



Qualities of the Ideal Backup Location

Current Paper available from Gill. This Brief released January 14, 2004

www.gillinc.com

Beyond its immediate purpose, real estate can play a very important role in satisfying basic human needs associated with environmental comfort. The facilities that tend to do best are those that provide a combination of well-thought out interior ergonomics and local area amenities. If this mix is presented in a 'secondary community' how would people react? Is this a case of, "If you build it, they will come." in the words of WP Kinsella? This paper expands on this fundamental premise.

In our fifth paper in our decentralization series, Gill discusses the factors required to provide knowledge workers with the incentive to relocate to secondary locations. As organizations contemplate the benefits of decentralizing some functions to secondary locations, they must weigh the costs and benefits of a myriad of factors. It is becoming apparent that beyond the need to decentralize, organizations consider issues that not only include cost reduction, but creating new a new identity and gaining market share. This paper carefully explores the specific criteria used by organizations in determining what secondary locations make the most sense. Some of the fundamentals include a well-educated workforce, quality of life and access to institutions of higher learning.

From an organizational standpoint, what does it take to lure knowledge workers from an amenity-laden urban environment to a secondary location? The costs involved in this elaborate exercise in bribery can actually be mitigated by integrating sound elements into a well thought out strategy. This paper suggests that some of the risks can actually be neutralized by selecting areas where innovation, creativity and quality of life interact and combine to create an optimal business environment. The paper also suggests strategies that might be employed by local communities to attract organizations. As the paper demonstrates, being dynamic is critical to a community's growth.

As we evolve beyond a manufacturing age and begin grasping the magnitude of new realities we face, we incorporate new organizational strategies. "Next Generation" communities must be innovative and should work toward capitalizing on strengths imbedded within their regions, including a well developed educational infrastructure in order to fortify their communities.

This paper is forward-looking as it provides a strategic blueprint required to add depth and dimension to the process of setting up backup facilities in secondary communities. This paper lays the foundation for important research that will be undertaken by Gill in 2004. This paper will provide these benefits to executives in the following verticals:

Industry Vertical	Principal Learning Benefits
Corporate Real Estate Executives	<ul style="list-style-type: none">• Identification of criteria important in selecting backup facilities; creating a framework to induce knowledge workers to relocate from urban locations to secondary communities
Business Continuity Planners and Strategists	<ul style="list-style-type: none">• risk mitigation strategies laid out on a macro model that can be scaled and applied within an institutional framework; what are the trends driving move to secondary communities? How is that applicable to my institution?
Institutional Owners, Landlords and Managers	<ul style="list-style-type: none">• If this type of movement gains momentum, what types of assets are best positioned to benefit; how might portfolio compositions change given a virtually new class of asset?
Industry Analysts	<ul style="list-style-type: none">• How does this affect values of existing portfolios? Does this movement in any way dilute the value of portfolios concentrated in one area? What are the exogenous benefits that might result if this movement gains strength?
CEOs, CFOs, CIOs	<ul style="list-style-type: none">• What is the cost of turnover? What is the cost of talent, and retaining talent? How does management tangibly create incentives for employees to move away from the city core?
Commercial Brokerage	<ul style="list-style-type: none">• How will trends affect tenant movement? How will trends affect or influence investment activity in secondary communities?

REAL ESTATE CONTINUITY