



Beyond Telecomm & Laundry

Amenity and Ancillary Service Programs to Consider

By Andrew Smith

Amenity and ancillary service (AAS) programs are no longer new to property managers, and they have become an integral part of a property's operating budget. But it's not just about telecommunications and laundry agreements anymore. While these types of agreements are seen as the primary revenue generators, there are many other types of services that will improve the bottom-line of a property.

Amenities are not only a contributor in bringing prospective residents to a community, but are a major factor when choosing between properties. Offering products and services that make people's lives more enjoyable, productive, and less hectic will attract and retain residents. Keep in mind that revenue from several small programs can easily add up to a substantial income for a property.

For the purposes of this article, AAS programs are any service, program, or feature that is provided or installed on a community that helps attract and retain residents, as well as those that make life easier for the property staff and residents.

Ancillary revenue is the money that is derived by an amenity or ancillary service, and can be either actual income from a product offering, or a reduction in expense associated with the service or product. Furthermore, some AAS programs do not generate revenue directly, but can help distinguish a property from its competition. This, in turn, can lead to higher occupancy rates or increased rents. Regardless, every dollar falls to the property's bottom-line.

Provide What You Desire

Finding new and exciting ancillary services is as easy as asking yourself "What products, services, and features would I need, want, or wish to have if I was going to live in this community?" or "Which ones will help me manage my communities and improve service to my existing and prospective residents?"



Your first step will be to assess the needs of your property, and then establish (and prioritize) your goals before you enter into any agreements. For the property in general, is the goal to:

- Increase revenue (immediately or over time)?
- Improve resident satisfaction/retention?
- Provide the property with a competitive advantage?
- Reduce expenses (for the residents or the management company)?
- Improve efficiencies?

As you become aware of new AAS opportunities, you can determine how, or if, they will help you achieve your goals. It also may help to consider programs and services as either property- or resident-focused opportunities.

Property-focused programs improve efficiencies and help reduce operating expenses, while resident-focused programs help attract and retain residents—and most will have aspects of both.

For instance, a property-focused program that helps save money and reduce

expenses is standardization. By setting up product standardization, you will be able to consolidate and reduce your parts inventory, as well as achieve better pricing. If you throw paint, maintenance supplies, and floor covering into this mix, you now have a winning combination. And allowing residents the ability to choose or select these types of features for select rooms, or even their entire apartment will reduce your turnover expense, attract and retain residents, as well as potentially generate revenue via both volume purchase rebates, not to mention surcharges to residents for the selection privilege.

A couple of technology-based services



QUICK TIP

One of the most exciting new services is from a company called Property Centric. They provide a truly localized search engine (by property or region) that is integrated into your Web site. The local search engine, which is custom-built for each company, can become a "virtual concierge" enabling existing and prospective residents to locate the products and services they need locally from your Web site.

Your local search engine will be more relevant to your residents than general searches they may generate, and can save your staff time by not having to repeatedly give their opinions about the best businesses in town. Additionally, because the search engine creates so much relevant local content, your Web site's natural search rankings should improve at the major search engines. With higher search rankings, your site will be more visible to these prospective residents. And, since more people than ever use the Internet to help them settle in after moving, your Web site will provide the highly relevant resource they seek. And finally, Property Centric's local search engines also enable you to derive revenue by selling search advertisements.

that provide significant reductions in expenses while also enhancing a community are services that include Web-enabled telephones and utility metering. With a Web-enabled phone, a property manager has the ability to send messages to a single individual or multiple residents, so there is no longer a need to print and distribute flyers or memos. And, with just a few keystrokes, messages regarding package deliveries, pool parties, service outages, or other notification, can be delivered immediately.

With utility cost jumping by leaps and bounds, the ability to transfer these costs to your residents will insulate your property from price fluctuations, and allow rents to remain stable. And studies show that residents use between 10 percent and 20 percent less of a utility when they are responsible for the bill, so the program can even be considered environmentally friendly.

While most of these programs are primarily focused on reducing costs or streamlining operations from the property management's perspective, you can see that they all also have elements that improve the quality of life for the residents.

Resident-Focused Opportunities

Offering residents a choice of providers from telecom to dry cleaners is a great way to differentiate your property from your competition and satisfy your residents' desire for choice. A major drawback for many is the loss of ancillary revenue. Therefore, the decision to choose between allowing competition and doing exclusive agreement is a personal one and will mainly be based on your company's goals relating to each specific program.

You will need to assess the benefit of a single provider vs. multiple sources for your residents (and staff) on a case-by-case basis. When weighing the options, you do not want to focus solely on revenue generation, or you will lose sight of the main reason for the program or service you are considering implementing. In almost every case, the loss of one resident due to a bad experience will wipe out any ancillary revenue you might have received.

For example, if you offer a choice between the cable company and a satellite company, you will most likely lose ancillary revenue, but you could see higher

occupancy and lower turnover, which would allow you to increase rents. (And, the revenue from the higher rents and occupancy rate will surely outweigh the ancillary revenue you would be receiving.)

By offering this type of choice, your firm can distance itself from the headaches of promoting a single provider. The staff will no longer have to handle resident complaints (they can just tell the resident to switch providers if they are unhappy). The possible downsides of this example are increased cost during construction and the increased time educating residents on how your building is wired.

In a single cable system, you have to spend time overseeing and coordinating opposing installation technicians to insure switchovers from one provider to another are handled in a timely, professional manner.

Overcome Barriers

A huge area that can impact property managers is the increased number of non-English speaking prospects. There are roughly 44 million people residing in the United States today that are limited or non-English speakers (comprising more than 150 different languages). Therefore, interpretation services, which includes voice and document translation assistance, are becoming a requirement rather than an optional service.

However, locating (and retaining) qualified multi-lingual employees that can handle the various languages your staff encounters each day is difficult to almost impossible. A solution is over the phone interpretation services to either supplement or replace staff with language skills.

Prospects and residents will be more likely to seek out properties where they can communicate and be understood, and the nominal cost will outweigh other staffing expenses, as well as improve the environment for all involved. The cost could be as low as 99 cents per minute, but depends on the provider and how the company uses the service.

SaveOnPacking.com has filled a niche for people constantly on the move. This Internet-based wholesaler of boxes and packing supplies allows people to order supplies (types and quantity specific to

their needs) to be shipped to their homes. As a property manager, you can become a referral agent and receive referral fees for everyone ordering from their Web site. Again, you are offering your residents—both new and departing—convenience, as well as possibly generating some ancillary revenue.

Credit cards are fast becoming the preferred method of payment for all expenses. With mileage and other types of reward programs aplenty, residents are incentivized to use credit cards whenever possible. If you accept even just a few types, you can close leases faster as prospects can commit immediately, rent collections will be simplified, and delinquencies reduced. Additional benefits for you will result from reduced administrative time and errors in processing payments.

These are just a few of the many examples of AAS programs. Keep focused on the property's goals, and remember that what is in the best interest of your resident is, ultimately, in the best interest for you. By doing so, you will satisfy your ultimate responsibility, which is to generate and sustain the largest net operating income for your owners. **pro**

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