

DELIVERING CUSTOMER CENTRICITY IN RESIDENTIAL PROPERTY

This paper is based on the proceedings of the Delivering Customer Centricity in Residential Property briefing hosted by FirstPort at The Gherkin, London on 10 September 2019

Introduction

Martin King – Director of Business Development, Marketing and Communications, FirstPort

In a rapidly shifting market, the focus on delivering an exceptional customer experience has never been more important in residential property. In order to better serve our customers, we need to gain a deeper understanding of their needs, wants and service expectations.

How customers live on site, use spaces and interact with the community impacts decisions on investment, planning, design, build and ongoing management.



Andrew McMillan leads our discussion around customer centricity based on his 28 years at John Lewis and then latterly as a consultant in customer and employee experience, working for the likes of British Airways, Virgin Atlantic, NHS Property Services, City of Westminster Council and Vauxhall Motors.

Customer centricity and advocacy

Andrew McMillan – Director, Engaging Service

What happens if the customer is not placed at the heart of your operation? Disruptor businesses perfectly illustrate the challenge about not putting the customer first:

Netflix did not kill Blockbuster.
Ridiculous late fees did.

Uber did not kill the taxi business.
Limited access and fare control did.

Apple did not kill the music industry.
Being forced to buy full-length albums did.

Amazon did not kill other retailers.
Poor customer service and experience did.

AirBnB isn't killing the hotel industry.
Limited availability and pricing options are.

Technology by itself is not the disruptor.
Not being **customer centric** is the biggest threat to any business.

PRODUCT, PROCESS, PEOPLE

Take a long term view about what is good for the customer. One of the benefits at the John Lewis Partnership of being an employee owned business was that longer term decisions could be made. Short term this might be less profitable, but long term it was more sustainable.

We live in challenging times for those working in any sector, not just property.

There's also lots of conversation about what motivates millennial customers. Uber and AirBnB perfectly illustrate how disruptor businesses are changing transactional interaction with customers. Uber has a very low touch model with limited human interaction but a highly efficient service. At first glance AirBnB might look similar, however their range of high touch, personal hosting services including guided tours, home cooking and access to local entertainment, is helping them to grow exponentially.

If you're operating in the middle you're likely to be in trouble: very efficient, process driven, low touch versus very high touch and personalised, appear commercially to be the two prevailing business models.

If you're caught in between, you'll suffer.

The latest thinking regarding the business model is that in an increasingly impersonal world customers want to be recognised as individuals.

"If you think you're in control, you're not going fast enough."

Mario Andretti, F1 Racing Driver

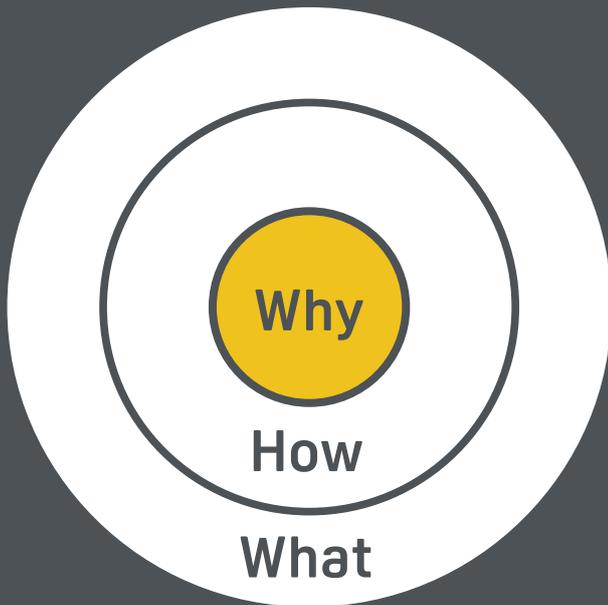
As David Ogilvy, one of the 20th century's leading marketers, wrote: "A company with a price advantage can be undercut. A company with a performance advantage can be outflanked. But a company with an emotional difference can potentially demand a premium forever."

If you have a performance advantage that's great, but the nature of business is such that in time your competitors will catch up.

Defining the essence of what you are as a business is key to long term sustainable growth. Simon Sinek's Golden Circle model illustrates how to approach refining what you are as a business by asking:

- What is it that you do?
- How do you do it?
- And most importantly, why?

SIMON SINEK'S GOLDEN CIRCLE MODEL APPLIED TO VIRGIN TRAINS



Why

We're on a mission to make every second you spend with us awesome.

How

Our lovely staff make train travel something you actually look forward to; helping you to arrive relaxed, refreshed and ready for action.

What

- We run trains on the West Coast main lines
- We have a punctuality record of...
- We have special offers on tickets
- We have First Class lounges

WHAT DOES GOOD CUSTOMER ENGAGEMENT LOOK LIKE?

The experience delivered by the employees is so consistently good that the staff become the organisation, or brand, in the eyes of its customers.

Engaged employees:

- Are happier and more fulfilled
- Have greater self-esteem irrespective of role or status in the organisation
- Have little or no absenteeism
- Enjoy working and collaborating with their colleagues who they see as a group of like-minded people
- Become self-appointed custodians of the organisation's brand and will work hard to maintain and protect its reputation with customers
- Often make extra discretionary effort to ensure customers have a great outcome.

TWO DIFFERENT APPROACHES ACHIEVING THE SAME GOAL



- To find solutions
- To do things properly
- To keep promises
- To look the part
- To treat everyone as individuals



- Virgin's service comes from deep within. It embraces and captures the best people, it empowers them with trust to respond at defining moments, it seduces you, it makes you laugh and challenges conventionality
- We make sure we keep it up day in and day out

Industry panel discussion

Andrew Bulmer – Chief Executive, IRPM

Debra Yudolph – Partner, SAY Property Consulting

Mark Alker Stone – Practice Director & Architect, AWW

Russell Markou – Head of Operations, Tipi

WHY DO YOU THINK CUSTOMER FOCUS IS IMPORTANT FOR THE PROPERTY INDUSTRY?

Andrew Bulmer: Leasehold as a concept was broadly speaking historically constructed and controlled by the freeholders. So the property agent's priority in managing the leaseholders was essentially to please and do the bidding of the freeholder. Residential property management firms are now in a very different place. Government has finally tired of some of the unfair practices in the leasehold sector and is increasingly taking away some of the controls enjoyed by the landlord. Working with the Law Commission and others they are intending to empower the leaseholder in a way they have never had before to take control of their own affairs. So property managers who are still focused mainly on the freeholder relationship could increasingly find themselves on the wrong side of history.

Forward-thinking firms, and I include FirstPort in this, have 'banned' the daily use of the word 'leaseholder' in favour of – the much more accurate – 'customer'.

Debra Yudolph: I would say that all industries have recognised that being customer centric is critical, and possibly the residential property industry has been slower than some in getting to appreciate its importance. When I worked for an owner landlord over a decade ago our property managers at that time told me we didn't have 'customers' we just had tenants. There is now an awareness across the residential sector that recognises just how important customers are. Because of the ease with which it is possible for people to publicly display dissatisfaction online about poor customer service, all industries have recognised that putting the customer at the centre is essential.

Mark Alker Stone: Our remit has totally changed over the past three or four years where projects are now centred around the occupier rather than the investor. It started in the commercial office sector but has now found its way into residential property where the customer is driving aspects of design. It's great for us as architects because that's what we want to do, we want to create fantastic spaces for people so communities can thrive.

Russell Markou: What developers are realising is that the customer experience is key to them being able to build sustainable businesses. It's all about retention, which is a long term game. People will pay for experiences.

WHAT HAS BEEN ASKED OF YOU AS A CONSULTANT WHERE CUSTOMER EXPERIENCE HAS BEEN THE ISSUE, AND HOW MIGHT THAT BE CHANGING?

Debra Yudolph: It's been quite interesting because for the first few years of our business we worked on a lot of very high end schemes with swimming pools and spas accompanied with five-star hotel style service. It was a real challenge to actually find partners who could deliver that experience in residential buildings. It's got easier and easier of course over the years. However, post Grenfell, if anything positive came out of it it's that our clients now insist that the five-star experience has to be matched by a focus on health and safety and taking landlords responsibilities very, very seriously.

So when clients are looking for the right management solution, I think they're looking for a business they can trust and that does put customers at the centre of everything it does, as well as having a bit of personality around it. We run quite a lot of tenders and it's sometimes quite difficult to identify the personality of the service that's being offered. This isn't a particularly crowded market but it's often difficult to see how the service that's set out differentiates one property manager from another.

WHAT CAN RESIDENTIAL PROPERTY LEARN FROM BUILD TO RENT?

Russell Markou: The BTR sector is still in its early phases, and we're learning from day to day. I think the collaboration piece, with architects and consultants focusing on the customers' experience of the end product is pivotal. It's the functionality inside, where the customer lives, that's the priority, rather than how the building looks. Building from the inside out really matters.

Creating the right culture internally is also key. This has to start from the top so that it becomes engrained and everybody feels empowered at every level of the business. For example, the concierge knows much more than the back of house staff when it comes to the customer. We rely on them to feed this back to us so that we can better equip them with the tools they need to truly make customers happy.

DO YOU THINK RESIDENTIAL ARCHITECTS ARE INVOLVED IN DETERMINING WHAT THE CUSTOMER EXPERIENCE SHOULD BE?

Mark Alker Stone: I think there's definitely been a change, hasn't there? Design has evolved as being a real driver for success. Now, in meetings, rather than talking about the numbers and revenue the conversation centres around what's this building going to look like? What will it feel like to live there? Unless you create a community that appeals to people, the revenue won't come.

HAS THE RESIDENTIAL PROPERTY SECTOR BEEN SLOW TO ADOPT CUSTOMER CENTRICITY?

Andrew Bulmer: I think the sector is gaining speed although there's room for improvement. We often talk about the focus on the customer but there's increasingly a deeper level of engagement that's going to have to be forged, especially with the outcomes of the Hackitt Review, to go beyond the simple customer service ideas of "answer the phone within three rings and smile" in order to create genuinely trusting relationships between customers and their property managers.

Russell Markou: From what I've seen of this sector over the last four years, having come from the hotel sector, it's doing alright. Management companies are moving at pace.

At Wembley Park we're learning that it's the little things that often are the most impactful. So if I ask the architect here, typically where would you place the intercoms in a three bedroom apartment? – response by architect, "by the front door" – which doesn't make sense in larger apartments. Surely, put them where people live, in the living room where most residents spend their time.

Architects aren't the only specialists to understand how the customer experience has to come first. The whole sector and supply chain is improving.

Mark Alker Stone: A lot of this is technology driven. Unless you get feedback it's difficult to know what to change. The tech that's now going into buildings is capable of producing lots of feedback on how systems around the building are working. In spite of people's perceptions that Millennials embrace technology more quickly, the biggest growth area is 35 to 45. Naturally there are considerations around GDPR, but that can be delivered around choice. Residential property design is only scratching the surface of the available opportunities: it's important that any solution just makes people's lives better. Talking to the inhabitants of our buildings and acting on lessons learnt is a key part of this.

Debra Yudolph: I also think that historically residential buildings have not been built with long term in mind. Running costs as a focus of design have only recently been prioritised over whether a building looks great or not. I think Commercial property is ahead of us here in that developers and architects have changed the thinking about putting customers at the centre of design. As consultants we've advised local authorities on affordable housing projects whose attitude has also changed to try to understand the customer perspective pre-planning. A lot of the change is less about delivering the customer service at the end than putting the customer at the heart of the design.

HOW AWARE ARE WE ABOUT CHANGING TECHNOLOGY'S AVAILABILITY TO CUSTOMERS?

Andrew Bulmer: As Artificial Intelligence expands I think we're going to see a divergence in business models. Compare and contrast Ryanair, who manage their customers at a distance and Virgin Atlantic or BA who have a different business model.

Some will use technology to reduce staff, others will use it to free up staff to spend more time with the customer. It will be interesting to see how industry reacts to that choice. The industry is currently transitioning, improving customer service is the priority for most property managers, but we are comparatively still a bit twentieth century, and not yet at the stage where technology is a major customer service level differentiator.

Speaker biographies:



Andrew McMillan
Director,
Engaging Service



Andrew Bulmer
Chief Executive, IRPM

Andrew's career began as a management trainee with the John Lewis Partnership at Brent Cross. Quickly moving up through the ranks, he led a number of selling teams in different branches, including the furniture floor in Oxford Street's flagship store.

From there, he took the wheel of the department stores' customer-centric Intelligence Team, reporting on competitive strategy, product differentiation, and catchment area demographics for new ventures.

Andrew's flair for business and branding was evident. Asked to lead on customer service for the department store division, the role saw him manage chain-wide customer complaints and develop JLP's market-leading customer-driven culture - now synonymous with the brand.

Having revolutionised the attitude of 20,000 customer-facing partners, Andrew decorated the walls of 26 John Lewis shops across the UK with awards from Which?, Verdict and Retail Week.

In addition to retail and finance, much of Andrew's work has been in the public sector. As well as helping a number of NHS Trusts to develop their patient experience he has aided several local authorities to deliver a distinct and differentiated customer experience.

A Fellow of the Institute of Residential Property Management and the Royal Institution of Chartered Surveyors, Andrew started his own residential lettings and block management practice in 1995, selling a majority in 2011.

Andrew chaired the RICS UK Residential Professional Group Board before becoming UK Residential Director at RICS in 2013 where he was responsible for standards and guidance for all UK Chartered Surveyors working in the residential sectors of valuation, survey, property management and agency.

In October 2016 Andrew took the CEO role at the Institute of Residential Property Management where he is responsible for raising standards in the residential property management sector.



Debra Yudolph
Partner, SAY Property Consulting

Debra has over 25 years' experience in residential property.

Before starting SAY with Charles Seifert, Debra was at Grainger plc for ten years as Director of Asset and Property Management. She was responsible for building Grainger's asset and property management expertise.

Debra is an expert in residential property and asset management with a particular focus on the private rented sector.

Debra has non-executive roles on the boards of Grove End Housing Limited and Deverell Smith Recruitment and she is a recognised spokesperson on behalf of the residential sector.



Russell Markou
Head of Operations, Tipi

Russell joined Quintain in 2015 as Head of Operations for Tipi.

He is key in conveying and driving the Tipi ethos to all team members; to assist in delivering a great product with the customer at the forefront, alongside ensuring an exceptional and consistent customer experience that surpasses the expectations of both residents and potential residents.

Russell's early career in residential and hotel property development for a regional Property development company, followed by hotel operations management for Hilton and Radisson, set the stage for his role at Tipi; a role that combines his passions of property development, hospitality and making people happy.



Mark Aker Stone
Practice Director & Architect, AWW

Mark has been instrumental in AWW's growth for the past 26 years, supporting the expanding practice to become the award-winning, nationally recommended sector experts that they are today.

Mark has been a key player in the expansion of the practice from Bristol to London and Plymouth and he continues to help drive the success of all three offices. He recently completed a four-year tenure as Chair of the British Council for Offices (BCO) South West and Wales Committee and he continues to champion innovation in the workplace.

Mark's experience spans a multitude of sectors, typically working with investment funds on both commercial office and residential opportunities for major projects. His latest project is Foundry Quarter, the major build to rent development in Reading

Like to learn more?

We have four decades of experience as a full service residential property manager. Working on behalf of developers, investors, freeholders and over 200 Resident Management Companies we manage 196,000 homes across the UK.

Previous briefing papers can be viewed on the Property Insights section of our website.



01582 393 756



marketing@firstport.co.uk



firstport.co.uk