ENABLING PROCESSES FOR STRATEGIC OUTCOMES: CRE IN THE AUSTRALIAN PRIVATE AND PUBLIC SECTORS

NICOLA BRACKERTZ
Swinburne University of Technology

CHRIS HEYWOOD
University of Melbourne

and

RUSSELL KENLEY
UNITEC Institute of Technology, New Zealand

ABSTRACT

Private as well as public sector organisations now recognise the contribution that CRE makes to enabling the processes that lead to desired strategic outcomes. Here a focus group study is described that identifies issues in Australian CRE, contrasting the public and private sectors. Building on this, the authors present a strategic facilities management tool that was developed as a major initiative with eight local government partners in Victoria, Australia. Quantitative as well as qualitative data is contributed by multiple stakeholders via a centralised database that is accessible over the Internet, thereby facilitating access from multiple points as well as benchmarking. Indicators relate to strategically important aspects of facility performance and can be weighted according to their strategic importance.

Keywords: Corporate real estate, facilities management, private sector, public sector, Logometrix, key performance indicators

INTRODUCTION

Interest in CRE has increased in recent years as organisations in the private and public sectors are beginning to recognise the contribution real estate can make to organisational processes and desired strategic outcomes. This has fostered a number of national and international research initiatives in the field.

Drawing on a number of interconnected studies, this paper presents research in the Australian context conducted by the Corporate Real Estate and Asset Management Research Group (CREAM), University of Melbourne, Swinburne University of Technology, Australia and UNITEC Institute of Technology, Auckland, New Zealand. The first study presented here identifies issues in Australian CRE, contrasting the public and private sectors. Building on this, the authors describe a strategic facilities management tool that was developed as a major initiative with eight local government partners in Victoria, Australia. Issues highlighted relate to the identification of strategic
goals, communication between stakeholder groups and the strategic measurement and benchmarking of facility performance.

ISSUES IN FACILITIES PERFORMANCE MEASUREMENT

There is a fast growing interdisciplinary body of thought on performance measurement that has been variously applied to the management of facilities and CRE. Generally, it is acknowledged that property performance measures should relate to the main business indicators and that corporate and property strategies need to be aligned (Tranfield & Akhlaghi, 1995; Walters, 1999; Adendorff & Nkado, 1996).

This has caused facilities management to take a more comprehensive view of its role within the organization as an enabler of strategic objectives (Alexander, 1996; Englert, 2001), leading to the development of ideas and practices of integrated facilities management (Then, 1999; Bon, McMahon & Carder, 1998; Bitici, Carrie & McDevitt, 1997). Accompanying this has been a suite of models that link facility performance to the achievement of desired business outcomes (Bon, McMahon & Carder, 1998; Tranfield & Akhlaghi, 1995; Varcoe, 1996; Amaratunga et al., 2000; Walters, 1999). This is an important shift, because it means that facilities are no longer reduced to the role of providing space as needed and operating within a set of financial parameters, but are now seen as organizational process enablers.

However, the uncritical transfer of models from the general literature on performance measurement to CRE cannot be advised. Similarly, models developed for the private sector are not always applicable to a public sector context. As will be shown, any model or tool applied to CRE must take into account the specific role of real estate within the organisation and must also account for that organisation’s particular strategic circumstances.

With the rise of strategic management, performance indicators have been adapted from primarily financially-based measures to embrace multi-dimensional approaches. Traditional measures derived from costing and accounting systems are limited as the sole tool for performance evaluation as they are historical, lack strategic focus, are not externally focussed, and provide limited information appropriate to management decision making. Furthermore, financially-based measures lack the ability to reflect aspects of service quality and customer satisfaction.

Perhaps the most influential of the “new” approaches to performance measurement in recent times has been Kaplan and Norton’s “balanced scorecard”, which balances four perspectives of performance (customer perspective, internal perspective, innovation and learning perspective, financial perspective) in relation to desired strategic outcomes (Kaplan & Norton, 1992). It has become popular with industry because of its ability to combine a diverse set of performance measures that are aligned with the corporate mission. The central tenet is quite simple; performance must be measured against corporate aims, balancing financial and non-financial perspectives. Applications of the balanced scorecard have also been variously discussed in the literature on facility performance (Amaratunga, Baldry & Sarshar, 2000; Apgar, 1995; Apgar, 1995a; Apgar, 1995b).
The performance measurement tool described here adopts the balanced scorecard’s fundamental principle—namely that performance must be assessed against the organisation’s strategic aims—and applies it specifically to property. However, it diverges from the balanced scorecard in a number of significant ways. While the balanced scorecard measures management opinion on a range scale, the approach adopted here is to remove the reliance on management opinion (and potential bias) and seek quantitative and qualitative indicators of facility performance from a range of stakeholders. In determining areas of strategic importance, the tool discussed here departs from the areas of strategic importance suggested by Kaplan and Norton (1992) and instead uses performance criteria relevant to strategic property performance.

**CRE MANAGEMENT IN AUSTRALIAN PRIVATE AND PUBLIC SECTOR ORGANISATIONS**

The value of the focus group study described here is twofold. It provides insights about the attitudes and practices of Australian CRE managers and it contrasts the private and public sectors.

Focus groups were designed to explore Australian attitudes on the main international CRE research concerns which can be loosely grouped into the following areas: structuring of CRE within the organisation; making CRE more strategic; performance measurement; financing CRE; view of CRE within the firm; CRE decision making processes; skills needed by CRE managers in the future; governance within the organisation and the relationship to CRE.

Two focus groups were conducted, one with representatives from the private sector, the other with representatives of the public sector. Table 1 summarises the focus group sampling outcomes with regard to organisational type and participant numbers.

**Table 1: Focus Group Outcomes**

<table>
<thead>
<tr>
<th>Sector</th>
<th>Approached</th>
<th>Agreed to participate</th>
<th>Participated</th>
</tr>
</thead>
<tbody>
<tr>
<td>Private</td>
<td>15</td>
<td>8</td>
<td>6</td>
</tr>
<tr>
<td>Local &amp; State Government</td>
<td>16</td>
<td>7</td>
<td>4</td>
</tr>
</tbody>
</table>

**Private Sector Focus Group**

The main themes raised during the focus group with representatives from private sector organisations can be summarised as follows:

- Property is of significant worth to the organisation because of its ability to enable the organisational processes that contribute to the achievement of business (strategic) aims; i.e. it is the physical place where the organisation creates its wealth.

- The coordination of business and property strategies is crucial to successful CRE management.

- The success of strategic property management depends on endorsement and support from high levels within the organisation.
• A centrally organised CRE unit is strategically advantageous as proximity to the management core of the organisation facilitates the alignment of corporate and business strategies.

• Strategic property management must consider the customer interface, selection of the right location and the design of the customer interface.

• Financial aspects of CRE were heavily emphasised. In this context, the returns on capital investment into property must be compared to the returns on other capital investments in order to assess their worth to the organisation.

The present orthodox view is that property assets do not belong on a corporation’s balance sheet as they are not core business. It is thought that they lock up large amounts of capital that would be better deployed in core activities. The corporate focus group challenged this orthodoxy by emphasising the strategic nature of real estate assets. Simply removing property assets was identified as short-term reactive thinking at odds with strategic approaches to corporate property. Focus group participants preferred a strategic approach that emphasises how property adds value because of its ability to enable processes that lead to strategic outcomes.

**Government Focus Group**

In Victoria, Australia, the move to strategic property management by government organisations resulted from the recent municipal amalgamations, privatisation of government business units, the introduction of corporate planning processes and accrual accounting for local government authorities (LGAs), compulsory competitive tendering (CCT) and the Best Value regimes.

The focus group responses of the government group mirrored the concerns of the corporate group. However, the strategic and operational environments of government organisations differ significantly from those of the corporate arena and therefore a number of additional items were included.

The primary differences between the private and public sectors lie in the latter’s governance responsibility and its mission to provide services to the community. In the CRE arena, this finds expression in the fact that government considers the derivation of community benefit a satisfactory return on property assets, rather than relying on financial considerations alone. Government organisations also placed more emphasis on transparency and accountability, although it was acknowledged that government organisations operate in a politically charged environment and political processes sometimes override strategic considerations.

**Implications For Strategic Performance Measurement**

Both private and public sector organisations recognised the value of CRE to enabling strategic outcomes. However, their diverging strategic outlooks necessitate different CRE management considerations; corporates emphasised the necessity for property to contribute to the financial bottom line, while the government group was more concerned with benefit to the local community through service delivery. These differences go directly to the heart of the question: “What is the role of CRE in the organisation?”

Where the private sector aims to enable to processes that lead to increased bottom line performance, the public sector requires CRE to enable the processes that allow better
delivery of services to the community within the contexts of governance and public accountability.

STRATEGICALLY MANAGING AND MEASURING CRE IN THE PUBLIC SECTOR

The second study reported here is of a facility performance measurement tool specifically tailored to the needs of local government organisations in Australia. The primary characteristics of this tool are: strategic areas of facility performance are identified and are able to be weighted according to their strategic importance; data is collected portfolio-wide, thereby enabling consistent CRE management and performance assessment; quantitative as well as qualitative data is contributed by multiple stakeholders; the tool is linked to a centralised database and is accessible over the Internet, thereby facilitating easy access from multiple points as well as benchmarking. Governance and public accountability considerations were explicitly considered in the development of performance indicators.

While the tool described here was developed to specifically address the needs of local government, the focus on strategic process enablement, weighting of strategic Key Performance Indicators (KPIs), its modular structure and the fact that it allows for data input by multiple stakeholders, allows the tool to be adapted for use by private sector organisations.

Figure 1: Balanced Performance Measurement

The project emerged from a pilot study on the strategic measurement of facility performance with one LGA in Melbourne, Australia (Brackertz & Kenley, 2002). The pilot aimed to satisfy governance and public accountability objectives and was premised on the insight that facility performance must be evaluated in relation to service delivery if it was to fully account for local government’s strategic goals. The pilot took a stakeholder approach and identified four perspectives of facility performance, namely service, physical, financial and community/customer perspectives (Fig. 1). A set of indicators were developed for each perspective. An evaluation of facility performance
was then reached by weighting the indicators for the four perspectives with reference to 
the organisation’s strategic goals; eg; service indicator (40%), physical indicator (30%), 
financial indicator (15%), community/customer indicator (15%).

The pilot study was highly successful and generated considerable interest with other 
local government authorities (LGAs). Subsequently, a larger collaborative project, 
Logometrix (Local Government Facilities—Strategic Performance Measurement) was 
initiated. Logometrix is a collaboration between eight LGAs in Victoria, Australia, a 
software company and a legal firm, with research conducted by Swinburne and 
Melbourne Universities, Australia and UNITEC Institute of Technology, Auckland, 
New Zealand.

The brief was to develop an integrated performance measurement tool for local 
government that would:

- account for LGAs strategic objectives of service delivery to the community, 
- governance and public accountability; 
- allow for input by multiple stakeholders; 
- enable inter-council benchmarking; and 
- be accessible over the Internet.

Research Design
In order to refine the pilot model and make it applicable to multiple organisations, a 
collaborative action research approach was used. This meant that the participants in the 
research were also the main stakeholders. In this ‘ground-up’ approach, the issues raised 
during the research process drove the research. An action research methodology was 
chosen because the study was based around the needs of industry partners.

The aim was to transform the process of data collection and property values in LGAs 
through a process of critical inquiry. In doing so, the knowledge and expertise of council 
staff were utilised to inform the development of the model at every stage of the research. 
At the same time, the close interaction between researchers and council staff was a way 
for participants to learn about the Logometrix tool and was also a vehicle to foster 
cultural change within the organisation.

This aspect of cultural change was considered core to the project. The necessity for 
involving organisational stakeholders to arrive at a comprehensive and representative 
performance measurement system has already been highlighted (Walters, 1999; 
Atkinson, Waterhouse & Wells, 1997), but has not yet been widely applied to the 
measurement of facility performance.

In practice, the alignment of strategy, work processes and provision of the optimal 
enabling physical environment is often hampered by organisational hierarchies and 
divisions between business units and stakeholder groups. Differences in communication 
styles between stakeholders, a lack of commitment from senior management who still 
often perceive the management of operational real estate to be lower level function, or a 
lack of access to or availability of relevant information about facilities performance in 
relation to desired strategic outcomes are just some of the issues that have to be 
considered.
Drucker (1992) makes an illustrative observation:

Because the modern organization is comprised of specialists, each with his or her own narrow area of expertise, its mission must be crystal clear. The organisation must be single-minded or its members will become confused. They will follow their own speciality rather than apply it to the common task. They will each define 'results' in terms of their own speciality and impose its values on the organisation. Only a focused and common mission will hold the organization together and enable it to produce.

The primary stakeholders in council facilities were identified (asset and facilities managers, managers of council services, the community) and asked to participate in the research. A combination of focus groups, a modified Delphi technique, face-to-face interviews and a workshop were used to involve stakeholders and to elicit responses and on-the-ground knowledge from research participants. In all instances, participants were targeted selectively on the basis of their expertise and knowledge about facilities, service delivery and council decision-making processes.

To ensure continuity, the same participants were asked for their input during the various stages of the research. Where this was not possible (e.g. because individuals had changed jobs), persons in similar positions and with similar expertise as the initial research participant were asked for their input.

Research began with a series of focus groups designed to identify councils' strategic objectives. A total of seven focus groups were conducted with representatives from each of these stakeholder groups. Each of these stakeholder groups corresponded with a 'segment' in focus group design. Logometrix aimed that each focus group be composed of one person from each of the eight participating LGAs. Where persons with key knowledge about LGA's facilities and services were not available to participate in the focus groups, one-on-one interviews were conducted using focus group questions (Table 2).

Table 2: Stakeholder Group Surveys

<table>
<thead>
<tr>
<th>Stakeholder group</th>
<th>FG 1</th>
<th>FG 2</th>
<th>FG 3</th>
<th>FG 4</th>
<th>FG 5</th>
<th>FG 6</th>
<th>FG 7</th>
</tr>
</thead>
<tbody>
<tr>
<td>Asset managers / FM</td>
<td>7</td>
<td>7</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
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<tr>
<td>Managers of services</td>
<td></td>
<td>5</td>
<td>8</td>
<td>8</td>
<td>5</td>
<td></td>
<td></td>
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<tr>
<td>Councillors</td>
<td></td>
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<td>4</td>
</tr>
</tbody>
</table>

Focus groups:

- sought articulation or interpretation of council's strategic objectives in relation to participants' area of operation;

- asked participants for examples of good and bad facilities they were aware of, and what the good and bad elements of these facilities were;

- asked for the important measures of facility performance; and
• explored crucial information needed about facilities by stakeholders and the communication and procedures between the various stakeholder groups – the difficulties, the processes, the realities.

Focus groups were analysed to identify councils’ needs in relation to measuring facility performance. This needs analysis formed the basis for the Logometrix model. Because researchers felt that additional information was required about certain aspects, a workshop with facility and asset managers from each council was conducted to collect supplementary data. The Logometrix model was then fed back to councils using a Delphi questionnaire. Responses from the Delphi enabled the construction of the final Logometrix model. Simultaneously, researchers worked with a software developer to develop the Logometrix software application.

**Communication**

The theme mentioned most frequently by all groups participating in the project was that of communication between the different areas within council and the impact of communication processes (or lack thereof) on decision making and outcomes. Most participants stressed that good internal communication between business units (services, facilities and asset management, councillors and the strategic planning area), as well as communication between council and the community, facilitated better planning processes, better decision making and better outcomes for all concerned. Stakeholders have to understand each other’s priorities, plans and needs.

The need for good communication to facilitate better outcomes was stressed in relation to:

• maintenance requests and prioritisation;
• strategic planning;
• operational planning;
• planning for new buildings;
• planning for services; and
• liaison with the community.

Bad decision-making and communication breakdown occurred most often because of:

• a lack of commonly understood definitions for terminology leads to misunderstandings;
• a lack of suitable processes for communication between units within council and with the community, committees of management, and outsourced service providers;
• a lack of, or difficulty in, accessing relevant data;
• politics overriding council decision making processes; and
• communication processes are seen to be too time consuming.

**THE LOGOMETRIX MODEL**

While the pilot had used four perspectives of facility performance (Fig. 1), the expanded Logometrix research with multiple councils identified six perspectives of facility
performance that were strategically important to councils (Fig. 2). The two new additions were the utilisation and environmental perspectives.

Utilisation had been included as a sub-aspect of the service perspective in the pilot model. Focus groups and the results from the pilot implementation of the model showed utilisation to be a useful and highly significant indicator of facility performance warranting consideration in its own right. Consequently, utilisation was 'promoted' from being a subset of the Service Perspective to being a perspective in its own right. Initially, the Building Perspective had included a sub-set of data called Energy Efficiency. However, it was shown that many councils now manage according to the principles of the triple bottom line, which includes economic, social and environmental outcomes. Research participants felt that this meant environmental performance was an important aspect of facilities and should be considered in its own right. Consequently, the Environmental Perspective became the sixth perspective and accommodates experts' suggestions.

The final Logometrix model balances the following six perspectives representing councils' strategic objectives (Fig. 2), each of which is made up of an number of elements:

- **Service Perspective**
  Councils aim to provide facilities that enable the effective delivery of services that are appropriate and meet the needs of the community.

  Elements: transport accessibility, safety, location, disability access, equity of access, design and fitout, building functionality

- **Physical Perspective**
  Councils aim to provide buildings that are fit for the purpose for which they are being used.

  Elements: building condition, maintenance, compliance, risk and duty of care, IT capability, flexibility

- **Community Perspective**
  Councils aim to provide facilities that support and facilitate the delivery of services that meet the needs of the community.

  Elements: community satisfaction, community participation

- **Financial Perspective**
  Councils aim to provide facilities that are economically sustainable and are affordable to the community.

  Elements: service cost, building cost

- **Utilisation Perspective**
  Councils aim to provide facilities that are available to the community at times of demand and that are well utilised.
Elements: opening hours, user numbers, capacity, demand

- **Environmental Perspective**
  Councils aim to provide facilities that are environmentally sustainable.

  Elements: Australian Building Greenhouse Rating Scheme, energy management, recycling, waste management, building materials

**Figure 2: Six strategic perspectives of facility performance**

<table>
<thead>
<tr>
<th>Services Perspective</th>
</tr>
</thead>
<tbody>
<tr>
<td>• Transport</td>
</tr>
<tr>
<td>• Safety</td>
</tr>
<tr>
<td>• Location</td>
</tr>
<tr>
<td>• Disability access</td>
</tr>
<tr>
<td>• Equity</td>
</tr>
<tr>
<td>• Design &amp; layout</td>
</tr>
<tr>
<td>• Building functionality</td>
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</tbody>
</table>

<table>
<thead>
<tr>
<th>Community Perspective</th>
</tr>
</thead>
<tbody>
<tr>
<td>• Community participation</td>
</tr>
<tr>
<td>• Community satisfaction</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Financial Perspective</th>
</tr>
</thead>
<tbody>
<tr>
<td>• Cost of physical operation of the facility</td>
</tr>
<tr>
<td>• Cost of service provision through the facility</td>
</tr>
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</table>

<table>
<thead>
<tr>
<th>Physical Perspective</th>
</tr>
</thead>
<tbody>
<tr>
<td>• Condition</td>
</tr>
<tr>
<td>• Compliance</td>
</tr>
<tr>
<td>• Risk &amp; duty of care</td>
</tr>
<tr>
<td>• Design and layout</td>
</tr>
<tr>
<td>• IT capability</td>
</tr>
<tr>
<td>• Flexibility</td>
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</tbody>
</table>

<table>
<thead>
<tr>
<th>Utilisation Perspective</th>
</tr>
</thead>
<tbody>
<tr>
<td>• Open hours</td>
</tr>
<tr>
<td>• Visitor numbers</td>
</tr>
<tr>
<td>• Capacity</td>
</tr>
<tr>
<td>• Demand</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Environmental Perspective</th>
</tr>
</thead>
<tbody>
<tr>
<td>• Energy use</td>
</tr>
<tr>
<td>• Recycling</td>
</tr>
<tr>
<td>• Building materials</td>
</tr>
<tr>
<td>• Waste</td>
</tr>
</tbody>
</table>
Calculating And Using The Indicators

Each of the Logometrix Perspectives is represented by a Key Performance Indicator (KPI). These are the top-level indicators used to determine how well council facilities are performing according to the agreed upon strategic goals.

Underlying each KPI is a set of Element Scores. These lower level indicators capture aspects of performance that are prerequisite to the achievement of strategic goals. Each Element in turn is derived from a set of raw data about the facility. Together these three tiers of data and indicators are a powerful tool for evaluation of facility performance.

Beginning with the broad overview provided by the KPIs, councils can ‘drill down’ to the next level of data, the Element Scores, to obtain more detailed information about facilities’ strengths and weaknesses. Raw data, finally, can pinpoint specific reasons for a facility’s success or failure.

Weighting Of KPIs And Benchmarking

Weighting of KPIs enables councils to emphasise certain aspects of facility performance according to strategic priorities. The weighting system also allows an overall facility score to be calculated, thereby providing an “at a glance” snapshot of facility performance. Each facility is scored out of a total possible 100. In addition, the weighted score allows a ranking of facilities, thereby enabling benchmarking comparisons to be made. In this way, facilities may be compared within their own category (e.g. customer service centres) or across categories (e.g. libraries with childcare centres).

The weighting process is best illustrated by way of an example (Fig. 4).

3. Each perspective KPI is assigned a weighting out of 100 according to its strategic importance. The individual councils undertake this weighting process. In this example (Fig. 3), the Council of Sharing Caring decides that its main aim is to provide services that meet community needs. Service provision and community satisfaction are considered the most important objectives (weightings of 25 and 20 respectively), while the cost of running the facility and environmental performance are thought to be the least important aspects (weighted at 10 each).

4. KPIs for each facility are calculated using the Logometrix tool.

5. Within facility categories, an average is taken for respective KPIs.

6. KPIs for the individual facility are then compared to the average for all facilities of its category. If the individual facility performs at or above the category average, it is awarded the weighting score according to the table. If the facility performs lower than the category average, a weighting score of 0 is recorded.

7. The weighted scores are then added up for each facility, thereby providing the overall weighted facility indicator score out of 100.

8. Facilities may then be ranked against other facilities of that type, or cross-facility type comparisons may be made.
Figure 3: Weighting Perspectives

<table>
<thead>
<tr>
<th>Perspective Indicator</th>
<th>Weighting</th>
</tr>
</thead>
<tbody>
<tr>
<td>Service Perspective</td>
<td>25</td>
</tr>
<tr>
<td>Community Perspective</td>
<td>20</td>
</tr>
<tr>
<td>Building Perspective</td>
<td>18</td>
</tr>
<tr>
<td>Utilisation Perspective</td>
<td>17</td>
</tr>
<tr>
<td>Environmental Perspective</td>
<td>10</td>
</tr>
<tr>
<td>Financial Perspective</td>
<td>10</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>100</strong></td>
</tr>
</tbody>
</table>

Figure 4: Calculating the overall facility score

**Step 1**
Council assigns weighting out of 100 to each Perspective.

**Step 4**
Perspective indicators are compared to the category average. If the facility performs at or above the category average, the weighting score is assigned according to the table. If the facility performs lower than the category average, a weighting score of 0 is recorded.

**Step 2**
Perspective indicators are calculated.

**Step 3**
A category average is taken for each Perspective Indicator.

**Step 5**
The weighted scores are summed for each facility resulting in the overall Weighted Facility Indicator out of 100.

<table>
<thead>
<tr>
<th>Indicator</th>
<th>Weighting</th>
<th>Perspective Score</th>
<th>Category Average</th>
<th>Score</th>
</tr>
</thead>
<tbody>
<tr>
<td>Service Perspective</td>
<td>30</td>
<td>3.23</td>
<td>3.06</td>
<td>30</td>
</tr>
<tr>
<td>Physical Perspective</td>
<td>10</td>
<td>3.26</td>
<td>3.18</td>
<td>10</td>
</tr>
<tr>
<td>Financial Perspective</td>
<td>10</td>
<td>3.88</td>
<td>3.06</td>
<td>0</td>
</tr>
<tr>
<td>Community Perspective</td>
<td>20</td>
<td>3.62</td>
<td>3.5</td>
<td>20</td>
</tr>
<tr>
<td>Utilisation Perspective</td>
<td>15</td>
<td>1/1.1</td>
<td>0.85/1.02</td>
<td>15</td>
</tr>
<tr>
<td>Environmental Perspective</td>
<td>15</td>
<td>3.12</td>
<td>2.8</td>
<td>15</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>100</strong></td>
<td></td>
<td></td>
<td><strong>90/100</strong></td>
</tr>
</tbody>
</table>

CONCLUSION

CRE can make a significant contribution to achieving organisations' strategic objectives by enabling strategic functions. However, for any tool of CRE management to be successful, the strategic objectives and the strategic environment of the organisation must be explicitly considered. It is not desirable to uncritically transfer models from the private sector to the public sector due to the differing strategic environments.

The focus group study showed that while private and public sector organisations in Australia share similar issues about CRE, the desired outcomes of CRE management differed considerably. Private sector organisations emphasised improved performance of the financial bottom line, while public sector organisations operate within the framework of governance and public accountability obligations and considered improved service delivery to the community to be the desirable outcome of CRE management.
CRE has taken the hint from general developments in performance measurement. However, care must be taken to adapt these models sensibly and sensitively to the context. This is especially important in the area of local government, where facility performance measurement systems should enable better service delivery rather than being used as instruments of managerial control.

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