Title: Breaking the paper chain

Subtitle: The freedom of an electronic office

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My Journey

Back in the glory days, before the financial crisis, HVCC and the AMC onslaught, I had a large residential appraisal practice in Southwestern Ohio. Several of my appraisers had been with me more than 20 years and my last trainee was a seven-year certified veteran. With the horsepower of this staff and the fuel of technology, my well-oiled appraisal machine produced reports at unprecedented volumes. Our appraisers and their support staff composed highly documented quality reports; even the simplest work file was a quarter-inch thick. A platoon of black file cabinets stood at attention, lining the walls of our office, each protecting only the most recent files. Off-site storage had a battalion of legal-size cardboard storage boxes corralling only the last four years of paper-based work files. The management and organization of these work files was a logistical challenge that consumed not just space but our most valuable resource: time.

The glory days are long gone now. As market conditions changed so did my appraisal business. Most of my mortgage clients dumped me by the end of 2007 when we began to indicate "oversupply" on the 1004. The radical change in business volume forced me to downsize my firm and reinvent myself in the appraisal space. Nationwide travel was in my future; I realized I would have to work remotely and paper work files stood in the way. As a result of these difficult changes in my appraisal practice, I have emerged as a truly mobile paperless appraiser. Looking back, going paperless was one of the best business decisions I ever made, even if forced on me by challenging circumstances.

The Benefits

 A primary benefit of the paperless office is of course the "green" effect. Being paperless is certainly environmentally friendly. Less paper is consumed and fewer trees are felled. Even an AMC reviewer in a Third World country can figure out fewer natural resources are

consumed by a paperless office. Become paperless and you will qualify as one of the cool "green" people concerned with their carbon footprint.

Green is also the color of money. Being paperless will save you considerable funds once spent on all kinds of supplies necessary to maintain an antiquated paper-laden office. Hey, now you can put your copy machine, fax machine, filing cabinets, phone system, toner cartridges and reams of paper on Craigslist. Better yet, "gift" these encumbrances to that newly licensed trainee who just became your competitor; he's too "green" to know better. Without question, a paperless appraisal office will equate to cost savings. Given the fee compression appraisers are experiencing, cost savings are important… but not the most important.

Mobility is the most important. Being paperless means you can do business anywhere, and I mean *anywhere*. I have answered questions on a relocation assignment from Panera, completed a court case in the Delta Sky Lounge and worked a Cincinnati assignment in Key West, Florida (in the middle of winter, too). After the inspection and comparable photos are taken, you're free to roam. This is the beauty of being paperless. My electronic file is available to me anywhere the Internet reaches, and that includes coast-to-coast flights. I'm a free man. No office will hold me and my clients never know the difference.

Now that I have experienced my virtual appraisal environment, I lament not doing it earlier. Had I applied the paperless lessons learned from the 2007 downturn earlier, I would've been a happier, more profitable appraisal entrepreneur. Sometimes I lie awake at night thinking about how I would've operated my former high volume appraisal shop in light of the technological renaissance I have experienced. That brings me to the last benefit in a short list of benefits: scalability.

With a paperless valuation office you can adapt your business to order volume more efficiently. I've always had appraisers as employees, but why do I need to give them the desk? If I need subcontractors for excess volume, why not set up a virtual environment for them? Sure, I would want to see people in my office sooner or later, but why require a daily pilgrimage? Easier for them, less expensive for me; everybody wins. The paperless office works for large organizations as well as the lone-wolf appraiser.

It's Electric... the Paperless Appraisal Start to Finish

Every effort to be "paperless" really means to minimize paper. There are orders that never involve cellulose, and those that will use some paper, but store none. The goal is to be totally electronic and consume no paper; like most goals it will take a while to achieve. Together we will follow an appraisal order from cradle to grave. You will see that there is usually some paper involved but the end result is a totally electronic file. As we move through this process we will touch on different hardware and software needs (see the call out section for a list of these items).

Before the Appraisal Inspection

Occasionally someone will order an appraisal over the phone but most orders nowadays come in by e-mail or fax machine. In this market, an order is an order, and I'll take it on a paper napkin; however, no matter how the order is taken it needs to be processed electronically. A good starting point is to capture the order paperless from inception. E-mails are obvious, but fax machines and orders taken by hand introduce paper from the start. Do away with your paper fax machine. There are numerous services that convert incoming faxes to PDFs. My personal favorite is a company called Ring Central (ringcentral.com), which functions as my fax machine and also replaced my phone system. Incoming calls are routed to our cell phones. Voice mails as well as faxes appear in our e-mail inboxes. All of these items can be stored in a central electronic file folder for the order. If an order is taken by hand, scan the details into the electronic file folder and shred the original paper order sheet. Enter the details of your order into your management system (all major software companies provide them) and your order is started.

Now let's talk about how to organize your electronic files. Everything related to your appraisal order needs to go in an electronic file folder on your computer. This includes anything that would normally be in a paper file and maybe a few extras. Physical items are scanned as PDFs and any voice messages (MP3s) are also saved to the specific assignment folder. We have two major file folder headings on our server: Open and Closed. Inside of the Open folder are subfolders for every appraisal that has not been transmitted to a client. Once the order is completed, that file folder is dragged (or moved) to the Closed folder, which is sub-organized by year and quarter.

Some research is necessary before an appraiser goes to the property. You must have a list of potential properties with you to shoot comparable photographs in the field. I use a handheld device and laptop computer in the field; others use devices such as iPads. Some folks, however, are just not comfortable with this. If you require a paper file for this portion of the process, elect reusable legal size see-through plastic sleeves. The sleeves can contain a printed order form, map, and multiple listing printouts as well as an inspection template for notes. Use these papers in the field to make any notes you want, on the order form or MLS sheet; "temporarily" store these in the reusable plastic folder. We will discuss what to do with these "paper security blankets" later.

At the Property

 You don't have to change the way you gather information about your subject property and comparables in the field. If you are still "paper trained" you're just going to have to scan that information later and shred those documents. When the property owner provides you information in the field, put it in your plastic sleeve. You can collect information the same boring and ecologically abusive way you always have, if you really want to.

That being said, real efficiency can be gained by gathering information solely in an electronic method. All the major software vendors provide a handheld solution. Contact your vendor to discuss these options. Many appraisers use tablet technology and actually enter information directly on their forms in the field. I have found this to be a bit cumbersome, but it's better than using paper. I use an iPhone and collect my inspection notes, including the sketch, directly on this device. The camera on this phone is actually superior to my digital camera in many regards (phone flash is weak). At the end of the inspection, I e-mail (or upload via Drop Box) my notes to myself, including comparables selected in the field.

I do exclusively relocation appraisal work now and homeowners usually provide information for review when I tour their home. While at the property, I use the application JotNot to create images of these papers with my smart phone. This inexpensive program is certainly my favorite phone app. You simply take a picture of any sized document and it finds the edges and creates a PDF that can be e-mailed or uploaded to the cloud. I have even placed house plans on the floor, stood over them and created electronic copies using this wonderful application. If you don't have a phone (iPhone or Android) that will accept this application, your digital camera on its highest-quality setting will also do a great job. All of these field images are transferred to your electronic file back at the office.

Writing the Report

Paper grows like weeds when you begin to research and write your report in the office. MLS sheets, online courthouse records, plat maps, zoning maps, and verification notes are just a few of the items that are contained inside of a properly documented appraisal file. A few inexpensive hardware and software acquisitions and these items will never use a speck of toner (or ink if you're that far back).

Your first hardware purchase must be an additional monitor for your computer. The dual screen work environment is essential to paper reduction. If you work on a laptop it's as easy as plugging in an additional monitor. Most modern desktops also support dual monitors. Monitors are very inexpensive nowadays; buy the largest you can. "Location, location, location" also applies to "screen real estate"; the larger the monitor, the more open windows you can locate onscreen. Now instead of printing the MLS record, you can put it on your right-hand screen while working your appraisal form on the screen directly in front of you. Display everything that you are tempted to print on one of your two screens. Instead of printing these documents, save them as a PDF inside of your electronic work file. Take screen shots for further documentation (use SnagIt or a similar product).

Closing the File

Completed reports are printed to the electronic file folder and e-mailed to the client. It's up to you when you move the file from the Open to the Closed folder. I generally move it immediately. If there are questions on my relocation assignment, I simply refer to the closed file. Revisions are printed as an additional PDF into the closed file. Some may choose to leave folders in the open section until the appraisal invoices are paid. With smaller organizations this can serve as a reminder of who still owes you (although I'm sure you know).

Now come the final two pieces of hardware. You will need a high-quality scanner and decent paper shredder. Whether you like it or not, you may have acquired some paper while processing your appraisal. Scan these information remnants into the electronic file folder and then shred them. I use a Fujitsu ScanSnap, a duplex scanner that will capture both sides of the document in one pass. The scanner comes with document management software including Adobe PDF writer. Choose whichever scanner you like but make sure you select a duplex. The easier it is to close the file, the easier it will be to kick your paper habit.

Final Considerations

USPAP certainly provides for electronic record keeping. But it is your responsibility to make sure these files are thorough and well protected. Backup and security are essential. As a normal part of the workflow, I use an online service called Dropbox. A cloud storage solution, Dropbox also provides local storage and synchronization between multiple computers. There are several other similar solutions that are also available. The advantage of this cloud storage is redundant backup of your files. Files are stored not only in the cloud but also on other computers you own. This provides you with an off-site and on-site backup solution with multiple versions as well. Because I'm a bit anal-retentive about losing files, I also use CrashPlan, a similar backup solution. CrashPlan utilizes your own computers to back up files over a network. You can back up one computer to another at the same location over your LAN or at a remote location via the Internet. Off-site storage is critical; if you have a fire at your office you want to make sure you still have copies of your files elsewhere. All of these solutions are "set and forget."

Your Journey

Making the move to a paperless office may appear to be a daunting task, like eating the proverbial elephant. How do you eat an elephant? As the old saying goes, "One bite at a time." First, don't concern yourself with the past. As people get enthusiastic about being paperless, they envision scanning all of their previous files. This becomes an almost insurmountable task that blocks the initiative. Pick a point in time and become paperless beyond that point. Leave the past in the past. Second, don't be too idealistic about being fully electronic. You're going to use some paper; just don't store it! You will make measurable gains consuming less and less paper on every assignment. Finally, don't wait for a specific date to start. Countless people want to wait to for the beginning of a calendar year. That's nonsense; you can start down this path today. I guarantee you'll remember the day you made this decision. It will change your life for the better; you will save money, work more efficiently, and be able to spend more time with your family.
(Article end)

Stuff you: (call out)

Software and services

RingCentral.com – Packages start as low as $9.99 per month, your solution for electronic fax, voicemail and general mobility.

Dropbox.com – Free for the first 2GB. 50GB is $99 a year or $9.99 a month.

CrashPlan.com – Free unless you want online backup (which I do not recommend).

SnagIt – Cross-platform costs $49.99. Available from TechSmith.com; there are also free solutions available within Mac and Windows operating systems.

PDF Creation software – Numerous packages are available. Mose are inexpensive and some are free. I use Adobe, which came with my ScanSnap.

JotNot – Available as a phone application for around $5.

Google Docs – Free and a must if you have a Gmail account. It emulates Microsoft Office online.

Open Office – A free open source competitor to Microsoft Office; reads and writes Office extensions.

Hardware

Scanner - I use the Fujitsu ScanSnap S1500, available online for around $400. This also includes software that is priced above $300.

Extra Monitor – Y ou should be able to get a large high-resolution monitor for less than $250. Remember: The bigger the better. In this case, size matters.

Plastic reusable files – Y**o**u can get them from your local office supply store. Make sure they are see-through. We've been using the same ones for four years and I can't remember how much they cost.

Shredder – A good shredder will eat paper clips and staples as well. There are around $100-$150.

Smart phone – I use an iPhone. Some people swear by Androids and others the Windows platform. Just pick one with a good camera.