

## Three Things to Consider for Your Location Strategy

### Key Findings

- Corporate Real Estate (CRE) often focuses on accommodating near-term space needs and neglects critical long-term planning. Although 95% of CRE heads report that they create one year operating plans, only 18% of them report that their organizations create longer-term strategic portfolio plans.
- The best CRE functions actively solicit input from nontraditional stakeholders and then use that input to better assess locations as part of their portfolio plans.

### Step 1: Expand the Scope of Location Assessments

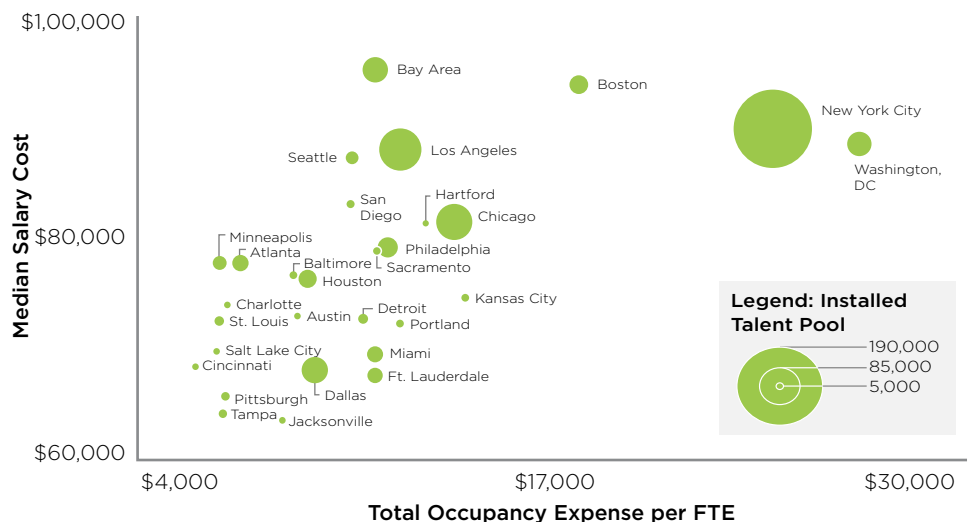
Real estate costs are only a small fraction of location strategy. The best CRE functions inform their analysis with an understanding of corporate strategy, long-term business needs, and labor markets.

To do this, take the following steps:

- Partner with key functions to understand business talent needs.
- Incorporate high-level strategic objectives into the planning process.
- Use the strengths of cross-functional partners.
- Compare talent costs with real estate costs across major metropolitan areas to enhance location strategy and identify potential new locations.

### Talent Cost and CRE Cost: United States

Major Talent Pools, by Median Salary<sup>a</sup> and Occupancy Cost for the Insurance Industry



Source: CEB TalentNeuron™; CEB 2015 Cost and Space Benchmarking Initiative.

<sup>a</sup> Salary data is reported in US dollars, analyzed for Q1 2015, and defined as the base salary for talent with 3-7 years' experience in the insurance industry. Salary cost does not include other cost parameters such as bonus, benefits, communication, and infrastructure.

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## Step 2: Integrate Assessments into Clear Decisions

Expanding the scope of location assessments requires CRE to balance a larger set of inputs in the evaluation process. The best CRE functions do this consistently and transparently, with scorecards and decision criteria to make and communicate difficult choices.

To do this, take the following steps:

- Focus on key inputs, and communicate decisions clearly to stakeholders.
- Translate corporate objectives into real estate decisions.
- Quantify locations' turnover, engagement, and attraction benefits.
- Use the inputs to evaluate potential exit and savings opportunities.

## Step 3: Make Informed Financing Decisions

Most CRE functions make unilateral lease versus own decisions without a complete understanding of business considerations. Learn how to select the right mix of metrics to make financing decisions.

You can do this by working with business partners to build a weighted scorecard of lease versus own considerations.

## What This Means for You

Historically, CRE has evaluated locations based on cost considerations and immediate business need. This process misses key corporate and strategic priorities, such as labor costs and new product development. The best CRE functions gather input from nontraditional stakeholders to develop a comprehensive workplace assessment.

Here are some sample resources we have to help:

- Enhance your current location strategy by comparing talent availability and salary data for markets in the United States and Europe with our **Advanced Location Strategy Report**, created in partnership with CEB TalentNeuron™.
- Use our **Cost and Space Benchmarking Resource Center** to gather unparalleled insight on portfolio performance and savings opportunities.
- Use our **Strategic Portfolio Management Playbook** to move upstream in the planning process to proactively sense and meet business needs.

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