



SAMPLE STRATEGY

A Property Management Company

This template applies whether you are working to gain buy-in above, below, or laterally. In this instance, I coached an experienced senior leader of a property management company who used this template to develop a strategy to help the management above this role make better decisions.

The company was new to the industry and management needed some education and buy-in to the strategy to be effective.

Repeated verbal conversations and debates did little to move leadership to act. After developing, presenting, and discussing this document, management was moved to make decisions for the better, quickly.

1. Background (Why are we having this conversation?)

- Operations personnel are currently inundated with the residual effects on construction delays, quality issues, and unresolved construction projects, highly affecting the ability to focus on the stabilization of operations
- Daily oversight of on-site operations and issue resolution are prohibiting the capacity for higher level asset management and strategic implementation
- Due to the scale of company growth over the past six months, the current support and internal reporting structure are not conducive to insure key department leaders have the capacity and are

positioned to collaborate, strategize, plan, and execute on critical business applications.

2. Objectives (What do we want to accomplish?)

3 Months: Establish clarity, responsibilities, expectations of a successful management company

6 Months: Stabilize operations; create a balanced performance based platform through integration of education/employee personal growth and company culture and vision

8 Months: Company will be prepared to turn eight existing assets, and transition five new markets

12 Months: Deliver the unique brand experience to all residents/customers, investors, and employees in both new markets and existing markets

3. Strategy (How We Plan to Accomplish the Objectives?)

- Offer high level learning modules for Management education, specific to the process of identifying opportunities and potential risks, responsibilities of asset management, and investor expectations of a property management firm
- Provide the appropriate training to ensure employees have the context, skillset, and empowerment to make well-informed decisions aligned with both asset and company goals. Utilize high impact moments to promote and deliver the company brand experience
- Establish corporate infrastructure and organization that supports high performance results

4. Structure (What Framework Supports the Strategy?)

Option 1: Become Asset Management Platform Overseeing Third Party

- To achieve the objectives the following external support services (third party) would be required for existing assets:
- Promotional and Collateral design and items
- Management of social media
- Training/education

Advantages:

- Shifts Liability - Keeps focus on the investment rather than the day to day grind of property management, it also shifts liability.
- Substantially saves on overhead - Could be greater than \$200,000
- Turn-Key Reporting - Result oriented reporting through third party generated reports
- Consistent Training- Expedites skills training and education for all employees

Challenges:

- Potential loss of culture - Difficult to control and create culture through third party vendors
- Prolonged process, less control of outcomes - Transition of in house responsibilities to third party support services requires discipline, a defined process, clear authority for changes to process, organization training, roll out, and clear communication/guidance
- Elimination of Positions - Creates general fear and anxiety, regardless of assurance. 6 Roles that may be eliminated. All Property staff is absorbed by the third party

NOTE: In my experience, this is a viable option for many companies. However, I do not believe this is the best option here given what I understand the goals of the company to be.

Option 2: Become a Performance Based Property Management Company

- If leadership aims to be a full service in house property management company, then significant increase in staffing is required to realistically scale and deliver on our objectives.
- Additional staff required, must have specific industry competencies in order to fulfill basic real estate fiduciaries. Total additional overhead including all compensation is approximately \$500,000

Advantages:

- Clarity in Oversight and Communication- mitigate misdirection, confusion, duplication of efforts. Increase efficiencies across all departments.
- Everyone stays on the same page and works together towards accomplishing the common goals of the organization; promotes and allows for measurable results and accountability
- Maximize Expertise key company initiatives requires navigation with expertise, knowledge, insight. This insures impactful decisions are well-informed, unintended consequences are better anticipated, and initiatives are framed to support future organizational growth, changes, and diversity.
- Maximize portfolio value- utilizing high level staff will result in portfolio value creation at all stages of the life of the real estate Reinstates Employee morale/trust/loyalty- our employees are hungry to learn, maximize performance, and represent the company culture and vision.

Challenges:

- Significant additional overhead
- Potential gap to fill in Leasing and Marketing

- Restructure inevitably creates a period of anxiety and uncertainty.

NOTE: I realize this may seem like a bold proposal. But I assure you in my experience Property Management runs best when it runs lean. This is a lean and mean structure I've proposed.

5. Process (What Actions in what order need to be taken?)

- 11/18: review plan; discuss options, weigh opportunities and potential risks. Consider new options not proposed here. Select the favored components from each option, and collaboratively design the people performance platform
- Establish timeline of actionable items and processes that must occur prior to transition; establish communication expectations, and meeting schedule for status updates. Determine preferred method of tracking action items/occurrences, etc.
- Determine transition date (based on aforementioned timeline)

6. The Implications of Not Taking Action

- Insufficient capabilities/skills training of employees will result in substandard performance, consequently followed with loss of credibility within the financial market (buyers/lenders), and investors
- Inadequate capacity and/or support to deliver the unique living experience in new and existing markets could result in irreparable damage to the Brand
- Potential decline in employee trust and loyalty, resulting in onsite turnover

7. What I Understand Leadership Expects of Me

My understanding of Management Expectations of my position (based on initial interview and subsequent conversations):

- Ability to converse at high level with investors, potential partners, and lenders
- Produce operational results based individual asset goals
- Impart company vision; instill company culture
- Cultivate current and future company leaders
- Integrate industry expertise with the company culture
- Proficiency to formulate multi-market strategic investment plans, in conjunction with the existing real estate cycle and trends
- Expertise to collaborate, guide, and lead less-experienced departments; building a high performance operating company integrated with the company culture and vision

8. What I Need from Leadership to Be Successful

- Increase in Capacity- The value of my past experience, lessons learned (the hard way), and many years of exposure to all facets of a real estate environment are not directed in the areas that Management intended. In order for the company to fully benefit from what I do best, an increase in capacity is required.
- Clarify Reporting Structure- The current framework and ambiguity isolates operations from supporting departments within the company. Without having the expertise and relative background, I have consistently witnessed decisions being made that fail to anticipate hidden and inevitable consequences. The opportunity to lend insight based on my past successes and failures will mitigate the number of times we skin our knees. I think we can take advantage of my past errors in judgment, hours spent trying to get the square peg in the round hole, bad assumptions, and really, really bloody knees
- Empowerment- I have the knowledge, experience, and the rare advantage of working closely with the most successful real estate CEO's, asset managers, and hundreds of clients. This allows me to see what others may not, formulate strategies and solutions based

on my ability to predict and forecast. It is very difficult to see the train coming and not be in a position to move us out of the way. What can I do to earn the trust required so that we can move forward quickly? I think we can even have fun doing it.