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site **SELECTION**

Locations and partners gear up to deliver a world-class work environment for the world's leading companies.

In the campaign for jobs and capital investment, savvy economic developers and corporate real estate service providers have moved beyond traditional approaches to winning business location decisions. Understanding the needs of their corporate prospects and clients is still tantamount to success in the highly competitive arena, but those needs have shifted.

Simply put, corporate real estate has become a key part of many leading companies' strategic plan. There's a central focus on corporate infrastructure integration and the evolution toward a new business model based on today's networked global economy. Communities and service providers competing for corporate facilities and accounts need to grasp this new model to thrive in the digital era.

As the world's leading professional association for corporate real estate executives, CoreNet Global is setting the context for a new way of doing business through an important initiative, Corporate Real Estate 2010: Enabling Work in a Networked World.

This new industry research and leadership thrust will validate a vision of the corporate real estate executive of the future, according to CoreNet Global chairman Sean B. McCourt.

"By the year 2010, we believe the network will be the enterprise—where the enterprise will be agile but sustainable and built on an integrated infrastructure that is capable of supporting continuous adjustments needed to optimize work," notes McCourt, chairman of Ford Land, the real estate subsidiary of Ford Motor Company.

"Work, itself, will be

done by collaborative teams operating across time and space to leverage the knowledge and talent of a global workforce," he explains. "As a result, the role of the workplace and corporate real estate is being transformed as traditional boundaries become irrelevant."

Inside this new world are opportunities for economic developers and corporate service providers to

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capitalize on. The underpinnings for these 'new age' corporate partnerships are found in strategic global alliances, a vital aspect of Corporate Real Estate 2010.

Following the recent launch of Corporate Real Estate 2010, seven teams of corporate real

estate and service provider leaders will explore new findings about workplace management, the strategic role of place, service delivery, corporate infrastructure, asset and portfolio management, technology and the web, and enterprise leadership.

Yet the shifting tide doesn't stop with workplace delivery and management. Corporations are partnering with community and service interests that also understand the importance of technology, the impact of sustainable development, and the critical nature of risk management.

"It's all adding up to a strong trend toward outsourcing," comments Milton Segarra, executive director of the Puerto Rico Industrial Development Company (PRIDCO). "The practice of contracting key support services with economic developers and other alliance partners has become the predominant tool for cost savings, increased efficiency and greater shareholder value from the corporate perspective."

As a recent CoreNet Global

Newell Rubbermaid

The latest addition to Georgia's corporate headquarters roster is Newell Rubbermaid, the 16th Fortune 500 company to call the Peach State home. The \$7.5 billion housewares manufacturer will open its new headquarters and training facility north of Atlanta in 2005. The \$35 million, 225,000-square-foot facility will be on a 15-acre site in North Fulton County.

Newell Rubbermaid, purveyor of such household brands as Calphalon, Rubbermaid, Levolor and Lenox power tools, conducted a nationwide search for its new headquarters. Georgia's transportation infrastructure helped clinch the deal. Newell Rubbermaid is an inter-

national company. Atlanta's Hartsfield International Airport and the state's rail and highway systems allow employees and products to easily reach markets around the world.

In addition to Georgia's strategic location and ease of transportation, the state's quality of life, highly-skilled workforce, incentives and innovative training programs contributed to the decision. Georgia's Department of Industry, Trade & Tourism worked with Newell Rubbermaid for more than a year to identify a location and to help the company take advantage of the state's job tax credits, land acquisition and infrastructure support.



Cornerstone Regional Development Partnership



Fidelity National Financial, Inc., the nation's largest title insurance company, announced plans in April to relocate its corporate headquarters to Jacksonville from Santa Barbara, California. The move came on the heels of Fidelity's recent acquisition of the financial services division of ALLTEL's Information Services subsidiary for \$1.05 billion. Fidelity is ranked 326 on the FORTUNE 500 list.

Fidelity moved to Jacksonville for the same reasons Expansion Management magazine selected the city as the nation's "hottest city" for corporate expansion and relocation for the third time in five years. The City's economic development efforts, consolidated city and

county government, absence of state and local income tax, strong labor pool, and high quality of life all contribute to Jacksonville's position as one of the top cities for corporate expansion and relocation.

Jacksonville's Cornerstone Regional Development Partnership is comprised of 300 top private sector corporate entities in the Jacksonville area—in partnership with the Jacksonville Regional Chamber of Commerce, Jacksonville Electric Authority, the Jacksonville Economic Development Commission, regional county partners—Baker, Clay, Duval, Nassau, Putnam and St. Johns—WorkSource, the Jacksonville Port Authority, the Jacksonville Airport Authority and others.

survey, Corporate Real Estate Outsourcing: 10 Years Later, observes, "With the economy remaining stagnant, nothing indicates that the focus on cost savings and expense reduction will diminish any time soon." And outsourcing has become the central focus for adding value.

"This allows us to develop a keen understanding of what really drives key decisions within our business units. Now, instead of handling the details of transactions, project management and facility management, our primary focus is on balancing the optimum internal client relationship model with our outsourced model," says Frank A. Robinson, MCR, vice president of corporate real estate for health-care giant McKesson Corp., based in San Francisco.

Robinson's recent decision to retain strategic planning and internal client relations but to move to a more centralized corporate real estate business model reflects an industry-wide change. According to the CoreNet Global outsourcing survey, 85% of respondent firms "operate in either a centralized or

hybrid organization."

The survey, done in partnership with Columbia University and Ernst & Young, also identified a growing tendency toward the downsizing of internal corporate real estate departments in favor of outsourced support services that currently center mostly on lease and portfolio administration (50%), and transaction management services (57%).

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However, nearly three-fourths of the responding companies noted that they have decided to keep strategic planning in-house, affirming CoreNet Global's push to bring more corporate real estate executives to the board room level.

How does this bode for companies and organizations that serve corporations? "In an age of

global service companies, 84% of firms revealed that the geographic coverage of their providers was very important."

Equally important in the growing mix of global services and site selection decisions are the expectations that companies have toward their outsourced partners. Expense reductions (83%) and regular reporting infrastructure (81%) rank as the top value clients expected to receive from their external partners; next was standardization of processes across portfolios (72%).

According to W. Glenn Cornell, commissioner of the Georgia Department of Industry, Trade & Tourism, these findings underscore the dramatic changes on the corporate recruitment and service landscape. "Locations and partners who best understand the new mindset of the corporate real estate executive, and corporations' strategic needs, will be the indisputable winners in the competition for facilities, jobs and investment."

Jacksonville Chamber of Commerce president Walter M. Lee echoes that sentiment. "You

About CoreNet Global

With more than 7,500 members based in 25 countries, CoreNet Global is the world's premier professional association for corporate real estate executives, service providers and economic developers. Members manage more than \$1.2 trillion in real estate and workplace assets globally. As the industry thought and opinion leader, CoreNet Global offers the MCR (Master of Corporate Real Estate) serving as the industry's most prestigious professional designation. For more information, please log onto www.corenetglobal.org.



have to offer strategic knowledge and resources that link to the global economy and the inter-networked world."

Among the other forces that are changing the way companies choose locations, sustainable development is foremost.

Corporations know the benefits that come with the positive envi-

ronmental impact, neighborhood preservation and systems that run better and smarter. "Sustainable design is not just good for the environment—it makes good business sense," adds Sean McCourt of CoreNet Global and Ford Land, which recently received the Leadership in Energy and Environmental Design (LEED) award from the U.S. Green Building Council for the reclamation of a 600-acre brownfield known as the Ford Rouge Center.

"The CoreNet Global Summit set for October 2003 in Atlanta will feature the first Sustainable Design Leadership Awards in conjunction with the American Institute of Architects and the International Interior Design Association.

Like sustainable development, risk management has become integral to the operations of all global companies. In fact, the CoreNet Global Industry Leaders Roundtable identified risk management among the top five areas of focus for most corporations today. Protection of employees,

facilities, systems, intellectual capital and other assets is now integrated into virtually all site and organizational decisions being made in the post-9/11 era.

The demonstrably more complex world of corporate real estate viewed in full requires the future partners of global firms to climb inside the heads of their clients, adopting the reverse perspective that groups like CoreNet Global can facilitate for them.

Ultimately, it requires a strong insight into what Deloitte & Touche's George Bouris, MCR, describes in a recent edition of CoreNet Global's professional journal, Corporate Real Estate Leader, as the corporate real estate executive of the future. "Corporate real estate executives and their teams will derive greater long-term recognition and value by facilitating broader business decisions such as how to optimize the supply chain and identify key geographic markets. Such actions will put the real estate executive at the forefront of a company's business decisions." It will do the same for their business partners.

— Richard Kadzis



Biotech, Pharmaceutical Companies, and Others Invest Heavily in Puerto Rico

It was the kind of "correction" a Secretary of Commerce loves to see. In 2002, Amgen, the world's largest biotechnology company, announced plans to build a bulk manufacturing center near its existing facility in Juncos, Puerto Rico. Preliminary figures showed an investment of \$470 million on a facility that would employ 440 people.

But by March of this year Amgen, citing the enormous worldwide growth in demand for its products, had amended those numbers to \$800 million in capital investment

and 600 employees. Work on the facility alone has created 1,300 construction jobs.

Amgen's was only one of a series of new and expanded facilities in Puerto Rico announced over the last 18 months. Eli Lilly, Abbott Laboratories, Pharmacia, and Hewlett Packard among others have combined for well over \$2 billion in new capital investment in Puerto Rico, creating thousands of new jobs.

These firms cite many reasons for their confidence in Puerto Rico, especially the quality of the workforce and the cooperative relationship with the Commonwealth's leaders. No "correction" needed there!

Milton Segarra, Secretary of Economic Development and Commerce, PRIDCO