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## Buildings Don't Matter!

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The best shoes in the world don't matter, unless they fit you. The best car on the market doesn't matter unless it serves its purpose. The best employee in your company offers no value unless she does her job efficiently and productively. Buying anything strictly because it's cheap, accomplishes nothing. Buildings don't matter unless they fit the precise needs of your company, serve your company's purpose and do so efficiently, productively and profitably.

The traditional approach to corporate real estate is much like buying a pair of shoes. But, if corporate real estate were shoes, you would look around, make your selection, pay for your shoes, take them home, and not put them on until the night of the dance. Then you might find out that although you conveyed your needs to the salesperson, the shoes are new, and they are everything the salesperson said they would be, you needed a size eleven wing-tip, and you got size four pumps with pink fuzzy stuff over the toe.

The typical approach to corporate real estate is to select a building that offers the amount of space management believes the company needs, is well located, and offers a good image, and then, attempt to fit the company into that space. This process is flawed, and can often result in a company having to "make do" after agreeing to a long term obligation for inefficient space, or the wrong type of space all together. Having selected the wrong building or space is not always apparent until it is much too late, long after the company has spent considerable sums of money, made commitments, taken occupancy, and moved its people in. Space that is too large, too small, incorrectly configured, or inflexible in its design, most often has a detrimental impact on a company's operating efficiencies and the productivity and satisfaction of its employees. Buildings that are poorly designed or constructed may often provide inadequate or ill-conceived parking and amenities, and may offer heating, cooling, power, life and property safety, and telecom systems, that may not meet the needs of employees that can make corporate life difficult. Such situations typically turn what appeared to be a **good real estate deal** into a **bad business deal**. Such mistakes can create a negative view of the company by customers, competitors, existing employees and potential recruits, and can cause a drain on employee moral while decreasing management's effectiveness caused by the need to continually address non-revenue producing and unproductive issues.

### ***Buildings Don't Matter....Your Company Matters!***

Unless your company is actually in the real estate business, it only occupies real estate because it has a business to run, customers, employees and shareholders to satisfy, and profits to make. The old method of shoe-horning your company into space no longer works and, is no longer necessary. Buildings and space don't matter....your company matters. The best building for your company is one that optimally meets its operational, technological, cultural and financial needs. Anything less would be a compromise, and compromises cost money, not only in greater real estate costs but, in lower productivity, less efficiency, missed opportunities, and in lost management time and company profitability.

### ***A Good Meal and Real Estate***

When you walk into an Italian restaurant, you pretty much know that you want Italian food. An intelligent person doesn't buy a two bedroom house, and then try to figure out how to squeeze five kids into it! When you go grocery shopping, you usually have a thought-out shopping list, and you know your needs. Should you approach corporate real estate in a less organized fashion? Real estate is a component of your business that, in and of itself, may cost millions of dollars, and impacts every aspect of your company. If poorly planned, real estate can negatively affect everything your company does. If your company approaches real estate with a detailed strategic plan, one that addresses the unique and specific operational, technological, cultural and financial needs of the company with an organized approach, and implements that plan effectively, real estate can provide the flexibility your company requires, while actually reducing risk and increasing profitability!

### ***What should we do?***

First, get organized! Business is all about change and flexibility. For your company to make the right choices, it must first truly understand its business needs in the context of a real estate solution. Management must gain clear insight into how the company's current real estate supports or inhibits growth, flexibility, and change. It must consider not only planned technological investments today and over the long term, but intended M&A, corporate exit strategies, as well as headcount projections. Such activity, along with technological advancements and sales growth could require your company to increase or decrease employment levels over time. This translates not only into the quantity of space required but, most certainly the type of facility best suited for the job functions associated with each department, thus enhancing your company's performance and profitability as it evolves. Next management must assess, based on its needs analysis, whether its current real estate supports those requirements. If so, it will be essential for your company to gain a keen understanding of its landlord's business position, the financial stability of the building(s) it occupies and the landlord's overall real estate portfolio. Further investigation of the company's real estate situation relative to the current market will aid in comprehending viable alternatives and the profit opportunities that may exist.

The most critical component to this process, the one that ties it all together, is putting in place and implementing an action plan on which to capitalize by securing the right type of space based on terms that are flexible, reduce risk, support the company's business objectives, and increase profitability.

Companies with limited available planning and real estate resources may wish to consider engaging the services of a real estate solutions company to assist in this important process. A qualified team of professionals can provide accurate market data, detailed analyses of a company's existing situation, a thorough review of current market conditions, and an effective action plan. The right team, one with experience and depth of expertise, can advise the company and negotiate on its behalf to secure the right space based on flexible business and real estate terms. The resulting increases in productivity, employee retention and recruiting, reduced operating costs, and image enhancement could go a long way to ensuring the company's profitability and success.

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