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4-D Transaction Management

By Vik Bangia

The term Transaction Management is so confusing for most people that I thought it appropriate to add a little clarity. It seems simple to me (only because it's part of my DNA), but many people mistakenly consider brokerage and transaction management one and the same. Some have described transaction management as brokerage on steroids, others call it managed brokerage, but each of these descriptions lacks certain foundational truths. So, what is transaction management?

First, the overarching textbook definition: transaction management is a consistent, repeatable, reportable, measurable process to coordinate multiple transactions in multiple markets and oversee the field execution of real estate deals. Let's look at the three dimensions of transaction management.

First Dimension: Consistency. Managing brokerage resources from various real estate firms alone can be difficult. Now imagine taking all the input from these disparate resources and trying to make them look uniform. It is next to impossible. However, it is the job of a transaction manager to provide the client with a consistent process. This requires two things. First, it requires frequent interaction between the transaction manager and the client to define what's needed. More important, providing a consistent process requires the use of standardized management tools. These tools can include formal broker-engagement letters, standard listing agreements and scope-of-services templates, uniform market report formats and financial analyses. With these tools, the transaction manager can ensure that the field broker hits the ground running. Moreover, the TM can then continuously improve the process in place, making sure it remains viable for the client.

Second Dimension: Coordination. Accountability for successful transaction management does not lie solely with the TM. Rather, it requires the management and oversight of several key contributors including the client corporate real estate department, the end user, legal department and field broker, among others. No matter how tactically astute a TM is, it is ultimately his ability to herd the cats that sets him apart from the also-rans. It is more than a typical project management mentality, and in this case you have to coordinate the efforts of individuals for whom real estate is akin to visiting the dentist. At my company, we give out internal recognition awards for accomplishments in this area. We know it is difficult.

Third Dimension: Communication. Even if you can herd cats, spin plates and chew gum at the same time, it is the value you bring to the client that will make or break you as a service provider. However, communicating value has two parts. The first is measuring your performance against a set of criteria. Most service providers do this reasonably well and with good reason; their bonuses are tied to it. Where most service providers miss the mark is in giving their clients proof of value that they can communicate upward to their senior management. To be sure, there is a lot of self-promotion when selling the service but relatively little done on a daily basis after the account has been won. Without it the old saying, "what have you done for me lately?" comes into play.

Fourth Dimension: Time. And the time is yours. To make effective use of your time, you need to

consider the service provider's professionalism. Transaction management is about hiring the right team with the right resources and the ability to free up your time for more strategic concerns.

When evaluating transaction management services, consider whether their process will save you time or require you to micromanage their efforts. Consider whether the designation of responsibilities is clear or whether you'll be called in too often to arbitrate a disagreement among the provider, the broker and your own staff. Consider whether the service provider is willing to live or die by the ability to save you time and money. Let me know what they say.

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