# Value Stream Management in Real Estate Business

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## Introduction

The value creation for the end customer in real estate business is divided among many players; the constructor constructs the building, the owner owns the buildings, service companies provide the services, etc. (Figure 1). Could the value be channeled in a different way?

**The main aim of the research is to understand the role of value stream management in real estate business**
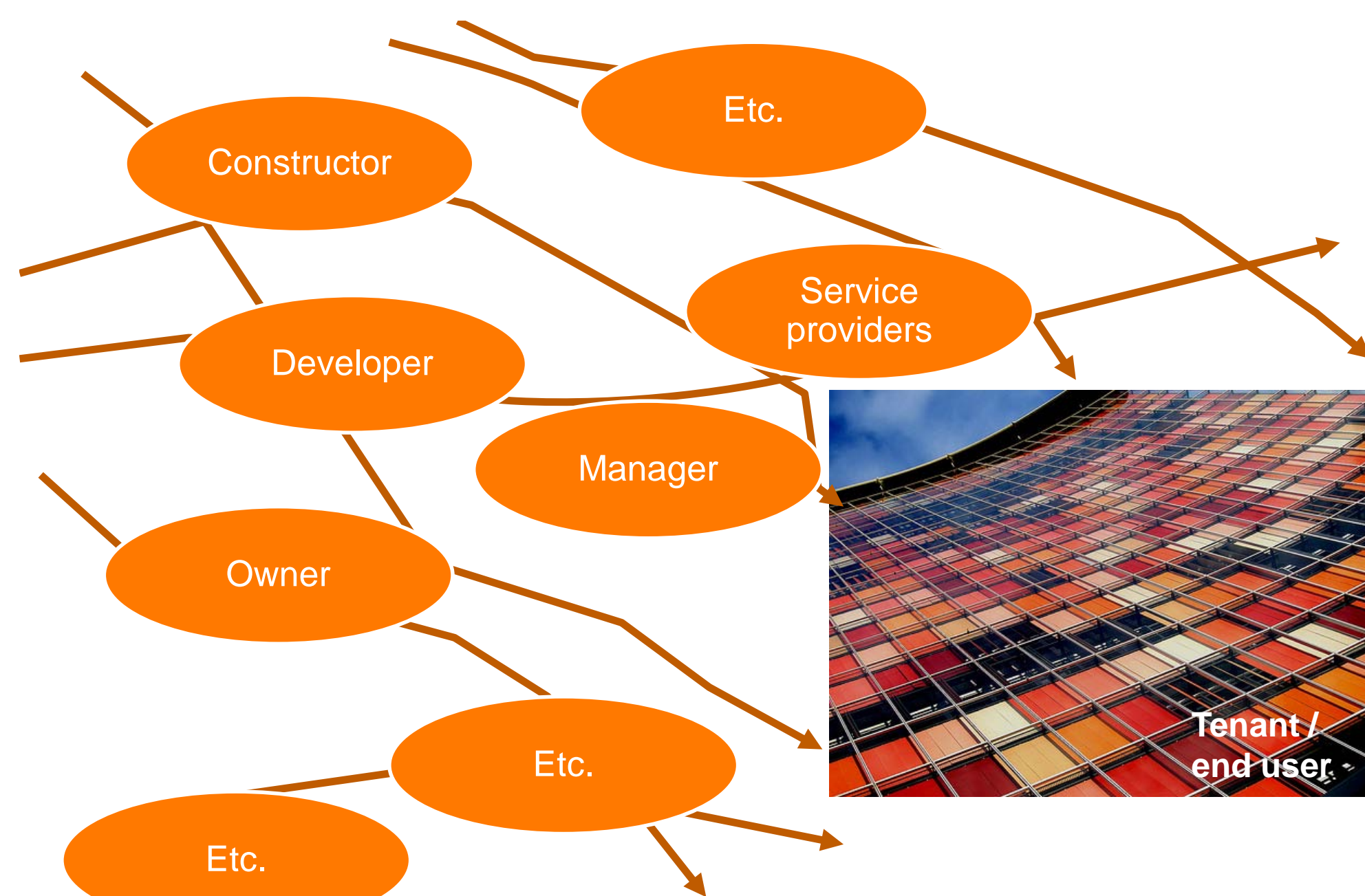


Figure 1. Illustration of how the value is currently created for the end customer

## Theoretical background

### Lean management

- Heart of lean: eliminating the waste (Liker, 2004)
- Waste does not create value for the end customer i.e. customers are not willing to pay for example for delays, defaults, or wasted energy.
- Typically applied in single companies

### Lean Enterprise

- Redefines the role of companies and their functions in an entire industry
- Bonds legally separated, value adding functions into a continuous value stream (Womack and Jones, 1994) (Figure 2)
  → companies would operate in synchrony for the same purpose
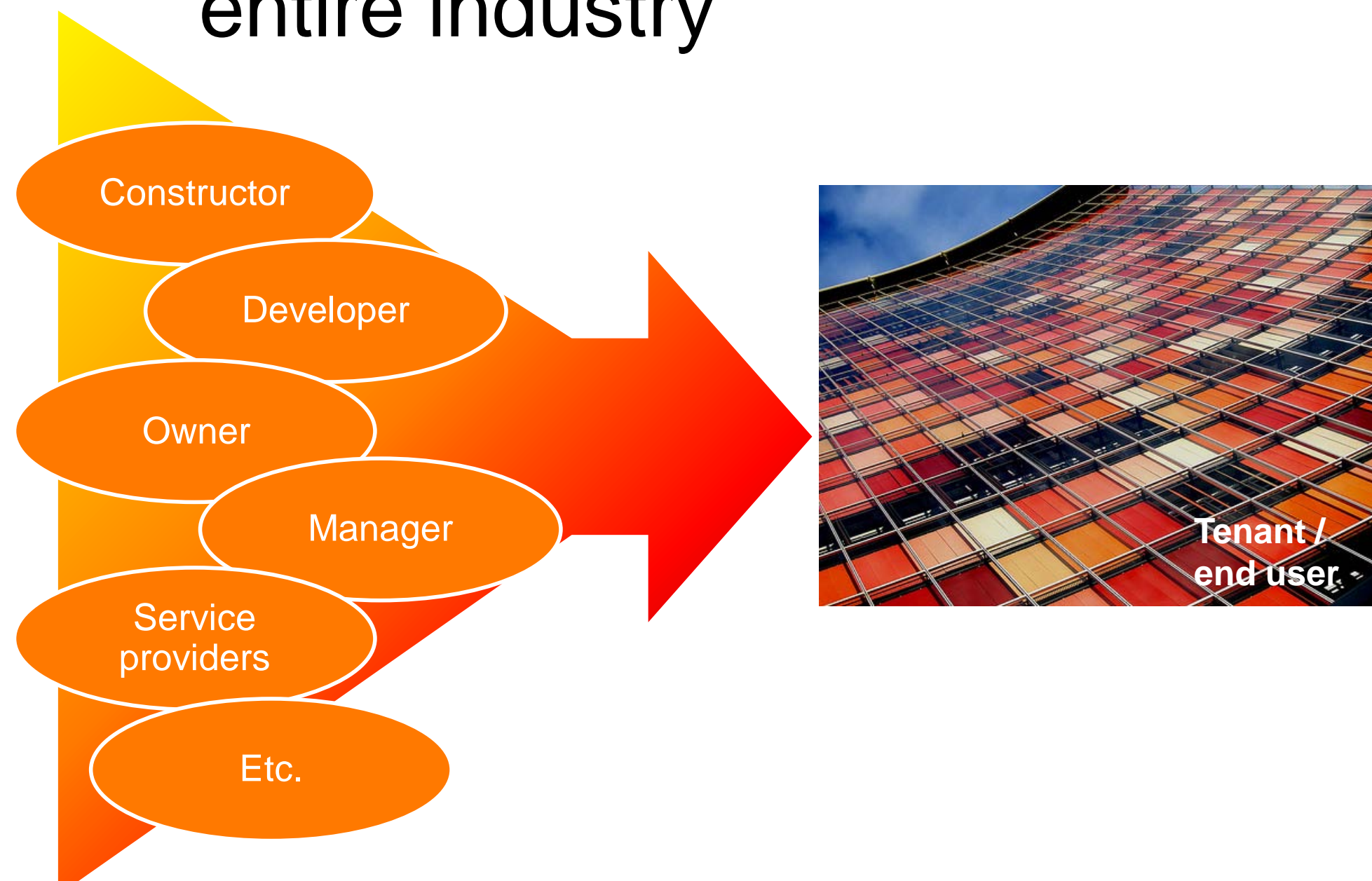  → companies would minimise the waste in the entire industry



Figure 2. Illustration of how the value could be created

## Data collection

Data will be collected through case studies. The cases are structured according to the framework of Womack and Jones (1996) and Hines et al. (2008) (Figure 3):

**STEP 1:** The value is specified from the customer's perspective, because the needs of the customer describe what should be produced.

**STEP 2:** The current value streams are identified; how the value is created in current processes

**STEP 3:** The current value streams are translated into a value flow according to lean management.

**STEP 4:** The pace of the value flow should be adjusted to customers' demand (at the pull of the customer instead of push).

**STEP 5:** The value flow processes are never final; the processes should be developed constantly in order to succeed in the market.
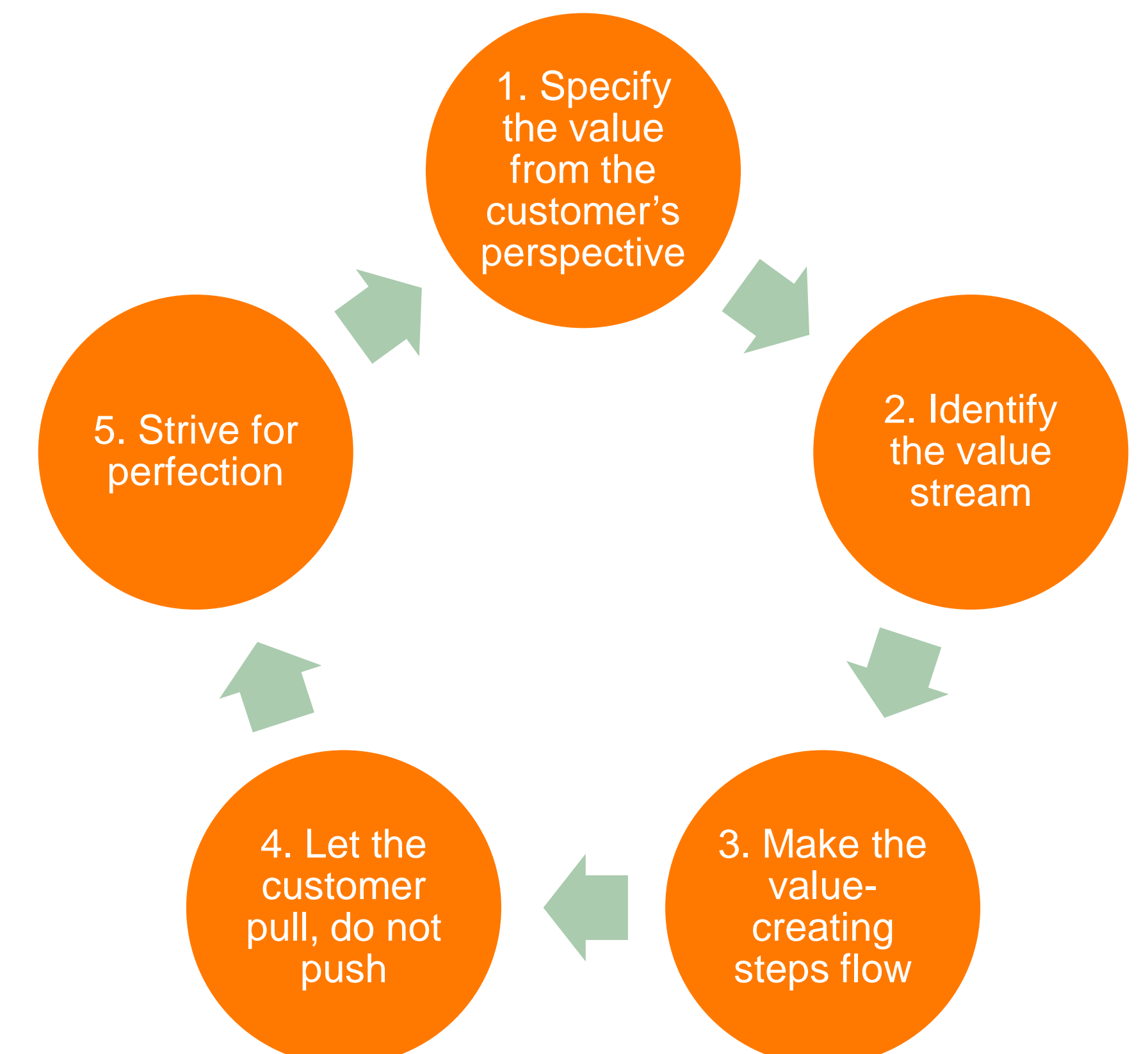


Figure 3. Structure of the cases (Womack and Jones, 1996; Hines et al., 2008)

## Research outcomes

1. **Current state analysis**
   - Describes how the value is created and explains why it is created in the current way

2. **Future state analysis and improvement potentials**
   - Describes how to optimise the value creation

3. **LeanREB framework**
   - Framework that supports and guides the value creation inside the organisations

4. **Lean Enterprise guidelines for REB**
   - Guidelines for channelling the value creation in the real estate business sector
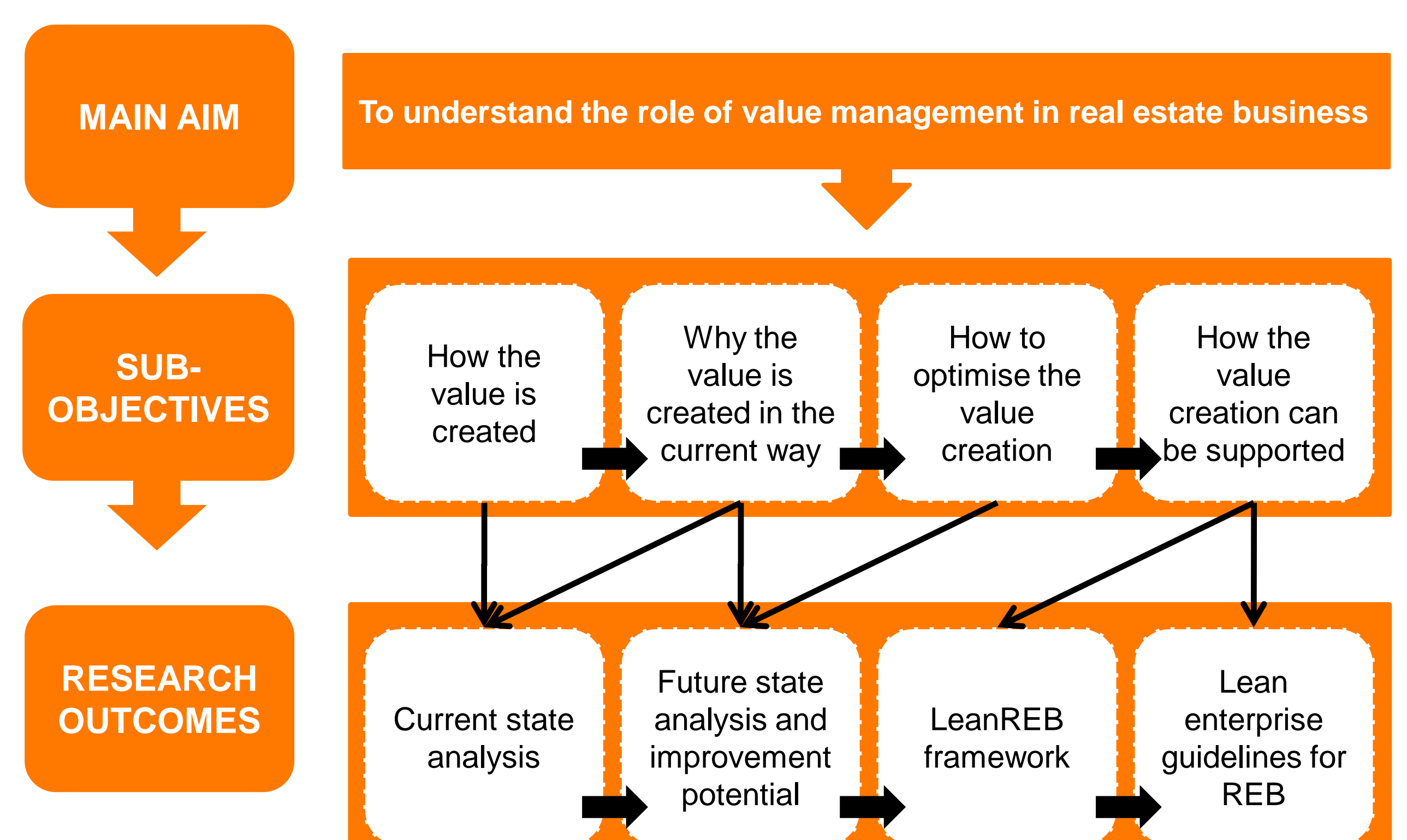


Figure 4. The logic behind the main aim, subobjectives and research outcomes

## References

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## Acknowledgements