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April 19-21

Mohegan Sun Resort
Uncasville, CT

And So To The Future:
Property Management Post-COVID

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Pandemic Pandemonium

Pre-COVID property management business leaders were guilty of being complacent:

- Denying the underlying cause of common stressors in property management business
- Indecision and using stress as its justification
- Fearing losing control which led to no control of what could be controlled

So then…

- How did the current pandemic force change that our fear previously prevented?

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Business Strangulation Through Stress

Identify and understand the underlying triggers of common stressors from property management business ownership and leadership
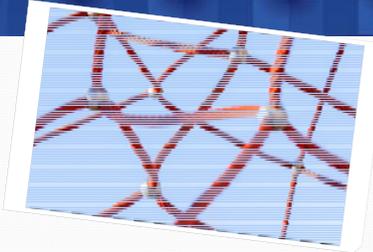
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Justification Juxtaposition – Business Paralysis

Justification causes indecision and business paralysis because rationalization was based on fear, not facts

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Powerlessness

- Chaos born from powerlessness
- Fearing losing control led to no control of what could be controlled
- The power of indecision was stronger than the power of decision, justifying a lack of decision

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Forced Change – Paralysis

- How did the current pandemic force change that fear previously prevented?
- How did change happen so quickly?

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Forced Change – Paralysis

Fear was removed from indecision and decision was forced because there was no time for justification

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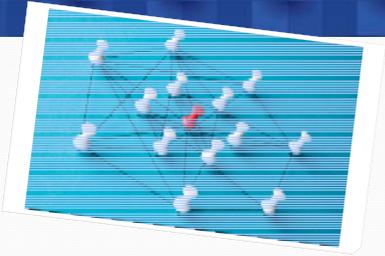
Just Do It – Unintentional

No time to ponder:
- Property management business owners were forced to make decisions based on the speed of change and lack of time to justify their decisions

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So, What Happened?

- It was literally a case of - Do something or the business could fail!
- So then, why did property management business owners feel confident enough to make decisions and respond with speed?

Choice was removed!

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RISE Global TaskForce

- Representatives from USA, Australia & New Zealand
- Property Management Industry:
  - Broker owners
  - Property managers
- Banking Industry
- Technology Industry

RISE TaskForce

- Resilient
- Innovative
- Strategic
- Empowering
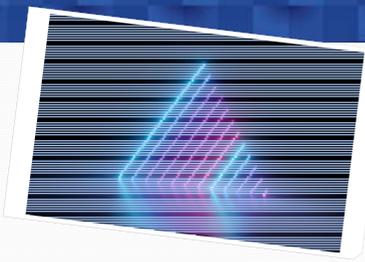
Research & Analysis

- TaskForcers undertook research projects to understand:
  - Past
  - Present
  - Future of property management.

- How did the past create the present, and how can the present direct the future?

RISE
Guiding Thought

"We cannot solve our problems with the same level of thinking that created them."

-Albert Einstein

Rise Goals

- Solve a problem
- Prevent a problem
- Create a definitive emotional experience

One Thing Was Clear!

- The pandemic was the catalyst for change
- It is the property management industry's watershed moment

"Watershed": An event marking a unique or important historical change of course or one on which important developments depend

Research Elements

- Business Profit Benchmarks
- Business Structures
- Business/Broker Owners
- Property Management Team
- Sales Agents
- Technology
- Operational Systems
- Rental Property Owners

Business Benchmarks

- Profit Benchmarks
- Productivity Benchmarks
- Business Performance Indicators (BPI)
- Individual Performance Indicator (IPI) or (KPI)
- Overheads/Costing Benchmarks
- Financial Business Planning
- Operational Business Planning
- Business Prognosis and Analysis
- Business Acquisition
- Succession Planning
- Business Asset Value

Business Structures

- Team Structures
- Team Roles
- Team Tasks
- Remote Teams
- Business Location
- Team and Task Management and Monitoring Method

Which Business Structure Stacks Make Sense For Different PM Business Types?

"Low volume, high yield" (high-touch)	*"Low volume, low yield, transactional" (low-touch)*
"High volume, low yield" (low-touch)	*"High volume, high yield, relational" (high touch)*

What Elements Make Up A Property Management Business Structure?

	1 TEAM ROLES	2 TEAM TASKS		3 TEAM LOCATION	4 TEAM STRUCTURES	5 TEAM ACCOUNTABILITY
Property Management Teams and Tasks	• Business Owner • Responsible Broker/Licensee • Team Leader • Compliance Manager • Financial Controller • Operations Manager • Portfolio Manager • Leasing Consultant • Growth Manager • Para-Property Manager • Property Management Coordinator • Marketing Manager • Client Relationships Manager • Meet and Greet Manager • Inspections Manager • Maintenance Manager	• Prospecting • Market Analysis • New Rental Property Owner • New Management • Property Listing • Property Showings • Applications • New Resident • Property Inspections (Move-in/Move-Out) • In Residence inspections • Change of Residence • Early Termination • Tenancy Renewal • Maintenance Facilitation	• Rent Payment Facilitation • Breach Facilitation • Pet Facilitation • Tenancy Vacate • Tenant Eviction • Management Termination • Court Preparation • Court Representation • Insurance Preparation • Pay Invoices • Disburse Funds	• In Local Office • Corporate Office • State Office • National Office • Global Office • Satellite Office • Remote Office (work from home) • Remote Office (located within a business) • Multi Office • Off Shore	• Task Based • Portfolio Based (all tasks) • Portfolio Based (split $/mon$ tasks) • PODZ • Hybrid • In Office/Offshore • In Office/Remote • Business Support Franchise/CoOp/ Independent • Business Size • Number of Doors Managed • Geographical Footprint	• Business Operating Systems • Operational Business Plan • Financial Business Plan • Property Management Software • Technology • Business Performance Indicators (BPI) • Individual Performance Indicators (KPI) • Training • Business and Operational Reporting • Legal • HR

Property Management Business Structures That Enable Growth & Retention

Fluid and flexible:
- Managing business expansion and growth
- Achieving retention of team and clients through growth

Constant success measures:
- Consistency and compliance
- Achieving and delivering brand promise
- Protecting brand reputation

Foundation cornerstones:
- Scalability
- Serviceability
- Sustainability
- Saleability

Business enable and drivers:
- Processes and protocols
- Team roles through growth and expansion
- Task sharing and monitoring
- Technology
- Training
- Accountability

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Business/Broker Owners

- Property Management Service Provided
- Number of Doors Managed
- Location of Business
- Number of Team and Team Roles
- Business Owner Active Role in the Business
- Years in Property Management Business
- Business Expectations
- Average Profit Percentage
- Average Growth Per Year in Doors Managed
- Average Revenue Growth Per Year

- Average Profit Margin Growth Per Year
- Business and Service Differentiators
- Team Training Standards
- Team KPI (BPI and IPI) Measurements
- Team Targets and Incentives
- Business Culture
- Who Chooses Operating Systems
- Who Chooses Technology and Computer Programs
- Team Selection
- Certifications and Business Achievement Measures and Marks

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RETENTION OF STAFF LEADS TO RETENTION OF CLIENTS

- 56% of property managers feel they have excellent career progression
- What is the career progression for PMs in your company?
- How are you managing the risk of your employees leaving with the skills you've taught them?
- How are you investing in their career so you gain their loyalty?

Sharing The Vision, Managing The Budget

How does a broker/business owner:
- Share their vision
- Manage the budget
- Hold the team accountable
- Make decisions

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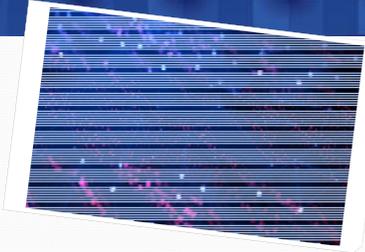
Observations

- If not the broker/business owner, they should hire a specific person to make, implement and manage decisions and day-to-day operations

Observation: A key reason for the lack of trust, respect and seeing the value in property management services, is due to the business owner's lack of understanding, lack of involvement and lack of connection with their business – they leave it to their team

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The Team

- Analyst and/or advisor
- Rental property owner feels safe and secure
- Make rental property owner feel valued and respected
- Earn loyalty and respect from rental property owner
- Achieve client and business retention
- Achieve growth through retention
- Role titles
- Job description and roles
- Training
- Process driven

- Certifications and skill measures/marks
- Value add
- Points of difference
- Relationship-focused
- Attract new people
- Skill set
- Work remotely
- Deliver service level
- Problem solving
- Communication

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Misunderstood Property Manager Role

- Property managers have been task processers:
  - Maintenance
  - Rental payments
  - Vacating tenants
  - Tenancy renewals
  - Routine inspections

- Property managers focus on processing tasks with little to no understanding of the objective and outcomes

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What Is The Role Of A Portfolio Manager?

- The portfolio manager must focus on a task objective and outcome to achieve the standard of result and expectation for the client

- As a result, the portfolio manager should be expected to:
  - Analyze and advise
  - Make the rental property owner feel safe, secure, valued, respected and appreciated
  - Ensure every rental property owner feels UNIQUE
  - Earn loyalty and respect from the rental property owner
  - Achieve client and business retention
  - Generate growth through retention, referral and recommendation by existing clients
  - Achieve business targets by achieving the client's target

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Portfolio Manager – Objectives & Outcomes

- The portfolio manager is responsible for knowing how to achieve the objectives and outcomes for each task e.g.:
  - Inspection – Is the inspection a routine or property assessment inspection?
  - By being a property assessment inspection, the portfolio manager has an objective to assess the property's:
    - Market relevance – Does it meet the standard of the market?
    - Demographic appealability – Does it meet the expectations of the people wanting to rent in the area?
    - Market rent – Assess the rent the property should achieve
    - Standard of repair, maintenance, presentation and curbside appeal
    - The tenant's care and suitability for the property

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Job Roles & Descriptions

- Job roles and descriptions are mostly inadequate and undescriptive – A key reason why there are challenges with performance and skill in property management
  - Job role responsibility overview – Requirements of the role
  - Performance answerability and accountability - The person who is responsible for monitoring achievements and how achievements are measured
  - Ability, attitude and adaptability – The knowledge, skills, attitude and personality required to perform the role

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Sales Agents

- Understanding service and fee structures
- Is service to their client a risk or benefit to the sales agent
- Creating sales agent cooperation
- Incentives and rewards
- Expectations
- Refer for retention of client or referral fee paid
- Reasoning for non-referral
- Improving cooperation between sales agents and property managers

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Understanding Sales Agents Apprehensions, Perceptions, Expectations

- Apprehension:
  - Fear of losing client
  - Fear of client paying too much for property management services
  - Prefer clients to buy and sell rather than hold

- Perception:
  - Property managers have poor reputation
  - If they refer and property manager performs poorly, the agent's reputation is damaged
  - Property managers may refer to another sales agent for referral fee
  - Believe they can save rental property owner money by managing the property for them for free
  - Property management is easy

- Expectation:
  - Property managers provide service for free or minimal
  - Agent should be paid for referral
  - Property managers are working for agent not the rental property owner

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Understanding Sales Agents

- WIIFM:
  - Money, money, money – Ego
  - Me, me, me – Ego
  - Short-term thinking, rather than long-term understanding
  - Be the client's one and only – 100% connection
  - Self serving rather than client centric

- What do agents think when property management is mentioned:
  - Nothing in it for them – where's my money?
  - Loss of connection with 'THEIR' client
  - Risk of loss and of client being given advice they don't agree with
  - Expensive and unnecessary service – a waste of money

Put simply, agents are mostly driven by ego and how much money they can earn in the short term

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Embracing Property Management Service

- Engaging the Brokerage – Solutions for:
  - Lead generation:
    - Repeat transactions
    - Referral from agents and client
    - Recommendations for all services
  - Retention:
    - Agent dependency program
    - Client advocacy program
  - Revenue:
    - Increased sources for revenue streams
  - Recruitment:
    - Incentive programs for specialized training
    - Agent revenue and bonus programs

- Engaging the Sales Agent – Solutions for:
  - Income accelerators:
    - Guaranteed monthly income
    - Annual bonus
    - Client repeat transactions
  - Client engagement:
    - Purpose client interactions and updates
    - Seed planting for future transactions

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Technology

- Trust Accounting
- Virtual Tours and Property Showing
- Virtual Communications
- Remote teams
- Marketing
- AI (artificial intelligence)
- VR (virtual reality)
- Cameras
- Property Inspections
- Owner and Tenant Online Access Portals

- Maintenance
- Automated Tenant Maintenance Response
- Digital and Smart Locks
- Digital Property Monitoring
- Meth Monitors
- Digital Signatures
- Digital Energy
- Automated Property Leasing Enquiry
- Market Research and Rent Appraisal

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The Technology You Choose Will Impact The Level of Automation & Productivity of Your Team

Demand: Tenant Request | Landlord Request | Scheduled

Communication:

Workflow automation:

- **Demand** on property management time is generally triggered by the tenant, landlord or scheduled compliance events (e.g. routine inspections)

- The way a request is **communicated** impacts the property manager in two-ways:
  - The back-and-forth required to understand and address the issue
  - Whether the communications automatically input into a workflow system

- **Workflow systems** (CRM/trust accounting) vary in the level of automation they provide to get a job done. For example:
  - Is your arrears chasing automated?
  - Are landlord approval emails automated?
  - Are your workorder requests automated?

Example: Less Vs More Automation

Technology Creating Automation
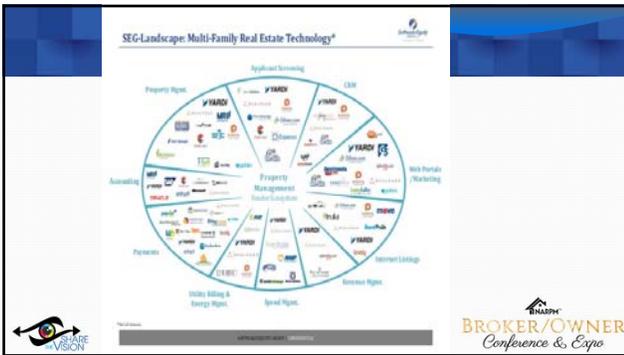
Operational Systems

- Main Objective
- Selection Process
- Objective - Value Add or Revenue Add
- Implementation
- Team Acceptance or Pushback
- Business Owners Understanding of Operating Systems
- Attitude and Understanding

Do Operational Systems Value Add Or Revenue Add?

Understanding the difference value vs revenue add:
- Value add relates to the system adding value to:
  - Client experience
  - Team performance
  - Task production time
- Revenue add relates to systems adding revenue to:
  - Opportunity for further revenue streams
  - Business profitability

Value Add:
- Operational systems mostly value add as they are the foundation of the business creating consistency in team to task workflows ensuring the promised client experience (and results) are achieved, team performance is enhanced with minimum disruption in tasking, even when maximum disruption is being experienced in the business, as well task production time is managed to peak performance because the operational systems drive the people part of the tasking. Revenue is added through the ability to offer extra services due to the seamless business and service operations from team to team and task to task. The most appropriate team member completes the most appropriate task, freeing up time for more revenue generating activities.

Revenue Add:
- Technology typically supports with adding revenue to the business in that extra services, with a fee for these services offered. Example: Digital locks

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Why Have Operational Systems Continued To Be Overlooked?

- Research has uncovered numerous factors to this question. These factors include:
  - Cost
  - Team pushback
  - Team opinion on what individuals prefer to use
  - If implemented, lack of ongoing implementation
  - Confusion due to number of operating systems available
  - Complexity

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Team Pushback

- Team pushback on operational systems
- Research has been conducted to understand the reasons why team pushback, reluctance and disengagement on using and embracing company manual operating systems is common within the industry
- The research revealed the several underlying factors for pushback are:
  - Team do not like:
    - Using systems
    - To be micromanaged
    - Accountability
    - To be told how to do their job or when to do their job
    - Prefer to work alone and within their own bubble
- Property management teams also believe they can and should create the systems for the business they work for. Research also revealed a common practice in the industry whereby property managers take manual operating systems from one company to the next, change them and believe they are the creator of the system.
- This practice has played a major part in the inability for the industry, in general, to embrace operational systems

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Observation Conclusions

Operational systems are generally overlooked, undervalued and misunderstood by an overwhelming majority of property management business owners. Yet, it could be argued that they are the single most important factor that will either contribute to or detract from business success and longevity. In general, the property management industry has been hampered from achieving success in the eyes of the clients served and within the industry itself. Whilst technology and other tools have been developed and introduced over the years and especially in the last decade, success is still generally elusive. This research raises the question, if property management business owners introduced architecturally-designed and engineered operational systems and implemented training and accountability to ensure systems were used, what would the difference to the industry be moving forward?

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Rental Property Owners

- Experience
- Motive
- Perception
- Attitude
- Technology
- Peace of Mind
- Communication
- Property Management Turnover
- Agency Hopping
- Rental Property Owner Category

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Rental Property Owners – Perception & Attitudes

- Perception of brokerage and property managers:
  - All the same (no differentiation), treated same as other landlords
  - Lack of communication
  - Struggle to justify value for fees
  - Lack of empathy towards owner's desired outcomes and objectives
  - Tenant sided (makes owner feel uncomfortable or wrong for increasing rent or enforcing tenant repairs)
  - Non-neutral
  - Very reactive
  - Sound knowledge of legislation but struggle to understand owner's desired outcomes
  - Lack of personalized service
  - Often lacking sufficient evidence for owner to make informed and confident decisions

- Observation – when surveying owners through various sources, the majority struggled to provide many positive perceptions, which was concerning

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Peace of Mind – Service, Management & Results

- Overall findings:
  - Owners want their properties professionally managed
  - They are prepared to pay a premium fee for premium services
  - They would like more confidence from information provided to make better informed decisions
  - They would like to increase their property portfolios
  - They would like to better understand possible results from growth and revenue
  - Lack of confidence in property managers to grow portfolio, results in lack of further investment or early divestment of their investment property

Summary – If peace of mind was more prevalent, property investment would be more enjoyable and rewarding for more investors. Many property owners believe a lack of training exists in the industry. As a result, property managers don't understand their roles and responsibilities, which directly impacts the results achieved by many investors (lack of growth, profit, poor tenant retention, property appeal and market relevance).

Post-COVID

Certifications – Measures & Milestones

- The industry should adapt training certifications as a standard
- This is currently not a requirement although there are 3 such training institutions available with advanced training and certifications;
  - NARPM – mostly USA-based (National Association of Residential Property Managers)
  - IREM – mostly USA-based (Institute of Residential Property Managers)
  - iiIPMA - global (ii International Property Management Academy)
- All three institutes offer business and operational training and certifications that lead to a Masters in property management level

Property Management Team Post-COVID

- For the property management industry to evolve and remain relevant post-COVID, the industry must concentrate on several factors:
  - Redesign team roles and requirements
  - Structure the team and align tasks to roles
  - Know the objectives and outcomes required for each task
  - Introduce training standards and certifications commensurate with role skill and service
  - Be relationships focused, service orientated, and results driven

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Property Management Post-COVID

- Attract new recruits with different mindsets and skills
- Invest in training, induction, incentives and accountability, rather than paying large fees for recruitment companies
- Invest in operating systems, technology and tools to generate consistency, regardless of team or structure
- Invest in business systems and technology to manage and monitor business outcomes and service standards

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Property Management Post-COVID

- Generate recognizable industry marks and standards (e.g. CPA - Accounting, PM - ii Pinnacle and Platinum Pinnacle)
- Value add for the client and for the business:
  - Incentives to achieve targets
  - New revenue streams
  - New terminology for fees:
    - Equity Maximizer Fee (Management Fee)
    - Income Generator Fee (Letting/Lease Fee)
    - Income Revitalizer Fee (Tenancy Renewal Fee)

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Training Standards & Learning Outcomes

- The standard of training is not adequate or high enough for a Portfolio Manager to achieve the standard of professionalism
- Impacts client results and lacks capacity of an advisor, analyst and strategist for rental property owners
- The training is poor and, as a result, the owner's expectations and willingness to pay a premium for a premium service is equally poor

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Property Management Post-COVID

New universal language for common terms:
- Vendor/contractor – Maintenance provider and service affiliates
- Property investor – Rental property owner
- Tenant – Rental resident

Higher standards of communication:
- Articulate and confident
- Video communication

Team must:
- Be solutions focused, remain objective rather than subjective
- Deal in fact and empathy with no opinion or sympathetic emotion

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The Future

To survive the future and adapt to every climatical and cyclical change:
- Health - Future pandemics and health crises
- Environmental – Storms and natural disasters
- Social – Demographic changes
- Government – Changes to political landscape and legislation
- Economic – Pressure on rental property owners, downturns in rent, upsurges in salary and other costs

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Adapt, Adopt & Adjust

Property Management businesses must be robust yet flexible to survive the future:
- Be process driven
- Define dollar producing tasks and appoint to appropriate person - same non dollar task
- Design and know their service point-of-difference – never copy
- Recruit new – no more head-hunting
- Attract new clients through their own efforts – not rely on head-hunted employees
- Relocate employees to remote working locations and maintain control of service and operations
- Have a combination of in office, remote and off shore team
- Understand that the role in property management is to problem solve and not see problems as a problem
- Constantly provide value for service and articulate and prove value of their service
- Be able to pivot in a moment's notice and remain in control of actions and responses
- Be adaptable, willing to adopt and adapt tools and technology for the right reasons
- Remain at the forefront of change, creating rather than waiting for change
- Prepared to invest in the business and team to generate higher profits and asset value

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What Next?

- Now is your time to take control! Make decisions based on fact, not fear!
- Invest in yourself – Business coach, strategist, analyst
- Invest in systems – That provide the facts
- Invest in technology – That drives and supports your business
- Invest in your brand – Uphold your standards, experience and promises

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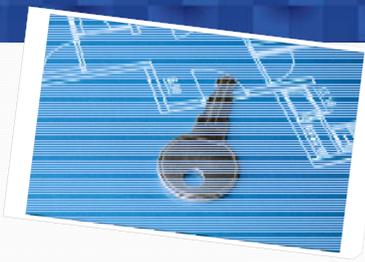
Back To Basics

- Policy – Engage a policymaker to create your service and operations policy, protocols, practices and procedures
- Face of your business – You are the face of your business, the heartbeat that drives energy and the soul that makes your business trusted, reliable and relatable.
- Be deliberate and dependable, not desperate and defensive – Have the courage to stand by your decisions
- Know your 'why', so you design your 'how' – Be the 'how' to your clients' 'why'

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Closing Thought!

YOU are the only constant
in your business:
- Team will come and go
- Clients will come and go
- YOU always remain

Walt Disney

Whenever I go on a ride, I'm
always thinking of what's
wrong with the thing and
how it can be improved!

Jo Oliveri
Global Property Management
Business Coach & Strategist

Founder & President
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  management business
  solutions
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