

Property Tax Valuation Analyst Attributes

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Property tax valuation practices are often constrained by their ability to recruit and retain successful valuation analysts. Accordingly, each valuation practice should develop a finite (e.g., four or five items) list of analyst attributes that are common to that firm's most successful property tax valuation analysts. Then, the firm management can use that list to recruit and hire valuation analysts. This interview with our firm managing directors describes the five analyst attributes that Willamette Management Associates seeks in its new hires (including valuation analysts at any level from staff to partner). Of course, each valuation practice should develop its own list of analyst attributes that is appropriate to that firm's needs and philosophies.

INTRODUCTION

The recruiting and retaining of valuation analysts present a challenge to many property tax valuation practices. The professional development of valuation analysts (particularly the transition from staff analyst to practice leader) is also a challenge to many property tax valuation practices.

Unfortunately, there is no surefire solution to these valuation practice management issues. However, it is our experience at Willamette Management Associates (WMA) that both human capital successes and failures can be traced back to the initial analyst interview and hire process.

Accordingly, *Insights* decided to ask our two firm managing directors, Robert Reilly and Bob Schweihs, to describe the WMA process for hiring successful property tax valuation analysts.

Certainly, this interview is not intended to imply that WMA has the secret formula for property tax analyst retention and development. In fact, our firm has had more than its fair share of human resource issues over the years. However, by examining both successful and unsuccessful hires, our firm management has identified analyst attributes that may be obvious during the initial interview process.

The purpose of this interview is to identify and summarize the attributes that are common to many successful property tax valuation analysts.

Of course, each valuation practice is different. And, each firm has different human resource needs at any point in time. The recruiting of both entry level and experienced property tax analysts is often influenced by local competitive conditions. Also, different firms have their own internal (interdepartment) transfer and promotion procedures.

It is unreasonable to expect one firm's set of analyst attribute criteria to work for every property tax valuation practice. At best, the attributes identified by Robert and Bob seem to work for our firm.

These attributes are represented here only as a baseline from which other property tax valuation practices can develop their own lists of firm-specific analyst attribute criteria.

The recommendations of this interview are that, first, the management of each valuation practice should honestly assess its hiring successes and failures.

Second, from that internal assessment, management may be able to identify a finite list of (usually four or five) attributes that are common to that firm's most successful valuation analysts.

Third, all practice leaders involved in recruiting should use that list of attributes during the recruitment and interview process. That way, all of the practice leaders will be looking for the same attributes.

Finally, the analyst attribute criteria should also be communicated throughout the valuation practice. That way, all valuation analysts (entry level through partner level) will better understand what characteristics the practice leaders expect in that firm's professionals.

VALUATION ANALYST ATTRIBUTES

Insights: Good morning Robert and Bob. Could you explain how WMA developed the list of valuation analyst attributes that it uses during the property tax analyst recruitment process?

Robert Reilly: Over the years, we found that our most successful property tax valuation analysts have five attributes. And, we found that these attributes were either present or absent during the initial interview process. Often, candidates who do not display these attributes are less successful over the long term as valuation analysts.

Further, it is our experience that valuation analysts rarely develop these attributes over time. Analysts often develop their quantitative and other analytical skills over time. However, in our experience, new analysts either have the identified attributes or they don't.

Insights: Could you describe the five valuation analyst attributes that you mentioned?

Bob Schweih: The first attribute is being creative and innovative. Valuation analysts with this attribute are always striving to find a better way to do things. These analysts rarely see a problem. Rather, they typically see an opportunity.

To these valuation analysts, data constraints, client deadlines, engagement budgets, and unusual valuation subjects (e.g., complex taxpayer properties, unusual industries, exotic intangible assets, etc.) are all just an opportunity to develop a creative solution.

As these individuals advance in their careers, they often find ways to "think around" problems in order to achieve a particular objective. And, that particular objective could be to complete the unusual valuation engagement, to manage several engagements simultaneously, to sell valuation services to potential new clients, or to manage a valuation practice.

Insights: What is the second analyst attribute that you look for?

Robert Reilly: The second attribute is being a deep thinker. Deep thinkers are individuals who really strive to understand why we do what we do.

Over time, most valuation analysts can develop proficiency at applying the generally accepted valuation approaches, methods, and procedures. However, few analysts truly understand the conceptual support and the theoretical basis for those generally accepted valuation methods and procedures.

There are few property tax valuation problems that cannot be solved by an analyst who can "think through" the problem in order to conceptualize an appropriate solution.

As these individuals advance in their careers, they become particularly adept at performing the more complex valuation engagements. They are often consulted by their peers who may need help to think through a more complex valuation analysis.

And, these individuals often become very successful at practice development. This is because potential clients (and particularly clients involved in a property tax dispute) are attracted to analysts who can thoroughly describe the reasoning behind all of their valuation analyses.

Insights: And, what is the third analyst attribute that you look for?

Bob Schweih: The third attribute is excellent communication skills. Such communication skills should encompass both oral and written communications.

In fact, these two sets of communications skills are often quite different. Nonetheless, successful valuation analysts typically demonstrate both sets of communication skills.

Successful staff level and manager level analysts should demonstrate effective written communication skills. Even the most intelligent valuation analyst may be ineffective at convincing the intended audience if the property tax valuation analysis is not documented in a clear, convincing, and cogent valuation report. This statement is true for pretty much any report audience.

This last statement is particularly true if the property tax valuation report audience is a regulatory or taxing authority, a lawyer, or a judicial finder of fact.

Successful senior manager and partner level analysts should also demonstrate effective oral communication skills. These individuals will typically present the valuation engagement results, whether to an individual taxpayer, to an assessment authority, or to a property tax appeal board.

These individuals typically will defend the firm's work product before regulators, taxing authorities, lawyers, or other parties. These individuals are often asked to provide expert witness testimony

with regard to their valuation analyses. And, these individuals are accomplished at developing new client relationships.

As these individuals advance in their careers, they become progressively more adept at being able to “talk their way through” a challenging engagement situation. As mentioned above, taxpayer clients retain analysts not only to quantify the valuation solution—but also to effectively communicate the valuation solution (often during a contrarian challenge).

Insights: Robert, your turn to describe the fourth analyst attribute.

Robert Reilly: The fourth attribute is whether the individual is naturally extroverted. Extroverts are often natural leaders. Typically, they are joiners of social and professional organizations. Therefore, they often develop extensive social and business networks. And, they typically become accomplished at business development activities.

Of all the analyst attributes mentioned, this attribute may be the most difficult to teach. For the most part, an analyst is either a naturally extroverted person early in his career or he is not. Also, of all the analyst attributes mentioned, this personal characteristic is typically the easiest to discern during the initial recruitment interview process.

As these individuals advance in their careers, they often have success with practice management responsibilities. This is because they are comfortable as leaders. They often assume committee and other leadership roles at professional organizations and societies. This is because these individuals are naturally comfortable participating in such professional activities.

And, because of their outgoing personalities, these analysts are naturally comfortable with business development responsibilities.

These individuals can often “socialize through” technical, presentation, and new client situations. This is because their colleagues are often willing to assist and support these analysts.

Insights: And, what is the fifth analyst attribute that you look for?

Bob Schweih: The fifth attribute is intellectual capacity. Individuals with substantial intellectual capacity are just plain smart. Such analysts have the ability to efficiently absorb and effectively process substantial amounts of information.

Such analysts typically can apply their intellect to master their selected valuation discipline (e.g., property tax valuations). In our experience, this

doesn't necessarily mean that these analysts earned the highest grade point average in college. However, these individuals normally do score very high on standardized general intelligence (e.g., IQ) exams.

These analysts can often “power think” their way through a complex property tax valuation problem. They generally advance in their careers due to their technical analysis and general knowledge skills. Other analysts will often seek technical advice from these individuals.

Taxpayer clients value the informed and well-reasoned advice of these analysts. They impress potential new clients with their ability to find thoughtful solutions to complicated problems. And, these property tax analysts are often successful in a litigation support or expert testimony environment.

VALUATION ANALYST HIRING AND RECRUITING CAVEATS

Insights: Are there any caveats you want to mention with respect to your analyst attribute recommendations?

Robert Reilly: Yes. I would like to mention two caveats.

First, it is noteworthy that many individuals who become successful valuation analysts may not exhibit all (or any) of these attributes during the initial interview process. Likewise, some individuals who do display many (or all) of these attributes during the interview never do develop into successful valuation analysts.

Second, some property tax valuation practices cannot absorb too many “overachiever” analysts at any one point in time. Too many of such hard-driving individuals working in the same firm can cause disruptive competition and other human resource problems.

Our principal point of this discussion is simply that, in our experience, individuals who exhibit certain attributes are more likely to develop into successful valuation analysts and successful valuation practice leaders.

Bob Schweih: I'd like to add that the list of desirable qualities may vary based on the needs and objectives of each valuation practice.

At WMA, we have immodestly adopted the firm motto “the thought leaders.” Therefore, with this firm philosophy, we want to attract a particularly intellectual type of valuation analyst.

In contrast, valuation firms with other objectives and philosophies should look for analyst attributes

that are appropriate to those particular organizations.

Finally, our comments in this discussion do not imply that valuation analysts need to be more erudite and literate than other types of professionals (for example, professionals in accounting, audit, tax, IT, etc.).

However, we believe it is fair to say that property tax valuation engagements generally involve (1) complex analyses, (2) fact-specific selection of methodology, (3) the assimilation of large quantities of financial and economic data, (4) the mastery of sophisticated theories and concepts, (5) the application of reason and professional judgment, and (6) the effective communication of both the valuation process and the value conclusion.

Therefore, to a greater or lesser extent, successful property tax valuation analysts need to possess some elements of each of the above-mentioned analyst attributes.

SUMMARY AND CONCLUSION

Insights: Do you have any final thoughts related to this practice administration topic?

Robert Reilly: The recruitment and retention of effective valuation analysts (at all experience levels) is a constraint on the growth of many valuation practices.

This statement is true whether that valuation practice is an independent consulting firm (as is the case with WMA) or it is a part of a larger accounting firm or other professional services organization.

Accordingly, all valuation practice leaders should be motivated to identify valuation analysts who have the highest likelihood of future career success. We simply recommend that such valuation practice leaders identify the attributes or qualities that are the best indicators of an analyst's success at that particular valuation firm.

At our firm, we have identified the following five attributes that are "leading indicators" of property tax valuation analyst success:

1. Creativity and innovation
2. Being a deep thinker
3. Communication skills
4. An extroverted personality
5. Intellectual capacity

Bob Schweih: That's right. Depending on the current staffing level requirements, the specific

client services offered, and the firm's overall philosophy, the above-listed analyst attributes may not be appropriate for every valuation practice. That is why each firm's practice leaders should select the individual analyst attributes that are appropriate to that firm's goals and objectives.

We identified the above-listed attributes because, over time, our more successful valuation analysts possessed these characteristics. Often, these analyst attributes (or the lack thereof) are relatively easy to identify during the initial recruitment interview process.

Also, these analyst attributes typically benefit the successful valuation analyst at all stages of his or her career. That is, these analyst attributes are never superfluous, and they never become obsolete.

Unlike technical skills (e.g., fluency in Excel) or technical knowledge (e.g., experience with certain databases), these analyst attributes are typically not learned or developed over time. Generally, the above-described analyst attributes are innate personal qualities that successful valuation analysts have (or don't have).

Robert Reilly: Finally, whatever particular list of analyst attributes is appropriate for each valuation practice, our recommendation is that the practice leaders identify those attributes for that particular practice.

That list should then be distributed to all managers and partners who are involved in the analyst recruiting and interviewing process. That way, these individuals can all look for the same set of analyst attributes.

This list may also be communicated to all of the current members of the subject valuation practice. That way, all property tax valuation analysts in that firm can better understand what characteristics the firm leaders expect them to demonstrate.

Insights: Bob and Robert, thank you for your time and your insights.

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