

ERES 2019 - PARIS

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4 July 2019

FROM BUZZWORD TO CONCEPT

A COMPARISON OF TWO CREM MODELS



Contents

Full title

Corporate real estate management (CREM) on the way from buzzword to concept – a comparative analysis of two CREM models

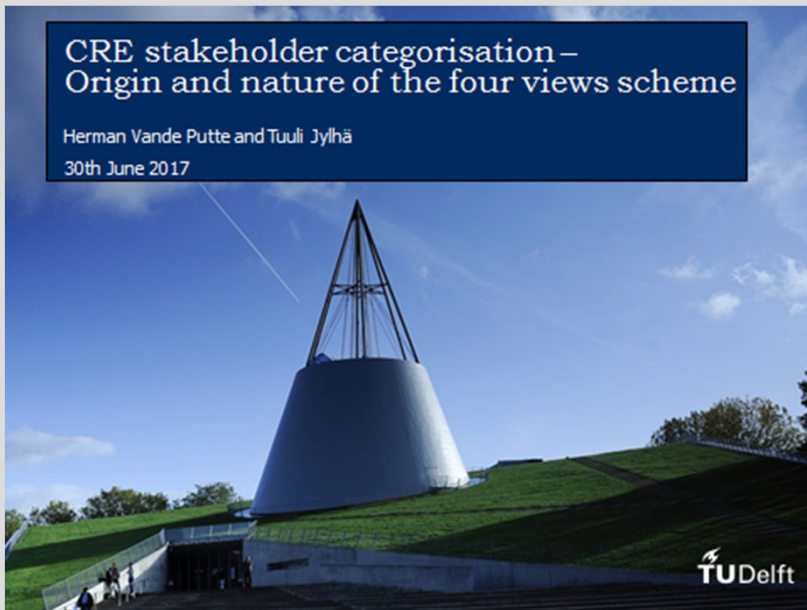
- Introduction
- Delft CREM model
- Darmstadt CREM model
- Comparison
- Conclusions

INTRODUCTION

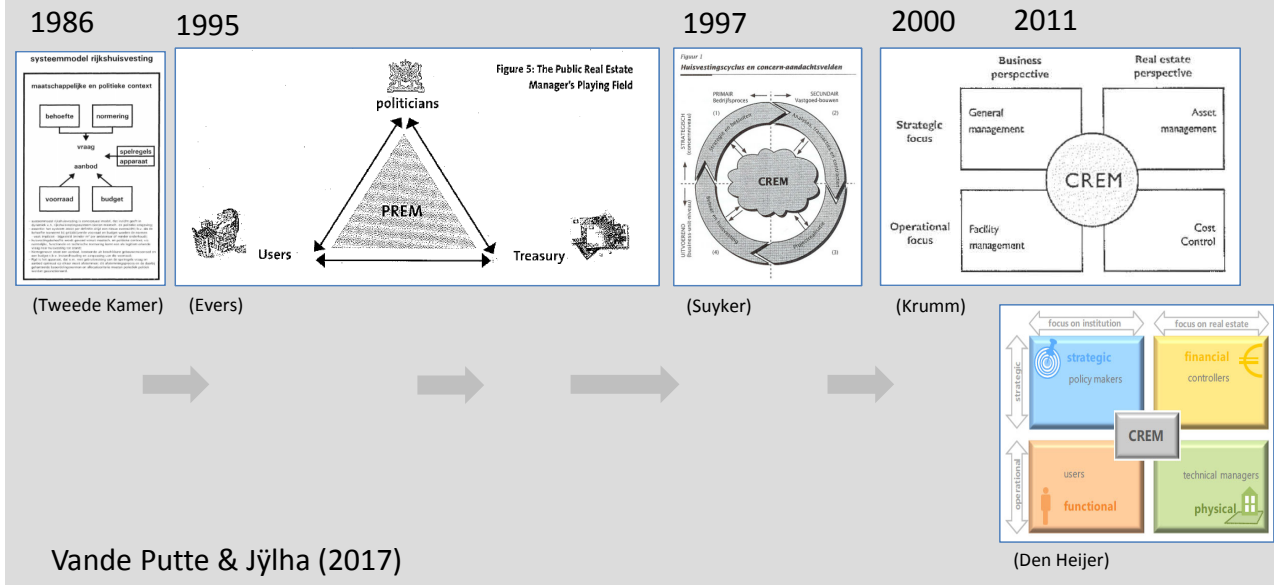


CRE stakeholder categorisation – Origin and nature of the four views scheme

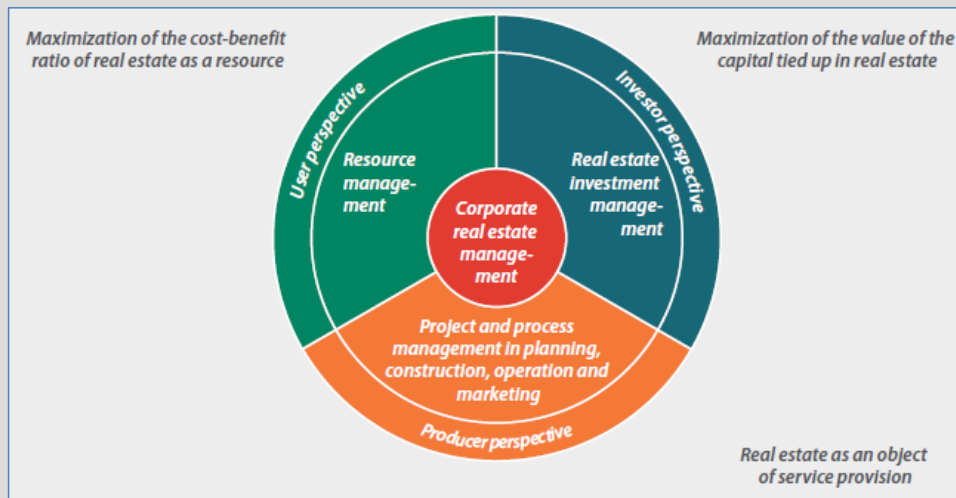
Herman Vande Putte and Tuuli Jylhä
30th June 2017

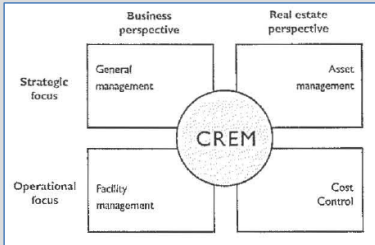


Delft model development



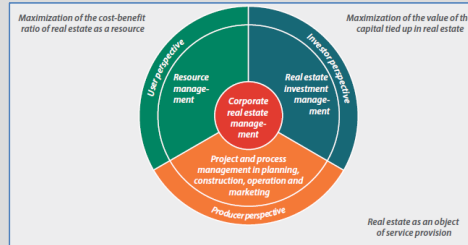
Darmstadt CREM model





TU Delft model
1993 (published 2000)
Hans de Jonge, Geert Dewulf, Peter Krumm

Chair of Real Estate
Management in the Built Environment
Technical University Delft, Netherlands




TU Darmstadt model
2005 (published 2010)
Andreas Pfnur, Annette Kämpf-Dern

Chair of Real Estate Business Administration and Construction
Management
Department of Law and Economics
Technische Universität Darmstadt, Germany



Van Nelle factory (Rotterdam, NL)



Corporate real estate refers to all real estate originally acquired as operating resources in the service provision process of an organisation.

(Kämpf-Dern & Pfnur, 2015)

Decrease CREM models segregation

Corporate Real Estate Management (CREM)

- has been intensively discussed since the 1990s.
- has remained a buzzword rather than a concept

Consequences

- CREM theories are developed in isolation
- theoretical background of CREM not clear
- model of the impact of CREM is incomplete
- real estate management tasks in non-property companies are non-comparable

Aim: to decrease the segregation

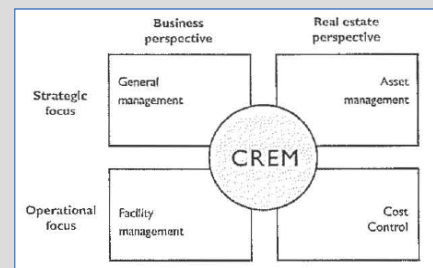
Method: compare isolated CREM concepts

Datasets: TU Delft CREM model and TU Darmstadt CREM model.

DELFT CREM MODEL

Delft CREM model (1)

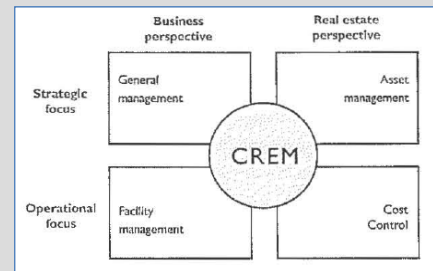
- rooted in CREM developments in the Netherlands in 1980s-1990s
 - Dutch Government Building Agency, contacts with IDRC, Nacore, MIT (Joroff)
 - new department for management studies at Faculty of Architecture at TU Delft
- driven by
 - need to systematize and legitimate CREM function in non-property organisation
 - need to institutionalise CREM in education
- representation of
 - CRE related management activities (#4) in a non-property organisation
 - role of CREM in reconciling these views



(Krumm, 2000)

Delft CREM model (2)

- structuring of these activities using two dichotomies
 - business and real estate perspectives and
 - through strategic and operational levels
- many versions, two interpretations (Vande Putte & Jylha, forthcoming)
 - structured representation of CRE management activities, needing coordination
 - necessary alignment of CRE resource with corporate strategy and operations
- evolution
 - extended to stakeholders, KPI's, corporate context (Den Heijer 2011)

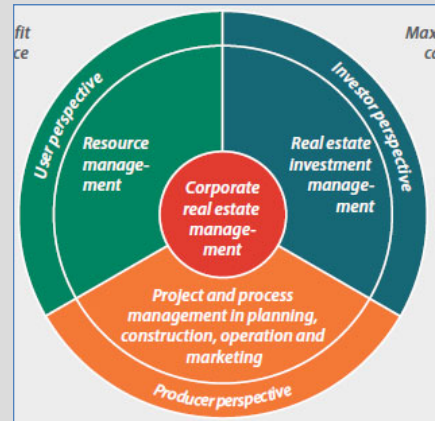


(Krumm, 2000)

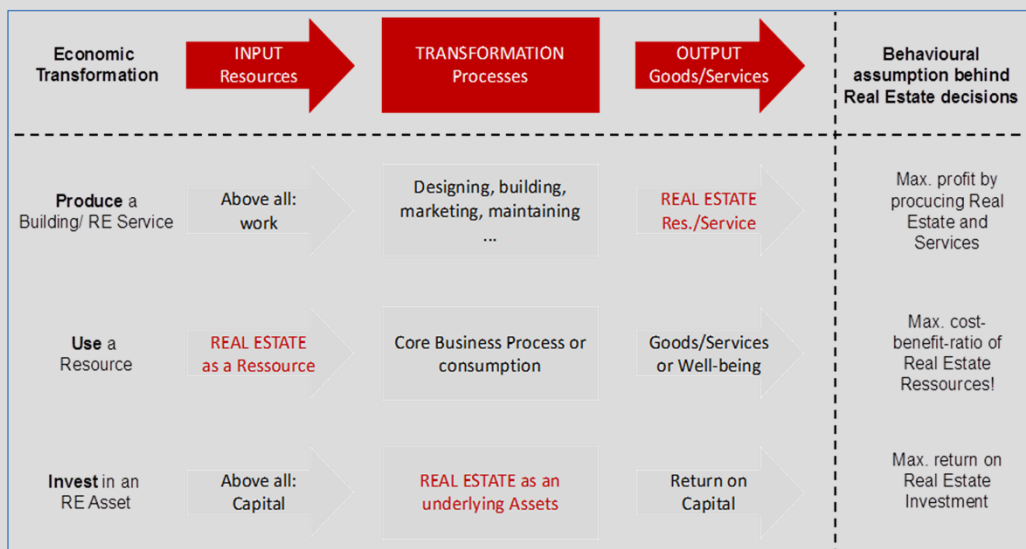
DARMSTADT CREM MODEL

Darmstadt CREM model (1)

- in search for the contribution of CRE for economic success
- inventory of purposes of CRE in economic transformation processes in the organisation
 - output of production process
 - resource of a production process
 - asset of an investment

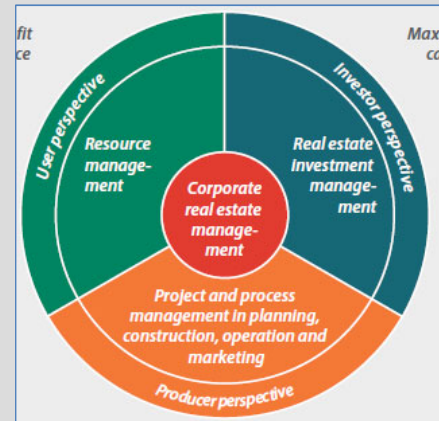


Purposes of CRE in the economic transformation processes in an organisation



Darmstadt CREM model (2)

- rationally acting economic entities behave differently with respect to CRE
- conflicts of interest are unavoidable
- CRE management is reconciling these three groups of stakeholders



COMPARISON

Similarities of both models

Aspect	Delft & Darmstadt models
type of stock	real estate used by non-property organisations
cradle	technical universities (knowledge underpins intervention)
root observation	low awareness of importance of CRE(M) in non-property org.
overall aim	increase organisation success (<i>see next slide</i>)
key remedy	(1) systemizing and legitimizing CRE(M) by naming and tooling (2) coordination & reconciliation of viewpoints on CRE
grounding	the resource based view on the organisation, <i>others?</i>
model development	not empirical, but conceptual
impact on CREM theory	founding
model nature	descriptive

Definitions of CRE management

Delft:

“CREM is the management of the real estate portfolio of a corporation by aligning this portfolio to the needs of the core business, in order to obtain maximum added value for the business and to contribute optimally to the overall performance of the organisation”
(Krumm, 2002)

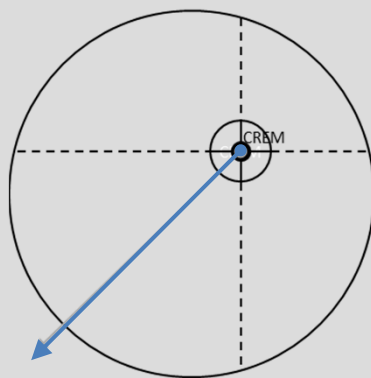
Darmstadt:

“Corporate real estate management (CREM) shall denote all real estate activities of a company whose core business is not in real estate. CREM is concerned with the economic procurement, administration and utilization of real estate of production, trading and service businesses in the context of their company strategy.”
(Pfnur, 2015)

Differences of both models

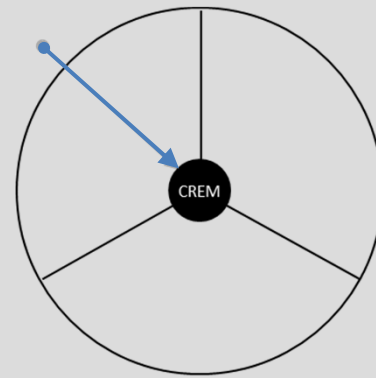
Aspect	Delft model	Darmstadt model
eras and settings	1990s, Netherlands	2010s, Germany
model content	management activities	presence of CRE in transformation processes
standpoint	inside the organisation	organisation-wide
reconciliation actor	CRE manager	management system
petals	4	3
« strategic »	integrated	model repeated at different levels
structuring	two dichotomies	none
perspective	inside-out	outside-in

Differences of both models



(a)

Delft model: inside-out



(b)

Darmstadt model: outside-in

CONCLUSION



Conclusion

- aim to decrease segregation between CRE(M) models
- CREM is broad and deep concept
- complicates communication
- both models identify views on CRE and intuitively propose their coordination to improve corporate success

- this is a work in progress -
other models are invited to join our effort!

Key publications (Delft model)

- Suyker, J. (1996). Bedrijfshuisvesting beheer in de praktijk; benchmarking en verbeteringsprogramma's. In L. De Jong, K. Van Der Hoek, H. De Jonge, M. Lenselink, & F. Van Waardhuizen (Eds.), *Het facility management handboek* (Vol. Deel 3 Vastgoedmanagement, pp. A1 1-18). Nieuwegein: Arko.
- Krumm, P. J. M. M. (1999). *Corporate real estate management in multinational corporations. A comparative analysis of Dutch corporations*. (PhD), Arko Publishers, Nieuwegein.
- Krumm, P. J. M. M., Dewulf, G., & de Jonge, H. (2000). What is corporate real estate? In G. Dewulf, P. Krumm, & H. de Jonge (Eds.), *Successful corporate real estate strategies* (pp. 27-33). Nieuwegein: Arko Publishers.
- Den Heijer, A. C. (2011). *Managing the university campus: information to support real estate decisions*. (PHD thesis), Delft University of Technology, Delft.
- Vande Putte, H., & Jylhä, T. (2017). *CRE stakeholder categorisation - Origin and nature of the four views scheme*. Paper presented at the ERES Conference 2017, Delft.

Key publications (Darmstadt model)

- Kämpf-Dern, A., & Pfnür, A. (2009). Grundkonzept des Immobilienmanagements. Ein Vorschlag zur Strukturierung immobilienwirtschaftlicher Managementaufgaben. In A. Pfnür (Ed.), *Arbeitspapiere zur immobilienwirtschaftlichen Forschung und Praxis*, Band nr. 14. Darmstadt: Fachbereich Rechts- und Wirtschaftswissenschaften, Technische Universität Darmstadt.
- Kämpf-Dern, A. (2009). Immobilienwirtschaftliche Managementebenen und -aufgaben. Definitions- und Leistungskatalog des Immobilienmanagements. In A. Pfnür (Ed.), *Arbeitspapiere zur immobilienwirtschaftlichen Forschung und Praxis*, Band nr. 15. Darmstadt: Fachbereich Rechts- und Wirtschaftswissenschaften, Technische Universität Darmstadt.
- Kämpf-Dern, A., & Pfnür, A. (2014). Best practice, best model, best fit: Strategic configurations for the institutionalization of corporate real estate management in Europe. *Journal of Corporate Real Estate*, 16(2), 97-125. doi:doi:10.1108/JCRE-09-2013-0027
- Kämpf-Dern, A., Pfnür, A., & Roulac, S. (forthcoming). Real estate perspectives as dominant cluster attributes of a real estate framework. Darmstadt.
- Pfnür, A. (2015). Economic relevance of corporate real estate in Germany. Darmstadt: Fachbereich Rechts- und Wirtschaftswissenschaften, Technische Universität Darmstadt.
- Pfnür, A. (s.d. ?2015). Herausforderungen des Corporate Real Estate Managements im Strukturwandel. Darmstadt: Fachbereich Rechts- und Wirtschaftswissenschaften, Technische Universität Darmstadt.

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