

The asset wheel

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Chartered management consultancy surveyors are set to be increasingly in demand from businesses, says John Gaffney

One of the most significant costs to business, in both the private and public sector, are the properties they own or lease. These built assets also have significant influence on the effectiveness of another big business cost, which is labour (i.e. the people who work in them). With an increased focus on operational efficiency as having a direct effect on the bottom line profit, or in the public sector on the use of available budgets, built asset performance is becoming increasingly popular as a route to improved business outcomes.

Coupled with this is the trend for major and multi-national companies to outsource their real estate management. Fewer people are employed in client built asset teams and external service providers are reduced, to provide more focus on core business activities and to benefit from scale efficiency savings. Companies are now increasingly looking at managing their assets on a global basis in multiple operating jurisdictions which have their own laws and practices in relation to real estate, using a common operating platform.

Life cycle planning

The focus for many global businesses in the long-term planning of their real estate needs is to operate on a programme management rather than on a project-by-project basis, with projects bundled for efficiency, and serious consideration given to the whole life cycle of their built assets, including the regeneration or 'redefining' of the assets.

The surveying industry has traditionally provided separate and distinct services throughout the asset life cycle. These range from development management services in the planning stages of new projects, project management and quantity surveying services in the design and construction phase, and facilities management services during the operational stage. In addition, in redefining of the asset (e.g. a decision to demolish or refurbish as a result of end of life or change of business needs) roles exist for building surveyors, valuers and others. However, the market is moving away from 'service inputs' at distinct stages of the life cycle, to a position where businesses are seeking 'solutions' to manage or assist with the management of the whole life cycle.

Holistic approach

Increasingly, businesses are looking for a holistic approach to the management of their built assets, with a demand for assured outcomes where consultants' rewards are linked to outcomes. This is where chartered management consultancy surveyors, a separate and distinct designation of surveyors in RICS, can come in to their own. Businesses are moving away from the traditional practice of buying in individual services from surveyors, architects and engineers to buying a managed solution for the life cycle management of their real estate portfolio (see Figure 1). They need consultants who understand their business needs and drivers, not just those who have good technical knowledge of discrete elements of their asset life cycle.

Figure 1: The asset wheel

Significant cost savings have been achieved by businesses adopting new approaches to managing their built assets, so this trend is likely to continue and increase. A recent and notable example is [Lloyds Banking Group](#), the UK's largest retail bank, which is now delivering its retail developments at a 15% lower cost than the industry average through reducing its external supply base with the introduction of a simplified consultancy model, and the adoption of a fully integrated programme management approach to its built asset needs. Chartered management consultancy surveyors hold a unique position in the range of their skills and competencies, their knowledge of how businesses are managed and the main drivers, coupled with their technical knowledge of built assets. They are in the position to become the trusted advisers to businesses in all matters relating to real estate, directly influencing the procurement of related legal and financial advisory services.

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Conversely, traditional surveying companies are finding that management consultancy providers, such as the big four accountancy firms and facilities management firms are actively targeting this area of work. Many of the non-surveying firms are recruiting chartered surveyors to supplement their core skills and gain market share, and in doing so are moving into the space occupied by surveying companies.

The message for traditional surveying companies is that this is the way the built asset needs of businesses are going globally, the market exists and is growing, and it is time to adopt a strategy to gain market share including using or acquiring in-house management consultancy capabilities.

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Further information

- Figure 1: The asset wheel (courtesy of EC Harris)
- Related competencies include [Strategic real estate consultancy](#)
- This feature is taken from the RICS *Property journal* (March/April 2015)