

KAHR NOTES

Editor's Note

Now that we have deal #10 in the can, we're working on another one. This is something of a continuous process for us. :)

In any event, if you have some cash that you'd like to put to work, and leaving it in the bank earning 0.25% doesn't seem as attractive as it once was, we'd love to hear from you.

If you're interested, I may be reached at josh@kahrrealestate.com or (212) 566-4085 x. 111.

OK... back to this issue of Kahr Notes....

Apparently, We Are A Business

For the last seven years, I've taught real estate finance for Columbia's MS in Real Estate Development program.

Among the various asides that I would make while teaching, I would often lob a comment or two at the business school about how the subjects that they taught didn't really apply to what we as real estate investors and developers did. After all, we're "deal guys". We can't be bothered with all of that management mumbo-jumbo.

Boy, was I wrong.

We've grown a lot since 2002. For the first seven years, we focused on real estate consulting and training. I remember realizing that after a few years, I wasn't actually consulting with anyone anymore; rather, I was managing people and projects. In other words, the subject matter specialist had become a general manager. I remember thinking that if I bought buildings, I would be able to stop doing general management stuff, and that would be a pleasant change.

Then, in 2009, we changed corporate focus, and we decided to only work on doing deals. For the first two years, we focused on the deals and the property management, but we didn't need to worry about it on a "meta" level. Now we do. In other words, instead of managing the properties, I now find myself managing the property management process. This will, of course, eventually lead to the day when I find myself managing those who manage the property management process.

The good news is that this isn't a bad thing. It's a sign of change, and while change is a challenge, it's also essential to a successful and happy life. It means that in order for us to continue to be successful, we now need to do what many real estate owner/operators never even think about. How do you actually build an operating business?

So, here I find myself thinking about management issues and all those things that my business school colleagues talked about all the time, and those topics that I used to tease them about: organizational

psychology, branding, human resource issues, etc. Apparently, a real estate business is a lot more than a bunch of buildings; it's an operating business that happens to own buildings.

What now? Well, we pick ourselves back up, and do it all over again. After all, we evolved beyond our humble beginnings as a consulting firm, and so we'll do it again.

Yes, for the rest of 2012, we'll keep growing our assets under management, but we'll also focus on building the systems and processes that will support that growth into 2013, 2014, and beyond. This includes tangible things like servers and software, and also intangible things like staff development and team building. What I don't want us to become is what I often encountered when I exclusively did consulting work: an owner with a lot of buildings but lacking the tools and processes to manage them.

Be well, and good luck in building your business, whatever that may be.

Classes

We still continue to offer Excel for Real Estate Analysis and Argus training classes every other month.

If you're interested in taking a class, the schedules and how to sign up online may be found here:

<http://kahrrealestate.com/exceltraining.shtml>

<http://kahrrealestate.com/argustraining.shtml>

By the way, we still have spaces open in our Argus class this weekend, so if you'd like to sign up, don't be shy. It's a great class and I continue to receive excellent feedback on it.

About the Publisher

“Kahr Notes” is the company newsletter of Kahr Real Estate Services LLC.

Copyright 2012 Kahr Real Estate Services LLC. Material may not be reproduced in whole or in part without the express written permission of the publisher.

ARGUS Valuation - DCF™ is a trademark of ARGUS Software, Inc. Kahr Real Estate Services LLC is not affiliated in any way with ARGUS Software, Inc.