

Forward-thinking Daniel Jones

**meets
industry
challenges
head on**



Daniel Jones, AACI, P.App, FRI, RI (BC) has seen some of the most significant changes that have taken place in the appraisal industry. As President and CEO of Campbell and Pound Ltd. in Richmond, BC since 1986, he has weathered the storm of real estate booms and busts, the introduction of new technologies, and the contraction of the residential appraisal market. During this time, he has developed some clear ideas about how to remain competitive in today's ever-changing marketplace.

Recently celebrating his 28th anniversary as a member of the Appraisal Institute of Canada (AIC), Jones has been a sometime member of various provincial committees and has been heavily involved in promoting and developing the profession in his native British Columbia. Among his many volunteer activities, he has served on the Membership Services Committee, chaired by the late Jack Warren, where he helped to design portions of the Standardized Residential Form Report. He has also participated in strategic planning sessions for the AIC BC Association and served as a residential fee appraisal advisor to the provincial president in 1996 and 1997. Currently, he is an active, part-time interview participant on the Designation Admissions Committee.

After graduating from Vancouver's Langara College in 1974 with a diploma in Realty Appraisal, Jones worked for 13 years as a Senior Supervisory Appraiser of Industrial Valuations for the British Columbia Assessment Authority in Richmond/Delta. In 1986, following the award of his AACI designation, he purchased Campbell and Pound, one of British Columbia's oldest appraisal firms (established in 1939), and set about implementing an expansion and redevelopment of the company. Today, the company remains one of the most respected and competitive appraisal companies in a volatile market, and continues to remain on the cutting edge in introducing new technologies.

Q. How has your business evolved since you took over as president in 1986?

A. When I took over the company, it was primarily involved in residential appraisals. With my background in assessments, we initially continued in that field as well. We prepared assessment appeals and worked on projects involving litigation, relocation, insurance, estates and wills, and status and bank-requested appraisals. We also enhanced our ability to do both industrial and commercial work.

By 1991, we had expanded and opened new offices in Surrey and Abbotsford and had 18 appraisers working for the company.

However, along came EMILI and a number of new technologies. We found we no longer needed the same staff levels. We closed the Surrey office in 1993, and today we have a staff of 12, including nine appraisers. In financial terms, about 70% of our business today is residential, with the remainder being a mix of both industrial and commercial.

Q. What has been the key to remaining competitive?

A. I am a big believer in keeping up with the latest technology. When the Y2K issue was an unknown factor, we took it upon ourselves as a company to expand the resources we had and be on top of any potential problems. We updated our systems, software and computers and, although Y2K turned out to be a non-issue, we entered the new millennium as a technologically improved company.

I think it is good to be an industry leader. In 1994, Campbell and Pound became one of the first companies to set up a web site. We began e-mailing appraisal reports in 1997 and were one of the first appraisal companies to embrace Electronic Data Interchange (EDI) technology. Back in the 1980s, we were one of the first companies to get a fax machine. We had gone out and spent all this money on this machine and then found we had no one to fax to. Even the banks were a couple of years from moving to fax. We had the same problem when we introduced e-mail. Only one bank allowed the e-mailing of reports last year. Sometimes you can be too technologically advanced too early.

Q. Why have banks been so slow in following your technological lead?

A. There is a degree of opposition to technological change from their clients. The banks have finally come on board and now want a paperless, totally e-mailed form of report. But, they tell us their clients fall into three categories. Some want everything filed electronically, with no paper. A large group wants things filed electronically, but with a hard copy backup for their files. And there is a small group that doesn't want anything to do with electronic filing, preferring instead to receive information via the fax. The banks have to respond to these clients and we, in turn, must respond to them.

Q. How has technology affected the way appraisers in your office do their work?

A. We do a number of different things that we could not do before. We can copy and paste maps from the Internet into reports. We have sketch programs in place and use digital cameras and a variety of other tools. In 1986, we had six people in a typing pool who did nothing but type appraisal reports all day. Now, each appraiser does his or her keyboarding, which cuts down on errors and speeds up the entire process.

Our appraisers also work more remotely now. On the road, with a cell phone or a pager, they come into the central office less frequently, come in at different times, share work stations, utilize different digital tools, e-mail from the office, etc. The development of new sys-

tems has meant that appraisal firms are no longer required to have large commercial space. Today, we have an office that is about one third the size of the space we would have required back in the 1980s.

Q. How has Campbell and Pound dealt with the growth of appraisal management companies?

A. We have an excellent and up-to-date data base. As one of the older firms, we not only have data from the various condo and complex developments, but we also have the original brochures and paper files from the time of construction. Most new firms will not have that kind of information. This extensive database is something we can sell to our clients. Our database integrity is very important. We spend considerable time and resources keeping current with condo complex registries, registries of condominiums that have experienced building envelope failure, IC and I databases and, of course, residential databases. We can further break down the information into more specific categories for a more meaningful sales analysis of any sector of the marketplace. Having up-to-date tools is paramount in providing customers with a better alternative to an appraisal management company.

Q. What is the greatest challenge facing your company today?

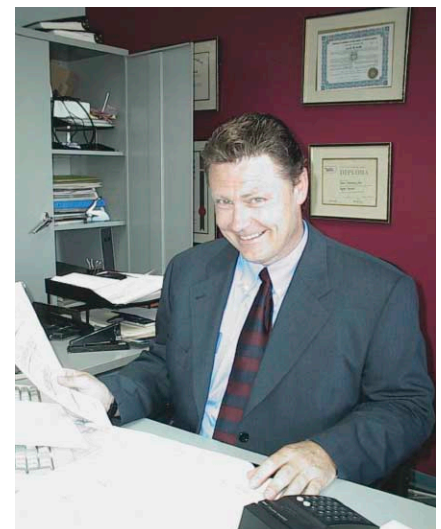
A. Residential Valuation Models, EMILI and reduced requirements from the financial community are the most significant. For example, one bank does not require an appraisal on any property valued at less than \$500,000. Desktop appraisals have replaced full appraisals for many lower ratio mortgages. Higher ratio mortgages, such as those through CMHC, have eliminated appraisals altogether. The volume of residential appraisal is down 25 to 30% from the early 1990s. Unfortunately, costs are up in such areas as liability insurance, fuel, transportation, Internet charges and office expenses. Many companies, such as ours, have dealt with this through downsizing, working smarter and increasing the reliance on technology.

Q. Does Vancouver warrant the reputation of being a volatile and expensive real estate market?

A. We have gone through a high-tech meltdown in the commercial sector during the last couple of years. There was a large demand and very little supply of office and industrial space in the high-tech sector throughout the late 1990s. With last year's failure of many Internet companies, a lot of committed space is now abandoned and there is now higher vacancy for the market to deal with in those specific sectors.

In the residential market, we have seen a return to stability. In 1994, there was a great deal of uncertainty about what was going to happen in Hong Kong in 1997 when the lease ran out. That resulted in an influx of immigrants and capital from the Far East. A number of people were preparing second homes in Vancouver as insurance against problems resulting from the change of power in Hong Kong. When it became apparent there was not going to be any major change, a number of those purchasers disappeared from the market. The real estate market remained very soft and began correcting itself from about 1995 through to 1999.

Currently, sales volumes are up significantly. We are in a period of 'recycled real estate,' where lower end homeowners are trading up for middle market homes. There is a lot of activity in the lower end market as a result. Those in the middle are moving to the higher ends of the market. The mix of a healthy economy over the last couple of years and low interest rates has stimulated the market. British Columbia recently had a favourable change in government, one that is certainly more pro-business, and that may have a positive effect over the next couple of years.



Q. What was your involvement in the Strategic Planning Committee?

A. I was asked to sit on the committee in 1995 with a group of appraisers from BC and the AIC. What we created was a plan for appraisers in this province. We asked the questions 'What are the AIC and the provincial association doing for appraisers and are they doing things that appraisers expect and need? Are we on the right track as a profession? Are we providing a valuable service for our clients?' We went through a lengthy identification process and mapped out a course for the profession. Last year, I was invited back to participate in the 2000 sessions that revised the plan.

Q. What is your role on the Admissions Committee?

A. As a part-time member of the Designated Member Admissions Committee, I interview seasoned candidate members who have completed their academic requirements and passed their demonstration reports. They should also have completed the appropriate amount of practical work and have a suitable amount of experience. The committee will look at their work samples, talk to them about their knowledge of AIC standards, and interview them to determine their overall knowledge of the industry. Once this has been completed to our satisfaction, they are awarded their professional designation. It is very rewarding for the committee members to see the excitement on a member's face when told that he or she is now a fully designated member.

Q. What are you looking for in these candidates?

A. I am looking for professional quality in their work products. Four to five weeks prior to the interview, each candidate provides the provincial office with six or seven reports completed over the previous year. The committee will make sure the candidate is doing good work, that it is of a high standard, and that suitable care has been taken to ensure the reports are correct and well presented. We also want to ensure that AIC standards and guidelines are being followed and practised.

Q. Have you noticed a change in the type of people coming forward as candidates?

A. Over the last 10 years, I have seen a significant increase in the number of candidates that work for institutional appraisal organizations such as BC Assessment, Ministry of Transportation and Highways, CMHC, or other agencies where they are not working on a fee for service basis. Now, only 50% of the candidates we see are independent fee appraisers.

In terms of skill levels and education, the standards have definitely been raised. Clients are expecting a higher level of professionalism these days and I think appraisers are well equipped to meet the demands.

Kudos should be extended to the AIC, the education institutions, the provincial associations, various committees and the volunteers who have administered and raised those education and professional standards. ♦



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