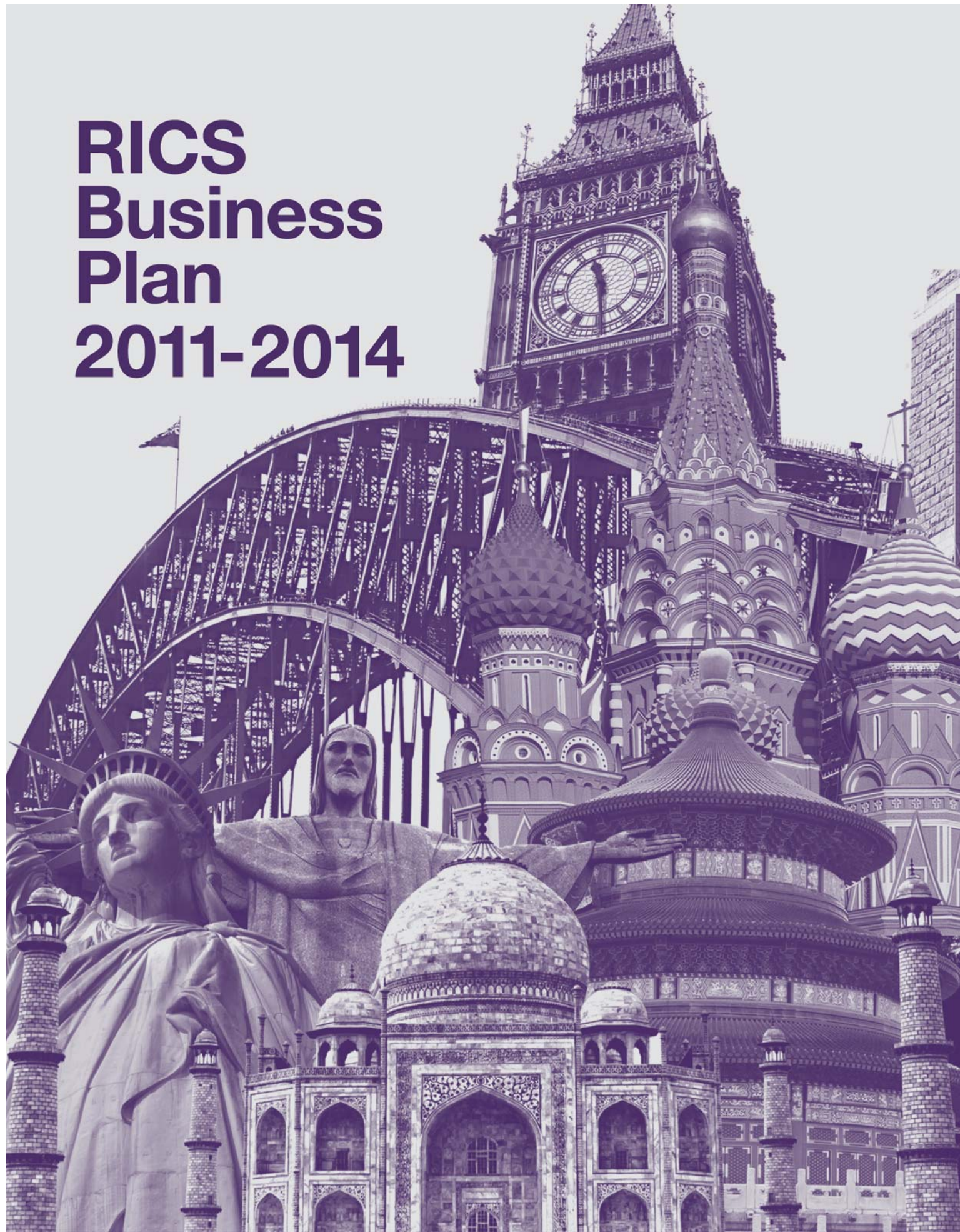


RICS Business Plan 2011-2014



the mark of
property
professionalism
worldwide

rics.org

“If you do nothing else, place your emphasis on increasing the profession’s status and recognition in the marketplaces” **Source: the voice of RICS members – Membership Survey**

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CEO's perspective of RICS' next three year business plan cycle

Direction of travel. The core driver of our direction of travel is our ambition for recognition, by markets and governments, of RICS as the leading body that sets and enforces professional standards in our field. It is this recognition by markets that will drive demand for our professional qualifications, greater use of our products and services and the continued calls for us to be the leading and influential voice in matters that affect land, property and the built environment. Our strategic success cannot simply be defined by growing membership numbers as this projects the brand aura of a trade association, not a modern and relevant standards leader.

Building recognition. Markets that recognise RICS' status and standards will demand people who possess them and ultimately this means better employment prospects, a premium on remuneration and a demand for their services. Firms should benefit from being able to promote their organisations as "regulated by RICS". Every year since RICS started to conduct the annual membership survey, the message has been loud and clear "If you do nothing else, place your emphasis on increasing the profession's status and recognition in the marketplaces".

The transition to a global body. RICS is in a state of transition from a UK organisation with offices outside the UK to a worldwide organisation operating across many markets including the UK. Much of the last financial year has been spent on establishing a strong understanding in new and emerging markets and ensuring that in our most established markets, such as the UK and Ireland, we continue to pursue ambitious plans for the development of the profession. We are marshalling our standards, regulatory capability, qualification routes and products and services to meet the market needs we are identifying. At the same time, we are ensuring our HQ and central support services are equipped to meet the needs of a growing worldwide organisation.

While we need to continue to place additional strategic emphasis on certain market priorities and opportunities, we must ensure that support continues for all RICS' geographic locations and professional sectors.

UK challenge and opportunity. I believe RICS is in a unique position – establishing a highly recognised global professional body across land, property and the built environment is a challenging yet realistic long-term vision set by our governing body. We must face up to the impacts of an ageing UK profession, but there remain opportunities to grow our brand and revenues in the UK. For the long-term survival and prosperity of the profession, we must balance our established UK position with increasingly ambitious plans for expansion in our markets worldwide. Prolonged periods of doubt and looking in the rear view mirror could give rise to competitor threats to our unique position. I cannot think of another professional body that has put itself in such a position of opportunity. I can think of many who would like to be here. The economic world is reshaping and in order to be relevant in the future, RICS has to respond. In 2000 the 'advanced mature economies' accounted for 63% of global GDP. The IMF forecasts this will fall to less than 50% by 2013. Economic power is shifting West to East and being driven by the BRIC nations.

Extracts from our 2030 Foresight study that resonate

Source: RICS 'Just Imagine' Futures Foresight study May 2011

"It has become almost commonplace to suggest that **the professions** are at a watershed – or even under siege. That, with the new culture of accountability in society, there is a '**crisis of trust**', in their conduct and a serious questioning of their continued relevance. Seen as self-serving and insufficiently accountable by a more transparent and less deferential public, they struggle to position themselves and retain people's esteem. Contrariwise, with a clear set of values, an insightful vision for the future, a strong sense of social responsibility, enlightened leadership, high standards of professionalism and proven performance, and a good dose of common sense and self-confidence, there is every reason to suppose that the British model of professional institutions could, suitably adapted, serve as an exemplar for international application.

Arguably, no institution is better placed for this global role than the **Royal Institution of Chartered Surveyors**. Indeed, it already performs it. Whilst its diversity of disciplines is a huge strength it is also a potential weakness. Other international organisations in their respective fields of land, planning, property, development, construction, building, facilities, appraisal and sustainability vie for primacy of position in an increasingly competitive arena". **Source: RICS 'Just Imagine' Futures Foresight study May 2011.**

Ambitious but prudent investment. RICS has been a net investor in world market development. At its peak, RICS was subsidising development outside the UK to the tune of about (£2 million) per annum in 2005/2006 (roughly equal to the net profits it received from non-professional subscription product and service sales). Over the last few years, this investment has reduced substantially (as a result of revenue growth) and at the end of the last financial year the level of financing stood at less than (£0.25 million).

Given this positive picture of development, the Chair of the Management Board and I believe it is in RICS' best longer term interest to begin a new three year cycle of prudent investment, not just in markets outside of the UK but in the UK as well.

Following the very positive steer by Governing Council in March, it is clear that ambition remains high and RICS is prepared to invest from its reserves over the next business plan period to push forward the next cycle of the plan. Governing Council was comfortable with a figure of up to £3 million investment from reserves.

Priorities and focus

The next three years of the plan will see a newly created **UK World Region**, with new executive leadership to develop wider opportunities within the UK and not accept that the UK has reached maturity. This plan includes investment in new capability, particularly marketing and business development.

In markets outside of the UK, we are showing that, with a more business development-oriented executive, we can develop opportunities. We will focus capability growth in **Asia-Pacific, Latin America and Europe** in the first instance. The main areas of focus are:

- Mainland Europe
- Russia and CIS
- Greater China
- South East Asia
- Brazil and Mexico.

We are producing a more sophisticated approach to the development and launch of our **products and services**. Greater focus is being placed on market testing, proposition development and establishing levels of market demand. In particular, we are investing in routes to membership, training and alternative dispute resolution.

Professional standards are critical to our long-term development and we are looking to maintain our level of investment in their production. Our focus over the next period is on ensuring that we gain market recognition for our standards. In addition a greater emphasis will be placed on new ways to provide, record and monitor CPD/LLL.

Regulation. We cannot assume that our brand can live unprotected in a rapidly changing and globalising world. It is important that we continue to ensure that our regulatory operations keep up with the pace of our market development.

Finally, **technology**. We have underinvested in technology and we are now undergoing a major programme of modernisation including global access and controls. The scale of our organisation and its operational reach has changed and our infrastructure needs to match this. In the period of this plan, we will be concentrating on 24/7 resilience and recovery, together with a big push into web-based applications on a global web platform with full e-commerce capability. We also plan to enhance our CPD/LLL online recording support for members as part of our desire to more rigorously review continuous development.

Sean Tompkins
RICS Chief Executive

The vision set out by Governing Council

To be recognised in key worldwide markets as the leading body that sets and enforces professional standards and offers access to the most sought after professional status.

Our strategic goals

During the development of the 2011-2014 business plan we have set four strategic goals to achieve our vision as follows:

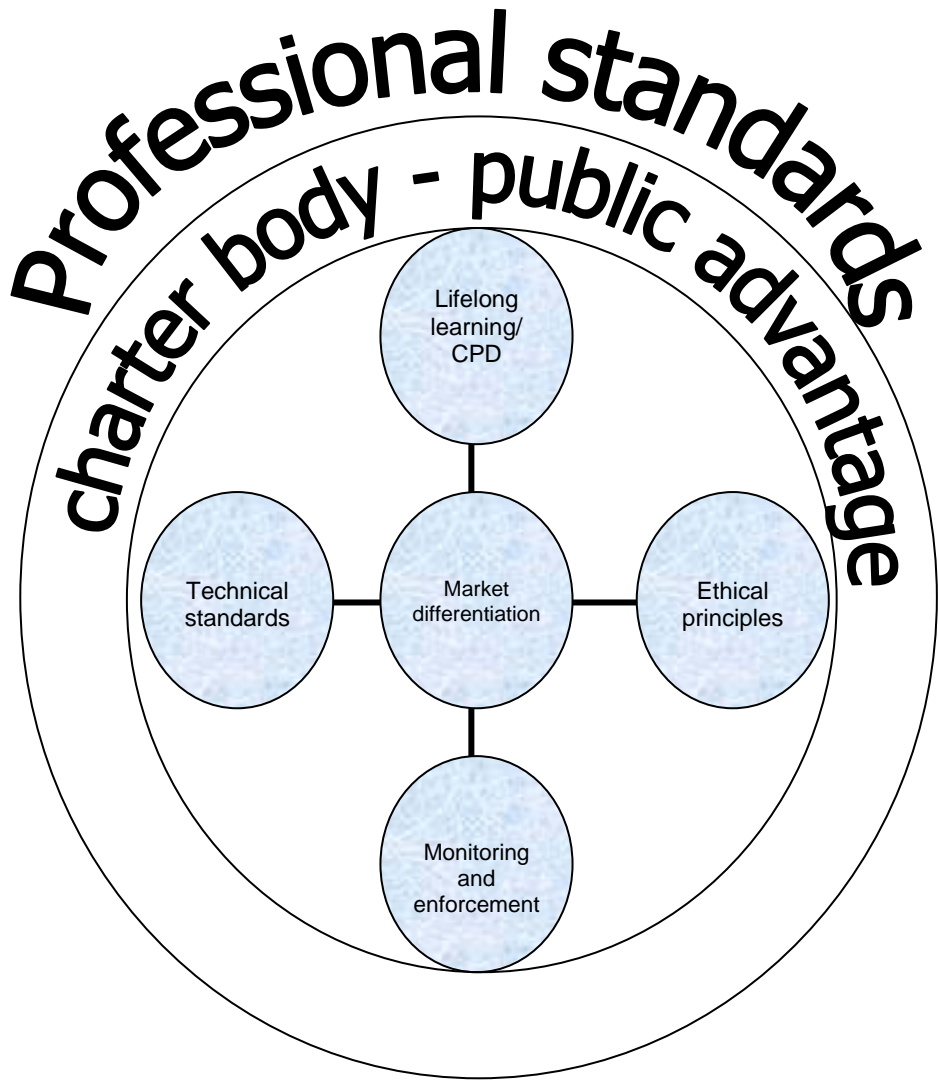
1. **Achieve recognition of RICS standards by markets and governments**
2. **Provide professionals with leading edge products, services and information**
3. **Be recognised as a leader in ‘responsible business’ practices**
4. **Make RICS more agile; to take advantage of new opportunities.**

Our value proposition

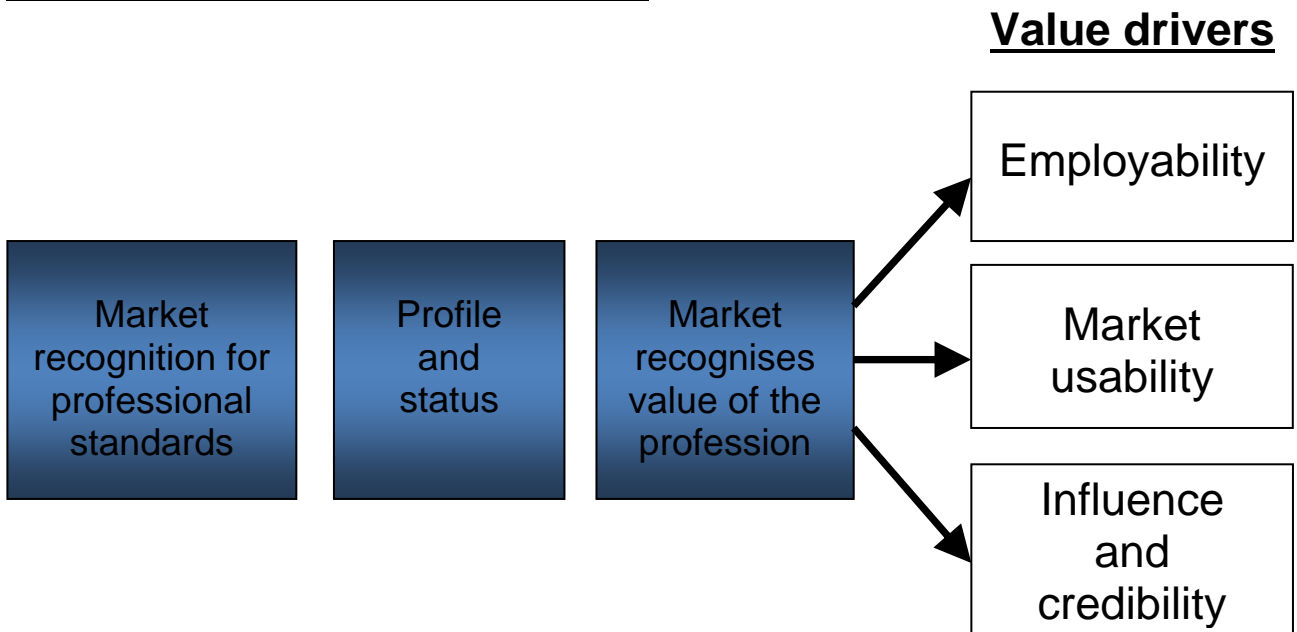
RICS' core value proposition is about the recognition and delivery of professional standards in our chosen markets. RICS continues to develop and deliver products and services that assist members to maintain and enhance their professional competence and provide high quality service to their clients.

This relationship is illustrated overleaf.

RICS' core proposition



Value drivers for the profession



Our year one priorities

To achieve our vision and long-term strategies our top priorities for 2011/2012 include:

1. **Gaining recognition of our standards** by markets and governments in valuation, construction, built asset management, real estate agency brokerage and embedded carbon measurement
2. **Achieving strong market demand for Valuer Registration**
3. **Increasing delivery of learning content** and providing an integrated online self service recording system for CPD, coupled with regular monitoring
4. **Establishing an agreed framework for global regulation**
5. **Completing major IT infrastructure investment** and realising benefits in operational efficiency and digital information and services
6. **Enhancing our business development capabilities** across all markets.

Major global themes for 2011/2012

To underpin our activities across markets we will adopt cross cutting themes:

1. Establishing the importance of property in the economy and the role of RICS in property

RICS and its members play a key role in promoting best practice and joined up solutions that can benefit sustainable economic activity. RICS will achieve this through:

- Focusing on improving interactions and understanding between the property sectors, public policy, asset management, development and the investment community through engagement, thought leadership, promoting best practice and research
- Developing the new Business Valuation pathway as a priority in 2011/2012
- Educating and preparing members for forthcoming changes to international accounting standards
- Promoting the benefits of its robust regulatory framework, boosting confidence in the use of property professionals in core markets.

2. Demonstrating our credentials as a globally responsible business

Running a responsible business is integral to RICS' professional activities and management of the organisation. We plan on:

- Making our customers aware of our own Responsible Business Policy and encourage them to equally adopt sound responsible business management practices
- Integrating environmental and social considerations into all our business decisions
- Ensuring that all staff fully understand our Responsible Business Policy and its objectives and their role in implementing and improving it through their daily work.

3. Providing foresight on the changing nature of land, property and construction

As an organisation RICS will strive to be forward looking in its approach. This will help in planning to meet the challenges of the next 20 years. Priority in 2011/2012 will be given to:

- Improving our own foresight capability and horizon scanning
- Developing strong links with other professions, multi-disciplinary firms and projects with greater need for collaboration

- Looking beyond built assets to the strategic role played by land, resources, energy and the natural environment
- Developing and sharing of knowledge that helps to prepare the profession for the future.

Our finances, assets and investments

Effective financial management coupled with healthy liquid and property portfolio reserves, put us in a strong position to continue selective investment in strategic priority areas.

Year one of this plan will result in a small controlled operating deficit, followed by a return to an operating surplus by year three.

We will review our assets, and where possible, drive up returns in a risk-controlled manner.

Following a review of our investment portfolio we have concluded that the purpose of this is to attain long-term growth over a period of five years. These investments will not be used to fund activities. We have access to other sources of funds should the need arise.

We continue to strengthen the balance sheet, building up reserves and ensuring the long-term financial viability of the organisation.

Our key business planning assumptions

1. Subscriptions

- The assumption is that the full world regional rate of subscription will increase each year by the relevant 'prices index' for the region (measured in August of each year). For the UK, this will be CPI and for all other regions we will agree a basket index with each World Board.

2. Non-professional subscription income

- Given market uncertainties we will take a realistic view on non-professional subscription income, on a market by market basis. In areas where new investment is being made clear targets for return on investment will be set. We expect to grow overall revenue to ease the pressure on professional subscription fees.

3. Effective operations

- Efficiency gains will be made through 'back office' saving as a result of investment in improved IT and web-based service and purchase delivery. Savings of at least £1 million will be identified during the next business year with further gains built into the 2012/2013 business year. Gains will be redeployed to enhance our market development efforts and expansion. In particular we will:
 - progressively reduce reliance on print and paper-based outputs
 - increase the use of communications technology to reduce travel and time costs
 - maximise the use of online sales channels
 - rationalise payment methods
 - use built assets more efficiently and dispose of non-performing assets which are costly to maintain
 - continue to devolve central operations to world market operations as each region reaches an appropriate point in its maturity cycle.

4. Human Resources

- Economic conditions will continue to differ significantly across our operating areas. For example forecast pay settlements within our comparator group for 2010 c.2.5% in the UK, 8% in India, 10%+ in China.
- Any significant increase in employee headcount is likely to begin to be seen outside of the UK.

Achieving our priorities

1. Gaining recognition of our standards

A focus on recognition of globally relevant standards reflects RICS' core value proposition over the period of this business plan.

Maintaining a focus for professional standards

- Build and expand our Red Book Valuation Standards (including a focus on developing standards in Business Valuation)
- Expand the New Rules of Measurement (NRM) with new volumes due in 2011/2012
- Launch the Black Book of Standards for construction
- Promote new Global Real Estate Agency and Brokerage Standards
- Professionalise Built Asset and Facilities Management through the White Book of Standards
- Establish Land Tenure Standards for emerging markets
- Develop Measurement Standards for Embodied Carbon (and lifecycle costing).

Creating centres of excellence

RICS will establish criteria for centres of professional excellence in 2011/2012 with further investment in the development of centres in future years. Key features under consideration include:

- Basing these centres in strategic locations around the world
- Operation of multiple sites together as part of a global virtual hub for knowledge development, sharing and transfer
- Identification of key themes that will form the basis for each centre
- Drawing on strategic partners from either the public or private sector to improve collaboration.

Building recognition of RICS

- Establish RICS as the lead voice on the importance of land, property and construction in the global economy
- Develop and implement RICS' brand strategy including campaigns in support of standards recognition with end users of RICS members' services
- Pursue recognition opportunities at global level with both markets and governments, working with the leadership team, our regions and experts across professional practice
- Continued support for the RICS Education Trust.

Content management approach

Alongside this an integrated content management approach has been agreed that will ensure new standards produced by RICS feed into an interlocking suite of products (publications, training and conferences).

2. Achieving strong market demand for Valuer Registration

We will build on the successful introduction of the Valuer Registration Scheme in the UK, extending registration to other markets. Early signs in the UK are that the scheme has been welcomed by the market and that members are benefiting from the enhanced credibility and recognition offered by the new designation 'RICS Registered Valuer'.

We are now assessing other markets, including Hong Kong, Europe and North America with a view to rolling out the scheme where there is market or government-led opportunity. Wherever we implement new regional schemes, we will promote the importance of robustly regulated valuation standards, building market demand and recognition.

3. Increasing delivery of learning content

RICS Training will continue to develop the portfolio of courses both face-to-face and online. While the UK will continue to be the development region, the objective is to develop content which is applicable on a worldwide basis, with a degree of localisation to meet local market requirements. Discussions are underway with all world regions on developing a training course portfolio to be delivered locally.

The online product set will continue to develop with webinars being added in the next 12 months, both live and recorded.

The distance learning courses piloted in India this year in valuation and construction will be trialled in other world regions. In addition distance learning courses in facilities management and project management will be added to the portfolio.

4. Establishing an agreed framework for global regulation

RICS Regulation continues to develop, implement and communicate leading regulatory policy and operations to ensure the best outcomes for the public, members and the reputation of RICS.

In addition to implementing Valuer Registration in key markets, our plans include:

- The development, approval and implementation of a global regulatory governance structure during 2011
- The implementation of member regulation in a global context, including increased CPD monitoring (10,000 per annum) and provision of a toolkit for members, and markets, on ethical professional behaviour
- The development, with key world regions, of pilot regulatory schemes based on non-valuation RICS standards e.g. Real Estate Agency Standards in Europe.

5. Completing major IT infrastructure investment

The 2011/2012 year will see the completion of major investment in our technology foundations. During the first year of the new plan we will launch a new digital platform, transforming the way that members, potential members and customers interact online. By thinking longer term and taking a customer-led approach, we will extend our reach, and offer a better, more personal and relevant online experience.

The first phase will be delivered in early 2012 – a single global website, with personalisation options, and an improved online payment system.

The direction we are following, after a period of review and consultation last year, includes:

- Consolidation of disparate RICS websites to create a stronger, coherent, single destination
- Greater opportunities for customers to build their online profile and manage what they receive from RICS

- A strong global brand but with appropriate scope for localisation so that the website envelopes locally relevant themes
- A more open policy to our content and body of knowledge to showcase our specialisms and attract new members
- Greater use of commentary and opinion – from recognised experts and from members with advice to offer to others
- The ability to network with experts, find members and, as a member, be found via a single RICS digital platform
- A single shopping basket for all RICS courses, books and products, to make searching for materials much easier.

6. Growing our business development capabilities

Understanding our markets

All market based teams have embraced regular gathering of market insight that informs market assessments and ultimately business and operational plans, including:

- Identifying opportunities as well as risks and competitors
- Continuing to research market needs across Africa, emerging markets and market sectors such as facilities management and business valuation
- Expanding key account, client, government and regulator facing activities.

In keeping with all market forecasts, we see Brazil, Russia, India and China as the future major global forces. Important large emerging markets such as Poland, South Africa, Mexico and Turkey will also need careful assessment to enable RICS to respond as opportunities arise.

On a city region basis, market assessments planned during the 2011-2014 period include - Bangalore, Johannesburg, Istanbul, Washington DC, Tokyo, Rio De Janeiro, Cape Town, Doha and Cairo.

Global development hubs for our regions

In order to match more closely the accepted market operating structures of major firms and to promote more efficient sharing of resources across world regions, RICS has clustered its non-UK regions into three 'Business Units'. In addition Management Board has approved the formation of a new world region 'South Asia' which will include India, Sri Lanka and Bangladesh.

Business Units:

Americas – North America and Latin America

Asia-Pacific – Greater China, South Asia, ASEAN (SE Asia) and Australia/New Zealand

EMEA (Europe, Middle East and Africa) – Europe, Russia/CIS and MENEA.

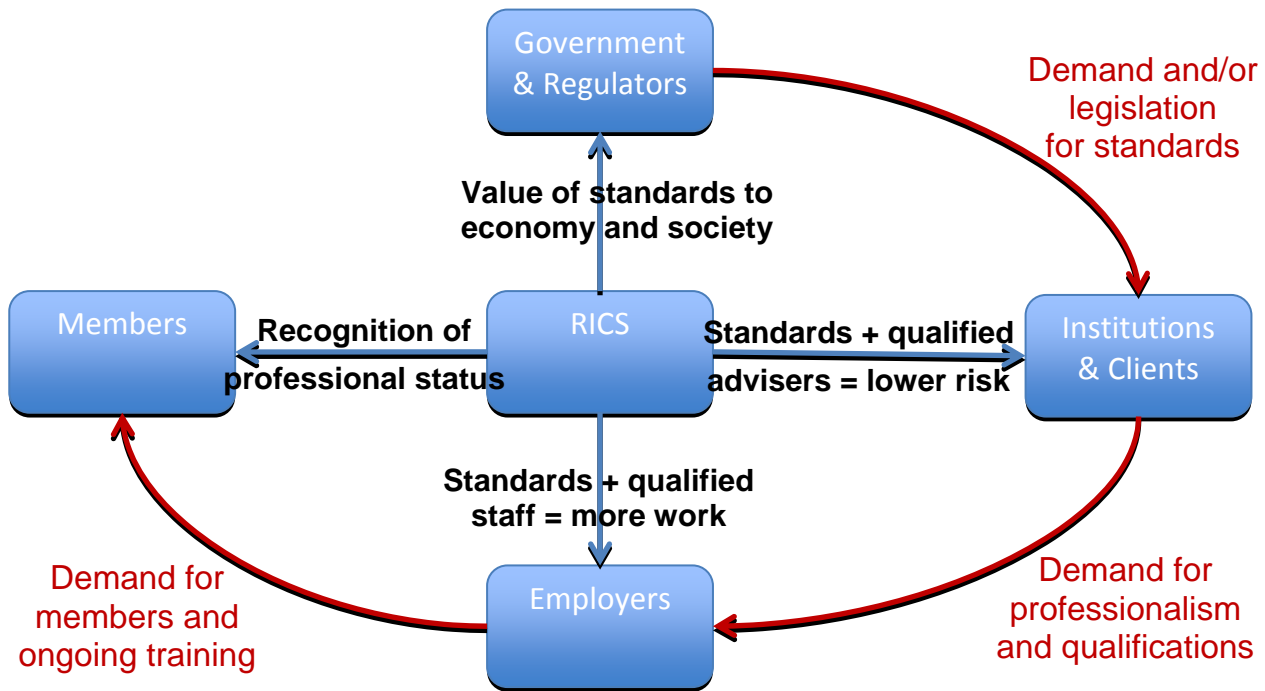
Understanding and engaging with our customers

All market based teams will undertake programmes of promotion and engagement with firms and clients of our members with a specific focus on banking, insurance, accountancy, contractor and the public sectors.

Growing a strong, well-networked profession is vitally important. To improve our insight and to communicate with new and existing members:

- We will explore the expansion of Modus into regional and digital versions
- Extend the member survey to measure satisfaction and engagement on a more regular basis
- Grow our social media presence beyond Facebook, Twitter and LinkedIn.

Externally to the marketplace we believe it results in this continuum:



Professional membership products

Our capacity to grow across all markets depends on the development of our core product set: professional membership routes. During 2011/2012 we will extend Associate membership into the Asia-Pacific and Americas regions deploying a range of pathways with full guidance and support for applicants. At chartered level, the introduction of the Professional Experience Route, will enable RICS to build membership more effectively in markets where accredited degrees are not the norm or don't currently exist.

For both Associate and Professional Experience Route, there will be close co-operation between our central and regional teams to support the successful delivery of these routes in the local market. These will offer flexibility while ensuring the benchmark standards for membership are maintained.

Developing our people

Our people are critical to RICS' continued success. We are working toward improved levels of employee and member engagement and during the 2011-2014 plan we intend to:

- Define and implement a reward strategy that works for our employees in all world regions
- Define and embed expected values and behaviours for employees and members
- Define and develop the organisational capability to achieve our longer term strategy.



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Advancing standards in land, property and construction.

RICS is **the world's leading qualification** when it comes to professional standards in land, property and construction.

In a world where more and more people, governments, banks and commercial organisations demand greater certainty of **professional standards and ethics**, attaining RICS status is the recognised **mark of property professionalism**.

Over **100 000 property professionals** working in the major established and emerging economies of the world have already recognised the importance of securing RICS status by becoming members.

RICS is an **independent** professional body originally established in the UK by Royal Charter. Since 1868, RICS has been committed to setting and upholding the **highest standards of excellence and integrity** – providing **impartial, authoritative advice** on key issues affecting businesses and society.

RICS is a **regulator** of both its individual members and firms enabling it to **maintain the highest standards** and providing the basis for **unparalleled client confidence** in the sector.

RICS has a worldwide network. For further information simply contact the relevant RICS office or our Contact Centre.

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