

Amen Brother Steve

Re: "Property Management: A Trip Beyond the Year 2000" by Stephen Michelsen

BY CHERI L. CROSS, CPPM, *Great Smoky Mountain Chapter*

Stephen Michelsen (DOE) recently published an article in the July/August issue of *The Property Professional* entitled *Property Management: A Trip Beyond the Year 2000*. I was unusually inspired by this article. Living not only in the South, but also in the heart of the "Bible Belt," my initial, gut reaction was "Amen Brother Steve!" I applaud your visionary approach to the future of property management. I have personally witnessed the movement of our profession in the direction that Steve described. During the past few years, it appears that we have "gotten out of the trunk and into the front seat." Using "Beyond the Year 2000" as an outline, I would like to "testify" to several examples of progress that have recently occurred at the Oak Ridge National Laboratory (ORNL).

What are we worth?

In this day and age, we face the threat of being laid-off, downsized, right-sized, subcontracted, privatized or shutdown. Operating effective and efficient property management systems, while important, is no longer a comfortable position of existence. This past year, all non-core functions at ORNL were subjected to a make versus buy analysis. If the conclusion was to make, the function would continue to be provided via "in-house" sources. On the other hand, if the conclusion was to buy, the function would be procured via a subcontractor. My approach to this exercise was not to show the efficiencies of our inventory system or how quickly we could dispose of surplus property. Rather, as Steve suggested, the focus was on "the costs of not performing property management [properly]" and "the contributions to the bottom line." Believe me, I painted a bleak picture of the future at ORNL (as it honestly would be) with a disapproved property management system. The risks associated with improperly releasing high risk, hazardous, or sensitive assets to the public was outlined. I must have gotten the committee's attention. The decision-makers agreed that our function was crucial to the successful operation of the Lab – the risks associated with an inadequate property system were determined to be too high. I am proud to say that property management at ORNL is now considered a "must make" function. Hallelujah!

How do we measure our success?

According to Steve, "avoided acquisition costs of

parts and equipment or significant sales proceeds at disposal should have substantial benefits to the organization." During annual negotiations with the local DOE Field Office regarding performance measures, we are beginning to use this type of criteria to measure our achievements. Successful inventories are expected. This is the minimum requirement (and is still being measured). However, how much are we contributing to the bottom line? Since the inception of Swap Shop (an electronic bulletin board for internal screening of excess property) in 1993, reutilization at ORNL has increased 1,500%. This translates to \$1.8 million in the reuse of equipment and materials during 1996. Not only is there a reduction in procurement costs, but also the avoidance of disposal costs. The best way to make your site aware of your achievements is to include them as performance measures for your annual assessments. Recent upgrades to the Swap Shop inspired me to commit that reutilization will increase 20% during 1998. Wish me luck!

Sales proceeds at ORNL are also on the rise. Recent reengineering efforts have contributed to the use of some innovative sales techniques.

During the past two years, we have begun conducting Fixed Price Sales at the site. Items are pre-priced and sold to the public on specified days. The result is substantially greater proceeds than were realized using traditional bid sales. We are also using annual contracts to dispose of what were once hard to dispose of items. For instance, bids are taken to buy all of the used furniture at the site for a year. We have found that our proceeds are greater from this type of sale than selling mounds of desks in lots to individuals. Finally, we are also beginning to hold on-site auctions for specific types of property. The results of the new sales techniques are higher proceeds than have ever been received in the past. During 1996, ORNL was recognized as having the highest sales proceeds per acquisition dollar for any DOE site. Of course, we are still working on ways to increase our proceeds even more, but managers at ORNL know that we are among the best (and it never hurts to be the best)!

Are we contributing to organizational goals?

I would like to begin this discussion with two quotes from "Beyond the Year 2000."

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"In our future the only actions that are important will be those that serve to demonstrate that property and asset managers can contribute to the achievement of organizational objectives."

I know, firsthand, the meaning behind these statements. Remember when major projects, programs, etc., that directly affected property issues, occurred at your site and property management was the last to know? I am sure that we were all "raised " this way (if we are not, in fact, still being raised this way now). How many times have we heard, "OOPS! We never thought about property." These days are gone at ORNL. Managers now realize that most major changes at the site affect property management in some fashion. Now, when core teams are formed to address various issues, property management is asked to participate. From issues like leasing facilities to the public, to a new M&I contractor coming on site – property matters are now identified and resolved from the onset. Participation of property personnel on core planning committees has proven to be a real asset in achieving site objectives. No more unwelcome surprises in the form of costs that could have been avoided. As

Steve said, "The future will be ours and success will have been achieved when the property and asset management function is accepted as a strategic contributor." I think that we are on the right track at ORNL.

Are we living in the past?

One thing that we can always be sure of is that things will change. Procedures, processes, and systems that were adequate in the past are no longer acceptable. We have been re-engineering property functions at ORNL for the past two years. I was amazed at how we were torturing ourselves. To write-off an inventory item as "lost " actually required four signatures from various levels of management. Come on! If it is lost, it is lost. How many people have to attest to the fact? From acquisition to disposition, new processes have been adopted and procedures have been consolidated and rewritten. Approvals have been replaced with simple notifications, paper with electronic signatures, old systems with Web applications.

As Steve stated in his article, "Rejecting volumes of policies and procedures in favor of simplified guidelines and monographs can get attention. Reducing the number of people involved in an approval process can get attention. Movement toward best practices and commercial practices can shake things up." We certainly got attention, both internally and externally. Mountains of e-mails and telephone calls have been received from site employees commending property for their improvements. We even received a complimenting e-mail from the plant director regarding how wonderful our Web application performed (wow, this was really a change). We have also been contacted by property management organizations from many other government facilities. They are very interested in learning from our experiences. I must admit, it is not so bad to be the one that others call upon for guidance and assistance. It makes me feel like we are doing something right. Not only should we be looking to commercial practices and the latest technology, we should also be sharing with each other.

Where do I go from here?

So, I guess it sounds like everything is perfect here at ORNL, right? Not on your life. The more we change, the more we see we have to grow. There are so many opportunities that my priority list is already booked for the next several years. Those things that were once dreams (in the too hard to do pile) are now well within our grasp. If we continue to view the future as a challenge and, more important, celebrate our successes, then we will be able to survive "a trip beyond the year 2000." Steve, as Property Manager, I accept the challenge to carry property management at ORNL into the next century. ♦

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