
© 2008 Emerald Group Publishing

Reprinted with permission.
A constructive study on creating core business relevant CREM strategy and performance measures

Anna-Liisa Lindholm
Helsinki University of Technology, Espoo, Finland

Abstract

Purpose – The aim of this paper is to describe the creation process of the model for identifying the added value of corporate real estate management (CREM), implement the developed model in a case organisation and test whether it works in practice.

Design/methodology/approach – The study is carried out using a constructive research approach, where the validity of the model built is tested through a single, but in-depth, case study.

Findings – The research presents the model for identifying the added value of CREM, the theoretical connections from the empirical research and practical implications of the developed model. Furthermore, the study presents the main step of a constructive research approach and examines the applicability of this research approach to real estate and facilities management-related research.

Practical implications – The model tested and developed in this research provides corporate real estate and facilities managers with the tools they need to identify their contribution to the wealth of the firm. The model also helps organisations to ensure the match between a company’s business and real estate and facilities strategies.

Originality/value – Previous research has not tested the model for identifying the value added by corporate real estate and facilities management (FM). The research approach of the paper, a constructive study, is also quite unfamiliar to and untested by real estate and FM researchers.

Keywords Strategic management, Facilities, Performance measures, Modelling, Case studies

Paper type Research paper

1. Introduction

In many corporations, real estate and facilities management (FM) have evolved over the years from individual transaction based decisions about physical spaces. As such they tend to follow traditional approaches of cost minimization and focus on short-term results rather than long-term strategy, still not moving from taskmaster to business strategist (Joroff et al., 1993). Many real estate and facilities units within corporations have been established from the perspective of managing existing buildings. Corporate real estate management (CREM) decisions are, therefore, primarily based on functions and requirements in relation to structures, and not to the businesses that are performed within them. Little attention has been paid to the added value that CREM can generate from strategically supporting the core business processes.

The field has been lacking research developing theoretical models of the relationship between corporate strategic management systems and real estate decisions and operations. The lack of unifying corporate real estate models means that the contribution of real estate to the firm and the possibilities, which exist for adding
value, are often not recognized nor properly considered. Also the mechanism of how the overall performance of corporate real estate management and facilities management could be identified and measured is quite unclear. Most corporate real estate and facilities management sources provide an oversight of common performance indicators, which usually represents the operational view of these disciplines. However, there is a little literature available covering the development of a systematic approach to performance measurement in corporate real estate management, which would embrace every aspect of corporate real estate and facilities management, namely strategic, tactical and operational, and especially tie up CREM to the organisational strategic decision making.

Ideally, corporate real estate management performance is measured and monitored so as to ensure the match between a company’s business and real estate and facilities strategies. Performance measures used in CREM should be identified based on the company’s core business goals instead of using traditional accounting measures focusing mainly on cost reductions or capital minimization. To ensure these fundamental objectives of CREM and fill the gaps in theory, Lindholm et al. (2006) have modelled the relationship between core and non-core business in the context of real estate management and facilities management. They have developed a framework, a model which illustrates how corporate real estate directly and indirectly adds value to the core business and wealth of the firm. Lindholm and Leväinen (2006) expanded the model by mapping the measures that will allow testing the relationship between real estate decisions and the company’s core business into the model. This developed model called the “model for identifying the value added by corporate real estate” could be used in helping the firms to determine which real estate strategies are the most effective for their circumstances, and which measures could be used for measuring the CREM performance. However, despite the fact that the model “for identifying the value added by corporate real estate” is developed based on the results of the interviews with the corporate real estate professionals, the model still remains quite theoretical. Further research is needed to validate the model in practice.

The main objective of this paper is to describe the development process of a model for identifying the added value of CREM, implement the model in the case organisation and test whether it works in practice. In the case study the “model for identifying and measuring the value added by corporate real estate” is used for clarifying the case organisation’s real estate strategy and for developing appropriate performance measures to match their strategy. To conduct this kind of research, the constructive research approach was seen the most suitable. The constructive research approach is defined as a research procedure for producing novel constructs – such as models, diagrams and plans – which solve the emerging problems in running business organisation (Kasanen et al., 1993). Thus, the secondary objective of this paper is to present the main steps of constructive research approach and examine the applicability of this research approach into real estate and facilities management related research.

The structure of this paper mainly follows the steps of constructive research approach (CRA). The following section presents the main idea of CRA and the third section goes deeper into each step of the CRA, at the same time presenting the main steps of creating the model for identifying the added value of CREM. This structure allows the reader to gain better understanding of the approach and evaluate the results.
derived from using CRA. The final section draws conclusions and makes recommendations for future research.

2. Constructive research approach

The very essence of the applied science, as property related research (see, e.g. Diaz, 1999), lies in preparing theoretically grounded solutions for practical purposes (Mattessich, 1995). In line with this view, Kasanen *et al.* (1993) presented constructive research approach in order to assist academics in taking more active role in improving existing practices. The constructive approach (Kasanen *et al.*, 1991, 1993; Lukka and Tuomela, 1998; Lukka, 2000) means problem solving in a real-life organisational setting through the construction of a management system. According to Kasanen *et al.* (1991) a constructive method is “a solution-oriented normative method where target-oriented and innovative step-by-step development of a solution are combined, and which empirical testing of the solution is done and utility areas are analysed”.

Constructive research approach was originally developed in the field of management accounting in the 1980s in order to assist management accounting academics in taking more active role in improving the existing practices and gaining deeper understanding of the actual practices of the organisations. A similar research approach, case study research strategy, is more commonly applied in the property related research fields (e.g. Walters, 1999; Singer *et al.*, 2007). However, in case studies the focus is often on gaining deeper understanding on the subject under the study and sharing this knowledge with others, while in the CRA the main focus is on improving the existing practices.

According to Kasanen *et al.* (1993), Lukka (2000), Labro and Tuomela (2003), there are seven crucial steps in the constructive research approach:

1. to find a practically relevant problem, which also has research potential;
2. to examine the potential for long-term research co-operation with the target organisation;
3. to obtain a general and comprehensive understanding of the topic;
4. to innovate and construct a theoretically grounded solution idea;
5. to implement the solution and test whether it works in practice;
6. to examine the scope of the solution’s applicability; and
7. to show the theoretical connections and the research contribution of the solution.

The seven steps of constructive research approach are illustrated in Figure 1. The arrows refer to the time that elapses in each phase. Most steps in Figure 1 are partly overlapping with the previous and following phases. The third step – obtaining a profound understanding of the topic - continues throughout the whole research process. Similarly, the seventh step – showing the theoretical contribution – covers the entire research process. As Labro and Tuomela (2003) states “this is to say that theoretical linkages should be considered throughout the research process in order to make the project meaningful to the research community, even though the exact theoretical contribution can be elaborated on only in the final part of the research process”. Figure 1 illustrates how the seven steps of the constructive research process
are also parts of three aggregate phases: the preparatory phase, the fieldwork phase and the theorizing phase (Labro and Tuomela, 2003).

This study builds on the process for conducting constructive research. The next section goes through each step of CRA by providing detailed insight and specific examples of the constructive research process where the model for identifying the added value of CREM is constructed. By showing how the research process was carried out in the constructive research process explicit, exemplary guidance on how to conduct constructive research is given to the reader.

3. Model for identifying the value added by corporate real estate

3.1 Practically relevant research problem
At the core of any constructive research lies a practical problem. According to Labro and Tuomela (2003) the development challenge should be directly relevant to managers or other decision-makers. On the other hand, the problem should also have theoretically significant potential to be solved (Kasanen et al., 1993). Much of the contribution potential of constructive research lays on the premise that both instant practical progress and direct theoretical contribution are sought. Labro and Tuomela (2003) also state that this is a major differentiating factor between the CRA and consulting (which has an emphasis on practical contribution) or the majority of other research methods (which have an emphasis on theoretical contributions which may have some, but need not necessarily have any direct practical consequences).

The idea for this study originated during the discussions with the corporate real estate executives and annual real estate professional meetings held during the years 2002 and 2003. From these discussions and presentations it came clear that there is a need for tools and methodologies for showing the benefits of the corporate real estate management for the core business of an organisation. It was recognized that the lack of unifying corporate real estate models means that the contribution of real estate to the
firm and the possibilities that exist for adding value are often not recognized nor properly considered in many firms.

An extensive literature review revealed that the problem of how to identify the added value of CREM was also theoretically challenging. No ready-made solutions were available in the literature. Previous research is often focusing on the one value approach of the CREM, while this study is focusing multiple, both direct and indirect value approaches. The issue of value on CREM has often been addressed as the financial value (e.g. Zeckhauser and Silverman, 1983; Krumm and Vries, 2003). Thus, many writers (e.g. Nourse and ja Roulac, 1993; Krumm, 1999) come to the conclusion that all too often the dominant emphasis tends to be on the financial goal of cost minimization. Likewise in the CREM and FM performance measurement literature most sources provide an oversight of common performance indicators, which usually represents the operational view of these disciplines. However, there is a little literature available that covers the development of a systematic approach to performance measurement in corporate real estate management, one that embraces every aspect of corporate real estate management, namely strategic, tactical and operational, and especially ties up CREM to the organisational strategic decision making.

3.2 Examining the potential for long-term co-operation

The second step in CRA is to examine the possibilities for longitudinal co-operation with the case organisation(s) (Labro and Tuomela, 2003). It was clear from the beginning of this study that for developing a generic model for identifying the added value of CREM, multiple research methods and multiple data sources are needed. However, for implementing and testing the developed model, one case company should be found which would be interested in the study and motivated enough to give their time and resources to conduct the study in co-operation with the researcher. It was also believed that the motivation of the case unit would increase if they could somehow benefit from the study. The research team decided to seek companies, which had no clear real estate strategy or performance measures in use at the moment. It was thought that these kinds of companies would benefit most from implementing the model.

At the end, the empirical study was decided to be carried out in a corporate real estate unit of a multinational Finnish industrial company. The company has a wide selection of metal products and services. It has operations in 23 countries and employs 13,000 people. The organisation chart and the location of the case unit in the company hierarchy are illustrated in Figure 2.

The company occupies more than 1.3 million square meters. More than 90 per cent are production facilities, for example factories, warehouses and logistical facilities, and only 6 per cent are offices. More than 95 per cent of the company’s real estate portfolio is owned and less than 5 per cent is leased. The CREM unit of the company is responsible for all the group’s real estate projects (construction and acquisitions), property management, real estate long-term planning, and facility and end user services.

According to Lukka (2000) gaining and maintaining the commitment of the case organisation is crucial for a research process to be successful. A possible way of ensuring commitment is to charge for the researcher’s services (Kaplan, 1998). However, in doing so, there might be some danger that a commercial consultancy
relationship, with its inherent problems, will develop (Westbrook, 1995). In this research, the initiative came from the researcher, but the case unit was motivated to participate in the study right from the beginning. Compensation issues played an insignificant role in this study. The main motivator for the case unit was the “hot” topic of the study and the fact that the unit neither had a clear real estate strategy defined nor any performance measures in use at that moment. They also were eager to have measures, which could be used for measuring their performance.

Labro and Tuomela (2003) states that the potential for co-operation is not only depending on the willingness of the case organisation to participate in the study. When examining possibilities for joint development work the values of different participants should also be carefully assessed. If the values of the researcher are in contrast with those of the case organisation, co-operation should not be initiated (Puolamäki (2000) in Labro and Tuomela, 2003). In order to sustain the credibility of the constructive research, the researchers’ and the managers’ values should be made explicit (Mattessich, 1995).

The values of different participants were considered in examining the potential for co-operation. Since the core business focus and the creation of the added value of CREM were found to be the basic issues, it appeared that the values of the researcher and the case unit were well aligned. In addition to the practical issues related to co-operation, some publication issues were also considered as early as in the preparatory phase of the study. It was informally agreed that all the data collected from the case unit could be used, but the company itself wants to stay anonymous.

3.3 Obtaining a profound understanding of the topic
Becoming familiar with both the practical and theoretical bases of the topic forms the third step in the constructive research process (Labro and Tuomela, 2003). The researcher needs solid ex-ante knowledge of theory in order to make informed interventions (Dickens and Watkins, 1999). Even though the innovation phase may be
very heuristic (Kasanen et al., 1993), knowledge of previous literature is needed in order to identify and analyse the theoretical contribution of the study (Labro and Tuomela, 2003).

This study began by going through theory from strategic management along with research on business performance, corporate real estate management, facilities management, workplace performance and results of a survey (Lindholm et al., 2006) to develop a framework which would illustrate how corporate real estate directly and indirectly adds value to the core business and wealth of the firm. Furthermore, performance measurement literature was reviewed in order to obtain understanding on how CREM performance could be assessed.

Based on previous research and interviews with corporate real estate executives a model of how real estate decisions support strategies and core objectives was developed (Figure 3). The model shows that business strategy can be comprised of two basic approaches for increasing the shareholders’ value: revenue growth and profitability. These corporate strategies must then be translated into supporting real estate strategies, which guide operating decisions. The key idea in this model is to identify real estate strategies, which can create added value to the core business, contribute to the wealth of the firm and the shareholder’s value. The proper combination of real estate strategies will vary depending on the corporation’s strategic positioning within the market. The firm may want to emphasize revenue growth through building the franchise and/or increasing value to its customers. Alternatively, it may want to emphasize profitability through improved cost structure and more efficient use of assets. Corporate real estate strategies to support these core business strategies are organized into the seven alternatives shown in Figure 2:

1. increasing the value of assets;
2. promoting marketing and sales;
3. increasing innovation;
4. increasing employee satisfaction;
5. increasing productivity;
6. increasing flexibility; and
7. reducing costs.

All the real estate strategies include four to eight possible operating decisions that can contribute to the firm’s value.

Lindholm and Leväinen (2006) expanded this model by identifying measures for operating decisions in the model. By using these measures it would be possible to show how well each strategy is adding value to the firm and how well CREM creates added value for the core business of an organisation. The model can also be used to determine which real estate strategies are the most effective for the firm’s circumstances, and which measures could be used for measuring the CREM performance.

In addition to theoretical knowledge, Labro and Tuomela (2003) suggest that sufficient time should be devoted to getting acquainted with the case organisation and letting people at the case organisation familiarize themselves with the research and researcher(s). In this study, the researcher and the case organisation’s personnel had good contacts already before the study began. The mutual trust made it easier for the researcher to obtain a profound understanding of the case organisation’s situation in
Figure 3. How real estate decisions support strategies and core objectives

Source: Lindholm et al. (2006)
terms of CREM, strategies and performance measures. Also the aim of the practical problem-solving was likely to increase the commitment of the persons interviewed and hence reduce observer-caused distortions (Labro and Tuomela, 2003).

3.4 Creating a novel construct
An intensive search for an (both practically and theoretically) innovative solution is the primary feature distinguishing constructive research from other types of actions research and from most consulting work (Labro and Tuomela, 2003). According to Lukka (2000) the innovation phase is a creative, and possibly even heuristic, sequence of events during which co-operative teamwork between the researcher(s) and the managers of the case organisation is crucial.

After a preparatory phase the researcher of this study continued with close co-operation in the form of additional interviews with the case unit personnel. The data was collected with semi-structured interviews and workshops with the real estate specialist and the real estate director, and by studying all the available material related to real estate unit’s objectives, strategies and performance. The first version of the construct was made by placing the existing real estate strategic aims of the case unit into the original model. The original strategic plan fit quite well into the model as it was. However, the CREM unit decided to change and clarify their aims a bit after seeing the true “value channels” in the model. The model helped them to see how their original strategic aims created added value to the core business and what channels or ways they are missing, even if they would like to include those in their actions.

Some discussions were held when defining the real estate decisions and actions, which support the strategic aims. For example, the understanding of the nature and the level of the added value differ depending on the viewpoint of the reviewer. For the case unit even taking care of some simple task was seen to create added value, because previously this task was not done at all. For some other CREM unit this same task might be a self-evident day-to-day operation, which is not seen in creating any added value. However, it was decided that there is no point in taking all the CREM decisions and actions in the model, which are creating added value at the moment, but we should include just those decisions and actions, which create added value in the long term.

The other in-depth discussion was held in relation to performance measures. During the research process it became clear that performance measures could be used in two purposes: for demonstrating how much CREM is creating added value to the core business or how well CREM is achieving its strategic aims. The actual measures would be different in these two situations. However, the case unit did not see a need to prove their value to the core business at the moment. They thought that the times were good for the core business and the main task for the CREM department was to support the continuous growth of the business. They also thought the core business knew the value of the CREM unit in acquisitions and merge situations. For this reason it was decided to take just those measures into the model, which illustrate how well the CREM unit is achieving its goals. In spite of case unit’s good situation at the moment, they were aware of the fact that if and when the economic downhill starts, their situation might change and then they need more tools and measures for demonstrating their value. However, they were very convinced that only the measures, which demonstrate the economical benefit of CREM, could be used to prove the added value.
After the first version of the construct, there were many rounds of revisions, discussions and changes between the researcher and the case unit. At the end, the process resulted in the case unit’s “model for identifying and measuring the value added by corporate real estate” (Figure 4). It was found out in the case study that the

---

**Figure 4.**
Case unit’s model for identifying and measuring the value added by corporate real estate
most important channels for the case unit to create value to the company and its shareholders are:

- increase value of assets;
- increase productivity;
- increase flexibility; and
- reduce costs.

The real estate decisions and actions supporting the strategic aim of “increase value of assets” at the case unit are refurbishments related to long term maintenance programs, which refers to the aim of “redevelop obsolete properties” in the original model, create and maintain IT-system for property management and divest of useless properties, which stands for “make a lease/purchase decision on a facility by facility basis” in the model. The real estate decisions and actions supporting the strategic aim of “increase productivity” are ensuring the safety in the production facilities and avoiding the business loss due to FM service failures, which refers to “maintain facilities to accommodate optimal operations” in the model, developing CREM processes, reporting and cost management, which refers to “improve internal customer relationship management and improving CREM internal processes”. The real estate decisions and actions supporting the strategic aim of “increase flexibility” are to create flexible production facility solutions and fast reaction time in construction and acquisitions when core business is expanding. The real estate decisions and actions supporting the strategic aim of “decrease costs” are facility services re-organisation, which refers to having “balance between outsourced and in-house service and minimizing operating expenses, conducting routine maintenance” and conducting real estate due diligence in all core business merge and acquisitions, which refers to “consulting core business in real estate related issues”.

The figure also includes the measures, which could be used for determining if the CREM unit is achieving its aims. “Increase value of assets could be” measured with number of “development projects for obsolete properties, status of IT-system, percentage of surplus assets sold or cost of under utilized space”. The aim of “increasing productivity” could be measured with “number of loss of business due to FM service failure, number of meetings with other business units, status of developments”. The aim for “increasing flexibility” could be measured with “core business satisfaction to facility flexibility” and/or “core business satisfactions to the reaction time”. The aim for “decreasing costs” could be measured with “occupancy cost per square foot” or “occupancy cost per unit of production”.

The bolded text in Figure 4 stands for decisions, aims, and measures, which we included in the original model and the non-bolded text illustrates decisions and actions, which were not in the original model, but were found out to be important in the case unit.

3.5 Implementing and testing the construct
Since constructive research relies on the pragmatic notion of truth, the implementation phase is an elementary part of the research (Lukka, 2000) Moreover, the phase of trying out the construct is critical, since even a failed implementation test may turn out to be theoretically interesting (Lukka and Tuomela, 1998). It should be borne in mind that the implementation test has a twofold purpose: a successful implementation means
both that the research process has been successful, at least with regard to the most critical factors, and that the construct is technically feasible (Lukka, 2000).

The implementation of the case unit’s “model for identifying and measuring the value added by corporate real estate” began soon after the model was created. The implementation of the real estate strategies and strategic aims went without surprises. The old Real Estate & Facilities strategic plan of the case unit included the main strategic aims, which they had already used some time, so there were no immediate changes due to clarified CREM strategies.

The main problems in the implementation phase came up with the performance measures related to real estate strategies. Especially the cost related measures, such as the cost of underutilized space, occupancy cost per square foot, and occupancy cost per unit of production were found almost impossible to calculate. The main reason for this is that the different sites (the company has almost 100 different sites) have different kinds of accounting practices for reporting real estate related costs. In some sites all real estate costs are included in “other” costs and there is no way to find out, which costs are real estate related. These incoherent accounting practices were mostly due to the company’s way of enlarging its business: through mergers and acquisitions. During the years the company has bought a large amount of companies and all of these companies have had their own accounting practices. These companies have typically been small or medium size steel companies, which have just focused on doing the business and not much attention has been paid to their real estate assets. In spite of these problems related to specific measures, the rest of the model was implemented as planned.

The actual testing, if the implementation was successful, was done by follow-up interviews, three months after the implementation. It was asked in the follow-up interviews whether the case unit was still satisfied with their clarified real estate strategic aims and decisions, whether they have started collecting the data and calculating the measures as it was decided in the implementation phase, and whether the measures led to better decisions in alignment with the strategy.

The strategic aims and the real estate decisions and actions developed with the model were found to be relevant after the implementation as well. Sharpening the aims with the model has helped the case unit to concentrate on the relevant issues from the core business point of view. It has also helped them to pay more attention to the actions, which they thought are not core business relevant, but the model revealed otherwise.

The measures for determining if the CREM unit is achieving its strategic aims were not found as helpful as was believed before conducting the study. Most of the measures are quite stable and the need for following these kinds of measures arises once or twice in the year. For example measures like “number of development projects for obsolete properties, status of IT-system” or “status of internal development actions” are quite constant from their nature. Measures like “core business satisfaction of facility flexibility, core business satisfaction of the reaction time” and “number of meetings with other business units” were found to be relevant measures and important to have. However, these measures were found to be too much time consuming to collect in formal manner, like satisfaction surveys. The best way to get data for these measures was found to be just informal discussions with the core business people and the top executives. “No of loss of business due to FM service failure” was found to be the most
relevant measure for the case unit, although the measure does not really reveal the success of CREM, rather the failure.

Although the implementation of the measures was found to be a slight failure, the case unit started thinking performance measurement more profoundly. They recognised that at this moment they need not show their relevance to the core business, but in the future there might be a time when they need to have measures and tools, which show the actual benefit of CREM for the core business. Before the research they did not have any measures for internal use either. In the study the model was used for creating these kinds of measures for them, and after the study they will continue using two or three measures identified with the model.

3.6 Examine the scope of applicability of the construct
In the last two phases of the constructive work, the researcher(s) should become detached from the empirical details and consider wider implications, i.e. external validity. The sixth step involves discussing those aspects of the construct that could be transferable to other organisations (Labro and Tuomela, 2003). In the case of failed implementation, it is possible to consider implementation problems that are also likely to emerge in other organisations (Lukka, 2000).

Kasanen et al. (1993) presents tests for market based validation of managerial implications. The “weak market test” is passed when a manager is willing to apply the construct to his or her actual decision-making problem. The “semi-strong market test” is passed if the construct is widely adopted by companies. Passing the “strong market test” requires that the business applying the construct systemically produces better results than those not using it. However, in a constructive case study it is practically impossible to go beyond the weak market test, where the main issue is whether or not the case organisation has adopted the construct (Lukka, 2000). Nevertheless, Labro and Tuomela (2003) states that constructive case researchers can and should assess the transferability of their construct, at least to some extent.

It could be seen in this research that the weak market test is passed because the case unit was willing to adopt the model in practice. It was found that the model served the case unit well in clarifying their real estate strategic aims and helped them to concentrate more on the relevant issues from the core business point of view. The model was also used for developing a set of measures, which identifies how well the CREM unit is achieving their aims. Most of these measures were found to be not very useful in practice, but a few of them were found to be important, and they will continue using those.

Based on the research results, the researcher is hopeful in regard to the applicability and the transferability of the original “model for identifying and measuring the value added by corporate real estate” to other organisations. In this study, the model was tested in the industrial business environment. It would be interesting to conduct a similar case study in some more knowledge intensive organisation and study if the measures created with the model work better. It seems that the original model works best in defining and clarifying the strategic aims and real estate decisions and actions, which helps the organisations to achieve these aims. Based on this research, the original model included the most important strategic ways, through which CREM can create value to the core business. The actual real estate decision might change a bit from organisation to organisation and there may be some decisions, which should be
added to the original model as well. In the case study, for example, the real estate
decision, such as “Fast reaction time to the core business changes” is not included in
the original model, but it is an important and general issue, which could be included.
Besides the results of the implantation, this study provides a guideline to other
organisations how the original model could be adopted in another business context.

3.7 Showing the theoretical contributions
According to Lukka (2000) there are two primary ways of contributing to theory in
constructive studies. First it is possible that the construct itself is of such a novel that it
introduces an awareness of a completely new means to achieve certain ends. Second, a
constructive case study can serve the purpose of developing, illustrating, refining or
testing a theory (Keating, 1995).

In this study, the emphasis is mainly on the first type of contribution. The general
“model for identifying and measuring the value added by corporate real estate” is a
novelty that develops the relationship between corporate strategic management
systems and real estate decisions and operations. This leads to better means to identify
and prove the contribution of real estate to the firm and the possibilities that exist for
adding value. The field has been lacking this kind of model. However, the model still
needs to be developed further. In this study, the tested measures were developed for
measuring the CREM unit’s ability to achieve their aims, but there is also an obvious
need to the measures, which demonstrate the benefits of CREM for the core business in
economical figures.

4. Discussion
The aim of this research was to describe the creation process of a “model for
identifying the added value of CREM”, implement the developed model in a case
organisation and test whether it works in practice. The study presents the main idea of
the original model, which could be used in helping firms to determine which real estate
strategies are the most effective for their circumstances, and which measures could be
used for measuring the CREM performance. By using these measures it would be
possible to show how well each strategy is adding value to the firm and how well
CREM creates added value for the core business of an organisation. The model can be
also used for determining which real estate strategies are most effective for the firm’s
circumstances, and which measures could be used for measuring the CREM
performance.

In the case study the developed “model for identifying and measuring the value
added by corporate real estate” was used for clarifying the case organisation’s real
estate strategy and for developing appropriate performance measures to match their
strategy. Although the implementation of the measures did not succeeded as well as
was hoped, the case unit found the model useful in defining the core business relevant
real estate strategy. The few measures developed with the model were found to be
useful as well: the case unit will continue using two or three measures identified with
the model. Moreover, this constructive study helped the case unit managers to solve
their problems and contributed to theory. The general “model for identifying and
measuring the value added by corporate real estate” is a novelty that develops the
relationship between corporate strategic management systems and real estate
decisions and operations. This leads to better means of identifying and proving the contribution of real estate to the firm and the possibilities that exist for adding value.

The other objective of this research was to present the main steps of constructive research approach and examine the applicability of this research approach into real estate and facilities management related research. Constructive research approach was originally developed in the field of management accounting in the 1980s in order to assist management accounting academics in taking the more active role in improving the existing practices and gaining deeper understanding of the actual practices of the organisations. Even if real estate and facilities management is an applied science, as management accounting, and the main focus in both of the research fields is running business organisations, it is surprising that there has not been much real estate related research applying this research approach. In this research the constructive research approach provided clear guidelines, which helped the researcher in conducting the research. Especially the implementation phase of construct benefited from the literature describing constructive research processes. By explaining and illustrating the issues characteristic of this constructive research process, the legitimacy of this approach is aimed to increase within the academic field of facilities and real estate management.

References


Further reading


Corresponding author

Anna-Liisa Lindholm can be contacted at: anna-liisa.lindholm@tkk.fi

To purchase reprints of this article please e-mail: reprints@emeraldinsight.com
Or visit our web site for further details: www.emeraldinsight.com/reprints