

# POLLINA CORPORATE REPORT

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**POLLINA CORPORATE REAL ESTATE, INC.**  
**THE TENANT'S BROKER & CONSULTANT**

## **STRATEGIC PLANNING LEVERAGING CORPORATE REAL ESTATE TO IMPROVE CORPORATE PROFITS**

By Ronald R. Pollina, Ph.D.

### **INTRODUCTION**

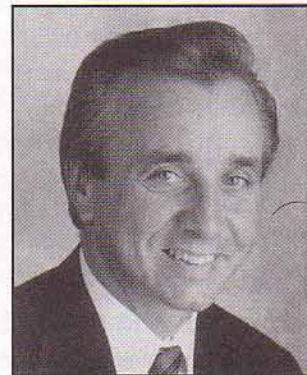
The 1990's has ushered in a revolution in new corporate organizational theories borne of national and international market competition unparalleled in modern history. The "new management" gurus developing these theories are focusing senior management on work processes and organizational structures necessary to lead their companies into the next century. Using buzzwords such as Michael Hammer's "Reengineering," Prahalad and Hamel's "Core Competencies," George Stalk's "Time-Based Competition," Edward Lawler's "High-Performance Involvement," and David Nadler's "New Organizational Architecture," these and other gurus are helping to direct a new industrial revolution. New work processes and organizational structures impact, and in turn are impacted by, the environments in which they are implemented. How a corporation utilizes or leverages its real estate is an essential component in affecting organizational change.

This, the first in a two-part series on Strategically Planning or Leveraging Corporate Real Estate, will raise some of the broader issues relative to the need for a more intelligent method of planning and utilizing corporate real estate. The next article in the series will examine the development of a corporate strategic plan for real estate.

### **TRUE COST OF REAL ESTATE**

Increasing numbers of top executives are becoming more focused on the vast resources invested in facilities. For most companies, 20 - 25% of their total assets are in real estate. Next to payroll, occupancy cost typically ranks as a corporation's second largest expense. Despite the financial magnitude of real estate, it has historically ranked at the low end of the scale in terms of corporate concerns. While most companies accept the necessity for significant capital investment in real estate, few executives really know the full extent of their total capital investment, much less the cost per employee or any of the other measures of real estate relative to corporate success.

Understanding the true cost of real estate involves an examination of capital invested not only in brick, mortar and land, but also other items such as walls, ceilings and furniture systems - how often they are



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Dr. Ronald R. Pollina is a nationally recognized corporate real estate broker, consultant and negotiator. In addition to representing corporations throughout the United States for over 20 years, he has served on the faculties of two Universities and written over 50 articles and books. As a frequently quoted real estate economist, Dr. Pollina's opinions have appeared in the *Wall Street Journal*, *Business Week*, *Financial Times of London* and other business publications.