8-18-2010

Driving Business Success with Process Maps

Robert J. Szymanski

Follow this and additional works at: https://digitalcommons.georgiasouthern.edu/savannah

Recommended Citation

This article is brought to you for free and open access by the Business, College of - Publications at Digital Commons@Georgia Southern. It has been accepted for inclusion in Business in Savannah Articles by an authorized administrator of Digital Commons@Georgia Southern. For more information, please contact digitalcommons@georgiasouthern.edu.
Driving business success with process maps

Determining commercial property value — in short, compared to three or four years ago, it’s probably worth less.

Brilliant analysis I know, but gaining an accurate picture of today’s value is challenging. A sluggish market has resulted in few comparable sales while national data shows values have dropped 30-40 percent from 2007 peaks.

Some commercial lenders have continued the “certified and pretend” mentality, but the short sales and bankruptcies that have occurred further confuse the value question.

Presently, lenders have loaded down commercial appraisers with “collateral evaluation” across the board. This is to address FDIC scrutiny and get a handle on where financial risks potentially lie for the next 12 to 24 months.

Combine this with the active re-financing market, and you’ve got a backlog for appraisal work.

As a commercial broker, lenders and private owners have engaged our firm to do BOVs — “broker opinion of value.” They are not to be relied on for an “official” value for a loan. However, some lenders use them in lieu of more expensive appraisals or if they have questions that require a quick decision.

As an example, they might use a BOV to help determine market value on a delinquent property for a potential short sale. I often include it as a free service to clients as part of a listing assignment. Lenders pay $400-$500 or more, depending on the complexity. A BOV can usually be completed within a week and includes three or more comparable sales, active listings and feedback on market conditions.

It’s worth what?! A scenario happening around the U.S. and Savannah: A national lender farms out bulk appraisal work to the lowest bidder who, with no local knowledge, tries to provide an accurate appraisal. I have clients whose lender hired an out-of-town appraiser. He spent the night, had a nice meal at Paula’s, found some comps (which they often get from local commercial agents anyway) and tried to determine a value.

Having an unbiased opinion is important, but it doesn’t trump a local perspective that might prove to be more accurate.

BOVs can be helpful to a property owner who wants to challenge a lender’s appraisal. If you disagree with the appraiser’s value, at a minimum, share it with a commercial agent or another appraiser to look for any glaring issues.

Quarterly sales price trends Per CoStar’s Commercial Repeat-Sales Indices for the second quarter, the 10 largest U.S. markets (this includes Atlanta) saw an uptick in sale prices for offices (6.2 percent) and industrial (2 percent) with a drop in retail sales prices (37 percent).

The rest of the country had sale prices soften across all product types. In the southern U.S., the only sector seeing a positive sales price increase was apartments, which increased 1 percent. Industrial dropped .5 percent, office dropped 5.8 percent and retail dropped 7 percent.

Distressed sales as a percentage of sales volume was the highest for hospitality at 35 percent, then multifamily at 28 percent, office at 22 percent, retail at almost 20 percent and industrial at about 17 percent.

Rex Benton is a commercial broker with NAI Savannah, a division of Mopper-Stapen Realtors. He can be reached at 912-238-0874 or rbenton@NAISavannah.com.

Greetings! My name is Bob Szymanski, and I recently moved to Pooler after accepting the position of lecturer of information systems at Georgia Southern University.

Although I am a newcomer to the Savannah business community, I’ve had considerable experience working with large businesses, helping them leverage their enterprise systems.

As a Certified SAP Solutions Consultant, I’ve come to understand that technology for the sake of technology is not enough to ensure a competitive advantage. It’s essential to have a complete understanding of the business processes employed in your organization to enjoy the full benefits of enterprise systems and other process enabling information technologies (PEIT).

Improving business processes begins with process maps and there are several commonly used mapping techniques used to document the various business processes within an organization.

For organizations that prefer to take an enterprise view of their processes, a cross-functional map (also known as a swim-lane map) is preferred.

Among the many advantages of cross-functional mapping is the ability to communicate processes more effectively within your organization and to identify key touch points between functional areas involved in a process.

Process maps generally fall into one of two categories.

The first type are labeled “as-is” process maps. These maps document current processes. Documenting “as-is” processes involves much more than mapping the “expected” process. Often the expected process differs significantly from the actual process.

Successfully capturing the actual “as-is” process involves detailed data collection, generally in the form of process interviews. These interviews should be conducted by experienced professionals who are skilled in acquiring accurate data.

Although an organization can be successful performing these interviews internally, they should exercise caution. It’s not uncommon for interviewees to fabricate their roles to avoid repercussion or they may provide slight variations or omissions.

In these cases, interviewees tend to tell the interviewers what they expect to hear, not what they should hear. When this happens, the organization fails to document its processes with clear and accurate process maps.

The second category of process maps are “to-be” process maps. Once an organization successfully documents its “as-is” processes, it can begin to leverage PEITs to create efficiencies in their processes. Creating a “to-be” process map requires an understanding of not only the “as-is” process but the technology used to support the process.

A major advantage of an enterprise system like SAP is the integration of the processes and the information created and used to support these processes. Since we know an accurate “as-is” process map helps identify key touch-points in a process, we can begin to leverage the integration aspects of an enterprise system to create competitive advantages through redesign of the process.

Creating the “to-be” process should involve management, information systems analysts (internal), enterprise systems consultants and key members of the organization involved in the process. Decisions regarding exactly who should be involved in creating the “to-be” process often depend on resources, time constraints and the complexity of the process.

Regardless of the situation, it’s always a good idea to keep the make-up of this team manageable.

Successful implementation of the “to-be” process is required to drive business improvement and success. Successful implementations may require systems configuration changes, a costly return on investment can be experienced quickly.

If properly designed, the benefits reaped from increased efficiencies and competitive advantages generally outweigh process redesign costs, and return on investment can be experienced quickly.