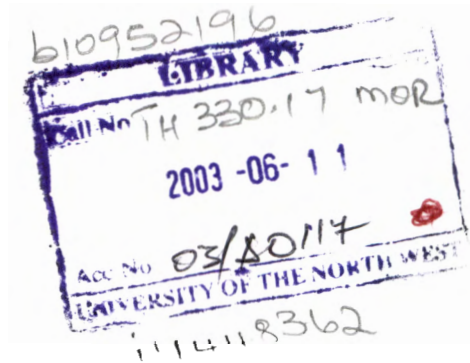


THE RELEVANCE OF STRATEGIC PROPERTY ASSET MANAGEMENT IN BOTSWANA

BY



MPHO MOREMONG

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DEGREE OF MASTER OF BUSINESS ADMINISTRATION IN THE
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SUPERVISORS: MR. G.D. SETSETSE
MR K. ODAME-TAKYI

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Special thanks be to God for his love and sustenance.

DECLARATION

I declare that the dissertation for the Degree in Masters of Business Administration at the University of North – West hereby submitted, has not previously been submitted by me for a Degree at this or any other University, that it is my own work in design and execution and that all material contained herein has been duly acknowledged.

MPHO MOREMONG

ABSTRACT

The purpose of this study was to examine the relevance of strategic property asset management in Botswana and to determine the place of property management in corporate strategy in Botswana.

Little has been documented about corporate strategic property asset management in developing countries such as Botswana. Similarly, little attention has been paid to the place of strategic property management in corporate strategy. The literature reveal that there is a need for the strategic property asset management principle to be clearly placed and to be taken account of at the highest level of corporate decision making in any organisation in order to strengthen the role of the property portfolio. This in turn requires the establishment and development of a sustainable in-house expertise in the application of Strategic Property asset Management (SPAM) in order to boost future returns from the property portfolio of any organisation.

The literature also revealed that effective application of SPAM required organisations to set performance objectives, measurable targets, and monitoring and evaluation procedures.

The literature also indicated that an innovative property portfolio strategy could add millions to the bottom line of organisations.

The subjects' of the study were the Bank of Botswana, Property Asset Management and Botswana Insurance Fund Management. The questionnaires were sent to these organisations and this was followed with semi structured interviews to clarify the issues which may not have been clear in the questionnaire. The results from the survey were analysed. The study revealed that:

- The majority of organisations did not have clearly stated property objectives but rather the management was more reactive.
- Property data and information systems required for proactive management such as costs were poorly kept and all the three organisations were not satisfied with the information they had and therefore had a more reactive management.

- Most organisations did not have set performance measures to monitor property.
- Two of the three organisations did not have the head of property management sitting in the Board of Directors meetings.
- From the survey it is clear that property as a strategic resource has begun to take its rightful place in all the organisations.

On the basis of the issues identified from the literature and the empirical study, the study recommended the following:

- Corporate real estate professionals need to acquire general management skills to effectively manage property assets. This will enable them to understand the organisation's overall objectives.
- Property audits should be used, as a tool to establishing what property the organisation owns, this will involve having a data base that will give information needed to make strategic decisions.
- Performance measures and guidelines should be established to assist in evaluating property performance.
- Organisations should set clear objectives and translate them into property objectives which is a fundamental prerequisite to best practice in property management.
- Top management, especially company finance managers, should encourage setting benchmarks for performance not only in investment terms, but in relation to cost management to avoid complacency in dealing with property assets.
- A further study be done in two year's time to see how the above companies would have benefited from SPAM.

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CHAPTER 1

ORIENTATION

1.1 Introduction

This chapter introduces a study on the relevance of strategic property asset management in Botswana. It commences with a background to the study followed by the statement of the problem; significance of the study; scope of the study; research methods; organisation of the study and summary.

1.2 Background to the study

Botswana is a developing country, which from modest beginnings, has achieved and sustained unprecedented economic growth since the eighties. The property and construction sectors became overheated, precipitated by land shortages, substantial demands for housing in the urban centres, a hunger for commercial offices and retail space as well as a desperate need for industrial accommodation (Rowland, 1995:2).

As a result the property demand in Botswana has rebounded since the early 1990's and in its wake, organisations (and likewise individuals) have acquired substantial real estate assets for either operational and/or investment purposes (Rowland, 1995:3). The significant expansion in property development and ownership – driven primarily by companies - both local and foreign – has not been accompanied by any comparable improvements in the manner in which such properties are managed. In particular, there has been a noticeable inertia on the part of corporate managers to adopt and apply proven principles and practices in the management of their property portfolio (Rabalone, 1998:15). A case in point, and the one on which this study focuses is that of strategic property asset management (SPAM). SPAM is a recent approach to property management, which has gained wide currency on grounds of its efficiency advantage (Harris, 2000:15). The low level of awareness of SPAM is perhaps not unique to Botswana alone. Harris further states that businesses in the UK

are only now waking up to the fact that property makes up the vast majority of their non financial assets – and that an innovative property portfolio strategy can add millions to the bottom line.

The literature indicates that there is a need for the strategic property asset management principle to be clearly placed and to be taken account of at the highest level of corporate decision making in any organisation in order to strengthen the role of the property portfolio (Avis, Gibson & Watts, 1991:68). This in turn requires the establishment and development of a sustainable in-house expertise in the application of SPAM in order to boost future returns from the property portfolio of any organisation.

The general literature also clearly suggests that the effective application of SPAM would require the practising entities to set performance objectives, measurable targets, and monitoring and evaluation procedures (Oxford Brookes University & University of Reading, 1993:30). According to Avis and others, these will enable management to:

- (i) Assess the pre and post introduction impact of the strategic property asset management principle on improving the contribution of the property portfolio of a firm, to its profitability;
- (ii) identify where management may be failing or succeeding, and the corrective measures necessary, where applicable; and
- (iii) measure the impact of SPAM on the profitability of the entire organisation.

1.3 Statement of the problem

While SPAM has been adopted and applied in several countries because of its contribution to the expansion of the profitability of the real estate portfolio of a firm and the firm's overall performance - in Botswana the SPAM principle and practice has not attracted the attention of corporate managers despite a potentially booming market. In light of the above the question that invariably springs to mind is why corporate managers have paid little attention to the SPAM principle and practice in Botswana?

1.3.1 Purpose of the study

The purpose of the study was to examine the issue of whether or not SPAM could be beneficial in some way to companies operating in Gaborone, Botswana and what those benefits might be.

1.3.2 Objectives of the study

Based on the background of the study and the problem statement, the following were the objectives of the study, to:

- (i) determine from the literature the nature, scope and advantage of strategic property asset management,
- (ii) examine the existing practices and processes for real estate management in Botswana, and
- (iii) demonstrate the benefits of SPAM to Botswana real estate companies if adopted and practised.

1.3.3 Research questions

The study attempted to answer the following questions.

- (i) What is strategic property asset management?
- (ii) Where does property fit into the overall organisation structure?
- (iii) How is strategic property asset management implemented by Bank of Botswana, Property Asset Management and Botswana Insurance Fund Management?
- (iv) How is data collected, kept and analysed in Bank of Botswana, Property Asset Management and Botswana Insurance Fund Management?
- (v) Which group(s) within the organisations is/are responsible for different types of property decisions?

- (iv) How is property performance monitored and evaluated in organisations?

1.4 Significance of the study

The study focused on a new principle in the management of property. It demonstrates that property, viewed as an asset or resource, could be more efficiently managed yielding significant, incremental financial returns through the application of the principle of SPAM. With this illustration, it is hoped that corporate entities will embrace the principle of SPAM at the highest level of corporate management. This would have the merit of improving the rate of returns on investments in real estate, inducing additional investments by corporate entities which in turn would help to satisfy the rapidly expanding demands for residential, business and industrial properties at the differing levels and in the various locations where these are required throughout Botswana.

The study also adds to the body of the existing literature on SPAM.

1.5 Scope of the study

The study was based on three organisations in Botswana, which are located in Gaborone, the capital city: namely Bank of Botswana, Property Asset Management and Botswana Insurance Fund Management

1.6 Research methods

The study utilised the following research methods to gather and analyse data on the strategic property asset management principle:

1.6.1 Literature review

A comprehensive review of the primary and secondary literature was undertaken in order to gather information on SPAM. The computer

based ERIC and DIALOG search were used with the following keywords:

- Property asset management
- Strategic management
- Strategic property asset management, to name a few by way of illustration.

A general survey of the literature, inclusive of the CD-ROM's, University of Botswana and Wits University Libraries, Chartered Surveyor Monthly Journals, Internet search engines mainly Yahoo.Com and Infoseek.Com were used. The list of secondary sources consulted is outlined in the bibliography.

1.6.2 Empirical investigations

The study used the following methods of empirical investigations:

1.6.2.1 Case study

Three organisations, randomly chosen, were used as units of analysis.

1.6.2.2 Data collection

Data was collected mainly through a questionnaire. Non structured interviews and documentary research were also used.

1.6.2.3 Data analysis

The data collected was largely quantitative in nature and the analytical techniques employed sought to establish their qualitative significance. Results are represented in tables and graphs and their significance were ordered and explained. The techniques used and the results attained in themselves suggested further data collection, the use of different techniques and alternative methods of qualitative analysis of the results.

1.7 Organisation of the study

The study is organised into five chapters namely:

Chapter 1

Orientation

Chapter 2

Literature review

Chapter 3

Research Design

Chapter 4

Analysis and interpretation of results

Chapter 5

Summary, findings, and recommendations.

1.8 Summary

This chapter introduced a study on the relevance of strategic property asset management in Botswana. It commenced with a background to the study, statement of the problem; significance of the study; scope of the study; research methods; and organisation of the study.

CHAPTER 2

LITERATURE REVIEW

“Any investigation whatever the scale, will involve reading what other people have written about your area of interest.” (Bell, 1993:35)

2.1 Introduction

This chapter starts by defining property, strategy, asset and management. The chapter then discusses the following: traditional approaches to managing property, the reasons for property management, functions of property management, nature and scope of SPAM, the beneficial results derived in the practice of SPAM and summary.

2.2 Definitions

Clarification of the terms property, strategy, asset and management is essential to guide this study, and more importantly to underline how effective strategic property asset management should be implemented to actualise its objectives.

2.2.1 **Property:** (The Oxford dictionary, 1988) defines property amongst others as something of value, either tangible, such as land, or intangible, such as copyrights. The dictionary also defines property as land or real estate. Sirota (1997:80) defines property as anything that can be owned. Sirota further defines real estate as land and all natural and man made improvements permanently attached thereto. To own real estate is not only to possess the physical property but also to acquire certain legal rights to its continual peaceful utilisation and redistribution (Millington, 1990:21). Thus when one acquires real estate one also acquires an accompanying bundle of rights in the property. These are the rights of use, possession, control, enjoyment, exclusion and disposition, and they change the definition of real estate to real property. Hines (1980:13) also refers to real property as the interests, benefits and rights inherent in the ownership of the real estate. She further states real property is

the bundle of rights with which the ownership of real estate is endowed. These would include the right to sell, to give property away, to use the property, to lease the property, to either do improvements and to refuse to exercise any of these rights. It is fair to state that property is a multidimensional concept with various interpretations. To some extent these interpretations could be ascribed to different use and distribution, which also guide the extent to which property is managed. For the purposes of this study, the definition adopted would therefore be real property.

2.2.2 **Strategy:** (The Oxford dictionary, 1988) define strategy as the art or science of the planning and conduct of a war. Strategy is the direction and scope of an organisation over long term (Johnson & Scholes, 1990:67). Ideally these would correlate the resources available to management to the changing environment of the organisation, its markets and customers or clients to meet stakeholders expectations. Strategies are broad overall priorities or directions adopted by an organisation: strategies are choices about how best to accomplish an organisation's mission (Allison & Kaye, 1997:2). Strategies are about choosing how best to respond to the circumstances of a dynamic and sometimes hostile environment. Being strategic requires recognising property management choices and committing to one set of responses instead of another. The characteristics usually associated with the words 'strategy' and 'strategic decisions' are as follows (Grant, 1998:31):

- strategic decisions focus on the scope of an organisation's activities. For instance, does and or should an organisation concentrate on one (core) area of activity, or on several, and if it is the latter what important impact should be ascribed to it,
- strategy is matching an organisation's activities to the environment in which it operates, and
- strategy also entails matching an organisation's activities to its resource capabilities.

Grant (1998:32) defines strategy as thinking about and deciding how an organisation can harness and expand its resources and capabilities to create,

sustain and exploit competitive advantages. Hence the key to a successful strategy lies in its consistency with the firm's goals and values, its external environment, its resource capabilities – all aligned to its organisation and management systems. In the past greater emphasis has been placed on a firm's external environment when formulating strategy. However, of recent there has been a surge of interest in the strategic analysis of a firm's internal environment, the role of resources and liabilities, as the principal basis for strategy and the major determinant of an organisation's profitability. This has given rise to the resource-based view (RBV) theory, ably enunciated by Grant (1998:40) as crucial to the success of SPAM. Both definitions will be adopted for the purpose of this study.

2.2.3 **Asset:** (Oxford dictionary, 1988) defines an asset as anything valuable or useful. Property is therefore seen to be an asset as it is valuable and/or useful. Stover, (2001:12) defines asset as resources controlled by the company from which future benefits will flow. They include cash, inventory, debtors, prepaid expenses, equipment, buildings and motor vehicles.

2.2.4 **Management:** Several definitions have been given to management by different authors and scholars. (Oxford dictionary, 1988) defines management as the technique, practice, or science of managing or controlling. Follet (1995:5) defines management as the art of getting things done through people. Follet further defines management as the process of administering and co-ordinating resources effectively, efficiently, and in an effort to achieve the goals of the organisation (Follet, 1995:5). Effectiveness being concerned with how well the organisation achieves its objectives. Efficiency on the other hand is achieved by using the fewest available resources to attain the highest possible output. The fewest resources input in this case could be anything from human, financial, technological information and through to real estate. In this broad sense, the term management is applicable to all types of business, including all aspects of the property management. The term property management denotes the management (or administration) of a property to achieve the objectives of the owner of the property. The management may be

undertaken by the owner himself/herself (whether the owner is a person, a company or any other legal entity).

2.3 Reasons for property management

As property is complex and unique, and as many property owners either know relatively little about property principles and practices or do not have the time or desire to manage their properties, the management of property has developed as a specialised branch of the property (real estate) business (Real Estate College, No date:5).

If the reason for property ownership is to provide a long-term return on the investment in the property, the objective of the property manager is to ensure that required return as far as it is in his or her power to do so. If the objective of the property management is for own use or use by others, the objective of property management is to maintain the suitability of the property for the required use. In both cases, therefore the objective of property management is to maximise the net return whilst preserving and enhancing the capital value and future of the subject matter. The return may be variously measured in terms of income growth or capital appreciation or a combination of the two. (Millington, 1991:10)

2.4 Functions of property management

According to Marity and Ghyoot (1990:145 –150) four levels of management can be distinguished in any business:

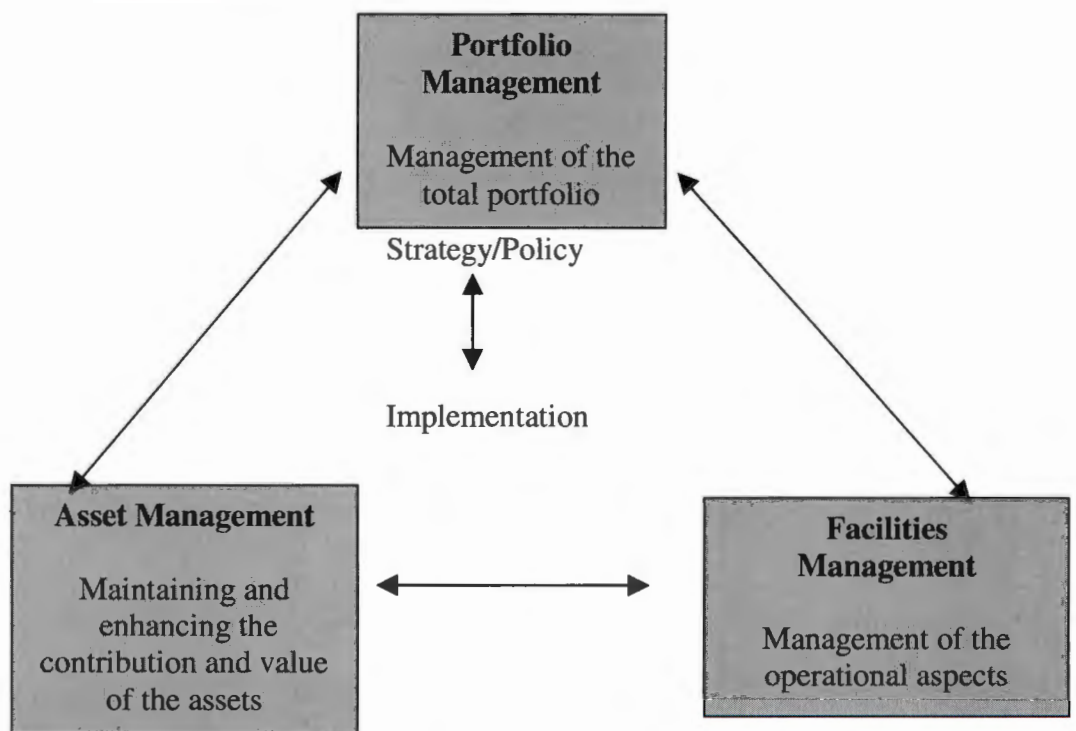
- Top or strategic management: which is planning for the future of the business to arrive at the goal of the business.
- Functional management: which is the management of the various functions of the business, like marketing, personnel and finance.
- Supervisory management: which is overseeing the work being done by others.
- Self management: which is the management of a person by himself or herself and includes planning, organising, motivating and evaluating his or her own work.

These four levels can also be distinguished in property management and would be grouped as follows (School of Estate Management, 1993:4-6):

- *Portfolio Management* – which is concerned with the formulation and monitoring of an organisation’s property strategy so as to achieve overall organisation goals at appropriate level of cost that maximise property’s value and returns to the organisation.
- *Asset Management* – which is the management and associated activities involved with the implementing and monitoring property objectives with regard to recording, auditing, purchasing, developing, disposing, leasing, taxing, appraising and legal rights aimed at meeting the needs of the stakeholders.
- *Facilities Management* – which is concerned with the implementation of organisational property objectives with specific relevance to the occupational and physical aspects of the portfolio. It is primarily concerned with the immediate administration and operation of individual premises within the portfolio, but also with the establishment of strategy and standards for the whole portfolio.

Figure 1

Property Management – relationship between functions



Source: *Property Management Performance Monitoring, School of Estate Management, Oxford Brookes Management, 1993, GTI, Oxon.*

Figure 1 shows the relationship between these functions. At the portfolio level, strategic consideration will be given for, and the manner in which all property is held, and the best strategies to follow to ensure that the maximum benefits for the organisation are derived. For example if the property is held for investment purposes, then the organisation's strategy will primarily relate to capital and income growth and the mix of property type within the portfolio in order to spread risks. Alternatively, if properties are held as part of the business, then issues such as the best operational location, the industrial relations benefits from fit-out policies and standard images in the market place are likely to be important considerations.

2.5 Traditional approaches to managing property

For the purpose of this study it is important to explore briefly the traditional way of managing property (Avis & Gibson, 1995:15).

- *Reactive Management* – Properties are often managed in a reactive manner. The work is driven either by the short – term requirements of an organisation or by the property itself.
- *Landlord versus tenant objectives* – Landlord is concerned with maintaining and enhancing the value of the asset while the tenant is concerned with minimising the cost of occupancy and obligations. This would lead to the property being not well maintained as either the tenant or landlord would not carry their contractual obligations of regular programme of repair and decorations leading to obsolescence.
- *Lack of performance monitoring* – Lack of explicit property objectives leads to little monitoring of the performance of property or its management.
- *Inadequate information* – The information required in order to make informed decision is often lacking.

2.6 Nature and scope of SPAM

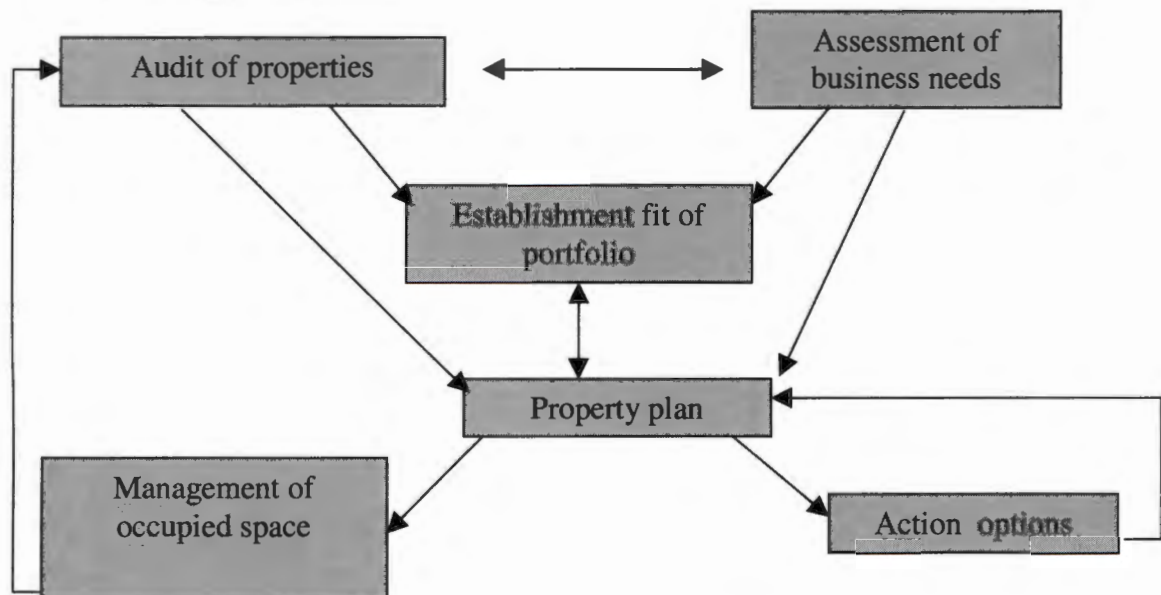
In contrast to the traditional approaches to managing property, the strategic property asset management approach is concerned with formulation and monitoring of an organisation's property strategy so as to achieve a property portfolio and it

management that achieves overall organisational goals at appropriate levels of cost, i.e., maximises property value and contribution to the organisation (School of Estate Management, 1993:30).

A proper strategy for the management of property must by definition embrace the following components; audit of property, assessment of business, property plan, action plan and management and monitoring. All this components are interrelated as per figure 2.

Figure 2

Property strategy components



Source: Presentation to Oxford Brookes University by Jones Lang Wootton, November 1995, Oxford.

To assess how well a property portfolio, or individual property within that portfolio is performing, it is necessary to set a series of targets or indicators to act as a benchmark for measurement. In the same way that an organisation may spread its risk in terms of investment property by ensuring a mix of both property types and geographical spread, so the risks for an operation can be minimised through careful planning and monitoring of the property portfolio (Nouse, 1993:58).

An 'ideal world scenario' can be created by setting out the appropriate resources required to meet projected growth and decline of investment and the impact of

policies and legislation. This can be matched against the results of an audit of the portfolio in order to establish the gap between actual and required property assets, strategic plans for the development of the property portfolio to meet organisational requirements can then be established (Oxford Brookes University & University of Reading, 1993:31).

A property audit can be carried out to varying levels and degrees and could establish what actual properties exist in the portfolio, their location and size, their rental cost and value, maintenance and running costs, tenure and lease terms, use restrictions and many other such measures. To what level the audit should go is for the organisation to determine (Oxford Brookes University & University of Reading, 1993:32).

Any property audit should be carried out against a clear set of criteria and it is important for the organisation to establish what it wishes to know about its property resources. Some possible considerations for criteria are: (Oxford Brookes University & University of Reading, 1993:32 & Thorncroft, 1965:4)

- a) The collection of properties (factual)
 - size of portfolio
 - type of individual property
 - geographical spread

- b) Physical
 - age of buildings
 - quality and design of buildings
 - type of buildings
 - specialised buildings or uses

- c) Financial details
 - capital value
 - rental income
 - covenant of occupiers
 - capital available now and in the future

- d) Legal details
- nature of legal interests – Whether it is leasehold or freehold
 - authorised planning use class
 - lengths of leases
 - terms of leases
- e) Opportunities and prospects
- redevelopment/ upgrading
 - possible disposal
 - possible rearrangements of leases
- f) Deficiencies requiring attention
- underachievement
 - unacceptable level of risk
- g) Other considerations
- In formulating a strategy the property manager will need to consider and advice on a number of issues;
- state of current holding – Is it sound, weak, deficient e.t.c
 - current yield – Is it appropriate to risk, whether likely to be sustained; opportunities for improvement
 - appropriate size of individual investment
 - mix/balance/rebalance
 - disposals
 - acquisitions
 - renegotiations
 - enlargement of portfolio
 - targets

A prerequisite of any approach to setting out proposals and determining a strategy for a portfolio is the availability of information. There must be a reliable database sufficient to enable the units within the portfolio to be assessed for suitability initially

without inspection. The information collected should be sorted and stored methodically.

The basis of strategies will depend in each case upon the pattern of rights, privileges and obligation that are comprised in the estate, and these must be clearly understood if they are to be employed to maximum advantage.

The property requirements of any organisation will change over time. If property audits are carried out with the same regularity as strategic business plans are reviewed, then the property portfolio can be developed in accordance with the planned changes for the organisation's activities (Jones Lang Wootton, 1995:18).

SPAM should have regards to the needs of the organisation. For example, an insurance company committed to providing pension payments will wish to match its income to actual projections of its commitments in future years; part of its policy could therefore take account of reversionary investments showing a low return for some years to come.

Selection is paramount; unless the right decisions are made at the investment stage, there is only a limited amount that can be achieved through strategic planning.

2.7 Performance monitoring

Once the strategy has been developed, costed and adopted, the strategy must be kept under constant review and if necessary adapted to internal and external influences likely to affect it. The strategy should not inhibit consideration of unexpected opportunities where the fund is a general one, the question of asset allocation will have to be addressed.

The main concerns of most investors are the expected return and the level of risk associated therewith. One tends to influence the other but as most investors are risk averse, the return is likely to reflect the determination of the investor to avoid any undue risk.

According to Avis & Gibson (1991:39), the first objective in measuring the returns from the property portfolio is based on a target rate of return on capital for the organisation, adjusted to allow for the nature of the risk of the particular investment. Having measured the property portfolio performance against the company's target rate of return, the second objective is to compare the performance of the property portfolio with the performance of the property market and similar property owners. (Avis & Gibson, 1991:40).

According to Oxford Brookes University and University of Reading (1993:21), the indicators, which are commonly used to describe the performance of property, and used as benchmarks for performance monitoring, are:

a) *Income growth* - Income growth is the expedition of rental value appreciation, although the fact that any increase will have to await implementation in line with the provisions of the lease must be taken into account.

b) *Capital value growth* - Change in capital value is a function of the combined effect of rental change and yield movement.

c) *Rate of return* -

d) *Total return* – derived from the return on rent or income together with the overall increase in the capital value.

e) *Weighting*

f) *Payback method*

g) *Return on capital employment approach*

h) *Discounted cash flow approach i.e NPV technique and IRR approach.*

i) *Discounted payback method*

All these indicators can be disaggregated and this is undertaken by property type (offices, retail, industrial, with further disaggregation into sub sectors, for example, high street shopping centres, retail warehousing) and regional location.

According to Avis & Gibson (1993:35), underpinning any performance measurement system is the availability and utilisation of data and information. This is the base upon which any measures are built.

2.8 Beneficial results derived in the practice of SPAM

For the purpose of this study, UK examples are used because of the availability of literature on SPAM. According to Alan White, a Chartered Surveyor and head of property at British Telecoms, the application of SPAM in a 10 year restructuring scheme of the company's properties, has resulted in savings of \$500 million a year in property costs. Royal Mail and Woolworths also resulted in savings of millions of Pounds over a year in property costs in application of SPAM in a restructuring scheme of a period of 10 years.

Besides the financial results the other beneficial result is that of efficiency as property is managed proactively rather than reactively as there would be adequate information needed for decision making.

2.9 Summary

It clearly shows from the literature review that property resource is both significant and dynamic and should be well managed to add to the bottom line of organisations. From literature review the following conclusion can be made:

- Setting clear organisational objectives and translating them into discrete property objectives and strategy disseminated throughout the organisation is a fundamental prerequisite to the successful application of the SPAM principle in the efficient management of a firm's property resources.
- It is vital to establish at the highest level of the organisation, a SPAM portfolio, vested in a senior executive. Its strategic focus should be on the purpose for and the manner in which all property is held, and the best strategies to follow to ensure that the maximum benefits are derived from the portfolio in question and likewise to the organisation as a whole.
- Effective SPAM is best achieved by setting performance objectives and measurable target and monitoring and evaluation procedures. The review of the

literature and specific case studies in the UK demonstrates conclusively that firms applying the principle of SPAM to real estate management produce better financial results than those that do not.

CHAPTER 3

RESEARCH DESIGN

3.1 Introduction

The major design in this study was the case study. Specifically three companies were used as units of analysis. Two companies were companies that have property for investment purposes, thus Botswana Insurance Fund Management and Property Asset Management. One company was a company that owns property for operational purposes, thus Bank of Botswana. This chapter commences by discussing the case study as a methodological framework and then discusses data collection instruments and then summary.

3.2 Case study as a methodological framework

The use of case studies was thought to be important. The main aim of case studies was to try to relay the message using events, which have occurred or are still taking place. Bell (1993:8) states that case studies are particularly appropriate for individual researchers because they give an opportunity for one aspect of the problem to be structured in some depth within a limited time scale.

Bryman, (1989:171) states that a case can be a site, such as an organisation or a department within an organisation, the author further states that activities can also be viewed as units of analysis in case studies and that a case can also be a person. However, Huysamen (1994:169) states that the unit of analysis in a case does not necessarily have to be a site, organisation or human (example; individual, family, community) but may also involve personal documents like diaries or letters.

Baldrige (1989:31) further states that a case study is basically an explanatory piece of research carried in one field setting by utilising a variety of techniques, so that a case study researcher is not bound by one method but capitalises on any approach that might unravel a new puzzle. Case studies are directed at the understanding of the

uniqueness and the idiosyncrasy of a particular case in all its complexity (Huysamen, 1994:168).

There are three aspects to consider when conducting case studies (Huysamen, 1994:169):

Firstly, the case should be defined or demarcated, meaning boundaries should be determined. In the case of this study, the case has been clearly defined, as Bank of Botswana, Property Asset Management and Botswana Insurance Fund Management.

Secondly, whichever technique is used for purposes of data collection, the concern is not merely with a description of what is being observed, but to search, in an inductive fashion, for recurring patterns and consistent regularities.

The third aspect to consider relates to triangulation, in view of the fact that the researcher himself or herself is the research instrument, an attempt is usually made to corroborate the findings in terms of at least three different approaches. In this regard, the study did not use questionnaire only, but also used semi-structured interviews to gather data.

However, this method has three major weaknesses. First, concentration on only one case makes it virtually impossible to make use of contrasting situations. For example, when many organisations are compared, the parallels and differences between them often provoke useful insights and this type of contrast is missing from the case study (Baldrige, 1989:32).

The second weakness is the problem of typicality or generalisation. In a case study there is no assurance that the organisations chosen for study is representative of other similar organisations. In other words, researchers hope to find results that can be applied to many situations not just to the one they are studying (Baldrige, 1989: 32).

The third weakness of a case study is that the researcher selects the area for study and decides which material to present in the final report. It is also difficult to cross check information and so there is always the danger of distortion (Yin, 1994:9).

The weaknesses are fortunately overshadowed by its strengths. Firstly, since a case study allows for a variety of techniques, it becomes a classical method for researchers interested in depth of study (Baldrige, 1989: 32). Secondly, it is useful if change and dynamic process are crucial to the investigation (Yin, 1994:9), which happens to be ideal for this study given its objectives.

The third advantage is that case studies are carried out in the field with the sounds, sights and smells of the real situation which the researcher experiences and is a vital part of the intellectual experience (Baldrige, 1989: 32).

The fourth advantage of case studies method is that it allows the researcher to concentrate on a specific instance or situation and to identify, or attempt to identify, the various interactive processes at work (Robson, 1999:378). These processes may remain hidden in a large-scale survey but may be crucial to the success or failure of systems or organisations.

Bailey (1994:301) is also of the view that case study approach allows the researcher to select examples that illustrates the points he/she wishes to make. Thus the approach lends itself to qualitative rather than quantitative analysis.

3.3 Data collection instruments

Questionnaire and semi structured interviews were employed as the techniques for data collection. Relevant documents were also analysed in order to strengthen the evidence from the questionnaires. This also afforded triangulation necessary for validating the findings of the study. Robson (1999:379) argues for instance that triangulation is an indispensable tool that provides a means of testing one source of information against other sources.

Both questionnaires and semi-structured interviews were aimed at heads of the property management departments.

3.3.1 Construction of the questionnaire

A questionnaire was required to achieve the objective of this research and its design was crucial as it has implication for the validity of the research findings (Robson, 1999:228).

All questions were presented in a readable and presentable manner. The questionnaire was constructed into four categories. The first part sought to find out about the organisation and its view on the real estate; followed by finding out where real estate fits into the overall organisational structure; information kept on property and its significance; and finally how property is monitored and evaluated in the corporation. Copy of the questionnaire is in appendix B.

The questionnaire was made up of two sets of questions. These were open ended and closed questions. Open-ended questions allowed respondents to expand further on the subject especially on those points that could have been left when using closed questions.

3.3.2 Advantages of questionnaires

Using a questionnaire has several advantages and the following are the advantages as stated by Bailey (1994:148):

- (i) Considerable savings of money: A mailed study cost far less than an interview study with the same sample size.
- (ii) Time saving: Mailed questionnaires can be sent to all respondents simultaneously and most of the replies will be received within a week or so, while interviews are generally performed sequentially and may take months to complete.
- (iii) The questionnaire may be completed at the respondent's convenience.
- (iv) Greater assurance of anonymity – since there is no interviewer present who can identify him or her later. The respondents may be more willing to provide socially undesirable answers, or answers that violate norms.

- (v) Standardised wording. Comparison of respondents answers is facilitated by the fact that each respondent is exposed to exactly the same wording. However, differential understanding of questions may lessen this advantage.
- (vi) No interviewer bias: There is no opportunity for the respondent to be biased by an interviewer.
- (vii) Securing information: The mailed questionnaire allows the respondent to consult his or her records, confer with colleagues or conduct research before answering.
- (viii) Accessibility: Respondents who are widely separated geographically can all be reached for the price of a postage stamp as compared to expensive travel costs for interviewers.

3.3.3 *Disadvantages of questionnaire*

Although this method of data collection seems to be cheaper and convenient approach to research, it has its disadvantages. According to Bailey (1994:148), the following are the disadvantages of questionnaires:

- (i) Low response rate: In an interview study the vast majority of interviews are successfully completed, and the reasons for non-responses are generally known. However, mailed studies sometimes receive response rates as low as 10%, and 50% is considered adequate. To avoid the low response rate, the questionnaires were addressed to known people and were followed up to get 100% response rate.
- (ii) Many questions may remain unanswered: With no supervision while filling in the questionnaire, the respondents may leave some questions unanswered. Thus while 60% of all questionnaires may be returned, the researcher might find that only 10% of respondents answered a particular question. In this case semi structured interviews were used to get the answers for the questions which were not answered.
- (iii) No control over date of response: Lack of control over the time the questionnaire is completed can damage a study greatly. To avoid these respondents were phoned a few times to be reminded to fill the questionnaire.
- (iv) Lack of flexibility: With no interviewer present, there can be no variation in questions asked and no probing for a more specific answer if the respondents

first answer is too vague or general to be useful. Also, if the respondent misunderstands the question he or she cannot be corrected.

3.3.4 Administration of the questionnaire

In total three questionnaires were hand delivered and follow-ups were carried out by telephone and then collected once completed. Networking was very essential in carrying out surveys and was effectively used. Before the questionnaire was distributed, it was pre tested by using three property managers who were not part of the sample. The purpose of the pre testing were to ensure that:

- The vocabulary and instruction were simple and clear.
- None of the words were ambiguous.
- None of the statements were in applicable, and
- The attention of the respondents was maintained for the duration of the procedure.

All questionnaires were accompanied with a covering letter (appendix A). The letter explained the purpose of the survey and its intentions. The letter was written in a friendly tone and a formal manner. This was to help encourage the response rate. A good covering letter is fundamental in stimulating interest and response to a survey (Bell, 1993:85). All the letters were addressed to known persons. The covering letter informed the respondents that their information will be used solely for educational purposes and confidentiality was assured.

3.4 Semi-structured interviews

This method of interview was chosen because it offered insights into participant's perspective and flexibility. Face to face interviews offered the possibility of modifying one's line of enquiry and stood more chance than when dealing with the postal and self – administered questionnaires. According to (Robson, 1999:228) the interview appears to be a straightforward and non-problematic way of finding things out. However, using interviews to collect information also place several demands on the researcher, such as active listening in order to gain more from the interview.

3.5 Summary

The chapter presented an overview of the research methodology employed in the study. The case study was used as a methodological framework. Questionnaire was employed as the main instrument in the collection of data because of its advantages.

CHAPTER 4

ANALYSIS AND INTERPRETATION OF RESULTS

4.1 Introduction

The purpose of this chapter is to present the results of the study. It reports on the background information and then discusses management structure; property information and reporting, property evaluation and performance, and summary. The organisation were given the following coding: Property Asset Management – Respondent 1, Botswana Insurance Fund Management – Respondent 2, Bank of Botswana – Respondent 3.

4.2 Background information

The purpose of this section was to get the background information of the organisations. Table 1 gives the organisation's longest planning horizon for its main activities.

Table 1

Organisation's longest planning horizon for its main activities (overall strategic plan).

ORGANISATIONS	TERM (years)
Respondent 1	2 years
Respondent 2	15 years
Respondent 3	10 years

The respondents have different years ranging from 2 years to 15 years overall strategic plans. The reasons for this was that respondent 1 is a company that owns and rent out property only and did not have any other businesses. Respondents two and three were involved with other businesses besides property.

The respondents are of varying sizes with respondents 1 and 2 having turnover of more than 14 million Pula per annum. All the respondents have properties in different geographical locations.

Table 2

Sizes of building space the organisation's own/utilise.

Organisations	Sizes in square metres
Respondent 1	30,000 +
Respondent 2	50,000
Respondent 3	94,000

Table 3

Sites included in property portfolio

Organisations	Separate sites
Respondent 1	10 < 50
Respondent 2	10 < 50
Respondent 3	Less than 20

Table 4

Properties included in the portfolio

Organisations	Separate sites
Respondent 1	10 < 100
Respondent 2	10 < 100
Respondent 3	100 < 500

Though respondents 1 and 2 have more sites than respondent 3, respondent 3 has more properties in their property portfolio. This is because respondent 3 has residential complexes where they have more than one property on one site, whereas respondents 1 and 2 own shopping centres and office blocks.

All the three organisations did not have the sizes of land they own and the property cost to the business was less than 10%.

Table 5

Current market value of property assets and proportion of organisations property to net assets.

Organisation	Current Market Value	Proportion of organisations property to net assets
Respondent 1	P150 Million	30% and over
Respondent 2	P76.5 Million	> 10%
Respondent 3	P85 Million	> 10%

All the three organisations had involved an independent professional to estimate the above current market values.

4.3 Management Structure

The purpose of this section is to ascertain where property fits into the overall organisational structure and which groups within the organisations are responsible for different types of property decisions.

Management structure of an organisation constitutes the formal way in which people are organised to carry out work. This has a significant impact on how property is managed and who manages it. The variety of different organisational structures ranges from centralised or decentralised, regionally based, product based, functionally split or a series of autonomous bodies each with different structures. However varied they provide a framework through which the organisation can achieve its goals, objectives and channels of communication through which information may flow. The structure of an organisation often reflects its culture, which in turn reflects its strategy; that is aims and objectives (Oxford Brookes University & Reading University, 1993:40). Therefore organisational structure can impede or facilitates efficient and effective delegation, reporting and general communication between staff both within and

between different groups or divisions. All the organisations have property professionals in-house. Respondent 2 have just recently started a property management department. Though all the companies have in-house property professionals they have a lot of work to undertake as they do not have enough information which is a prerequisite to SPAM.

The way in which property is managed often reflects the organisation's view of properties role and its impact on their success as well as where it is placed in the organisation structure. Table 6 shows who undertakes the property services functions and the form the division takes.

Table 6

Who undertakes the property services and functions and the form the division takes

Organisation	Who undertakes the property function	Form of property division
Respondent 1	Property division	Separate company
Respondent 2	Property division	Part of administration department
Respondent 3	Line department	Part of administration department

Table 7

Title and background of head and who they report to.

Organisation	Title of the head	Heads background	Who they report to
Respondent 1	Managing Director	Engineer	Board of Directors
Respondent 2	Property Manager	Estate Management	Investment Director
Respondent 3	Property Manager	Estate Management	Administration Head

The operational head of property for respondent 1 is both a full member of Board of Directors and a member of the Senior Management team. Respondents 2 and 3 operational head's were not member of either groups with the Managing Director for

respondent 2 and Administration Director for respondent 3 bringing properties expertise to the Board.

Table 8

Group taking decisions on property matters.

Decision	Board of Directors			Senior Mgt team			Operational Mgt			Separate Property Group			Other		
	1	2	3	1	2	3	1	2	3	1	2	3	1	2	3
Respondents															
Long – term property requirements	✓	✓	✓	✓	✓	✓		✓							
Property running costs							✓	✓	✓						
Identification of surplus property	✓			✓				✓	✓						
Major refurbishment & redevelopment	✓		✓	✓	✓			✓							
Repairs & maintenance							✓	✓	✓						
Space allocation					✓			✓	✓						
Acquisition of new property	✓			✓	✓	✓			✓						
Disposal of property	✓			✓	✓	✓		✓	✓						
Freehold / Leasehold balance					✓			✓							
Taxation aspects of property transactions				✓					✓						

Tables 8 and 9 clearly show that property decisions within the management structure of organisations are considered very important and taken by top executives and management. However, property professionals/operational heads need to be in top management level so that business objectives are proactively and quickly translated into property activities through an incorporating property strategy because if they are not part of the top management, the property management assumes a more reactive role, which will be the case with respondents 2 and 3.

Table 9

Group responsible for carrying out certain functions

Property Functions	Property Group			Operational Department			Other Specialist Department			External Provider		
	1	2	3	1	2	3	1	2	3	1	2	3
Acquisitions & Disposals			✓	✓	✓							
Rent reviews/lease renewals			✓	✓	✓							
Dilapidations			✓	✓	✓							
Development of surplus assets				✓								
Disposal of surplus assets			✓	✓	✓							
Project management of capital projects		✓		✓								✓
Dealing with taxation re property		✓	✓	✓								
Town planning			✓	✓								
Building maintenance and repairs			✓	✓	✓							
Building plant & machinery maintenance			✓		✓						✓	
Health, fire & safety issues					✓							
Environmental mgt (e.g. heating, lighting)			✓		✓						✓	
Cleaning			✓		✓						✓	
Space planning		✓	✓	✓	✓							

All the organisations have more than four people employed for the property function. All the respondents also engaged external organisation to do some property functions for their organisations. The specific reason chosen for use of consultants were independent opinion, market knowledge and specialised knowledge. Not surprisingly this reasons comes top in the list as the main reason of outsourcing. If an organisation decides to use external consultants, then it is important to put in place specialised management and clear control procedures to ensure that the work required is indeed the work done both in terms of quality and cost.

4.4 Property Information and reporting

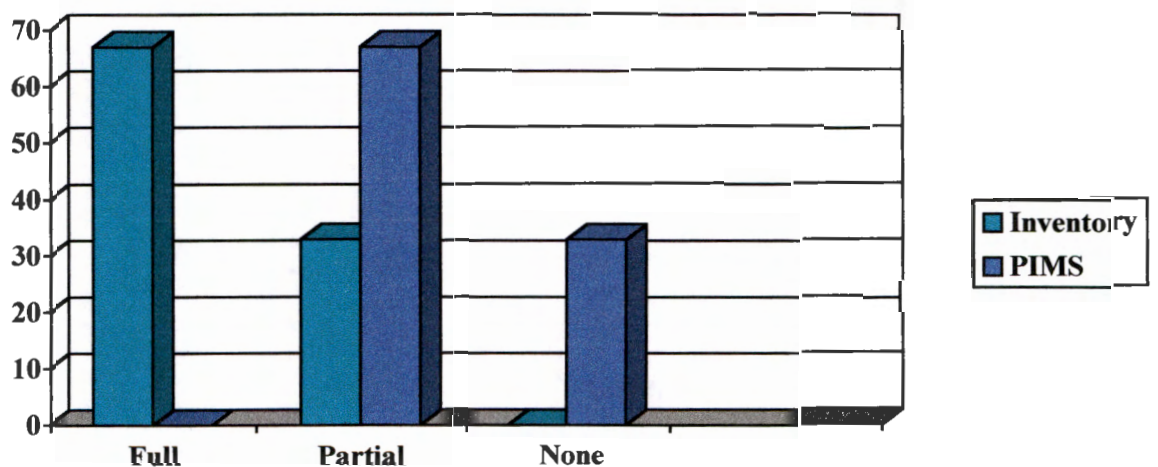
Real estate management encompasses a variety of facilities: office buildings, shopping centres, land, industrial parks, multi-use centres, and etc. As a result information which can be easily accessed and retrieved in a flexible reporting format is a basic management tool in effective strategic property asset management. It is a key resource for managers and it has a considerable impact on their ability to be effective.

The purpose of this section is to ascertain the data available on properties, the way in which this data is analysed and examine the information's accessibility within the organisations participating. The areas considered are the types of information collected, how the information is stored and the efficiency of the information systems.

Organisations participating in the study were asked two general questions about information concerning property inventories and property management information systems. The distinctions between the two were well appreciated since the results showed a big disparity in company practices in these areas. According to Oxford Brookes University & Reading University (1993:100) a property inventory is just a list of properties owned or leased by an organisation which usually contains basic details like address, tenure, use, rent review dates and rates payable. Whereas on the other hand property management information systems would encompass a great deal more data which could be used to help both property and non-property managers make decisions.

Figure 3

Organisations with property inventory and management information systems



The majority (figure 3) of the organisations acknowledged having partial property information systems whilst a third had full property inventory. This however is to be expected as the organisations have not done their property audits in order to prepare

full property inventory and information systems. The organisations acknowledged that they need a property management information system (PIMS).

Table 10 gives a broad picture of data collected from information given by the respondents. This gives insight into the organisations perception of property inventory and management information systems. All the organisations account for real estate on property basis.

Table 10

Data collected on individual properties

Data collected	Respondent 1	Respondent 2	Respondent 3
Location address	Yes	Yes	Yes
Tenure	Yes	Yes	Yes
Plot size	Yes	Yes	Yes
Floor area	Yes	Yes	Yes
Type of structure	Yes	No	No
Type of material	Yes	No	No
Book value	No	No	No
Current market value	Yes	Yes	Yes
Rateable value	No	No	No
Rates payable	Yes	Yes	Yes
Rent review dates	Yes	Yes	No
Lease expiry dates	Yes	Yes	No
Date of construction	Yes	No	No
Current use	Yes	Yes	Yes
Potential use	No	No	No
Current occupier	Yes	Yes	Yes
Annual running costs	Yes	Yes	Yes
Annual repair costs	Yes	Yes	Yes
Annual energy costs	Yes	No	Yes
Break clauses	No	Yes	No
Vacant spaces	Yes	Yes	Yes
Obligations	Yes	Yes	No
Annual cleaning and security	Yes	No	No

All the organisations did not collect data regarding potential use of the property, book value and rateable value of the properties. Even if information is collected the way in which it is stored has a significant impact on its usefulness. The questionnaire results indicated that the data was stored as per table 11.

Table 11

Method of storage of data and type of software for respondents

Organisation	Method of storage	Software used
Respondent 1	Combination of paper and computer system	Word, Excel and power point
Respondent 2	Computer system	Excel
Respondent 3	Paper based system	None

Respondent 3 indicated that they are in the process of changing to computer based system and they will be using a BMS software.

The development of a property management system can assist in the realisation of management's mandate to achieve profitability, to be competitive, and to continue the growth of the corporation. According to (Silverman, 1987:56) a properly defined database system can provide real estate management with the information required in making essential strategic decisions based on current and accurate data. None of the organisations surveyed were totally satisfied with their information system. Organisations acknowledged that they did not receive regular reports on real estate costs and performance and reports currently received were inadequate. However, the information on property data is being used in making business decisions.

4.5 Property Evaluation and Performance Measurement

Financial analysis of property performance is dependent on several pieces of information, notably property value, costs and revenue. To be able to effectively and efficiently manage the organisation's property, performance monitoring is very necessary. Information gathered through the inventory and management systems should be used to assess and evaluate the performance. Despite the fact that a majority of the organisations surveyed indicated that their property assets constituted less than 10% of the organisation's total assets, this ratio varied dramatically between organisations. All the organisations surveyed owned real property ranging from P76.5 million to P150 million based on current market value not book value. While on average organisation's real estate represents less than 10% of total assets, the management should not be settled on the figure since they could not even quote the total turnover of their organisation which they used to estimate the proportion of property assets. In other words the quality of information is not very reliable and there is a greater proportion of error due to property professionals biases.

Property should be an important element in most of the organisation accounts since it is part of the annual accounts and represent a significant proportion of the assets. This calls for internal property management accounts, and systems that reflect the true situation regarding property management asset values and organisational performance. From the research none of the organisations had full management information systems.

Internal rents also known as asset rents are normally charged to deal with the problem of organisations viewing property as free good. Respondent 2 used internal rents or their equivalent to charge departments within the organisation. The reasons identified for charging internal rents were to inform occupiers of cost of occupation, calculate true profitability of operating groups, evaluate the return on property assets and get occupiers to release surplus space. However all this has turned into a paper-based exercise with no impact.

Asset rent if employed properly can be a good management tool which will create a clear space audit, encourage efficiency of space use, identify surplus space and true

business profit, enable disposals to be made and allow the measurement of the performance of the organisation real estate function. However it has an adverse potential to create conflict, duplicate activities and can create a climate for closure of business units. This is a handier tool for organisations that own or use more property.

Basic information on total annual running costs of property was collected by all organisations. Apart from the basic information such as use, rent, rates and location, the indications are that the majority of organisation did not have adequate data to undertake a comprehensive audit to establish the reasonableness of the various annual outgoings. With the current situation whereby property and facilities functions are spread throughout the organisation the co-ordination and setting of performance measures for individual properties is made more difficult.

All the organisations re-valued their property on a regular basis with an average of 1 year in between re-valuations. Mainly the organisations valued on the basis of replacement cost. The valuations were done for accounting purposes. Organisations indicated that the criteria most commonly considered in property analyses and decisions were risk to business or the organisation together with availability of funds. The methods often used for property capital projects are discounted cashflow and return on investment. All the participating organisations acknowledged that they did not have sufficient information or methodology to clearly evaluate the physical performance or use effectiveness of their buildings.

4.6 Summary

This chapter started by discussing background information and then management structure, property information and reporting, property evaluation and performance and summary.

CHAPTER 5

SUMMARY, FINDINGS AND RECOMMENDATIONS

5.1 Introduction

This chapter starts with the summary of the previous chapters, then discusses the findings based on each of the specific objectives, then recommendations and conclusion.

5.2 Summary of previous chapters

Chapter one introduced the study on the analysis of strategic property asset management. It included the background to the study, the statement of the problem, purpose of the study, objective of the study, which were the guiding force throughout the study, research questions, significance of the study, scope of the study, research methods and how the study is organised.

In chapter two the nature and scope of strategic property asset management was outlined from the literature consulted. The chapter defined property, strategy, asset and management. The chapter also discussed functions of property management, reasons for property management, property requiring management, traditional approaches to managing property and more importantly underlined how effective strategic property asset management should be implemented to actualise its objectives.

The literature indicated that there is a need for the strategic property asset management principle to be clearly placed and to be taken account of at the highest level of corporate decision making in any organisation in order to strengthen the role of the property portfolio. This in turn requires the establishment and development of a sustainable in-house expertise in the application of SPAM in order to boost future returns from the property portfolio of any organisation.

The literature also suggested that effective application of SPAM required organisations to set performance objectives, measurable targets, and monitoring and evaluation procedures.

The literature also indicated that an innovative property portfolio strategy could add millions to the bottom line of organisations.

Chapter three presented the research design of the study. The study is a case study on three companies namely, Bank of Botswana, Botswana Insurance Fund Management and Property Asset Management. Questionnaire and semi-structured interviews were the key instruments in the collection of data for the study. The construction of the questionnaire, advantages and disadvantages of a questionnaire and, administration of the questionnaire were also discussed.

Chapter four presented, analysed and interpreted the results of the data collected. The chapter revealed that the respondents were of different backgrounds with varying amounts of turnover with properties spread in different geographical areas.

5.3 Research findings

The following objectives guided the study and led to the findings of the study:

- (i) determine from the literature the nature, scope and advantage of strategic property asset management,
- (ii) examine the existing practices and processes for real estate management in Botswana, and
- (iii) demonstrate the benefits of SPAM to Botswana real estate companies if adopted and practised.

5.3.1 The findings of the study on objective one are:

Strategic property asset management is concerned with the formulation, implementation and monitoring of an organisation's property strategy so as to achieve overall organisation goals at appropriate level of cost that maximises property's value

and returns to the organisation (Avis & Gibson, 1995:107). Strategic consideration will be given for, and the manner in which all property is held, and the best strategies to follow to ensure that the maximum benefits for the organisation are derived. For example if the property is held for investments purposes, then the organisation's strategy will primarily relate to capital and income growth and the mix of property type within the portfolio in order to spread risks. Alternatively, if properties are held as part of the business, then issues such as the best operational location, the industrial relations benefits from fit-out policies and standard images in the market place are likely to be important considerations. Information is the key element in setting of property asset strategy and performance standards. This requires in-house input in their formulation. However use of consultants to advise them on strategy and performance monitoring is important (Avis & Gibson, 1995:79).

5.3.2 The findings of the study on objective two are:

The following are key findings:

- The majority of organisations did not have clearly stated property objectives but rather the management was more reactive. There was also an apparent lack of organisation's business objectives. The approach taken to the management of property was more reactive save one organisation, which had made great strides in this respect.
- Property data and information systems required for proactive management such as costs were poorly kept and all the three organisations were not happy with the information they had and therefore had a more reactive management.
- Most organisations did not have set performance measures to monitor property.
- Two of the three organisations did not have the head of property management sitting in the Board of Directors meetings.

5.3.3 The findings of the study on objective three are:

From the survey it is clear that property as a strategic resource has begun to take its rightful place in all the three organisations. However, organisations have just

awakened and are beginning to establish and recruit property professionals to assist in the property management. All the organisations did not have proper information management system for developing the best possible real estate strategies. The importance of having a proper information management system is the pre requisite for developing the best possible real estate strategies.

The benefits of SPAM to Botswana companies cannot be demonstrated at this point in time as the organisations have just awakened and do not have adequate information base.

5.4 Recommendations

5.4.1 Recommendation 1

The challenge facing property professional is to build on existing skills, knowledge and experience. To effectively manage property assets, corporate real estate professionals need to acquire general management skills. This will enable them to understand the organisation's overall objectives.

5.4.2 Recommendation 2

Property audits should be used, as a tool to establishing what property the organisation owns, this will involve having a data base that will give information needed to make strategic decisions.

5.4.3 Recommendation 3

Performance measures and guideline should be established to assist in evaluating property performance.

5.4.4 Recommendation 4

Setting clear organisational objectives and translating them into property objectives is a fundamental prerequisite to best practice in property management. Organisations

need to disseminate their strategy throughout the organisation. Property managers should endeavour to understand their organisation's strategy including the business environment.

5.4.5 Recommendation 5

Top management especially company finance managers should encourage setting benchmarks for performance not only in investment terms, but in relation to cost management to avoid complacency in dealing with property assets.

5.4.6 Recommendation 6

It is recommended that a further study be done in a year's time to see how the above companies would have benefited from SPAM.

5.5 Conclusion

In conclusion, strategic property asset management is complex and hence requires a full understanding of the business environment and overall corporate strategy. It is imperative that corporate real estate strategies be derived from the corporate strategy and business objectives. Property managers hence needs to be expert in having the right information on properties and asking the right questions in order to have proper strategies. This chapter discussed the summary of the previous chapters, research findings based on each of the specific objectives and recommendations and areas for further research as revealed by the study.

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APPENDICES

APPENDIX A

Mpho Moremong
P.O Box 2842
Gaborone
Tel: 353950
Cell: 72111201

20th November 2001

.....
.....
.....
Gaborone

Dear Mr.

STRATEGIC PROPERTY ASSET MANAGEMENT IN BOTSWANA

I am currently an MBA degree student at the University of North West in conjunction with the University of Liverpool undertaking strategic property asset management (SPAM) project to partially fulfil the course requirement.

I am attempting to establish in this research project on Botswana the extent to which the principles and the practice of SPAM are used as management tools by property management executives or corporate managers. The purpose thus of this questionnaire is to gather data to determine the prevalence of SPAM or otherwise as an aid to executives in portfolio management.

The collected data will be presented in an aggregate form in the report of the research project hence specific organisations will not be identifiable and the observations of individuals will not be attributed.

A copy of the summary results will be made available to participants requiring same.

Thank you in advance for your contribution.

Yours sincerely

Mpho Moremong.
Encls.

APPENDIX B
QUESTIONARE

SECTION A: BACKGROUND INFORMATION

- 1) What is your organisation's longest planning horizon for its main activities? (e.g the overall strategic plan)

_____ YRS

- 2) For the last financial year what was your organisation's total turnover?

- 3) In which of the following towns does your organisation own and or lease property?

Gaborone ___

SelibePhikwe ___

F/Town ___

Lobatse ___

Mahalapye ___

Jwaneng ___

Palapye ___

Molepolole ___

Other (Please specify) _____

- 4) Approximately how many square metres of building space does your organisation own/utilise?

_____ SQM

- 5) Approximately how many hectares of land does your organisation own or lease?

_____ hectares

- 6) Approximately how many separate sites are there in your total property portfolio?

a) Less than 10 ___

c) 50 < 100 ___

d) 10 < 50 ___

d) 100 and over ___

- 7) Approximately how many properties are included in your property portfolio?

a) Less than 10 ___

c) 100 < 500 ___

d) 10 < 100 ___

d) 500 and over ___

- b) a separate service department —
- c) part of a wider service department —
 (please specify main function) _____
- d) Other (please specify) _____

3. What is the title of the operational head of this group?

4. What is the operational head's background:

- Chartered Surveyor (any RICS Division) —
- Surveyor (ISVA) —
- Other Property/ Construction Professional (Architect, Town Planner, Engineer) —
- Facilities Manager —
- Accountant —
- Lawyer —
- Other (please specify) _____

5. To whom does the operational head of property report?

(Please choose the closest equivalent if organisational titles different)

- Managing Director/ Chairman / Chief Executive —
- Finance Director —
- Other Director (specify) —
- Company Secretary —
- Other (please specify) _____

6. Is the operational head of property a full member of either the Board of Directors or Senior Management Team or their equivalent.

- Full Member of Board of Directors —
- Full Member of the Senior Management Team —
- Not a member of either group —

7. If the operational head of property is NOT a full member of the Board of Directors, who brings property expertise to the board?

Managing Director/ Chairman / Chief Executive _____

Finance Director _____

Other Internal Director _____

Company Secretary _____

Non Executive Director _____

Other (please specify) _____

8. Approximately how many full – time equivalent staff are employed in the property group?

9. Approximately what proportion of full – time staff in the property group undertake professional work?

_____%

10. Approximately what proportion of support staff in the property group work in the following areas:

Administration, secretarial, clerical, e.t.c? _____%

Direct maintenance, cleaning, security staff, e.t.c. _____%

Other (please specify) _____

11. How is your property group structured internally?

Divided by: a) Property related function _____

b) Geographic region _____

c) “Client” e.g. other department or other company in group _____

d) Other (Please specify) _____

12. Does your property group sell any of its services to clients outside the organisation?
No _____

Yes _____

Disposal of property					
Freehold / Leasehold balance					
Taxation aspects of property transactions					

17. Which group is responsible for carrying out the following functions: (Tick only one category for each function – Leave blank if not done)

Property Functions	Property Group	Operational Department	Other Specialist Department	External Provider
Acquisitions & Disposals				
Rent reviews/lease renewals				
Dilapidations				
Development of surplus assets				
Disposal of surplus assets				
Project management of capital projects				
Dealing with taxation re property				
Town planning				
Building maintenance and repairs				
Building plant & machinery maintenance				
Health, fire & safety issues				
Environmental mgt (e.g. heating, lighting)				
Cleaning				
Space planning				

SECTION C: PROPERTY INFORMATION & REPORTING

The purpose of this section is to ascertain:

- i) the data available on properties*
- ii) the way in which this data is analysed*
- iii) who receives/has access to property information*

1. Is there a property inventory?

Full —

Partial —

None —

2. Is there a separate property management information system?

Full —

Partial —

None —

If none for both of the above go to question 7

3. Which of the following data do you collect on individual properties?

Rank the data collection as follows:

Enter: 0 if no data is collected

1 if data collected for only a small number of individual properties

2 if data collected for most individual properties

3 if data collected for all individual properties

Location/Address	—	Book Value	—
Tenure	—	Current Market Value	—
Plot Size	—	Rateable Value	—
Floor Area	—	Rates payable	—
Type of Structure	—	Rent Review Dates	—
Type of Materials	—	Lease expiry Date	—
Date of Construction	—	Break Clauses	—
Current Use(s)	—	Encumbrances/obligations	—
Potential Use(s)	—	Total Annual running Costs	—
Current Occupier(s)	—	Annual Repair Costs	—
No of Employees in Building	—	Annual Maintenance Costs	—
No. of workstations	—	Annual energy Costs (Elec)	—
Vacant Space	—	Annual cleaning and security	—
Future Capital Expenditure Programme	—		
Other	_____		

4. How is the data stored: (Tick one of the following)

Method of storage

Paper based system _____

Computer based system _____

Combination of paper/computer system _____

Location of Storage

All property data centrally stored _____

Data kept by different departments but readily accessible by all relevant groups _____

Data kept by different departments for their own use only _____

Other (please specify) _____

5. What type of software is used:

6. Please estimate the amount of money your organisation has spent on / invested in:

P' 000

Hardware for property management system _____

Property management software _____

Data entry/conversion _____

Training _____

7. What is the level of satisfaction with your current information system?

Totally satisfied _____

Requires minor modification _____

Require significant improvement _____

Totally unsatisfied _____

8. What are the major problems with your property information system?

Lack of hardware therefore providing limited access _____

Inflexible software which cannot adapt to changing needs _____

Incompatible systems dealing with different aspects of property _____

- Difficulty in keeping data up to date _____
 - Not “user friendly” _____
 - Poor quality data currently on system _____
 - Incomplete data in the existing system _____
 - Property managers not using the system _____
 - Other (please specify) _____
-

9. Do you re value your property assets on a regular basis?

- All _____
- Some _____
- None _____

If none go to questions 13

10. On what basis do you re value your property assets?

- Existing use _____
- Highest & Best Use _____
- Replacement Cost _____
- Other (Please specify) _____

11. How many years on average are there between revaluations?

_____ YRS

12. Who normally undertakes the revaluations?

- Director(s) _____
- Internal Property Personnel _____
- Property Consultants _____
- Other (Please specify) _____

13. Are there standard regular reports produced concerning the following issues?

Reports	At least quarterly	At least Annually
Long-term property requirements		
Space allocation		
Identification of surplus property		
Major refurbishment & Redevelopment		
Planned Repairs & Maintenance		
Property Running Costs		
Energy Usage/Efficiency		
Acquisition of New Property		
Disposal of property		
Lease renewals & Rent reviews		
Lease Break Clauses		
Balance of tenure of property portfolio		
Taxation status of property		
Property related capital gains tax		
Other (specify)		

SECTION D: PROPERTY CONTROL, EVALUATION & PERFORMANCE

The purpose of this section is to determine:

- i) the way in which property is monitored by the organisation*
- ii) the methods of evaluating property performance*

1. On what basis does your organisation evaluate its property activities?

- Cost centre within operational department _____
- Cost centre within separate property group _____
- Profit centre within operational department _____
- Profit centre within separate property group _____
- Depends on property _____
- No separate evaluation for property _____

2. How does your organisation budget and account for property
- | | | | |
|-------------------------------|-----|----------------------|-----|
| No separate property accounts | ___ | By geographic region | ___ |
| In a single pool | ___ | By type of property | ___ |
| By department occupying | ___ | Property by property | ___ |
3. Does your organisation charge “internal rents” or their equivalent to its own departments?

All	___
Some	___
None	___

If none go to question 10

4. On what basis are internal rents or their equivalent charged

Cost recovery	___
Open Market Rent	___
Other (Please specify)	___

5. How often are these “rents” reviewed and updated?

Every _____ years

6. Who sets the level of internal rents?

Internal property department	___
External property consultants	___
Finance department	___
Other (Please specify)	_____

7. How are rental disputes resolved?

Referred to senior management	___
External third opinion	___
Ad hoc basis	___
Rents must be agreed – no mechanism for disputes	___

Other (Please Specify) _____

8. What is the purpose of the internal rents? (Please rank 1 for main purpose, and 2 for secondary)

Inform occupiers of cost of occupation _____

Calculate true profitability of operating groups _____

Get occupiers to release surplus space _____

Evaluate the return on property assets _____

Other (Please Specify) _____

9. In your opinion has the above purpose(s) been achieved?

10. Other than legal/statutory requirements, which are the criteria most commonly considered in property analyses/decisions? (Please RANK TOP 4 –1 for most important, 2 for 2nd most important and so on)

Operational requirements _____

Investment or profit potential _____

Initial cost _____

Long term costs _____

Net savings to cost _____

Availability of funds _____

Risk to business / organisation _____

Impact on organisation profile / status _____

Impact on human resources _____

Impact on balance sheet _____

Impact on profit & loss account _____

Cashflow impact _____

Others (please specify) _____

11. Which of the following financial investments techniques do you use to analyse property related capital projects? (Please Rank – 1 for primary method; 2 for secondary method; and so on)

Investment Method	___	Residual Method	___
Cashflow	___	Payback Period	___
Net Present Value	___	Return on Investment	___
Internal Rate of Return	___	Contractors Method	___
Others (Please specify)	_____		

12. Is the method specified above used for analysing all capital projects within your organisations?

Yes _____

No _____

Do not know _____

If NO which other methods are used:

(Please Rank – 1 for primary method; 2 for secondary method; & so on)

Investment Method	___	Residual Method	___
-------------------	-----	-----------------	-----

Cashflow	___	Payback Period	___
----------	-----	----------------	-----

Net Present Value	___	Return on investment	___
-------------------	-----	----------------------	-----

Internal Rate of Return	___	Contractors Method	___
-------------------------	-----	--------------------	-----

Other (Please specify) _____

13. Over what time period do you usually evaluate capital investment in property (other than short term interests)?

14. Does your organisation have specific performance measures for property?

Yes _____

No _____

If YES are these measures for defined in relation to:

(Please RANK TOP 3 – 1 for most important and so on)

Cost as a percentage of turnover _____

Cost per area _____

Cost per workstation	—
Cost per employee	—
Employee satisfaction with space	—
Return on assets/capital	—
Turnover/ profitability of business activity vs. property cost	—
Turnover / profitability of business activity vs. property area	—
Other (please specify) _____	

15 Is property resource management specifically included in your organisation's overall strategic plan?

Yes —

No —

16. Over what time period do you estimate your organisation's property needs?

_____ Years