

A man in a dark suit and yellow tie is smiling broadly while talking on a black corded telephone. He is holding a flip phone in his right hand. The background is blurred, showing other people in suits. In the foreground, a black laptop is open on a wooden desk, with the text 'A New Lease On Retention' displayed on its screen. A black mouse is visible on the desk to the left of the laptop.

# A New Lease On Retention



BY JEN PICCOTTI AND DOUG MILLER

What resonates most with residents at renewal time isn't always what the staff is doing, but rather what they are neglecting to do.

*"The staff has not been trained in customer service—only in sales. Once you sign a lease, they are unresponsive and indifferent to their customers."*

—Comment from anonymous resident

**T**his comment is similar to what many residents have to say about their current apartment communities. Despite vision statements and mission statements that claim customer as king, the reality of the actual experience is too often one of exactly the opposite.

It is time to reprogram the way apartment community staffs think about lease renewals and priorities. Turnover costs are at an all-time high of \$4,500 per move-out and, according to First Advantage SafeRent, year-over-year applicant volume is down 5.2 percent in Q1 2009 from Q1 2008.

The status quo of focusing exclusively on new leases is not a sound business decision. No company can afford to ignore existing residents. They are the ones who will enable a community to maintain net operating income and asset value. Therefore, this is not the busy leasing season—it is the busy lease expiration season. By reducing controllable turnover, the pressures associated with vacancy loss, concession impact, turnover costs and, therefore, leasing, are reduced.

With a focus on retention, communities must understand what matters most to residents. What is it that makes them satisfied with their home choice? What will encourage them to stay at one community over another down the street that is offering three months' free rent? Are they telling their friends and relatives what the resident quoted above told his community owner in a satisfaction survey?

What matters most is not always what the staff is doing, but rather what they are neglecting to do. The goal of providing top-level customer service is to minimize negative experiences and have systems in place (i.e., work-order follow-up) to reach out and identify those issues so that remarkable recoveries can occur.

## Year-Over-Year Renter Application Volume is Down

**Q1 2009  
vs. Q1 2008**

Class C	-14.80%
Class B	2.20%
Class A	-3.00%
All	-5.20%

*Source: First Advantage SafeRent*

## Better Communication:

How One Community Reduced Turnover by 21 Percent

One community's staff committed itself to record more detailed service requests and follow up on every completed service request. After one year, its list of outstanding maintenance issues dropped nine points and its residents' likelihood to renew increased by 21 points. For a 300-unit community, reducing turnover by 21 percent could add \$189,000 to \$283,500 to its bottom line.

Satisfaction Topic	2007	2008
Work-Order Follow Up	0%	67%
Maintenance Done Right the First Time	80%	91%
Maintenance Problems Still Exist	19%	10%
"Very Likely" to Renew	54%	75%

If staff members are not courteous and polite during every interaction, residents will notice. If they do not return calls and e-mails with-

in one business day, if they do not notify residents of service delays or follow up on completed service requests, or if they do not complete service requests correctly the first time, residents will take notice.

It is in the absence of these service basics that residents will begin to question their choice of home and the value received for the rent they are paying, and begin to look for rent specials and discounts down the street. However, they often won't tell the leasing agent that these are the reasons they are not renewing their leases. To avoid conflict, the reason they give is, "The rent is too high" or "I found better value elsewhere."

### Low-Cost, No-Cost Strategies

Traditional retention strategies have focused on resident gifts, newsletters and community-building events. While these are nice-to-have perks, there is little research to show their actual impacts on renewal likelihood. Retention strategies don't have to cost money to have an impact. In fact, some of the most effective strategies won't cost a penny. Here are three affordable strategies a team can incorporate to significantly increase retention.

**1. Implement a protocol for collecting current contact information (phone and e-mail) from every resident and loading it into the property management system.**

The average apartment community has phone numbers for only 50 percent of its residents and e-mail addresses for only 15 percent, and much of that information is outdated. When issues occur and the staff needs to contact residents, outdated or missing contact information can create even greater issues. Whether they need permission to enter an apartment, track down a late rent payment, return a phone call or place a pre-renewal phone call, staff simply cannot do their jobs effectively without accurate information.

A simple strategy is to train the team to ask for or confirm the resident's contact information in the property management system at every interaction. During client surveys, 85 percent of survey respondents provide their contact information when asked. SatisFacts' research shows that those communities with a high percentage of resident contact information have higher rates of resident satisfaction, because this indicates a willingness and ability to communicate.

**2. Follow up on every single service request, every single day.**

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This is an area that the multifamily-housing industry overlooks. When a service request is completed, it is simply entered into the computer as “complete”—end of story. But that’s not the end of the story; it’s just the beginning. As soon as the resident sees that a maintenance technician has been to his or her home, several things can happen: 1. They see the work and are happy it’s been taken care of, 2. They see the work and wonder why it took so long, 3. They see that the work area is dirty, 4. They notice that the toilet was fixed but the closet is still off its track or 5. They see the work is only half done and they have no idea if there is more to be done or if they have to live with it as is.

A service request is not completed until the resident confirms that it is complete. By following up on every service request every day, staff has the opportunity to know for certain if the resident is satisfied. If the resident is not, the staff member who calls has the golden opportunity to be the one who saves the day with an assurance that whatever the problem is, it will be resolved as quickly as possible.

Outstanding maintenance issues have a direct impact on likelihood to renew. If these issues are unreported, though, they cannot be resolved. Before following up on prospective resident calls, follow up on completed service requests with the existing rent-paying customers. Residents will be impressed, they will see the leasing team as the professionals and service providers they are and they will be happy with their choice of apartment community.

### **3. Return resident calls and e-mails immediately.**

It may surprise leasing and management professionals to know that response to residents has the greatest impact on a resident’s decision to renew. More than amenities, more than the appearance of their apartments and more than move-in gifts and prize drawings, a community’s staff can dramatically increase retention simply by promptly returning calls and e-mails.

Community managers and office staff should not assume that calls and e-mails are returned. Instead, existing residents often are pushed down the priority list in favor of following up with prospective residents, prospects walking in the door or minor situations that occur throughout the day. A shift in focus will cause a positive shift in retention numbers. Consider this: One community’s staff committed itself to record more detailed service requests and follow up on every completed service request. After one year, its list of outstanding maintenance issues dropped nine points and its residents’ likelihood to renew increased by 21 points.

The busy lease expiration season is about retaining the residents who have chosen to live in the community and assuring them that they made the right choice on move-in day—whether that was last year or seven years ago. By focusing on these communication practices, community management staffs will be more likely to receive comments such as this:

“This team is the absolute best! They know me by name and any problems I have with my apartment are taken care of within a day. I’m glad I can call this my home.” 🐶

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