Charting Responsibilities in Real Estate Organisations

KEOGH CONSULTING

Introduction

RACI is an acronym that stands for responsible, accountable, consulted and informed.

A RACI chart is a matrix of all the activities or decision-making authorities undertaken in an organisation set against all the people or roles. At each intersection of activity and role it is possible to assign somebody responsible, accountable, consulted or informed for that activity or decision.

When you hear these types of comments in an organisation a RACI Analysis may be overdue:

'My boss always overrules my decisions whenever she wants'
'The approval process for even the simplest item takes so long today'
'I didn't realise John was responsible for this as well'
'It seems everyone is putting together a spread sheet on the same data'
'Things are always slipping through the cracks'
'I have the responsibility, but not the authority to get the job done'

Definitions of the RACI Categories

- *Responsible*: person who performs an activity or does the work.
- *Accountable*: person who is ultimately accountable and has Yes/No/Veto.
- *Consulted*: person that needs to feedback and contribute to the activity.
- *Informed*: person that needs to know of the decision or action.

A RACI analysis is useful for:

- **Workload Analysis**: when used against individuals or departments overloads can be quickly identified.
- **Re-organisation**: to ensure that key functions and processes are not overlooked.
- **Employee Turnover**: newcomers can quickly identify their roles and responsibilities.
- **Work Assignment**: allows duties to be redistributed effectively between groups and individuals.
- **Project Management**: allows for flexibility in matrix management situations allowing for the right balance between line and project accountabilities.
- **Conflict Resolution**: provides a forum for discussion and resolving inter-departmental conflict.
- **Documents the Status Quo**: the output from RACI is a simple yet effective method of documenting the roles and responsibilities in an organisation.

How a RACI exercise is done:

1. By identifying the functions and processes within the organisation or department and describing the key activities taking place. Avoid obvious or generic activities such as; attending meetings.
2. By describing each activity or decision using a suitable action verb. Examples: Evaluate, Record, Monitor, Collect, Develop, Publish, Authorise, Schedule, Determine, Prepare, Approve, Inspect, Report, Decide, Write, Operate, Update, Conduct, Train, Review or Plan.

3. When the action implies a judgment or decision (for example, evaluate, monitor, inspect, and review) create a phrase to indicate the primary outcome. Examples: Monitor service desk customer requests to identify training needs. Analyse call statistics to identify product problems.
4. The activities or decisions to be made should be short and apposite and apply to a role or need, not to the specific person currently carrying out the task.
5. Create a matrix with roles along the top and activities or tasks down the left side and in each of the table cells enter the appropriate RACI code.

When the analysis is done and the RACI matrix populated, any ambiguities need to be resolved. The matrix is reviewed and questions are asked of the data pattern to explore what it is telling us. The way to do this is to proceed along the vertical and then the horizontal axes in turn and for each column or row asking: If I find ... then what does this mean?

Vertical Analysis

- A lot of R's: Is it possible for the individual(s) to stay on top of so much? Can the activity be broken into smaller, more manageable chunks?
- No empty spaces: Does the individual(s) need to be involved in so many activities? Are they a 'gatekeeper' or could management by exception principles be used? Can consulted be (R)educed to (I)nformed, or can things be left to the individual's discretion when something needs particular attention?
- No R's or A's: Should this functional role be eliminated or have processes changed to an extent where resources could be reassigned?
- Too many A's: Does a proper 'segregation of duties' exists? Should other groups be accountable for some of these activities to ensure checks and balances and accurate decision making throughout the process? Is this a 'bottleneck' in the process. Is everyone waiting for decisions or direction?
- Qualifications: Does the level of the person fit the requirement of this role? Are too many senior personnel involved for routine decision making that could be deployed downwards?

Horizontal Analysis

- No R's: Who is doing the job and getting things done? Are there too many roles waiting to be approved, be consulted or informed. Whose role is it to take the initiative?
- Too many R's: Is this a sign of 'over the wall' activities?
- No A's: Why not? There must be an 'A.' someone must be accountable for the thing happening - the buck stops with this person.
- Too many A's: Is there confusion with too many fingers in the pie? It can also create confusion because every person with accountability feels they have final say on how the work should be done.
- Too few A's and R's: The process may slow down while the activity is performed or the procedure may be out-dated and can be streamlined if not needed.
- Every box filled in: Do all the functional roles really need to be consulted? Are there justifiable benefits in consulting all the roles or is this just covering all the bases?
- A lot of C's: Do all the roles need to be routinely informed or only in exceptional circumstances? Too many in the loop can slow the process down.
- A lot of I's: If too many people are involved, usually too many C's and I's, it can dramatically slow things down.

Change Management Issues

Developing RACI charts surfaces many organisational issues because it reconciles the three elements of roles and responsibilities:

- Role Conception: what people think their jobs are.
- Role Expectation: what others in the organisation think another person's job function is and how it should be carried out.

- Role Behaviour: what people actually do in carrying out their job.

RACI is a useful tool which can become overused and be a catch all for all types of problems, so be sensible about the level of granularity for the definition of tasks/activities. Take it to a deep enough level that it is meaningful and at a level of that is sensible. Who is responsible for making the coffee is not required. It is also important to stay focused on the original reason for undertaking the RACI exercise and ensure that this goal is achieved. Rather than creating a perfect RACI covering the organisation in exquisite detail be realistic and understand that 80% of the reality of a situation will be more than the organisation ever knew before the exercise was started.

About Keogh Consulting

Individuals and organisations delivering projects face complex challenges from concept development, through feasibility assessment, delivery, to operation. Keogh Consulting provide specialist resources to assist and improve the development and delivery of capital projects. Through use of agile and lean approaches we ensure that the right projects are done in the right way on time and within budget.

Our consultants have practical industry experience in a range of sectors gained over 25 years in nearly every aspect of a projects life cycle and have advanced degrees in engineering, business administration, finance and corporate governance. We provide a broad range of integrated services touching upon almost every aspect of a project from idea generation to operation and have advised on projects ranging from business start-ups to major public capital projects and programmes.

Should you require further information on how Keogh Consulting can help your project please contact Barry Keogh at barry@keoconsult.com.

APPENDIX – APPROACH TO RACI CHARTING FOR DEVELOPMENT COMPANIES

Session Name & timing	Objective	Output	Mechanics	Preparation
1. **What must be done?** – 30 mins	Prepare a list of all the things that have to be done over a typical year in the company	List of activities, in no particular order, but with frequency that they have to be done.	Using the straw model prepared as a starting point write individual activities onto Post Its – can be done before the workshop (or together as a brainstorming session – don't discuss at this stage if brainstorming together). Indicate Monthly, Quarterly, Annual, Ongoing	Review Straw Model & think of what you do and how often you do it. Get Post Its Read the RACI chart introduction document
2. **Grouping** – 15 mins	Group the activities into some common themes	List of activities ordered into groups	Using straw model headings as a starting point group the post its together and give each group a title	Prepare A2 sheets to place Post Its on/use walls.
3. **Discussion?** – 30 mins	Agree the groupings and add or delete activities as appropriate	Agreed list indicating frequency of occurrence	Have a discussion and move things around, add/delete as necessary	Have a big table or wall available – don't sit down
4. **The annual cycle** – 30 mins	List activities in order that they normally occur.	Ordered list of grouped activities with list of people required to deliver	Place Post Its in order and then transcribe into format of the straw model. Prepare list of who required to do things across the top of the sheet.	Have blank copy of straw model available
5. **Who does what** – 60 mins	Allocate responsibility for who does what and who has to decide what.	A preliminary RACI chart indicating who does what	Start with putting R's against the person that <u>actually has to do</u> the work then allocate A's to the ultimate decision maker. Include C's and I's as required. Consider whether to do yourself or buy in the activity Do individually and then compare and discuss.	Have completed straw model available with activities in left column and people required across the top column
6. **Next steps**	Agree what should be done next	List of actions	Prepare list of follow up activities	

DECIDING TO DO YOURSELF OR BUY IN?

Extent of Central Direction/Control Required

H	*Keep in-house*	*Buy as required*
L	*?*	*Consider out-sourcing*
	Y	N

Company Capability Available

STRAW MODEL OF REAL ESTATE DEVELOPMENT COMPANY RACI CHART

KEY

R – Who is RESPONSIBLE? The person who has to do it (the doer)
A – Who is ACCOUNTABLE? The person who makes the final decision and has ultimate ownership
C – Who is CONSULTED? The person who must be consulted *before* a decision or action is taken
I – Who is INFORMED? The person who must be informed that a decision of action *has* been taken

Frequency – **A** Annually; **O** Once off as required

ACTIVITIES	Frequency	Company Board	Executive	Project Director	Architect	Local Architect	M&E Engineer	QS	Legal	Asset Manager	Main Contractor
Company Governance & Management											
1. Board Process	**O**	R/A	R								
2. Agreeing matters reserved for board	**A**	R/A	I								
3. Strategy development	**A**	R	A	C							
4. Business & Financial Reporting	**O**	A	R								
5. Risk Management	**O**	A	R								
6. Investor Relations	**O**	R/A	R								
7. Manage JV relationships	**O**		A/R								
8. Manage Banking Relationships	**O**		A/R								
9. HR, finance, administration, etc.	**O**		A/R								

ACTIVITIES	Frequency	Company Board	Executive	Project Director	Architect	Local Architect	M&E Engineer	QS	Legal	Asset Manager	Main Contractor
Asset purchase											
1. Identify assets meeting investment criteria & fitting strategy	O	I	R/A	R					C		
2. Physical and financial due diligence	O	I		C		R/A					
3. Preliminary site assessment & high-level feasibility study	O	I		A		R					
4. Project approval (to have a good look)	O	A	R	R							
5. Prepare business plan	O	A	R	R/A	R		R	R			
6. Investment opportunity assessment	O	A	R								
7. Raising of finance	O	A	R								
8. Property acquisition & legal	O	R/A	R						R		
Asset sale											
1. Marketing	O		R/A								
2. Legal	O		A						R		
Asset & portfolio management											
1. Day to Day Occupier management	O									R	
2. Consult with potential occupiers	O	I	R/A	I	I	I	I	I		I	

ACTIVITIES	Frequency	Company Board	Executive	Project Director	Architect	Local Architect	M&E Engineer	QS	Legal	Asset Manager	Main Contractor
3. Pre-completion marketing of asset	O		R/A								
4. Overlay asset major maintenance programme on station opening masterplan	A	I	C							R/A	
5. Facility management tendering	A	I	R	R/A					C		
6. Develop project masterplan (including project program, budgets etc.) & track v baseline	A	C	R	R/A						R	
Development & refurbishment											
1. Create Design Team & Contractor Shortlists to deliver projects	A	C	R	R/A					C	C	
2. Individual project design team selection	O	I		R/A					C	R	
3. Management of project finances	O		A	R				C			
4. Develop preliminary design & construction programme	O	C	C	R/C						R/A	
5. Develop detail layouts plans etc.	O	I	C	R	R	R	R	R			
6. Prepare & apply for planning/consents etc.	O	I		I	R	R/A			C		
7. Design process & tender document preparation	O			I	I	R	R	R	C		

ACTIVITIES	Frequency	Company Board	Executive	Project Director	Architect	Local Architect	M&E Engineer	QS	Legal	Asset Manager	Main Contractor
8. Tendering	O			A/R				R			
9. Construction contracts etc.	O	A		R				R	C		
10. Construction project management and reporting	O	I	I	R	R			R			C
11. Staff hiring & training	O		R/A	I							
12. Snagging	O		I	R		R	R			R	R
13. Practical completion	O	I		I	R	R	R			R	R
14. Handover	O	I	R	I						R	
15. Available to occupy	O	I	A	I						R	R
16. Post project review	O	I	R	R/A						R	
17. O&M, BCAR, certs of compliance etc.	O	I		R/A	R	R	R		R		R