

# Effective Organisational Structures Within Property Management

The on-site management of real estate portfolios as the key success criteria is overrated. However, this leads to a fragmented organisational structure and, ultimately, to poorer performance.

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“We have to be close to the property,” so the mantra of many property managers, making spatial proximity the decisive criteria when selecting one. However, a decentralised organisational structure contradicts the idea of a customer-oriented structure and fails to provide a uniform interface to asset managers, tax consultants and facility managers. With many properties - especially in retail and logistics sector - the advantages of centralising services are predominant. Furthermore, it is better to manage even scattered portfolios from one German headquarters.

Why is that so? On the one hand, the proximity of the property manager to a property on its own is not a quality criteria. Guaranteed high-quality and fast-responding facility management on site, on the other hand, is an important aspect of tenant satisfaction. The management and ongoing controlling of facility management services is one of the property manager's central tasks. However, such control and monitoring can be guaranteed at a central location. To accomplish this, one has to become deeply immersed in the processes of the facility manager. It is, possible to intelligently link FM-systems with PM-systems, for example, by integrating the facility manager's order processing into the property manager's ERP system. Furthermore, it is advisable to set up separate controlling capacities on the PM side with regard to inspection and maintenance obligations, in order to accordingly monitor the facility manager.

Of course, the regular, at least quarterly, inspection of the properties on site remains irreplaceable. Compared to a decentralised structure, the resulting increase in travel expenses is compensated by the leaner organisational structure, which does not require an office manager and a coordinating key account. We regard the resulting advantage of a rapid exchange between accounting, commercial and technical property management as an important success factor.

Furthermore, the much-praised decentralised organisational structure also has considerable disadvantages. For example, it means that a property manager has to maintain many small branches with only few employees each. In such a structure, it is very difficult to implement and live quality and process standards. The employees in the local branches then have to manage the on-site portfolio components for various customers. In practice, an employee often has to manage the real estate of four or five clients with very different accounting and reporting requirements, posing a major challenge. This is particularly important considering the general, continuously increasing complexity - for example due to regulation or the increased transaction speed. Consequently, customer requirements are often not implemented or not implemented in full, employees are overburdened, resulting in redundancies and high fluctuation. The latter being poison for tenant and customer satisfaction.

“The property manager, however, must be close to the decision-makers on the tenant side”, is something, we hear quite often. This is also true. However, the decision-makers in the retail and logistics sectors are usually also located centralised and not decentralised in the respective properties.



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