

Where to Now?

Points to Ponder in Property Management

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What is Property Management?

If I asked a group of people, what does your entity consider to be property management; I would more than likely get different answers. Even within NPMA, which is a professional organization that represents the property management profession, we all have different position descriptions with various scopes of duties and responsibilities. As a discipline, we are still evolving especially when one tries to determine the scope and breadth of property management. We aren't alone; other professional organizations for contract management, supply chain management and transportation, and so forth are having a similar problem, especially in those areas where functions and responsibilities overlap. In an academic and theoretical environment evolution is an indicator that a process is dynamic and has not become stagnant. As a practitioner it can be frustrating.

Property management does mean different things to different people. Property management and the way it is practiced varies especially when you look at subcomponents or field activities in large entities and governmental bodies. You may envision a very simple and clear function on an organizational chart, but what you get looks like it was a 500 page appendix to the Economic Stimulus Act. Somewhere or somehow something got lost in translation or the expectations were not as clear as originally envisioned or there is simply a piling on of duties.

In an organizational setting whether commercial, non-profit or public sector, uncertainty is fraught

with risk. There is a fundamental mechanism that may come into play. If property management is ill-defined in your entity and you don't mitigate that uncertainty then you may be destined to work in an environment created by someone else. If you are not part of the solution then you may very well become part of the problem. As property or asset managers it is our responsibility to help alleviate this confusion and to guide the process.

Acceptable Service

The term acceptable service is a very elusive concept. It has occasionally been described on many occasions in these terms, "I'll know it when I see it." It is especially applicable in the property management area. Generally customer/stakeholder expectations can be simply stated, the customers expect a dependable and sustained level of service along with a workable product or end result. The better the communications between the parties the less likely errors or wrong assumptions will enter into the process. But once we give the customer what they want, is that all that needs to be done? Shouldn't we be providing the same level of effort afterwards to see if the customer is having a problem with what we provided? As one marketing manager stated, "treat your repeat customers as though they are brand new and give them the same level of personalized service."

We normally think of acceptable service in terms of getting what we want, when we want it, and where we want it. Using a restaurant analogy, yes, I ordered eggs over easy but these appear to still be cackling, and the bacon is a bit underdone, in fact I can still hear the squeal. By most standards, the previous

example would not be acceptable. No sane person wants a raw egg and live pig on their plate!

If getting the right item to the right place when its needed most of the time is acceptable service then what's exceptional service? You can look at exceptional service as anticipating the needs of your customer, e.g., ensuring that you have enough stock on hand to meet seasonal demand, and being able to respond immediately when an unusual situation arises, etc. Snow shovels needed for winter that are being delivered in May probably won't do. But ensuring that your customers in the northern tier get snow shovels at the end of October or early November not at the end of January and having the capability to provide additional stock if requested is anticipating someone's needs. Likewise in property management, gearing up for a large scale disposal effort in July or early August in anticipation of the flood of fourth quarter disposal actions due to increased acquisitions would meet the criteria. Providing critical data to line managers in your entity ahead of schedule or due dates consistently would be considered exceptional.

Aren't all customers the same-just customers? In virtually every situation the universal answer is a resounding no. Your customers have different needs and expectations. Internal customers, those within your entity, have needs that are different from your contractors, suppliers, etc. Each of these customer types will vary as will how we define the terms internal or external.

Are there any other types of considerations that need to be determined for the adequate development of plans? In some sectors, there may be various reports, licenses, fees and other types of

considerations that may be required. Even government is not immune from outside influences and unusual requirements. Even though some of these requests may be outside of the norm, you need to plan and conduct a “what if” or “worse-case” scenario of what else could go wrong or how do we respond if blindsided by the unexpected. Those who constantly review their plan and rehearse what to do are in a better position to react and respond when a real event occurs.

Who defines success or failure?

Realistically, we perform a myriad of tasks that define our own success or failure. In a larger sense, the answer of who defines success or failure may be complex depending on the type of activity that you are dealing with. The usual answer to this given in economic terms is that the customer will vote with their money. If you don't give me what I want, when I want it, or if you give shoddy service then I'll go to someone else. Most people and organizations are willing to pay a little more if the guaranteed quality of goods and level of service can be maintained. In large and complex organizations it may be harder to define or to spot the area that needs to be fixed. Smart managers will enlist the assistance of those closest to the action to help them develop critical measures or highlight what needs to be fixed.

Deciding or knowing when we have attained a higher standard is much harder. For those entities that have implemented quality controls and statistical measures, it may be easier to determine variances assuming the right measures have been selected and are being

consistently used. Notice this is dependent on two critical factors, first are we measuring the right things, and second are we evaluating those measures consistently.

Certainly the people who work with and know the processes, whether in the warehouse, loading dock, etc., are more than likely to know what's broken and what needs to be fixed, but nothing works as well as having proof. Even fine-tuned processes need to be re-examined periodically to ensure that they are doing the right thing right. If not, who wants to be the best buggy whip or hoop skirt manufacturer in the world? The last time I looked there wasn't much demand for either of these items today.

Another way to look at it may be the analogy of a corner grocery or small variety store. Success is spelled at the end of the day when enough revenue has been generated to pay bills and to open the store the next day. For large entities success is more difficult to define and more complicated to determine. Ultimately we must be able to determine if what we are providing is adding value and is performing a necessary function. The specific answer to that must be responded to individually and honestly. What works for one entity may not work for another for a variety of reasons, e.g., different customer base, different organizational culture, etc. But because it is difficult to define doesn't mean you don't need to realistically measure and assess how well you are doing both quantitatively and qualitatively. Effective and well engineered processes take time and require effort. There is an old Arabian Proverb that addresses the point, “What comes with ease goes with ease.”

Like the refrain to the old song, “Is that all there is?” the answer to that is situational or more in line with the common “it depends” response. We need to do the right thing, the right way, at the right time and under cost. I can become the most efficient manufacturer of hand cranks for automobiles but who hand cranks a car today? It is not a matter of just reading and interpreting the tea leaves. You need to understand your customers and their operating environment. That also means that you need to know your limitations as well as your strengths. You not only need to know your business processes but you also need to know who you are supporting and their business processes.

Does it get better? Yes if you plan well and allow for flexibility and tolerate those who occasionally “think outside of the box.” Sometimes their wild ideas create just enough of a spark to develop a raging creative inferno. Flexibility and intellectual curiosity are the keys. Even the most rigid entities have some strange character or characters that they employ just for that very reason. Someone needs to challenge the existing order and make those in managerial positions stop and think about what they are doing and the consequences of their actions.

Scale and Scope

What's the impact if I drop a cup of coffee in my own kitchen versus spilling a bowl of soup on the host at a major reception where everyone is looking? Certainly the scale of the disaster is magnified and we all need to keep that in mind as we weigh the impact of our actions or inactions. However, failure to act in a timely manner can be more costly than taking action and doing

the wrong thing.

What is the cost of failure? How much did the temporary loss of a simple laptop computer cost the Department of Veterans Affairs? It was well into the millions of dollars in direct costs, plus an unknown amount in indirect costs. What's the cost to your entity if you can't readily find key items? It may not be a problem unless that part happens to be a critical bolt that holds the wing of a large aircraft that carries 200+ people aboard.

Sometimes the true cost is not measured in dollars but in terms of intangibles such as lost trust and poor PR. Think about the image of BP after the oil spill in the Gulf of Mexico. Look at the negative image that Toyota faced as a result of its failure to immediately recognize a problem. History is replete with these examples, like the Ford Pinto with the exploding gas tanks. One not only loses customers but also the trust of key stakeholders and suppliers because everyone is afraid that the problem will carry over to them. When we fail to do our job thoroughly and become satisfied with a "good enough" attitude, the end result is usually bad. We constantly need to do our jobs as professionally and thoroughly as possible. Preparation goes a long way in thwarting unforeseen consequences and mitigating the impact should those events occur.

What will the future bring?

What are property management practitioners to do? First and foremost, be ready and willing to accept change and foster that change by promoting change agents to help with the process. Work with people

to foster new skills and create the conditions that are open to change. Like the woolly mammoths, if you aren't moving you eventually may get run over with a glacier. Don't get stuck in the rut of "we have done it this way for 50 years" or the "not invented here" syndromes. Good ideas that can be copied and implemented should be lauded.

What ultimate skills will the future property professional need? Think about that for a moment and ask yourself, what skills do I possess? I doubt if any one will say that they are limited to having only property management attributes. A vast majority will say they have acquisition, or finance, real property, maintenance, IT, communications skills and other attributes or experiences that compliment and augment their skill set. The future property managers will be required to possess a number of technical skills including IT, financial, acquisition, organizational, and people skills along with their core competency in property management.

We are demanding more and more from people and it will be hard for someone who only has one skill to find a job. But more importantly, future property managers will have to be thinkers and communicators who can address a myriad of problems in a logical, systematic manner and communicate that to others within their organization. The language of management is money and any argument that does not include a line that will either cut expenses or raise revenues will fall on deaf ears. The comptroller's office doesn't care about the average inventory cycle or disposal rate, only what it is costing the entity.

Finally there is a need for basic

and fundamental research on critical issues facing property management. We are still asking questions about how many people are needed to adequately staff a property management function; is there an acceptable loss threshold, what critical skill sets need to be included in our educational curriculum, etc? Basic academic research in terms of formal research papers, theses, or dissertations has to be done so that we can move property management to the next level. We cannot rest on past laurels. While we have come a long way in 40 plus years there is still some distance to go. Success belongs to those who are prepared. ■

BIOGRAPHY

Jim M. Begis, CPPM, CF retired as the Director of Logistics Policy and Programs, Department of Health and Human Services where he provided policy and oversight for property management, motor vehicles and transportation. Jim has been involved in various property management issues including the implementation of RFID in the federal government, Joint Financial Management Accounting, and the ASTM E53 committee where he served as the subcommittee chair for Disposal and Reutilization. He served as Director of Nominations for the NPMA Eastern Region and Vice President of the Council of Fellows. Jim has served as an instructor for property management at Strayer University in the graduate school and as an adjunct faculty member. He holds graduate degrees in Business and Industrial Relations and is a Certified Hazard Control Manager, Certified Property Manager and Consulting Fellow. Jim was recognized as the NPMA Federal Property Manager of the Year for 2011.