



Top Ten

Fatal mistakes made when implementing real estate management software

By Scott Mahler

You would be hard-pressed to identify an industry where intelligent management is as integral to financial success as it is with real estate. Not only is every dollar retained leverage-able in terms of cap value and return on equity, but when you understand your operational vulnerabilities, you can implement best practices that protect your assets and improve your business processes.

Simply put, by using the right real estate management architecture, and structuring your core data the right way, you gain the business intelligence required to analyze, automate and optimize your business. Unfortunately, most property owners and managers learn this truth the hard way.

1. Failure to solve the silo problem.

Real estate portfolio owners who don't see solving the data silo problem as integral to achieving business intelligence almost always make the other nine mistakes. You can't improve what you don't measure, and you can't accurately measure your data when documents are spread across departments, applications and diffuse systems. Moral of the story? Business intelligence is fundamentally about unifying your core data.

2. Easy as SharePoint.

"We just need Microsoft SharePoint, and we are set." If only it were that easy. Managers who believe that all they need is an intranet solution are confusing attributes with outcomes. SharePoint is a blunt instrument when a precise tool is what is needed.

3. It's the data, stupid.

Don't get mired in solving the wrong problems. Focusing solely on making your documents web accessible, or failing to create the necessary data layers that cross property management, leasing, accounting, investor management and tenant related processes will severely handicap your efforts. What you need is a data management architecture that can read, write, react to events and warehouse your real estate data across multiple contexts, and over time.

4. Business rules.

It seems natural to think of real estate management software as a "thing" to be added, such as a property management package, document management, or an online rent payment service. In practice, however, the value a system should be measured on is how well it enables individuals and organizations to orchestrate the specific processes they need to get their jobs done. This is the realm of business rules and workflows. Systems built to expand business intelligence are designed to be flexible to fit the organization — not the other way around.

5. Property management software.

For many real estate portfolio operators, the best representation of their core data lies within their property management software. Don't ignore that data or re-create it. The best solutions can access and extend property management data. Why throw away hundreds of hours of work when you can leverage it?

6. “We’re done.”

There is a tendency to see the process of building business intelligence within a real estate organization as a one-off proposition. But, the reality is that it is a lifecycle process. This is driven by the short term need to pick off tactical wins with clearcut ROIs; the iterative nature of process improvement; the ever-increasing richness of the data (over time), and the types of analysis that yields; the addition of new properties, people and processes to the equation; and finally, the basic nature of walk-sprint-run; namely, once you learn to how much of a game-changer data-driven analysis is, you want to apply that know-how into automation. Once you’ve automated portions of your business, you want to expand it to other areas of the business. With each stage, there is optimization and refinement.

7. Excel spreadsheet hell.

The kindred spirit of the PC revolution is the spreadsheet. There is no single tool that has empowered workers to ask “What-If” like the spreadsheet. Unfortunately, the end state of that condition is a world where all of the company’s knowledge is buried in spreadsheets scattered across different users, different machines and different versions of the very same spreadsheet. Tasked to run macros that are brittle, time consuming and error-prone, it’s the consummate solution that does not scale. You are nodding right now, right?

8. “That’s accounting’s problem.”

In the real estate business, there is no such thing as “Not my department.” Why? Because property management affects tenant retention, which affects rent collections, which affects the ability to upkeep the property and pay the mortgage, which affects the ability to lease the property, all of which affects your ability to remain gainfully employed. Business intelligence connects the dots between these various tasks, outcomes and constituents, keeping the business running as a unified whole.

9. Technology aversion syndrome.

In industry after industry, software is “eating the world.” What this means is that slowly but surely, every industry is becoming defined and controlled by software technology. It’s the new normal, and if you are failing to embrace that change, you are putting your career and business at a serious disadvantage. Fortunately, there are solutions out there that find the balance between power, insight and ease-of-use. We’re not naming names, but one of the solution providers rhymes with Playtex.

10. Version 2.0.

A lot of real estate companies are so focused on getting their real estate management software deployed that they fail to plan ahead for the next version. In real estate management, this shortsightedness virtually ensures difficult and expensive upgrades to the next generation. At a minimum, the right management solution should provide you with reduced deployment costs, non-surgical upgrade paths, and rapid time-to-market. So while you’re working today, remember to think hard about tomorrow.

Conclusion

The Datex Portal is a business intelligence system that unifies the various back office processes of retail, office, residential and industrial property owners. It gives you the ability to capture and warehouse your core business data so you can avoid the Top 10 Mistakes, and better analyze, automate and optimize your business.

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