

TECHNOLOGY Matters

SHEDDING SOME LIGHT ON THE MANY MYSTERIES OF OUR FAST-PACED HIGH TECH WORLD.



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Thriving in Uncertain Times

Property managers devote years to planning and building the processes that support their business. Whether they are attempting to increase occupancy rates, reduce rent collection times or streamline external communications, their business and infrastructure rely on fundamental and critical processes that ensure cash keeps flowing in and owners and residents are happy. When everything is working according to plan, they can experience above average results that truly distinguish them from their competitors. They have built procedures that work and they are able to reap the profits.

Unfortunately, life and business rarely stay smooth and predictable for long. Disruptions and unforeseen events often provide a very unwelcome but real test as to the viability of a business and their processes. In our experience, the three most common disruptions that test a property management company are personnel changes, disruptions in technology and volatile market conditions.

Although it is impossible to predict the exact nature of the next disruption, there are key infrastructure elements that can be put into place prior to a disruption that can help the organization weather these unforeseen events.

YOUR MOST VALUABLE ASSET

Think about a time when your company overcame an insurmountable challenge or averted a near disaster. I'll bet that one person or a small group of people made all the difference. Most successful organizations can readily list the person or people upon whom success is dependent. The accomplishments of these individuals are, without a doubt, worthy of praise and a justifiable sense of pride for you and your company. They may also be your weakest link.

Key employees typically have both a very strong command of the formal requirements of the job as well as a deep knowledge of all the undocumented processes that keep the organization running. These often include items like the ability to reconcile rents back to the general ledger, the most efficient way to post, collect and process rents, and a general knowl-

edge of the company's residents, owners and vendors. When all is running smoothly, these items may seem to work effortlessly. Unfortunately, employees get sick, personal situations arise and, as much as you may not want it to happen, people may leave the company. In situations like these it is not uncommon to lose key accounts, experience rapid erosion of profitability or even find the business paralyzed as you try to survive the unexpected absence.

There are a couple of things you can do to lessen the impact of the temporary or permanent loss of a key employee. First, use the knowledge of your best employees to establish formal processes and to formalize those processes within your property management software solution. By reflecting your daily activities in an automated solution you not only reduce the overall workload on your employees (and perhaps reduce their desire to be away from the office), but you also reduce the risk of your business being dependent upon a single individual.

Second, take the initiative to cross-train your employees in different areas of your business. This effort is often difficult to implement given the daily demands on your employees, but I have worked with property managers who successfully implemented this vital activity through group training on their business solution. The process not only improves the employee's ability to cover for another employee during their departure but also improves their performance within their own job. Cross-training also has the added benefit of introducing an often needed change of pace that benefits the employee's morale, as well as the company's bottom line. For more ideas on employee development see "Technology Matters: Software Training Success" July 2007.

CONTROL-ALT-DELETE

Most companies employ some sort of technology to make life easier and help their businesses run more smoothly. Whether it is Excel, QuickBooks or a property management software solution, it is almost impossible to find a successful property management company that does not rely on technology as a key

element of their business (yes, I know, there are a few of you holding out for the comfort of pencil and paper). These solutions increase the number of properties a manager can successfully manage and enable the business to become stronger and more financially sound.

For instance, today's property management software solutions can streamline and automate many key activities such as posting and processing rents, e-mailing tenant letters and notifications, managing work orders and handling entire move-in and move-out processes. In addition, more advanced solutions can handle critical revenue and cash related activities such as online applications and portals, ACH and credit card payments and seamless integration with accounting packages. The net result is that property management companies today have a complete line of powerful tools that can have a tremendous positive impact on a business.

But, as everyone who has ever spent more than five minutes on a computer can attest, sometimes technology does not work as anticipated or, worse yet, just stops working entirely. When this fiasco occurs, the valuable store of information about your business and, in fact, your entire business itself, may be at risk. Loss of data can be one of the most crippling events to strike a property management company. With all of your financials, operations and processes lost, it can be a timely and expensive endeavor to rebuild all of that information from scratch.

Fortunately, there are several proactive things you can do to ensure that when a technology disaster strikes, and it will, that you can be back up in minutes versus days, weeks or even months.

First, ensure that your software solution is storing its data in an enterprise class database. All databases are not created equal and those designed from the ground up to support scaled deployments have greater stability, security and reliability when it comes to protecting data. Many of the older database technologies like Btrieve, dBase, Paradox and Access (.mdb) do not provide the reliability and scalability of modern databases like Sybase iAnywhere and Microsoft SQLServer.

Second, ensure that data backups are a routine part of your schedule. You may ask "How often should I backup my data?" Well, how many days of work are you comfortable losing? A backup program is only as good as the most recent version you have backed up. For more ideas on data backup see "Technology Matters: Back Up to Speed" April 2008.

Finally, explore the availability of a flexible software platform. A key issue from both business scalability and disaster recovery is whether your provider

supports your ability to move seamlessly between self-hosted and web-hosted solutions. As your business needs change or when a disaster occurs, a key question you need to ask is can your software provider quickly move your data to a new deployment method that reflects the demands of your current situation? For example, if your software server crashes or is lost in a fire or flood, could you quickly move your data to your software provider's web servers? Alternately, if your Internet connection is cut by a backhoe (we had one client without Internet access for ten days), could you quickly move your data to a local computer server? In addition, business conditions such as adding and closing offices or losing a key IT person can also require a change in deployment method to improve operational efficiency or meet new business challenges.

UNCERTAIN FORECAST

Today's property managers fully understand that uncertainty is the new certainty. Real estate markets are under intense pricing and financial pressure, owners of investment properties are facing all-time high foreclosure rates. And, whether or not a market is hot seems to change about as frequently as the weather. Conversely, well-funded owners and property managers are currently presented with attractive buying opportunities, some residential rental markets are experiencing healthy growth and people continue to need a place to call home, rental or otherwise. The only thing today's property managers can count on is that change is going to happen.

The property managers I have spoken with who are doing well, and even thriving in these difficult markets, are not people who have foreseen some particular trend before its time and ridden it to success. On the contrary, successful property managers have built their businesses and infrastructures with a sense of general business agility in mind. They focus on sound business processes that reduce waste, infrastructures that automate processes where possible and internal systems that can meet their current needs and also quickly scale.

There are several keys things a property manager can do to not only survive, but thrive, during uncertain times. First, conserve cash. It sounds simple, but cash truly is king and critical to surviving in today's market. Automation of repetitive property management functions is a great way to reduce operating costs, freeing up personnel to engage in revenue generating activities such as increasing occupancy rates and even provide better service to residents.

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"Life is what happens to you while you're busy making other plans."
-John Lennon

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Second, take advantage of resources such as online prospect portals, listing services, dynamic property availability feeds and guest and prospect management tools designed to help increase your conversions. There are many options available, and a good solution will offer full integration in each of these areas.

Finally, employ systems that are built for tomorrow's growth but only require you to pay for today's usage. The only thing worse than being saddled with large, expensive systems that are way too complicated and expensive compared to what you need, is getting locked into a system (or having no system) that meets today's needs but cannot quickly ramp for tomorrow's customers. When evaluating the systems upon which you are going to build your business in uncertain times, be sure to understand how quickly they can scale up (and as much as you may not want to think about it, how quickly they can scale down), how well they meet your total solution needs, and their proven ability to help customers similar in size and function to you. All solutions are not created equal, so be sure to ask about encryption, database security and backup procedures to ensure that they can protect your valuable data. For more ideas on selecting the right solution for you see "Technology Matters: Shopping for Software" May 2008.

PLAN TO BUILD, PREPARE FOR LIFE

There are many options available for today's property manager to help navigate the uncertainty and volatility that life and business hold in store. Those who proactively put systems in place that allow them to respond to unforeseen events will have the ability to focus their efforts on building the future. 🏠