Building Management's Soft Skills Delivers Top-Tier Service to Building Guests and Investors

A good management company understands that the 'value' it provides means something different for the building guests and for the investor. For the former, top-tier value means a consistent display of soft skills, which encompasses interacting with customers and having an understanding of their business, ultimately resulting in helping them improve their business. For the latter, top-tier value means maintaining long-term relationships with the guests by leading with services, offering constant communication, and treating the building as their own. Attention given to a soft skills approach mitigated by a management company is more than a gesture of goodwill. It's an important symbiotic practice. The second in a three-part series, this article focuses on the cross-pollinating effect of these soft skills in building management and how the benefits have far-reaching, yet different, effects for the guest and the investor.

"Many times, the industry only thinks about the physicality of the building. Ninety-six or ninety-seven percent of management companies understand the importance of that. But it's the soft skills that create top-tier value. The remaining three or 4% of management companies understand it's not just about putting businesses in the building. It's about maintaining these over the long term. And you maintain these with services. By retaining guests year after year, the building's overall value for the investor is strengthened and this increases consistent and long-lasting net operating income. It's that 3% that is the difference between mediocre and five-star," Barry states.

An important soft skill that factors heavily into increasing value, is constant communication with guests in the building. "Our real estate manager cultivated a great rapport with everyone in the building. For example, when there was an elevator issue recently, one of our larger medical clients expressed appreciation for the immediate notice, knowing that we were on it and a solution wasn't long in coming. That kind of response is better than an upset guest, or client, who threatens legal action," Barry illustrates. "Also, our guests know that we make it a point to learn and understand their business. One of our guests needs the temperature in her space to be carefully regulated to preserve sensitive tech equipment."

Barry recognizes that it's the details top-tier building management is concerned with, which is something that the investor isn't necessarily interested in. Posturing his services as a branch of the guests' businesses acts as an important liaison between the guests and the investor. The guest has an advocate minding the details critical to their respective business, sparing the investor of day-to-day involvement. Though, communicating those details to the investor on a monthly report keeps the investors apprised of expenditures. "Building investors know that I treat their building as my own, and I'm looking at the numbers, too, to make sure that their bottom line is protected and, at the same time, that the guest's needs are met. It's a win-win situation for both," Barry says.

It is these practices that prompt lease renewal among the guests, he asserts. “Our tenants are treated like guests renting space, and the use of this terminology sets a different tone of respect for the businesses operating in our buildings. They know that we are looking out for the success of their businesses on a daily basis, by keeping up with building maintenance and improvements and offering transparent communication when there is an issue. Our investors benefit from this level of service by increased building value. Retaining guests in the building and extending their leases generates building value by decreasing guest turnover and the associated costs. Conversely, when there’s frequent turnover, space customization, and build-outs, enormous costs are incurred for the investors. Also, it’s disruptive to others in the building,” Barry articulates. This scenario is especially true for physicians and dentists, who have expensive, industry-specific equipment in their offices, and require collateral accommodations; however, every business has its own buildout requirements.

He adds that leasing costs are also a significant expense for building owners, emphasizing further that the investment is 100% better off when management has identified problems and budgeted for equipment replacement before it is an emergency. “On the other hand, we’ve worked with investors who were interested in purchasing commercial real estate. In one instance, we were brought in to identify potential problems, and, for this particular real estate, we knew that the rooftop units were old and would need replacing. All of them. We were clear about that, so everyone came to the table with full knowledge, full disclosure,” he relayed. “When we were selling the building, we were working with the broker and the potential buyer to evaluate the building’s condition. We helped them to plan for what they needed to do to the building and to understand why the building was priced the way it was. We talked about the building repair needs without devaluing the building.” By offering this kind of clear report, it solidifies the reputation of current ownership and reassures the next investor. The value-add provided by a third-party real estate management company enables the transaction to proceed devoid of expensive and unpleasant surprises. “In the marketplace, you’re known as well-managed and having integrity. By confirming that some items need to be improved, you improve the reputation of the owner,” underscores Barry.

By employing these soft skills, for the benefit of both the guest and investor, their different needs are met, yet the result is the same: a reliable location that is well-managed and allows for both parties to prosper. Additionally, for the investor, net operating income rises, the investment gains more value, and, in turn, improves the return and resale value. Or, better yet, an investor can apply increased revenue to expanding their portfolio. This topic will be explored in the upcoming, third article in this three-part series.

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