

OUR INDUSTRY

December 2021 - By Clyde Wilson

We don't really make money parking cars.

It is always so interesting to me to listen to people who are new to the parking industry, who have barely even touched it, but believe they are qualified to criticize it so thoroughly. We built this billion-dollar industry for a good reason. I also think there has been far more technology entering the parking business over the last 10 years than anyone seems to realize. If you look at the tech dependent companies more than 10 years old, you will see a different side of our development.

The Story of Parking is complex. It's a very interesting tale of survival in the 21st century which is still being written. This has come into focus very recently for me as well as the many long-term professionals who have called this industry home for their entire careers. We all appreciate how difficult it has been to bring about the current level of change in the Parking Industry and it's been more than a little disconcerting to hear new people coming in and taking such a negative attitude toward its history. Maybe if these self-proclaimed parking experts took a few higher-level courses in the nature of change, they would better understand the flow of change in diverse types of industries.

Change is difficult for any large company, and in an industry as complex as parking, change can be an almost overwhelming challenge. It is necessary, and it will improve the Parking Industry on all levels, but the industry is not worthy of the harsh criticism of its evolution.

Addressing old vs new is really a review of change. The first step in assessing any change is asking the question, "Why?" Why didn't we move to the cloud much earlier, why didn't we integrate more quickly, why didn't we move to a higher level of financial management years ago, why didn't we do a lot of things? For our industry, there is a very long list of really good reasons why we didn't. Some of the reasons have to do with how and why companies and industries see change and respond to change. When a company considers change, they see a competitive advantage that covers a weakness, enhances an existing product or service, or repositions the company in a new direction. A strong leader inside the company begins to sing the song and the move is on to support the change. When you work for this leader, you very quickly realize it is in your best interest to become a part of the change.

Broadening the view, sometimes an industry may have key suppliers strong enough to influence the entire industry the way a strong leader in a company influences that company. The Parking Industry does not have a national leader that is able to influence and drive change. Most industries don't. When

an industry doesn't have that national leadership, that industry cannot act like a strong company would act in order to implement change. Thus, it becomes a struggle to respond to change.

I hear it all the time. Outsiders, new insiders, tech industry people are asking, "Why don't you use modern technology to make more revenue?" If you understand the parking industry, you know the answer is, "Why should we?" Most, if not all, of the money is not theirs. Of the 40,000 parking locations in the industry probably 30,000 are management accounts where the money belongs and flows to the non-parking owner. This leaves very little incentive for parking companies to spend excessive amounts of time and money creating and learning new technology. Let's take a quick look at where we're really coming from.

1. In the past Universities charged an excessively low rate. They historically took the position that they were there to serve the students. Therefore, parking was very inexpensive and tight budgets did not include equipment or higher-level management. There have certainly been exceptions to this, but it was never a rule. Only recently has a profit motive begun to creep into Campus Parking.
2. On-street parking for cities was politically controlled and it was difficult to have any discussion of increasing parking rates. Parking Management was not given much attention, parking tickets ran into the millions, but were never collected. Only recently has there been a change in attitudes toward increasing money and improving the level of management.
3. In the past most hospital parking was managed by people with little to no supervision and who reported to people with no intention of spending money on cash control equipment. It is only recently that I have been excited to see a dramatic improvement in the talent of Medical Center parking management.
4. In commercial operations the downtown office buildings are run by property managers trying to keep their owners happy. They are very careful not to upset tenants paying over a million dollars in rent. Asking them to purchase \$250,000.00 in new hardware and software, to raise rates to pay for it, is a nonstarter. Parking revenue is less than 15% of the income of the typical building and a slight rate change may only represent a 1% increase in income to the building. With this miniscule increase it is difficult to get a building manager to risk upsetting valuable tenants over new equipment and a rate increase.
5. Parking revenue is the single largest revenue generator for an airport. Parking operators were just there to supply people because the real revenue controls technology was totally controlled by airport landside management.

So, the honest answer is, the parking people have never been in charge of parking. They have never been the decision makers over improving perceived performance. I have been auditing the parking business for over 25 years and in most cases I find it difficult to hold the parking operator responsible for audit issues. Audit issues are mostly caused by a lack of investment in equipment and human resources on the part of the owners.

I don't think this "Story of Parking" is uncommon in industries that are not in control of their future. New technology will not allow the parking industry to take control of its future. The only way for the industry to do this through strong, solid leadership, which we are a little short on at the moment.

Staying ahead of technology, especially in today's tech heavy world, is essential for all of us, but it is not the most pressing issue. The single most pressing issue is changing how the industry is paid for the tremendous services performed.

It is impossible to think that our industry can be accurately evaluated by people who have not been in it long enough to understand how it works, how we got here or why it looks the way it does. This industry is made up of many different verticals that have very different expectations of their parking operations and their operators. Except for a few remaining leased locations, we make no money from the fees of parked cars. The bottom line, literally, is that parking operations people don't make money from parking. Our real interest in the technology is the ability to tell our clients we know all about it. We know about it, so you should keep giving us our \$900.00 a month management fee.

I have been in the parking business 42 years. In the last three months I have seen more than 20 people who have been in the industry as long or longer than I have, and another 30 people who have over 20 years of experience. I don't think it is unusual to see other industries that have greatly benefited from the long-term players who have been and remain able to keep an industry moving forward. The new generation of parking professionals does not see longevity as a plus (that must be because they have no longevity). Does this mean they intend to come into our industry to criticize us, try to change an industry they do not fully understand and then, I guess, leave? Is there no intention of becoming a long-term player? The parking industry has seen a long list of these people and guess what? They are no longer here, and they had no impact.