

What 'Value Proposition' Means to Stetson and How It Uses That to Service Its Clients

In January, Stetson published its [first 2022 blog](#), commenting on its recommitment to its long-standing and benchmark value proposition. The list of criteria is long and detailed, but there are a few key points that Mr. Barry Familetto, President of Stetson Management & Development LLC, looks at when engaging new clients and sustaining relationships with existing customers.

Without hesitation, Barry states, "Stetson puts a premium on being client- and building-customer centric. Commercial real estate is our passion and because of this, within this vertical, we demonstrate a deep work ethic." This declaration is a three-fold composite of what might be considered 'soft skills,' but it is no less true. It is what supports and drives the services and measurable results Stetson is known for.

Citing what that means, Barry emphasizes, "Accounting accuracy is key and is the basis for analysis and drawing accurate conclusions, which informs the best course of action needed for providing the wisest solution to protecting a client's building—it's greatest asset." He is a big believer in relying on the numbers to tell an accurate story. By offering to mind the ledger sheet for a building, Stetson is able to see that history develop, can forecast and mitigate future expenses, and is able to deliver cost effective improvements, to the satisfaction of its clients.

To expound on that concept, Barry says that the resulting financial statement must tell an accurate story, to be of any use to the owner. "We make sure that our analysis conveys to the owner the results of cost saving efforts. Accounting is all about the details. Conversely, a constant problem in real estate management is incorrectly coded invoices attributed to the wrong expense account. This has an adverse effect on the story the financial statement tells," he relays,

"For example, if HVAC repair costs are mixed in with the contract/HVAC costs, then credibility is lost for both accounts. When the HVAC repair account reflects low costs, it masks problems that do not become timely evident as they should. This can happen on any account if the manager has not done their due diligence during the budget process. As a result, the next year's operating budget is then based on a poorly maintained, current year income statement. Incorrect accounting of the operating expenses of the building perpetuates a snowball effect that distorts the statements more each year. However, the more accurate the information is on the income statement, the more evident and reliable the analysis and conclusion will be," Barry illustrates.

Taking it one step further, employing meticulous accounting practices paired with Barry's experience, he is confident that Stetson can typically reduce 20% of costs while improving the quality of building operations—sight unseen—just based on what the potential new client shares about their building. He says that he has found this situation to be true every time Stetson assumes management of a new client building. Given the challenges of the last two years, this is a notable accomplishment. Substantiating that claim, Barry says that operating expenses have remained consistent from year to year, though adjusted for inflation. Again, going back to the monthly financial statements, the stories these produce bear this out.

Budgeting is the other measurable value proposition that Stetson diligently practices for the benefit of its building owners. Offering a full explanation of its purpose, Barry says, “The operating budget is a critical element to managing the day-to-day operation of a building. Developing a zero-based budget means developing the budget from zero each year, not just adding 3% to last year’s numbers, which is how the management industry usually operates.” He goes on to highlight that it takes time to develop an operating budget for the year, but once it is complete, he confirms, the manager will have a very detailed blueprint of how the building should operate for the next twelve-month period.

A comprehensive operating budget must include all utility bills, as well as a maintenance schedule and a budget for repair costs. Utility bills, for instance, must be specially reviewed to ensure that fans are not cycling off or gas usage spikes unexpectedly. In doing so, costs will not increase unnecessarily, or worse—if not given frequent attention—create a reactive, and expensive, situation where new equipment is needed.

To minimize such scenarios, another value-add that figures regularly into Stetson’s service, is a thorough recording of the building’s condition. “When a client entrusts us to care for the maintenance of the building, we take that very seriously and create a report; one that includes when and how we expect to repair or replace items or equipment. This budget is a one-year building evaluation and plan. It is one of the things that we do to pave the way for frequent and open communication with our clients,” Barry remarks.

As the foregoing outlines, these intangible and tangible value propositions are just some of the criteria that Stetson upholds. It is what the company is widely known for, as well as being an enormous contributor to its continued success. It’s this level of care, FIVE-Star care, in fact, why Barry is very proud to help protect and sustain the assets of his clients’ real estate.

#benchmark #valueproposition #clientcentric #customercentric #buildingcentric
#commercialrealestate #passion #workethic #softskills #services #measureableresults
#accountingaccuracy #financialstatement #hvac #repaircosts #duediligence #budgetprocess
#notableaccomplishment #inflation #zerobasedbudget #blueprint #twelvemontperiod
#operatingbudget #maintenanceschedule #utilitybills #buildingscondition #buildingevaluation