

The Corporate
Perspective on Real
Estate:

*A View from the
Inside Out*

Goals

- How corporations view their real estate assets
- How corporations go about making decisions regarding where to house capital and produce products and services
- The pre-site selection process, i.e. what happens before your community is visited
- Highlight key points that should be considered by the economic development professional in order to enhance retention and attraction activities

Real Estate – the Corporate View

Factors that influence how a corporation views its real estate assets:

- Parent company, division, or local operation
- Corporate structure and culture
- Public vs. Private
- Success metrics
- Value drivers
- Business strategy
- Functional bias
- Size of company

Real Estate – the Corporate View (continued)

Different ways corporations view real estate assets:

- Operation, Operation, Operation
- Sales, Sales, Sales
- Cost of doing business
- A means to an end
- An asset critical to the overall success of the company
- A profit center?

The Pre-Site Selection Process

- For a corporation the goal of the pre-site selection process is to:
 - Determine and reach agreement on the “situation” currently facing the company
 - Collection of up-to-date, relevant and valid data to support proof of the “situation”
 - Determine and reach agreement on the appropriate action to take given the “situation” currently facing the company

The Pre-Site Selection Process (continued)

- If asset realignment or site selection is the next step:
 - Determine and reach agreement on what Critical Location Factors (CLFs) are critical to the success of an operation in a given location
 - Determine and reach agreement on which of the CLFs most contribute to the decision of where to operate
- What is the best approach in moving forward and achieve the company's goal related to the “situation”

Case Study

The Players

- CEO
- CFO
- COO
- Local Operations
- SVP-Human Resources

Player Dynamics



The Process of Reaching Agreement



Key Points

- Always know what functions of the corporation are involved in the project
- Always know what function is leading the project
- Always ask what functions are represented on the project team
- In most cases try to work with the Corporate entity or parent company vs. the local operation
- Ask what the corporation's CLFs are and when they tell you think "does what they told me make sense"
- Take an inventory of every company located in your community and become their "location consultant" before they "think" they have a "situation"
- Understand each company's value drivers and success measures and study whether they are now or will be soon approaching a "situation"
- Build multi-dimensional, mutually beneficial relationships with both the local and corporate parent company
- Utilize these relationships to assist the company to prosper and to assist you with your retention and attraction goals