

The road best travelled

Change management specialist KAREN SKILLINGS kicks off a new series on the lease strategy roadmap.

Any professional within the built environment looking to undertake a corporate accommodation project can benefit from following a strategy roadmap that consists of seven clear stages.

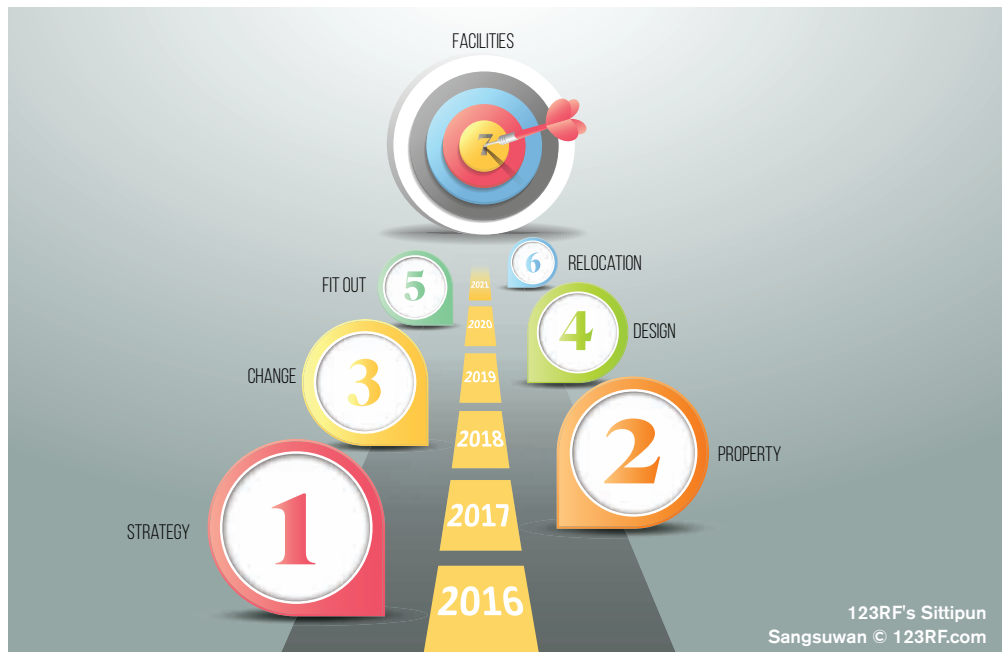
The roadmap provides an analysis of such a project's many operational aspects, offering decision-makers a holistic view of the process ahead, helping them to understand the strategies that will ensure the best outcomes, and avoiding repetition risks and misinformed decisions, while keeping the project on budget and in control.

The Lease Strategy phase (the first stage) is a definitive opportunity for the leadership team to contribute to your organisation's future. This is where you should be looking to diagnose how your business operates, engages and is performing. Who doesn't want to strengthen their business and lift it to meet the rising expectations of your customers, staff and shareholders?

It is possible that some of the leadership team in your business have been party to negotiating through decades of lease agreements and renewals, but equally it's just as likely that they don't have a clear lens to view the realities of what they are about to commence.

A Lease Strategy can often fall into the too-hard basket with the leadership being confident that the answer is to get the matter finalised quickly – 'recourse and resolve'. This is not the best way to go and suggests that your lease expiry is driving your business and not the other way around.

We start with the Lease Strategy phase (where the organisation's business strategy is formed or tested) and ends with the Facilities Renewal phase (when the 'business as usual' phase commences).



CHALLENGES AND OPPORTUNITIES AHEAD

Reticence to make decisions as you embark on a Lease Strategy can cost both time and money. While I appreciate that project teams can be thrown together quickly with the project team often doing this role as an adjunct to their 'business as usual' role, clear priorities have to be set.

A key challenge is this can be quite a balancing act, with confusion of where to start, what to communicate to essential key stakeholders and how to 'manage up' to get the job done.

At the beginning of a corporate accommodation project, regular mistakes get made due to a lack of urgency to make a decision, the setting of unrealistic budgets, and a gap in skills and experience.

Here are some real objections to making a Lease Strategy decision and the impacts and opportunities that could have happened if things had been approached a little differently.

CLARITY OF PROCESS AHEAD AND POSSIBLE FOCUS

Now that you have read some of the common reasons organisations put off making a Lease Strategy decision, here are some

positive discussion points and topics to get generative discussions going with your leadership team now.

- *What is the future that you want to see?*
Fine-tune the organisation's purpose by understanding what your business does and doesn't do well before you start your long-term accommodation plan.
- *What guides you to do the things you do?*
Refresh the organisation's values and include social compliance about how your organisation operates. Take an environmental point of view and pivot towards green and the planet.
- *What is your map that sets out your business strategy and where you are heading?*
How are you judged, should you and how do you engage more broadly with your staff, community or shareholders?
- *How can you build a more effective and rewarding workplace?*
Define your space budget to develop a clear brief around your operational and physical requirements.
- *Review commercials.*
Work with your property advisers to consider and debate appetites, impressions, current views and ambitions.
- *Review governance for future project work*

POSSIBLE DETERRENTS	POSSIBLE IMPACT	DOING IT DIFFERENTLY
Business is going through a reorganisation and we need to finish that first.	Tenant may lose bargaining power by waiting too close to lease expiry; lose momentum.	Maximise the opportunity that exists in the market now. Look at your real estate optimisation as favourably as production optimisation. Seek advice on workplace strategy during the reorganisation; i.e. more efficient space layouts, space optimisation through storage solutions, or advice on market movements through the process.
We've had a change in CEO/board and can't decide on this now.	Getting a new CEO or team to drive the business can ultimately bring in specialist capability.	Seek the views that fresh eyes and thinking can add to your Lease Strategy.
We think the market will improve in our favour and we want to wait it out.	Don't look for unrealistic inducements from landlords. Waiting out the market could result in losing your bargaining power and options. Be prepared to lose out.	Trust that your industry experts know the market and have deep stakeholder relationships that can provide intel that you won't have, and they can get favourable results in trending markets.
We have set our budget for the year and can't commit consulting dollars till next financial period.	Your project staff are inexperienced, with a minimal number of people leaders, or subject matter experts. Your proposed project team members are not eligible to be matched to the project roles.	Explore the core capabilities to complete your project. Look at your proposed project team as you would if recruiting. Develop the project's org chart to ensure clarity of what the roles will do to complete the project successfully. Do you have the required technical and non-technical capabilities in your existing project org chart?
Make-good is too expensive and it's cheaper/easier to stay where we are.	It appears you are staying safe and reliable, but it may not be efficient for business.	Industry experts can provide heightened insights on project costs. Don't use previously apportioned costs as a reason not to evaluate a budget. Seek preliminary information of what different scenarios will cost across all parts of any accommodation project.
We don't know how much space we need and need to work out our staffing forecasts first.	Worker demographics and workplaces are altering with more flexible working and agile workplaces. Don't guess your requirements.	Industry experts have expertise often outside your internal capabilities when it comes to critically reviewing the various functions of your existing space and can challenge which functions really need to be included in your new tenancy.
We are going through a merger/acquisition (M&A) and need to finalise this first.	Be prepared for M&A governance in understanding possible future Lease Strategy solutions or inclusions ahead of time.	Industry experts can have deep experience and maturing resources to explore how your property portfolio can be flatter and simpler as a result of M&A.

and roadblocks in your organisation now. Undertake a lessons learned exercise on past projects and look into what others are doing now.

- Consider the matrix of outputs required for future phases.
Be transparent about any transformational change that is driving the project.
- Review the availability of resources in line when you need to deploy.
What skills and people do you need in your business?
- Identify the road junctions that are possibly slowing down your organisation.
Undertake staff listening exercises and/or user requirement workshops to develop new actions and behaviours to bring the organisation's purpose to life.

THE MAIN POINTS TO REMEMBER

- Untested issues and objections can distract from making a business decision. There are many deterrents to making a call and just as many positives to doing things differently. Challenge yourself and others during your next discussions.
- Lease Strategy is not just about Lease Expiry. Critical dates and options are involved and during this time, perhaps up to 12 to 24 months from your lease expiry (and dependent on your tenancy size), your leadership team may be having discussions on any of the focus areas outlined in this article.
- How can you participate in the Lease Strategy and ultimately your organisation's business strategy? Ask the right questions.
- How do you access more help and where do you get it? Regardless of whether you think you should stay put or move on, start your Lease Strategy phase by having or continuing to generative conversations with your leadership team.

To assist you further, the Lease Strategy Roadmap series offers a free journal for each phase you will undertake, including articles of relevance written by industry experts and a process plan to edit and populate as you kick-start your next project.

Check out my website and enjoy with my compliments, your free copy of your Roadmap of choice. I look forward to taking you through Phase 2 in your corporate accommodation journey, the Property Procurement phase. ●

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