this country it takes between 6 to 12 months to get a planning permit, at the moment it takes 12 months to build so we are starting to strategically work with the businesses at least 2 and a half years before we relocate to new terminal or buildings. \textit{(CREM Executive 8)}}

**Informal communications**

Informal communications in this study mainly occurred during updating project progress and in a time of crisis. Business units may conduct regular formal meetings in handling projects, but informal communications in this study were unscheduled and without any specific frequency. The more projects handled by CREM, the more informal communications that were conducted. During a time of crisis, informal communications played an important role as the mode of communication for CREM. Building defects, breakdown of facilities, or natural disasters were among the triggers for informal communication.\footnote{123}{I only communicate with them (franchisees) at lease expiration or problem time. So if we have flooding in Queensland or a bushfire in Victoria my guys will get involved for further clarification. \textit{(CREM Executive 5)}}

The informal communications helped to improve the relationship between CREM and the customers. It showed the efficiency and ability for CREM to provide information rapidly to its customers. Besides communication with customers, informal communications were also conducted in responding to matters related to external parties such as approval from authorities. With the improvement of information technology, informal communications has moved beyond traditional face-to-face communication. Communications were conducted through teleconferencing, email, and other technology as the replacement for traditional ‘across the table’ meetings.

### 6.3.4 Drivers for relationship formations with customers

Drivers for relationship formation for CREM and its customers in this study were found in two different situations. These were:
- When there was input from the business units; and
- Driving strategy throughout the organisation.

**Input from business units**

Strategy was formed at the business unit level and then brought forward to CREM for implementation. CREM involvement only began at the implementation stage along with monitoring from the business unit’s representative. At this stage, CREM was receiving orders from customers rather providing input at the planning stage. Then, CREM will define the types of services required by the business unit (see Figure 6.3).

![Figure 6.3: Relationship formed through input from business units](image)

Business units laid out their real estate requirements based on their core business strategy. Then, the customer representative put forward the compilation of requests to CREM for implementation. For example, a business unit from TLT required a point of presence in the market to stay competitive and visible in the market.\(^{124}\) As an enabler, CREM was responsible to find the suitable locations required by the business unit in order to create the competitive environment.

During the implementation stage, CREM executives transformed the request into action with help from the business unit’s representative. Even though there were customer representatives at this stage, their role was more one of monitoring to

\[^{124}\text{Our sales division came out with a strategy that they wanted to be competitive or visible in the market where the competitors work. So, I will take that and bring it to the property people. I told them, “Guys we need this to happen because we need competitive advantage in the market. We need your help to find the property”. (CREM Customer 6)\]
make sure the project went according to the previous request. The activities at this stage also moved more into property technical matters such as dealing with property negotiations, property legal matters, building renovation, tenancy agreements and other activities that required specialised property knowledge being handled by CREM.

**Driving strategy throughout the organisation**

In this driver for relationship formation, business units and the CREM jointly defined the objectives they wanted to achieve (see Figure 6.4). This meant that both parties were developing the same projects at the same time according to the nature of the business.

![Figure 6.4: CREM joint strategy with business unit](image)

In this situation, CREM played its role as the coordinator or the main driver for the strategy development.\(^{125}\) The reason for this was business units existed as silos where each business unit was separated from each other due to the structural nature of organisation. It was found that conflicts existed among business units in securing real estate resources from the organisation. When a conflict occurred, CREM was positioned as the custodian of physical assets at the corporate level and has access to align all real estate needs in the organisation. For example, BMT University appointed a committee called the Infrastructure and Planning Group to act as the arbitrator to provide solutions in the case of conflicts between the

\(^{125}\) *We work in conjunction with the faculty that proposes it. We sort of coordinate and put it all together.* (CREM Executive 7)
business units in order to align and create a joint real estate strategy among the business units.

In summary, communication with customers for CREM is a two-way process. The customers were able to provide input related to their real estate needs and at the same time, CREM could be the resource centre at corporate level in aligning organisation at real estate resources. CREM communication with customers was conducted through both CREM relationship managers and customer representatives through formal and informal processes.

6.4 Communication to decision makers

As shown in Figure 6.1 previously, besides communicating to customers, CREM also found to be communicating to decision makers which consisted of various levels of senior management. It is important to understand this communication because it provides information and feedback along the reporting line within the organisational structure vertically between CREM and the decision makers. The diagram also indicated the group of people that played a significant role in carrying CREM messages to the ultimate decision makers. This group can be identified as ‘key communicators’. The key communicators were part of the CREM decision making process and responsible for carrying information related to CREM to the ultimate decision makers. This make CREM reliant on them in many circumstances to appropriately to carry the CREM ‘message’ to the ultimate decision makers. The number of key communicators indicates the number of levels, which the communications would go along before reaching the ultimate decision makers. Table 6.2 identifies the ultimate decision makers, key communicators, and the number of reporting levels between CREM and the ultimate decision makers in the studied organisations.
### Table 6.2: Communication to decision makers for CREM in organisations

<table>
<thead>
<tr>
<th>Organisation</th>
<th>Key communicators</th>
<th>Ultimate decision makers</th>
<th>Number of levels</th>
</tr>
</thead>
<tbody>
<tr>
<td>ChickBase</td>
<td>• Managing Director (CEO)</td>
<td>Board of Directors (BOD)</td>
<td>1</td>
</tr>
<tr>
<td></td>
<td>• Managing Director (CEO)</td>
<td></td>
<td></td>
</tr>
<tr>
<td>PMU</td>
<td>• Vice Chancellor (CEO)</td>
<td>Board of Directors (BOD)</td>
<td>1</td>
</tr>
<tr>
<td>MalLogistics</td>
<td>• Group Managing Director (CEO)</td>
<td>Board of Directors (BOD)</td>
<td>1</td>
</tr>
<tr>
<td>Home Bakers</td>
<td>• General Manager of Supply Chain, Property and Projects</td>
<td>Joint-Chief Executive Officers (CEO)</td>
<td>1</td>
</tr>
<tr>
<td>LIL Logistics</td>
<td>• Managing Director (CEO)</td>
<td>Board of Directors (BOD)</td>
<td>2</td>
</tr>
<tr>
<td>TMC</td>
<td>• Chief Executive Officer (CEO)</td>
<td>Board of Directors (BOD)</td>
<td>3</td>
</tr>
<tr>
<td></td>
<td>• Chief Financial Officer (CFO)</td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>• Vice President of Support Business</td>
<td></td>
<td></td>
</tr>
<tr>
<td>TLT</td>
<td>• Chief Executive Officer (CEO)</td>
<td>Board of Directors (BOD)</td>
<td>3</td>
</tr>
<tr>
<td></td>
<td>• Chief Financial Officer (CFO)</td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>• Head of Procurement</td>
<td></td>
<td></td>
</tr>
<tr>
<td>BMT University</td>
<td>• Vice-Chancellor (CEO)</td>
<td>University Council (BOD)</td>
<td>3</td>
</tr>
<tr>
<td></td>
<td>• Senior Vice-Principal</td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>• Head of University Services</td>
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</table>

In this study, the various Boards of Directors (BOD) played the role of ultimate decision makers in the organisations. Seven of the eight cases has BOD as the ultimate decision maker in their organisational structure either explicitly or effectively in the case of the University Council. Home Bakers was the only case that has Joint-Chief Executive Officers as the ultimate decision maker. However, there were two types of arrangements for key communicators found in this study. It was found that there were single level and multi-level key communicators in the organisations (further explained in Section 6.4.2). Communications with decision makers requires a different approach compared to communication with CREM customers. This study shows that there were two characteristics to understanding the CREM vertical communication, namely:

- The role of the ultimate decision makers; and
- The role of the key communicators.
6.4.1 The role of the ultimate decision makers

As the ultimate decision makers, the Boards of Directors (BOD) have the power to accept or reject proposals relating to the CREM in an organisation. They were responsible for monitoring overall management of the organisations, including CREM matters, in a manner that would benefit shareholder and stakeholders. However, the BOD required input from key communicators, especially for understanding CREM technicalities in order for them to make decisions related to CREM.

There are three main elements were required by the BODs in making decisions related to CREM. These were:

- Cost-savings;
- Quality of CREM service; and
- Viability of projects.

Cost savings were an important consideration for the ultimate decision makers with regard to CREM matters. The ultimate decision makers expected CREM to understand the nature of their organisation’s core businesses before proposing any CREM activities. This is understandable when referring to the CREM set up as a support for business units in making sure the property needs in running core business were efficiently executed. For example, reduction of the property footprint and energy saving were among the key strategies proposed by CREM and accepted by the ultimate decision makers. These activities were able to reduce organisations’ cost and at the same time enhancing organisation’s profitability.

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126 We went through a few series of presentation to the board in developing our land as part of the profit-making initiatives but the board rejected them as they said it is against our core business. They don’t want to send a wrong signal to the customers. (CREM Executive 2)

127 After a site is approved by the Property Committee meeting, we will do the feasibility study and get feedback from other departments and then the Board of Directors will decide whether to open the outlet or not. (CREM Executive 1)

128 You have to understand the nature of the telecommunications business. If it falls under an internal business we are not talking about profit. That one is purely cost saving. They (the Board of Directors) want to know about cost, they don’t want to have any wastage. (CREM Executive 2)
Besides communicating about cost savings, the quality services of CREM service was also an important communication element required by the ultimate decision makers. It is required to ensure the business units have the support from CREM in delivering their core business performance. Having more staff available would allow CREM executives to evaluate proposals from contractors and improve the quality of the project being delivered.\textsuperscript{129} However, given the previously identified challenge about CREM staffing issues, overcoming this limitation can be a major task for CREM in delivering quality CREM services, especially when there were many other operational activities to be handled.\textsuperscript{130}

On top of communicating to about cost savings and providing quality CREM services, the ultimate decision makers also need to consider the viability of a CREM project. A reason for this consideration was to reduce the risk when venturing into a project, especially the financial risk.\textsuperscript{131} Meanwhile, profit and return on investment (ROI) were part of financial languages that were able to convey the message relating to project viability. A cost-benefit analysis found to be a useful and convincing approach to demonstrate project viability to the ultimate decision makers.\textsuperscript{132}

This combination of three elements consisting of cost-saving, delivering quality CREM services, and presenting the viability of a project helped to increase understanding and acceptance of CREM messages by the ultimate decision makers.

\textsuperscript{129} By having the expertise we can evaluate better the specification of a proposal from the contractors and maybe we can save more and improve the quality of the project. (CREM Executive 4)
\textsuperscript{130} So far I don’t think we have enough manpower to handle all requests from business units. We not only deal with the site selection task; our main franchisor also depends solely on us to expand our restaurant globally. So our focus is more on outlet expansion. (CREM Executive 1)
\textsuperscript{131} We have to show the viability of the project. We have to show the Board the risk is no longer on us. (CREM Executive 2)
\textsuperscript{132} Board agrees to the proposal that includes a cost-benefit analysis. We presented to the Board that by releasing the floor area we can save up to RM6.6 million per annum. (CREM Executive 2)
6.4.2 The role of key communicators

Within the CREM decision-making process, the ultimate decision makers made the final decision based on information provided to them by CREM, this information flows through key communicators along the reporting line structured by organisations. Therefore, key communicators played important roles in presenting CREM messages along the reporting line to ultimate decision makers. These key communicators were more than a CREM message carrier, but they were also responsible to filter and modify such information before it reached the BOD. The key communicators have the right to modify, accept or reject CREM proposals and balance them with their own requirements. Acceptance of CREM proposals by key communicators was a positive sign for the CREM message to be delivered up into the organisational hierarchy. The detail of the organisational structure for each of the studied organisations can be referred in case descriptions in Chapter Four.

As shown in Table 6.2, there were two types of key communicators that existed in the studied organisations. These were:

- A single level key communicator; and
- Multiple-levels of key communicators.

A single level key communicator

There are four cases with a single layer of communication before the ultimate decision makers in the organisations. An obvious benefit of having a single key communicator was that CREM has a shorter reporting line to the ultimate decision makers. This is useful in reducing information attrition in CREM communications. The cases are ChickBase, PMU, MalLogistics, and Home Bakers. As part of the decision-making process, the single key communicator played a very significant role in communicating messages related to CREM matters to the ultimate decision makers. The considerations for communicating CREM messages and decision-making criteria were mostly the same as the cost-saving, the quality of CREM services, and the viability of projects issues noted earlier.
In order to reduce information attrition, CREM messages were usually designed as a main element relating to savings in operational costs for core business activities for business units. These three elements of CREM communication were found to be simple and easy to understand by ultimate decision makers in relation to CREM communication, especially in CREM administration processes, outsourcing strategy, technicalities of projects, appointment of contractors, and duration of projects which sometimes can be very technical.

In this situation, the relationship between the relationship manager (from CREM) and the customer representative (business unit) played an important part in providing quality information relating to CREM matters. The understanding of the business unit’s vision and mission helped CREM to gather information about their real estate requirements to communicate to key communicators.

**Multiple-levels of key communicators**

Having multiple-levels of key communicators provide another perspective to the CREM communications with decision makers. In this study, one case (LL Logistics) has two levels of key communicators and three cases (TMC, TLT, and BMT University) with three levels of key communicators. Three of four cases have a Chief Financial Officer (CFO) as their key communicators. This indicated that CFO has significant influence for CREM in conveying the CREM messages to the ultimate decision makers.

A CFO as a centre of communication encouraged CREM executives to equip themselves with financial terminology in delivering their message along the reporting line. The importance for financial knowledge requires CREM to move beyond its real estate boundaries in order to create understanding of the CREM message to key communicators. Therefore, it was important for CREM to equip

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133 I’ll be honest with you that one of the key points of success in converting savings in cost and value added is the engagement and communication with the business units. They know what we do in our vision and the mission and what we are measured by. When we come to their door, they know what information they need to tell us before we ask them any questions. I have in my team three client relationship managers. As a point of relationship managers act as kind of executives for the portfolio of the client and make sure they receive report on time, the quality of product is right, the information is accurate and anything else that they need. (CREM Executive 6)
itself with appropriate financial terminologies such as cost per employee, revenue, profit margin, project break-even, return on investment and other terms in order to suit the three main considerations for acceptance of a CREM project: cost-saving, quality of CREM services, and viability of the project.

Within the multiple-level communication structure, CREM executives were responsible for providing information related to CREM into the reporting line to ensure all key communicators understand and carry the same message to the ultimate decision makers. Regular updates of CREM activities and strategies to these key communicators were one of the ways of conveying the CREM message. These updates were also useful for aligning CREM strategies with each management level and with business units within the organisation.

6.5 Elements for CREM communications

Besides understanding the horizontal communication to customers and the vertical communication to decision makers, there were two other important elements found in this study that played a significant role in conveying the CREM message to these two groups. These were:

- Trust; and
- The communication language.

6.5.1 Trust

The trust from CREM customers or decision maker was something that needed to be earned and maintained. On top of this, a benefit of being trusted was that it helped to improve relationships between CREM and customers, and decision makers.

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134 We rely on Corporate Property and their skills to be able to manage all those environments and we at business level must ensure that we scope up and define what we need in order to achieve our operational strategies. (CREM Customer 8)

135 You cannot buy trust. You have to earn that. When you have the trust then you have to maintain it. (CREM Executive 6)
CREM customers and decision makers (ultimate decision makers and key communicators) made decisions based on the inputs they received from their trusted sources. For CREM customers, they trusted CREM when it able to provide the property technical detail which they relied on to make decisions. Being trusted opens an equally important situation of being a ‘trusted advisor’. Reliable information provided by trusted sources, such as CREM, can help to minimise the element of uncertainty in decision making. Therefore, a chain of trusted advisors with reliable information can play an important part in decision making in an organisation. In this study, information flowed in two ways, from CREM executives to customers (horizontal communication) or from CREM to the ultimate decision makers (vertical communication) through key communicators for final decisions.

While previously in ‘Positioning’, CREM was found to have several core competencies that significantly can help organisations and as well as improving CREM position. Increasing trust between CREM with its customers and also the decision makers is vital to create the strong relationship. Several ways found in this study on how to increase trust for CREM function, including:

- Aligning CREM activities with the organisation’s core business;
- Increasing CREM visibility; and
- Contributing according to key performance indicators.

First, CREM earned trust by managing its activities to align the core business in organisations.136 The prioritising of CREM activities was expected to come after considering the organisation’s main business. As mentioned in the previous chapter CREM is considered as the custodian of the organisations’ physical assets. Trust was not an issue within the organisation as long as CREM was able to accommodate real estate needs for the organisation in operating the core

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136 *Everything you do must come back to the main reason of what it (CREM) is all about. It is about supporting the business units’ core business. (CREM Executive 6)*
business. The main objective was to support the organisation’s core businesses before conducting any real estate activities. In terms of business's technical knowledge, CREM function was expected to understand the requirements of the business. The technical knowledge about a business came with the experience of operating the CREM function in the organisation, and it normally took some time to acquire that knowledge. This knowledge was reflected most often in CREM related to financial decisions, especially in the feasibility of a proposal. CREM function reduced the risk of mistakes and increased the acceptance of a decision made by decision makers by having proper presentation of CREM technical knowledge. This indicated CREM’s ability to customise its communication by changing its technical knowledge into the business language being accepted by the organisation.

Second, CREM earned trust through increasing its visibility to customers and decision makers. Opportunities to attend a directors’ meeting or board meeting potentially increased this visibility and, consequently trust. Gaining access to this management level allowed CREM to provide strategic input to decision makers about how the organisation may be able to save costs by implementing the CREM strategy across business units. This provided opportunities for the CREM to justify its existence and value within the organisation. Interestingly, this study identified that trust could also be transferred to other parties, especially in project development for organisations. Decision makers allowed for partnerships with reputable developers in ensuring the viability of the project that was associated

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137 In our company, the function of real estate is to find good locations for our fast food restaurants. So, trust is not an issue here. Of course, we trust them. But the main consideration is all about the business. (CREM Customer 1)

138 It takes time to learn the technical knowledge and it puts a decision at risk without having that knowledge. A person with good technical skills looks at the problem in a different way than a person without the technical skills. (CREM Executive 4)

139 Always look at the financial aspects and make sure it is possible, and that comes with financial feasibility. (CREM Executive 6)

140 Sometimes, the senior management will question us back when they feel the rental is too high. That is why we will do a market study before we propose any site to the board meeting. So we will do a feasibility study on every site we choose. (CREM Executive 1)

141 I am lucky to get into the directors’ meetings and board meetings. When you are there you get visibility. Visibility improves relationships. (CREM Executive 6)
with reduced the risk. In this sense, decision makers put their trust on the CREM partners to run their projects. This gave some comfort for decision makers venturing into other projects proposed by CREM.

Third, CREM earned trust by contributing its capabilities according to key performance indicators set by senior management. For example, senior management in TMC adopted the Balance Scorecard approach by Kaplan and Norton (1996) as their key performance indicator in the organisation. Every year, CREM executives have to submit a scorecard that comprised the following performance measures: from the scorecard financial, customer satisfaction, internal process, and training and learning within organisation.

6.5.2 Communication language

Another element found in this study that was able to increase the effectiveness of CREM communication was using the same communication language as the customers and decision makers. The benefit of having a common communication language was the precision it afforded communications between CREM, customers and decision makers. The sub-elements can be grouped into financial and non-financial elements (see Table 6.3).

<table>
<thead>
<tr>
<th>Financial</th>
<th>Non-financial</th>
</tr>
</thead>
<tbody>
<tr>
<td>Cost: Initial set-up, cost of operations, and maintenance costs</td>
<td>Quality of CREM service</td>
</tr>
<tr>
<td>Viability of projects</td>
<td>Speed of service delivery</td>
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<tr>
<td></td>
<td>The effect on company’s image</td>
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</table>

Table 6.3: Elements of a communication language for CREM

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142 They (the Board of Directors) are concerned about viability, risk and image of the company and the correct partner to run the project. That is why our project is through an open tender and usually from a publicly listed company. So, we will evaluate the company with a strong background and mostly it is a reputable developer. You have to show the viability of the project. We have to show the board the risk side is no longer on us. We don’t sell the land straight to the developer but we ask the developer to do all the approvals and we get the money up front. (CREM Executive 2)

143 Every year we have to submit our balanced score card with all the KPIs inside comprising financial, customer, internal process, and our training or organisation learning. For example in our financial section, we have to declare what is our revenue, costs and whatever is involved with financials. There are two sources of revenue, one from our external customer and the other one from internal customers (CREM Executive 2)
Financial language

The analysis showed that in this study there were two important financial language elements used in CREM communications. They were:

- Cost; and
- Viability of projects.

Cost

The most common language in CREM communication was cost. The cost element was frequently mentioned by customers as the first consideration and in being relevant to decision makers, especially in proposing new projects. The element of cost emerged because of CREM’s position as a cost centred function. Among the financial terms expected from the customers and decision makers were savings in initial establishment costs, operations’ and maintenance costs. Highlighting the cost-saving aspects of CREM activities increased the acceptance of a proposal. Decision makers preferred the CREM function to save costs in operations and prevent wastage in supporting the core business. This study shows that the cost-saving language was being discussed with customers first to gain agreement before being presented to decision makers for approval.

The importance of understanding the role of costs in managing physical assets was not just for the initial development of a building or new leases, it was sensible for CREM executives to highlight that physical assets required long-term expenditures such as on maintenance, energy consumption, and repayment of loan

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144 If a project is involved with an internal business we are not talking about profit. That one is purely on cost saving. The board want to know about cost, they do not want to have any wastage. (CREM Executive 2)
145 If a proposal involves an internal business, we are not talking about numbers (financial terms). That one is purely on the quality of services and cost savings. Senior management wants to know about costs and doesn’t want to have any wastage. But anything that deals with those outside the company, and we are talking about profit to them. (CREM Executive 2)
146 A support unit is more like a cost-saving function. A strategic business unit (SBU) is to generate income while we act as their support. (CREM Executive 4)
147 I work with the property function to reduce the property footprint. We have done it in the past, which contributed to significant cost savings. If I can think of something that we can use to reduce our footprint, I take that to the CFO and say to him that, “if we do this we might save a few million dollars”. I had done one recently, where we had a company reorganise with a lot of vacant space. (CREM Customer 6)
funds. That was a reason for customers and decision makers to look for a balance between the price and the functionality of a building. On top of this, another important contribution from CREM relating to cost was that a saving in cost also provided an opportunity for an increase in profit.

Profitability and viability of projects

Even though profitability was not a main priority for CREM, organisations still use profitability or contribution to profit as an important criteria for assessing CREM activities, and as an indication of the viability of a project. The profitability of a project indicated that CREM was able to cover the capital invested by the organisation. In addition, a profitable project also indicated that CREM was able to limit the risk associated with the project.

In the studied organisations where profit was calculated for CREM, profit was generated by renting surplus space, land development, sale-and-leaseback deals, and reduction of the property footprint. However, it was difficult for CREM to use the term ‘profit’ as a convincing point to decision makers due to the nature of CREM function that were predominantly set up as a cost-centre. Furthermore, the profit made was bundled altogether into the organisation’s consolidated financials. CREM executives essentially ignored this effort in highlighting the profit contribution and preferred to focus on supporting the business units.

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148 It doesn’t have to be the cheapest building in it because you have to look for a balance between a reasonable cost in the construction side but also how you can save in the cost of the operational side, especially in the environmental sustainability. You are looking how you can save the consumption of water and electricity from the building. (CREM Executive 7)

149 I just finished doing a major re-stacking of a building which effectively emptied one whole building. Then we gave it back to our parent company. In the long term, it is a straight savings from the bottom line. At the same time, we got credit for reducing costs and it improved our profit. (CREM Customer 6)

150 You have to show the viability of the project. We have to show the board the risk is no longer on us. (CREM Executive 2)

151 We do sale-and-leaseback and we are making money but we didn’t declare it as our profit... It always ends up in the business anyway. At the end of the day there is only one profit and loss and one balance sheet. (CREM Executive 8)

152 We don’t evaluate profit out of total profit. We pretty much ignore that. Well we know we make that profit from the property we own, manage or inherited from different entities. We might report to one of the businesses that their property is being sold with profits but we don’t break them up. The profit goes back to the business. (CREM Executive 8)
Non-financial language
Apart from the financial language, CREM also considered non-financial language in its communication to customers and decision makers. These non-financial language elements were:

- Quality of CREM services;
- Speed of service delivery; and
- The effect on the company’s image.

Service quality was an important element in the non-financial language in communicating about CREM to customers and decision makers. The customers and decision makers stressed the quality of service because it was a CREM responsibility, especially in supporting the core business in organisations. Given the previously identified challenge about CREM staffing levels, one way to achieve quality service is by having more experts within the CREM department, especially those with professional expertise.\(^{153}\) Furthermore, these experts allowed CREM to improve its response time in handling customers’ requests and with minimum dependence on an external consultant.

One useful way discerned from this study for increasing the speed of delivery for CREM was through standardisation.\(^{154}\) Standardisation allowed CREM to maintain a high level of service for efficient management in servicing business units, development projects, and the occupation of space. Standardisation also gives advantages in human resource allocation, reduce time in training and delivery, save costs, and provide predictability in quality.

The third element considered by customers and relevant to decision makers (mentioned by customers) in approving CREM projects was related to the effect on the company’s image. Communicating the impact of this element was

\(^{153}\) We serve in-house customers only. The last time we tried to sell all property services to outside customers but after we went through a restructuring, we think the focus should be in-house. Now the group CEO wants us to focus on delivering quality services and reduce cost of maintenance. We are moved inside the company and are no longer a private company we don’t bother about profit but deliver quality services as well as keep the cost down. (CREM Executive 2)

\(^{154}\) Standardisation in design and processes in meeting users’ needs is important to be successful because it is able to provide fast service and within budget. (CREM Customer 6)
important because the organisation did not want to send a wrong signal to external customers about the organisation’s focus. For example, senior management from TMC refused to get involved in property development projects to prevent confusing its stakeholders. However, the impact on a company’s image can be used to CREM’s advantage when a project was able to boost employee productivity and improve workplace conditions.

In concluding this section, being trusted and communicating using suitable language, were important considerations that increased acceptance by customers and decision makers. Trust presented an indication of having the required expertise and being able to reduce risk associated with CREM projects. Meanwhile, communicating using the same language as used by the customers and decision makers increased the likelihood of achieving success for CREM projects.

6.6 Conclusion

This study shows how 8 organisations actually do CREM communication. This has been revealed through the use of the study’s interpretive framework. This study has focused on communication elements which revealed several important points.

- Horizontal communications with the customers was mostly about collecting information required for supporting the business units’ core operations. This communication was often structured as being between the CREM relationship manager and customer representatives from business units. This communication was conducted through both formal and informal modes of communication.

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155 *We don’t have the expertise to develop land up to the housing scheme. But we went through a few series of presentations to the board in developing this land as part of the profit-making initiatives but the board rejected it as they said it is against our core business. They don’t want to send a wrong signal to the customers. (CREM Executive 2)*

156 *What we do is to provide a conducive workplace environment for our staff and our customers. Senior management’s concern is that of our workplace’s image and appearance. We would give a new environment to our customers. Our latest project is the rebranding of all our outlets with a new image. The main reason is to attract new customers due to stiff competition. (CREM Executive 4)*
• The communications with decision makers existed in the form of vertical communication along the reporting line. The vertical communication is about receiving instructions from decision makers to drive CREM strategies across business units and reversely to present information about CREM and its projects for the decision making process.

• Communication language plays a key part in communicating CREM message to the key decision makers.

• A ‘key-communicator’ plays an important part in carrying the CREM message into the boardroom, especially in the situation to present a real estate proposal.

In addition, this chapter presented two important elements in successful CREM communications – being trusted and using the right communication language. Being trusted means CREM was able to align its activities according to the organisation’s core businesses and being visible within the organisation as competent and reliable specialists. In the meantime, the ability to communicate in an appropriate and meaningful way using language which reflected knowledge of financial and non-financial terms and ideas was found useful in increasing acceptance by customers and decision makers, though there was evidence of a reliance on ‘cost’ as a basis of communicating and decision making.

The next chapter will present the findings for the third element from the PCDL Model as ‘Delivering Performance’ that is required in understanding CREM positioning.
CHAPTER SEVEN

THE ‘DELIVERING PERFORMANCE’ ELEMENT IN CREM

7.1 Introduction

This chapter presents the evidence from the studied organisations on how they deliver CREM performance and then measure that delivery within the branding interpretive framework outlined in PCDL Model. Now, it appears as though the available evidence is mostly about performance metrics. It is also necessary to provide evidence from the assessment on how CREM delivers that performance through different management levels. The CREM’s ability to deliver its brand performance was based on the well established CREM practices can be found in CREM literature. Organisations in this study still apply conventional CREM practices in improving its brand within organisations.

It was found that there were two sets of measurements used as a basis in measuring CREM performance delivery. The first set was financial measures such as cost savings, profits and capital expenditure. The second set was non-financial measures which involved the number of projects completed, progress of projects, productivity effects, and the impact of these projects on the organisation’s image. Understanding ‘D’ element practices by CREM provides an input on how customers assesses CREM performance delivery in improving its position.

This chapter is divided into two main sections:

- CREM challenges in performance delivery; and
- CREM performance activities and measurements.
7.2 CREM challenges in performance delivery

The analysis showed that there were two challenges associated with the delivery of CREM performance. These included:

- CREM understanding of the business drivers; and
- Maintaining a high level of CREM service.

7.2.1 CREM understanding of the business drivers

A main challenge for CREM was to understand the nature of a business. Each business unit has different requirements for CREM and the skill sets that CREM has been considered as specialised area.¹⁵⁷ For instance, for retail organisations with many outlets, such as ChickBase and Home Bakers, the focus was about the management of outlet lease renewals. For companies like TMC and TLT with their core business in telecommunications, the CREM focussed more on the maintenance of the telecommunications infrastructure and providing a suitable workplace environment for knowledge workers. With these differences, CREM executives faced the challenge of orienting their approach in terms of delivering the performance required by the customer’s specific needs. However, the differences in practice were still rooted in generic real estate skills that were probably already possessed by every CREM executive. CREM executives were just required to learn different skill sets for the different organisations and business units.

One facet in understanding the business drivers was CREM’s ability to respond quickly to customer’s requests.¹⁵⁸ The intention to deliver tasks quickly in meeting customers’ requests created extra responsibilities for CREM such as additional loads with on-going projects and possible delays in planned projects. On top of this, delivering CREM services came with an additional effort involved

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¹⁵⁷ I only talk all property stuff. It’s also about standard of business elsewhere. You’ve got to understand how the business works. I can’t just come and be doing my job as a property person who didn’t know what the business is actually doing. It’s all come back to the core business of the company. (CREM Executive 8)

¹⁵⁸ Time is a perception of fast. To be a winner and seen as the best you have to produce in the quickest possible time. (CREM Executive 6)
in educating customers about the nature of the property function because customers have only vague notions of CREM due to the customer's limited knowledge of real estate. Among the differences found in the property function were that it was involved with planning and construction regulations, planning and management of capital, immobility of assets, and response times that are faster than with other products and services.

One way to overcome this challenge was to include the CREM strategy in the organisation’s overall strategic planning. Being part of the strategic planning process would provide CREM with more time to prepare to deliver a service and customers would have a better opportunity to gain the maximum benefit from CREM. In addition, this also allowed customers to keep abreast of what they could expect from CREM service delivery. For example, CREM in TLT, LL Logistics, and BMT University were well involved in preparing and operating their core activities, especially in the provision of support to their physical facility needs.

7.2.2 Maintaining a high level of CREM service

Maintaining a high level of service helped CREM to build the CREM brand through helping customers be aware that the CREM function can have an impact in improving their business through various ways such as those utilised in the studied organisations including the building works, architectural design, engineering works, building maintenance, or the management of facility occupancy. Maintaining a high standard of service delivery brought a positive image for CREM as a supporting function. However, there were several challenges in maintaining this high level of service performance, including:

- Finding flexibility in the organisation’s master and strategic plans;
- Having a high focus on operational activities;

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159 The first impression (of CREM) that it is a highly complex area. You need people with skill and experience in that background. It’s an area that I have no skills at all. You have to understand the importance of what they do. (CREM Customer 8)

160 You must maintain a high level of standard otherwise people not going to remember you. You are going to be remembered and preferred or going to be outsourced. (CREM Executive 6)
• Motivating the CREM team; and
• Meeting deadlines.

One of the challenges for CREM in delivering performance was for an organisation to have a flexible master plan that allowed adjustment for real estate requirements.\footnote{I think the biggest challenge is always to get the master plan or strategic plan that is flexible enough. You can have a kind of rigid master plan. It’s not just to be able to accommodate change but you need to be able to have overall strategic plan that serves the business. So, to get everything in place is a challenge. (CREM Executive 7)} This allows for some flexibility for changes in future. Even though most studied organisations have their own decision-making procedure for CREM to follow, an element of uncertainty still existed, especially when dealing with human elements, and in the current more dynamic business circumstances.\footnote{Here we have certain standards to follow but there are certain things when involved with human elements that need to be flexible. (CREM Executive 1)}

Having a high focus on operational activities can be a necessary part of the CREM service but can also be a distraction for CREM service delivery. For example, the case study organisations in the retail industry – Home Bakers and ChickBase – have established a large network of properties with both companies having more than 700 outlets across each of their home countries. This large number of properties require CREM to manage large numbers of operational activities with limited opportunities to venture other complex role at the tactical and strategic management level. This was important for CREM positioning because service delivery at the operational level resulted in less impact in promoting the importance of CREM brand, though it was important in ensuring CREM’s visibility.\footnote{It’s difficult if you’ve got an established 700 networks to come out with something different. The only thing for Home Bakers that could be strategic is a very completely different business model or we bought another brand. I wouldn’t be a strategy driver because I report through the retail company that never had property driving strategy. (CREM Executive 5)}

The motivation of CREM staff was also an important ingredient in delivering high standard CREM services. However, by being a support function or a cost-centre, CREM was exposed to constant criticism from customers at the operational level. As a result, the motivation of CREM executives in delivering services to
customers could be affected. This constant criticism affected the team’s motivation to deliver a high level of CREM services to customers unless the organisational culture allowed staff to make mistakes as part of the learning process.

Meeting deadlines was another challenge faced by CREM function in delivering performance. This was quite evident in delivering project-based services to customers where there were uncontrolled factors such as internal and external parties that influenced project progress even though projects usually came with specific time frames. This problem was particularly critical when multiple projects were running simultaneously as key strategic activities for CREM. For example, in the outlet openings of ChickBase, several activities were involved from the onset of the process starting with a feasibility study, property negotiations, getting feedback from the operations department or other organisational departments, legal documents, approval from local authorities, building works and internal fit-out, and handing over to CREM customers. In this situation, CREM was able to play its part towards the end of the process only rather than being involved with early processes of the projects which might have greater strategic impact.

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164 The challenge is to keep them (CREM executives) motivated because of the criticism they received from the customers. You do a great deal they don’t say ‘thank you’ and at the same time they are complaining about what you have done. That’s the biggest thing to keep my team motivated. Sometimes you end up every day as not a good day. (CREM Executive 5)

165 A fast job was done by motivated professional people that really want to do it and was not afraid of the challenge. We are not afraid of making mistakes because we acknowledge that everybody here is to try. (CREM Executive 6)

166 My biggest challenge is to open outlets on time based on the company target. It involves a lot of pressure because it involves a lot of internal (operation’s department) and external (local authorities, utilities, etc.) parties. If we don’t meet the target, we are considered not achieving our KPI. (CREM Executive 1)
7.3 CREM performance activities and measurements

In this study, CREM delivered its performance in accordance with its capabilities. Due to similarity in perceptions from CREM and customers on CREM performance delivery, this study opted to present the evidence descriptively for both parties at the same time. CREM activities in serving the business units were found in three management levels. They are:

- Strategic;
- Tactical; and
- Operational.

Furthermore, the study shows that for each of the management levels, the performance and measurement aspects could be grouped into two categories. As the organisations are heterogenous in their resources and capabilities, they are likely to perform differently. Evidence suggested that all organisations required a method to measure organisational performance in order to evaluate the success of the applied strategies. There were several performance measures found from this study being used to measure CREM performance such as amount of cost saving, reduction of size of footprint, number of outlets, increase in productivity and many more. In order to improve explanation, these measures were categorised into:

- Financial performance and measurement; and
- Non-financial performance and measurement.

7.3.1 CREM performance at the strategic management level

As previously explained in the literature review (refer Chapter 2), CREM strategic performance and measurement relates to an ability to achieve the organisation’s concrete strategic objectives with a continuous assessment and the outcomes reported to the senior management of the organisation. Normally, this strategic performance measurement is derived from organisational strategies or the organisational success factors. From this study, the strategic level of CREM performance and measurements are presented in Table 7.1.
Although financial and non-financial measures were involved at the strategic performance level, the non-financial measures were more frequent within the studied organisations. There are 15 non-financial measures compared with 10 financial ones. Among of the categories of performance and measurement at the strategic level were the following:

- Projects;
- Workplace;
- Property development;
- Finance;
- Sustainability;
- Transactions; and
- Physical custodianship.

<table>
<thead>
<tr>
<th>Table 7.1: CREM strategic performance and measurement</th>
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<td><strong>Measurements</strong></td>
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<td>Non-Financial</td>
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<td>Projects</td>
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<tr>
<td>Workplace</td>
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<tr>
<td>i. Workplace transformation</td>
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<td>i. Unlocking idle land bank</td>
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<td>Finance</td>
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<td>Sustainability</td>
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<td>Transactions</td>
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<tr>
<td>i. Leasing of spaces</td>
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<td>Physical custodianship</td>
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<tr>
<td>i. Property master plan</td>
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<td>ii. Internal property consultant</td>
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<td><strong>Total</strong></td>
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</table>
**Projects**

Handling projects are part of the CREM strategic management activities due to the number of projects or size of projects and their potential impact on the organisation’s core business. Among CREM activities for delivering CREM performance under the projects’ category are:

- Outlet expansions;
- Management of outlets; and
- Project management.

Performance with regard to outlet expansions is concerned with achieving the number of outlets targeted by customers. CREM executives were part of the team handling these activities because they were part of the outlet expansion team. CREM played an important role in this activity even though the proposal may has been initiated by the business units. Without CREM, organisations would probably have trouble in expanding their outlets due to significant real estate element in the expansion activity for the ChickBase, MalLogistics, Home Bakers, and LL Logistics organisations. As a result, customers in these organisations were impressed with CREM executives when they were able to accomplish these activities within the targeted timeline. Outlet expansion activities were measured using two non-financial measurements, namely producing the project feasibility report and the ability to establish the number of outlets targeted for the year. The feasibility report was used to identify the viability of the outlet when opened, whilst establishing the number of outlets fulfilled the organisations’ or business units’ goals in expanding the core business to meet revenue growth and profitability goals.

Similar to outlet expansion, outlet management (physical management) also fell into the non-financial measurement category being handled by CREM in

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167 *We would like to be seen as the site searching team or outlet expansion team. So anything related to site selection will go through us even when the site is proposed by the operation’s department. (CREM Executive 4)*

168 *I think they are impressed with us if we can achieve their target. For example, they want to open the branches before Christmas, which is quite last minute notice. If we can accomplish that, then they will be happy with us. (CREM Executive 1)*
organisations. The measure for outlet management is to ensure the core operations run smoothly. In this situation, CREM played an important role in maintaining the physical well-being of the buildings, providing a conducive working environment, and coordinating the outlets’ appearance to maintain the company image to the company’s external consumers. CREM executives were required to conduct routine monitoring of all of the outlets. For cases such as ChickBase, MalLogistics, and Home Bakers that have many outlets across different locations, CREM divided the management into different zones or regions which reported to the CREM at headquarters, thus making the task tractable.

Performance of project management activities conducted by CREM at the strategic level involved several activities depending on requests made by business units. Among the CREM activities under project management were relocation exercises, developing a new building, installing a new interior for a building, and the real estate aspect of company mergers and acquisitions. Project management can, in turn, rely to a high degree on outsourced providers’ activities where CREM contributed as an in-house project coordinator. In this situation, CREM played its role in coordinating and monitoring external service providers and contractors in completing the projects.

The project management performance could fall under either financial or non-financial measurement categories. For the financial performance, the measurement directly related to the budget allocated for the project. At the same time, CREM proposed ways to save costs on materials, processes, and suppliers. Meanwhile, for non-financial performance the measurement was about the number of projects conducted or their progress. This measure directly related to timelines set at the beginning of the project. CREM was involved with project management activities for all the studied organisations though project management activities varied depending on the organisation (see Table 7.2).
Table 7.2: Project management activities handled by CREM

<table>
<thead>
<tr>
<th>Retail</th>
<th>Telecommunications</th>
<th>Education</th>
<th>Logistics</th>
</tr>
</thead>
<tbody>
<tr>
<td>Home Bakers</td>
<td>TLT</td>
<td>BMT University</td>
<td>LL Logistics</td>
</tr>
<tr>
<td>● Site selections</td>
<td>● Office relocation</td>
<td>● Building construction</td>
<td>● Build new depot</td>
</tr>
<tr>
<td>● Renovations</td>
<td>● Interior fit-out</td>
<td>● Office relocation</td>
<td>● Depot configuration</td>
</tr>
<tr>
<td>● Refurbishments</td>
<td>● Property search</td>
<td>● Interior fit-out</td>
<td>● Relocation</td>
</tr>
<tr>
<td></td>
<td></td>
<td>● Property search</td>
<td>● Facilities installation in warehouse</td>
</tr>
<tr>
<td>ChickBase</td>
<td>TMC</td>
<td>PMU</td>
<td>MalLogistics</td>
</tr>
<tr>
<td>● Site selections</td>
<td>● Property development</td>
<td>● Develop science park as university’s showcase</td>
<td>● Search or develop outlet for business units</td>
</tr>
<tr>
<td>● Renovations</td>
<td>● Built network exchange</td>
<td></td>
<td>● Renovation works</td>
</tr>
<tr>
<td>● Refurbishments</td>
<td>● Office consolidation</td>
<td></td>
<td>● Outlet refurbishment</td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td>● Outlet rebranding for new image.</td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td>● Property development</td>
</tr>
</tbody>
</table>

Within the Projects category, organisations tended to use non-financial measurements more to assess CREM performance. This indicated that the CREM was supporting them, especially with regard to physical or real estate activities such as achieving number of outlet to be opened, location search, property development and many more rather expecting CREM to be involved in the cost saving activities.

Workplace

At the CREM strategic management level, the workplace was involved at the organisation’s strategic management level because of the involvement with the core business of the business units. CREM played a significant role in providing space for the workplace. The activities included in this performance category were:

- Workplace transformation;
- Office consolidation; and
- Major relocation.

Workplace transformation was conducted by organisations in the study mainly for the purpose of increasing productivity and improving teamwork. This was especially so for organisations that mostly housed their employees in office spaces.
such as TMC, PMU, MalLogistics, TLT, and BMT University. A new workplace environment could boost job satisfaction. However, CREM is only able to initiate the transformation but the continuity of this effort still depended on the employees and senior management because the workplace is only a tool that may potentially increase productivity and teamwork.

Office consolidation was the second important role within the workplace category. One of the reasons organisations in this study conducted office consolidations was because of the rental or lease costs. Excessive rental costs and underutilised office space led to office consolidation. The consolidation efforts needed to take account of the effect to business activities including staff placement, productivity, and the company’s image. This activity was subject to both financial and non-financial measures such as implications from consolidation and the effect on employee productivity.

Organisations also undertake major relocations as part of their restructuring strategies from things like mergers or corporatisation. Such strategies were directly related to movements into new office headquarters by both TMC and TLT. In terms of performance measures, a major relocation involved financial and non-financial measurements. Financially, relocation were measured in terms of expenditures and cost savings from the relocation activities. Meanwhile, non-financial measurements involved employees’ productivity, team-work, and improvement to an organisation’s image.

**Property development**

Property development falls under the strategic level of management due to the size of the projects involved and the capital involved in undertaking a project. The impacts and risk from property developments were large to an organisation. There

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169 *Improving the workplace helps to boost job satisfaction. We only initiate the transformation but everything will turn back to staff attitude to take care of the environment to fit the purpose. That’s beyond our control.* (CREM Executive 4)

170 *Consolidation thing is one of the services we receive from property department. Like this building, if the rent is unreasonable we will move to somewhere else.* (CREM Customer 8)
were two types of property development undertaken by the studied organisations. They were:

- Unlocking an idle land-bank; and
- Self-development of real estate assets.

Unlocking an idle land-bank referred to organisations that have surplus stock of vacant land (land-bank) such as TMC, PMU, MalLogistics, TLT, and BMT University. In this study, organisations such as TMC and MalLogistics owned much idle land from corporatisation activities from government. These organisations inherited the land that was previously acquired by the government. There was also organisations in this study, such as TMC, that unlocked their idle land-bank through a joint venture with a property developer. The land banks in prime locations, such as in the city centre, were transformed into high rise office buildings or luxury apartments. Meanwhile, land on the outskirts of a city area were transformed into mixed development of shopping complexes, warehouses, offices, and residential development. However, organisations still allocated part of the land to run their core business. For example, TMC and TLT allocated a portion of their land-banks for their telephone exchanges, telecommunication towers, power generators, and for other telecommunication activities.

Apart from unlocking idle land, organisations in this study also undertook self-development of their real estate assets. Self-development in this study meant that organisations took a bolder step than a joint venture by organising their own property development that supported the organisation’s strategy. Among the developments undertaken were organisational headquarters, warehouses, and new buildings in which to operate their core businesses. These developments are normally headed by senior management and CREM played significant roles in supporting these activities. For example, in the cases of PMU and BMT University, the CREM was the main driver in organising and developing new faculty buildings. These buildings were developed for the purpose of supporting the organisation’s core business which is teaching and research activities.
There were financial and non-financial measures for these two activities under property development. Financially, unlocking the idle land-bank was specifically measured for its contribution to profit because it involved an element of risk through venturing with property developers. Organisations able to generate additional profits by selling their property development projects while maintaining their core operations. Meanwhile, organisations were able to overcome this risk by partnering with established developers, thus involving non-financial measures in evaluating the property development partners. Meanwhile, self-development of real estate was measured for both financial and non-financial performance. Financially, organisations looked at their ability to recover their outlays in developing new buildings. For non-financial measures, organisations considered their long-term planning in terms of integrating employees centrally to improve productivity, teamwork, and improving the organisation’s image.

**Finance**

Three activities conducted by CREM required a demonstration of performance within the finance field at the strategic management level. They were:

- Internal space charging;
- Requests for funds; and
- Merger and acquisition processes.

It was found in this study that two organisations (PMU and BMT University) charged their business units for the usage of the space. The main reason for this was to reduce underutilised space or wasted space as well as to enable the organisation to control the company’s budget. Another company (TMC) also considering to introduce space charging to their business units for the same reason.

There were two organisations involved in requesting funds from external funding providers for their operations. They were PMU and BMT University. This activity was specifically conducted by these two organisations due to the nature of funding to run the organisations. This is mainly because of the history of the organisations which were formerly public entities divested by the government. Even though it is arguably part of the social contract between the government and universities that
it will fund higher education. The balance between this funding source and other sources has changed in recent years. Hence, these organisations rely on students’ fees, government funding, industry supports, and alumni to fund their operations. Within this category, CREM played important roles in preparing justifications for capital expenditure specifically related to physical requirements.

In this study, CREM was also part of the team for mergers and acquisitions activity. An important role played by CREM in this activity was to evaluate the property holdings.\(^{171}\) Taking over these holdings from other organisations poses a risk and may impact organisation in the long time. CREM provided inputs to the mergers and acquisitions team relating to physical matters with advice either to integrate or to divest surplus properties. The input from CREM was in the form of advice and information for organisations to understand the financial impacts from property decisions associated with the mergers and acquisitions.

**Sustainability**

The main activity that involved CREM for demonstrating the sustainability category was the implementation of green strategies. Green strategies are part of the latest CREM involvement within organisations. Among the activities involving green strategies at a strategic level were:

- Building new fit-out for a business unit;\(^{172}\)
- Promote the organisation as an environmentally conscious company; and
- Support the green effort within business units’ operations.\(^{173}\)

\(^{171}\) *We have a merger and acquisition team. Property is always part of the team because whenever we buy the businesses property comes with it. It might be freehold, leasehold or might be general leases to evaluate which ones do we want, which ones we don’t want.* (CREM Executive 8)

\(^{172}\) *Property people are good now because if we do a new fit out, we have to do it based on our corporate accommodation guidelines. Therefore, you have to assume that entire things have been taken into consideration. What we do from a green perspective is what else we can do to help in what we have. For example, I can’t make decision to change all the light bulbs to energy efficient bulbs but I can recommend and then the company has the final say.* (CREM Customer 6)

\(^{173}\) *From a property viewpoint, green initiatives mean light sensitive design, water, heating, cooling and so on. Also, using building materials that able to retain heat in winter.* (CREM Customer 8)
These strategies were put under CREM’s responsibility because physical assets are the largest contributor to green issues. Therefore, while being positioned as the custodian of the organisation’s physical assets, CREM played a direct role in making all the strategies a success.

All these three strategies involved non-financial measurements, especially in branding the organisations as an environmentally conscious company. These green strategies indirectly may bring a positive image of the company to the stakeholders.

**Transactions**

Two activities that were found of significant importance at a strategic level within this category of delivering performance were:

- Leasing of spaces; and
- Buying properties.

These activities can be considered strategic activities because decisions about them can have a long term impact on the organisation, especially leasing that for headquarters, consolidation of multiple spaces, and international lease. The majority of the studied organisations (six of the eight) found that the highest cost in the property area is the leasing of space. On the other hand, the leasing of space provides some control in an organisation’s spending through centralised decision making about property. Through leasing of space, CREM demonstrated its performance when it was able to provide flexibility to the business units in managing their spaces and physical assets.

Meanwhile, buying properties brought different consequences to different types of organisations. For a privately owned company, such as Home Bakers, having many properties meant that the organisation possessed a strong asset base,

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174 *My role in the group is that we look after all the property. Anybody wants to lease a warehouse, it comes through me. If we want to build a new warehouse, it comes through me. If we buy a property for businesses, it comes through me. Then, if we vacate and sell it, it comes through me. We control the property for our group. Nobody can go out and just sign a lease out there without coming through here. So we check the legal, planning, all sorts of things. (CREM Executive 8)*
whereas a public listed company that owns a large number of assets indicates an inability to develop its core business. In this sense, the privately owned company has more latitude because it is not subject to stock market review and it may see the property as having investment value over its operational value. For buying and leasing purposes, CREM plays a role from the initial purchasing process, from buying or leasing, developing, and passing responsibility for the property to business units to operate.

Leasing and buying properties both keep involve financial and non-financial measurements. Buying and leasing can be recorded in financial terms as these activities involve cost to the company. In addition, indirectly these activities provided financial benefit in terms of revenue to the organisation. It also requires for non-financial measures because the activities act as a support to organisations’ core business without a direct financial implication.

**Physical custodianship**

As reported in Section 5.4, there were activities associated with the CREM as the custodian of physical assets. They are listed again below for reference and involve:

- Developing property master plans; and
- Acting as an internal property consultant.

In this study, a property master plan was developed to suit the organisation’s planning horizon, for example, 10 years as conducted by PMU. CREM played an important role in property planning in the long run consistent with organisational

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175 A privately owned company can afford to carry a lot of properties in their balance sheet. Whereas public company like that with a lot of idle properties sitting on the balance sheet are seen as lazy assets. Shareholder expects the company to do something that grows the business and not letting 100 million worth of property sit on the balance sheet that generates 6% yield. (CREM Customer 8)

176 All we do is set up a building, and then we lease the building. We buy, we build, we develop, and then we hand over the property to the business. “This is now your responsibility. Here is your lease document etc.” Then the business takes over and they pay the rent themselves, pay the outgoings and come to us for advice from time-to-time, but generally, the responsibilities are theirs. (CREM Executive 8)

177 From the revenue point of view, we are able to generate $130 million of revenue just through leasing the sites we don’t need. We get rid of our underutilised assets or we restructure them. (CREM Executive 6)
The benefit of having a property master plan for an organisation is it is able to prioritise its property activities. Prioritisation is an important thing to do, especially in dealing with limited spaces within organisations.

The CREM function acted as an internal property consultant to business units. Thus, CREM advises business units on property projects. The property advice is specifically tailored to the organisation’s needs.

To conclude this section, the activities and performance measurement are important in demonstrating CREM performance delivery at the strategic level. The measurements were diverse ranging from physical management such as workplace management and physical custody, to project delivery, finance, transactions, and the handling of sustainability issues. All of the categories used non-financial measures to demonstrate performance. However, this study also found financial measures were also involved such as cost savings and incremental profits. However, it is difficult to identify the cost savings and profits generated from CREM activities at this management level because the savings or profits were usually embedded in the business units’ financial accounts.

### 7.3.2 CREM performance at the tactical management level

At the tactical management level, there is a balance between financial and the non-financial measurements in demonstrating CREM performance in that amounts were found in the studied organisations (see Table 7.3). Given there are

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178 I am looking after everything to do with the university’s property. Within the group we purchase and dispose of property. We do all the strategic planning for property, the campus master plan, and then we develop the capital plan for the property component for the university. (CREM Executive 7)

179 Not entirely will the request by faculties be fulfilled because of limitation of spaces. The decision is based on the master plan. (CREM Customer 3)

180 I think the key performance indicator is the amount of projects we can accomplish. Nothing much we can do to save cost, especially if the budget allocation is very tight. What we can do is to advise the SBUs in term of specifications given by the contractors. Sometime we provide advice in terms of solutions to their problem. (CREM Executive 4)

181 My task is dealing with the businesses and responding to their needs. It depends on the matter. Sometimes we outsource and some of them ring me for advice. (CREM Executive 8)
Table 7.3: CREM tactical performance and measurements

<table>
<thead>
<tr>
<th>Measures</th>
<th>Financial</th>
<th>Non-Financial</th>
</tr>
</thead>
<tbody>
<tr>
<td>Leases</td>
<td></td>
<td></td>
</tr>
<tr>
<td>i. Negotiation for reductions</td>
<td>✓</td>
<td></td>
</tr>
<tr>
<td>ii. Lease management</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Projects</td>
<td></td>
<td></td>
</tr>
<tr>
<td>i. Renovations and refurbishment</td>
<td></td>
<td></td>
</tr>
<tr>
<td>ii. Managing external contractors</td>
<td></td>
<td></td>
</tr>
<tr>
<td>iii. Outlets’ relocations</td>
<td></td>
<td></td>
</tr>
<tr>
<td>iv. Market and feasibility studies</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Space</td>
<td></td>
<td></td>
</tr>
<tr>
<td>i. Space auditing</td>
<td></td>
<td></td>
</tr>
<tr>
<td>ii. Management of space</td>
<td></td>
<td></td>
</tr>
<tr>
<td>iii. Finding external tenants</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Total</td>
<td>8</td>
<td>7</td>
</tr>
</tbody>
</table>

Leases

Leases at the tactical level are about the one time negotiation with the owners and it only happens during lease expiration, especially for retail outlets. This is different leases at strategic that focus on lease of space for headquarters and major warehouses. Performance was required in the leases category from two activities. They were:

- Negotiation for lease reductions; and
- Lease management.

Negotiation for lease reduction was part of CREM responsibility due to the fact that CREM was involved in that process from the early stages of property acquisition. This contributed to the CREM performance measurement in terms of the amount being reduced as a result of property negotiations. The negotiation processes were normally conducted before a property was handed to business.
units. Meanwhile, organisations used in-house team for negotiations, especially for retail organisations such as ChickBase and Home Bakers due to high frequency of property transactions through leases. In addition, these legally binding transactions required people with legal and technical backgrounds to prevent any errors and the incurring of hidden costs in the negotiation process. The organisation name with an indication of a strong background also helped to influence the process of negotiation in portraying a strong and positive image to the owner in this negotiation.

Lease management was about monitoring leases such as commencement of the lease, lease expiry, lease documentation, legal implications from leasing, and renewal of leases. As well, lease management required at least a detailed understanding of clauses such as the demolition clause, rent free period, lease reductions, and lease termination. Leases could be used as a control mechanism for organisations by preventing business units from being involving with legally binding transactions with cost implications without the consent of CREM. Meanwhile, non-financial measurements in this activities is about making sure all the spaces were properly available for business units to operate.

Projects
Projects at the tactical management level were different from the strategic management level, as they involved activities that produced less lasting impacts on the organisation. There were four activities within this category including:

- Renovations and refurbishments of existing properties;
- Managing external contractors;

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182 We have many renovation works and search for new buildings for refurbishment. We do buy buildings but it depends on the request from the business units. We don’t buy building ourselves. Based on their request we will work out the process from the negotiation until the property transferred to our company. The money will come from the business units. Once we got that space the project management team will take over the process to turn the building into what the SBU want. (CREM Executive 4)

183 Every agreement or real estate legally binding negotiation will go through the real estate department for assessment. Then the legal department prepares the document and the managing director of this company signs the document. (CREM Customer 1)

184 In retail, if your brand is important and landlords want you, you should exploit it because you’ll get free things. If you are just another person and they don’t really care whether you’re coming or not because you do not have bargaining power. (CREM Executive 5)
• Outlet relocations; and
• Market and feasibility studies.

Renovation and refurbishment of outlets are carried out to suit the business unit’s functions and the organisation’s image, requiring an understanding of how the business operated. For the purpose of workplace improvement, installation of energy efficient devices, installations of new furniture and the rearrangement of existing furniture were carried out by CREM. Performance measurement for this category involved financial and non-financial measures because the organisation evaluated the speed and quality of works as well as the cost involved with the activities.

Managing external contractors was an important performance factor for organisations that have many outsourcing activities. The main consideration for CREM performance was about the timeline and the quality of work by the contractors. A partnership with external contractors provided CREM with an opportunity to reduce the amount of manpower and focus more on providing services that carried more impact on the organisation. In managing external contractors, both financial and non-financial measurements were involved. Financial measurement was based on contractors providing a competitive price. On the other hand, for non-financial measures the priority was the work quality and timeline which contributed significantly to the performance of a project.

An outlet relocation activity was driven by the business unit. This was a non-financial measurement for CREM but this activity added credibility to CREM if it

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185 I think, what I’ll use is the analogy that everybody that does a renovation seems to know everything about property. Everyone thinks they know everything, but it is quite a specialised area. (CREM Executive 8)

186 I think they are impressed with us if we can achieve their target. For example, they want to open the branches before Christmas which is quite last minute notice. If we can accomplish that, then they will be happy with us. The most important thing for me to monitor is the accomplishment according to the timeline. So, I need to make sure the contractors are aware of this situation. (CREM Executive 4)

187 I would not drive a strategy because I report through the retail company that never have property as a driving strategy. This building, I just sign for the commercial space. I didn’t drive the strategy about how long should we stay, where we going to be next, but I did all the work but it wasn’t my call to whether we should be relocate to somewhere else. (CREM Executive 5)
able to select a desirable location and at reasonable price. Retail organisations such as ChickBase and Home Bakers that have many outlets are likely to apply this relocation activity. A value adding skill for CREM happened during evaluating projects especially in the cash flow analysis, locational factors, and competitor analysis because they able to increase the quality of target market and feasibility studies. Organisations in this study conducted market and feasibility studies when there was a need for new outlets or relocation of existing outlets. For financial measurement, the impact was on reduction in lease cost whereas the non-financial measurement was on information to evaluate competitors, traffic flow, market capture, and organisational image.

Space
Utilisation of space fell under the tactical management level for CREM performance because the activities can be discontinuous and on a project basis. Activities in this category included:

- Space auditing;
- Management of spaces; and
- Finding external tenants.

A space audit involved the evaluation of the effect from space utilisation by business units. Organisations that miss out this step find that it can lead to underutilisation of their space. A space audit was conducted using specific software that was customised to an organisation’s needs, such as property management, facility management or asset management software. Space auditing activity involved both financial and non-financial performance factor. Financially, space auditing contributes in disposing underutilised spaces. It also

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188 And if you are good at that then you probably get by. It’s handy to know numbers and understand feasibility. A lot of people don’t get that. A lot of people don’t understand how property developments are put together. That’s what I am good at and know. If a developer is asking for AUD60 per square metre for a building, I can work back to see what it cost him and how much money they actually make. (CREM Executive 8)

189 We are working toward being fully computerised. We are going for a space audit. Our database still needs some work because it’s not complete yet. Our buildings are quite old for which we don’t have the records. We bought property management software. Now we are in the process of materialising the system. (CREM Executive 3)
contributes to non-financial measure by enabling organisation to rearrange their resource such as through relocation of staff.

Management of space was considered as an ongoing evaluation for CREM performance because of daily use of space by the employees. It was found that well-managed space contributed to increased acceptance of CREM by its customers, while mismanagement of space could jeopardised CREM’s image as the custodian of the organisation’s physical assets. Space charging was a way to control wastage in using space, and flexibility in space planning could prevent CREM from being blamed in the case of failure from space management. ¹⁹⁰

The CREM performance at the tactical level was more inclined towards maintaining organisations’ physical well-being to run core businesses efficiently and effectively. Within this management level, non-financial measures played significant role in managing CRE, especially related to organisations that are involved with many outlets such as the cases engaged in retail and telecommunication businesses.

7.3.3 CREM performance at the operational management level

Operational performance measurement is about measuring the small tasks that conducted in routine activities that were being set at the strategic and tactical level. At the operational management level, CREM performance delivery focussed in two main activities performance (see Table 7.4). They were:

- Facility services; and
- Projects.

¹⁹⁰ I think in the past the teaching is about lecture theatres and seminars. What we do is provide a flexible space that can be used not only for teaching but also for other assistance. We create spaces that are able to be teaching spaces and also can be used as study spaces. So it is flexible in terms of how they use those spaces. (CREM Executive 7)
Facility services
There were four activities conducted in the facility services’ category. These activities included:

- Scheduled maintenance;
- Facilities provider to support core operations;
- Security management; and
- Energy management.

It was found that scheduled maintenance activities involved with cleaning, landscape management, and drainage cleaning were being carried out by CREM. These activities were a mixture of in-house and outsourced services commissioned with appointed contractors. Appointments are set on a contractual basis. There were two types of maintenance conducted by CREM. First is the preventive maintenance to buildings and facilities such as cleaning or regular services to buildings. Second is a reactive maintenance and renovation that involved a bigger cost. This required an application to, and approval from, senior management before the budget was released to CREM. Even though there was a cost involvement, this activity was still subject to a non-financial measure because

191 A lot of them we outsource. All our project delivery we will employ outside consultants and contractors. We only have in-house project coordinators. Maintenance is a mixture of in-house and contractors. Security we outsourced. Cleaning also outsourced, so a lot of this is contract based. (CREM Executive 7)
the maintenance activities were already being considered as part of the annual capital expenditure allocation.

CREM as facilities provider allowed the organisation to run its core operations properly. CREM managing facilities internally helped an organisation to have cheaper services in comparison to a fully outsourced facilities provider. This did not mean that internalised all CREM services were a common practice in all cases. However, being positioned as the physical custodian comes a responsibility to provide facilities services as well.

There are two organisations that managed their own security – PMU and BMT University. The difference between these two cases is that PMU appointed the security personnel as their employees, whereas BMT University outsourced to external service provider.

Energy management is another area closely control by CREM in order to reduce energy consumption. Internal regulations could be implemented to save energy costs, for example, shutting down the air conditioning during lunch hours and using other additional energy saving devices. There was also the example of changing old equipment for new which has better energy consumption that allowed organisations to save energy consumption costs.

**Projects**

Projects at the operational management level were different from projects at the strategic and tactical management levels in terms of the scale of projects. Among the projects at this level were:

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292 *I guess as far what we do, property is extremely important because we've got students from all over the world coming here to study and we need to have all the facilities that allow learning and teaching activities. (CREM Customer 7)*

293 *It probably cost more because the benchmarking we've done we can operate our facilities cheaper than the private sector normally charge. The reason we can do that is because we can manage our own risk. (CREM Executive 7)*

294 *We try to cut down our energy usage. For example, we've come up with a new regulation to switch off lights in every floor at 8pm. Then we use the auto off-light to save energy. We shut down air conditioning during lunch hour. We've embarked into energy saving devices, changing the compressor at our exchanges before they get too old. (CREM Executive 2)*

214
• Renovation monitoring; and
• Approval monitoring from authorities.

This area was considered small but it contributed significantly to the CREM image in ensuring the quality of work delivered by contractors. Routine monitoring required people with knowledge and experience to monitor the progress of a project according to the set timeline. This considered as a non-financial measure because the main intention is to ensure a project progresses according to schedule.

Approval monitoring meant CREM is directly involved with authorities for any approval such as for development approval that requires involvement with many authorities in a lengthy processes. The ability to deliver performance in approval monitoring helped CREM and organisations in developing new buildings and renovation works.

7.4 Conclusion

To conclude, CREM plays a major role in determining and delivering performance in many areas of specialisations to support organisations. The activities and the performance measures clearly indicated that CREM played a significant role at the strategic, tactical, and operational management levels. Many CREM activities provided significant impact to the organisations both financial and non-financial. However, it was rather difficult to observe the financial impact due to organisational structure that does not measure CREM’s financial contribution separately. The financial measures contributed to by CREM were embedded in the business units’ financial statements making it difficult to identify as CREM contributions per se.

295 I am sure a lot of discussions they have with developers and various statutory authorities get pretty bogged down in detail and so on to get the best outcome for the business unit. I think they do it. Their objective is to get the best outcome for the business at the right price. (CREM Customer 8)
This chapter also shows that many CREM activities are already at the strategic management level with the contribution of measures is stressed more on the non-financial measures by the organisations at this level. This is due to the fact that organisations expected CREM to support their core operations which mostly involved with making sure the core business activities able to deliver at the best level.

The next chapter will present the findings related to the fourth element from PCDL Model – ‘Leveraging’ in CREM’ – that is required in understanding the CREM positioning.
CHAPTER EIGHT

THE ‘LEVERAGING’ ELEMENT IN CREM

8.1 Introduction

As discussed in the literature review chapter (Chapter Two), leveraging is part of the PCDL Model used for interpreting CREM practices. Leveraging is becoming a popular growth strategy for products and services that could benefit CREM in some ways. A leveraging effort seeks to build on the value of a brand in a way that complements, substitutes, and extends attributes from an existing brand into other types of products and services. Leveraging is an effort to improve CREM brand with at the same time enhance CREM status. The concept of fitness between an existing brand and the new form is an important consideration for leveraging strategies.

It is a rare occurrence to see CREM leverage into a different form, within a single organisation. Therefore, this study puts forwards a compilation of CREM leveraging efforts found across all the studied organisations. CREM leveraging allows CREM to capitalise its capabilities over its ‘technical property skill’ to elevate customer acceptance within an organisation. However, CREM leveraging could also bring threats to its status. A mere extension of brand is not enough to guarantee successful brand leveraging. Therefore, this chapter presents two main elements in CREM leveraging. They are:

- Opportunities in CREM leveraging; and
- Threats in CREM leveraging.

These two elements provide the groundwork for understanding how the leveraging (L) element from the PCDL Model is linked to CREM within organisations.
8.2 Opportunities in CREM leveraging

In this study, CREM as an internal service was transformed through leveraging to enable it to play roles that are more prominent, in association with organisation’s core businesses. Several roles found in this study were deemed relevant in supporting the organisation’s core businesses and provided an opportunity to leverage from CREM’s original functions. Among the leveraging efforts were:

- The trend towards shared services;
- Sustainability and green agenda;
- Transforming CREM into a profit generating function; and
- CREM as a crisis management tool.

8.2.1 The trend towards shared services

CREM experience in managing physical assets proved to be an advantage in leveraging CREM as a shared service. There was evidence that CREM provided a practical input to other functions because CREM’s nature of works were already involved with multiple management levels across business units within an organisation. CREM became a point of contact that was able to provide solutions related to physical requirements including costs to other functions. Therefore, CREM became a good source of intelligence for business units to make better decisions.

The shared services idea has been put forward in the CIR and IRIS models (Materna & Parker, 1998; Englert, 2001; Dunn et al., 2004). In this study the four other that functions were found to be involved with the CREM function within organisations in a shared service model were:

- Financial;
- Human resources;
- Legal; and
- Information technology (IT).
A visualisation of CREM leveraging towards shared services is shown in Figure 8.1.

![Figure 8.1: CREM towards a shared service](image)

This shared function could be involved on a project basis or for services used continuously within organisations. The configuration of each function may vary from each project or business units. This means that a project could be led by CREM or any of the other four functions depending on the needs.

Meanwhile, Table 8.1 summarises how CREM has involved with shared service delivery within the organisations in this study.

<table>
<thead>
<tr>
<th>Shared functions</th>
<th>Organisations</th>
<th>Activities</th>
</tr>
</thead>
<tbody>
<tr>
<td>Financial</td>
<td>TLT</td>
<td>• Procurement activities.</td>
</tr>
<tr>
<td></td>
<td>BMT University</td>
<td>• A central purchasing unit.</td>
</tr>
<tr>
<td></td>
<td></td>
<td>• Cost control mechanism.</td>
</tr>
<tr>
<td>Human resources</td>
<td>PMU</td>
<td>• Increase productivity tools.</td>
</tr>
<tr>
<td></td>
<td>BMT University</td>
<td>• Organisational cultural development tools.</td>
</tr>
<tr>
<td></td>
<td>TLT</td>
<td></td>
</tr>
<tr>
<td>Legal</td>
<td>ChickBase</td>
<td>• Reviewing legal documents in mergers and acquisitions.</td>
</tr>
<tr>
<td></td>
<td>Home Bakers</td>
<td>• Overcoming disputes with franchisees.</td>
</tr>
<tr>
<td></td>
<td>LL Logistics</td>
<td></td>
</tr>
<tr>
<td>Information</td>
<td>PMU</td>
<td>• Software development for managing physical assets.</td>
</tr>
<tr>
<td>technology</td>
<td>BMT University</td>
<td></td>
</tr>
</tbody>
</table>
Financial
Financial leveraging rendered by the CREM function played an important role in a shared services model. This is different from real estate-based cost savings in renovation or refurbishment undertaken by CREM noted previously. The shared service for this financial role refers to activities not directly related to property activities, such as the procurement by becoming a central purchasing unit.

CREM financial leveraging could be seen in the case of BMT University. The university conducts its central purchasing activities under the CREM function. Although the procurement and purchasing related to non-real estate matters, CREM experience was important when deciding on these financial functions because it is directly involved with workplace consumption of goods and services that could have financial implications.

Cost control mechanisms were also part of the CREM shared financial services. A reason for CREM involvement was to control expenditure and reduce wastage in business units. An important role that CREM played in this shared service was through space charging to business units. This can expand CREM’s role from just being a real estate space provider as a ‘free good’ into becoming an enforcer of financial discipline in an organisation. As a result, business units became responsible for the space they consumed and managed their space in a more business-like manner because the higher cost charge by CREM to them will increase their costs and reduce their profits. This approach encouraged business units to optimise their consumption of space in their operations.

Human resources (HR)
Human resource (HR) was another pivotal area, like finance, which benefited from the CREM function operating as a shared service. In this study PMU, BMT University, and TLT applied this effort into practice in shaping their organisational development. Modifying and improving the existing work space can have a lasting impact on worker productivity. The human resources function teamed with CREM to develop employee productivity strategies by incorporating the workplace as part of the available tools. Thus, when an organisation
encountered the need to improve productivity, the shared services through CREM could be sought to leverage their experience and expertise.

In TLT, for example, a standardised fit-out across the various business units can be seen in all of its physical space to create cohesiveness and teamwork. This new office refurbishment focused on flexibility of space and promote an open office to reduce the physical gap between employees and senior management. Other cases such as PMU and BMT University was found to be relying on their physical facilities to improve learning outcomes and promote cultural integration among local and international students. Even though this effort was not directly involved with CREM customers, this effort from the human resource perspective has changed the physical environment and created a positive impact on organisation.

**Legal**

Legal matters can be a daunting task for organisations. CREM was involved with many property transactions that have legal implications for organisations, especially in relation to property rights, owner responsibilities, termination of contracts, payment procedures, and other legal implications. Negligence in the legal aspects could bring serious litigation to the organisation. Therefore, CREM became a dependable source of legal advice and solutions in relation to real property. This study revealed that organisations have used CREM as a shared service to team up with its legal function in terms of:

- Reviewing legal documentation for property transactions; and
- Overcoming legal dispute with franchisees.

The CREM function in organisations such as ChickBase and LL Logistics partnered with their legal functions in reviewing legal documentation for property transactions.\(^{196}\) It was found that the CREM department already has its own lease

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\(^{196}\) We control the property for LL Logistics group. Nobody can go out and just sign a lease out there without coming through us. So we check the legal, planning and all sorts of things related to the transaction. (CREM Executive 8)
documents and experience in handling property transactions that could reduce risk associated with legal matters and physical matters.

For example, this happened to Home Bakers that adopted a unique property arrangement with their franchisees where every outlet was rented through the CREM department rather than by themselves. With this arrangement, Home Bakers was able to reduce mistakes in relation to property leases because CREM understands the procedure much better compared to franchisees. Having this kind of arrangement provided an advantage to the company, controlling the franchisees, and protecting the company’s brand in the event of disputes. The company could easily replace the franchisee with a new while continuing the business one because the property was leased by CREM not the franchisee.

Information technology (IT)
An approach put forward by CREM in the past for leveraging with the IT function centres on providing space and physical requirements for IT facilities in the workplace. The IT-CREM leveraging for CREM is in the form of teaming up in developing an IT system to manage all spaces and physical assets. For example, TMC developed its own database to manage their properties and this enabled them to extract information on the buildings, the profile of the tenants, images of the buildings, and their maintenance schedules.

Organisations such as PMU and BMT University have many experiences in capitalising on their space management with other operational management such as the placement of students according to the availability of spaces. This kind of space sharing helps to create synergy for the organisations that can increase their efficiency and reduce costs.

The partnership with IT has leveraged CREM’s role beyond real estate operations but also able to capitalise the information developed through the IT function for other purposes such as asset planning, human resource placement, financial restructuring and many more. This new venture shifted CREM from simply an
information provider of physical data for the IT system into an information manager of organisations’ physical assets.

This section concludes that CREM leveraging in the form of shared services that are still involved around CREM core competencies. The shared service effort requires CREM to team up with other internal functions in order to sustain within organisations. By synergising the readily available resources could benefits CREM in improving its value to organisations.

8.2.2 Sustainability and the green agenda

Another leveraging opportunity for CREM function was the organisation’s sustainability and green agenda. This leveraging effort was significant to CREM function because buildings and physical assets are large contributors to an organisation’s carbon footprint in the environment. Activities such as managing energy consumption, building fit-out, rubbish collection, and recycling activities were among the activities being handled by CREM that contributed to those green and sustainability agenda. Direct involvement with these activities puts CREM in a good position to raise its position within the organisation by building on its existing strengths to be the main custodian for any sustainability and green agenda conducted in organisations. Among the sustainability and green leveraging activitiesvaluably undertook by CREM are including:

- Internal energy management for green strategies; and
- Green strategy as an organisational marketing strategy.

Internal energy management for green strategies is more than just using energy saving devices and removing an old compressor in a telephone exchange to reduce energy usage. This internal regulation helped business units, employees, and organisations implement green strategies holistically. For example, TMC applied the energy saving policy to employees, requiring their air-conditioning unit be shut down during lunch hour to save energy consumption. Employees in LL
Logistics took this initiative seriously in their properties and operations.\textsuperscript{197} This internal regulation lead to a practice of energy consumption management by changing how employees consumed energy in their operations and daily activities. As a result, this leveraging effort led to reduction of annual expenditure and transfer of the funds back into core business. This leveraging activity was also able to raise the CREM brand because CREM able to identify itself to customers as the owner of internal cost saving strategies in helping organisation saving operational costs.

Green strategies also played an important role in promoting a positive image for the organisation to its external customers. It is a trend nowadays for external customers to know what a business is doing about sustainability issues by questioning how green the company is, or how environmentally conscious the company is. CREM is directly involved in highlighting green accreditation for the workplace or buildings, the level of the organisation’s carbon footprint, green operations, and green energy consumption, and helps promote a positive image of the business to the public and stakeholders.

Helping to incorporate sustainability and a green agenda into an organisation enhanced CREM beyond its normal core competencies as detailed in Chapter Five, which had technical real estate dimensions. It is a trend that organisations cannot refuse to ignore, especially when the public increasingly becoming sensitive to this issue. This also gives a substantial opportunity for CREM to improve its brand.

\textbf{8.2.3 Transforming CREM into a profit generation function}

Even though this study showed that CREM core capabilities were prone to be restricted to cost saving activities, it has the ability to leverage into being an income generation unit for organisations. CREM function in this study was able to generate profit in several ways (see Table 8.2).

\footnote{\textit{We monitor our buildings in regard to emissions and energy efficiency. For example, what sort of lighting, windows, tanks and all those environmental issues that relate to the building are important outcomes to us. (CREM Customer 8)}}
Table 8.2: Profit generating strategies for CREM function

<table>
<thead>
<tr>
<th>Activities</th>
<th>Profitability impacts</th>
<th>Organisations</th>
</tr>
</thead>
<tbody>
<tr>
<td>i. Property negotiations</td>
<td>• Lower price compared to the market</td>
<td>ChickBase, TMC, Home Bakers, TLT</td>
</tr>
<tr>
<td>ii. Space rental/leasing</td>
<td>• Additional cash flow from income</td>
<td>TMC, MalLogistics, TLT, LL Logistics</td>
</tr>
<tr>
<td>iii. Buy and sell properties</td>
<td>• Increase valuation figures</td>
<td>TMC, TLT, LL Logistics</td>
</tr>
<tr>
<td>• Buy and develop for own use</td>
<td>• Profits and cash liquidity</td>
<td></td>
</tr>
<tr>
<td>• Buy and sell</td>
<td>• Profit from difference in book and transaction value.</td>
<td></td>
</tr>
<tr>
<td>• Sell (surplus) property</td>
<td></td>
<td></td>
</tr>
<tr>
<td>iv. Sale-and-leaseback</td>
<td>• Increase in property market value realised in the sale</td>
<td>TLT, LL Logistics</td>
</tr>
<tr>
<td>• Profit from difference in book and transaction value.</td>
<td></td>
<td></td>
</tr>
<tr>
<td>v. Land development for own use</td>
<td>• Increase in property market value</td>
<td>TMC, PMU, BMT University</td>
</tr>
</tbody>
</table>

First, property negotiations through the CREM function were able to generate additional income for organisations in obtaining better outcomes from property negotiations. Organisations saved money when property negotiations when in their favour. Property negotiations profited organisations in terms of getting a lower price from the market. All of these benefits were gained from having negotiations conducted in a professional manner by experienced property personnel.

Second, space rental contributed additional income to the organisation by leasing or renting their space to external parties. Several companies such as TMC, MalLogistics, TLT, and LL Logistics rented their spaces to other parties through both short and long-term agreements. Normally, the basic consideration in space renting to external parties was to use surplus space after all the internal needs were fulfilled. In this study, space rental was found only in buildings or land owned by the organisation. Rarely for studied organisations to lease their surplus sub-leased space to third parties. They preferred to surrender the space to the landlord rather than sub-lease the space to external parties.

Third, buying and selling of properties were conducted in this study by LL Logistics as a source of profit. The CREM initially bought the property for LL
Logistics own use. Any profit yielded was typically in the form of an increase in market value during the organisation’s ownership and following a revaluation, resulting in a decision to sell. The downside for this activity was when the market crashed from the Global Financial Crisis (GFC) this can bring harm from selling and buying properties.

Fourth, as distinct to buying and selling activities, sale-and-leaseback activities have to do with selling and leasing back a property for continued operations. Profit generated from this activity was in the form of a capital gain arising from the increased market value of the property, offset by any incremental operating expenditure and goodwill accruing when the company agreed to leaseback the property as a guaranteed tenancy. The new property owner also benefitted from this practice.

Lastly, profit generating activities were a consequence of land development by CREM function. The idea of land development was to fully utilise an organisation’s land bank, or converting idle land into a property product with high value in the market. Among the land development activities found in this study were:

- Developing a housing scheme using an idle land bank (TMC);
- A joint venture with a property developer to develop luxury apartments (TMC);
- A science park as an organisation’s showcase (PMU); and
- A landmark building as part of a branding strategy (BMT University).

However, this study shows that it was difficult to distinguish the exact profit gain arising from CREM activities from a monetary perspective, because all of these profits were not specifically measured by the organisations or else were considered as part of a business unit’s consolidated profit rather than being to a CREM profit. The profits were embedded in the business unit’s financial records which made it difficult to identify the exact value generated by CREM from any property transaction or service.
8.2.4  CREM as crisis management tool

Crises are inevitable for any organisation. In this study, crisis represented ‘out-of-the-usual’ events that challenged CREM within the study period. Crisis provided opportunities for CREM function in expanding its core competencies and displaying its capabilities. The crises occurred not only as a result of the Global Financial Crisis (GFC), which was the main crisis identified in this study, but also encompassed company-specific issues such as excessive energy usage, an internal cultural problem, and a substantial fall in sales. In all cases, CREM helps devise appropriate solutions for the emergency, resulting in immediate and long-term benefits for the organisations and in CREM’s profile (see Table 8.3).

<table>
<thead>
<tr>
<th>Type of crisis</th>
<th>CREM solution</th>
<th>Organisations</th>
</tr>
</thead>
<tbody>
<tr>
<td>Global Financial Crisis:</td>
<td>Re-negotiation of leases</td>
<td>ChickBase</td>
</tr>
<tr>
<td>- Market downturn</td>
<td>Buying property at lower prices</td>
<td>TMC</td>
</tr>
<tr>
<td>- Slower business activities</td>
<td>Space consolidations</td>
<td>PMU</td>
</tr>
<tr>
<td>- Drop in property values</td>
<td>Cost reduction strategy</td>
<td>MalLogistics</td>
</tr>
<tr>
<td></td>
<td>Rearrangement of internal spaces</td>
<td>Home Bakers</td>
</tr>
<tr>
<td></td>
<td>Use physical needs to attract funding</td>
<td>TLT</td>
</tr>
<tr>
<td></td>
<td></td>
<td>BMT University</td>
</tr>
<tr>
<td></td>
<td></td>
<td>LL Logistics</td>
</tr>
<tr>
<td>Change in local planning</td>
<td>Relocation</td>
<td></td>
</tr>
<tr>
<td>Lower organisational productivity</td>
<td>New workplace design</td>
<td></td>
</tr>
<tr>
<td></td>
<td>Cultural change through physical arrangement</td>
<td></td>
</tr>
<tr>
<td>Drop in sales</td>
<td>Reassessing outlet location</td>
<td></td>
</tr>
<tr>
<td></td>
<td>Use of CRE as marketing tools</td>
<td></td>
</tr>
<tr>
<td>Internal cultural problems</td>
<td>New workplace environment</td>
<td></td>
</tr>
<tr>
<td></td>
<td>Space consolidation</td>
<td></td>
</tr>
<tr>
<td>Excessive energy consumption</td>
<td>New energy saving strategy</td>
<td></td>
</tr>
<tr>
<td></td>
<td>Using alternative energy resources</td>
<td></td>
</tr>
</tbody>
</table>

While the GFC is now moving into the more distant, but in the past it was characterised by a severe market downturn, slower business activities, and a significant fall in property values that affected all organisations covered in this
study. There were various responses from the organisations. Some organisations responded to the situation by initiating remedial measures and saw the crisis as an opportunity to initiate long-term plans for their organisations. In response to the global economic crisis, most organisations in this study used the CREM function to lower property costs by renegotiation of leases, negotiating rent reductions, buying property at lower prices, space consolidation, rearrangement of internal space usage, and using physical needs to attract funding. These activities were able to reduce an organisation’s expenditure and increase revenue without affecting the core businesses.\textsuperscript{198} Re-negotiation of leases was among the first steps initiated by organisations when facing the economic crisis. During this crisis, organisations that lease their space have an advantage over their properties’ owners.\textsuperscript{199} This is because property owners wanted their tenants to remain in their tenancies which provide income streams to the landlord. Renegotiation of leases was able to reduce rental cost, hence helping improve company profits.

A change in a local planning scheme can also foreshadow a crisis for an organisation that is highly dependent on traffic flows, demographic factors, and transportation activities. A solution to this crisis provided an opportunity for the organisation and CREM to consider relocation.\textsuperscript{200} CREM in the studied organisations – ChickBase, TMC, MalLogistics, Home Bakers, and LL Logistics – all used this as a justification to conduct an audit of property activities and usage.

\textsuperscript{198} We presented the whole paper on what we are going to do, how we will do it, and how much value we can add if we create the project. It’s just generating additional revenue by being smart without really doing anything more from what we are doing. What we do is just doing it differently. (CREM Executive 8)

\textsuperscript{199} Landlords definitely want our brand. No question about that. We need to exploit and leverage and test the boundaries of every offer they give us and try to get as much as we can. It’s our time. Two years ago we were getting bashed up, but now it’s their turn. We can threaten them to leave and they don’t want any more vacancies. We are a great brand and we do very well. We always pay our debts on time, we need to leverage that. Now is our time, so that’s why I ask for a 20\% decrease every single time during an economic downturn. (CREM Executive 5)

\textsuperscript{200} I suppose the thing that comes to mind about local planning is about the supporting infrastructure. What is happening with road structure, access, corridors to be developed, where they are, what might suit us and in what location. It is important to us where we locate especially in Melbourne and Sydney within the next 3 to 5 years. In the next 12 months we need to start looking at where we are going to build and what necessary road access for line haul and delivery vehicles is required. (CREM Customer 8)
Lower organisational productivity could also consider as a crisis knowing that can reduce an organisation’s profit. In responding to this crisis, CREM provided solutions for new workplace design and cultural improvement through changing the physical arrangements.\textsuperscript{201} For example, a transformation of formal teaching spaces into flexible learning spaces helped students in BMT University to improve their engagement with other students.

A fall in sales could be a crisis directly related to the suitability of an outlet location. Reassessing the outlet locations could demonstrate that those organisations capturing more traffic benefit from an increase in sales. In addition, CREM used physical assets as a marketing tool. For example, TLT leases its flagship store at a prime location in the city to promote the company and its products. Meanwhile, MalLogistics adopted an image transformation for all of their outlets to rebrand as a friendly place to do business. These activities put CREM in charge as the main driving force to improve sales again through real estate relocations and redesign.

Organisations in this study also faced internal cultural problems in operating their core businesses. Poor cultural practices can introduce a negative impact into an organisation and affect the effectiveness of business processes and outcomes. Therefore, organisations such as TMC, PMU, Home Bakers, TLT, and LL Logistics created new workplace environments and space consolidation to help resolve internal cultural problems. Apart from a change in general management practices to support the cultural change, the rearrangement of employees can help dissolve a poor culture and create a new and more productive culture and working environment within the organisation.

One of the direct costs found in this study, and related to physical assets, was energy consumption. Excessive energy consumption is a major contributor to an

\textsuperscript{201} We are a sales organisation. It is important for us to have a presence in key markets. That’s important to us from a property perspective. The first is location and the second is the culture in organisation. What we do with the fit-out has to fit the culture in our company. (CREM Customer 6)
organisation’s overheads can constitutes a form of crisis. CREM was directly involved in energy management within organisations as a result of managing physical assets. Hence, creating an energy saving strategy can be an advantage for CREM in helping the organisation going through is crisis. The strategies comprised the use of alternative energy resources, the implementation of a new guideline for the internal regulation of energy consumption, and ensuring that new building fit-outs were more energy-efficient and consumed less energy than previously.

8.3 Threats in CREM leveraging

While a combination of above activities allowed CREM to produce opportunities to leverage and enhance its brand, nonetheless there are also threats from leveraging activities. Among those threats were:

- Diversification from CREM core capabilities; and
- Coping with growth.

8.3.1 Diversification from CREM core capabilities

CREM customers were concerned that CREM leveraging may discount its core functions of supporting the business due to a conflict or self-interest within CREM. Customers expected CREM to obtain the best outcome for them at the right price.\(^2\) Customers expected CREM to support the organisation’s core business because of the perception that the organisation was not engaged in real estate business activities such as selling or developing property.\(^3\) If CREM was seen to put too much emphasis on leveraging their real estate expertise into these other areas that can cause customers to perceive this as a threat to their own business.

\(^2\) CREM people are ‘can do it’ people. They find ways to get around a lot of issues. Their objective is to get the best outcome for business units at the right price. (CREM Customer 8)

\(^3\) What is your core business? You must focus precisely on what you do. We are not selling property. We are not into building high-rise buildings. It will divert our attention from our core business. We are a multinational company that sells fast-moving consumer goods (FMCG). Buildings are considered as a support to our business. (CREM Customer 2)
In other words, this will jeopardise CREM efforts to position itself as a physical custodian because the new leveraging concept takes away from its core capabilities which was about supporting the business with real estate expertise. Leveraging CREM into other forms of business focus or into categories other than its core business in the organisation created a dilution of the CREM brand and confused the customers. There was some evidence that, customers interfered with and opposed CREM leveraging efforts. For example, business units in PMU were being less cooperative in implementing a space charging proposal being promoted by CREM in order to protect what they saw as their space.

As a result of leveraging activities, rather than being perceived as a real estate focused support function, CREM’s brand was being diverted from its core capabilities in supporting its customers, diluting its functional supports and confusing its relationship with customers. Therefore, customers preferred the CREM roles to remain as a support function.

There was also a potential threat, when customers perceived that their real estate needs were not being fulfilled, through finding a replacement CREM function from outsourcing. This suggested that if the CREM wanted to address this threat it needed to find ways to show how their additional real estate activities continued to support the core business. On the other hand, CREM demonstration of its real estate capabilities in supporting an organisation’s core business before CREM was able to venture into different activities.

One way of limiting the dilution of the CREM brand is for organisations to use separate entities to handle CREM leveraging activities. For example, ChickBase, PMU and BMT University conducted their property investment activities through separate entities or units specifically focused on generating income for them. The separate unit conducted its property investment activities as its main activity because this then did not change the organisation’s core business as the

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204 We have a separate company to handle property investment activities and other investment activities. This is a private company, so they can do anything under the sky because they not bound by laws that prevent us from doing that. (CREM Customer 3)
investment unit was an adjunct to that core business. It also presented CREM’s key relationship which was supporting the business.

### 8.3.2 Coping with growth

In this study, no hard evidence was found of CREM doing tasks for other internal resource such as HR, IT, and finance because there were strong evidence showed that customers expected CREM to focus on and support the businesses by managing their real estate needs\(^\text{205}\) and that CREM saw this as well.\(^\text{206}\) Even though there are other activities outside CREM boundaries such as procurement, cultural development, reviewing legal document, and system development, these activities existed in the form of collaboration and usually led by the dedicated function.

Nevertheless, leveraging CREM core capabilities such as actively involve in buying and selling properties or property development can come with a threat in coping with growth in demand. Whenever CREM introduces a new service such as space charging and investment in properties, it involves different requirements for CREM to fulfil the service. Growing CREM activities comes with the need for additional resources such as staffing, equipment and related operational costs, and logistics. Even at the current stage, CREM departments face limited resources to serve their customers efficiently,\(^\text{207}\) and CREM’s current operational activities have already pushed CREM executives to the limit.\(^\text{208}\) An effort to leverage CREM from core real estate activities can divert the CREM focus and reduce the CREM capability to serve their customers effectively. For these reasons, the

\(^\text{205}\) Their (CREM department) objective is to get the best outcome for the business at the right price. (CREM Customer 8)

\(^\text{206}\) Stick to what you know best. Avoid stepping on another’s foot. Property is already a dynamic unit within a dynamic company. This company deals with technology and technology moves very fast and the property department has to cope with that. (CREM Executive 6)

\(^\text{207}\) It always appears as they have got so much going on over there and yet they struggle to keep up and to keep you updated. (CREM Customer 6)

\(^\text{208}\) We are too busy with our current tasks. So we don’t have enough time to think about and do other things. (CREM Executive 4)
introduction of other forms of services by CREM carries a threat not only to the maintenance of current services, but also to the leveraging of services introduced by CREM.

8.4 Conclusion

Even though the CREM core competencies explained in the previous chapters focused on cost savings in supporting business units or the organisation’s core business, CREM still has the opportunity to leverage their competencies into other forms of contributions beyond those core capabilities. Opportunities to leverage were found in activities such as:

- The trend towards shared services;
- Sustainability and the green agenda;
- Transforming CREM into a profit generating function; and
- CREM as crisis management tool.

These leveraging efforts may contribute in increasing the CREM status within the organisation; however, the study also found that there were threats and risks associated with those opportunities. These threats include diversion from the CREM core capabilities and focus in coping with growth. In addition to this, the CREM leveraging efforts may cause the dilution of the CREM brand as an organisational function in support of the physical and real estate needs of business units in the organisation.

This chapter brings to an end the results of the empirical study examining the four main elements from the PCDL Model used in understanding CREM positioning strategies inside the eight studied organisations. Adopting this model requires some adjustment from CREM, especially in delivering core competence while trying to leverage its business function.

The next chapter is about the discussion of the findings in relation to literature review.
CHAPTER NINE

DISCUSSION

9.1 Introduction

The previous four chapters presented the evidence of ‘Positioning’, ‘Communication’, ‘Delivering Performance’ and ‘Leveraging’ elements which build up the interpretive framework for understanding CREM positioning in this study. This chapter discusses the linkages between the findings chapters (Chapter 5 to Chapter 8) and the established literature review in Chapter 2.

The discussion about findings has two contexts - that is, the literature and empirical findings contexts. The literature was concerned with how a thing is suppose to be its theory, meanwhile the empirical context revealed what is actually happening in the studied organisations.

This chapter also presents what constitutes a CREM brand and the development of the CREM-PCDL model from this study. This includes discussion the suitability of branding applications to CREM within organisations.

9.2 Applicability of branding perspective to CREM

As an organisational service function with a specialised knowledge that serves customers within a limited market boundaries inside organisation, CREM struggles to find its identity and fighting for a better position. Fortunately, this internal market can be considered as behaving the same as an external market (Keller et al., 2006). Here an organisation is modelled as internal service functions that compete with each other to gain acceptance by the customers, or specifically the business units. A valuable function that happens to contribute more to the success of the business is normally positioned as an important resource.
At the same time, branding theory applicable to market situations has been for quite some time around the area of product development and successfully putting products and services into a position intended by the producer (Berry, 2000). Not only branding helps to deliver a product performance but it is also able to create an emotional attachment through a mental picture to achieve customer satisfaction while building a long lasting relationship (Rafiq & Ahmed, 2000). Even though there are differences between product and service branding, the difference lies in the execution strategy where service branding requires proactive involvement from the service provider (de Chernatony & Dall'Olmo Riley, 1999). It is also evident that branding is able to position an internal service at a better position. One internal service function that has successfully improved its position is human resources (HR) where it is able to position itself as the most important resource for organisations by managing human functions (Aurand et al., 2005). CREM in some ways is managing the second most important resource with the second biggest cost implication to the business that is real estate or physical assets. So it is logical that it would also benefit from better positioning as an important resource.

The importance of having a brand is to provide a guidance for implementing a communication program (Aaker, 1996). A successful brand should be able to have attributes (performance) that uniquely add value and which are augmented (relationship) by the user (Ambler & Styles, 1996; de Chernatony & McDonald, 1998). Emotional attachment and the perceived value of a brand is determined by the users not the supplier. In this situation, it is acceptance by the customers of a brand that will then determine the duration of the relationship. When a brand delivers its value, this means the brand is able to keep its promise to the customers. A happy customer increases the acceptance of a brand which in turn will increase the demand for the brand.

In CREM’s situation, it was found in the empirical study to have performance delivery for real estate functions through its core competencies such as facility management, property management, and strategic real estate management. CREM also has financial and non-financial contributions within organisations. However,
this capability is not going to make customers happy unless is CREM able to fulfil their requirements as identified in the study of having a business unit focus, becoming a property service provider, and acting as the property owner for organisations. The CREM’s promise could not improve CREM’s position unless the promise fits with what the customers want and need. When the CREM brand is augmented by the customers, this brings the added value and emotional connection for CREM as a trusted advisor for their physical assets in supporting their core business. Therefore, this it is important for CREM to understand that a CREM brand is decided by the customers, not CREM itself. CREM needs to be able to link what appeared in this study, to be a disconnection between what CREM sees itself as being able to offer with what customers want. Fulfilling these needs will provide added value to and emotional attachment from the customers.

9.3 Branding elements to CREM

This section provides the discussion of branding elements applied to CREM through the PCDL Model. The model contributes an interpretive framework for understanding CREM activities as positioning activities within organisations using the model’s four main elements. The elements are:

- Positioning the brand (P);
- Communication of the brand message (C);
- Delivering the brand performance (D); and
- Leveraging the brand equity (L).

This section discusses overall findings from all the studied organisations. The following is the detailed application of the PCDL Model to CREM.

9.3.1 Positioning – ‘Mind battling’ activities for CREM

From the literature and also the empirical findings, there is evidence that CREM is doing very well in delivering its technical performance to organisations, whether through physical, financial, or functional dimensions and its contributions to different management levels ranging from operational, tactical and up to strategic. There is no argument about the importance of physical assets to organisations’ success, especially when it is also the second biggest cost for most organisations
after salary costs. Arguably, CREM is already handling one of the most important resources for organisations. However, CREM as a service provider faces many difficulties in positioning its service within organisations.

Among the problems identified in this study were the perceptions by customers that CREM is still all about the financial implications from cost savings, CREM is all about running the workplace and property maintenance, and supporting the operational activities for business units. In addition, customers resisted accepting CREM from venturing into other add value activities from real estate due to the perception that ‘we are not in real estate business’ (Roulac et al., 2002). There is a clear indication that the main aspect that contributes significantly to this problem is the inability of CREM to bridge its relationship with its targeted customers. Bridging this relationship gap not only involves the CREM’s ability in demonstrating technical performance in managing CRE, but also in fulfilling the customers’ needs for the provision of internal services. Therefore, CREM customers and the organisation’s senior management are the focus of CREM’s efforts to position itself within an organisation.

Positioning is about projecting one’s product or a service into the mind of a targeted audience (Aaker, 1996; Ghodeswar, 2008). This activity involves a, so-called ‘mind battling’ effort to occupy a location of interest in the mind of a targeted audience. With branding’s successful track record, this study used PCDL Model (a branding model) to gain insight into CREM positioning within organisations. As evidenced in this study, there are several important considerations for CREM to become involved within in this ‘mind battling’ activity. These include identifying the challenges faced by CREM, defining the positioning boundary for CREM, identifying core competencies for CREM, and the areas of improvement for CREM.

9.3.1.1 Identifying the challenges faced by CREM

This study identified three challenges faced by CREM in positioning itself within organisations. The challenges are dealing with customer cost-centre perceptions, dealing with the diversity of customers, and overcoming operational overloads.
The challenges found in this study appear to be similar to the challenges found in the literature, especially regarding the perception that CREM operates as a cost-centre (Haynes, 2007). Despite years of advocating otherwise, customers here still perceive CREM as a unit that spends an organisation’s profit rather than being part of an income generating or value adding team. One reason that contributing to this perception is the apparent inability of CREM to demonstrate how it adds value when restricted to being a cost-saving function and a custodian for an organisation’s real estate even though there have been efforts like Lindholm et. al’s (2006) to define how CRE adds value. This cost-centre perception also restricted CREM venturing into income generating activities for itself other than being a support function within organisations.

An acceptance of CREM within an organisation basically based on the nature of the core business of business units which sometimes have different core business between each others within the same organisation. The diversity of customers reflected in their asset types that in regards requires different CREM services. CREM needs to familiarise the customers real estate requirement ranging from location selection, renovation, property management, lease negotiations, property transactions, or real estate legal requirements. Dealing with customers’ diversity can be a normal CREM challenge here because it also being faced by other researchers as well (Roulac et al., 2002). Evaluating this challenge, it is apparent for CREM to have an understanding that allows for some flexibility in order to build a healthy relationship while supporting the customers.

On top of the cost-centre perception and facing customer diversity, the CREM operational overload prevents CREM from having sufficient visibility at the strategic management level. The strategic management level is important for CREM because it presents an opportunity for CREM to access decision makers that approve or reject CREM proposals and increase its visibility and argument for being a strategic resource. The problem in accessing the strategic management level is considered a long standing and on-going issue for CREM (Joroff et al., 1993; Gillies & Dow, 2002; Roulac, 2006). However, this study shows that there is some improvement in the level of acceptance of CREM at this management
level. Many CREM functions in the studied organisations have direct access or quite direct access to the senior management level, especially in organisations that have a shorter line of reporting in their organisational structure. This provides opportunities for CREM to highlight its importance and have more direct input into organisations’ strategic and high-level operational decision making.

9.3.1.2 Defining the positioning boundary for CREM

Besides the positioning challenges, it is important for CREM to define its positioning boundaries. These boundaries shaped the CREM mind ‘battlefield’ within an organisation. The literature describes CREM as being one-way instruction conceptualised as a series of activities related to real estate transactions and space management. Many articles have been written about CREM’s roles in organisations, for example, in transactions (Gibler et al., 2002), being the physical and space provider for occupancy (Carn et al., 1999; Haynes, 2007), and needing to be flexible in managing corporate portfolios (Gibson, 2001; Louko, 2005). However, CREM still finds it difficult to fully define its role in the organisations, perhaps because of the multiple roles it is required to undertake.

This study shows that customers are the ones who determine the CREM boundaries, not CREM itself. Customers defined CREM as having a business unit focus not a strategic focus, acting as the property owner for companies’ assets, and being a service provider for property needs. Meanwhile, CREM defined itself as having a focus in facility management, property management, and strategic real estate management in the organisations. The CREM perception towards itself is based on the technical abilities in real estate which is inconsistent in this study with the expectation from customers about having business focus.

This finding counteracts much marketing theory that suggested a brand is determined by the product or service provider not the customers. In this study, CREM positioning is shaped by the instructions received from its customers before CREM is able to initiate any action or strategy. This requirement positioned CREM as reactive and not a strategy driver. In this situation, CREM is unable to initiate a new project unless it is being accepted by the business units.
This requires CREM to be ready to be flexible and ready to move beyond just real estate services. This means that CREM need to recast its brand promise to more align with customer definitions. A mind shift is required away from thinking about itself in terms of technical real estate abilities towards a more business orientation. However, it is worth noting that CREM efforts in fulfilling these boundaries may vary depending on the organisation’s core business.

Table 9.1: CREM’s core competencies in studied organisations

<table>
<thead>
<tr>
<th>Property Aspects</th>
<th>CREM Roles</th>
<th>Retail</th>
<th>Telecommunications</th>
<th>Education</th>
<th>Logistics</th>
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</thead>
<tbody>
<tr>
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<td></td>
<td>ChickBase</td>
<td>Home Bakers</td>
<td>TMC</td>
<td>TLT</td>
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<tr>
<td>Tangible</td>
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<tr>
<td>1. Physical and</td>
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<td>environmental management</td>
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<td>2. Building operations</td>
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<td>3. Property administration</td>
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<td>4. Workplace planning</td>
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<td>5. Property supports for</td>
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<td>business units</td>
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<td>6. Property marketing</td>
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<td>Frequency</td>
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<tr>
<td>Intangible</td>
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<td>1. Property master plan</td>
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<td>2. Property transaction</td>
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<td>3. Central property</td>
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<td>decision-making</td>
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<td>4. Procurement</td>
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<td>5. Property legal</td>
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<td>6. Profit generation</td>
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<td>strategy</td>
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<td>Frequency</td>
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</tbody>
</table>

Table 9.1 shows that CREM is principally positioned as the custodian of physical assets for organisations. The roles played by CREM existed in two aspects – tangible and intangible. The tangible aspects consist of physical and environmental management, building operations, property administration, workplace planning, property supports for business units, and property marketing. The intangible aspects existed in the form of property transactions, central property decision making, procurement, property legal, and profit generation strategy. From the table, the is little doubt that CREM’s main positioning come
from the tangible aspect rather than to the intangible. All the studied organisation used CREM for physical and environmental management, building operations, and property administration. Developing a property master plan for the organisation is an important role CREM played within the intangible aspects. This was mainly contributed by the CREM expertise in the area of physical assets that was accepted by customers that makes CREM the suitable party to plan for them.

An example of how boundaries depended on core business was found in the telecommunication cases which were found to use all CREM roles in their operations. A reason for this situation is that the organisations have diverse physical assets ranging from office buildings to house their knowledge workers, a land bank for property development and include the telecommunication towers that need to be maintained to maintain service delivery. Meanwhile, retail organisations such as ChickBase and Home Bakers use many CREM intangible roles such as property transactions and property legal aspects due to an outsourcing approach being part of their expansion strategy. The education cases have minimal use of CREM intangible roles due to the nature of the business that based on one location without the intention to expand to other locations.

A pattern also emerges from the studied cases indicating that CREM in organisations with high usage of office space or have many outlets tend to extensively use both tangible and intangible roles played by CREM. Overall, the findings indicated that CREM strategies are highly dependent on an organisation’s physical assets and the nature of business that has positioned CREM roles.

### 9.3.1.3 Identify core competencies for CREM

Besides CREM being the custodian of physical assets within its positioning boundaries, it is important for CREM to be able to identify its own core competencies so that CREM is able to justify its existence within an organisation and to define its brand promise. This study showed that the core competencies were identified from two perspectives. They were CREM’s understanding of its own core competencies and the different customer understanding of the CREM core competencies (see Table 9.2).
Core competence, as defined by Prahalad and Hamel (1990), is about harmonising a stream of expertise in delivering value to fulfil customer needs. The real source of advantage happens in the management’s ability to consolidate corporate wide skills that empower businesses to adapt to changing opportunities. For CREM, it understands its core competencies in real estate terms as facility management, property management, and strategic real estate management. These core competence is relevant in two ways: as property investment for the organisation and as the property custodian for operational purpose (Stadlhofer, 2010). In term of performance measurement, the first one is much easier for real estate people to capture with standard financial parameters such as yield and rental income. However, the second competence is where CREM is currently being structured in most organisations but is difficult to capture its benefits because it embedded into business units’ activities. This is because organisation and CREM customers think that generating income from the physical assets is conflicting with business needs and interests unless the effort comes from business units (Lindholm et al., 2006).

From the customers’ point of view, the findings from this study shows that CREM is being seen as the business unit support, property service provider, and acting as the property owner for organisations. From the branding perspective, this perception really matters more than what CREM thinks about itself. Here, customers perceived CREM activities were about property searches, property maintenance, workplace management, space allocation, and supporting business units’ core operations. This perception comes with the expectation that CREM is all about supporting their core business in making sure the operations run smoothly.

However, there is advancement from the core competencies perceived by CREM executives because it is dependant on the level of the management. CREM was
found to play facility management and property management roles at the operational level. At this level, the activities focus more on workplace planning, building operations, physical and environmental management, and property transactions that related to physical management. At the same time, CREM also identified itself as having strategic real estate management in providing support to business units and in becoming the central property decision making location. Becoming a point of contact in supporting business units helps CREM in term of visibility to the customers. While, becoming the central property decision making location allows CREM to monitor all physical assets for property transactions across business units. This provides CREM with an advantage in providing input to senior management and to some extent the approval of any property activities by business units.

The challenge for CREM in justifying its core competencies lies in measuring and communicating its contributions to customers explicitly, especially about the amount of saving or income being generated through CREM. There is no clear evidentiary basis to suggest that CREM was consistently able to contribute income from its activities to organisations. There were examples, but not every organisation did this (3 of 8). One of the reasons is that organisations perceived there is no separation of roles and customers see CREM as the ‘one-stop centre’ for them. CREM core competencies were embedded in their projects or activities without benefits being clearly identified to justify CREM’s claim about contributions to organisations. In addition, there is no mechanism for CREM to identify its contributions because customers understand that the CREM-customer partnership will provide a joint success for organisations.

From branding perspective, this sounds like a good thing for CREM because it shows that there is a level of acceptance in the CREM expertise because customers will refer CREM for any matters related to real estate. Their mind is ready to put CREM at higher position when coming to their real estate matters. To this extent, CREM is able to put its position as supporting the business units and having the expertise in the real estate functions.
9.3.1.4 Areas of improvement for CREM positioning

The literature shows several ways to help CREM in its mind battle. What is important, as identified in the study, is that in order for CREM to improve its positioning or in ‘winning the mind battle’, CREM strategies must be consistent with the purpose of its existence within the organisation. This can be seen in Table 9.2 where a correlation may be observed between customers’ expectation and CREMs’ core competencies. Customers expected the utilisation of real estate resources such as physical facilities, spaces, or workplaces to provide positive impacts on their organisations such as an increase in sales, increased employee productivity, satisfying external customers, and improving their corporate image. Therefore, in order for CREM to create a strong brand, this study showed that the business comes first and the real estate strategies come next within an organisation.

There are various strategies for CREM to get involved with organisational improvement activities. Lindholm and Leväinen (2006) and Roulac (2001) have promoted several strategies for CREM. Among of them are: promoting of human resource objectives, promoting a marketing message, promoting sales, improving service delivery to customers, value creation from real estate, increasing flexibility, and help to increase innovation. Many of the researches are presenting about strategic alignment to the business (Stoy & Kytzia, 2004; Fisher, 2009; Kämpf-Dern & Pfnür, 2014). The literature shows there are two areas of improvement that could help CREM positioning - workplace alignment and involvement with intangible activities. Workplace alignment has been proposed by Joroff et al. (2003), Allard and Barber (2003), and Haynes (2008) as being a useful strategy for CREM positioning inside organisations. A key reason that workplace alignment is highlighted is because the workplace’s relationship with productivity could play a major role in making organisational decisions about real estate assets. When the human dimension was considered in creating a business case, it was considered that a small increase in employee productivity could significantly outweigh any increase in real estate costs, because the real estate cost was small compared to the employees’ productivity.
The consequence of paying attention to these strategies is that it expands CREM from focusing only on physical activities more concerns about an organisation’s management. Even though these strategies are hard to measure, the contribution to the organisation could improve CREM’s relationship with its customers. CREM should put extra effort into bridging the gap in customers’ understanding about CREM’s ability to fulfil and enhance customers’ benefit by making full use of their real estate through CREM. A reason for this need is that real estate assets are different from other organisational products or services because real estate transactions take time, involve a lot of capital and risks, and have legal ramifications. An increase in the customers’ understanding could allow CREM to venture into new opportunities such as land development, buying and selling properties, and other income generating and value adding activities for organisations with less resistance.

9.3.2 Communication – Central to CREM relationship building

The communication strategies in CREM being documented in this study could be a common knowledge and experience for CREM practitioners, but CREM communication is rarely studied holistically in conjunction with other CREM practices in empirical studies. While this is not a study focused only on communication, this study provides useful documentation of how CREM actually does communication in the organisations.

CREM has the ability to contribute to organisations in various ways. However, CREM is very frequently defined in a narrow sense in terms of its real estate capacity, costs involvement, location searching, and workplace management rather than in terms of an understanding of how CREM is able to expand value in driving more robust real estate decisions (Drake, 2002). Organisations still lack on understanding of the needs associated with real estate decisions, such as the need for joint effort from HR and IT for workplace collaborations, the risk involved in providing real estate solution to less transparent markets, and the importance of the partnership between procurement and CREM to deliver value over the long-term (Sharp, 2013). For Ghodeswar (2008) in the PCDL Model, communications means a service provider is able to convey the core benefits of its performance to
the targeted audience as the connecting factor for human behaviour and creating relationships.

In this study, though there was evidence that the four elements in the PCDL Model existed within all the studied organisations, the element of communication (C) played an important part in communicating CREM’s core benefits to increase understanding of CREM brand. The communication evidence in this study showed an emphasis on information flowing from customers and decision makers (senior management) to CREM executives, where a personalised or customised communication significantly influencing relationship building between the parties. This is the reverse of most practice in marketing that conceives the communication flow as being from the service provider to the customer (Lynch & de Chernatony, 2004). Typically, the main consideration for CREM was fulfilling customers’ requests, but this study indicates that communications between decision makers also contributed in shaping the CREM brand within organisations. This has led to CREM needing to balance its communication to both customers and decision makers.

As discussed in the previous section, there are restrictions in CREM’s performance in its ability to advance its position within organisation. This is despite CREM researchers having put forward various ways to do so, but as this section discusses, communication is vital to changing this perception. Even though the flow of communication dominantly flows from customers to CREM, there is evidence that communication with the decision makers potentially helps to improve CREM positioning as well. The two important elements found in CREM communication was to understand communication to customers and to decision makers.

9.3.2.1 Communication to customers

Even though the flow of information was mostly from customers to CREM, there is still a two-way exchange of information between CREM and its customers. This is important because an effort to improve a communication process requires two-way communications from one party to another in an exchange of
information and in managing feedback from the customers (Gray, 2006). In this study, the main challenge in managing customer relationships was that CREM was bound by instructions or orders from those customers. CREM acted as order-takers with few options other than to provide services in response to the customer’s request. CREM has little opportunity to inject higher level thinking in improving the relationship with customers.

However, in several studied organisations (seven out of eight) it was found that CREM builds a stronger relationship with customers by having a structure that has a relationship manager and a customer representative. A CREM relationship manager was held responsible for managing the appointed customer’s portfolio through the customer representative appointed by the particular business unit (Figure 9.1). This kind of communication normally happens horizontally back and forth between CREM and business units.

This arrangement helps CREM to better manage information flow from customers because the representatives have a better understanding of their business than CREM does. At the same time, this reduced CREM’s workload in information gathering for all assets under each business unit because the customer representative acted as the point of contact for CREM.

Within customer relationship management, the study showed that having customer representatives and CREM relationship managers contributed to
building up relationships between these two parties. Having points of contact provided for more accurate information from business units and reduced the CREM burden in collecting the vast amount of information they required. In addition, the practice found in the study of goal setting at formal meetings early in the year helped to improve relationships between CREM executives and CREM customers. An episode of common goal and priority setting concerning what both parties wanted to achieve has enhanced their understanding and commitment.

9.3.2.2 Communication to decision makers

Communication to decision makers is less common in CREM but it is quite common for other areas such as human resource and marketing. It is beneficial for CREM if it is able to understand this kind of communication because it can be a major pathway that potentially opens CREM to more opportunities and visibility within organisations. Many changes in working patterns, customer behaviour, organisational structure, company acquisition, information technologies, and resource relocation that will impact the organisations that CREM needs to feed this information to decision makers (Too & Harvey, 2012; De Paoli et al., 2013; Kim, 2014). More firms have adopted new approaches in managing their asset allocation to better manage their resources that have potential impact to rental and capital value (Scott, 2004). All of this information has an impact on how organisations do business and also how CREM conducts its strategy and activities.

This is the reason besides communication to customers, CREM also needs to communicate its values to decision makers. The communication to decision makers is normally in the form of vertical communication where the information flows from bottom-up along the reporting line. The smoothness of the information flow for communication to decision makers depends on the number of levels CREM is from the ultimate decision makers. This is because each level within the line of reporting has a ‘key communicator’ to carry the CREM message. Increasing the numbers of key communicators may contribute to loss of information from information attrition.
From this study, the type of communication language played an important part in communicating CREM messages to targeted audiences consisting of business units and decision makers (senior management). Financial language plays a dominant part for CREM in communicating the CREM message to customers and senior management. This situation maybe influenced by the CREM position as a cost-centred function in the studied organisations. The most common financial language found was the cost saving amounts and the financial viability of a project. The cost saving element is understandable for CREM to communicate due the structure of CREM function as the supporting roles within organisation and the cost centre perception. While the viability of a CREM’s project is important for decision makers to understand the risk associated with the new project venture.

In spite of the initial understanding that financial language was a major contributor to CREM communication, this study also found that non-financial language was important in improving CREM communications to customers and also senior management. The elements that affected core business were in terms of quality of services, the company’s image, and speed of services in the non-financial language which also contribute in highlighting the CREM’s importance to organisations. For example, it may be more meaningful to a logistics company if CREM is able to communicate real estate metrics in terms of speed of delivery rather cost per square metre. A retail company might find it more useful to communicate real estate values in comparison to numbers of restaurants, market share, traffic flow, visibility of outlets, and locational advantage.

The communication to decision makers using the right language and right considerations provides a balance of the functional and emotional sides of CREM in helping organisational success. Consistency in communicating CREM message to decision makers helps them to form an attitude towards a predictive outcomes from the CREM function that created a stronger relationship and less resistance towards CREM. Therefore, an increase in decision makers’ understanding through communication has impacted CREM in providing input about CREM brand performance in supporting organisations.
### 9.3.3 Delivering Performance – Delivering CREM promises

Exploring CREM performance is about understanding of how CREM performs in the service delivery as it promises to its customers. It is important to have metrics in evaluating CREM performance so that CREM brand can be monitored to measure its value for the organisations. There has been a call for CREM to strive towards the strategic management level of the organisation, especially in delivering performance according to strategic, tactical, and operational management levels (Joroff et al., 1993; Lindholm & Nenonen, 2006; Fisher, 2009). However, the difficult part faced by the CREM community generally is to identify the exact performance measurements required by organisations (AppelMeulenbroek & Feijts, 2007). Several researchers have highlighted CREM performance measurement in the form of Economic Value Adding (EVA) (Liow & Ooi, 2004), value-based management (Krumm & de Vries, 2003), and value-adding approach (Lindholm & Leväinen, 2006). The Balance Scorecard by Kaplan and Kaplan (Kaplan & Norton, 1996) also provides another perspective to CREM performance measurement but the tool requires additional input such as internal processes, and learning and growth which this research was unable to access. However, from a branding perspective a pressing question is choosing the right measure to assess performance delivery in order for the customers to understand the value of a service or product (Ghodeswar, 2008).

Given the brand is shaping in customers’ mind, understanding of how they measure the performance delivery is important for CREM. This study shows that CREM activities varied for different management level and CREM involvement occurred across all these management levels. Lindholm and Nenonen (2006) have suggested that strategic measurement is about continuous controlling outcomes, tactical measures are about internal tools to measure the current situation, and operational performance measurement is about measuring small task or projects set at the strategic and tactical level. There is a fine line in separating performance measures for each level because CREM activities may span different levels. This shows that the performance metrics for CREM brand can be monitored by customers and CREM as well to see it effectiveness for each management level within an organisation (Table 9.3).
Another feature for measuring CREM performance can be found through financial and non-financial measurement. Financial measures is useful in enhancing the financial performance of the companies whether reducing operating cost, enhancing profit, or working for both attributes (Ali et al., 2008). In addition, the advantage of having the financial element is that it is an important part of the ‘communication language’ to customers and decision makers that make up the ‘C’ part of the PCDL Model. Meanwhile, the non-financial measurements reflect on the tangible and intangible impacts on organisation without being directly based on financial measures. These include measures such flexibility, promoting marketing message, improving corporate image, productivity, employees’ retention, facilitating managerial process, speed of delivery, quality of work, and many more.

A range of financial measurements were found in activities such as project management, office consolidations, major relocations, unlocking idle land, land

<table>
<thead>
<tr>
<th>Management level</th>
<th>Financial</th>
<th>Non-financial</th>
</tr>
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<tbody>
<tr>
<td>Strategic</td>
<td>• Project management&lt;br&gt;• Office consolidation&lt;br&gt;• Major relocation&lt;br&gt;• Unlocking idle land&lt;br&gt;• Land development&lt;br&gt;• Internal space charging&lt;br&gt;• Request for fund&lt;br&gt;• Merger and acquisition&lt;br&gt;• Property transactions</td>
<td>• Outlet expansions&lt;br&gt;• Outlet management&lt;br&gt;• Workplace transformation&lt;br&gt;• Green strategies&lt;br&gt;• Leasing of spaces&lt;br&gt;• Property master plan&lt;br&gt;• Internal property consultant</td>
</tr>
<tr>
<td>Tactical</td>
<td>• Negotiation for reductions&lt;br&gt;• Outlets’ relocations&lt;br&gt;• Market and feasibility studies&lt;br&gt;• Space auditing</td>
<td>• Lease management&lt;br&gt;• Renovations and refurbishment&lt;br&gt;• Managing external contractors&lt;br&gt;• Management of space&lt;br&gt;• Finding external tenants</td>
</tr>
<tr>
<td>Operational</td>
<td>• Energy management</td>
<td>• Schedule maintenance&lt;br&gt;• Facilities provider&lt;br&gt;• Security management&lt;br&gt;• Renovation monitoring&lt;br&gt;• Approval monitoring</td>
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development, and many more. Financial measurements for CREM existed for assessing cost savings such as those arising from office consolidation, buying properties, and leasing of spaces. Besides cost related performance, CREM activities also found to be able to generate income for organisations through such activities as land development, unlocking idle land, funding requests, and internal space charging, though as noted earlier this income aspect was an accepted CREM activity in less than half the studied organisations.

Meanwhile, the non-financial measurements included outlet expansions, outlet management, workplace transformation, green strategies, developing property master plans, and more. The non-financial measurements also broadens CREM’s brand in demonstrating its worth to organisations. Even though the non-financial measures seem less important and to some extent are unmeasurable, fulfilling the non-financial measure can give a huge boost to customers’ trust in CREM’s capabilities to claim as a real estate expert function.

Findings from this study shows that the metrics to demonstrate performance are almost exclusively real estate based and occasionally there are business-related ones. This is difficult to measure CREM performance as suggested by branding metrics without articulation of the CREM brand, which will demonstrate later in this thesis. There was a balance of financial and non-financial measures for CREM in delivering its performance, even though CREM was perceived as a cost centre. CREM also can be shown to be able to deliver its performance at various management levels of operational, tactical, and up to the strategic level. This contributes to CREM multidimensional brand metrics to associate its value proposition as unique and valuable for organisations. This metrics is not only useful for customers to experience CREM brand but it helps CREM to identify its weakness so that it can improve to satisfy and impress customers in future (Gray, 2006). Understanding of CREM brand delivery helps to reduce the barrier of understanding in organisations that CREM is all about cost cutting activities rather CREM’s brand delights customers and decision makers by adding value to organisations in various different ways.
9.3.4 Leveraging – Extending the CREM brand

Leveraging is about looking for the potential extensibility of existing brand equity into new categories (Ghodeswar, 2008). Two of the most important elements found in understanding CREM leveraging were the opportunities and threats from this form of effort. In an internal service situation such as CREM, the main consideration is whether CREM was able to keep its promise to customers and decision makers because the foundation for maintaining service relationships is the making and keeping of realistic promises to customers (Gronroos, 1990). Promise making is inseparable from resources, capabilities, and the competencies of a service provider as they indicate the types of promises that can be made in becoming an important organisational resource, supporting organisations’ core business, and being represented as real estate experts for organisations.

Leveraging effort by CREM can have a positive impact on CREM’s status within organisations. However, a leveraging effort also comes with potential threats and risk, such as crossing other functions’ boundaries, dilution of the CREM brand, and the inability to cope with growth because a poor extension of brand will cannibalise the existing brand (Swaminathan et al., 2001). The main consideration concerning CREM leveraging was about the viability of a leveraging project by having a correct external partner to run the project because the success in leveraging increases CREM status as a trusted advisor. This means CREM has to create synergies through its sourcing strategies to enable some flexibility in running its core real estate functions while opening up for other leveraging activities. CREM has to understand how the new entities that will be created interacts with CREM’s existing brand. The study shows that CREM leveraging not only comes with the opportunities, but also threats to CREM.

9.3.4.1 Opportunities in CREM leveraging

This study shows several opportunities for CREM leveraging activities such as CREM becoming part of shared services, sustainability and the green agenda, transforming CREM into a profit generation function, and positioning CREM as a crisis management tool. Even though CREM could be doing these activities for some organisations these areas are still considered as unexplored and there is
room for improvement in leveraging CREM while adding value to the CREM brand.

CREM involved with shared service could be on a project basis or can be continuously configured into organisational functions. Even though Materna and Parker (1998) already conceptualised shared service as Corporate Infrastructure Resource Management (CIR), and Dunn et. al (2004) conceptualised the Integrated Resource Infrastructure Solution (IRIS) for quite some time, there is evidence that CREM still can improve this collaboration. For example, there are CREM in studied organisations that handle procurement through central purchasing and as cost control mechanism (both part of the financial function), workplace arrangements for internal cultural development and productivity improvement (the human resources function), providing legal input for mergers and acquisition, and overcoming disputes with franchisees (legal function), and developing systems for property and space management (IT function). One can argue that CREM is already doing these sorts of activities, but the ability to identify them clearly as being from leveraging point of view could significantly improve the CREM brand.

Another extension of the facility management and property management part of CREM is by leveraging into sustainability and green agenda which is becoming increasingly important. This area is directly related to CREM expertise because buildings and workplace are among the largest contributors to carbon footprints. Being a champion in handling energy consumption, green fit-out, waste recycling, star rating of buildings, and other green strategies would certainly benefit organisations by cost saving as well as in promoting a more positive corporate image.

Profit generating activities though long suggested as something CREM could or should be doing is for CREM in the studied organisations is an extension to the current cost centre perception perceived by customers and senior management. However, extending this current position by generating profit for organisations could be a turning point for changing cost centre paradigm. Property negotiations,
space rental, property transactions, sale-and-leaseback, and property development were several activities found in the studied organisations that were able to generate income for organisations (see Section 8.2.3 for details). Unfortunately, CREM is having difficulties in claiming credit for these activities as solely coming from CREM because normally these activities are initiated by business units and the profit it is embedded in corporate accounts.

CREM leveraging was also found in the form of crisis management tools for organisations. A crisis is not common for all business but it does happen to organisations. CREM can be seen as leveraging into this sort of crisis management tool in the case of the Global Financial Crisis (GFC), changes in local planning, sudden drops in organisational productivity, a drop in sales, internal cultural problems, and excessive energy consumption. Depending on the condition of crisis, CREM was able to support in terms of renegotiation of leases, reorganising workplaces, relocation, reassessing outlet locations, and developing new energy policies.

A leveraging effort would come from an extension of CREM core competencies naturally. However, any leveraging effort needs to consider its fitness to CREM’s core competencies. This means that the key to CREM leveraging is the ability to maintain its core performance at accepted levels in organisations. There is an indication that not all customers accepted leveraging efforts, however, a positive response to a new idea by customers was typically an indicator of early acceptance of this effort, especially when leveraging CREM resources to support the organisation’s strategic goals.

9.3.4.2 Threats in CREM leveraging

When CREM was leveraged as a shared service together with aspects of finance, human resources, marketing, legal, and information technology functions, it was even more difficult to differentiate the boundaries of CREM’s contributions from the other services provided. In some circumstances, the contributions overlapped with other support functions. This occurred because in this study, organisations expected a shared services project to perform as a team without specific
‘ownership’ by any specific function. As a shared service in an organisation, CREM does not have a choice in whether it accepts jobs, rather it is expected to fulfil customers’ requests, unless there are instructions originating from senior management for different implementation across the organisation. Even though not entirely one-way orders, the burden to fulfil a request from business unit lies with the CREM rather than the business unit. One approach for CREM to overcome this burden of work was by adopting its own outsourcing strategies and moving into the management of projects, such as those conducted by BMT University.

Any CREM leveraging effort would also need to consider the management culture practised within the organisation. For example in this study, ChickBase does not reward individuals that provide ideas but prefers a team-working effort. Rarely was CREM able to separate itself from other business functions or business units because CREM is well integrated into the business. Therefore, there is no incentive for CREM as an individual business function to act on its own on any real estate activity. In this case, a leveraging effort without including the business units has the potential to create a negative perception of CREM.

Among others, the potential threat from leveraging was the potential conflict of interest given CREM’s strong focus on cost saving and supporting business units’ core business rather becoming a profit-making or value adding function. For example, transforming operational physical assets into an investment portfolio involved a need to increase space rents used in order to improve the return on assets. However, at the same time, customers expected CREM to decrease the rent and reduce occupancy costs for business units. These two activities operate on different drivers and objectives because one interested in reducing costs and the other aims to increase the rent for better profit. Addressing this conflict becomes the priority for CREM to prevent conflict that is able to damage CREM’s identity. In most of the studied cases, CREM was constructed as a cost centred function due to the way it was seen as supporting for the organisation’s core business operations.
9.4 Linking the PCDL elements together

One might expect from a branding perspective that the performance delivery (D) is what matters in creating a strong brand for CREM. The truth is that each of the elements in the PCDL Model are interconnected with each other. Positioning (P) is important in identifying the CREM core competencies. Even the study shows that CREM has many roles in different core competencies ranging from facility management, property management, and strategic real estate management, this is not good enough for the CREM brand because what is more important is that these core competencies must be able to fulfil customers’ expectations. Among the most important core competencies wanted by the customers is supporting the business units. This might look simple for CREM, but the truth is what the customers want is prioritisation of CREM activities should begin with the business units’ activities rather CREM focusing on something else even the activities able to generate income for the organisation. This is where the communication (C) process that happened between CREM and business units through its relationship manager and customer representative is important in order to position CREM.

During the communication process, customers refer to CREM as the expert in real estate matters. This is the reason CREM becomes the point of contact for customers to gain input when they want to venture in any real estate activities for their business activities. This shows a good positioning level for CREM as the custodian for organisation physical assets. In the absence of a boardroom seat, CREM is still be able to convey its message but this is through the role of key communicators. They are the means that CREM must use in providing important CREM insights to decision makers in the communication about CREM. In addition, the study shows that there is the continuing presence of cost a key part of business language despite the years of CREM promoting itself as being a business strategist and having income generating and value adding capacity. However, CREM that falls under cost centre perception is not necessarily bad luck for CREM, as there are many opportunities to be gained from using cost financial language. The suitability of language during the communication process certainly plays a big part in developing the CREM brand, whether it is through using
financial or a non-financial language as the financial is largely about cost saving strategies, amount of income generated, or viability of the project that is being proposed. Meanwhile, non-financial language is referring to the quality of service that CREM will deliver, speed or duration of the project, and also the effect of real estate strategy to the company’s image. In addition, financial and non-financial elements are being used in the delivering performance (D) to indicate the CREM contributions. There is some similarity in this measure with the communication language used by CREM in communicating its message. Using the same financial and non-financial measure for communication and measuring performance is actually helping to improve customer understanding about CREM.

Other interesting findings from this study show that CREM performance delivery (D) is already involved with multiple management levels ranging from operational up to the strategic level. This does not mean focusing on the strategic only will provide better benefit to CREM. Being branded as the support service requires CREM to be able to also play its roles at tactical and the operational levels. Lease management, renovations, management of space, and finding external tenants were among the activities at the tactical level that CREM has to fulfil for the customers. Opportunities are always open for CREM to be involved at the strategic management level, such as relocation projects, land development, property transactions, workplace transformation, or green strategies. There is no need for CREM to strive to be just at the strategic level because the activities noted above require CREM to be part of the project team across multiple levels. This in line with the CREM brand as the custodian of an organisation’s strategic resource.

When CREM brand already has a strong foundation in handling the strategic resource and ability to support core business, then it is the time for CREM to leverage (L) itself into another areas. Profit generating activities are one area where many researchers has been suggesting for a long time. Basically, this study shows that organisations allow CREM to propose any project that able to improve organisation’s performance, increase productivity, or ability to improve corporate image. By using proper communication language, whether financial or non-
financial helps CREM to reduce resistance from customers and as well as decision makers. CREM could contribute in the area of green technology implementation, workplace transformation for better productivity, land development to generate income, and many other activities. If CREM able to justify the benefits from CREM projects for the organisation and its viability to run this project, then most probably the project can be treated as CREM leveraging activities.

Basically, having all these four elements will guide CREM into understanding its focus and capability in delivering real estate functions. These elements are normally to be in natural sequence, that is ‘P’ before ‘C’ before ‘D’ before ‘L’. Actually, these elements need not to be used only this way. The element could focus any one element first and it does seem logical that the other elements would then be examined.

9.5 Defining a CREM brand

Branding refers as a promise of what could be delivered to customers. A brand has its unique attributes that are able to deliver its promise and add emotional value to those customers. This reinforces the concept of functional and emotional values attached to a brand in order to be appreciated by the brand users. Defining a service brand could be a daunting task for any service provider. This is more challenging if it involves an internal service, such as CREM. However, brand theory stresses that everything could be branded, and should be branded, in order to elevate the brand into the next level.

This study provides of CREM practices in 8 organisations from a branding perspective. CREM research most often focuses on only one aspect of CREM, one practice or perhaps one domain of practice. In this study the organisations are treated as a single whole, not as 8 independent case studies or 8 cases in cross-case comparison, This make the study a snapshot of the state of CREM practice in the studied organisations and more generally because the results have generalisability due to the case studies’ selection. More could be learned of CREM by a detailed examination of CREM practices based on a cross-case analysis, but that not possible here as that is outside the project scope and also the
ethics approved process which is centred on adopting a branding approach to CREM activities.

This study shows that the CREM brand is defined by the customers rather than CREM imposing its brand on customers because CREM is supporting the organisations not making any of its own real estate activities in the organisation. ‘Customer is always right’ mantra is still debated in the marketing area, but for services and an internal service such as CREM, this mantra could be the only way to deal with the customers as was done by HR. For example, HR has been able to enhance employee morale, employee productivity, reducing staff turnover rates, and help organisations to attract talent by increasing the internal customer satisfaction and organisational effectiveness (Memon & Kolachi, 2012; Ullah & Yasmin, 2013). Similarly, a CREM brand is not decided by CREM itself because a CREM brand is decided by the customers due to its survival as an internal function depending on the instructions given, the source of its funding coming mostly from its customers and the emotional connection necessary in branding.

In order to fully understand the implementation of branding to CREM, it is crucial for this study to define a branding statement for CREM. The identification of CREM’s core competencies from the perspectives of CREM executives and CREM customers are shown to have a pattern that, when taken as a whole, can be grouped into three elements. They are strategic resource, support, and real estate functions (see Table 9.4).

Table 9.4: A competency basis to CREM brand development

<table>
<thead>
<tr>
<th>Perspectives</th>
<th>Core competencies</th>
<th>Strategic resource</th>
<th>Support</th>
<th>Real estate functions</th>
</tr>
</thead>
<tbody>
<tr>
<td>CREM Executives</td>
<td>Facility Management</td>
<td>x</td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>Property management</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>Strategic real estate management</td>
<td>x</td>
<td></td>
<td></td>
</tr>
<tr>
<td>CREM Customers</td>
<td>Business unit focus</td>
<td>x</td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>Property service provider</td>
<td></td>
<td>x</td>
<td></td>
</tr>
<tr>
<td></td>
<td>Act as property owner for organisation</td>
<td>x</td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>TOTAL</strong></td>
<td></td>
<td><strong>2</strong></td>
<td><strong>2</strong></td>
<td><strong>2</strong></td>
</tr>
</tbody>
</table>
These three essential elements carry the reputation for CREM in delivering its service beyond just managing real estate technical performance. Service delivery has to come with relationship building strategies between CREM executives and the targeted audiences – business units and decision makers. In this study it has been shown that CREM core competencies show its ability to perform at the strategic management level within organisations. As a strategic resource, CREM plays an important role through being the custodian of the organisation’s physical assets. CREM carries the responsibility for aligning physical activities to support the organisation’s core businesses. The CREM supports are mostly conducted through real estate functions. These three elements then are the building blocks for defining a CREM brand (Figure 9.2). They are:

- CREM is a strategic resource;
- CREM as a strategic resource supports the organisation’s core business; and
- CREM provides support through its real estate functions in being a strategic resource.

![Figure 9.2: Elements of the CREM branding statement.](image)

From the diagram suggested that the strategic resource supports core business and real estate function provide that support and enable the creation of a strategic resource. All the ideas of CREM being strategic, supporting organisation, and being real estate expert function has been around CREM literature for quite some time. However, this study provides the first explicit statement of CREM as a
brand for the internal service provision incorporating all the elements, though there has been many efforts to explain what is CREM.

First, CREM as a strategic resource for an organisation means that CREM is an important part of the factors if or input to production to produce goods or services. The factors of production include land, labour, capital, entrepreneurship, technology, intellectual capital, human capital, natural resources and more depending on the school of thought on the different economic perspectives. All of these resources are combined by the organisation to produce tangible and intangible outputs in accordance with the organisation’s vision and strategy. Being the second biggest cost for organisations is a strong reason for organisations take care in managing their real estate assets. Being branded as the custodian for physical assets in the mind of customers certainly helps CREM to brand itself as having a strategic resource in its care.

Moreover, this study shows that CREM’s performance delivery is already playing its role across different management levels including strategic level. There is evidence of CREM already handling the CRE as strategic resource as Joroff et. al (1993) strived for a Business Strategist idea even though the boardroom seat is not always present. This might not be known by many CREM practitioners because positioning (P) to be at the strategic level or handling a strategic resource is only one part in developing CREM brand. There are other branding activities that need to be incorporated in building a CREM brand such as communicating the CREM brand, delivering the CREM brand performance, and to some extent this is to leverage the CREM brand as presented in this study. Therefore, being branded as the organisation’s strategic resource, CREM has the potential to be a permanent topic at the strategic management level.

Second, CREM as the strategic resources supports the core businesses of organisations in a variety of ways. This study shows that CREM has a range of real estate core competencies ranging from facility management, property management, and strategic real estate management. These competencies are able to support customers in multiple management levels, whether this is involves
tangible or intangible activities and also involving financial or non-financial implications. These CREM supports also can come in different functions such as for physical, financial, or functional purposes as noted in the literature. For physical activities, CREM was found to be involved with a range of activities within organisations ranging from property transactions, interior fit-out, renovations, refurbishments, space rental, land development, mergers and acquisitions, team-building for employees, energy savings, marketing of products, distribution, property master plans, lease management, fleet management, security management, procurement, and many more (refer Section 5.4 for CREM core competencies).

Apart from ensuring that physical assets and related activities are properly managed, CREM is also responsible for supporting other business activities that go beyond physical assets. The functional supports include promoting human resource functions, increasing productivity, providing financial flexibility, and promoting the businesses’ marketing message through the effective management of physical assets. Organisations may outsource the supporting activities, whether physical or non-physical to external service providers, but they still require internal coordination and alignment to ensure the service meets the organisation’s objectives.

Third, real estate expertise is the foundation stone to completing the CREM brand because all CREM activities has the real estate components in there. Given the definition of corporate real estate management (CREM) one can understand that CREM is more than ‘bricks and mortar’ elements. CREM involves both physical and non-physical management. CREM core competencies and performance delivery has been explained in detail throughout this study. For example, physical real estate management is involved in various ways, such as managing buildings, facilities, property transactions, renovations, property development and many more. Meanwhile, non-physical elements involve management of space, property transactions, legal matters, ownership, lease management, goodwill, location, team building, cultural development and many more. Having the real estate
expertise to support real estate function clearly makes CREM the most suitable function to claim authority in handling any real estate matters in the organisation.

This study shows much evidence in relation to this brand element, such as CREM being the trusted advisor for real estate, CREM as the point of contact by business units for real estate, customers expectation for CREM to support their real estate activities, customers and CREM’s core competencies mostly relating to real estate, and also CREM’s leveraging capability from real estate ventures. An important note here is that real estate function is not only about physical real estate rather it is a combination of the physical and many other areas.

Referring to the literature and the findings from the study of CREM core competencies in the Positioning chapter from the perspectives of both CREM customers and the CREM executives themselves, this research’s empirical work allows the identification of a CREM branding statement as follows:

‘CREM supports the business by deploying real estate functions to manage strategic real estate resources’.

CREM is still branded as a support function but with a strategic role within organisations. Even though branding CREM as a support function comes with the risk of replacement if CREM is not able to perform well, this is a reason that automatically boosts CREM’s motivation to deliver a better service compared to external service providers as better service is expected by their customers in the organisations. However, an understanding of CREM core competencies and capabilities helps this study to understand the nature of CREM. This provides valuable information for communication strategies to elevate CREM positioning beyond a cost saving function.

9.6 The CREM-PCDL Model

This study shows that the PCDL Model consisting of Positioning (P), Communication (C), Delivering performance (D), and Leveraging (L), has been a useful conceptual framework in understanding the CREM positioning problem.
which is CREM’s relationship with its organisation. Meanwhile the CREM brand that has the three elements of being strategic resource, supporting roles for organisation, and its real estate function through its branding statement ‘CREM supports the business by deploying real estate functions to manage strategic real estate resources’. The combination of CREM-PCDL Model provides a framework for building a better position for CREM.

The model offers corporate real estate practitioners and theoreticians a framework by which to understand and interpret the overall picture and the detail of CREM activities within organisations as branding. Therefore, the combination of the PCDL Model and CREM has given rise to the CREM brand. The useful thing that this CREM and PCDL model does is that it organises the detailed elements that have been variously identified in the CREM literature and the empirical study into a coherent framework that is useful in understanding the notion of CREM positioning.

This study therefore introduces a new basis for exploring the CREM positioning problem in closing the relationship gaps with its customers within organisations in defining customer-focussed performance. Adoption of a branding approach and this model was found to be useful as a diagnostic tool for understanding CREM positioning inside organisations (Figure 9.3). There are several strengths identified in the adoption of the CREM-PCDL Model including:

- Application to single or multiple organisations;
- A multi-dimensional approach; and
- A basis for longitudinal studies.
The first strength of the CREM-PCDL Model is that it can be used for single or multiple organisations. This model can be used by a practitioner to analyse and diagnose CREM in their own organisation. In addition, the model also provide an understanding for CREM across multiple organisations in relation to positioning, communication, performance delivery, and leveraging effort to compare their branding efforts. The model provides comprehensive elements that provide an overall picture of internal service activities, processes, and outcomes. The application of the model to an internal service, such as CREM brings out the benefits for organisations in utilising the potential capabilities of the internal service. This is because this study has validated the applicability of this branding framework to understand CREM activities.

The next strength of the PCDL Model to this study was that the model was able to explore the multi-dimensional perspectives of a problem that was defined as having performance and relationship dimension. The model itself is multi-dimensional whether it is relating to the delivering performance or leveraging
(technical performance dimension) or positioning and communicating (relationship dimension) a brand within organisations. This multi-dimensional perspective provides valuable information in identifying strengths and weakness for CREM within an organisation.

In addition, having validated the model, the CREM-PCDL Model could also be used in longitudinal studies in which information about positioning is generated over an extended period. A possible outcome of doing this is a longitudinal analysis of how CREM activities change with regard to each element over time. For example, the model could identify how CREM’s positioning (P) activities occur within an organisation from the beginning of its establishment up to a certain period. This effort could provide information about how CREM fits or is positioned into the larger organisational system from the pattern of reactions from various audiences within organisations. This longitudinal analysis was not undertaken in this study due to limitations of time and this is potential future research having established the usefulness of this model.

Several weaknesses were evident in applying the PCDL Model to CREM. One weakness is that the original model lacked a detailed explanation of the sub-elements that would be relevant to internal service provision. The PCDL Model proposed by Ghodeswar (2008) is based on external product or service branding and not directly based on internal service provision. Nevertheless, from this study, all four main elements from the model were useful for analysing CREM positioning but the sub-elements needed adjustment according to the nature of the CREM service (see the CREM–PCDL Model).

For example, in Positioning (P) the CREM-PCDL Model puts stress on the core competencies attributes seen by the CREM customers and as well as CREM itself. For Communication (C), the theoretical model highlights the importance of accessibility and consistency of advertising campaigns to customers, whereas for CREM-PCDL Model it was found the suitability of communications language to different targeted audiences, business units and decision makers was important and had a financial ‘flavour’. Meanwhile, for delivering performance (D), there is
a need for adjustment of the theoretical model for CREM activities depending on the management levels that incorporate financial and non-financial measures involved in measuring the activities. Lastly, leveraging (L) a CREM brand requires for fitness that can be found by analysing its opportunity and threats for the new extension for CREM.

Moreover, adoption of this model suggests that redundancy may exist in some of the elements with regard to some of their sub-elements. For example, the financial and non-financial sub-elements were found in two elements of the model – Communication (C) and Delivering performance (D). This study dealt with this difficulty by using financial and non-financial sub-elements in Communication as a broad understanding within the communication language to customers and senior management. Meanwhile, financial and non-financial sub-elements in Delivering performance were broken into detailed measures according to strategic, tactical, and operational management levels.

9. 7 Implication of CREM branding for practice

This study provides the first explicit statement of CREM as a brand for the internal service provision, though there has been glimpse of the concept for a long time as people have grappled with what is CREM. Defining a CREM brand as ‘supports the business by deploying real estate functions to manage strategic real estate resources’ brings two implications to CREM practice.

First, CREM has more work to do in meeting customers’ positioning (P) expectation. Branding CREM as a managing strategic resource, supporting the organisations, and becoming a real estate expert in the organisation means CREM conveys the promise as to what it can deliver to the customers and senior management. This CREM brand creates a value proposition in the customers’ mind to frame how they should and would think about CREM. All the sub-elements from main elements of the PCDL Model will come into play to support what CREM has promised it can deliver in order to gain customer satisfaction. Carrying this brand means carrying the responsibility that comes along, such as adjustment to core competencies, skill sets, performance delivery, physical
contributions, financial contributions, and many more in making the CREM brand a success.

Second, more work is necessary in clarifying for customers and senior management what CREM’s brand can be. This will reshape the communication process to business units and decision makers about what it can deliver. The implication of having a brand would certainly shift CREM’s focus from looking into its capabilities or core competencies into meeting customer expectations. This means CREM should emphasise its business support for customers through cost saving, income generating or value adding activities. Then CREM has to suit its brand metrics with the brand performance that has been decided. For example, this study shows CREM performance metrics are dependant on specific management level metrics that assess performance through financial and non-financial measures. In addition, there should be a change in CREM understanding by shifting from CREM imposition it self-perceived value onto customers towards more understanding of customers’ needs and expectations.

Generally, the impact of this study is it provides a theory for branding of internal service provider. This is achieved by expanding PCDL Model with CREM-PCDL Model that has been developed. This also provides a logical extendability of other support functions through models that have previously been developed, such as IRIS or CIR. Identification of CREM performance delivery helps CREM to understand the brand promise that CREM can deliver to organisations. Moreover, defining the CREM brand and the development of CREM-PCDL Model reconciles CREM current practice with what CREM could do and deliver for organisations.

9.8 Conclusion

CREM has largely been written about as technical real estate management practices. There are challenges because of the cost-focus in the studied organisations. The concept as the supporting role for organisations has not changed since the introduction of the corporate real estate concept in 1980s. All organisations studied in Malaysia and Australia established CREM function to
support their core businesses as cost centres from CREM activities. Even where there are profits generated from CREM activities could be considered as minimal and anyway they disappeared into organisations’ overall financial statement.

There have been glimpse of branding but to date CREM as a specific brand has not been considered. Adopting a branding framework in this study allows CREM activities and practices that have been already been well documented to be interpreted as branding activities. This resulted in a specific CREM brand statement ‘CREM supports the business by deploying real estate functions to manage strategic real estate resource’. The development of CREM-PCDL Model could provide a framework for improving CREM to get better at a strategic level.

Having demonstrated the PCDL Model’s application to CREM the next chapter concludes the dissertation.
CHAPTER TEN
_____________________________________

CONCLUSION

10. 1 Introduction

The purpose of this chapter is to revisit the research questions to show how they have been answered. The aim of the study was to provide an interpretive framework to improve the understanding of CREM positioning by using a branding approach. The study involved four different industries consisting of retail, telecommunications, education, and logistics from two different market conditions – a developing country (Malaysia) and a developed country (Australia). A qualitative research approach was used to examine the CREM positioning problem in order to provide new understanding of CREM within the organisations. The core of the study has been the analysis of CREM positioning through implementing the PCDL Model as an interpretive framework as this is part of the branding body of knowledge. Two parties were involved in the empirical study’s examination CREM positioning – CREM executives and CREM customers.

This chapter commences by reconnecting with the research problem before summarising the gaps in the CREM literature relating to CREM positioning that this research addresses. It then follows with the research questions and the summary of evidence from the empirical chapters to show how those questions are answered by this study. A primary contribution is noted together with several subsidiary contributions as part of supporting the primary contribution. Limitations of the study are also discussed briefly along with suggestions for future research.
10. 2 Re-statement of the research problem

Organisations are normally conceived as entities bounded by internal and external factors. A review of the literature has shown that the role of CREM is perceived as a specialist provider of physical space for organisations. Unarguably, that is part of the CREM’s core competence, but organisations also expect that the CREM be more engaging in supporting the organisation’s core business. CREM faces a challenge in understanding its position, whether focusing on supporting business units or creating its own profit-based value by generating income for organisations through the physical space management.

The literature identifies that CREM’s contributions are spread widely across dimensions that can broadly be categorised as the areas of the financial, physical, and functional management of organisations. As a result, CREM relies on financial and physical measures in order to demonstrate its worth. These measures themselves depend on technical and quantitative indicators that are highly focused on cost savings and cost cutting activities. Confusion existed as a result of not having a clear connection to a CREM brand from the perspective of customers and CREM’s capabilities. This contributes in failure to demonstrate CREM’s value in supporting organisations’ success.

Furthermore, CREM lacks an explicit theory with regard to understanding its relationships within and how to relate to the organisation, especially in understanding the CREM position in an organisation. Organisations have difficulty in justifying the existence of CREM due to the variety of roles often played by CREM. Weak relationships with customers and senior management have prevented CREM from translating its core competencies into larger and more significant roles than physically related activities. Consequently, establishing more prominence in the organisational hierarchy has proved to be problematic due to CREM’s limited visibility and the minimal impact of its contributions, as evident to particular senior management within an organisation.

It is not that CREM lacks the capacity or potential for value adding activities, but it needs a clear mental positioning meaning by which to position itself within the
organisation. The demonstration of CREM technical performance carries little weight within an organisation for improving the position and status of CREM, unless the CREM is able to construct meaningful relationships into the mind of its targeted audience in order to convey its capability and competence. Therefore, the demonstration of CREM’s performance and relationship building requires a proven mental approach to improve the positioning of CREM within the organisation.

Organisational and management theories, useful in understanding internal services such as CREM, include organisational behaviour and customer relationship management. The latter could be useful but when referring to the positioning of CREM and its underlying problem with regard to its performance and relationships, branding theory was found useful in positioning products and services across these two dimensions and could therefore be useful to CREM.

Branding in CREM normally refers to the physical presence of real estate as part of the corporate branding strategy. However, CREM researchers have never explored branding theory as a means of exploring CREM positioning within an organisation. The PCDL Model, which is a theoretical branding framework potentially useful in exploring CREM positioning inside organisations, has the same dimensions of performance and relationships that are faced by CREM. The PCDL model consists of four elements – Positioning (P), Communication (C), Delivering performance (D), and Leveraging (L) provided the theoretical framework for re-interpreting CREM activities.

10.3 Answering the research questions

This research, and its empirical evidence, has focused on answering the study’s research questions. This section demonstrates how the research evidence provides answers to the research questions and also provides insights into how branding helps understand CREM within an organisation. The questions are:

- What are the branding elements that could be applied to the CREM positioning problem inside organisations?
• How could these branding elements apply to the CREM positioning situation?
• Why do these branding elements make a difference to CREM inside the organisations?

What are the branding elements that could be applied to the CREM positioning problem inside organisations?

Problems faced by CREM occurred because of identified deficiencies in the performance and relationship dimensions. Therefore, the answer to this question relies on the literature of branding that addresses these two dimensions and can be used to address the CREM situation. Branding theory suggests that having technical performance dimension is not enough unless a service provider is able to build up strong relationships with its customers that leads to an acceptance of CREM function in an organisation. A review of the branding literature to determine what is necessary to build a strong brand, found that Ghodeswar (2008) has provided a simplified but comprehensive model for building a brand identity through the PCDL Model – Positioning (P), Communication (C), Delivering Performance (D), and Leveraging (L). Apart of the four main elements in PCDL Model, what is more important for CREM situation is to understand the sub-elements included in the four elements to develop an understanding about the performance and relationship building for CREM within organisations.

In the PCDL Model, Positioning (P) is essentially about perception. However, this perception came from a detail positioning elements which achieved by connecting the understanding between CREM executives with their customers in order to provide a clear guidance as to brand identity. Therefore, any effort to position a product or service focuses not only on tangible benefits, but also on the ability to add psychological value such as trust, emotional association, and other added value to the customer associated with the brand. Because of this, positioning for CREM is about fulfilling customers’ expectation rather just imposing CREM’s core competencies on customers. In this situation, customers have a better right to determine CREM’s position because the interest place in their mind is what more matters compared to what CREM wants to put forward. The ability to deliver then
these CREM benefits to customers becomes a powerful impetus for building long-term relationships within a market place in the organisation. This is why the positioning (P) element and its sub-elements are strong relationship building tools for understanding and ultimately improving the CREM position.

For Communication (C), branding theory says that message delivery requires an understanding of the targeted audience relevant to the promotion of a product or service. Understanding a targeted audience’s behaviour facilitates the service provider in creating a service package structured in terms of quality, functional benefits, pricing, and the suitability of the suggested brand being promoted. CREM, as a service provider, also needs to consider the main sub-elements of brand communication such as accessibility and consistency in communicating with the targeted audience. These elements could determine CREM’s ability to build relationships and whether it is able to create long-term relationships with its targeted audience. Therefore, brand communication is an important building block to build relationships with the CREM targeted audience.

The theoretical element of Delivering performance (D) is where the branded entity, here CREM, delivers its brand performance. An important sub-element understanding the delivery of performance is the performance measurement activity. Within branding, it is important to have a performance metrics to identify performance in service delivery to the audience. The metrics could vary depending on the nature of the business, however, CREM performance delivery could be measured through multiple management levels of operational, tactical, and strategic levels and also include the financial and non-financial measures.

Leveraging (L) effort in branding theory is the extension of a brand into new categories for the purposes of adding value to an existing brand, namely through brand extension. The leveraging concept is not a familiar one for CREM due to its unfamiliarity in applying the branding concept itself. For branding, an important consideration for CREM extension is about the similarity or fitness of the extension to prevent image dilution. Apart from the opportunity for extending the existing CREM brand, there are threats from and limitations to leveraging. Failure
to address these threats could jeopardise a brand extension. Therefore, maintaining a strong brand requires having the right balance between maintaining the status quo of a brand and also having the ability to take opportunities when they arise and to understand possible threats from leveraging activities.

Thus, the PCDL Model with its sub-elements provides the branding elements that could be applied in understanding the CREM positioning activities. The application of the model to CREM also includes relevant information associated with the sub-elements. However, adaptation of the model, from positioning to leveraging is easier to use in sequence rather than without sequence. Chapter Nine discussed each of these elements from the PCDL Model along with its application to the CREM circumstance.

**How could these branding elements apply to the CREM positioning situation?**

Answering the second question is the core task of the empirical research, as the first question is considered a procedural one to establish the applicable aspects of the theoretical framework that conform to the CREM circumstances. This second question is answered with empirical evidence related to how the PCDL Model applies to CREM. The application of the four elements in the PCDL Model to CREM is also explained in sequence to provide a better understanding of each element and the sub-elements in CREM.

The elements of Positioning (P) applied to CREM begins by identifying CREM positioning challenges, followed by defining CREM positioning boundaries, identification of CREM core competencies from the CREM and customers’ perspectives, and ended with suggestion for possible improvements to improve CREM positioning. Customers for CREM are the business units that are running an organisation’s core business and the main source of income for organisations. Each customer has different business drivers depending on the nature of the business. For example, retail aims to capture market through outlet expansions, telecommunication focused its importance to knowledge workers, education stresses the importance of learning environment to attract students, and logistics is
all about speed of delivery and saving in transportation costs. These business
drivers shape CREM positioning in terms of objectives and activities, guiding by
the organisational directions. Meanwhile, the core competencies serve as the
connecting point between CREM and its customers. This study shows that CREM
saw its core competencies as being about facility management, property
management, and strategic real estate management. Meanwhile, customers think
CREM is all about having business unit focus, being a property service provider,
and acting as the property owner for organisations. From branding theory, CREM
positioning is decided based on the customers’ expectation. This shows that
CREM has to align its real estate focus towards helping customers’ expectations to
support them in delivering their core business.

Communication elements applied to CREM began with identification of the
communication challenges faced by CREM, the understanding of communication
to customers, communication to decision makers, and insights into
communication elements to improve CREM communication. CREM has to deal
with challenges in communication, especially in providing feedback to
communications and in accommodating customers’ requests about the progress of
their projects. This study shows that besides the importance of communicating
CREM messages to customers, CREM was also required to communicate its
performance and abilities to decision makers. Communications to customers
occurred between CREM relationship managers and customer representatives
through formal and informal modes of communication. Meanwhile, there is
another group that has influence on CREM that requires from the communication
CREM message. They are the decision makers that largely consist of senior
management in the organisations. The communication happened through key
communicators that appeared along the CREM line of reporting to the ultimate
decision makers. Even though boards of directors are the ultimate decision
makers, it is important for CREM to consider the role of key communicators
because they are the ones that convey the CREM message to the ultimate decision
makers (Board of Directors). Communications with decision makers stressed the
importance of CREM’s understanding of their role within the organisation. There
are two forms of communications language that appeared in understanding CREM
communication, both to customers and decision makers - financial and non-financial language. Financial language in this study was largely about the cost involved in CREM and projects and the other one is the financial viability of the project. Meanwhile, non-financial language was about quality of service, speed of delivery, and the impact on organisational image or employee productivity.

Understanding the Delivering performance is directly related to performance measures used at different management levels in the organisations. This study shows that CREM branding performance measurement involved multiple dimensions. CREM performance measurement was conducted by incorporating financial and non-financial measures into the three management levels: strategic, tactical, and operational. Assessment of the CREM activities at these levels provided information about CREM involvement within organisations. Surprisingly given the cost focus identified, many CREM activities were already identified as impacting the strategic management level of organisations. Among the types of activities that involved CREM at this level with long term organisational impacts were handling projects, workplace management, managing a land bank, finance, sustainability issues, property transactions, and being the custodian for an organisation’s physical assets. For the tactical management level, CREM was involved with managing leases, space management, and other property activities such as land taxation and energy management. Activities at the tactical level bring less potential for promoting CREM to the organisation compared to the strategic management level, but can jeopardise CREM brand in the case of failure to perform these activities. Lastly, at the operational management level, CREM managed facility services such as scheduled maintenance and cleaning, and handling routine activities such as project monitoring and obtaining approvals from authorities. Even though the operational activities in several instances were outsourced to an external service provider, it was important for CREM to monitor these activities to ensure the physical assets and the workplace were properly maintained. This study was able to identify financial and non-financial measurements being used by CREM in the studied organisation. However, this study was unable to identify any amounts of money
contributed by CREM to organisations because there is no separation of incoming income that might be generated exclusively from CREM activities.

Leveraging the CREM brand is about the extendibility of the CREM’s existing functions into new categories. This can be a growth strategy for CREM in adding further value for organisations. These included complementing and transferring its attributes into types of services with other than a real estate focus. To some extent, CREM leveraging created opportunities for CREM. Among the leveraging opportunities found in this study were the trend towards shared services, the sustainability and green agenda, transforming CREM into a profit generation function, and CREM as a crisis management tool. The main consideration for CREM leveraging was the compatibility between the existing CREM brand and the new forms. Besides these opportunities, leveraging in CREM also came with threats. Among them were diversification from CREM core capabilities, and coping with growth created by the leveraging effort. This meant that even though leveraging CREM can provide opportunities for improvement in the CREM brand, there were also risks associated with any leveraging effort. Therefore, in maintaining a strong brand, CREM needs to have a balance between any growth strategy through leveraging and maintaining its status quo to prevent negative perceptions that could affect relationships with customers and decision makers in their organisations.

In answering the second research question, branding elements from the PCDL Model were applied to CREM as a basis for understanding CREM’s activities as positioning activities inside organisations. Having branding as the basis could guide CREM in prioritising its focus and activities in serving customers and decision makers. However, the application of the PCDL Model in CREM could only be applied with some modifications to the sub-elements to conform to the CREM situation, especially in the area in which the branding theory has not yet been fully dealt with. The introduction of the CREM-PCDL Model could be used as a basis for this purpose.
Why do these branding elements make a difference to CREM inside the organisation?

CREM positioning makes a difference for two parties – CREM and its organisation. The first is CREM itself in achieving the full potential in delivering its capabilities. As an important resource for an organisation, CREM could play a more significant role for the organisation than has been posited till now as a cost saving mechanism. Therefore, understanding the CREM positioning through the PCDL Model provides a basis for CREM to improve its position by exploiting the elements provided by the model.

Second, CREM positioning helps the organisation to maximise its operational efficiency and obtain maximum benefits from its internal resources – CRE and its management, in this case. A CREM function is an important support function to an organisation because it manages one of the organisation’s most valuable assets that play a significant role in supporting the core businesses. CREM contributions not only all about cost reduction strategies, but also several other contributions depending on management levels and financial or non-financial purposes that able to add value to CREM brand and the organisation.

The understanding of the CREM brand positioning from this study gives a basis for CREM practitioners and organisations to act; things they need to do in order to gain greater benefits from their real estate resources. The branding elements make a difference in creating CREM positioning theory and, as a result, can provide guidance for practitioners in performing and building relationship within organisations.

10. 4 The contribution to knowledge

The major contribution of this study is what it reveals about CREM positioning inside organisations. The PCDL Model that is part of the branding body of knowledge is a useful means by which to explore this positioning. It serves as an interpretive framework with which to understand what is conventional CREM practice. Even though the model is based on external product positioning, it can serve as a basis for CREM to develop internal positioning strategies within
organisations in the future. The elements of Positioning, Communicating, Delivering performance, and Leveraging have contributed to CREM theory by providing a way to explore the CREM positioning problem.

Several other contributions were also attached to this major contribution. These include:

- Identification of what constitutes the CREM brand;
- A framework for branding theory (PCDL Model) for understanding other internal service provisions similar to CREM that have been shown in this study to be valid empirically; and
- Acceptance from customers or the targeted audience of an internal service is highly dependent on its communication strategies.

The CREM brand is constituted of three main elements: CREM as a resource for an organisation, CREM as a strategic resources support the organisation’s core business, and CREM provides support through its real estate functions in being a strategic resource. Being part of the factors of production, CREM provides a real estate related input to support an organisation to produce outputs. A CREM brand has the potential to be a permanent issue at the strategic management level based on its contributions in terms of physical and non-physical activities within organisations.

The multiple case studies adopted in this study can be applied across contexts (industries, countries, and other internal services) because evidence from this study was developed based on different economies and industries. This study demonstrated that the branding model could serve as a basis for CREM positioning, therefore, it also has the potential to serve other internal service providers as well. This means that the findings could be generalised to these other contexts with phenomena similar to CREM.

To a certain extent, an internal service such as CREM was found to have made significant contributions to the organisation. However, the acceptance from customers or the targeted audience of the service depends on its communication
strategies. Apart from delivering technical performance, an internal service requires relationship-building strategies, mostly through communication processes in order to improve their position within the organisation.

10.5 Practical implications

This study has practical implications given the empirical evidence from multiple case studies based on different types of economies and industries. This study demonstrated that branding could serve CREM practitioners in assessing their position within organisations. The application of branding theory into practice can contribute to the CREM in gaining better visibility and recognition as an important resource for the organisation.

The practicality of branding theory in exploring CREM positioning could also apply to other internal services in their search for positioning status. Although there was a variation in CREM positioning in each of the cases, it was apparent that the PCDL Model could serve any internal service in mapping its status and the action that it should take in order to improve its position in the future.

10.6 Limitations

Although this study makes several important contributions, its limitations should also be noted. First, it was limited in respect in the methodological of the study. It limits in term of the resources used to conduct it, namely geographical distance, time and cost factors. A limited number of cases put some limitations on generating the volume of reliable data that would enable the representation of the full extent of CREM practices in developed and developing market conditions. However, this work well in understanding CREM practices in different real estate market. This limitation does however provide a basis for future research in the form of testable propositions related to the application of branding to the CREM circumstance in other countries and industries.

Second, even though an adequate number of respondents in each case were obtained for data gathering, the number of respondents in each case is still small.
This can be an issue because CREM relationships involve more than just a single customer for each business unit and more than a single CREM executive is involved. However, the multiple cases in this study did allow a variety of perceptions from various CREM customers across the different organisations. Furthermore, the selected respondents on each side of the interaction that gave their opinions for this study were the key figures in the CREM-customer interaction.

Third, this study is based on the fact that although semi-structured interviews are regarded as a highly efficient way to gather rich empirical data, they remain subject to criticism on the grounds of social desirability bias (Podsakoff & Organ, 1986). However, there are reasons to believe that the social desirability bias is not a problem in this research for two reasons. First, the proponents of the study assured respondents of their confidentiality, and that is reported to reduce the risk of social desirability bias (Eisenhardt & Graebner, 2007). Consequently, all the respondents in this study were promised confidentiality in regards to both the organisational name and personal information. Second, the data from the semi-structured interviews was verified with data from document analyses which provided further assurance of the low risk of social desirability bias in this study. Nevertheless, social desirability bias as a result of self-reported data remains a methodological weakness for much of the research examining corporate strategies, like this study (Sharma & Vredenburg, 1998). Further studies that empirically explore CREM positioning using the branding framework as the basis for theoretical propositions would add confidence in results obtained from this data collection method in this approach.

10. 7 Further research

This study identified a number of opportunities for future research. This study provides empirical evidence for CREM positioning for two parties – CREM executives and CREM customers. However, this study did not collect data on decision makers’ views. It would be interesting to examine in more detail decision makers’ behaviour in relation to how they perceive the CREM position within
their organisations. Given the depth of information required, a case study approach could prove a useful tool in studying the decision makers’ perspective.

Apart from the qualitative approach, this study could be a starting point for other researchers to adopt a quantitative approach to explore CREM positioning using this established framework across a larger number of companies. A quantitative study would enable conclusions to be drawn on CREM positioning as a generalisation for all CREM situation.

This study provided an interesting guide through PCDL Model to fill the gap in knowledge for CREM positioning. This served as the breakthrough evidences to apply a branding model in order to improve CREM into higher level status within organisations. There is a need for detail steps in implementing this finding for future research in order to verify the practicality of the model.
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APPENDICES

Appendix A: Human ethics approval
Appendix B: Plain language statement
Appendix C: Consent form
Appendix D: Interview guide - CREM Executives
Appendix E: Interview guide - CREM Customers
Appendix F: Coding framework
Appendix G: Summary of CREM practices for Malaysian cases
Appendix H: Summary of CREM practices for Australian cases
Appendix I: Organisational structure for case studies
APPENDIX A: HUMAN ETHICS APPROVAL

12 March 2009
Dr Christopher A. Haywood
Architecture, Building and Planning
The University of Melbourne

Dear Dr Haywood,

I am pleased to advise that the Architecture, Building and Planning Human Ethics Advisory Group has approved the following Minimal Risk Project.

Project title: Positioning corporate real estate management (CREM) inside organisations
Researchers: Dr C. A. Haywood, A/Prof G. K. Missingham (student researcher: Abdul Jallal Omar)
Ethics ID: 0827546

The Project has been approved for the period: 12-Mar-2009 to 31-Dec-2009.

It is your responsibility to ensure that all people associated with the Project are made aware of what has actually been approved.

Research projects are normally approved to 31 December of the year of approval. Projects may be renewed yearly for up to a total of five years upon receipt of a satisfactory annual report. If a project is to continue beyond five years a new application will normally need to be submitted.

Please note that the following conditions apply to your approval. Failure to abide by these conditions may result in suspension or discontinuation of approval and/or disciplinary action:

(a) Limit of Approval: Approval is limited strictly to the research as submitted in your Project application.

(b) Amendments to Project: Any subsequent variations or modifications you might wish to make to the project must be notified formally to the Human Ethics Advisory Group for further consideration and approval before the revised Project can commence. If the Human Ethics Advisory Group considers that the proposed amendments are significant, you may be required to submit a new application for approval of the revised Project.

(c) Incidents of adverse effects: Researchers must report immediately to the Advisory Group and the relevant Sub-Committee anything which might affect the ethical acceptance of the protocol including adverse effects on participants or unforeseen events that might affect continued ethical acceptability of the Project. Failure to do so may result in suspension or cancellation of approval.

(d) Monitoring: All projects are subject to monitoring at any time by the Human Research Ethics Committee.

(e) Annual Report: Please be aware that the Human Research Ethics Committee requires that researchers submit an annual report on each of their projects at the end of the year, or at the conclusion of a project if it continues for less than this time. Failure to submit an annual report will mean that ethics approval will lapse.

(f) Auditing: All projects may be subject to audit by members of the Sub-Committee.

On behalf of the Ethics Committee I wish you well in your research.

Yours sincerely,

A/Professor Qinghua Guo - Chair
Architecture, Building and Planning Human Ethics Advisory Group

Faculty of Architecture, Building and Planning
The University of Melbourne, Victoria 3010 Australia
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APPENDIX B: PLAIN LANGUAGE STATEMENT

Dr. Chris Heywood (Academic Supervisor)
Melbourne School of Design,
Faculty of Architecture Building and Planning
Ph: +61 3 8344 3132

Abdul Jalil Omar (PhD Student)
Melbourne School of Design,
Faculty of Architecture Building and Planning
Ph: +61 4 0304 9125

To : Participants of interview for the purpose of research

Title : Positioning Corporate Real Estate Management (CREM) Inside Organisation

You are invited to participate in the above research project, which is being conducted by Dr Chris Heywood (supervisor), Assoc. Prof. Greg Missingham (co-supervisor) and Mr Abdul Jalil Omar (PhD student) of the Melbourne School of Design, Faculty of Architecture Building and Planning at The University of Melbourne. Your name and contact details have been chosen from a selected sample drawn a short list of suitable companies. This project will form part of Mr Abdul Jalil Omar’s PhD thesis, and has been approved by the Human Research Ethics Committee.

The aim of this study is to provide an interpretive framework to understand corporate real estate management positioning occurs inside organisations. In particular, the study examines how branding elements might apply to CREM within the organization.

Should you agree to participate, you would be asked to contribute to this study by participating in an interview of up to 60 minutes to get better understanding about corporate real estate management positioning and branding. The interview will be audio recorded for the purpose of data analysis and to ensure that we make an accurate record of what you say. The information collected through interviews will be treated confidentially.

We intend to protect your anonymity and the confidentiality of your responses to the fullest possible extent, within the limits of the law. Your name and contact details will be kept separately, from any data you supply. This will only be able to be linked to your responses by the researchers. In the final report, you and your company will be referred to by a pseudonym. We will remove any references to personal information that might allow someone to guess your identity. However, given the small sample of companies in the study it may still be possible for someone to identify you and your company.
Once the thesis arising from this research has been completed, it is also possible that the results will be presented at academic and professional conferences and journal publications. The data will be kept securely for five years from the date of publication, before being destroyed.

Participation in the research is entirely voluntary and has been assessed as having minimal risks for participants. Please be advised that your participation in this study is completely voluntary. The researchers are not involved in the ethics application process. You are free to withdraw your consent at any time and to withdraw any unprocessed data previously supplied. If you would like to participate, please indicate that you have read and understood this information by signing the accompanying consent form provided.

Should you have any concerns about the conduct of the project, you are welcome to contact the Executive Officer, Human Research Ethics, The University of Melbourne, on ph: +61 3 8344 2073, or fax: +61 3 9347 6739

We appreciate your support and your involvement in our study. Thank you.

Regards

Abdul Jalil Omar
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Dr. Chris Heywood
c.heywood@unimelb.edu.au
APPENDIX C: CONSENT FORM

Melbourne School of Design
Faculty of Architecture Building and Planning

Consent form for persons participating in a research project

Project Title: Positioning corporate real estate management (CREM) inside organisations

Name of participant: __________________________
Name of investigator(s): Dr. Chris Heywood, Abdul Jalil Omar, Assoc. Prof. Greg Missingham

1. I consent to participate in this project, the details of which have been explained to me, and I have been provided with a written plain language statement to keep.

2. I acknowledge that:
   (a) The study and its components have been explained to me to my satisfaction;
   (b) I have been informed that I am free to withdraw from the project at any time up until the time data processing commences, and to withdraw any unprocessed data previously supplied;
   (c) The project is for the purpose of research;
   (d) I have been informed that interviews will be audio-taped for the purpose of data analysis only;
   (e) I have been informed that the confidentiality of the information I provide will be safeguarded subject to any legal requirements;
   (f) I have been informed about the limitations of anonymity in any research outputs given the research methods used;
   (g) I consent to the use of a depersonalized identifying label in the research’s outputs;
   (h) I consent that the researcher may use the results as describe in plain language statement.

I consent to the participation of the above project.

Signature __________________________ Date ________________

(Participant)
APPENDIX D: INTERVIEW GUIDE – CREM EXECUTIVES

Melbourne School of Design
Faculty of Architecture Building and Planning

Interview Guide for CREM executives

Title: Positioning corporate real estate management (CREM) inside organisations

Interview Questions

Interview Date :

Respondent Position :

-----
**Section 1: Introduction (respondent background)**

1. First, could you share with me about your academic and professional background?
2. How long have you been in this position?
3. How did you come to be at this position?
4. What is your responsibility and to whom do you report?
5. How CREM is structured within this organisation?
   [Prompt] In-house or outsourced? Separate business unit? or etc

**Section 2: Positioning the brand**

6. Based on your experience, what is the impression in your mind when CREM is mentioned in your organisation?
7. How does CREM add value to your organisation?
8. How would you describe your relationship with the rest of the organisation?
9. Do you see others trusting CREM in this organisation? How?
10. What are the CREM activities that give most impact to your organisation?
    [Prompt] How does this contribute to your organisation?
11. Assuming this company is newly set up. You are being asked to set up a CREM function. How it will look likes?
    [Prompt] where do you see CREM should play their role within the organisation?

**Section 3: Communicating the brand message**

12. Who do you see as your customers?
13. Based on your experience, what is the best way for CREM to impress the customers?
14. What do you say to them?
15. How do you say to them?
16. How consistently you communicate with your customers?
17. How you present or convince your customers to accept your ideas?
18. Do you remember what it was that made your customers accept your idea or proposal?
Section 4: Delivering the brand performance
19. What is the best thing that you see CREM doing that other support functions can’t do?
20. Do you think this organisation would notice if it did not have a CREM function?
21. In your opinion does it make any difference to CREM if a task is outsourced?
22. What are the indicators usually used by this organisation to evaluate internal performance?
23. How do link between CREM performance indicators and the organisation’s performance indicators?
24. If you could change one thing about CREM within your company, what would it be? Why?

Section 5: Leveraging the brand equity
25. Other than its current roles, can you see CREM contributing more to your organisation?
26. If CREM does other activities than its current roles in your organisation, do you think there will be any difference to how CREM is seen?

Section 6: Inductive and additional information
27. Is there any additional information would you like to add that related to CREM positioning within your organisation?

Thank you very much for your cooperation.
APPENDIX E: INTERVIEW GUIDE – CREM CUSTOMERS

Melbourne School of Design
Faculty of Architecture Building and Planning

Interview Guide for CREM customers

Title: Positioning corporate real estate management (CREM) inside organisations

Interview Questions

Interview Date :

Respondent Position :

309
Section 1: Introduction (respondent background)
1. First, could you share with me about your academic and professional background?
2. How long have you been in this position?
3. How did you come to be at this position?
4. What is your responsibility and to whom do you report?
5. How CREM is structured within this organisation?
   [Prompt] In-house or outsourced? Separate business unit? or etc

Section 2: Positioning the brand
6. Based on your experience, what is the impression in your mind when CREM is mentioned in your organisation?
7. How does CREM add value to your organisation?
8. Where is the best fit for the CRE function within the corporate structure?
9. What are CREM activities give most impact to your organisation?
   [prompt] How these contribute to your organisation?
10. How does CREM manage across other corporate functions, such as IT, purchasing, finance, HR etc?
   [prompt] Integrated? Do you see others trust CREM in the organisation? How?
11. How is major real estate decisions made? ie: relocation, major facility commitments, workplace changes, asset sell out etc.
12. Do you anticipate changes in how your organisation makes corporate real estate decisions? If so what and when?
   Assuming you are starting a new company, is it important to have CREM department? What is the corporate and core business characteristic should be primary consideration?
   [prompt] where do you see CREM should play their role within the organisation?

Section 3: Communicating the brand message
13. Do you see yourself as a CREM customer? What service do you receive from CREM executives?
15. Are CREM executives easily accessible?
16. How CREM executives respond to request or any problems arise in your organisation?
17. Based on your experience, are CREM executives convincing in delivering ideas?
18. What is CREM doing that impress you?
19. If you are the head of CREM, what would you do to add value to this organisation?

Section 4: Delivering the brand performance
20. What is CREM good at that other support function can't do?
21. How is CRE performance evaluated by senior management?
22. What would happen if this organisation does not have CREM unit?
23. How do you see the linkages between CREM performance indicators with organisation's performance?
24. If you could change one thing about CREM within your company, what would it be? Why?

Section 5: Leveraging the brand equity
25. Other than its current roles, can you see CREM contributing more to your organisation?
26. If CREM does other activities than current roles in your organisation, do you think there will be any difference to how CREM is seen?

Section 6: Inductive and additional information
27. Is there any additional information would you like to add that related to CREM positioning within your organisation?

Thank you very much for your cooperation.
APPENDIX F: CODING FRAMEWORK

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| Malaysia, CREM customers, deliveri | 0  | 0  | 30/07/2010 7:37 PM | JAUL |
| Skill needed for CREM | 1  | 1  | 30/07/2010 7:37 PM | JAUL |
| Performance | 2  | 2  | 30/07/2010 7:37 PM | JAUL |

| Australia, CREM executives, deliveri | 0  | 0  | 30/07/2010 7:37 PM | JAUL |
| Service delivery | 4  | 6  | 30/07/2010 7:37 PM | JAUL |
| Performance measurement | 1  | 2  | 30/07/2010 7:37 PM | JAUL |
| CREM team structure | 2  | 2  | 30/07/2010 7:37 PM | JAUL |
| Cost centre | 3  | 4  | 30/07/2010 7:37 PM | JAUL |
| Career advancement | 0  | 0  | 30/07/2010 7:37 PM | JAUL |

| Australia, CREM customers, deliveri | 0  | 0  | 30/07/2010 7:37 PM | JAUL |
| What if organisations don't have CREM | 0  | 4  | 30/07/2010 7:37 PM | JAUL |
| Performance measurement | 2  | 2  | 30/07/2010 7:37 PM | JAUL |
| CREM improvement expectation | 4  | 8  | 30/07/2010 7:37 PM | JAUL |

| Leveraging | 0  | 0  | 30/07/2010 7:46 PM | JAUL |
| Malaysia, CREM executives, levera | 1  | 1  | 30/07/2010 7:37 PM | JAUL |
| Property Investment | 2  | 3  | 30/07/2010 7:37 PM | JAUL |
| Property development | 1  | 2  | 30/07/2010 7:37 PM | JAUL |
| Profit generation unit | 3  | 7  | 30/07/2010 7:37 PM | JAUL |
| Future direction | 4  | 6  | 30/07/2010 7:37 PM | JAUL |
| Environmental issues | 1  | 1  | 30/07/2010 7:37 PM | JAUL |
| Dealing with economic crisis | 2  | 2  | 30/07/2010 7:37 PM | JAUL |

| Malaysia, CREM customers, leverag | 0  | 0  | 30/07/2010 7:37 PM | JAUL |
| Property investment | 1  | 1  | 30/07/2010 7:37 PM | JAUL |
| Opportunity for CREM | 3  | 7  | 30/07/2010 7:37 PM | JAUL |

| Australia, CREM executives, levera | 1  | 1  | 30/07/2010 7:37 PM | JAUL |
| Sustainable and Environmental issues | 2  | 3  | 30/07/2010 7:37 PM | JAUL |
| Property Investment | 1  | 1  | 30/07/2010 7:37 PM | JAUL |
| Property development | 0  | 0  | 30/07/2010 7:37 PM | JAUL |
| Profit generation unit | 3  | 5  | 30/07/2010 7:37 PM | JAUL |
| Future direction | 4  | 6  | 30/07/2010 7:37 PM | JAUL |
| Dealing with crisis | 4  | 4  | 30/07/2010 7:37 PM | JAUL |
| CREM and IT combination | 1  | 2  | 30/07/2010 7:37 PM | JAUL |

| Australia, CREM customers, leverag | 0  | 0  | 30/07/2010 7:37 PM | JAUL |
| Sustainable and green issues | 2  | 3  | 30/07/2010 7:37 PM | JAUL |
| CREM help to deal with crisis | 4  | 4  | 30/07/2010 7:37 PM | JAUL |
### APPENDIX G: SUMMARY OF CREM PRACTICES FOR MALAYSIAN CASES

<table>
<thead>
<tr>
<th>Retail (ChickBase)</th>
<th>Telecommunications (TMC)</th>
<th>Education (PMU)</th>
<th>Logistics (MalLogistics)</th>
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<tr>
<td><strong>Background of company</strong></td>
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<tr>
<td>ChickBase’s is a leading integrated food services group in the Association of Southeast Asian Nations (ASEAN) region.</td>
<td>TMC is an integrated telecommunications provider in Malaysia and one of Asia’s leading communication companies</td>
<td>Began in 1971 as an agricultural-based university.</td>
<td>A leading postal services company that operates with 15,780 staff.</td>
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<tr>
<td>Currently, ChickBase operates more than 820 restaurants across Malaysia, Singapore, and Brunei.</td>
<td>Has workforce of 24,722</td>
<td>Expanded into various disciplines such as engineering, medical sciences, pure sciences, economic management, education, languages and communication.</td>
<td>Holds an exclusive concession to provide mail services through its network over 1,217 outlets throughout Malaysia.</td>
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<tr>
<td>ChickBase has expanded from a small company into a conglomerate with 26,000 employees</td>
<td>Serve local and international customers</td>
<td>PMU has 31,955 local and international students.</td>
<td>Has a total property and assets of RM 1.3 billion (AUD 0.4 billion)209.</td>
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<td>Has 4,589 academics including research fellows and visiting academics locally and internationally.</td>
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</table>

| Core business   | Its core business are in a chicken based retail business involving:  
|                | • restaurants,  
|                | • poultry retail,  
|                | • Poultry farming and processing, and  
|                | • ancillary businesses  
| Retail (individual consumer, small and medium enterprise, and government agencies);  
| Wholesale (Fibre optic provider to licensed operators);  
| Global (telecommunication business overseas); and  
| Support business (University, property management, fleet management, and security management) |  
| Teaching, research, and innovation are the university’s focus.  
| Focus in:  
| • mail businesses (62%);  
| • courier (18%); and  
| • mail related retail business (15%). |

| Real estate holdings | Has a total amount of RM 1.3 billion (AUD 0.4 billion)  
|                      | • Restaurants and equipment;  
|                      | • Office buildings;  
|                      | • Processing plants;  
|                      | • Land; and  
|                      | • Motor vehicles  
| Has an amount of RM12 billion (AUD 4.4 billion)$^{210}$ of property, plant, and equipment on its balance sheet.  
| Type of real estate holdings:  
| • Transmission stations;  
| • Exchanges;  
| • Telecommunication towers;  
| • Office buildings;  
| • Warehouses;  
| • Residences;  
| PMU’s campus is on 1,108.1 hectares land located within the capital city of Kuala Lumpur.  
| PMU sits on a huge piece of land, rapid development inside the campus and in surrounding areas.  
| Rapid development around the campus site..  
| CREM activities are based on requests from business units.  
| CREM department handles the property process from the beginning until the property is transferred to the SBUs.  
| CREM operates as a reactive department. All projects run by |

$^{210}$ Exchange rate for AUD 1=RM3.25 on 8th July 2013 from www.commbank.com.au
<table>
<thead>
<tr>
<th><strong>Real estate strategies</strong></th>
<th><strong>CREM organisational structure</strong></th>
<th><strong>the CREM department are driven by SBUs.</strong></th>
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<tbody>
<tr>
<td>- Business centres; and</td>
<td>- Functional structure carrying out a specialised set of tasks</td>
<td>- Develop a more customer-centric environment.</td>
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<td>- University or training college</td>
<td>- Integrated poultry and food manufacturing;</td>
<td>- Refurbishment of current outlets and front offices in headquarters and regional offices.</td>
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<td>- Increase of real estate understanding from senior management;</td>
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<td>- Prevent rental increase by landlords; and</td>
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<td>- Secure the location from being taken over by a competitor after the lease expires</td>
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<td>- Reactive to proactive</td>
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<td>- TMC’s holdings these assets are split into two - freehold and leasehold.</td>
<td>- The property department that conducts CREM function is set up under the Vice President of Support Business</td>
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<td>- The proportion of leasehold assets is double the number of assets in freehold ownership.</td>
<td>- The property department that conducts CREM function sits three levels below Board of Directors and needs to communicate through the</td>
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<td>- PMU use its environment for marketing purpose.</td>
<td>- Structured as Development and Asset Management Department.</td>
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<td>- This translates into the use of the campus environment to create conducive learning environments and culture integration.</td>
<td>- Reports directly to the Vice Chancellor (CEO) of PMU.</td>
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<td>- CREM function in PMU involve:</td>
<td>- Its main roles are divided into three main functions:</td>
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<tr>
<td>- Project Management</td>
<td>- Administration and finance division;</td>
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<td>- Facility Management</td>
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<td>- Management Consultancy</td>
<td>- Property Control Role.</td>
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<td>- Project Financing</td>
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<tr>
<td>Corporate services; and</td>
<td>Executive Vice-President Support Business, then the Group Financial Officer before they reach to Group Chief Executive Officer.</td>
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<td>• Finance and human resources.</td>
<td>• Looks after property operations in terms of maintenance, housekeeping, structural repair, and upkeep of mechanical installations in network and non-network buildings.</td>
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<td>• CREM department report directly to the Group Managing Director (CEO).</td>
<td>• Responsible to ensure all building regulations are complied with, energy consumption is minimised, and consulting other departments on building related operations.</td>
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<td>• Handling transformation plan:</td>
<td>• The department’s mission is to be the centre of physical development, asset maintenance management, and to provide infrastructure for learning and research in PMU</td>
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<td>‧ Project planning</td>
<td>‧ Maintenance division.</td>
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<td>‧ Contractors’ appointment</td>
<td>‧ Material selections</td>
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<td>‧ Project monitoring</td>
<td>‧ Renovation and maintenance</td>
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<td>‧ Buying and selling properties</td>
<td>‧ Reviews tenancy agreements</td>
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<td>‧ Handles property taxation</td>
<td>‧ Support services.</td>
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APPENDIX H: SUMMARY OF CREM PRACTICES FOR AUSTRALIAN CASES

<table>
<thead>
<tr>
<th>Background of company</th>
<th>Retail (Home Bakers)</th>
<th>Telecommunications (TLT)</th>
<th>Education (BMT University)</th>
<th>Logistics (LL Logistics)</th>
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<td></td>
<td>Home Bakers owns more than 700 bakeries worldwide with 650 of them in Australia.</td>
<td>TLT remains the dominant and largest provider of fixed line services including home phone and business.</td>
<td>The BMT University is one of Australia’s oldest (over 150 years).</td>
<td>A leading Australian provider in integrated logistics services.</td>
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<td>Use franchise concept to expand business.</td>
<td>A significant portion of TLT’s network installation and maintenance is outsourced to private contractors.</td>
<td>It has a main campus inner suburb close to the Melbourne city business district.</td>
<td>Operates an extensive network of over 1100 sites throughout more than 50 countries predominantly in Australia and New Zealand.</td>
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<td>Has turnover of more than AUD600 million in 2011 and a market capture of 13.1 percent of Australia’s bread market.</td>
<td>TLT is also owns the majority of Australia public phones.</td>
<td>BMT University consistently ranked as the major national university</td>
<td>Has access to all type of transportation facilities including road fleets, warehousing, ships, air freight, ports, and railways.</td>
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<td>Value propositions lies in its strong brand that emphasises the freshness and commitment for quality fresh bread.</td>
<td>TLT continues to see growth in its mobile and internet protocol products that offset the decline on its traditional fixed line revenue.</td>
<td>Among the biggest receiver of government’s research funds.</td>
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<td>Has the 46,300 students with over 12,200 (28.2 percent) being international students from 129 countries throughout the world.</td>
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| Core business | The core business of the company is its bakery franchise business. | Core businesses are divided into five main business units or business segments. They are:  
- Consumer (telecommunication products and solutions to individual consumers);  
- Business (Business partners to small and medium business);  
- Enterprise and government (telecommunication solutions for enterprise and government agencies);  
- Media and advertising (media advertising and business directories); and  
- Wholesale (telecommunication service to other licensed operators) | Core businesses for BMT University are related to the education business and the commercialisation of knowledge.  
- Teaching and learning in BMT University happens through a collaborative environment.  
- Knowledge transfer activities ranging from partnership with external organisations, commercial development of research.  
- Success in securing government funding for research mean the university has the advantage to develop more physical buildings and facilities. | LL Logistics focus on market sectors such as automotive, defence and government, manufacturing, mining and resources, retail and fast moving consumer goods (FMCG), and the steel industry.  
- Services cover all type of logistics methods including road, air, project management, warehousing and distribution, and personnel placements. |

- Home Bakers involves a full range support to franchisees including:  
  - Marketing  
  - Training  
  - Finance  
  - Point of sale  
  - Human resource  
  - Operations  
  - Property  
  - Purchasing | Core businesses are divided into five main business units or business segments. They are:  
- Consumer (telecommunication products and solutions to individual consumers);  
- Business (Business partners to small and medium business);  
- Enterprise and government (telecommunication solutions for enterprise and government agencies);  
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## Real estate holdings

- Even though franchisees owned the bakery business, CREM executives within Home Bakers is the one that deals with the landlord or building owner in terms of the lease agreements, maintenance, and renovations.
- This means that every property transaction or lease agreement is under Home Bakers name and responsible for paying the rent to landlords.
- Then, it is CREM executives from Home Bakers to collect the rent from the franchisees every month.
- Has a total asset of AUD39 billion\(^{211}\) as of 2011.
- TLT owned property assets are across various forms consisting of telephone exchanges, mobile towers, shops, residence, offices, data centres and many more.
- These diverse properties are spread geographically in various different places depending on the required purposes.
- TLT leases approximate one million square metres of office space around Australia and operates an annual repair expense of AUD125 million a year as of 2009.
- BMT University has a carrying value of property, plant and equipment of more than AUD3 billion that represented by land and buildings (86%), library collections (8%) and others (6%).
- Capital expenditure is funded through a combination of annual surplus, government funds for capital purposes, external third party contributions, and borrowings.
- The main campus is the central administration and housed the faculties, colleges, laboratories, and many more facilities.
- Owned a total of AUD 2 billion of property, plant and equipment.
- Cost allocation:
  - Transportation and Logistics (52%)
  - employee’s costs (28%)
  - Occupancy and property costs (6%)
- Owned in excess of 3 million square metres of warehouse in Australia, New Zealand, and Asia.
- Property assets are in the form of:
  - Warehouses
  - Terminal and ports
  - Headquarters and Department offices
  - Investment property

\(^{211}\) Exchange rate for AUD 1=RM3.25 on 8\(^{th}\) July 2013 from www.commbank.com.au
| Real estate strategies | • The outlets are managed through State Property Managers in a geographical arrangement.  
• The CREM function’s decision on a site is based on feasibility studies and parameters set by Home Bakers.  
• CREM responsible for doing the feasibility studies of a potential outlet that is going to open. | • Able to generate AUD70 million revenue from office leasing, land leasing, and joint venture projects in developing its excessive land into residences, shops, or office buildings.  
• CREM function is to get the best out of TLT’s portfolio in terms of return of investment capital and the cost provided for the property solutions to the business.  
• CREM responsible for cost reductions in property, plant, and equipment contribute significantly to balance sheet movements.  
• Reduce company’s property footprint is one of the strategies used within cost reduction. | • Promoting sustainable campus environment through ‘Green Star’ ratings for new buildings, better waste management, and minimisation of power consumption.  
• The campus environment and physical facilities also work as marketing tools in attracting new students.  
• BMT University include virtual and physical spaces both in and out of class.  
• Since 2002, BMT University has transformed shared learning spaces into ‘learning precincts’.  
• Handling physical matters in supporting the group’s core businesses such as property-related key business risks, employee safety, hazardous goods cartage, workplace conditions, new construction, and property management. |
| CREM organisational structure | The CREM function for Home Bakers is housed under the Supply Chain, Property and Projects department. The CREM function is part of the support packages offered to franchisees. CREM function represents Home Bakers and franchisees in negotiating leases with the landlords. The main customers for CREM function are the supply chain team and franchisees. Property works closely with the team in making sure an outlet opened by a franchisee is successful. | The CREM function is positioned under the procurement function which reports to the Chief Financial Officer (CFO). The Director of Property is responsible for negotiating and managing leases with landlords. CREM plays a key role in ensuring that the outlet is successful. | The CREM department for BMT University is called Property and Campus Services (PCS) department. It is responsible for managing the development and operations of the university’s properties. CREM function in BMT University act as: Asset services; Campus planning and operations; Corporate support and procurement; Project delivery; and Sustainability strategy and engagement. | The CREM named as the Property Division. These services are shared with all the business units in the group. Play key roles during to property matters especially during company acquisitions. |
APPENDIX I: ORGANISATIONAL STRUCTURE FOR CASE STUDIES

Case 1: Malaysian retail – ChickBase

Organisational structure for ChickBase

Case 2: Malaysian telecommunications - TMC

Business Focuses in TMC
Organisational structure for TMC

Note: VP – Vice President  
EVP – Executive Vice President

Case 3: Malaysian education – PMU

Organisational structure for PMU

Source: PMU Website (2012)
Case 4: Malaysian Logistics – MalLogistics

Organisational structure for MalLogistics

Case 5: Australian Retail – Home Bakers

Organisational structure for Home Bakers

Source: Home Bakers Internal Circulation (2012)
Case 6: Australian Telecommunications – TLT

Organisational structure for TLT

Source: TLT’s Annual Report (2012)
Case 7: Australian Education – BMT University

Organisational structure of BMT, University

Source: BMT University website and Annual Report (2012)
Case 8: Australian Logistics – LL Logistics

**Organisational structure for LL Logistics.**

Author/s:  
OMAR, ABDUL

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Date:  
2014

Persistent Link:  
http://hdl.handle.net/11343/45153

File Description:  
Positioning Corporate Real Estate Management (CREM) Using A Branding Approach