

4 Reasons Why Policy Management Is Essential for Commercial Real Estate



OVERVIEW

You've heard the familiar saying, "If it ain't broke, don't fix it." While that might be good advice in certain circumstances, it can be a perilous position in business. The primary problem with that mindset is that those "unbroken" solutions might be the very thing creating organizational inefficiency and risk.

Breaking from the status quo is difficult, particularly in a business landscape that seems overwhelmed by change. Yet doing things the way they've always been done might be placing you at a competitive disadvantage. While outdated policies and practices might meet a basic standard, the question you need to consider is this: What is the cost of standing still?

Commercial real estate firms have been slower to switch from labor-intensive manual business practices to digital solutions. But with an increasingly tight labor market and growing regulatory requirements, it's important to consider opportunities for streamlining operations that maximize your investment and improve property performance.

Looking for a place to start? Consider the low-hanging fruit — policy management.

AN INVESTMENT THAT CREATES A STRATEGIC ADVANTAGE

Companies that are still printing and mailing out updates to be placed in three-ring binders are missing out on vast efficiencies and cost savings. While implementing technology solutions demands a thoughtful and measured approach, CRE owners and operators benefit tremendously from adopting policy management software solutions.

Yes, it requires an investment. But companies that have leveraged technology solutions for policy development, administration, and communication have seen a myriad of positive results, including increased scalability, reduced tenant and employee turnover, mitigated operational risk, and improved organizational performance.

Consider the following benefits of using a digital platform for policy management:

- **Efficiency** — A single source of industry-specific policy information that is always current and easy to maintain and share.
- **Risk mitigation** — Outdated or unclear policies open the door to operational, safety, and regulatory risk.
- **Tenant experience** — Satisfied tenants are less likely to vacate, thus reducing turnover.
- **Employee performance** — Increased fulfillment leads to better retention and performance.

Reason #1: Efficiency

Digital Solutions Reduce the Administrative Burden and Cost of Manual Updates

Policies and procedures provide an indispensable roadmap for business operations. However, without clearly articulated, industry-specific policies, your business may suffer as employees try to make decisions using their “best guess” or relying on outdated information.

The administrative burden – and cost – of keeping manual policies updated is reduced with modern digital policy management systems. The efficiency gained by having a central repository of information that can be updated without the lag time or cost inherent in printing and mailing allows businesses to scale effortlessly.

With a centralized system, employees in the home office and at every property spend less time on policy maintenance, with less opportunity for human error.



Because each CRE organization has different needs that aren't well-served by generalized content and inflexible systems, it's important to look for software options that provide customizable, industry-specific documents and policies.

After embracing technology for policy management, Michael Aisner, Senior Vice President of Property Management at RXR Realty, saw gains in the company's efficiency and effectiveness:

"We're trying to take property management from a 1.0 solution to a 2.0 solution. The 1.0 solution is your three-ring binder. That 2.0 solution is a digital handbook that is consistently updated on the web and available on your cell phone. The last thing we want is for our property management offices to miss something because policies are not consistent or outdated. The decentralized system left too much room for uncertainty and inconsistency in our accountability."



With the right platform in place, a robust policy management system takes the guesswork out of operational decisions and lessens the time wasted looking for answers and fixing mistakes.





Reason #2: Risk Mitigation

Real-Time Updates to Policies and Procedures Reduce Operational, Safety, and Regulatory Risk

One thing is certain in business — things change, sometimes rapidly and often unexpectedly. Your organization is at risk when your policies and procedures no longer reflect your business reality.

If your business depends on antiquated methods of distributing policies, you assume increased risk and liability from employees referencing outdated or inaccurate policies and documents. As mentioned above, there is a high cost of manually managing policies and procedures, which can also add to the risk of creating inconsistent experiences across the organization.

However, with clear communication and policies and procedures that are updated in real-time, you can effectively reduce operational, safety, and regulatory risk while providing a more seamless and consistent experience for your tenants.

In commercial real estate, areas of risk are diverse and have broad-reaching implications. Below are just a few examples:

- **Lease administration** — expense reconciliations or exercising options
- **Safety** — slip and fall
- **Regulatory** — hazardous waste storage

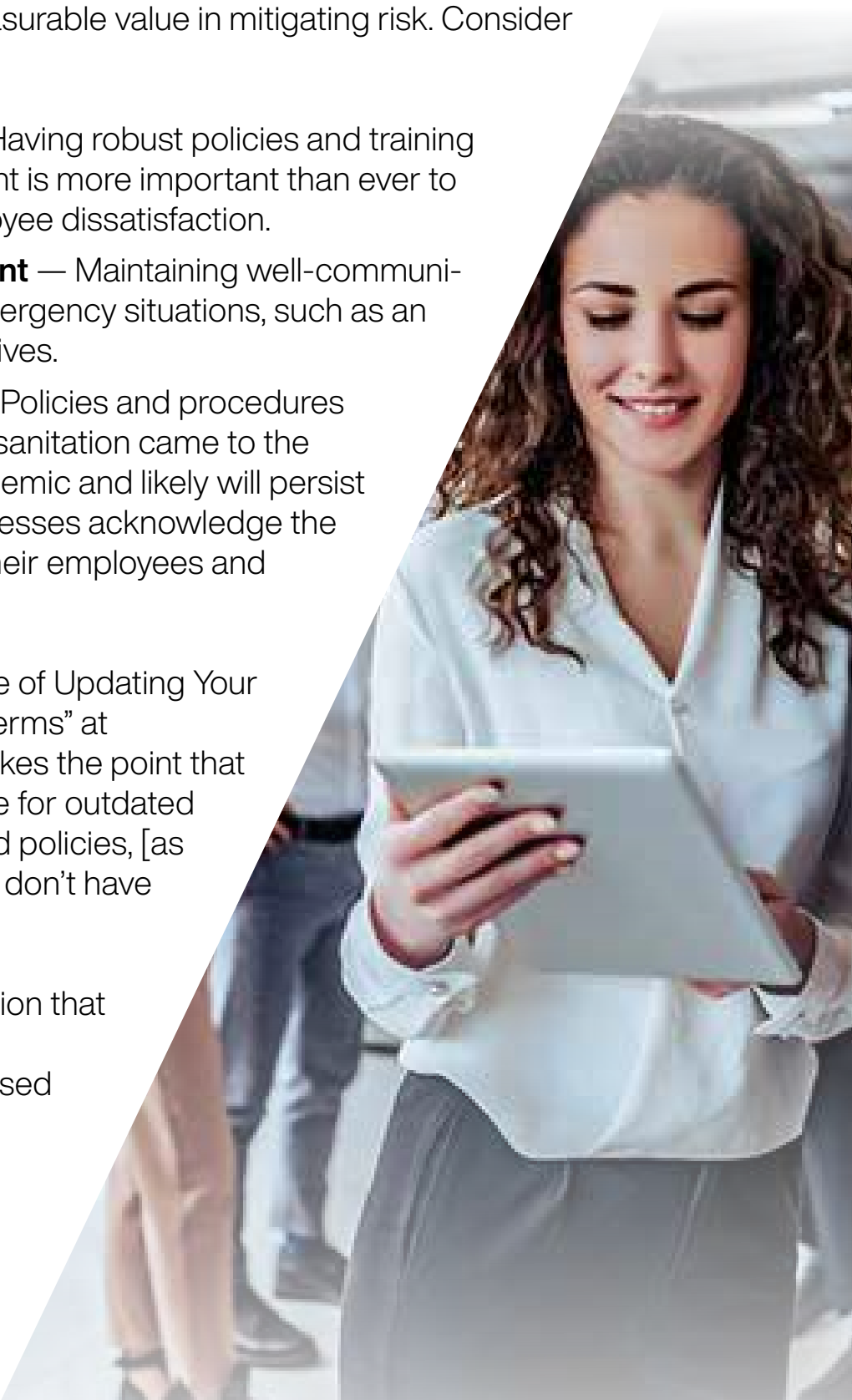
The past few years, in particular, have ushered in some dynamic changes to the policy landscape, specifically related to sexual harassment, emergency situations, and pandemic protocols.

Having current, easy-to-access (and easy-to-disseminate) policies and procedures provide immeasurable value in mitigating risk. Consider the following:

- **Sexual Harassment** — Having robust policies and training around sexual harassment is more important than ever to avoid lawsuits and employee dissatisfaction.
- **Emergency Management** — Maintaining well-communicated procedures for emergency situations, such as an active shooter, can save lives.
- **Health and Wellness** — Policies and procedures addressing hygiene and sanitation came to the forefront during the pandemic and likely will persist to some degree as businesses acknowledge the importance of keeping their employees and tenants healthy.

In the post “The Importance of Updating Your Policies and Compliance Terms” at Forbes.com, the author makes the point that “Your business can be liable for outdated and inconsistently-enforced policies, [as well as] for the policies you don’t have (or are ignoring).”

By utilizing a software solution that monitors and continuously updates policy changes based on the regulatory and legal landscape, your business becomes increasingly risk-averse.



Reason #3: Tenant Experience

Tenant Satisfaction Is Directly Tied to Loyalty and Retention

Tenants decide not to renew their leases for a variety of reasons. Some things — a need for additional space, demographic shifts, or business cessation — are out of your control. However, turnover caused by poor tenant experiences driven by negative interactions with property management is preventable.

When team members across your properties can easily access the same online policy manuals, your tenants will enjoy a standardized tenant experience that engenders loyalty and retention.

There is a direct correlation between tenant satisfaction and loyalty. Yet, in the CRE space, positive employee interactions with tenants often are overlooked as drivers for tenant retention.

One of the best ways to ensure employees are acting in the best interest of tenants is to provide a policy and procedure solution that is well-understood, clearly communicated, always up-to-date, and easily accessible from any device.

And clear and consistent messaging hinges on a well-trained staff.





Structured training helps reinforce policy content with a deeper understanding of tenant needs, but to get to the heart of tenant experience and satisfaction, you must actively engage your tenants.

Feedback from stakeholders — whether a casual conversation or a formal survey — provides the foundation for policy updates and training enhancements, so don't overlook periodic assessments that provide valuable insight.

Companies that focus on tenant experience by quickly and professionally addressing tenant needs reap the benefits of reduced turnover and enhanced reputation. In fact, according to Bain & Company, companies with a customer- or tenant-focused mindset can see revenue gains 4%-8% above others in their industries.

The bottom line: When all employees understand your company policies — from signing the lease to routine maintenance and renewal — and know how to implement them, it benefits both property management and tenants.

Reason #4: Employee Performance

Having Current, Easily Accessible Policies Increases Job Satisfaction and Accountability

The business ramifications of employee turnover are enormous. Employee turnover costs are well documented, with each departure costing about one-third of a worker's annual earnings.

And that says nothing of the loss of institutional knowledge, onboarding time for replacements, the cost of drug screening and background checks, and the extra effort required of managers and employees during a vacancy.

Because turnover is disruptive and expensive, many companies seek ways to minimize churn. Investing in tools that increase job autonomy and satisfaction, along with a focus on employee development, goes a long way toward enhancing morale and lengthening employee tenure.

When turnover does occur, though, a comprehensive policy management software solution helps reduce costs by getting new employees up to speed through rapid onboarding with less burden on coworkers. Coupled with robust training to reinforce knowledge, productivity is enhanced, and employees feel more valued.

Employees experience enhanced satisfaction when they feel empowered to do their jobs — and have confidence in doing it. Having up-to-date policy information readily available allows employees to make fact-based decisions without fear of missteps.

As a result, employers can expect a higher standard of performance and feel assured that employees are working with the most current operational guidelines. These investments in employee empowerment and knowledge lead to increased happiness and engagement, instilling the kind of loyalty that helps retain and recruit the star performers who can take your business to the next level.

ARE YOU READY TO TAKE THE NEXT STEP?

Amidst a shifting business landscape, it might be time to turn a critical eye on your existing policy management practice and consider the cost of inaction. Or, to look at it a bit differently, how might the investment you make today deliver mission-critical gains to your organization as a whole?

Efficiency, risk mitigation, tenant experience, and employee performance all play a pivotal role in your company's success. Perhaps now is the time to consider a policy management software solution that can positively impact all four.

Ask our team of CRE experts how to improve your policy management.

