

PMRE MONITOR 2015

Process Management Real Estate Monitor



External benchmarking – internal cost optimization

Management Summary

The research model for the analysis of the topic Benchmarking examines on the one hand, the systematics in benchmarking and on the other hand the achievable optimum. The systematics are composed of benchmarking methods and key figures. Research hypothesis is that benchmarking contributes to corporate success and the use of these methods and key figures helps to achieve an optimum. This optimum itself is measured in terms of performance efficiency and goal achievement in the field of Real Estate.

A total of 88 companies shared their information on practical implementation of benchmarking methods with the market analysis 'External benchmarking – internal cost optimization'. It is noticeable that in particular the design of the processes in benchmarking has a high degree of maturity. If, however, the strategic concept development or the support of benchmarking by IT systems is considered, there is still need for improvement.

The benchmarking key figures mostly used in the market are based on information for occupancy. The top 3 are the net rent, closely followed by the area-based vacancy rate and the contractual rent. Rather cut off are transaction-related indicators, such as the capitalization rates of sold and bought property. Here, as elsewhere in the analysis is confirmed: There is a lack of transaction data in the market.

The present analysis shows not only the use but also the need for key figures. The greatest demand is in the key figure for the time processing per accounting of service charges and is consistent with the identified market inefficiencies in the processing of the service charges. It is also noticeable that particular performance figures are high in demand but not available in the market. These figures show performance volumes of services per employee or time units and enable a comparison of effectiveness.

Under the focus of optimum firstly the performance efficiency and secondly the goal achievement of the Companies are measured. For 72 services in property management, the question was asked how high the efficiency improvement potential is assessed. The largest potential of an increase in efficiency has the performance for developing and controlling the object strategy. It is surprising that the subject of the study – the performance field Benchmarking – also is a top candidate for performance optimization. Other fields with large deficits are the guidance of facility management and data management.

In terms of goal achievement it is shown that two-thirds of the defined goals were not met in the market. Despite this sobering outcome, there are also positive outcomes to report. In the market there seems to be no major problems with irrecoverable rent arrears and financing issues seem solved. Alarming, however, is the low degree of target achievement in the area of employee satisfaction and employee turnover. In the labor-intensive real estate sector, these signals should be carefully followed. In addition, the IT tools and data management are examined with high deficits.

Finally, correlation analyzes show the usefulness and effect of benchmarking methods and key figures. The basic research hypothesis, the benchmarking helps to eliminate conduction deficits and increase goal achievement can be confirmed. Both benchmarking figures and the methods used to show positive effects on performance efficiency and corporate goals. Moreover, another circumstance was noted: The more intense benchmarking is operated, the more inefficiencies are discovered in the service areas. The principle, I know that I do not know, applies here as well and shows that benchmarking does not always lead directly to success, but helps to identify the correct guideposts.

Impressum

Herausgeber

Hochschule für Technik und Wirtschaft Berlin

Prof. Dr.-Ing. Regina Zeitner
Wilhelminenhofstraße 75A
D-12459 Berlin

pom+International GmbH

Dr. Marion Peyinghaus
Westendstraße 73
D-60325 Frankfurt am Main

Autoren

Hochschule für Technik und Wirtschaft Berlin

Prof. Dr.-Ing. Regina Zeitner
Romina Weißbach

pom+International GmbH

Dr. Marion Peyinghaus
Stefanie Zapke
Leyla Varli

Titelgrafik: Nicole Janke

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Hochschule für Technik und Wirtschaft Berlin

Prof. Dr.-Ing. Regina Zeitner
Wilhelminenhofstraße 75A
D-12459 Berlin
Tel.: +49 30 50 19 43 67
www.htw-berlin.de

pom+International GmbH

Dr. Marion Peyinghaus
Westendstraße 73
D-60325 Frankfurt am Main
Tel.: +49 69 90 74 98 30
www.pom.ch