Grace Hill

Best Practices for Commercial Real Estate

Four Reasons Why Policy
Management Automation
Should Be the Foundation
of Your Action Plan

Commercial real estate firms have been slower to switch from labor intensive manual business practices to automated solutions. Contemplating automation and wondering how to maximize your investment? Consider starting with policy management.

Modernizing Means Greater Efficiencies And Cost Savings

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. But there are far more benefits to modernization that should be considered. Investment in technology for policy development, administration and communication increases scalability, reduces tenant and employee turnover, mitigates operational risk, and improves performance throughout the organization.

If you are new to policy management automation, this guide will discuss benefits in the following areas:

- **Efficiency** — there should be one single source of policy information that is always current, and it should be easy to maintain and distribute to employees

- **Customer experience** — happy tenants are less likely to look elsewhere for space, reducing turnover

- **Employee performance** — increased fulfillment leads to better retention and performance

- **Risk mitigation** — Outdated or unclear policies open the door to operational risk

"Ensuring we had real policies, direction for onboarding, and a read on our tenant satisfaction benefitted our ESG initiatives. PolicyPartner and KingsleySurveys' collaborative efforts have helped us to continue to achieve higher GRESB scores."

— RXR Realty

REASON #1

Efficiency

Policies and procedures provide an indispensable roadmap for business operations. Without clearly articulated policies, your business may suffer as employees try to make decisions by using their best guess or relying on outdated information. A robust policy management system takes the guesswork out of operational decisions, with less time wasted looking for answers and fixing mistakes.

Digital Policy Management Systems Reduce Administrative Burden And The Cost Of Manual Policy Updates

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 and there is less opportunity for human error.

"Shrinking budgets in the face of decreased demand for retail space, a national shift to online work models and tenants' potential inability to pay rent are all weighing heavily on CRE professionals, spurring them to look for platforms with the highest value."

— *Forbes*

REASON #2

Customer Experience

Among the many reasons why tenants decide not to renew their lease, some — a need for additional space, shifts in demographics, or business cessation — are out of your control. But poor customer experience driven by interaction with the management, which can lead to turnover, is preventable.

How many times have you lost a tenant because an employee wasn't following the most current policy? If team members across all your properties are tuned in to the same set of online policy manuals, your tenants will have a standardized customer experience that engenders loyalty and retention.

The Direct Correlation Between Tenant Satisfaction Throughout Their Lifecycle And Loyalty Is Real

There is a direct correlation between tenant satisfaction throughout their lifecycle and loyalty. In the CRE space, positive employee interactions with tenants are an often overlooked driver 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 clearly communicated, always up-to-date, well-understood, and accessible from any device.

Structured training reinforces your policy content with deeper understanding of tenant needs and situations. A robust Learning Management System can provide industry-specific training that is designed to increase employee knowledge and retention.

Feedback From Stakeholders Provides The Foundation For Policy Updates And Training Enhancements

Periodic assessment gives you an ongoing picture of your operations through the feedback of tenants, investors and employees. This feedback has many sources, from casual conversations to formal surveys. Honest answers provide the foundation for policy updates and training enhancements.

Companies that focus on customer experience by quickly and professionally addressing tenant needs reap the benefits of reduced turnover and enhanced reputation. When all employees understand your company policies — from signing the lease through routine maintenance and during renewal — and know how to put them into practice, the dynamic is mutually beneficial for both property management and tenant.

"Companies with a customer experience mindset drive revenue 4-8% higher than the rest of their industries."

— *Bain & Company*

REASON #3

Employee Performance

The business ramifications of employee turnover are enormous. Each departure costs about one-third of that worker's annual earnings.

The costs of employee turnover are well documented. Consider 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, and clearly turnover is both disruptive and expensive. That's why many companies are seeking ways to minimize churn. Investing in tools which increase job autonomy and satisfaction, along with a focus on employee development, go a long way to enhancing morale and lengthening employee tenure.

Investing In The Right Solutions Will Go A Long Way To Enhancing Morale And Lengthening Employee Tenure

When turnover does occur, an automated policy management solution helps reduce costs by getting new employees up to speed through rapid onboarding, with less burden on co-workers for assistance. When coupled with robust training to reinforce knowledge, productivity is enhanced and employees feel more valued.

Tenured Employees Having The Latest Policies At Their Fingertips Increases Both Job Satisfaction And Accountability

For tenured employees, having the latest policies at their fingertips increases both job satisfaction and accountability. Employees experience enhanced satisfaction when they feel empowered to do their jobs with confidence. By having up-to-date policy information readily available, employees can make fact-based decisions without worrying about missteps. As a result, employers can hold employees to a higher standard of performance, with that expectation more easily met, when they have instant access to 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.

" *...organizations must determine if adequate training exists to communicate processes, requirements, dependencies, controls, risks and the purposes of specified objectives or functions. If none exist, such efforts should be developed and launched with the input of senior management.*"
— *Risk Management Magazine*

REASON #4

Risk Mitigation

One thing is certain in business — things change, sometimes rapidly and often unexpectedly. When your policies and procedures no longer reflect your business reality, your organization is at risk. This may be operational risk, safety risk, or regulatory risk.

Policies And Procedures Updated In Real Time Reduce Operational, Safety, And Regulatory Risk

Policies and procedures that are updated in real time and clearly communicated throughout your organization provide a more seamless and consistent experience for your tenants while reducing operational risk. In commercial real estate, this has implications for risks as diverse as lease administration

(e.g., expense reconciliations or exercising options), safety (e.g., slip and fall), or regulatory (e.g., hazardous waste storage).

Some policies that can lead to liability are also common in other industries. For example, the importance of having robust policies and training around sexual harassment is more important than ever to avoid lawsuits and employee dissatisfaction. Policies and procedures addressing hygiene and sanitation have come to the forefront in 2020 during the COVID-19 pandemic, and will persist into the future as businesses acknowledge the importance of keeping their employees and customers healthy. Well-communicated procedures for emergency situations, such as an active shooter, can even save lives.

"Outdated and ignored policies create the ideal breeding ground for liability."
— *Forbes*

Solution

Now that you've learned about policy management automation, you may want to put these best practices to work for your portfolio.

Grace Hill's commercial solution includes PolicyPartner for Commercial, designed with commercial real estate in mind. The solution also includes a learning management system (Vision for Commercial) and assessment tools (KingsleySurveys). For more information, visit gracehill.com/commercial or call (866) GRACE-HILL.

Operating Procedures

PolicyPartner

Training

VISION

Data & Insights

KingsleySurveys