How Are We Doing?

Best Practices to Maximize Customer Satisfaction

By Paul Rosta

During his 12-year reign as New York City’s mayor, the late Ed Koch liked to ask anyone within earshot a simple question: “How am I doing?” Today, finding creative ways to emulate the irascible mayor is a priority for property managers and owners.

Jones Lang LaSalle Inc.’s Henry Voges, who oversees a 6 million-square-foot portfolio in the St. Louis market, urges his managers to bring up three leading questions during any interactions with tenants: First, he says, ask the customers, “How is your business doing?” The question shows genuine interest in the tenant, and the answer could reveal plans for expansion, contraction or relocation. And then ask: “What are we doing right?” and “What could we be doing better?”

Voges’ mandate to his property management team reflects a reality of the profession: Keeping tabs on customer satisfaction at an office building, retail center or apartment community is a never-ending task. Almost any encounter with a tenant or resident presents an opportunity to find out where the room for improvement exists. And there is no substitute for face-to-face contact when it comes to finding out what is on the customer’s mind.

Whether the methods are highly structured or informal, gathering and assessing feedback has a single purpose at the core: attracting and keeping customers. "The whole purpose is to maintain a satisfied tenant base, especially factors related to renewal," noted Glen Fernald, managing senior vice president & director of the property management services division for Transwestern’s Mid-Atlantic division.

One well-received strategy across the portfolio of office, retail and industrial properties Fernald oversees is the tenant council. Property managers invite representatives of all building occupants, as well as vendors, to meet periodically. Fernald reports that these meetings provide tenants with a forum to air concerns and express preferences. "One tenant may want the boardroom to be spotless; others may want the restrooms to be spotless every day," Fernald noted. "It’s been a very effective way to improve vendors."

Eliciting regular input from the customer is an indispensable practice that helps with good will, but a large share of managers and owners compliment those measures with formal surveys. Some owners take an idiosyncratic approach. "I have one client who wanted to keep it very simple," said Steven Ring, Northern California regional managing director for Cushman & Wakefield Inc.

For that owner of a suburban San Francisco office building, simplicity translates to a 10-question paper survey submitted to tenants annually. Moreover, the owner insists that his questionnaire be returned directly to Cushman & Wakefield’s regional office to allay his worries that an on-site property manager might be tempted to tamper with the results.

To foster a systematic approach to evalu-
Satisfaction Scores
(national office tenant satisfaction ratings since Q4 2009)

Percent 4s and 5s on the 1-5 scale

Source: Kingsley Associates office tenant surveys

ating customer satisfaction, many owners use surveys that are administered by the Kingsley Associates research firm.

Tenants are asked to grade the property and its management team on a wide variety of topics ranging from response time to service requests and quality of building maintenance to overall satisfaction and intentions to renew. Most owners and managers use about 80 percent of the standard survey template, but requests for customized questions are common, reported Phil Mobley, a Kingsley vice president.

Standard Practices

Owners and managers say that a standardized format allows them to review how properties in their own portfolios stack up against one another. When results are tabulated at Transwestern, however, they are presented companywide. That provides a valuable snapshot of performance without pitting teams against one another, Fernald explained.

If the scores for an individual property or a geographic area indicate tenant discontent, owners and third-party service providers expect the manager to devise and carry out a plan for improvement. Moreover, survey results frequently figure into the property manager’s performance review, providing an added incentive to raise the bar. “The manager is accountable for tenant satisfaction,” explained Voges. “Generally, it’s used as a tool to improve property management performance.”

Using a standardized, nationally distributed questionnaire also provides property owners and managers with a broader perspective on their performance. “We want to be able to compare results apples-to-apples with our competition,” explained Ilene Allen, Hines’ senior vice president for corporate operations services. (Click on the button at right for insights on surveying multi-family residents.)

Once the decision is made to survey tenants or multi-family residents, getting maximum value from them is an art in itself. The first and probably most important step is identifying the appropriate person to complete the survey. “If it’s not in the right hands, you’re not going to get the right answer,” Ring pointed out.

Adding to the challenge, it can be less than clear at times whether the point person is the office manager, the CEO or someone in between. Then there is the matter of making sure that the representative actually completes the survey and returns it, an outcome that may require some cajoling from the manager. “I think what it comes down to is that personal appeal,” Ring noted.

How often to survey tenants is another big question with no one correct answer. At one time, Hines surveyed every tenant annually; now, surveys are conducted every other year. “We debated this,” Allen related. “It’s a fine line between asking tenants too often and not asking them enough.” Although questionnaires now go out less often than they once did, Hines gathers feedback continuously through interaction with tenants.

Tenant satisfaction surveys can be modified to reflect changing industry practices, and they can be used to gauge tenant interest in new ideas. For instance, in recent years, Kingsley has expanded its questions on sustainability.

Such questions paid off at one office building in Ring’s territory. When the on-site property management team proposed a building-wide recycling program, the ownership was unconvinced that most tenants would participate. But when tenants were surveyed about taking part, a solid majority said yes, so the owner relented and backed the program.

The art and science of measuring customer satisfaction will continue to evolve along with technology, tenant priorities and market trends. But the ultimate goal—retaining customers’ business—will remain constant. In pursuit of that mission, the property manager must bear in mind that three related but distinct categories are in the mix: the owner, the tenants and the management team. Skillfully used, tenant outreach and surveys help meet the needs of each constituency.

As Fernald puts it: “Any tool you can use to make sure all three of the goals complement each other is the secret to success.”