

Leveraging Process to Your Advantage

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Process...even the word itself has come to hold a negative connotation for many. With the plethora of conflicting information that has been written about process management and process engineering, combined with the nightmares we have all experienced as a result of bad process, many executives fear the pain associated with flawed process more than they value the benefits created by good process. So, what does process have to do with commercial real estate? Just about everything if you're a real professional interested in creating a sustainable business and virtually nothing if you're just another real estate cowboy or deal-junkie.

In a sector as sophisticated as the commercial real estate industry it never ceases to amaze me at how many businesses have either a blatant disregard and/or a total lack of process. I've witnessed builders and developers suffer millions of dollars of margin erosion due to a lack of process. I've observed lenders and investors who close bad deals due to a poor underwriting process. I watched institutions make poor acquisitions based upon a lack of due diligence process. I've seen brokers take two or three times as long as necessary to get a deal to market due to poor transaction marketing process and the list could go on and on...The interesting thing to me is if you look at the market leaders in any niche of the commercial real estate industry they are the ones with the strongest processes in place. So why is the balance of the industry so lacking in process engineering given the success of market leaders? Laziness, a lack of knowledge or discipline, ignorance...the reasons are almost too numerous to mention, but the results are always the same; a lack of process results in poor execution and increased risk.

If you think about the lifecycle of any commercial real estate project it is really nothing more than a very complex and sophisticated matrix of processes overlapping one another over a period of years. If you look at anything for site selection, to acquisition, capital formation, development, construction, lease-up, operations, and disposition, everything is a process...if you miss a critical step, or get your order of operation out of sequence you can find yourself between the proverbial rock and a hard place.

One of the ways successful companies gain a competitive advantage in today's market is through the implementation of sophisticated, efficient and effective process. Business processes serve as the central nervous system for your organization providing a framework for every action, decision, activity or innovation to flow from and through. There are many who would say process stifles creativity and slows production. While I would concur that this statement is usually the case with bad process, nothing could be further from the truth as it relates to good process. Good process serves as a catalyst for innovation, which in turn optimizes and accelerates workflow and enhances the productivity of business initiatives.

Understanding what constitutes bad process is the first step in recognizing how to avoid business process pitfalls that plague many companies. Let's start by examining the three main misconceptions related to process:

1. Process is not a new software program or application. While toolsets can enhance process or can become a by-product of process, they do not in and of themselves constitute process. Don't get caught in the trap of perpetual spending or development as a solution, but recognize that if you're caught in this trap that it is a symptom of bad process not a reflection of good process.
2. Process is not a "Band-Aid" fix. Good process is not reactionary. A series of bubble gum and bailing wire solutions put in place in haste as a knee-jerk reaction to the latest problem is not good process design. Process by default will never provide the benefits of good process engineering by design.
3. Process is not a panacea. While good process will help optimize any business it will not make up for shortcomings in other disciplines or functional areas. Process is not the main driver in business but a critical support system built for enablement, delivery, accountability and measurement.

Good process comes as a by-product of clarity of purpose. It is the natural extension of vision, mission, strategy, objectives and tactics. It is in fact working down through the aforementioned hierarchy that allows process to be engineered by design to support mission critical initiatives. Recognition of the fact that you don't start with process design, but rather you finish with process design is critical to the development of good process. Process is the part of the value chain that holds everything together and brings an ordered, programmatic discipline to your business.

Good process results in a highly usable infrastructure being adopted across the enterprise because it's efficient for staff and provides visibility and accountability for management all of which increases the certainty of execution. Good process across all areas of the enterprise will result in elimination of redundancy and inefficiency, shortening of cycle times, better knowledge management and business intelligence, increased customer satisfaction, and increased margins.

I encourage you to not let apathy, negative experience based upon results of bad process or flawed implementations, or the fear of complexity keep you from benefiting from the numerous advantages created by good process engineering. I would also strongly encourage you to evaluate all of your current processes so that you can discard or reengineer bad process and improve upon good process, striving for excellence in process design. Great companies understand the value of great process...Do you?

About the Author

J. Todd Clark, CCIM, serves as a Senior Advisor for Sperry Van Ness specializing in the brokerage, leasing, property management, development, syndication and exchange of medical and general office, retail, and hospitality properties in Lexington, Kentucky.

With over 18 years of experience, Clark has brokered and managed numerous transactions and assets in excess of \$100 million. Clark obtained his CCIM designation in October of 2008. Prior to affiliating with Sperry Van Ness, Clark owned Clark Southern Investment Properties, a full service commercial real estate firm.

Before owning Clark Southern Investment Properties, Clark served as the Vice President of Operations for Office Suites PLUS - a regional office suites company - where he managed an office portfolio with 20 locations throughout the Midwest and Southeast regions of the U.S.

Previously, Clark served as National Director of Sales and Operations for StudioPLUS Hotels where he managed a \$100 Million, 30 hotel portfolio throughout the Midwest and Southeast regions of the U.S.

Active in the industry, Clark is a member of the Lexington-Bluegrass Association of Realtors (LBAR), Kentucky Association of Realtors (KAR), the National Association of Realtors (NAR), the Commercial Property Association of Lexington (CPAL) and the Kentucky CCIM Chapter.

Clark earned a bachelor's degree in Psychology with a minor in Business Administration from Transylvania University in Lexington, Kentucky where he currently resides.

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