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Digital Multi-Tasking Sometimes Disrupts Efficiency

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For commercial tenants, now's the time to buy

Favorable borrowing rates, lower construction costs, add to that the significant drop in property values over the last three years, and there is a strong case for business owners to consider owning their real estate.

SBA financing

If ownership aligns with long-term business plans and the tax implications are favorable, a stable business or a collateralized startup can find favorable financing.

Conventional lenders are certainly out there lending money, but Small Business Administration loans are coming back into favor for several reasons:

1. Conventional financing now requires more than a pulse to qualify.

2. The SBA has aggressive programs with improved processes that have made them more user-friendly.

3. Lenders are specializing in SBA loans and know how to get through the process more efficiently. In some cases, they have pre-approval of the SBA to underwrite loans that save time, so make sure you start this process with a SBA specialist.

The primary applicable SBA loan programs are 504 and 7(a), both of which have received recent tweaks in the wake of the recession.

Conventional lenders are making improvements to loan programs with improved terms that save time, so it is worth speaking with a SBA specialist. The loans can be used to buy a business or refinance an existing building or other debts.

Loan limits have been increased up to $5 million, and terms are usually fixed for 10 or 20 years, much longer than conventional loans.

Construction costs

With new construction at a standstill, contractors have had to trim their profit margins significantly to win a job and keep their people working. This can be said, too, for all related industries – architects, engineers, etc.

Some materials costs may fluctuate, but overall now is an exceptional time to consider building new or making improvements to an existing structure that will add value long after the current economic slowdown corrects.

Property values

I hate having to tell this to my clients who want to sell, but nationally values are down anywhere from 35 to 45 percent from their highs in 2007.

We are still bumping along the bottom, but in May we saw a 6.3 percent increase in the Moody’s/REAL Commercial Property Price Index (CPPI). This was the first positive move in six months and the largest one-month increase since the index started.

One of the factors of the increase, distressed sales saw an increase of 4.8 percent and were 27.0 percent of repeat sales. Property owners who have had tenants evaporate or bought at the height of the market are willing to, as one well respected local developer told me, “forget about the cheese and just get out of the trap.”

There is just not enough demand to absorb the vacant space, and it will be this way for some time to come.

Given all these factors, even modestly positioned business owners have an incredible opportunity that we are likely not to see again for a long time.

Rex Benton is a commercial advisor with NAI Savannah, a division of Mopper-Stapen Realtors. He can be reached at 912-358-5600 or rbenton@naisavannah.com.

Digital multi-tasking sometimes disrupts efficiency

There are two common “eff” words in business often used in tandem: effective and efficient. In fact, we use these words together so frequently that each may lose individual meaning.

Effective is defined as doing the right job. Efficient is defined as doing the job well.

Productivity, output divided by input, is an operational metric that is often misinterpreted as only a measure of efficiency. However, if we are not effective, if we do the wrong job, demand (which drives output) is sure to drop as customers are dissatisfied with our output.

Remote information availability in modern business environments is everywhere. Many of us believe that one way to adapt to the increasing frequency of remote communications through our personal digital devices is to become more adept at multi-tasking. Our sense is that we can become more productive by tending to a greater number of tasks at once.

In terms of tasks handled per day, we are surely more productive. But are we sacrificing our performance on the right tasks for the sake of tending to more tasks? Can we effectively do multiple things at once?

In a recent operations management course with a cohort of working professionals enrolled in the Georgia WebMA program we discussed a blog post (blogs.hbr.org/cs/2010/12/ you_cant_multi-task_so_stop_trt.html) by Paul Atchley. He is a Ph.D. and associate professor of cognitive psychology.

The core of Atchley’s post is that humans cannot multi-task, but rather we actually switch based on social importance.

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