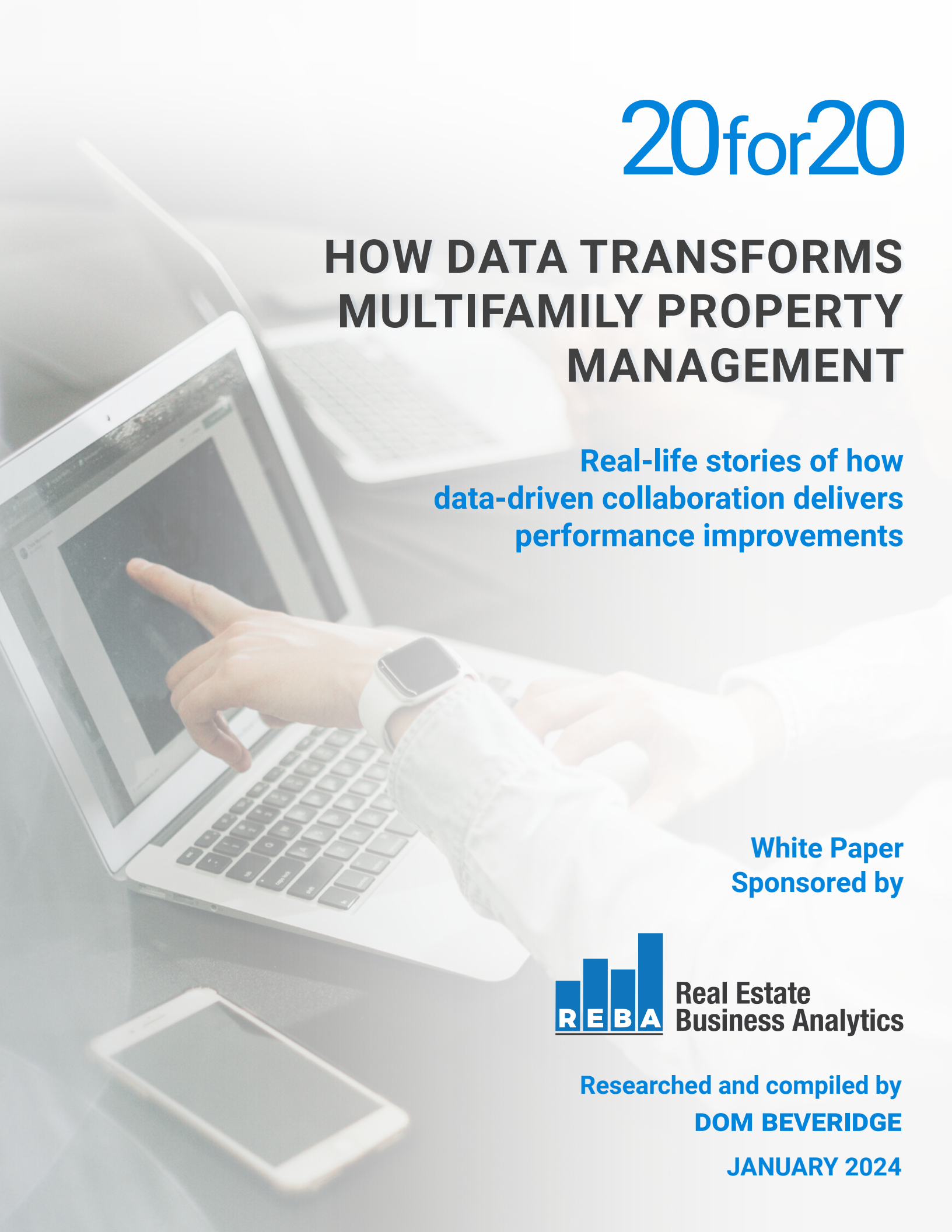




# 20for20

## HOW DATA TRANSFORMS MULTIFAMILY PROPERTY MANAGEMENT

Real-life stories of how  
data-driven collaboration delivers  
performance improvements

White Paper  
Sponsored by



Real Estate  
Business Analytics

Researched and compiled by  
**DOM BEVERIDGE**

**JANUARY 2024**



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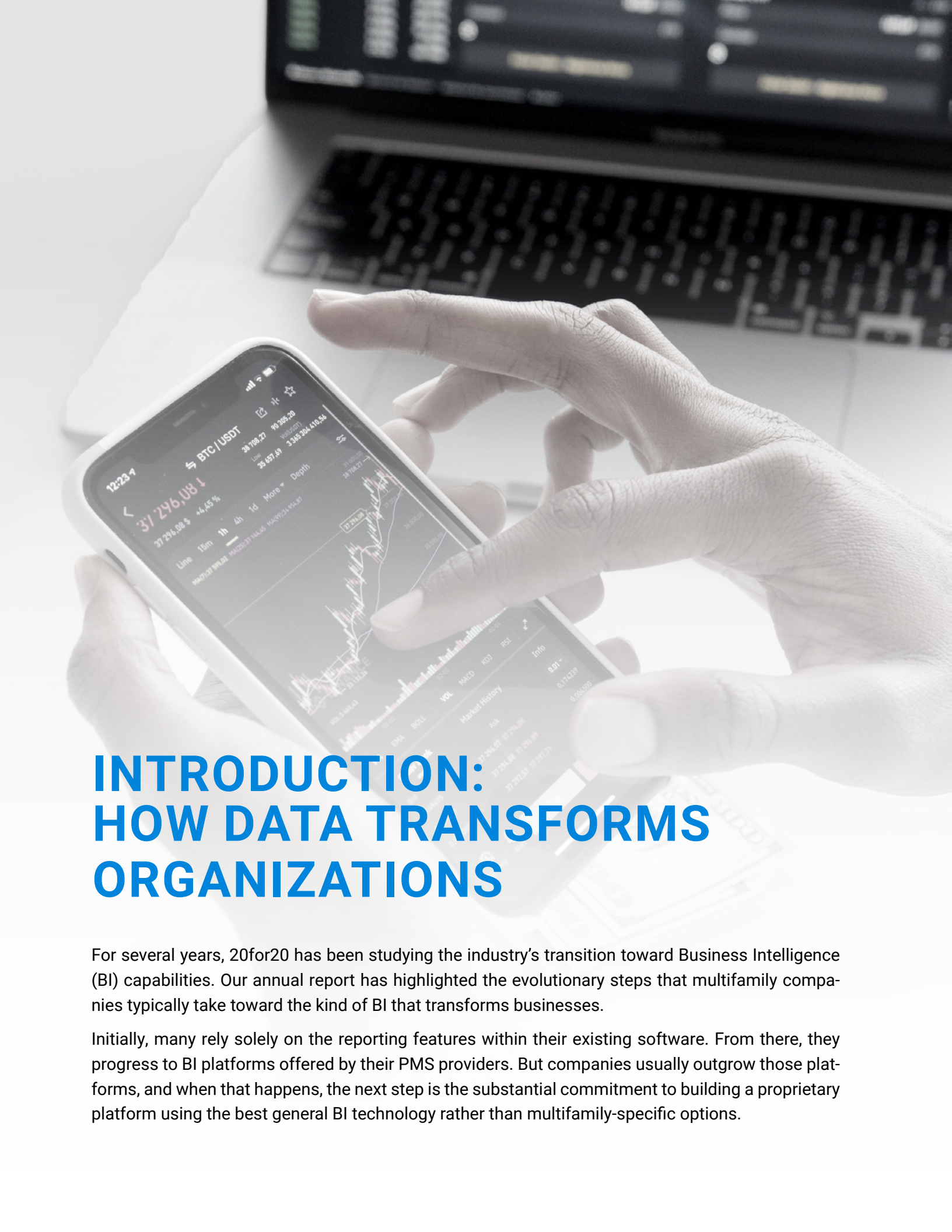
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# INTRODUCTION: HOW DATA TRANSFORMS ORGANIZATIONS

For several years, 20for20 has been studying the industry's transition toward Business Intelligence (BI) capabilities. Our annual report has highlighted the evolutionary steps that multifamily companies typically take toward the kind of BI that transforms businesses.

Initially, many rely solely on the reporting features within their existing software. From there, they progress to BI platforms offered by their PMS providers. But companies usually outgrow those platforms, and when that happens, the next step is the substantial commitment to building a proprietary platform using the best general BI technology rather than multifamily-specific options.

Lately, the market has evolved to offer quicker paths to best-in-class BI. It's a crucial moment to ponder why companies adopt BI, and the benefits it brings. This paper seeks to address both points, using stories gathered from successful implementations to understand how it has changed the way the adopting businesses work.

Two consistent themes emerge from the examples in this paper. First, BI fosters collaboration both within and across departments, and between central and property-level operations. Implementing a unified platform aligns teams toward common goals, enhancing collaboration far beyond previous levels.

Second, successful BI implementations provide new layers of insight that lead to improved performance. Opportunities that were previously hard to see become obvious, allowing companies to make better financial decisions and do so more quickly.

### Some Common Themes From the Interviews

The research for this paper focused on companies that have successfully implemented BI. The following sections describe three recurring themes identified through the interviews.

First, Key Performance Indicators (KPIs) serve as the currency of collaboration. Interviews with property management professionals revealed that KPIs are more than just targets; they help organizations work differently. When two departments or managers align on the same KPIs, their likelihood of success increases. Therefore, the ability to define KPIs that address specific problems, supported by reliable data, becomes a key foundation for collaborative work.

Second, collaborative processes outperform spreadsheets. While the spreadsheet is undoubtedly a powerful business tool, it is at its best when information is static and the number of contributors is small. But dynamic, multi-stakeholder environments expose the limitations of spreadsheets. Companies that move beyond Excel to more interactive platforms generally achieve better, more accurate results.

Finally, shifting from reports or spreadsheets to analytical tools expands what businesses can know. Trend analysis offers more depth than static reports. And in a sector like real estate, where location and floorplans are paramount, the ability to visualize data using maps proves superior to using data tables.

These themes and others will be developed further in the following sections of this paper.

### Three Types of Collaboration

In researching this document, numerous examples emerged of how data has enhanced team collaboration. To develop the themes above and distill insights from the interviews, this paper is structured into three main sections. Each focuses on a distinct form of collaboration reported by the organizations sharing their experiences.

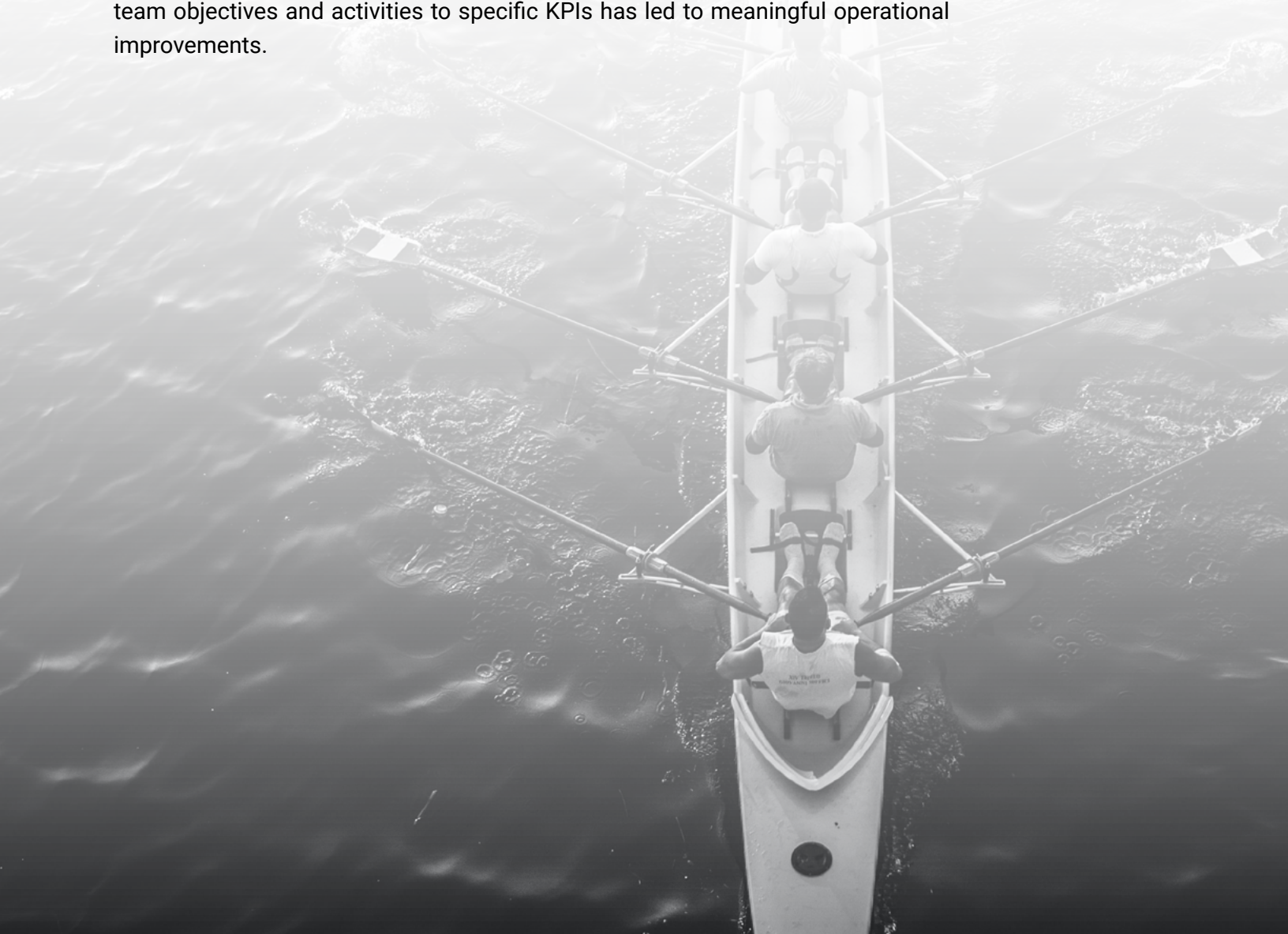
First, "Collaboration within Teams" explores instances where a manager in a property management organization has successfully fostered team cooperation. Second, "Collaboration between Teams" highlights cases where BI has facilitated cross-departmental teamwork to achieve financial goals. Third, "Collaboration between the Center and Property Operations" delves into how companies have bridged the frequent divide between corporate and property-level functions.

# 1

## COLLABORATION *WITHIN* TEAMS

Among all team structures in property management, maintenance stands out as the most challenging to manage. Technicians are scattered across multiple properties throughout a given portfolio, each bringing a unique skill set. Some are more specialized than others, and all are necessary for effective maintenance.

The role of maintenance is particularly influential on resident satisfaction and lease renewals. Add in the element of emergency situations requiring immediate technician deployment, and it becomes a high-risk, complex team structure for anyone seeking to implement change. There are instances where aligning maintenance team objectives and activities to specific KPIs has led to meaningful operational improvements.



## Refocus on Maintenance KPIs

Martin Caliz, The National Director of Maintenance for Brookfield Properties, explained how enhancing access to KPI data on maintenance performance has substantially improved operations. Today, a standardized set of KPIs quickly enables maintenance technicians to gauge how properties are performing—especially in work order resolution—compared to other properties in the same region or portfolio.

*“Decentralization of data is a standout feature,” Caliz noted. “My team and I can easily access any KPI we track, even for a single location. That facilitates the completion of work orders within a 24 to 48-hour window. It also makes it easy to compare different KPIs across properties, helping us focus on areas that need the most attention.”*

Matt Diehl, Brookfield’s Senior Vice President of Maintenance, noted a persistent challenge: getting maintenance techs to use their company-provided technology consistently for tracking activities. *“This has been a recurring issue for many operators. Mobile maintenance is a potent tool for creating visibility, allowing for better planning. However, for various reasons, techs often don’t use the technology available to them.”*

Diehl continued, *“We addressed this issue by developing a dashboard that pulls in user-level data from the application. Access to historical data illustrated our progress, making it easier to motivate teams and ensure the benefits are lasting. It led to a jump in usage rates, from 39% to 95%, by the end of last year.”*

The maintenance example hints at a virtuous circle where KPIs can affect data quality and, in turn, lead to operational improvements. A compelling example comes from Faith Aids, Chief Innovation Officer at RedPeak. While analyzing its property portfolio, her team discovered much

longer turn times than they had anticipated. *“The numbers were so high that we initially suspected an error,” Aids said. “However, the issue lay in how we were using our property management system.”*

Aids continues: *“There was a problem with how we were marking apartments as ‘made ready’ in our PMS, which made our data inaccurate. When we pulled our data into our BI platform, the underlying issue with how we were marking units made ready in our PMS became apparent, and we were able to fix the problem. We could then trust the integrity of the data, which enabled us to hold our team accountable to benchmarks.”*

By addressing the underlying process and, consequently, the data quality, the RedPeak teams gained a better understanding of turn times. *“This has been invaluable in our efforts to centralize turnover operations across our properties,” Aids added.*

## Improving Revenue Impact

Visualization can also provide context and reveal new insights into existing data, even in established areas like revenue management.

Kellie Hughes, the EVP of operations at Mill Creek Residential, used the example of lease-ups, a complex process that tends to fall outside the purview of conventional revenue management systems. Through a partnership between its BI

*“We addressed [mobile maintenance usage] by developing a dashboard that pulls in user-level data from the application...It led to a jump in usage rates, from 39% to 95%, by the end of last year.”*

provider and Engrain, Mill Creek, one of the nation's largest developers, incorporated maps into its analytical platform to help visualize and, hence, better understand and manage leasing trends.

*"A revenue management report may not make it obvious that the north side of a building is leasing up much more slowly than the south side," Hughes said, "But when you see leasing patterns on a map of the property, you can't miss it."* Placing data points visually on a map introduces the key element of context that clarifies where the improvement opportunities may lie.

Another way to contextualize data points is to establish how they trend over time. Victor Moralez, the Senior Manager of Business Systems at California-based H.G. Fenton, explained their move to a new BI application allowed them to shift from point-in-time reports to trendable data. He said, *"Collections provide a good example: while a static view of delinquent accounts offers some insight, tracking delinquency over time is far more revealing as we know where our problems are."*

One Midwestern operator noted that as its teams had developed a better grip on delinquency trends, they moved to add post-move-out bad debt write-offs to their analysis. Incorporating these metrics into their BI dashboard provided a complete picture of delinquency trends and their true impact on properties.

When a BI platform makes it easy to append data points to an analysis, it can reveal cause-effect relationships that would otherwise have been difficult to establish. Another leader shared a good example from a project evaluating the effectiveness of a flexible payment program.

The program, which enabled residents to schedule rent payments through a third-party provider, was popular with residents in some properties and fit the firm's ESG strategy. But site teams were

## TL;DR: How Context Provides New Insights

Reports are useful, but operators get to see the real opportunities when BI makes it easy to place data into the operational context. Collections provide some good examples:

- Placing collections data in a trend analysis tells us if the trend is getting better or worse over time.
- Appending post-move-out write-offs to delinquency reports completes the picture of the true financial impact of delinquency.
- Flexible payment programs can be popular with residents. Tracking take rates alongside delinquency trends demonstrates their financial impact.

unsure whether the platform was benefiting collections. They set up a test, using BI dashboards to track the take rates for the program alongside delinquencies over time. The analysis found that collections had generally improved at properties that adopted the program, removing the uncertainty about its financial upside.

### The Demand Funnel

Marketing is a data-rich area of multifamily operations where most companies struggle to bring together the right data elements for decision-making. Jennifer Staciokas of Western Wealth Capital

described the impact of moving from cumbersome spreadsheets to a BI environment: *“Instead of manually processing data that we had to work on instead of work in, we are now we are able to analyze the data and spend time implementing and executing the ideas.”*

Staciokas continues: *“Our marketing funnel is something that we’d always had to create from spreadsheets in the past. Now I can look at actuals that we’ve been achieving at a property, add forward projection of where we think we’re going to be from a conversion perspective and forecast how many move-ins and how much incremental traffic we will need while also viewing my historical traffic to see if it will be achievable.”*

Kellie Hughes of Mill Creek shared a similar sentiment, explaining, *“What used to be a complex task—calculating the number of leads needed to reach the desired occupancy—is now straightforward. Teams can simply input their target into the application, which calculates the required leads for the next six weeks. While it might sound basic, the simplification of this task has been transformative.”*

Moreover, Hughes observed that the increased use of analytics has started to encourage healthy competition among teams. Transparent metrics

and ranking scorecards motivate staff to excel in such KPIs as occupancy and renewal rates. This not only drives improvement but also fosters meaningful dialogues, particularly among those new to using these analytical tools.

Like the earlier example on delinquency, adding an external piece of data to a report can lead to transformative insights. Gina Bechtold-Yoo of MAXX Properties had a similar experience with tour data in their BI platform.

MAXX’s marketing reports previously lacked tour data, which was the result of an earlier design decision that prioritized leads over tours. Rather than take the onerous step of redefining reports, the marketing team would manually collate tour data and import it into spreadsheets. After migrating to a BI platform that enables custom dashboarding, MAXX can now monitor tour trends at whatever level of granularity they need. But the real benefit goes beyond the mere convenience of data aggregation: when tours become easier to analyze, they serve as useful leading indicators for potential demand issues.

Bechtold-Yoo elaborated: *“Declining tour numbers could stem from various factors—economic conditions, weather, or even temporary staffing issues at a community. The key is to understand when to intervene based on how long the tours have been in decline. For instance, if the tour numbers have been down for a week, it might be premature to invest in a new advertising channel or increase spending on an existing one, but when I can follow the trend, it helps me decide when to act.”*

Quality data in the marketing funnel also helps marketers understand the sources of leads and tours. In the case of ILSs, consistent monitoring of this data serves as an early warning system for performance issues. Bechtold-Yoo cited the example of a community “disappearing” from an ILS, an event that—while rare—can go unnoticed

***“What used to be a complex task—calculating the number of leads needed to reach the desired occupancy—is now straightforward. Teams can simply input their target into the application, which calculates the required leads.”***

## TL;DR: Bringing Data Elements Together

Operators often miss important opportunities because important data elements reside in separate systems. Bringing that data together manually is time-consuming and causes us to miss important opportunities. Marketing provides some examples:

- Adding traffic and conversion projections to actuals predicts what additional traffic a property needs; comparing this picture to historical traffic indicates whether the strategy is feasible.
- Pulling tour data into marketing analytics provides a powerful leading indicator of potential demand issues.
- By tracking changes throughout the marketing funnel, operators can understand the impact of AI leasing assistants on various stages of the customer journey.

until it is too late due to it being one source among many. However, continuous monitoring can quickly flag this kind of issue, allowing for timely interventions.

Bechtold-Yoo concluded, *“The opposite is also true: in the past, identifying the effectiveness of a particular source involved cumbersome analysis*

*within our CRM. Now, if a source starts delivering leads, it becomes apparent almost immediately, providing actionable insights that were previously hard to obtain.”*

### Future-Proofing Marketing

When data is readily accessible, marketing strategies can become more agile. The introduction of conversational AI into the leasing process represents a significant shift, although the specific impacts on metrics and performance remain unclear. A unified view of data, organized for granular analysis, allows operators to navigate even these new, AI-driven processes more effectively.

One operator illustrated this by sharing an experiment they conducted using two different types of conversational AI: one aimed at engaging users on websites and the other designed to manage incoming communications to the property. Both technologies promise to improve the capture and conversion of leads by addressing the perennial issue of lead follow-up.

The question was: which technology offers greater benefits? Leveraging their BI capabilities, the operator set up custom dashboards to monitor a range of metrics relevant to both types of AI. By running this experiment across multiple properties—some using a website-based AI and others using a digital agent to handle incoming communications—they could collect a diverse set of metrics, easily tracked over time.

The experiment was still in progress at the time of writing, so it is premature to say which metrics are the most reliable for measuring success. But the variety of data available in a single platform enables operators to observe changes and hopefully draw conclusions about which technology offers greater advantages. This study exemplifies the type of analysis companies should increasingly undertake as AI technologies evolve.



## 2 COLLABORATION *BETWEEN TEAMS*

The previous section underscored the transformative power of orienting team activities around data, specifically KPIs tailored to tackle distinct operational challenges. In this context, KPIs act as a shared currency within teams, enabling a shared effort on priorities. The currency's value multiplies when it allows multiple departments to collaborate and achieve previously elusive goals. This section will provide some examples of collaboration across organizational silos.

Data can serve as a bridge between disparate technology systems, a particularly relevant topic when discussing the industry's current focus on centralization. A case in point is a medium-sized Midwestern owner-operator who had ambitiously centralized its leasing operations.

## TL;DR: Leasing Velocity is About Coordination

It's tempting to think of leasing velocity as a marketing and pricing problem, but it's really about aligning demand and availability:

- More timely communication of move-outs by revenue management (RM) enables maintenance to plan turns more efficiently.
- Maintenance teams can reduce turn times by developing KPIs for key make-ready activities and improving execution.
- When turn times are transparent, RM and marketing can fine-tune tactics to fill the right units at the right times.

The aim was to shift more sales and marketing activities to a centralized team but faced a stumbling block: like most companies, their CRM was organized around individual properties. This structure made it difficult for a centralized team to manage leads dynamically across multiple sites.

The workaround was to deploy a different CRM for the centralized team, separate from the one used at the property level. While both systems could integrate, their reporting structures differed, leading to discrepancies in crucial metrics. That posed a significant barrier to collaboration, with

leasing and marketing KPIs the critical currency for team alignment.

The solution was to pull data from both platforms at the most granular level and consolidate it into a single view, which they accomplished through their BI platform. It provided the definitive source for both centralized and property-level teams, allowing the operator to realize the benefits of a centralized approach without needing to change their property-level marketing technology.

### Collaboration is the key to Revenue Management

Another, less-obvious example of a multi-team collaboration lies in one company's efforts to drive leasing velocity. One prevailing misconception in the multifamily sector is that leasing velocity, the rate at which apartments become available and are leased, hinges mainly on pricing and leasing strategies. While essential, these alone cannot yield results without aligning the organization's make-ready process.

Brookfield's Maintenance Department exemplifies how to do this successfully. Matt Diehl noted, *"One of our key initiatives has been expediting the make-ready process for vacant apartments. Before migrating to a new data-tracking system, we lacked the insights needed to measure this KPI effectively. Implementing scalable KPI tracking enabled us to isolate the relevant data, which led to a 14-day reduction in turn times. Our goal is to decrease it further, to under ten days."*

Because this data is visible organization-wide via dashboards, the marketing and revenue management departments can align their strategies with the quicker and more predictable make-ready pace, thereby delivering a tangible reduction in vacancy loss.

It is still relatively unusual for property management organizations to operate this efficiently.

Everyone understands that reducing turn times is important, yet relatively few organizations leverage their potential to drive revenue performance. It can remain overlooked because the make-ready process is seldom aligned with marketing and revenue management, whose focus is on acquiring and converting leads. But converting those leads to occupied units is what drives revenue growth.

Conversely, when departments responsible for revenue forecasting share timely vacancy data, it helps maintenance teams in planning more effective make-ready operations. By aligning both teams on the same core KPIs, organizations experience the greatest performance improvements.

The temptation to treat pricing as a standalone task is one that multifamily organizations do well to avoid. Effective pricing involves nuanced interactions among departments that engage with the customer. Lease renewals provide a particularly strong example: many operators underappreciate the importance of tracking uptake on offers, which can reduce uncertainty about the future. The better the ability to predict the frequency and volume of renewals, the better the opportunity to execute revenue management and marketing activities to lower the risk of vacancy loss.



***“Operators often talk about retention and renewal as if they are the same thing, but they’re different.”***

Jason Kessler, COO of Edward Rose, highlights a critical distinction that is frequently overlooked: *“Operators often talk about retention and renewal as if they are the same thing, but they’re different. Renewal rates indicate the immediate effectiveness of customer service, pricing, and overall value.*

*Retention is a longer-term metric, accounting for residents who may lease or renew but then vacate early.”*

Kessler continues, *“Poor retention can have a lot of causes. Sometimes it’s due to changes in life circumstances, like a change in employment or a house becoming available. It can also be due to local competition. If, for example, a new building opens close by and your retention declines as residents break leases to move, it becomes a specific challenge likely requiring attention for the next 12 to 14 months. The key is understanding these nuances as they provide actionable insights for performance improvement.”* For organizations to appreciate and act upon these important nuances, they must first define them and make them visible throughout the organization.

### **Adding Value to Asset Management**

In the real estate sector, containing costs means managing individual physical assets. Each building has unique challenges that can drive costs and impact customer experience. Here, once again, the introduction of physical mapping technology into the BI platform enables data visualization that can deliver fresh insight.

Victor Morales, the Senior Manager of Business Systems at HG Fenton, illustrates this point well: *“Simply reviewing a list of work orders makes spotting patterns in maintenance issues difficult. However, when we can turn the report into a map of the building, we can quickly identify, for example, a recurring water issue in one of our high-rise buildings, suggesting a potential blockage. Although we might have eventually discovered this problem through conventional means, visualization expedited the process, which saved us money and our residents’ inconvenience.”*

The advantages of such data organization are not limited to operational insights. At a more strategic level, an improved understanding of

maintenance operations and their impact on revenue can recalibrate expectations and enhance property performance.

Planning rehab projects is a good example. When most companies budget rehabs, they project rehab activities evenly across the year, assuming a consistent number each month. This approach, however, overlooks important variables that fluctuate seasonally.

Earlier, we touched upon how a data-driven approach streamlines processes like turn times, making them more efficient. When creating an annual plan, one must also consider the pattern of lease expirations throughout the year. Justin Sharrock, the Financial Accounting Manager at Peak Properties, offers insight into a more precise method for planning rehabs.

*"We improved our BI capabilities, and now we can accurately model rent for rehab units and major renovations. It allows our plans to factor in ROI, exact rent increments, and, critically, the timing of the rehab—taking into account both when a unit's lease expires and the time required to turn the unit. The end result is a far more accurate projection than traditional methods allow."*

By integrating predicted renewal rates with lease expirations, we can accurately budget the number of required rehabs for the next year. This prevents overestimation and ensures our plans align with reality.

### Fostering Collaborative Partnerships

Another important nexus for collaboration on property performance is between management and ownership; for example, regional management interactions with asset management. Genevieve Bauer, COO of MAXX Properties, explains: *"We're launching an investment management platform, and our BI tool allows us to equip our regional managers who frequently engage with investors."*

*"Typically, these managers would have to extract specific reports from property management systems, leading to conversations focused more on how data is reported rather than what it signifies. We are streamlining the process, offering analytical tools for real-time data manipulation. This way, regional managers can concentrate on substantive discussions with asset managers about rent growth or other performance metrics."*

Such collaboration works in the opposite direction: one large asset manager with 100% third-party managed properties provided insights into this symbiotic relationship. *"Initially, conversations with our operational partners about marketing were emotionally charged, often focused on short-falls in traffic. However, as we refined our analytics to support the marketing funnel, these discussions became data centric. That allowed us to allocate extra budgets quickly where the data indicated they were needed. When the team mobilizes around the same data, it helps us eliminate the blame game and focus on problem-solving."*

Collaboration between teams enables operations to reframe performance opportunities, like the natural tendency to jump directly to marketing solutions. As Faith Aids of RedPeak shares: *"Adopting a data-driven approach led us to think more broadly about how we drive performance. We used to think of everything in terms of, e.g., traffic volume and leases as the root cause of all problems and solutions. But with far more data points at our fingertips, we see many more opportunities, many of which lie outside marketing. As an operations team, we now pay closer attention to turn times, quality of turns and work orders. We are 'all hands on deck' supporting those efforts, and—crucially—we collectively understand the impact the improvements have on our bottom line."*

# 3

## COLLABORATION BETWEEN CORPORATE AND SITE TEAMS

The previous two chapters highlighted how data and metrics can foster new forms of collaboration. Property management is changing, and the trend toward centralization is forcing companies to reconsider staffing models for leasing, administrative, and maintenance functions.

As these roles shift away from specific properties to more specialized teams, the challenge becomes replacing the localized knowledge site teams provide.

Centralization creates a demand for alternative data points to ensure optimal service delivery. When we focus on identifying these metrics, we solve the immediate problem and uncover operational efficiencies we hadn't considered before.



For example, one Midwestern owner-operator developed dashboards to compare line-item costs across their portfolio. This transparency made it easier to spot cost anomalies, such as disparities in the cost per unit for contract cleaning services among different types of properties. They saw surprising differences, for example, between high-rise and garden-style communities, which didn't make intuitive sense. It enabled the firm to review the high-cost properties and, in some cases, renegotiate the contracts.

### Rethinking Communication With Properties

To take a more strategic, long-term example, Kellie Hughes described Mill Creek's objective of reducing telephone calls to property sites. It is a move that aligns with millennial and Gen-Z communication preferences. It is also relevant for multifamily companies considering centralization, as it reduces the workload on property teams.

*"The aim is to handle more calls with technologies like Interactive Voice Response (IVR) and natural language AI," Hughes said, "The challenge lies in streamlining customer service across multiple channels, making technology and channel marketing essential. The goal is to simplify customer interactions, akin to the Amazon experience. Achieving this requires monitoring an array of metrics, such as conversion rates from IVR to text and the frequency of repeat calls to the same call center."*

Hughes continues, *"Currently, this data is fragmented across various platforms and needs consolidation. A data integration layer is almost indispensable for aggregating this information, allowing us to formulate and monitor our strategy effectively. Changing the flow of communication to properties can affect many aspects of the operation and, ultimately, results."*

In initiatives like these, there is no silver bullet report that can characterize what changes as the project evolves. The key is having the analytical capability to track metrics and identify causal patterns that may not initially be obvious, and to define the metrics that will ultimately enable control.

### From "Top-Down" to "Collaborative"

There is a great deal to be gained from making organizations aware of cause-effect relationships discovered through data analysis. Faith Aids of RedPeak shares, *"We've harnessed data to refine our approach for each asset and establish data-driven margin goals. This strategy provides managers with the information to make informed decisions about factors affecting margins. This data-sharing breaks down organizational silos, aligning departments. For example, when HR and property management both fully understand the impact of hiring decisions on margins, it enables them to align and find solutions that benefit performance."*

The approach Aids describes is forward-looking: everyone assesses their performance targets for the year ahead. If goals are at risk, teams access a toolkit for corrective action, which may include, for instance, ways to generate more revenue or improve turn times. Aids continues: *"While none of this is entirely new—we've been in property management for years—the real innovation lies in the newfound transparency. Data analytics provide insights into how various levers of cost and performance impact key metrics, empowering teams to make smarter decisions."*

*"We've harnessed data to refine our approach for each asset and establish data-driven margin goals."*

The impact on performance from having teams fully understand both the drivers of cost and overall performance is significant. Earlier, we discussed the benefits of planning unit rehabs according to variables like lease expiration dates. Operators can also benefit from budgeting turn activities at the same level of detail.

Our Mid-Western owner-operator shared that it had historically budgeted turn costs by distributing the estimated cost evenly across the year. However, there are peaks and troughs of activity throughout the year, and operators often find it hard to control costs. Each turn may occasion decisions on cost items, for example, whether a worn carpet should be replaced. It is easy for costs to mount early in the year when there is plenty of money left in the budget. But by the later stages of the year, the money runs out, often causing properties to over-spend for the year.

The solution to this issue is to build a budget that models when unit turns will occur. This is easier to achieve with analytical budgeting tools rather than basic spreadsheets. Overlaying the lease expiration data for the year allows operators to allocate the monthly expense.

The increased precision not only makes budgets more accurate, but also promotes greater ownership among property managers. It dispels the common notion in multifamily property management that marginal cost overruns will average out across the year. Experience shows there are too many instances where that is not the case. Budgeting at a precise level makes stakeholders aware of the risks they pose to property performance targets when they exceed allocated costs.

### How Budgeting Precision Drives Performance

Peake Properties' Justin Sharrock explains another common budgeting scenario involving multi-year renovation and maintenance projects.

*"These activities might occur every two, three, or even five years, meaning the associated operating expenses are also incurred at these intervals. The standard approach in many multifamily communities is to average the costs based on the previous year's expenditures. However, if the previous year included one of these intermittent maintenance expenses, the budget for the following year is often*

## TL;DR: How BI-Enabled Budgeting Improves Financial Performance

Budgeting is a pain, with many hours lost managing complicated spreadsheets. When technology fixes the process, the real benefit lies in the outcome.

- Traditional budget processes tend to distribute turn costs evenly across the year. By overlaying the expiration schedule, companies budget expenses based on when they will happen.
- Rent growth projections tend to be applied with a broad brush in budgeting. Modeling targets on specific expirations creates more accurate revenue budgets.
- Spreadsheets are cumbersome, and that reduces the interaction that teams can have with budgets. Making collaboration easier increases accuracy, ownership, and hence execution.

inflated. Conversely, if the budget year is when such an expense is due, there's a risk of under-budgeting."

Sharrock continues: "These infrequent but significant repairs are also critical for property owners to account for. Often, these costs can amount to five or six thousand dollars and are not typically included in the capital budget for a property. Therefore, adopting a more nuanced budgeting approach can lead to better financial planning and happier owners."

It is not just cost items that can improve in more analytically driven budgets. Genevieve Bauer of Maxx Properties noted, "Traditionally in our budgeting, we would simply rely on external sources of market rent data to model rent growth. These broad predictions often failed to account for the unique circumstances of individual properties."

Justin Sharrock from Peak Properties concurred, "When you model rent growth in a budget spreadsheet, you're essentially forcing revenue targets to align with organizational objectives, hard-coding revenue growth and occupancy rates for the year. However, this one-size-fits-all approach ignores the specific realities of each property."

A more nuanced approach considers factors like lease expiration patterns and unit types. Sharrock suggests, "Modeling exposure for the upcoming year—when leases expire and for which unit types, for example—has a significant impact on what your budget should be. Using analytics that incorporate these factors along with rent growth targets can result in far more realistic and hence achievable budgets."

A similar approach can also improve marketing budgets. The most significant driver of marketing costs is exposure, which we can predict to some extent. By allocating marketing dollars to

**"Modeling exposure for the upcoming year—when leases expire and for which unit types, for example—has a significant impact on what your budget should be."**

periods of anticipated high exposure, budgets can become more accurate, accounting for seasonal variations that affect lead costs.

This precision allows finance, senior leadership, and marketing operations to agree on an achievable plan for the year. Moreover, since the budget is generated using a specialized tool, tracking spending throughout the year becomes far more manageable.

### **Ditching the Spreadsheets**

The point made clear through these examples is that using analytics in budgeting offers marked improvements over traditional spreadsheet-based methods. Anyone who has dealt with budgeting knows the inconvenience of managing multiple complex spreadsheet files. Each spreadsheet is full of intricate formulas, making them challenging to populate without errors. They are also a cumbersome medium for collaboration between finance and property management professionals.

However, the problem extends beyond mere inconvenience or complexity. Many companies don't even realize the limitation spreadsheets impose on collaboration. The process of populating the sheet is time-consuming. Reviewing it presents the same challenges. Compiling multiple updates into a single cohesive spreadsheet represents a lot of work. This level of complexity limits the amount of interaction stakeholders can have with the budget spreadsheet.

In an environment where a single mistake could necessitate redoing the entire budget, companies find it safer to restrict access and modifications to the document. This limited engagement hampers collaboration and input, impacting the insights and contributions that every participant could otherwise provide.

The interviews for this white paper established how spreadsheets make budgeting a top-down process. When finance sends draft budgets to property managers for feedback, it seldom results in true collaboration. Collaboration occurs when those responsible for individual budgets—such as property managers and regional supervisors—comprehensively understand both cost and revenue drivers.

When these individuals know what expenses a property will accrue in a given month, they are better positioned to judge whether these costs are too high or too low. This understanding aligns the budget with the real-world decisions that property managers will make, empowering them to take ownership of both the budget and performance against it.

A more analytical budgeting process turns budgeting into a conversation rather than a set of instructions. Transitioning from spreadsheets to a collaborative, analytics-driven approach changes the budgeting landscape, adding a bottom-up perspective to a traditionally top-down process.

## Solving for Alignment

The examples in this section and throughout this paper illustrate the role of data in fostering collaboration among various stakeholders. Specifically, when organizations make it as straightforward as possible to interact with a single source of truth in their organization, the use of data evolves from reporting to a lever for operational improvement.

Jason Kessler of Edward Rose notes, *“Data is invaluable. When you can see something in reports, you can also find it on the ground. The industry has often relied on gut instincts, but data enables you to think operationally.”*

Kessler continues: *“It’s not just about compiling metrics; it’s about choosing the right metrics for the right actors. Asset management, for example, may prioritize financial metrics that characterize income and expenses. But those metrics, while vital, don’t provide insight into on-site operational performance. Operators must understand the variables contributing to performance and define understandable metrics that help our teams achieve improvement goals.”*

This level of clarity and shared understanding is essential in achieving organizational goals, such as revenue targets. Monthly sales and renewal targets need the endorsement of the operational team. Failure to establish a shared vision could lead to teams working at cross-purposes; for instance, prioritizing occupancy levels over rent growth or vice versa. This principle extends to other departments, like accounting, finance, and development, underscoring the need for a common language of KPIs.

In a property redevelopment project, for example, if there is a minimum \$200 increase per unit target, everyone needs to understand that from the outset. Starting late on achieving such targets makes them more challenging to meet later.

Kessler concludes: *“Ultimately, it’s about relationships, and a guiding principle here is that people drive reports; reports don’t drive people. Each metric is tied to an individual: if someone doesn’t recognize that they are accountable for a specific metric, achieving high performance becomes difficult, a point that remains relevant even among the highest-performing teams.”*

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# 4

## CONCLUSION

For most organizations, the biggest challenge lies in the mechanics of data collection and analysis. To deliver the capabilities described in these pages, companies must marshal their data into a single source of truth and acquire the analytical layer that provides the maximum possible flexibility in configuring, tracking, and contextualizing KPIs.

Whether addressing turn costs, marketing budgets, or leasing velocity, the essential ingredient in the success stories in this paper was always creating specific, agreeable KPIs. They are indeed the *currency* of collaboration.

The transition from static spreadsheets to collaborative processes in budgeting is a prime example. The benefits come not only from enhanced accuracy and attainability of KPIs but also the greater managerial understanding and ownership of these metrics.

Furthermore, the ability to contextualize KPIs, unlocking the power of trend analysis and data visualization, makes it easier to identify issues, for example, in maintenance or leasing, which might not be apparent in static reports. Comparing costs across properties can reveal cost-saving anomalies while trending metrics like delinquency provide essential insights into whether the issue is getting better or worse.

As property management evolves and more functions become centralized, operators can rely less and less on the eyes and ears at properties for insight. The virtual, distributed, and specialized nature of modern operations places a higher value on collaboration.

As this paper has demonstrated, collaboration thrives when teams focus on common KPIs that characterize essential aspects of resident services and revenue performance. As AI increasingly manages interactions with residents and infiltrates various operational processes, the need for controlling performance drivers through data will grow.

The future of property management, in an increasingly technology-enabled multifamily industry, may be uncertain. However, companies that effectively marshal their data and organize around KPIs and their driving factors will be the ones that are best positioned for success.

***“Companies that effectively marshal their data and organize around KPIs and their driving factors will be the ones that are best positioned for success.”***

## ABOUT THE AUTHOR



Dom Beveridge founded 20for20 after more than 25 years of experience in leadership and consulting roles in technology sales and marketing. Since 2012, Dom has worked in multifamily housing, most recently as a principal with D2 Demand Solutions and previously with the Rainmaker Group (owners of the LRO revenue management platform), through the company's sale to RealPage, Inc. In his pre-multifamily days, Dom was a strategy consultant for Capgemini Ernst and Young after spending much of his early career designing and implementing revenue management systems and consulting projects with Talus Solutions (the creators of LRO), Manugistics, Inc. and JDA Software, Inc.

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20for20 is a multifamily industry consultancy that helps technology companies reach customers and potential customers to make better technology decisions. We achieve this through constant dialogue with industry leaders and thought leadership that helps move the industry forward, including the annual 20for20 white paper, which is currently in its fifth edition.

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