Today's property management environment is a complex maze of regulations, contractual issues and, more than ever, emphasis on cost savings initiatives. Corporations, agencies, universities and other property holders are all looking for ways to reduce costs, while maintaining fully compliant property management systems. Many cost reduction measures have involved cutting staff and often, expertise. To fill this void, managers have turned more and more to property management consultants. This article addresses the consulting process from the client's perspective, including what consulting services are available, how to find the right consultant for your company, effective management of the consultant's efforts to maximize the benefit, and finally, evaluating the success of the effort.

Why do I need a consultant?

In past years, government contractors had large staffs of property professionals and administrators to manage their government property and corporate assets. The size of the typical property organization has been reduced significantly in recent years due to "downsizing" and "right-sizing." Property management consultants can fill the void left by this reduction in in-house expertise. The services offered are dependent on the knowledge, skills and experience of the consultant. Obviously, your first question must be, "Do I need a property management consultant?" To answer this question, you must first consider what goals you want to achieve in your property management program. If you have failed an audit or have serious inventory problems, the answer may be relatively easy. Your problems may be subtle, however. There may be a general lack of interest in managing property effectively that has led to losses, the inability to locate property when it is needed, or buying the same items again and again. Morale may be low in your property staff. Training may be ineffective or nonexistent. Your experienced property manager may have just retired or left for another position. Each case is different. To prepare yourself, you should first evaluate the situation. Some typical situations that warrant your consideration of hiring a consultant are as follows:

- You need qualified, property management expertise that you do not have in-house
- You need an unbiased, frank opinion if you have differences of opinion among managers concerning management of your property
- You need temporary technical assistance while you search for a property manager
- You need assistance in regulation compliance and interpretation of directives
- You need a comprehensive training program for management, property personnel and staff
- You do not want to hire a full-time property manager, but want help available on-call
- You want to outsource the property management function

If your property management situation fits one of these conditions, you are ready for the next step.

What kind of property management consultant do I need?

There are several types of property management consultants that you may want to consider. They can be categorized as follows:

**Advisory vs. Operational**

Most property management consultants today would be considered operational, but there are some that are more advisory in nature. The advisory consultant conducts an analysis, arrives at conclusions, makes recommendations and then turns a report over to the client for implementation. These consultants do not get involved in the day-to-day operation of the client's business. Operational consultants are also involved in the implementation. This benefits both the consultant and the client. These consultants get more billable hours, but can also ensure their ideas are implemented in the client's organization. You benefit because the consultant is present during implementation when most resistance occurs and difficulties arise in achieving the stated goals.
Any of your colleagues has used a consultant and been satisfied with their work. Contact the NPMA for referrals.

Part-time vs. Full-time

In recent years, property managers who have a full-time job or are semi-retired have hung out consultant’s sign-in. As part-timers, they have the freedom to pick and choose clients and all work for less money than the full-time consultant. However, there are drawbacks. Part-time consultants may not be available when you need them. They may not be able to devote the necessary time to the project. They may also overstate their expertise and be difficult to pin down if the project does not go as well as expected.

Large Firm vs. Small Firm

There are several large accounting firms who perform property management consulting as one of their activities. There are other smaller firms who provide similar services. In addition, some property management consultants work as independents. Both have advantages and disadvantages. The larger firms and those who have dedicated property management resources are usually a little more expensive, but they also have more resources and can support a wider range of services with highly qualified staff. The smaller firms or solo consultants may have less work and more time to devote to your problems, but they may not offer the wide range of services that large firms do. You need to tailor your consultant choice to your needs.

Specific Area of Expertise or Property Generalist

Consultants bring different skill sets to their clients. Some may have a specific government agency or private sector background. Others may have extensive military experience that helps when dealing with defense contractors. Others have gotten into property through accounting, retail business or inventory and specialize in one specific area. Some bill themselves as a “jack of all trades” in the property field. As the informed client, compare your requirements with the skill set of the consultant. Ensure that there is a good match.

OK, I have decided I need a property management consultant. Now what?

You have evaluated your situation and decide you need a consultant. Finding the right one may be the most important step in the process. Your first action is to put your goals and objectives down in writing. These can be flexible, but you should have a specific, defined need. Finding a consultant is easy; finding the right one can be difficult. Consultants contact potential clients on a regular basis. Evaluate them and also ask around. Find out if any of your colleagues has used a consultant and been satisfactory with their work. Conduct a personal interview. The interview gives you a chance to evaluate the consultant’s style, knowledge and experience. Most important, you can assess how well the consultant will work with your staff. No matter how talented a consultant may be, if he comes across as an arrogant know-it-all, your chances for success are slim. Your property staff may be intimidated by outside professional help. Consultants have to walk a fine line between bringing their expertise to the project and working with the present staff.

Discuss desired outcomes and objectives and how they will be evaluated. The consultant should ask what you hope to accomplish and how you envision your property management system at the conclusion of the project. You and the consultant need to agree on these outcomes and also how they will be measured. You need to know your investment was worthwhile.

Discuss business arrangements and get references. You should get all of the business arrangements clarified up front. The following issues are important:

- Term of the project
- Cost (hourly, daily, project completion, etc.)
- Type of contractual arrangement (fixed fee, cost plus, time and material, etc.)
- Management of the consultant’s efforts (who conducts it and the parameters)
- Evaluation of the consultant’s work
- Termination (conditions, terms of payment if terminated)
- Non-disclosure/confidentiality (protection of client’s interest)
- Impartiality and potential conflict of interest (these issues must be resolved at the beginning)
- Evaluate references
- No consultant can provide everything you need, work to get the best fit

Negotiate terms and the agreement. Consultants may seem rather expensive to you but remember that unlike your employees, they have administrative expenses, overhead, travel and per diem, professional development, benefits, marketing expenses, etc. Of course, you are not paying them benefits, and you do not have to worry about days off for illness or vacation. Contracts between clients and consultants are much like those you have worked with in government contracting. Fixed fee plus expenses, fixed fee with incentives, time and material and cost reimbursement contracts are all vehicles used to contract with consultants. Each places a certain degree of risk on the client or consultant. As a client, you want to
try to ensure the best possible outcome of the consultant’s efforts through an effectively written and managed contract.

The consultation phase. Before the consultant starts work, prepare your staff. They may overreact, assuming there are problems that reflect on their performance. To be successful, the consultant must have the organization’s support. You must ensure full cooperation and open communication from your staff.

During the course of the consultant’s contract, oversight is extremely important. You want to ensure the work is progressing in accordance with the plan, deadlines are being met and deliverables are provided. Regular meetings between staff and the consultant are critical to the success of the project. There should be no surprises. The best way to guarantee no surprises is to adhere to the following:

- Have clear, definable objectives in the contract
- Establish observable milestones
- Have a written contract that delineates responsibilities
- Have regular progress reports and status meetings
- Maintain open communication and deal immediately with problems

The Evaluation Phase. Quite simply, the evaluation phase usually determines whether the consultant’s efforts are deemed successful or not. The most important element in this phase is the final report. The report brings the data, analysis and findings into an organized form. The quality of the final report is often how the consultant’s efforts are judged, and forms the basis for the action plan undertaken by the client. The final report should contain at least the following elements:

- A statement of the goals and objectives of the project
- A detailed account of the events that occurred during the project
- A discussion of the problems encountered and their resolution
- A thorough examination of the results
- Conclusions and recommendations for a path forward

Property management consultants can provide you with many benefits. Analyze your situation carefully, select your consultant wisely, define your goals clearly, and manage the consultant’s time effectively to ensure you get the desired results. You both have the same ultimate goal, a successful property management system. ♦

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