

Integrated thinking

A property developer's perspective

Chris McMaster, CFO of the Rabie Property Group, contributed to SAICA's broader project to support the understanding and application of integrated thinking and value creation by sharing his views on these concepts by responding to a series of exploratory questions

How do you understand 'integrated thinking' as it applies to your company? And describe how this concept is embedded within your company

Large-scale property development inherently requires a degree of integrated thinking. A vast variety of skills and experience are required to bring together the development of a self-sustainable community such as the one we continue to develop at Century City. To bring these developments to life we require a board with functional diversity. All the directors have a different set of skills and experiences, with a range of backgrounds from sales to urban planning.

The group board is further assisted by directors / prescribed officers appointed at the individual company levels who have an appropriate level of skills and experience. The group board meets at least weekly to assess risk and to update everyone on each of their portfolios. The extensive discussion is key to ensuring that all aspects of the business are integrated and that strategy is reviewed from all angles.

Big decisions are never made by one director in isolation; instead, they are discussed among the board at our weekly meetings. The board also calls regularly on other members of staff to hear feedback from those 'on the ground'. Finally, we choose to establish and maintain relationships with partners with whom we share core values (architects, banks, construction companies, etc). We regularly engage with them to ensure we operate in an integrated community.

What is your view on how 'integrated thinking' supports or does not support 'value creation'?

We are aware that developers do not develop property in a vacuum. For every building there are multiple stakeholders involved, from the construction company that first breaks ground right through to the proud

owner that moves into the property months later. These stakeholders multiply when a developer is involved in large-scale 'community' development such as Century City. Just about all our large projects involve the creation of a stand-alone community.

Creating such a development is like developing an ecosystem. Every single element must be carefully considered on its own merits as well as how it fits into the system. The ecology of the land, the interactions with city councils, the strategic planning of infrastructure, and our customer and supplier engagement are just a few critical elements to consider. Without the perfect balance of all the elements involved, value cannot be created for our customers, suppliers and other stakeholders. Integrated thinking is therefore critical to our success.

We continually strive to create or preserve value for all stakeholders. While we always set out to make a financial profit for both ourselves and all our partners and suppliers, we do not think of value as simply the bottom line. We strive to create value for the environment in which we build by preserving the ecosystem around it.

We strive to make all new commercial builds as green and sustainable as possible. We also try to create value for everyone who owns, rents, or visits our communities by ensuring that they are well maintained, safe and efficiently managed. All the buildings we have built in the Bridgeways Precinct in Century City are green star-rated buildings, some of which achieved five stars.

How do you view your stakeholder engagement in relation to 'integrated thinking' and/or 'value creation'?

It is vital that we engage with all stakeholders to produce a fully functioning ecosystem. Our stakeholder engagement is a continuous process. It does not stop



once the properties have been developed and sold or tenanted. We are also responsible for administering many of the developments and attending to the changing needs of the communities which we have built.

We engage with all staff as regularly as possible and give them an overview of the group at least annually. We also take staff feedback into account when considering the future of the group.

We frequently meet with financial institutions and professionals and give them a similar update, and in turn get an update of what is happening in the market.

Which roles or functions within your company are enablers for integrated thinking / value creation? Why?
I believe that integrated thinking cannot be the role of one employee or one function. To truly embrace integrated thinking, those at the highest level need to constantly be engaging with each other and with other stakeholders.

One of the main enablers of integrated thinking at Rabie Property Group is the active engagement of all board members on a regular basis. We also prepare quarterly reporting packs which cover all aspects of the business (not just the financial aspects). Also, at the end of every year we take a week of strategic planning, risk assessment and consideration in which every aspect of the group is discussed and the way forward is planned, taking into consideration past performance and current market conditions.

Property developers are by nature long-term strategists as they have to plan developments long in advance. Being an owner-managed group means that directors can keep abreast with staff and with operational issues on an ongoing basis. Having a board with their finger on the pulse means that strategic deviation and implementation can be more dynamic. Details can be changed to better suit the needs of the staff, clients and other stakeholders.

Do you think integrated thinking is reflected in integrated/corporate reports? Why?

I feel that all aspects of integrated thinking are addressed through integrated reporting, and then some. I do however feel that there is a risk that the requirement of addressing too many topics in integrated reports sometimes has a tendency of clouding the few topical important issues at hand. As a result of all the information provided, integrated reports have become so lengthy and all-encompassing that there is just too much to go through should a share investor want to analyse multiple listed entities for personal investment decision-making purposes (listed entities used as example as integrated reporting is a requirement). It does however provide great insight where a one-off entity is considered.

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