

Property Management Plans Made Easy – An Overview

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Ever wonder how a Property Management Plan (PMP) comes together? A PMP is a comprehensive business plan for a building or property outlining short and long term objectives to keep the subject viable for an owner. Production of this report takes a lot of perseverance, dedication and expertise. You can try writing your plan on your own, or hire a CPM® who is specially trained to create these reports. This series of articles will take you through the necessary steps to construct your plan for any building. We will examine the purpose for PMPs, their use and the advantages of updating your PMPs on a regular basis.

Many owners have outsourced the day to day management of our facilities to third party facility management groups. As Owners/Investors you have a duty to your shareholders to be prudent and ensure the viability of your assets. As an investor, you want to be assured your precious buildings are being taken care of prudently according to your short and long term goals for your property investments. A PMP needs to be in place for each facility in your portfolio. Your 3rd party management contractors can provide regular annual updates to your PMP, tracking your progress over time. You need a dedicated team to focus on keeping your PMPs up to date. Once written and approved, the next version's update is much easier to complete as annual updates become your performance measure to achieve agreed upon goals.

How many buildings in your management portfolio have a current Property Management Plan (PMP) to follow? All PMPs must take into account the owner's objectives for the property, incorporating all anticipated project work over a period of 5-25 years. A PMP should be a true representation of what a prudent owner should do to keep the building viable over its planning life.

We will examine what to do at each stage as you work to complete your PMP. Timelines may vary depending on the strategic focus for the PMP. The main report should be used as a source document to accumulate vital information and test results about a building that may be sitting around in other specialty reports from the past. PMPs should be up-dated on a yearly basis recording goals achieved over the year and any other key information that may be useful in the future.

Now, where to start? Create your PMP Team. Determine the information required and the source of the information at a meeting with the owner. Begin by gathering data and determine information requirements on the subject asset. As a minimum, you need a Building Condition Report (BCR) to start your PMP with current information on capital and repair projects. Past and present financial statements need to be examined. A recent building appraisal will be helpful for analysis later on.

A visit should be arranged to the subject building. This tour may be a good time to bring the appraiser along. Visit with some tenants to obtain their perspective



of the facility. Walk the surrounding neighbourhood to experience how the subject building fits into the community. Look at other buildings in the vicinity and consider how they compare to the subject building.

Start writing the report anytime focusing on those “golden nuggets” of information that will make a real impact on the facility. Undertake data analysis and evaluation, concentrating on impending capital/repair work that forms the foundation of your report. Examine operational efficiencies, financial performance, and tenant satisfaction. The remaining useful life of the asset needs to be considered in the context of the prevailing market conditions.

A PMP should provide an updated overview of the physical condition, operational, financial, and functional performance of the subject building. A management plan should recommend multi-year financial and performance objectives focusing on operational efficiencies, revenue streams and investments required to keep the subject building viable. All consulted documents must be included in Appendices for future reference.

Various options need to be considered for analysis. The status quo option maintains the course of action to continue operating the building and implement any recommended repair and capital projects. A second strategy could operate and maintain the building with an additional requirement to upgrade the asset (i.e. renovation/expansion) to meet current facility operational standards. A third option could operate and maintain the building with each identified maintenance project subject to approval. Approval would be conditional on a continuing need for the building based on a portfolio strategy. A fourth option could provide for minimal maintenance of the asset until it is disposed of. Options analysis should take into consideration the building in isolation, as part of a portfolio, and/or the building from the perspective of the occupant’s accommodation strategies, supply and demand.

Financial expertise is required when your plan is ready for analysis, tabulating statistical results, and calculating the Present Value of all Options being considered. The analysis should allow exploration of investment options to establish a long-term plan for the subject facility. The analysed options must always take into account the owner’s objectives, priorities and policies to arrive at an acceptable investment strategy for the asset.

Some building custodians may not want a complete PMP. A shorter version report (SPMP) can be created to

serve specific needs. For instance, a report may focus on creating an annual repair and capital budget for the short term. Commissioning of a Building Condition Report without a building appraisal may serve smaller owners or investors. Any PMP must be tailored to the needs of the owner who makes the ultimate decision on investments made in their portfolio. Once a PMP is completed, you can manage your facility in a systematic fashion knowing you are getting closer to achieving the ultimate goal for your owner – greater value!

Future articles will outline the detailed anatomy of a Property Management Plan. We will examine the necessary steps to gathering the information, commissioning valuable reports and visiting the subject facility to conduct valuable interviews. We will continue examining writing the PMP, option analysis and recommend a course of action for the owner or investor.

If you manage any of the following specialty buildings, I want to hear from you as a contributing writer to this article series. Your expertise managing unique buildings such as Airports, Medical Buildings, Shopping Centres, Laboratories, Theatres, Convention Centres, Hotels & Motels, Resorts, Schools, Academic Buildings, Libraries, Factories, Heavy Industrial, or unusual Residential facilities would be appreciated. I am also searching for software to teach and write PMPs. Contact me at ekorneluk2@rogers.com to add your colour commentary about your unique facility.

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