Measuring the added value in Corporate Real Estate alignment by using the Preference-based Accommodation Strategy design procedure

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Measuring added value

in CRE alignment with a PAS design procedure

ERES conference, June, 9th 2016

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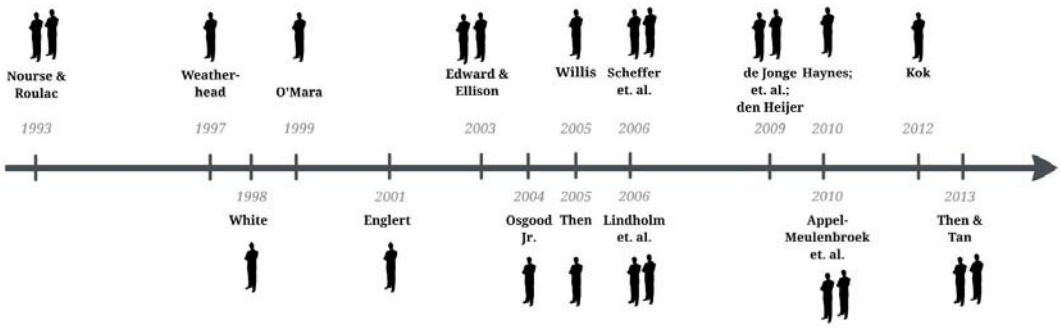
Problem statement

CRE alignment long-standing issue



(Arkesteijn and Heywood, 2013)

- Want to optimally add value with CRE to the organisation
- How are alternatives generated?
- How is the optimum chosen?

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View on value

Value = quality = utility = preference

They have in common that they all are

about 'a judgement' about 'something' by 'someone'

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Problem statement

???

KLM

What is your overall satisfaction with our product?

Not at all satisfied	1	2	3	4	5	Extremely satisfied
	○	○	●	○	○	

SINGAPORE AIRLINES

What is your overall satisfaction with our product?

Not at all satisfied	1	2	3	4	5	Extremely satisfied
	●	○	○	○	○	

RYANAIR

What is your overall satisfaction with our product?

Not at all satisfied	1	2	3	4	5	Extremely satisfied
	○	○	○	○	●	

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Problem statement

Arkesteijn (et al 2015)

conclude that currently no CRE alignment model exists that allows designing an alternative, makes use of scales for direct measurement of added value/preference by the stakeholders and allows the aggregation of individual ratings into an overall performance rating

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Preference-based accommodation strategy inter-actor design procedure

(Arkesteijn & Binnekamp 2012)

Step 1: Specify variables

Step 2: Rate preferences per variable

Step 3: Assign weights to variables

Step 4: Determine design constraints

Step 5: Generate design alternatives

Step 6: Select optimal design alternative

PAS iterative process: I-W-I-W-I

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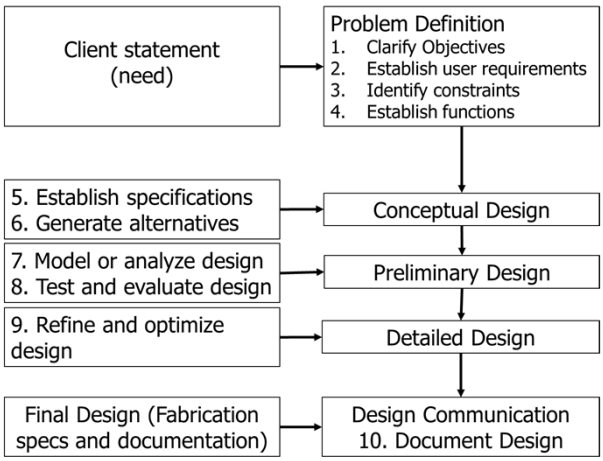
Research methodology

1. **Are stakeholders able to determine their preferences as prescribed?**
2. **Are stakeholders able to optimize the design result?**
3. **How do the stakeholders evaluate the PAS procedure?**



(Dym & Little, 2004)

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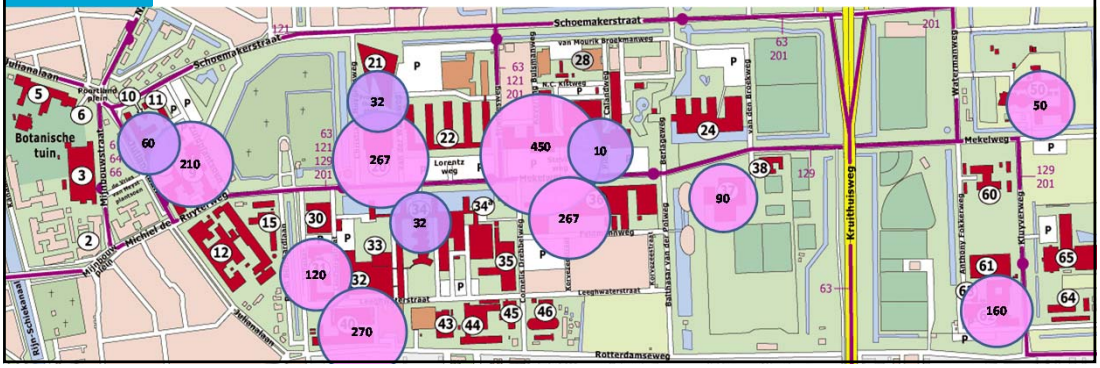
Two pilot studies PAS procedure

Delft University of Technology

Food Facilities TU Delft **ERES 2016**

Lecture Halls TU Delft **ERES 2014**

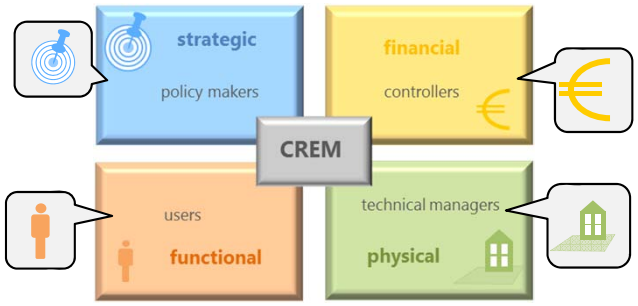
Current supply does not meet requirements



Results: selecting stakeholders

Executive Board
Project leader social innovation

Controller



Student council
Works council

Facility Management
& Real Estate department

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Step 1: Specify a decision variable

Student: "I want to walk as little possible to the restaurant for lunch

Decision variable: walking distance to restaurant for lunch

Go to step 2: Rate preferences

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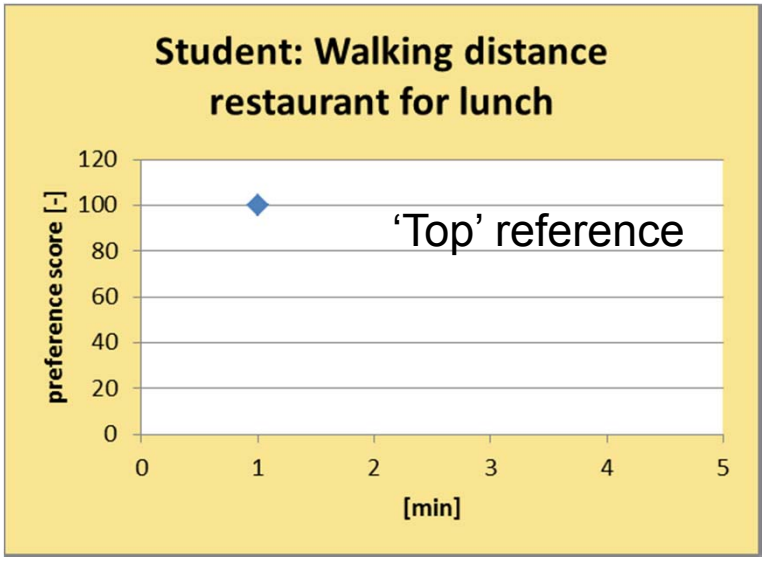
Step 2: Rate preferences per variable



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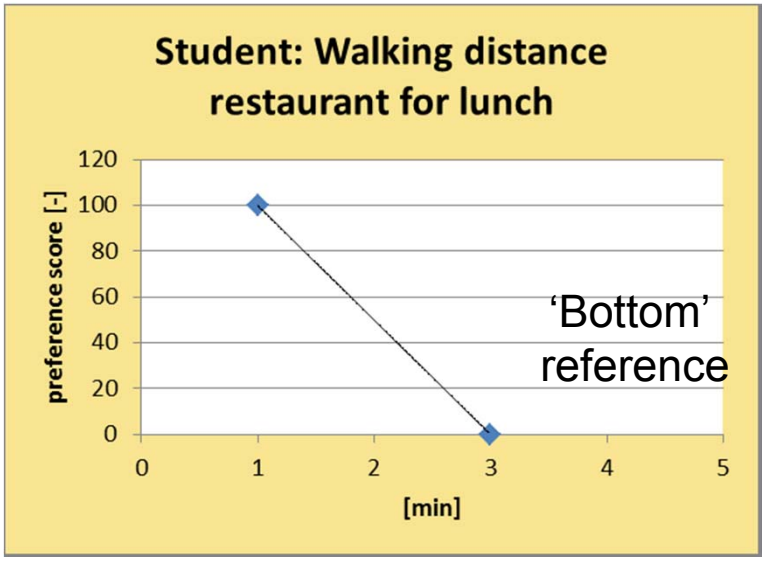
Step 2: Rate preferences per variable



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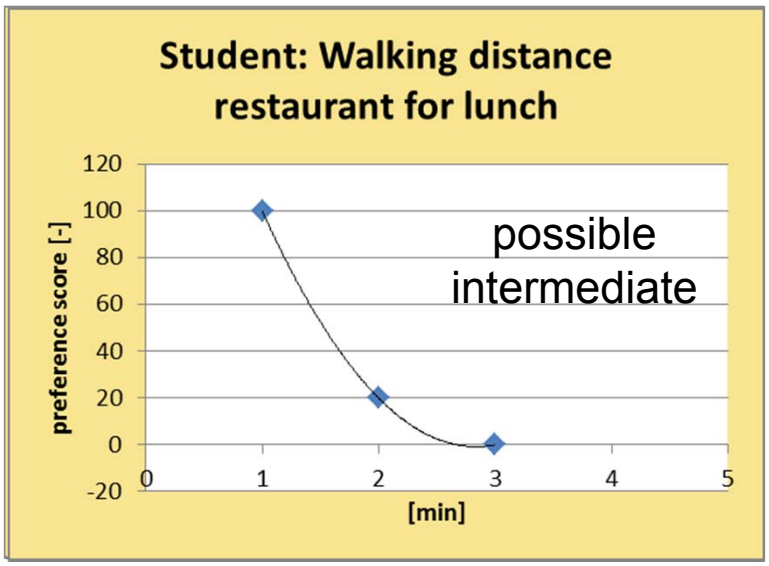

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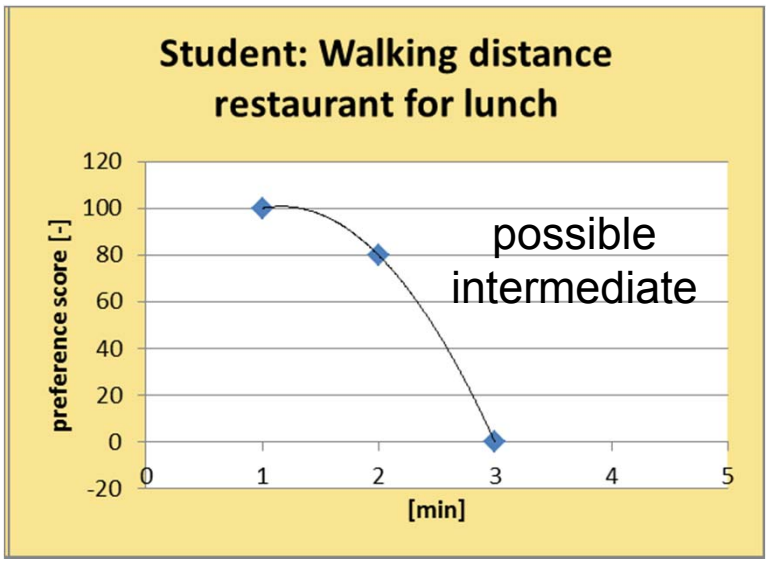

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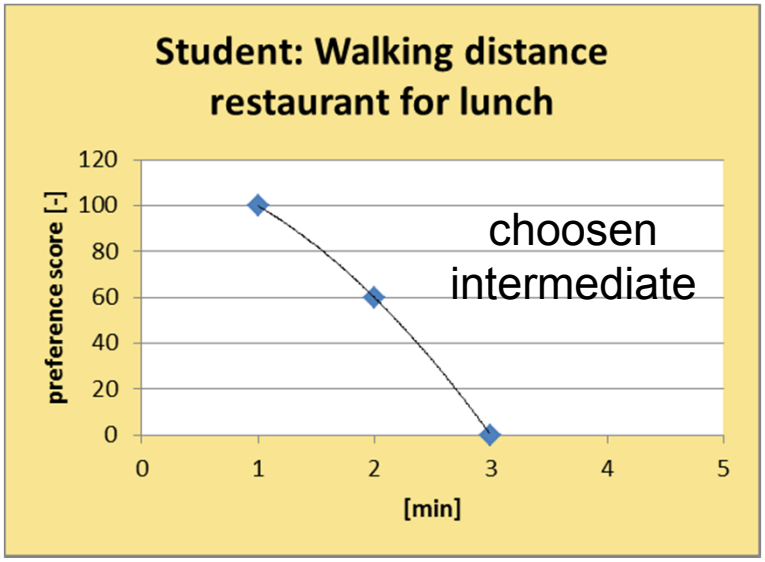

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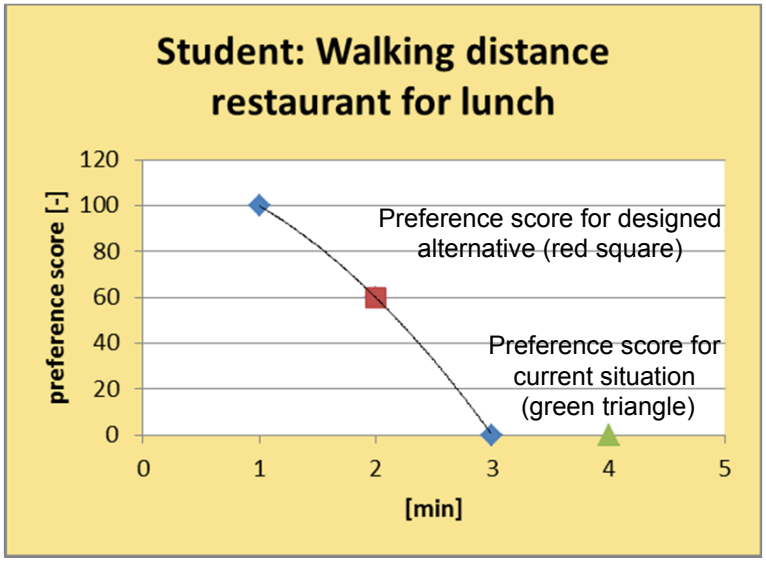

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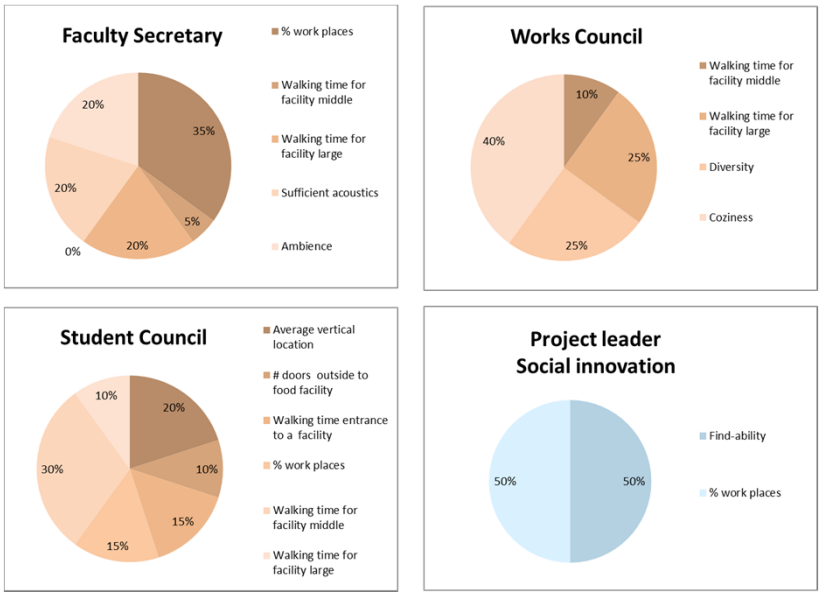
Step 3: Assigning Weights



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Step 4: Determining Design Constraints

Decision maker	Design constraint	Value
executive board	1. Minimum availability of food facility for lunch within the maximum walking time	95%
	2. Minimum availability of facility for lunch and dinner within the maximum walking time	95%
	3. Minimum availability of facility faculty club within the maximum walking time	95%
	4. Minimum average satisfaction of the preference score on the criteria acoustics, ambience and coziness	40%
Facility Management and Real Estate	5. Maximum investment costs	1.850.000 euro
	6. Maximum operational costs	500.000 euro

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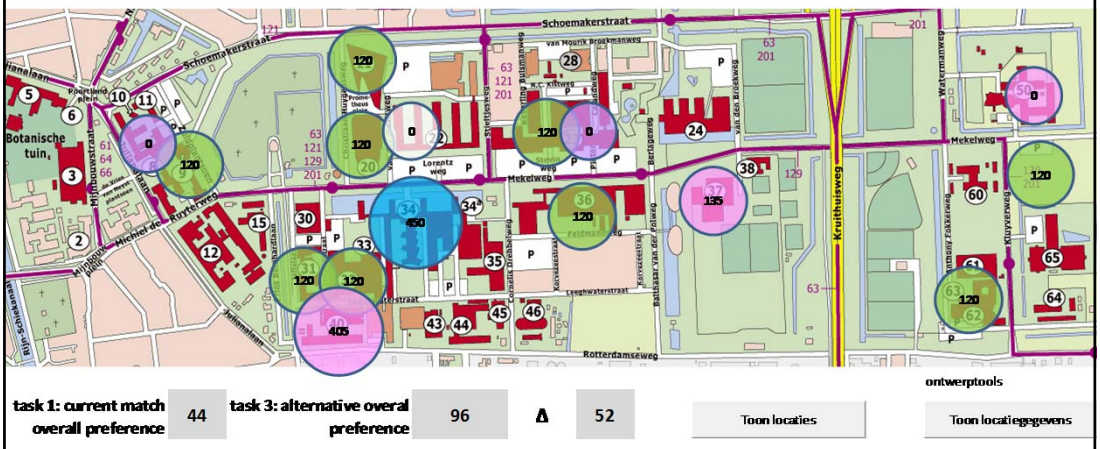
Step 5: Generating design alternatives



- Current restaurant for lunch
- Current restaurant for lunch/diner
- New concept restaurant for lunch
- New concept restaurant for lunch/diner

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Step 6: Select optimal design alternative

Boundary conditions

Faculty secretary
100 ; Δ 48

PL social innovation
100 ; Δ 48

CREM (Overall)
96 ; Δ 52

Works council
98 ; Δ 48

Student council
81 ; Δ 48

Executive board
100; Δ 5-100
98; Δ 55

Controller
Investment costs:
€ 1,85mln.
Operating costs:
93k; Δ -181k

FMVG
m² GFA: 2.070 m²;
Δ -1.421

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Research answers

1. Stakeholders were able to determine their preferences as prescribed
2. Stakeholders were able to optimize the design result
3. Stakeholders valued the PAS procedure

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Evaluation

- Experiences with the model

  Project leader social innovation: could not imagine to determine preference this way in the beginning. Later on: most enthusiastic.

- Attractiveness of the method

  Faculty Secretary: did not use any 'strategic' games, because he was taken step by step through this approach. Satisfied with the solution.

- Perception of effectiveness of the method

  Student: The process is much faster and more solution-oriented. Like to use the model continuously.

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