

Is property costing your business a fortune?

many businesses are not aware that property is often their second highest cost after people, yet it's rarely discussed at board level – unless there's a problem! However, a 2002 report by the Royal Institution of Chartered Surveyors, identifying that UK plc wastes at least £18bn annually on unnecessary property costs, reveals the importance of this topic.

In a recent presentation to IoD, City Branch members, Andrew Pegg and Chido Ikeyina of Midas Corporate Consulting gave some fresh insights into the often neglected impact property has on businesses' bottom line. They highlighted the importance of managing property effectively to improve business performance and offered some practical steps as a means to de-mystifying how this might be done.

What often influences a business's approach to the effective choice and use of property is a lack of relevant knowledge at senior management and operational level. This results in limited awareness of the potential cost savings, productivity improvements, risk transfer and value, arising from specialist corporate property expertise and experience.

In contrast, property professionals who may well understand the technical aspects of property, will probably have little understanding of what the overall business objectives might be.

The conflict between the landlord's desire to maximise values through achieving the best possible rents when leasing space and the need to minimise costs doesn't help. This leads to businesses missing opportunities to optimise their use of property

and a sense of inertia and resignation within commerce and industry.

Midas suggested that enterprises seeking out the specialist skills developed in the corporate real estate sector can address property issues in a business-focused way. This expertise and experience will lead to a proactive and strategic approach to property, satisfying requirements while reducing cost, ultimately impacting on the bottom line.

As a starting point, the senior management team need to first identify property as a priority issue and then appoint a champion who will carry the agenda to develop a strategic and tactical approach to its management. The next objective is to assess the business's requirements and to audit whether its current property is a match.



Andrew Pegg

Midas then described how to assess what property a business can afford and how to address the competing issues of balancing cost while generating value, certainty with flexibility and productivity with a quality working environment.

Although much of the focus today is on cutting costs, there is a strong need for finding best value in business, people, IT, financial and property terms. Ultimately, all these factors can come into play in arriving at a final integrated property solution that will generate value for the business over time.

All property decisions will have a significant impact on the profitability of any business. However, with a strategic approach, advanced planning and specialist advice, property issues can be turned into opportunities that will yield a significant competitive advantage. This may be through reducing costs, extracting latent value, transferring risk and maximising productivity; all ultimately boosting your profitability.

For further information see www.midascorporateconsulting.com



City skyline viewed from the south bank of the Thames



The Alderman's Tale

WAt a recent event of The Worshipful Company of Horners held at the Painters' Hall, City Branch Chairman, Alderman David Brewer, gave a highly interesting and informative account of his progression from joining the Merchant Taylors' Company as an apprentice at 14 to becoming its Master in 2001/02, an Alderman since 1996 and Sheriff in 2002/03.

Founded in 1284, the Horners Company is both an ancient livery company and a modern

institution. As the craft of working in horns declined, in 1943 the Company had the vision to adopt its modern equivalent. Today the Horners Company is the livery company for the Plastics and Polymer Industry.

Stressing the importance of continuity in the City and the need for its organisations to adapt to changes and new challenges, David's talk covered the government of the City as well as current developments in the Corporation of London and livery

companies. He also outlined the new voting system and encouraged everyone to get more involved in the activities of the City, including considering standing for election in one of the City's 25 Ward Clubs.

Our Honorary Secretary, Mei Sim Lai who is the Honorary Treasurer and a member of the Court of the Horners Company, will be pleased to provide more information to anyone interested in the activities of the Horners.