How to Prepare for a Property Audit
ASSET MANAGEMENT 360

CONNECT to the Real Asset World

✓ PROPERTY MANAGEMENT AND REPORTING...
✓ CALIBRATION AND LAB MANAGEMENT...
✓ YOUR CUSTOMERS AND END USERS...
✓ YOUR ERP/FINANCIAL SYSTEM...
✓ WEB BASED ACCESS ANYWHERE IN THE WORLD...
✓ THE CLOUD...

Integrated Solutions. One Smart Connection.

Asset Management 360, a true asset management solution, elevates asset management to an entirely new class of enterprise integration and visibility. Connecting your physical operations and end users with your ERP/Financial Systems, AM360 ultimately improves asset utilization and operational efficiencies.

SMART/PEMS Property and Equipment Management System provides comprehensive asset tracking, reporting and accountability across the entire enterprise. SMART/AMIIX provides a complementary integrated mobile scanning and tracking solution. SMART/ENCATS Enterprise Cataloging provides a common description language across the enterprise.

Accountability. Utilization. Cost Savings. Now That’s SMART!

AssetSmart®
smart asset management software

By PMSC

2800 28th Street, Santa Monica, California 90405 USA 800.755.3968 info@assetsmart.com www.assetsmart.com
Contents

Volume 25, Issue 1

Delivering Value through Effective Property Management
by Sukumar R. Iyer, NOVA Chapter

Internal Assessments: Key to System Compliance
by Mike D. Russell, CPPS, Rocky Mountain Chapter

Trust
by Patrick T. Grimes, CPPM, Rocky Mountain Chapter

March - April NPMA Courses

Advertiser’s Index

AssetSmart ..................... Inside Front Cover
AssetSmart ............................................. 13
GP Consultants .......................................28
Liquidity Services ......................................5
Metalcraft .........................Inside Back Cover
Sunflower ...................................Back Cover

Entire contents © Copyright 2013 by the National Property Management Association, Inc. All rights reserved. Reproduction of the contents of The Property Professional in whole or in part by photocopying, entry into a data retrieval system or any other means is strictly forbidden.

The Property Professional is published bimonthly by the National Property Management Association, Inc. and is mailed third class. The articles, opinions and ideas expressed by the authors are the sole responsibility of the contributors and do not imply an opinion on the part of the officers or members of NPMA. Readers are advised that NPMA is not responsible in any way, manner or form for these articles, opinions and ideas. Readers are urged to exercise professional caution in undertaking any of the recommendations or suggestions made by the authors. The NPMA magazine welcomes and encourages contributions and suggestions from its readers. Editorial policy dictates the right to edit or reject any material submitted for publication. Advertising rates will be quoted upon request. Contact the National Office for information at (813) 475-6998.

POSTMASTER: Send change of address notices to Membership Coordinator, National Office - NPMA, 4025 Tampa Road, Suite 1203, Oldsmar, FL 34677. Phone: (813) 475-6998; Fax: (813) 749-0812. The Property Professional’s subscription is included in the NPMA member’s annual dues. Non-member subscription rate is $35/year.
A New Year, a New Property Professional

I’d like to welcome you to the first Property Professional of the New Year and take this opportunity to wish you all a very happy and healthy 2013! It’s my pleasure to be introducing this first issue of 2013 as this year brings several important changes to the publication, which I hope will translate into more opportunities to learn and contribute.

As many of you know, two fairly significant changes were made to The Property Professional that are taking effect in 2013. First, the publication is now digital, allowing readers to access and refer to issues more quickly and easily while reducing the resources, cost, and environmental waste associated with printing and distributing hard copies. Second, each issue of the publication will focus on a central “theme.” It’s the hope of the editorial team that the themed issues will not only foster interest among potential authors to share their knowledge on a specific topic, but also produce quality, well-researched and focused articles that will continue to provide benefit to our members. The Property Professional has always provided valuable information and an opportunity for knowledge-sharing, but like anything, just because it’s “good” now doesn’t mean it can’t be even better. We hope that these changes strengthen the publication so that it’s just that...even better.

The idea of making something that currently works now work even better can be a frightening one, since it involves a risk. What if the new way isn’t as good? Shouldn’t we just adhere to the age-old adage that warns us: “if it’s not broke, don’t fix it?” Let’s take a moment to imagine where we’d be if humans adhered to this philosophy. We certainly wouldn’t be driving around in electric cars, receiving turn-by-turn directions to the closest drive-through coffee shop from a voice coming out of our dashboard while listening to any one of 893 songs we have stored on our iPod. And, we certainly wouldn’t be able to track the movement of essential assets in real-time through the use of a battery-operated tag that uses radio-frequency electromagnetic fields to transfer data, would we? Innovation is not just the creation of new things—it’s also the creation of new ways to make existing things work better. In this New Year, I resolve to focus on this concept, and I urge you to do the same. Instead of accepting the “old way” of doing something simply because it works “fine”, let’s always remember to ask ourselves if there is a way to improve upon something—whether it’s a tool, a process, a software system, or a publication! I think you’ll find that it’s through asking these types of questions that we, as a society as well as an asset management industry, are constantly improving and innovating, thereby making our industry practices better and more efficient.

Fittingly, our first issue of 2013 brings us two first time contributors, Sukumar Iyer from the NOVA chapter with Delivering Value through Effective Property Management and Patrick Grimes from the Denver Rocky Mountain chapter with Trust. These both are very creative pieces and we look forward to more articles from these two gentlemen. We also have two articles from veteran authors...How to Prepare for a Property Audit by our VP of Certification, Beth Green in collaboration with the VP of the Eastern Region, Tara Miller from the Shuttle chapter and finally, Internal Assessments: Key to System Compliance by Mike Russell, also from the Denver Rocky Mountain chapter (way to rack up Chapter of the Year points). Ladies and gentlemen, we present the first issue of our 25th Volume of The Property Professional.
Transforming the way business sells surplus capital assets

We can help you increase revenue by managing and monetizing your excess inventory, surplus equipment and scrap. Our “revenue recovery” teams assist you with inventory and asset identification along with marketing and online sales events in 500 product categories.

- 500 million items sold – annually
- $558 million in auction sales revenue – annually
- Access to 1.7 million registered qualified buyers
- Market your surplus assets to online buyers – globally
- Reduce your supply chain costs
- Help you accelerate sustainability initiatives
- Provide transaction security and buyer vetting
- Consultative review of your surplus business assets

Increasing revenue through channel optimization
Liquidity Services Inc. – Capital Assets Group has category teams with areas of expertise that provide you with specialized support tailored to your needs: Industrial Group, Network International – Energy Group and TruckCenter.com – Transportation Group.

Let us customize a program for you.
Call 480-609-3304 or email sell@liquidityservicesinc.com.

Liquidity Services Inc.
CAPITAL ASSETS GROUP

Industrial Group | Network International – Energy Group | TruckCenter.com – Transportation Group
www.sellyoursurplus.net
Certification is Important

One of the most fascinating NPMA statistics that has been sustained for over a decade is that 50% of our members are NPMA-certified property professionals. This month, I want to focus on the value of being certified in your profession. The efforts of our Vice-President of Certification, Rosanne (Beth) Green, CPPM, CF, BethIvanGreen@cfl.rr.com; and the National Director of Certification, Cinda Brockman, CPPM, CF, brockmanci@saic.com; and the Certification Governing Board. Through the 40 years that the NPMA has provided a certification program to the property profession; there have been tireless efforts on behalf of hundreds of members and our dedicated staff to the NPMA Certification Program.

Being a certified property professional can carry great significance in a competitive professional career field. Management, Supervisors and Human Resources personnel are looking for those individuals who demonstrate that they are willing to put forth the efforts necessary to learn, study and advance their knowledge through certification. The Certification Governing Board Acting Chairperson, Frank Gonzalez, CPPM, FG01@TxState.edu, and the current 20 member board, as well as previous CGB board members have established a charter and extensive procedures to ensure that NPMA’s Certification Program is well structured and operates in such a way as to ensure the best quality program.

Our application to the National Commission for Certifying Agencies (NCCA) for the purpose of “accrediting” our program will mostly likely be sent before you read this article. “The NCCA uses a rigorous peer review process to establish accreditation standards; evaluate compliance with the standards; recognize organizations/programs which demonstrate compliance; and serve as a resource on quality certification. Certification organizations that submit their programs for accreditation are evaluated based on the process and products, and not the content; therefore, the Standards are applicable to all professions and industries.” This will provide opportunities to property...
professionals whose agencies and companies will sponsor their participation in accredited programs. What a tremendous step forward for our Certification Program!

If you are currently certified as a CPPS, an important change is being implemented effective 1/1/2013. To bring the CPPS program into compliance with our other levels of certification and to meet the necessary steps of accreditation, the NPMA will now require that persons receiving their CPPS certification will need to re-certify every five years.

If your CPPA or CPPM certification has expired, and you failed to complete the requirements for re-certification; NPMA is offering you an opportunity to re-certify with no additional actions. There is however only a 60-day window for this one-time opportunity. Several efforts have been undertaken to communicate to all CPPA and CPPM’s who are currently expired. Please take a few minutes to log-in into the NPMA website or check your certificate to see if you are affected; so that you do not miss this opportunity.

If you are among the 50% who have not certified, I encourage you to become “active” in the betterment of your professionalism, don’t take the “passive” path. There are many persons who will mentor you through the steps to become certified. Each Region has Directors of Certification: Central Region: Ellen Felfe, CPPM, ellen.felfe@parsons.com; Eastern Region: Brenda Teachworth, CPPM, Brenda.L.Teachworth@nasa.gov; Western Region, Michelle Ross, CPPM, michelle.i.ross@noaa.gov. Additionally, most Chapters have committees and/or chairpersons who oversee the certification activities for your Chapter. In our national office, Penny Parker, certification@npma.org, is our Manager for the Certification Program, and is always willing to assist members in all phases of the Certification Program. “The wise don’t expect to find life worth living; they make it that way!”

For our members in the Northeast part of our country, we hope everyone is recovering from the devastating effects of Hurricane Sandy; and please know that your NPMA family is thinking about you, and offer our support to help you during this time of hardship.

NPMA Solutions

OnSite Courses

Affordable
NPMA OnSite courses eliminate hotel and travel expenses.

Relevant
Educating an entire group at once raises morale, maintains productivity, and speeds up the rate of change in an organization – share what you learn, compare notes, and reinforce one another’s motivation to apply new skills and knowledge on the job.

Convenient
Courses can be given when you need them, at a location that is convenient for you. You choose the emphasis and the instructors.

Any NPMA course offering may be customized and presented to meet your needs.

To find out more, visit www.npma.org/pages/onsites.htm or call 813-475-6998

NPMA Solutions

OnSite Courses

Affordable
NPMA OnSite courses eliminate hotel and travel expenses.

Relevant
Educating an entire group at once raises morale, maintains productivity, and speeds up the rate of change in an organization – share what you learn, compare notes, and reinforce one another’s motivation to apply new skills and knowledge on the job.

Convenient
Courses can be given when you need them, at a location that is convenient for you. You choose the emphasis and the instructors.

Any NPMA course offering may be customized and presented to meet your needs.

To find out more, visit www.npma.org/pages/onsites.htm or call 813-475-6998
In the fall of 2009, NPMA launched a Special Interest Group (SIG) program enabling members to network within specific areas of discipline. The first National Director of SIGs, Raam Vichare, CPPM CF, launched the initiative by starting six SIGs: Contract Property; Federal Property Management; University, Colleges & Other Non-Profits; State & Local Government; Excess Property & Disposition; and Property Inventory Management. A three-year pilot program was approved by the Executive Board. Since the inception of the SIG Program, members have been networking via online discussion forums, periodic conference calls and meetings at NPMA Conference Series events.

An evaluation of the three-year pilot has been conducted and the results are promising. In fact, the current Executive Board has determined that the SIG Program should be expanded and may likely be a key factor in providing value to NPMA members. At the recent Executive Board meeting in Berkeley, the following recommendations for enhancing the Program were approved:

- Establish a SIG Governing Board to oversee the Program and provide support
- Establish a website for SIG Officers that provides tools for leadership
- Establish websites for each SIG to expand networking for SIG members
- Encourage SIGs to host conference calls, webinars and workshops at NPMA events
- Increase recognition of SIGs at events, such as SIG awards, banners, NES booths, etc.
- Add new SIGs with more focus on specific functional and operational areas
- Evaluate SIGs annually to ensure member value

Efforts to implement these changes are underway. The SIG Governing Board has been established and this team is working with SIG Officers to launch a NPMA Special Interest Group social network site. Each SIG will have an area where members can set-up a profile, participate in forums and live chat, post blogs and special events, and upload photos and video. Plans are also underway to spotlight the SIG Program at the 2013 NES in Orlando. New SIGs are being developed with the goal of providing at least one network of peers for each and every NPMA member.

Watch for these and other changes to the SIG Program. Most important, your support and participation will determine the success of our SIGs and the value they add to your membership. I urge you to become a member of at least one, if not many, SIGs. Join us as NPMA succeeds in providing Value Through Professional Asset Management.
Got Questions?
Join an NPMA Special Interest Group to Get Answers!

The NPMA professional community is drawn from a broad contingent that spans industry, government, and academia. NPMA Special Interest Groups (SIGs) mirror the diverse backgrounds and interests of our members who communicate and network through online SIG forums.

NPMA SIGs provide valuable professional connections to:
- Share common interests,
- Participate in discussions,
- Tap into knowledge and expertise,
- Research solutions, and
- Learn about or share issues, trends and best practices

Joining is voluntary and free to NPMA members, and you may belong to as many SIGs as you want. Non-members may participate as guests.

To join a Special Interest Group (SIG) and participate in the online forums, visit the NPMA website at http://npma.org/ForumAccess.aspx. There you will also find instructions on how to access the online forums.

To join a SIG or for more information, visit the NPMA website at http://npma.org/ForumAccess.aspx.

You can start right now!

Join NPMA SIGs to be part of a professional community that advances knowledge, as well as leadership, and provides the tools, resources, and opportunities to enhance and support your professional performance.

Special Interest Groups

Contract Property SIG: Provides the largest networking forum of industry peers exploring the latest voluntary consensus standards, best practices, financial considerations and operational efficiencies associated with property acquired and used under government contracts.

Chairperson: Alex Barenblitt, CPPM

Federal Property Management SIG: Provides the largest networking forum of agency peers exploring the latest voluntary consensus standards, best practices, financial considerations and operational efficiencies associated with property acquired and used by United States government federal agencies.

Chairperson: Amber Barber, CPPA
Vice Chairperson: Joe Stossel, CPPS

Excess Property & Disposition SIG: Provides the largest networking forum of excess property and disposition peers exploring the latest voluntary consensus standards, best practices, financial considerations and operational efficiencies associated with excess property and disposition.

Chairperson: Connie Dagley, CPPS

State & Local Government SIG: Provides the largest networking forum of agency peers exploring the latest voluntary consensus standards, best practices, financial considerations and operational efficiencies associated with property acquired and used by State and Local Government agencies.

Chairperson: Scott Pepperman

University, Colleges & Other Non-Profits SIG: Provides the largest networking forum of higher education peers exploring the latest voluntary consensus standards, best practices, financial considerations and operational efficiencies associated with property acquired and used by leading educational institutions.

Chairperson: David Routzahn, CPPA

Property Inventory Management SIG: Provides the largest networking forum of professionals dedicated to exploring the latest voluntary consensus standards, best practices, financial considerations and operational efficiencies associated with the management of the organization’s assets.

Chairperson: Al Green, CPPM, CF
Delivering Value Through Effective Property Management

by Sukumar R. Iyer
NOVA Chapter
A Google search for property audits will show a surprising number of audit results, many from Government agencies, some from educational institutions and non-profits. Sampling just a few of them, one would find the auditors reporting issues with data quality, untraceable assets, disconnects between the procurement function and property… the list is long. By its very nature, property management is complicated and spans the entire organization and multiple groups. Effective property management which integrates well defined processes and technology enablers with a well-trained and empowered work force is a value creator for any organization, including yours, and the audit no longer needs to be a feared event.

The Human Value of Property

Before we discuss “Effective” property management, it might be instructional to understand the essentially human value of owning property. Ownership of property is a fundamental tenet of any free society and a personal trait of human character. We like to own and have pride in what we own which is why communism failed as an ideology. Owning property was sacred since Roman times1 and the old English saying that a man’s home is his castle is a perfect reflection of that sentiment. Before it became “life, liberty, and the pursuit of happiness” in our Declaration of Independence, John Locke wrote that man has a right to “life, liberty, and property.” As individuals, a vast majority of us in the USA are proud owners of our homes and personal cars. As individuals we rarely draw up a personal balance sheet but what we own are our “assets” and what we “owe” (like the home mortgage) are our liabilities. Over time, we aspire to keep increasing those assets and decreasing or paying off those liabilities. The same is true of Government and business organizations. Property has value (as we will see), which is why Governments ever ready to tax us will levy property taxes and increase them every opportunity they get. Most of us take good care of our property and assets. However, regrettably the same cannot be said of most public sector organizations (like the Government) or even large companies.

The Issue: Not Valuing Property Management

When it comes to the Government, companies, educational institutions or even non-profits, property management is often not given the same value or consideration as their other business departments such as IT or Human Resources (HR). The fundamental problem I believe is that we in the property management community have not ourselves learned to appreciate that value and more importantly articulate it convincingly to our organizations and leadership. This is no reflection on the caliber or sincerity of property managers but based on dispassionate observations working for many years with very good, hardworking property professionals in both the Government and commercial sectors. In most organizations, property management is a necessary evil for senior management. They do it because there is some law or guideline (for Government agencies) or a company policy. In most organizations, property management is a collateral responsibility (in addition to a main job) for most of the people involved in property management functions. Senior management will often view property management as a cost center sucking in much needed budget dollars that could be used elsewhere in the organization. This is much like saying I just bought my house but I am not going to spend a dollar maintaining it, with imaginable consequences. The fundamental problem with this lack of value perception boils down to Other People’s Money (OPM) made very popular in the movie of the same name2. We do not own these assets held by the Government or companies as individuals. They were purchased with OPM such as tax payer dollars or shareholder dollars. Often the hope is that these assets will somehow manage themselves which is far from the truth, as we all know. So how do we in this community articulate the value of property management and more importantly effective property management? More fundamentally, if you are not able to articulate the value, you will not have the support to implement the ideas discussed in this article.

Defining the Value of Effective Property Management

Depending on which dictionary you look up, value is defined as the worth, merit or benefit of something. With property management this value often becomes apparent only when there is an audit and certain property or assets are not accountable. The worst case scenario
is when this becomes a screaming headline in the national media like the example shown in Figure 1. For most property managers in the US Government there is no more worrisome scenario than an audit by the Office of the Inspector General (OIG) or worse the Government Accounting Office (GAO).

It is not just Government agencies that face audits. Most companies have external auditors who review their accounts including assets and property. When adverse findings or news headlines happen, the top down rain of criticism and condemnation can become a deluge leading to jobs being lost not just in property management but with senior leadership as well.

VALUE ONE: A key value of effective property management is risk avoidance. Effective property management will account for the property/asset pipeline from procurement to excess. Audits do not have to keep you awake. In other words avoid the risk of adverse publicity and lost jobs.

Even if purchased with OPM, all assets have value and we have a moral and ethical responsibility to ensure they are not misused, pillfered, stolen or destroyed. In World War II during the lead up to Operation Torch, the allied landings in North Africa, thousands of ship loads of material had been sent to Britain as aid and under Lend-Lease. However, they had been stored in warehouses all over Britain. It was concluded that it would take much longer to track down all that material, so US Army logisticians shipped many scores of new convoys of material to Britain for this operation. Today with all the IT systems and modern technology that profligacy still continues. During the two Gulf Wars and the aftermath, audits have found millions of dollars of assets missing or untraceable in theater. At the end of the day, the vast majority of the OPM which went to buy those assets is your money, our money which we worked hard to earn and pay as taxes or what posterity will be paying as interest on borrowed money. The lack of adequate and effective property management ends up in more cost for stake-holders, such as taxpayers (Government scenario), shareholders (commercial organization) or donors (non-profit).

VALUE TWO: Effective property management will reduce costs for stake-holders. Effective Property Management can assist in building a solid balance sheet and improve profits. A dollar not spent buying something can be a dollar less in taxes or a dollar more in profit. This value proposition will appeal to anyone in leadership. Nothing talks louder than money.

In the current economic conditions, we are faced with tight budgets and the promise of tighter budgets to come. At the time of this writing, the Government is teetering on the edge of a fiscal cliff and companies have been tightening their belts for years. During my 20+ year consulting career, I have heard stories that are apocryphal about some CEO or CFO asking “how many of items X do we have” or “what is the value of item X across the business”. People run off in different directions, return with multiple excel spreadsheets all of which are wrong. I know of results reported to Wall Street that were based on inaccurate data. Even in today’s world of IT systems that are supposed to be “state of the art” data insights and data quality leave a lot to be desired. As we will see, data quality and efficient processes go hand in hand.

VALUE THREE: Effective property management provides insight into quantity, quality and value of assets which will enable better decisions on procurement, accurate depreciation/amortization and securing institutional/proprietary/privacy data.

While these value statements are generic and may apply to most organizations, there are other values intrinsic to the mission and market positioning of each organization. Working with clients, often I have found this to be a process of engaged discussion and facilitation to extract that value, define it and present it. It can be an eye opening experience for everyone including senior management.

Selling it to Senior Management

I run a small business and like most small businesses, we watch every dollar we spend. In
SMART/AMIIX®

MOBILITY

Mobile Asset Tracking

SMART/AMIIX seamlessly connects a state-of-the-art mobile solution with your AssetSmart, ERP or other database applications improving accountability, accuracy and utilization.

SMART/AMIIX offers automatic generation and download of data sets without intermediate PC files, spreadsheets or IT intervention. The enterprise based module allows your management to monitor the status of all mobile work sets, as well as review and approve final updates prior to being saved to the master records.

SMART/AMIIX’s advanced Web Service technology, hardware independence and automatic software updates enables the customer to operate with minimal IT support.

Better Control
Less Cost
Now That’s SMART!

AssetSmart®
smart asset management software
By PMSC

2800 28th Street, Santa Monica, California 90405 USA 800.755.3968 info@assetsmart.com www.assetsmart.com
our small business world, effective property management starts with our procurement process through processes for effective utilization and finally paying our due share of property taxes. In this case, I am the senior management and I know that if we don’t manage what we own effectively, it is going to affect our cost competitiveness and ability to compete in the market. Sadly, this is not the case with most senior management in Government, and bigger commercial, educational or non-profit organizations. These senior management professionals have earned their positions through hard work and capability. Most are not un-deserving of their positions. So what is wrong, you might ask. It’s just that they do not know what they do not know. The impetus has to come from the property managers and your organization. You need to educate them and articulate the value of effective property management.

SELLING EFFECTIVE PROPERTY MANAGEMENT TO SENIOR MANAGERS

1. **Sell the value of effective property management.**
   Let them hear how it reduces risk, saves money and makes the organization better.

2. **Quantify and sell them on the Return on Investment (ROI).**
   Don’t ask them for a reduced budget without telling that what that investment gets them. Show them how you could contribute to their profits or meeting a reduced budget environment. Do not hesitate to say you can do the job with a lower budget than last year, if you can.

3. **Get them involved.**
   Build them a role in your property management process. It can be a periodic review where you show them results and metrics (such as ROI). Co-opt them as a stake holder. Show them how they might get promoted because of the value you delivered.

4. **Keep them informed.**
   Highlight the metrics from a successful audit. Share stories of adverse newspaper headlines, the other guy’s bad news that could have been yours.

5. **Show them the money.**
   Demonstrate savings through process improvements, new technology and tools, reduced procurement, etc. If the number of assets you manage decreases while the organization delivers the same or better results, that’s fantastic news for the stake holders.

**Effective property management starts with efficient processes**

I enjoy cooking when I get the time. It is a great stress reliever and the only thing better is when the family says the food was great. I don’t get to cook as much, but I remember my bachelor days when cooking meant putting a bunch of ingredients in a pot and nuking it until the goulash was edible. If not, it was a quick trip to the nearest fast food, wallet permitting. As I have learned since then, cooking is all about a sequence of steps, some in parallel, many one after the other and adjusting the heat as needed. These steps are more often than not captured in a recipe. Similarly, effective property management starts with designing the process for your organization. Even within a large entity like the US Government, there is no one size fits all recipe. Effective property management processes have to be designed to achieve the goals of that organization depending on its mission, its structure, history and culture.

By its very nature, property management is a holistic process involving many individuals and roles across the organization starting from the property manager to procurement, receiving, property representatives, users, custodians, inventory specialists, warehousing and finance. I have rarely seen a well-designed and documented process that says this is how we do property management. Some organizations have forms, directives and a “manual” on their website (perhaps because they have been asked to do so) but there is rarely a well-defined set of processes that people can understand and follow irrespective of what their function is. You have the ingredients but no recipe.

So how do you go from where you are to effective property management processes? Start with the mission goals and what you have. I recommend the following 5 step approach in sequence. If you can’t do it on your own, get qualified professional help.

**ONE**

**Mission goals and drivers**

Start with a clear understanding of your organization’s mission and how effective property management can help fulfill that mission (Figure 2). Everything you do must eventually tie back to the mission. To measure progress against those mission goals, capture them as quantifiable value levers. Some examples could include Reduction in risk, Higher Profit, Inventory Reduction, Cost reduction, etc. These value levers are now tangible items stakeholders can relate to and represent achievements towards mission goals.

This exercise would be incomplete without an understanding of the challenges you face. I have found property managers to be quite adept at characterizing challenges. They can include anything from stakeholder apathy to cultural constraints. Understanding these help design the right mitigation steps.
TWO

The “As Is” set of processes

Most organizations and property managers we have dealt with have the experience and history of handling inventories, audits and other property management functions. Just this second step alone of analyzing and documenting the existing set of property management processes can be invaluable to find out where you stand and for people to realize what role they play in a much larger process involving the entire organization (Figure 3). Each major process (such as method of procurement) and every sub-process are mapped out. Quantitative and qualitative Key Performance Indicators (KPIs) are defined to measure these processes and mapped to the Value Levers originally defined. Once the end to end property management processes has been mapped out, issues start becoming evident.

THREE

The “To Be” set of processes

Based on the understanding from the “As Is” process, a set of “To Be” processes are defined (Step 3, Figure 2) which are a close to perfect set of the fastest, most efficient processes to achieve the mission goals. The KPI measures for this set of processes are an upgrade from the “As Is” set.

FOUR

Gap Analysis and prioritized list of improvements

A Gap Analysis of the KPI measures helps identify the gaps to be bridged and the leaps to be made to reach the “To Be” state. These recommended improvements again tied to the value levers are prioritized based on level of effort and the impact. The list of prioritized recommendations for improvement with quantified KPI improvements tied to the organization’s value levers is what you need to convince senior management and get their approval and support.

FIVE

Action plan and execution

The next logical step is to come up with an action plan and start executing the plan. As part of a client engagement, we went through a similar five step process interviewing and involving scores of people across the organization. With the resulting recommendations we estimated 21% in annual cost savings based on improved efficiency, faster cycle times, better data/technology integration, well-defined roles and training.

Technology is a key enabler

I have heard many property managers tell me that they have issues with their property management system. It’s either those IT guys who don’t know what they are doing or the software itself is no good. Going back to my cooking analogy, if processes are your recipe then technology are your pots, pans, spatulas and thermometer. Needless to say, you need both to cook. You can’t use the best technology without effective processes and vice versa. Many times, data quality
issues in your system are a reflection of poor processes or lack of processes. It is also the result of having technologies and systems that do not support your processes or mission. 

**Data quality is a symptom with an underlying and deeper root cause.** Essentially, in today’s world **IT and technology are key enablers** for business and personal life. If you are doing inventories with paper and pencil you definitely need some technology help. However, what is often lost sight of is that the technology must fit your processes and not the other way around. A technology element like property management software must be amenable and flexible to allow it to be utilized to run your processes. Unfortunately, processes end up being designed around a costly piece of software or other technology and it is akin to ramming a square peg into a round hole.

Here are some suggestions on best utilizing technology with efficient processes.

**ONE**

Your property management system must live in an interconnected organization and ideally

a. Integrates with your procurement system. Remember, auditors mostly start first in procurement before tracing that asset in property.
b. Run on the business processes you have designed for your organization.
c. Integrates (at least loosely) with finance.
d. Has connections and interfaces to integrate with other operational systems or software.
e. Is able to integrate well with sensing equipment you need.

**TWO**

Don’t fall for the most convincing **salesperson**, a lesson I have learned and relearned many times in my career. When selecting the right software, first build a check list of every possible feature you need and which will facilitate your effective processes. Score each feature by priority and rank each vendor. Needless to say, call their references.

**THREE**

Don’t buy the hype. All technologies go through a “hype spike” when they are the talk of the town (like the latest iPhone your colleague has). The fact of the matter is that many times you don’t need it. As an example, RFID sensing is quite hot and I get asked about it quite a bit by property managers. The fact of the matter is that it works excellently for some use case scenarios and not at all for others. While RFID costs have come down a lot, sometimes a regular bar code asset tag might perform admirably for a fraction of the price. Any technology must be a right fit for your organization and borne out by a cost benefit analysis.

**FOUR**

Look for force multipliers. Some technologies can deliver an oversize bang for the buck and those are the ones to choose. For example, the world is going through a paradigm shift right now due to innovative changes in telecommunications, mobile technologies and smart devices. There may be significant opportunities for low cost, high return solutions. Examples include:

a. My company, Brillient, saw an opportunity for replacing costly scanners, software and laptops with a single mobile app on a smart phone as a disruptive way of saving large amounts of money while retaining capability, adding new capabilities while keeping it simple, easy to learn and fun to use.

b. On a client engagement we were able to identify significant value adds with advanced sensing technologies to automatically track computers and servers which make up a large percentage of any organization’s assets.

c. Simple tools to display assets on a Google map giving a property manager a literal birds’ eye view of their assets.

**FIVE**

The hidden costs of technology are usually not apparent in the evaluation and purchase process. Once the technology is in-house, it has to be maintained, administered, safeguarded and your people need to be trained to use it. Ensure that what you choose is intuitive, friendly and fast.

In many organizations with cumbersome bureaucracies, the property manager might not have a huge say in selecting technologies. Keep in mind that you are the business user of the technology. Make sure you get a seat at the table when decisions are made on technology that impacts your world.

**The human element of property management**

Once you have designed the most effective processes, selected and implemented the right technology enablers to make those processes efficient, do not forget the humans in the loop. The best processes and tools can be torpedoed by the human user that is not trained or the right
fit for the job. In our engagements with clients we have found that often the organization structure is not optimally aligned with the needs of property management for the organization. Frequently, roles in the property management process are ill defined (or not at all). The first and key step is to examine who does what by looking at:

**THREE**

**Role** – starting from the property manager, who plays what role in each of the defined processes

**TWO**

**Responsibility** – what is each role responsible for

**ONE**

**Accountability** – roles and responsibilities become weak without defining accountability. In some bureaucracies they might call this the blame trail. I believe and have seen that when people are held accountable for outcomes they devote more attention to what they do.

Once these essential elements are defined, it is worth examining what are the key characteristics and traits of people to fill each role. For example, a property representative responsible for overseeing property in a department of a large organization needs good communications, people skills, eye for detail, must be able to learn and utilize technology tools, invested in learning property management processes and the value proposition. Use those traits as a filter to select the right people to fill that role.

Training and its importance is often under-estimated. Class room training for a group is often not that effective unless it is short, engaging and a good morale booster. In client engagements we have often developed one page training tools on how to do specific functions. These usually come with a flow diagram and a few bulleted words. Think of these as the one page Cliffs notes version of how to do one specific function. A property representative or a receiving clerk would have a few training sheets on how to do a set of specific functions that they repeat frequently. Training videos and a buddy system can also ensure that a new recruit gets up to speed quickly. While this is not possible in all organizations, I would also recommend an incentive system where performance bonuses are handed out for accomplishing specific objectives such as a 99.9% successful inventory, least number of issues, etc. If your organization does not allow for such bonuses, consider a recognition plaque that can be handed out in front of an audience as recognition of their hard work.

**Summary**

*Effective* property management defines the value proposition, integrates well defined processes with technology enablers and a well-trained and empowered work force to create value for any organization.

1. Define the value of effective property management as a key enabler for cost reduction, profit and other business value, not just a cost center.
2. Sell it to senior management and co-opt them as stakeholders.
3. Invest in understanding and documenting your processes. Use the understanding to build effective processes. Sometimes fresh eyes can be more discerning, get professional help.
4. Select and utilize the appropriate technology as a key enabler. Let technology be your ally and not a set of shackles.
5. Integrate the human element with precisely tailored training and tools

I hope the ideas in this article help set up a lean and efficient property management program so you don’t have to worry about your next audit or any other audit.

**REFERENCES**

1. What more sacred, what more strongly guarded by every holy feeling, than a man’s own home? —Cicero
3. Twelve Desperate Miles: The Epic World War II Voyage of the SS Contessa, Tim Brady

**BIOGRAPHY**

Sukumar Iyer is the President and CEO of Brillient Corporation (http://brillient.net), a technology and business consulting firm based in Reston, Virginia. He has more than 20 years of experience providing business and technology solutions to clients in Government, multiple industry sectors and non-profits. Sukumar’s passion lies in understanding a client’s problems or challenges and then crafting and delivering a winning solution. Sukumar and Brillient have been very active in providing innovative solutions and services for property management transformation and operational services to multiple clients. Sukumar has in brief episodes lived the life of property professionals, performing “wall to wall” inventories some times on hands and knees, capturing business processes, reengineering processes to be efficient, data analysis, data quality cleanup and presenting property management topics to senior executives. He can be reached at sukumar.iyer@brillient.net or 571 449 7858.
Do you know how to prepare for a property audit? I am sure seasoned property professionals answered with an emphatic “Yes!” but how about someone who has never been through an audit? If you are new to property management or you have never experienced an audit, you may be asking yourself questions like, “Where do I start?” or “How do I prepare?”

Your starting point should always be the actual contract subject to the audit. Find out which regulations the government inserted for compliance and which were inserted for reference. The Federal Acquisition Regulation (FAR) Clause 52.245-1 will most definitely be a compliance requirement; however, if you work for a government agency, that agency may have supplements to the FAR. Be sure to review the supplements as well because they usually contain added guidance specific to the agency you are supporting.

Sometimes contracts will have additional regulations, procedures, policies or some form of a document listed as “reference”. Although these are not required, they are placed in the contract for a reason. Review them. The information contained in these documents will often provide guidance which should be used in developing your procedures.

Once you understand what regulations must be followed, it is important to be sure your contract support personnel understand the requirements and are complying with them. A good place to start is by looking at your applicable property procedures. Compare the procedures to the requirements. Do the procedures exist for all the requirements in the regulations? If not, it may result
in a negative audit finding. The issue should be brought to management’s attention so steps can be taken to revise the procedures as necessary, and it is recommended to “self-declare” any issues to your auditor while letting him or her know the steps you are taking to resolve the problem.

If your procedures do cover the regulation requirements, do a self-assessment (internal audit) by comparing the procedure to the actual process being followed. This may seem like a no-brainer, but often in the quest to perform more efficiently, processes are enhanced, streamlined, or changed in some way. It is not unusual to find procedures do not match processes. Your procedures should be considered a living, dynamic document and should be easily updated as requirements or processes change.

To help understand the process of performing a self-assessment, let’s walk through some of the requirements of a Receiving Audit. The criteria for the Receiving Audit is found in the FAR 52.245-1 (f) Contractor plans and systems (1) (ii) Receipt of Government Property. It states “The Contractor shall receive Government property (document the receipt), record the information necessary to meet the record requirements of paragraph (f)(1)(iii) (A)(I) through (5) of this clause, identify as Government owned in a manner appropriate to the type of property (e.g., stamp, tag, mark, or other identification), and manage any discrepancies incident to shipment”. In performing your self-assessment, anticipate what an auditor will look for and perform the self-assessment prior to the Government Property Administrator (GPA) conducting an official audit.

From an auditing standpoint, Receipt of Government Property is considered Outcome #2 (Outcome #1 is Acquisition and not covered in this article). Receiving is generally the point at which an organization’s obligation, liability, and accountability begin through the process of physically accepting the property. In the Receiving phase, details can be easily overlooked leading to an audit finding. This is often the starting point of your asset record; consequently, it is critical the information is correct. The receipt document should be screened against the procurement document, the order should be confirmed, the condition of the property annotated and any discrepancies noted and acted upon. In accordance with your property management system, the property should be properly identified, secured and received in a timely manner.

An auditor will review Receiving records to make sure the quantity received and recorded are the same. If the quantity received is not recorded properly, there will be problems down the road with inventory counts. The GPA may audit Receiving records by checking the Carrier’s Freight Bill which shows the number of items, packages, pallets, etc. included in the shipment or a supplier’s packing list which also provides a list of what was delivered. The GPA may review internally generated documents, such as a purchase order or receiving voucher log, which provides receiving activity information and is a way to trace lost or misappropriated items.

Don’t forget to properly identify the property when it is received. Although Identification is a separate audit category, it is closely tied to Receiving and usually performed during the receipt process. There may be a number of reasons or conditions driving the decision on how to identify, where to identify and what type of identification should be utilized. These decisions are based on the nature of the items; for instance, whether or not the item is hazardous, used in harsh weather conditions, is flight or non-flight, etc. Once the decisions have been made on the how, where, and when identification will take place, the decisions should be documented in your procedures. The GPA will check to ensure you are following your procedures and your property is properly labeled.

In addition, the auditor will validate the property was properly secured upon receipt. If your contract is receiving sensitive or hazardous property, the property should be secured in accordance with your procedures. There should be a record, such as the storage location, indicating where and how the property was stored and secured.

Receiving property in a timely manner is also important. What is a “timely manner”? If you ask five different people the definition of a “timely manner,” you will probably get five different answers. Be specific on the amount of time considered reasonable to receive your property. Defining what a “timely manner” is for your organization may depend on a number of different factors: company processes, the average number of items received daily, whether an item is mission critical, sensitive, etc. The definition of a “timely manner” is something that should be negotiated with your GPA and documented in your procedures. The GPA will compare the time the property arrived to the time it was entered into your record system. Your self-assessment should include a review of “dock-to-stock” receiving times. Make sure it is within the agreed time period; if it is not, implement a corrective action plan.

Ideally, property is received by the Receiving Department in the Receiving area; however, this is not always the case. The auditor will review the Receipt process for these items as well. Your procedures should cover how Receiving is handled “in the field” when delivered directly to the end user or requiring unusual receiving accommodations due to size or other conditions. Your procedures should have a process for the recipient of the item to immediately notify the Receiving
department of the delivery and how the property should be inspected, accepted, identified, delivered and/or placed in storage. The auditor will verify these actions were taken and the record properly annotated.

The auditor will review records to ensure damage discrepancies were properly noted on the Receiving documents. If there is obvious damage when receiving property, the damage should be annotated on the Receiving documents and the signature of the carrier’s representative (most often the driver) should be obtained acknowledging the discrepancies. If damage isn’t discovered until later, the contractor should document the damage with a witness (in some organizations, the witness is from the Quality Department but not required to be). Pictures, as the saying goes, are worth a thousand words and they are extremely helpful when used as part of the receipt record recording discrepancies such as damage. The auditor will look for documentation indicating how the discrepancies were handled. The contractor is responsible for providing a written audit trail on the discrepant property – was it damaged, were there shortages or overages, what caused the problem, and how was it resolved? Does this mean every time a discrepant shipment is received you must stop what you are doing and provide a report to your GPA? Not necessarily. It depends on what your procedures require based on what you have negotiated with your GPA. The frequency of reporting this information can be negotiated; however, it should always be available for review so the GPA knows what actions were taken.

In the performance of your self-assessment, take a statistical sampling of your Receiving records for the past year and verify the above requirements are being performed. Ask your Receiving department for a list of: 1) records involving overage/shortages on receipts, 2) records of damaged property 3) records having discrepancies and 4) other records. Review the records to see how they were documented and resolved. Also, ensure the GPA was notified, per your procedures, of the issues and the resolution. If your statistical sample shows the appropriate actions were taken, then you are in good shape. If the sample shows your processes were not followed, dig deeper. Find the root cause. Develop a solution to prevent issues going forward. Bring the discrepancies to management’s attention and self-declare to your GPA. When you self-declare to the government, always provide a solution and show the steps you are taking to prevent recurrence.

The FAR 52.245-1, (b) Property Management (1) allows the contractor to “…employ customary commercial practices, voluntary consensus standards, or industry-leading practices and standards that provide effective and efficient Government property management….” Your GPA will also be looking at your procedures to review what practices you are following, whether they are commercial practices, voluntary consensus standards (VCS) or industry-leading practices (ILP). Be sure your procedures reference what practices you are utilizing. The Aerospace Industry Association (AIA) is a good source for ILP and ASTM International and the American National Standards Institute (ANSI) are good sources for VCS.

If you are interested in utilizing VCS, ASTM International, in conjunction with the NPMA, has developed several Standards that may be used in performing property management processes. To continue with our Receiving example, ASTM E2605-08 – Receiving Property, covers the process of verifying, recording and reporting receipt of tangible personal property such as equipment, supplies, and material. It provides guidance on how to receive and deal with damages and discrepancies.

Standards are a good resource to use in developing procedures and processes. It is important to note when utilizing a Standard as part of your processes, you must incorporate the entire Standard – you cannot pick and choose what elements of the Standard you want to implement. If you try to utilize just a portion of the Standard, your GPA may deem that an audit finding.

In this article, Receiving was used as an example on how to prepare for an audit; however, the process applies to all audit categories. Review your contract and applicable regulations. Ensure your processes comply with your contract and regulation requirements. If they don’t, determine the root cause, implement a corrective action plan and self-declare to your GPA. If you utilize the information provided, you should be able to pass any audit.

WORKS CITED
- FAR 52.245-1(f) Contractor Plans and Systems
- NPMA Fundamentals of Property Management
- Standard Practice for Receiving Property, ASTM E2605-08

BIOGRAPHIES
Beth Green is a Certified Professional Property Manager (CPPM) and a Consulting Fellow (CF) with the National Property Management Association (NPMA). She is the current NPMA VP of Certification and a Course Instructor. Her work experience in property management covers more than 30 years as a Government Property Administrator. After retirement she has worked as a consultant for DoD and NASA contractors providing her expertise in problem solving, developing internal audit programs, working with DCAA and DCAA auditors, writing procedures and working on contract proposal teams.

Tara Miller is a Certified Professional Property Manager (CPPM) and a Consulting Fellow (CF) with the National Property Management Association (NPMA) and is a Project Management Professional through the Project Management Institute. She is the current NPMA VP of Certification and a Course Instructor. Her previous NPMA experience includes two consecutive terms as the Eastern Region Treasurer, and the Secretary and Membership Secretary for the ASTME53 Committee on Property Management. In addition, she has served on local, regional and national committees for the NPMA. Tara is currently serving as the Program Manager for ReDe/Critique, Joint Venture on the KSC Institutional Support Services Contract (KISS). She started her Management career in 2002.
NPMA SPRING EDUCATIONAL CONFERENCE

May 2-3 / Menger Hotel

www.npmaconferences.org/central

SAVE THE DATE

Educational Tracks will include Contract Property; State & Local Government; University & Colleges and Property 101
By now, most if not all, property organizations have complied with Federal Acquisition Regulations (FAR) by establishing an internal assessment program. The million dollar question is, how good is your program? The answer depends on how you structured your program. What criteria you integrated within your program and who performs system assessments.
How you structured your program probably depends on your company’s current audit processes. The best approach, which I hope you have taken advantage of, would integrate your property assessment into your current audit programs.

Let’s take a look at one approach to creating an internal assessment program. If you are reevaluating or beginning to establish a program, the following information will provide a sound check and balance.

Where do we begin?
The best place to begin is by evaluating your company’s current audit program. Over the past fifteen years there has been a big push for international certifications. Odds are your company is engaged in ISO or CMMI. This is a great starting point.

There are a number of reasons to integrate your property assessments within your current program. A big driver is independent assessments. Most audit programs are managed by your quality or operations organization. These organizations have no stake in how the property system is managed. Rather, they assess the system solely on governing documents which define how you operate on a day to day basis.

Another advantage is streamlining the business process assessments by eliminating a separate property audit and reducing labor cost overall. Additionally, your customers are more likely to accept an independent assessment versus your own evaluation. Once you have decided your final approach your next step is developing assessment criteria.

Establishing Your Audit Criteria
Let’s assume you have decided to integrate your property assessment with current ISO and CMMI audits. First, appoint a representative from your current ISO/CMMI audit team and a property Subject Matter Expert (SME). Their goal is gathering current ISO, CMMI audit criteria and all property compliance criteria.

As you gather your criteria ensure all regulations are included such as governmental, supplemental guides and specific contractual requirements. Areas to consider outside of FAR may include DoD 4161-2 Manual, NASA 1845 supplement, NRO supplement and Material Management Acquisition System (MMAS) regulations. All agencies your company works with should be included in your criteria gathering.

A good method to utilize while gathering your criteria is mapping. Take each data element to be reviewed from your current audit criteria and cross reference to DoD, NASA, NRO, and other agency requirements. Understanding this step is the cornerstone of your audit and it takes time to ensure a comprehensive check list is developed.

Begin with acquisition and cross map all compliance criteria. Be sure your completed list is a one-to-one comparison between all requirements. Also take special note of the differences or stand-alone criteria that will need to be covered to ensure compliance. This approach will allow you to combine similar data to eliminate duplication while developing your check sheets. Highlight special requirements which may require more detailed questions and documentation to ensure everything is covered.

Once you have completed your mapping, you can begin to create check sheets for your audits. Check sheets may include more than one element or function and will combine questions to satisfy all previous separate audits. As an example, you might combine receiving and receiving inspection since both processes are codependent of the other. Other areas to consider may include procurement with a review of property records. Both procurement and property records require objective documented evidence to validate what has been procured, received and identified.

Your check list might look like the below example which maps company policies to DoD, ISO and CMMI requirements.

Once you have completed your check list criteria and defined your audit approach and schedule, your next step is a leadership and customer review. In order to achieve buy-in you should consider a review meeting to present your approach.

During your meeting actively engage both your leadership and
customer to provide their guidance on what you have presented. This is your opportunity to ensure they agree to the assessment program and your overall approach.

Your next steps to finalize your program are creating an action item database to track all audit findings and defining your deficiency analyzes approach.

Establishing Your Audit Tracking Database and Deficiency Analyzes

There is a number of software tracking systems you can purchase. During your review of database development, ensure the end product includes the key components required to sustain a sound audit system. Your database should include tools to track audit results, and evaluate the system deficiencies as they apply to root cause, corrective action and preventive/mitigation action.

It's important your database will keep a complete history of all actions taken to resolve the deficiencies, the personnel involved, due dates and status briefs to senior leadership. The last item listed is a key component. Without your leadership's buy-in, you will not be able to sustain a meaningful program.

Other tools of value are trend analysis, metrics, progress status, action assignee, responsible auditor and department, etc. These are certainly not the only capabilities you might include, but at a minimum, your database should include these tools.

Though your database will not be able to analyze a problem, the accuracy of the data entered will provide basic information to analyze and determine a root cause. Root cause analysis determines why a deficiency occurred and what the business or process drivers were.

If you do not clearly understand why a deficiency happened, you are most likely not going to fix it and keep it from happening again. Areas to look closely at include, processes in place, personnel skill sets and training needs during your analysis. These areas are typical contributors to process deficiencies in your system.

Once you have completed your root cause analysis, you'll need to define a corrective action to address the deficiencies. Your corrective action will form the basis for your preventive action. Be sure to analyze all of the facts to ensure your corrective action is a long-term fix and not just a short-term, or “let's fix it quick” solution.

Your preventive action should not only address the root cause, it should also address a long-term
plan to prevent the deficiency from happening again. Long-term plans might include process changes, changes in roles and responsibilities, training, etc. In most cases, process changes and personnel training, including outlining why you’re making the changes, are key components of preventive actions.

Next, create a mitigation plan to validate the corrective action is working. Define a short term plan, 3 to 6 months and long term, 6 month to 1 year. Your follow up audit will ensure your corrective action is adequate. Follow up data is then entered into the corrective action database for trend analysis.

Trend analysis is also a great tool to identify areas for improvement. You can see where the deficiencies are occurring, and predict how often and when these events might occur in the future. This approach can help to isolate problematic processes, required skill-set upgrades and where training is required. Your analysis might include the category of findings, type of finding (major/minor/observation), or myriad of other areas.

Figures 1 and 2 represent trending by finding category open/closed, etc. and root cause.

What should we take away from the information we have just reviewed? First, by combining your property assessment with current audit programs you gain synergy by performing one audit versus two. Your company saves money through labor reduction and your customer confidence increases due to independent assessments.

Your audit program should include a comprehensive check list combining all company policies, international, and agency regulations. Assessment program utilizes a clearly defined analysis of audit findings. Analysis consists of a root cause review, corrective action, and mitigation follow up plans.

To ensure all steps are tracked, an action item database is maintained to track each finding from inception to closure. Your tracking system includes metrics to provide trend analysis to provide data to evaluate system health. Lastly, reviewing your program with your customer and reporting your findings to Senior Management gains buy-in, ensuring success.

Establishing an effective assessment program takes time and detailed planning to ensure compliance with all agencies you work with. Remember, attention to details, taking time to ensure compliance and an independent review of your approach will ensure success.

Until next time my NPMA friends, I wish you all the very best in establishing and achieving an industry leading internal property assessment program. If you have questions I can be reached at mdrdenver@comcast.net. Don’t forget, you can visit NPMA web site and download my book “Establishing an Industry Leading Property Organization.”

BIOGRAPHY
Mike D. Russell, CPPs began his aerospace career in 1983 at Hughes Aircraft. In 1998, prior to the Raytheon/Hughes merger, he held the position of Logistics Manager and began his career in property management. Mike assumed the role of Property Manager for Raytheon Intelligence & Information Systems Business unit in 2006. During that time the property team implemented a number of changes to improve the overall systems of managing $467 million in government assets. Mike served as a member of the Raytheon Corporate Property Council and lead corporate projects for property awareness training and career development competency model deployment teams. He is also a contributing author of 13 published articles for The Property Professional magazine and a presenter at NPMA National Education Seminars.
After 30 years of working in Property Management, I finally decided there’s something that I want to share with all of you so I decided to write my first article for the magazine. It’s not technical, has nothing to do with the adoption or application of Standards or Industry Leading Practices. It’s not related to the Federal Acquisition Regulations or other Government regulatory guidance at least not at first glance. It’s much simpler than that and yet much more profound.

It has much to do with the adoption of a human trait that can be oh, so elusive and fleeting for all of us. It also has much to do with a relationship, a relationship important for all of us who work in this industry. The human trait is TRUST. The relationship is the one with your AUDITOR. Now, there are two “oxymoronic” words…TRUST and AUDITOR. Wow!

Hey, I’m not just talking about ANY relationship and ANY auditor, though I think what I have to say applies there also. I’m talking about that special, usually long term relationship you have with your...drum roll please...Government Property Administrator (GPA)...yes, him or her.

Like in any long term relationship, there are certain traits that will always apply to enhance the possibility of success, good communication, mutual respect, honesty, patience, and of course, TRUST.

TRUST is a two way street... right? Sure. But, let me tell you something that was recently reinforced to me during a seminar I attended. The topic was “Smart Trust” and the presentation was by Stephen M.R. Covey, son of the late Stephen Covey, author of “Seven Habits of Highly Effective People.” Part of his message was succinct and clear and resonated deep within me. “Trust begins with you.” Huh? That’s right,
with me and with YOU. Next was the closer, his phrase that hooked me. I think I always understood it, somewhere deep inside me, but never really internalized it. Stephen stated, “You must first extend trust to receive trust.”

Well, I could go on and on about Smart Trust and what I learned in that seminar, and I highly recommend it to everyone but the questions I took home with me which applied to my work was, ‘have I established trust with my GPA?’ ‘have I extended trust to him?’, and ‘what can I do better to gain his trust?’. Notice, all of my questions had to do with me, not my GPA. Remember, I must first extend trust to receive trust. Not an easy exercise but a very crucial one.

My thoughts ran back to a recent meeting my manager and I had with our GPA. My manager, Tom, asked a question to him, not preplanned or part of any strategy, just simply, “What can we (our company) do to become the standard of property management?” He didn’t ask, “How can we better manage our property?” His question cut to the core, and implied that we DO manage our property appropriately but we want to take the next step…a pretty big step…how could we not just manage property but how could we become the best at doing it.

Tom’s question was imbedded in TRUST and extended TRUST. It was open-ended and allowed a forum for great dialogue. In a sense, the question became a statement. The inherent statement was, “Our company is not interested in passing audits or constantly working corrective actions for deficiencies that are discovered. Our company is interested in becoming the standard for property management.” Scary thought, but I really believe it’s the same desire that all of us who manage property want. If that’s true, then somehow it’s our obligation to let our GPA know that we care deeply about what we do and how we do it and that we’re willing to work to gain their TRUST.

So, how do we do that and if we extend TRUST how do we know that TRUST will be extended back to us? And, if it is extended back to us how will we recognize it?

First, we need to extend TRUST…remember? Not just in statement but in action. So, how do we do that? Fortunately (or perhaps you thought unfortunately) we have a great tool that the Government has already imposed upon us through the property clause (FAR 52.245-1), specifically the requirement for contractors to perform periodic internal reviews and audits. In other words, we are to perform self assessments.

A transparent, comprehensive, focused self assessment program is integral to extending and establishing TRUST with your auditor. So what does that really mean?

- **Transparent:** Honest, clear, open, and objective analysis
- **Comprehensive:** Inclusive, wide-ranging analysis
- **Focused:** Diligent, detail oriented analysis

Self assessments provide contractors with an opportunity to discover and uncover our weaknesses. While this can be a scary issue, it needn’t be. Let’s not forget, that self assessments also provide us with information. Good information, as long as we decide to do something with the information, especially the negative information. Self assessment is actually a good thing. Two favorite quotes come to mind:

- “Being entirely honest with oneself is a good exercise.” -Sigmund Freud
- “No man was ever so much deceived as another as by himself.”-Fulke Greinke

Finding our own warts usually isn’t the issue. Honestly admitting we have them, telling someone else about them and visibly showing them can be one. So, who would we be more apt to show our warts to? Probably a friend or at least someone we TRUSTED. There’s that word again.
If I show my weaknesses through open, honest analysis, what can I expect in return? Sounds like a reasonable question at first glance. I just can’t just show my warts, I need to begin to rid myself of them. The better question may be, “If I show my weaknesses through open, honest analysis, show good (and measurable) corrective action for any unearthed deficiencies, what reciprocal action can I expect from my GPA?”

Here’s the good news. The answer is regulatory. So, it’s just not a hypothetical or a hope that TRUST is reciprocal, at least not entirely. The Guidebook For Contract Property Administration actually states, “Where it has been determined by the PA, through visual observation, judgment sampling, or through the PMSA process, that the contractor’s internal audits are reliable, validate, accurate and complete, the PA may reduce the risk assessment level with a commensurate reduction in the frequency of review”. Nice! The GPA is actually allowed and given the opportunity to reward the contractor for reliable, accurate and complete internal reviews. TRUST extended, TRUST reciprocated.

Don’t get me wrong, good human interaction is still involved but within Government property management the opportunity to extend trust and the reward to receive trust is based in regulation.

It’s just a beginning for me and my company. Do we have that transparent, comprehensive, focused self assessment program currently in place? No, not yet. But we’re working on it. What we have done is made a commitment. We’ve established a goal and an “end in mind.” Most importantly, we’ve identified that we’re willing to extend TRUST.

BIOGRAPHY
Patrick Grimes, Rocky Mountain Chapter has been a member of NPMA for 26 years. He is Property Manager at Ball Aerospace and Technologies Company in Boulder, Colorado and has worked there for 30 years. Patrick has served in all the positions within his chapter over the years including President, VP, Programs Chair, and Secretary. Patrick is a Certified Professional Property Manager.
March - April
NPMA Course Schedule

Register today for an NPMA course!
By attending an NPMA course, you’ll gain the knowledge and skills you need to succeed on the job. Don’t wait, register today!
Seating is limited!

If you have questions about NPMA courses, call 727-736-3788 or email education@npma.org. For more information or to register, visit the website at www.npma.org and click on the Education tab.

MARCH

Fundamentals of Personal Property Management
March 11-13 / Seattle, WA
The Fundamentals of Personal Property Management course is designed to teach the basics of property management, cradle-to-grave, including how to effectively manage personal property. The Fundamentals of Personal Property Management manual is included as part of this course.

Intermediate Property Management Studies
March 11-13 / Seattle, WA
This course takes the property professional from the beginning life-cycle stages of property operations into the broader value-added world of organizational partnering and strategic property management concepts. Attendees will experience an in-depth examination of property management topics ranging from voluntary consensus standards, requirements determinations, contracting and assistance, risk, consumables, and fleet management to value-added solutions and environmental considerations.

Basic Government Property Management
March 11-15 / Arlington, VA
This five-day course presents a detailed analysis of life cycle asset management in government property systems. In addition to the fundamentals of property management and the regulatory requirements of property management; this course includes an overview of the Federal Acquisition Regulations (FAR) and other appropriate regulations used in federal government procurement of supplies and services. This course is essential if you work in property management, supply-chain, logistics, quality assurance, contract management, procurement, subcontract administration, program management or internal auditing.

Shipboard Property Management
March 18-19 / San Diego, CA
Shipboard property management is unique and presents situations often found nowhere else. This course will cover the lifecycle elements of shipboard property management and some of the basic scenarios that one might encounter onboard ships. This course will cover some of the duties and responsibilities for port engineers, chief engineers, chief mates, master, and storekeeper. During this course students will learn what elements of property management are commonly shipboard and what elements are shore-based. Upon completion, students will know the requirements for evaluating shipboard property management and why “walking the ship” is so critical.

100 Worst Mistakes to Make in Property Management
March 18-21 / San Diego, CA
During this informative four day course, you will learn what common mistakes are made, the possible consequences of repeating them, and tips for avoiding these blunders all together. Every phase of the property life cycle will be examined, including best practices and guiding principles. This is a great refresher course for seasoned professionals who can draw on the mistakes of others. For new professionals, the course will provide the framework and examples to ensure common mistakes can be avoided. Every attendee will receive a copy of the material covered for future reference.
Application of Federal Acquisition Regulations (FAR), Requirements & Best Practices for Government Property

March 18-22 / Seattle, WA

This five-day course presents a detailed map of the FAR and will help with application of the regulations. Also provided within this class you will receive guidance on how to cope with the changing world of rules and regulations. This course is essential if you work in property management, procurement, shipping and receiving, contract management, procurement, subcontractors, warehousing, and disposal.

APRIL

Defense Demilitarization Program (DoD DEMIL)

April 15-17 / Las Vegas, NV

This three day course covers DoD demilitarization (DEMIL) policies and programs that are applicable to U.S. Munitions and Commerce Control List Items. Candidates for training include, but are not limited to: Equipment and product specialists, inventory managers, technical managers, and weapons systems managers. Industrial Property Management Specialists, including Property Administrators, Plant Clearance Officers, Quality assurance specialists, and termination contracting officers. Other candidates include Systems acquisition management personnel, program and project officers, provisioning specialists, and engineering support activity personnel.

Basic Government Property Management**

April 27 - May 1 / San Antonio, TX

This five-day course presents a detailed analysis of life cycle asset management in government property systems. In addition to the fundamentals of property management and the regulatory requirements of property management; this course includes an overview of the regulations used in federal government procurement of supplies and services.

**This course will be held prior to the Spring Educational Conference in San Antonio.

Fundamentals of Personal Property Management**

April 29 - May 1 / San Antonio, TX

The Fundamentals of Personal Property Management course is designed to teach the basics of property management, cradle-to-grave, including how to effectively manage personal property.

**This course will be held prior to the Spring Educational Conference in San Antonio.

Intermediate Property Management Studies**

April 28-30 / San Antonio

This course takes the property professional from the beginning life-cycle stages of property operations into the broader value-added world of organizational partnering and strategic property management concepts.

**This course will be held prior to the Spring Educational Conference in San Antonio.

NPMA Certification Reviews & Testing

The NPMA Certification Program is designed to elevate professional standards and enhance individual performance for those who demonstrate a high level of competence that is essential to the practice of property management. If you have made a commitment to a career in property management, you should consider obtaining your NPMA certification. Join a distinguished group of peers worldwide who have chosen to attain this high level of excellence.

Certified Professional Property Specialist (CPPS)
March 11-13 / Seattle
April 29-May 1 / San Antonio*

Certified Professional Property Administrator (CPPA)
March 11-13 / Seattle
April 28-30 / San Antonio*

Certified Professional Property Manager (CPPM)
March 14 / Seattle
May 1 / San Antonio*

*This course will be held prior to the Spring Educational Conference in San Antonio.
**Superior Durability**

Metalcraft’s popular Photo Anodized Metal Nameplates and Foil Labels combine limitless options with dependability and readability under harsh conditions for the most durable ID solutions.

**Next Day Program**

Order today. Ship tomorrow at no additional charge! Available in seven of our most popular sizes of Photo Anodized Metal Nameplates and Foil Labels.

**Easy Replacements**

Why pay for an entire order when you only need a few replacements? Metalcraft now offers this service for one low flat fee.

**Number History**

Can’t remember where your number sequence ended? We do! Metalcraft offers instant number recall to pick up exactly where your last order left off.

**The Metalcraft Guarantee**

Add the **Intensified** option to any Photo Anodized products, and we guarantee the bar code will be readable for the life of the asset or we will replace it at no charge!

---

**Anodic Layer**
The glass-clear, sapphire-hard anodized layer resists chemicals, abrasions and dirt.

**Aluminum Layer**
The aluminum base will not peel, crack or delaminate.

**Sealed Image**
Black graphics are metallic silver particles that hold up to harsh environmental conditions.
Budgets Shrink. Accountability Does Not.

Organizations across the world are tightening budgets to remain effective and competitive in their industries. With a significant portion of an organization’s capital tied to its assets, asset managers are required to perform at record levels without additional investment. Become one of the thousands of asset managers that achieve more with less by deploying the effective, easy to use and affordable asset management software solutions from Sunflower.

866.209.3516  www.sunflowersystems.com