

## **Selling a Rent Increase: The Role of the Service Staff**

Let's face it, convincing residents to swallow a rent increase is never easy. If you don't understand why, simply think back to the last time your utility company or insurance provider raised its rates, and think about how *you* felt. It's hard to be enthused about paying more money for essentially the same service or product.

Residents, like most of us, often get disgruntled about having to paying more for "the same old thing." And if they are already unhappy with some aspect of your community, especially if you've failed to fix a problem they reported in their apartment, the level of "disgruntlement" can rise to out and out hostility.

In order to effectively "sell" an increase to our residents, we have to sell the value of our community and services. We have to convince them throughout the lease term that they're getting *more* than their money's worth, so they won't balk when they're asked to pay a little more. It also never hurts to do a little something extra for them around renewal time, whether it's an apartment upgrade or a total repaint job, so they don't feel like they're just paying more for "the same old thing."

While every employee of your community must do his or her part in making this sale, one group of employees plays an especially critical role. That's right, it's the guys who are truly on the front line: your service technicians.

### **Start-to-Finish Service**

The service team's role in selling a rent increase begins the very day a new resident moves in. To be technical, it begins even *before* move-in. Why? Because the first thing most new residents do is inspect the condition of his or her new home. They open closet doors, peek in showers, and perhaps check the appliances. If the maintenance staff has done a fantastic job of readying the apartment so that it looks clean and fresh, everything is in good working order, and nothing is missing or broken, the resident's first impression will be positive. That impression puts the foundation in place for securing a renewal, whether at an increased rate or not.

Once the move-in is complete and the new resident has settled in, the level of service provided by the service team continues to be critical. "Maintenance techs and what they do on a daily basis, whether it be the first week after move-in or the general day-to-day stuff, is very important to whether someone is going to re-rent or not," says John Nuernberger, Regional Manager for Sterling Properties. "If maintenance does not do a good job—if they only fix two out of three things on the ticket or if they fix something incorrectly so that it immediately breaks again—that leaves a negative in the resident's mind. So when we say we're going to raise their rent, they're already unhappy and they just get unhappier."

Jim Aliberti, Senior Director of Property Management for the Southern California Housing Development Organization, agrees that maintenance service (both in individual

apartments and in the community's common areas) plays a key role in keeping residents happy and willing to stay. "We feel that our resident service techs are paramount in the overall retention," he says. "Their availability and overall interaction daily on the property helps the office team retain residents."

Maintenance technicians can play yet another role in keeping retention high. Because they typically spend more time around the residents than any other staff members, they may have their "finger on the pulse" of the community's population. "They can give valuable feedback if they hear from residents," says Lynn Ogie, a Camden community manager in Las Vegas. "We have meetings every week to discuss customer service and solicit feedback."

Having your maintenance staff serve as your eyes and ears can yield other kinds of valuable information as well. For example, service techs may have a good feel for which amenities are getting the most use and why, which services residents wish were available, how safe residents perceive your community as being, what happens during the evenings when you are off property, and any number of other bits of knowledge. Jim Aliberti says that his service techs are instructed and trained to *listen*. "If they cannot help the resident, they are trained to turn their requests, complaints, or comments in to the management office." The more you know about your residents and their likes and dislikes, the better you can serve them—and the better you serve them, the better able you will be to sell a rent increase. "No one is going to be jumping for joy that they get a rent increase," says John Nuernberger. "But whatever you can do that is positive throughout the year is going to help outweigh the negative feeling they're going to have about the increase."

## **A Strong Finish**

Remember: while the most important aspect of selling a rent increase is simply providing excellent service throughout the lease, you may want to provide an "above and beyond" level of service near the end of the lease. For example, 90 days before the end of a lease, you may want to contact residents to ask them if their apartment needs any work. Alternatively, you can send a maintenance tech, in person, to ask if there's anything he or she can do in the apartment. Not only is this a great way to show that you care, but it is also a way to ensure that the residents' apartment is in tip-top condition when you notify them of the increase, thereby eliminating any service-related objections.

Your service team's skill and time can also be used as a renewal incentive. Sometimes all it takes to get residents over the "more money" hump is just a little gesture that lets them know you care about their satisfaction. While gifts and concessions are one way of making that gesture, extra maintenance service is a better choice. Not only does it improve the property, but it's actually what residents *want*. According to Doug Miller, of SatisFacts Research (a provider of resident satisfaction telesurveys), there is a very high correlation between maintenance and renewals. "If you have a lot of residents with

outstanding work orders, you're wasting money on resident retention efforts," he says. "There's a better return in hiring another maintenance guy."

One way to use your maintenance service as a renewal incentive is simply to offer residents some of your service technician's time. For example, you might offer to send in a team for a few hours to "make the apartment like new again", including carpet cleaning, paint touch-up, and any other service the unit might need. Alternatively, you might simply "lend" a service tech to the resident for an hour or two, for help with light maintenance (hanging pictures, wiring or rewiring electronics, moving furniture, etc.). Finally, depending on your community's abilities and needs, you might undertake larger maintenance-related issues, like replacing flooring or appliances.

### **A Little Extra Incentive**

Because maintenance plays such an important role in resident retention, some properties have structured a bonus system that rewards them. Garth Doering, Area Manager for Penobscot Management, says he has tried various programs over the years to increase maintenance's stake in the renewal process. "At one property, our maintenance staff shares equally in the renewal bonus," he says. Lynn Ogie also includes her service team in the bonus plan. "Depending on the lease term, we pay a specific dollar amount on every renewal, and every employee on the property gets a percentage," she says. "I also have a 10 percent discretionary amount that I can choose to give to any employee who has done a little extra to retain that resident—and service techs are very definitely eligible for that."

Even if you are not able to provide your maintenance staff with financial rewards for renewals, you can incentivize them by making sure they understand the importance of renewals to the overall business. When preparing for a rent increase, it is also important to be sure the service techs, like the office staff, understand *why* rates are being raised. Maintenance teams are sometimes resistant to the idea of an increase, because it can result in more move-outs, and more apartments to turn. If they do not fully understand the need for the higher rates, they might inadvertently pass on their attitude of resistance to residents. By providing them with a compelling, fact-based justification for the increase, you can ensure that they support it and can justify it to any residents who may complain to them.

Though convincing residents to swallow a rent increase is never easy, you can make the job much easier by ensuring that your Service team understands its crucial role in retention and renewal, and performs that role with excellence.