



PACIFIC PROGRAM MANAGEMENT

Up-Level 2022

**Advancing Your Real Estate Strategy and
Portfolio Initiatives Through Program Support**





As the world responds to societal shifts in how we live, work and travel, the commercial real estate office sector is continuing to rapidly evolve and change. Each organization will find their own pathway to address integration of human-centered initiatives into their workplace. For owners and occupiers, this moment poses an opportunity to rethink how we approach these opportunities.

Holistic transformation will require the ability to be informed, iterative and flexible as global fluctuations in conditions impact local market regions. By underpinning your strategy and initiatives with performance tracking and measurement, you can realize greater value in the implementation of change directives. Beyond quality, cost and time, the next generation of program management and PMO support includes digital, sustainable, operational and employee experience initiatives. The ability of an internal CRE organization to deliver ongoing initiatives amidst larger strategy changes should be a consideration in evaluating implementation of portfolio level changes.

APPLYING PROGRAM MANAGEMENT TO YOUR REAL ESTATE INITIATIVES

Drive Smart Decisions to Deliver Results

Workspace strategy shapes the drive for changes to a portfolio. Portfolio management considers the life cycle of and interdependencies between physical assets and real estate operations. Program management complements both and is critical to delivering on conceptual goals by ensuring initiatives are:

- » Defined
- » Aligned
- » Completed with measurable KPI's, feedback loops and benchmarking to inform the next evolution of strategy and processes

Ensure real estate initiatives are held accountable to broader leadership goals

Leadership defines strategic goals for the organization. How do corporate real estate teams focus real estate



priorities to ensure alignment to the overall corporate vision? A key first step is to align your program management resources at the onset of changes that will impact real estate. If internal resources don't yet exist, a project management firm specializing in this arena can help you assess your team's readiness for

implementing change. Real Estate and Operations teams look for guidance when one or more of the following occurs:

- » A digital transformation is underway
- » New workspace strategy is in development
- » Organizational leadership has changed

Shifts large and small often demand a real estate response that is proactive, organized, and measurable. A digital transformation may require alignment of teams, resources, financial management, site technology upgrade delivery, software implementation and user training. A refinement or redefinition of the workspace strategy can mean re-envisioning the physical workplace environments or releasing and reorganizing space across a portfolio. And changes to leadership often prioritize transparent or rigorous cost controls. Program management looks to organize groups of initiatives under these larger goals.

What happens if a series of real estate initiatives begin without an overall program in place? Often, organizations struggle because they've moved

forward with approved business cases for a group of related, but not yet connected initiatives and end up with only project-level governance and controls in place, with no means of understanding the way the interconnected pieces act to serve broader goals. There is a significant amount of "back work" in gathering or synthesizing historical project data when interlinked projects are not performed under the umbrella of program-level governance. Working from a program level also ensures the right tools are utilized to inform decisions prior to business case approvals, considering factors such as:

- » Business unit headcounts and operational goals compared to industry forecasts and trends
- » Cost benchmarking of recently completed initiatives and review against similar in market
- » Data analytics coming from IoT sensors across a portfolio
- » ESG measures required for performance at an organizational level

Ensure key stakeholders are engaged in the process

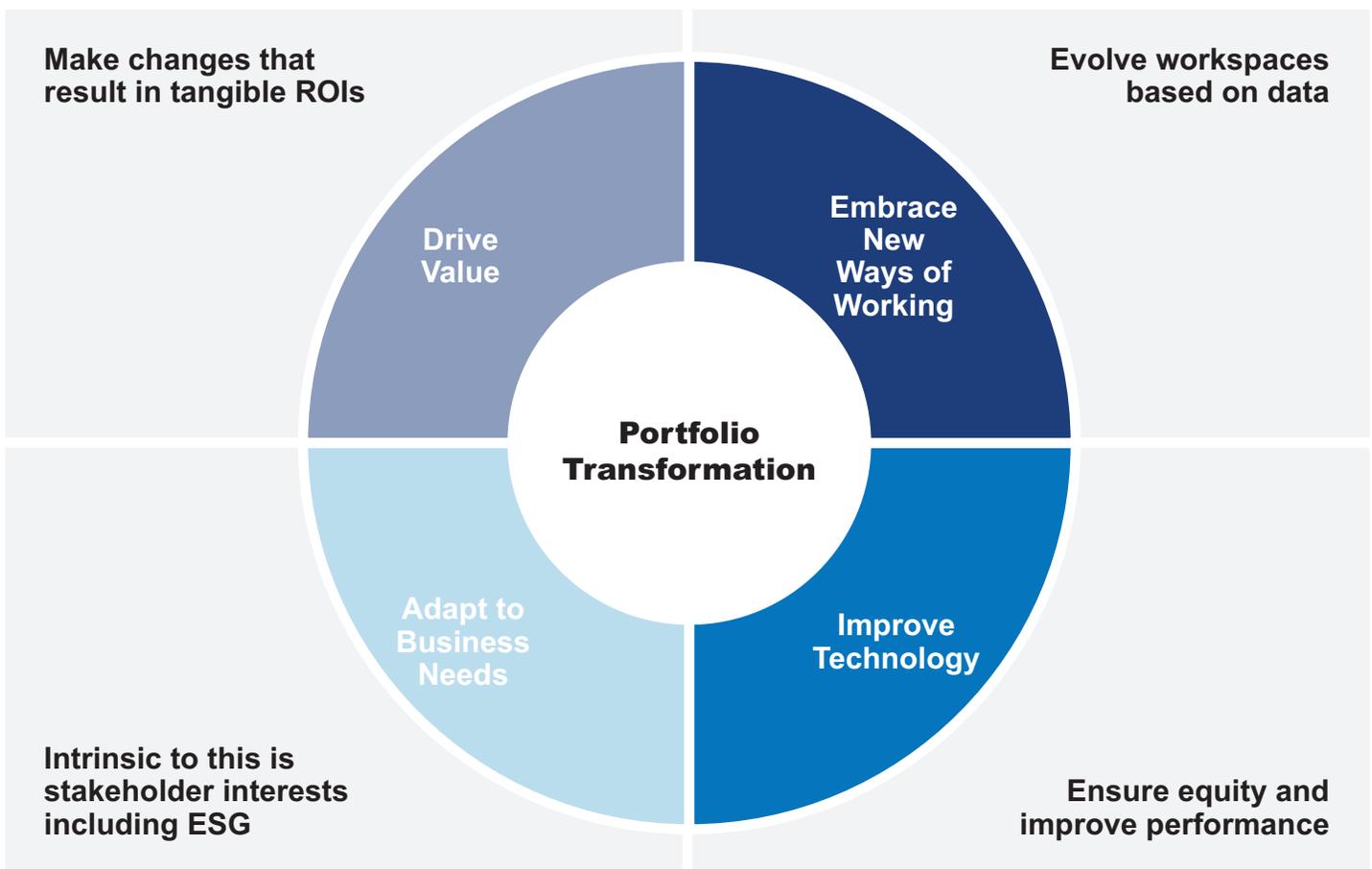
While projects may focus on a predetermined scope, schedule and budget, programs also incorporate performance indicators aligned with specific outcomes. These drivers include ways to achieve overall corporate goals and improve stakeholder and user engagement.

At the onset of a program, drivers should be:

- » Established
- » Agreed upon
- » Reviewed against corporate vision and goals

Key stakeholders should be included to ensure they can support initiatives, have the availability to do so, and are involved in the process at the right points along the way.

A clear definition of KPI's is also helpful to ensure a direct link between the larger organizational goals and program outcomes. An important distinction between a program and a project is in program management's focus on outcomes over *outputs*. Programs also establish stronger, faster feedback loops to ensure continuous improvement is embedded within the process.

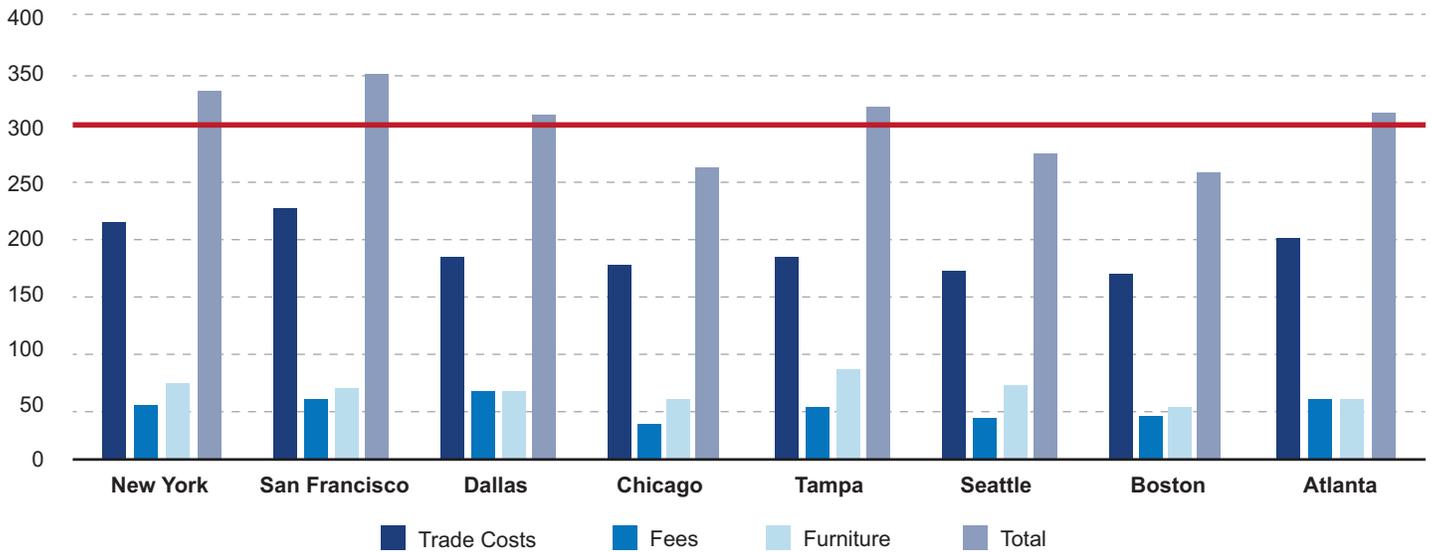


Inform future decisions with historic costs

An organization's goals often consider optimization of costs across an enterprise, and in all cases require informed decision-making on spend. Corporate real estate teams need to have confidence that their planned priorities align with the actual cost to implement.

Cost controls take a rigorous approach to understanding the how's and why's of spend. Auditing can provide the benchmark data on how portfolio initiatives have traditionally performed, and where improvements should be considered going forward. Project audit process better informs organizations to build the budget portion of the business case

2021 Completed Projects: Levelled



Using Historical Data to Improve Performance

Often real estate teams have a wealth of project information that is not collated consistently or accurately. Understanding priorities at a portfolio and program level highlights the need for consistent data on completed projects, across several key metrics:

- » Cost per square foot or square meter
- » Cost breakdown by major category (construction, FF&E, fees)
- » Approved Budget versus Actual Spend
- » % of change orders
- » Procurement routes

With these metrics, clients can leverage project data to improve:

- » Capital Planning Development
- » Procurement strategies (e.g. pre-purchasing, contractual agreements)
- » Capitalizing on scale
- » Contingency targets with accuracy at each phase
- » Continuous improvement feedback loop and actions for project teams

Portfolio Cost Reporting Helps to Inform Strategy

Collecting and reporting costs at a programmatic level provides consistency in project reporting to accelerate financial decisions. Consistent reporting and tracking provides faster auditing, more secure financial positioning and the ability to shift corporate spending for other programs and initiatives.

When cost management is performed at a program level, the expectations are the same:

- » Templates and platforms are used to track project data consistency
- » Project controls ensure governance is maintained and risk is effectively managed

» Dashboards are focused to manage entire financial process:

- Budgeted versus committed reporting can identify issues earlier in the process and the risks can be managed
- P&L modeling can be used to find ways to affect capital and operating budgets through depreciating assets and other means
- Financial cash flow modeling can help manage budgets annually
- Adjustments can be made to contingency periodically to fund other programs or initiatives or increase cash reserves

HOW CAN I LEARN MORE?

Setting a course towards real estate enterprise change can start with hiring a program management professional able to assess your organizations' needs and chart your course for transformation. Whether gradual or time-critical, integration of enterprise goals will advance your teams' success and ensure it is well-positioned to address future changes.



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