Improving CRE decision making at Oracle: Implementing the PAS procedure with a brute force approach

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Purpose—Alignment of corporate real estate to a corporation’s business strategy is a long-standing issue. In the past multiple models have been developed to support this process, but research shows that they fall short on certain parts of the CRE alignment activity, often lack transparency and fail to choose the real estate strategy that delivers most value to the organisation. The Preference-based Accommodation Strategy (PAS) procedure has been proposed as a solution to these issues and results in two pilots are positive. However, to optimise the results, a brute force approach should be implemented in the procedure. This paper reports on a pilot study wherein this PAS procedure 3.0 was tested and evaluated.

Approach—A literature study is conducted to develop a theoretical basis for the implementation of a brute force approach in the PAS procedure. This procedure is implemented in a pilot study by building a mathematical model. During the pilot the users improved the reflection of their preferences in the model, in an iterative process of manually designing portfolio alternatives. A brute force approach is applied to the final model to yield the optimum portfolio alternative. The implementation of the brute force approach is evaluated and it is determined if the approach yields a higher preference rating than the stakeholders can achieve by manual design.

Findings—The pilot study shows that the brute force approach is able to improve the results over the manual design and yields a 7% increase in the real estate alignment compared to the current portfolio. The evaluation results reveal that the implementation process results in acceptance of- and trust in the model. Moreover, the users are very positive about the PAS and indicate that the model better reflects their preferences than their current process. They even indicate that they want to incorporate the tool in their daily decision-making process.

Implications—This pilot study was less complex than previous pilots, therefore the PAS procedure 3.0 should be tested in more complex pilots to discover the boundaries of the brute force approach but to use it where possible. This pilot study has shown that the PAS procedure 3.0 is able to improve the corporate real estate (CRE) decision-making process and hereby improve the corporate real estate (CRE) alignment. This will result in more added value of real estate to the businesses in which the tool is used.

KEYWORDS: Corporate real estate management, Preference measurement, CRE Alignment, Decision support systems, Decision-making