

CASE STUDY

Towne Properties

SAW \$2 MILLION PROFIT



IN BRIEF

Background

Towne Properties is a property management company with 11 affordable and 35 market rate communities located in Ohio and Kentucky. Towne turned to Signature Worldwide in 2005 to provide training for employees at all its communities.

Challenges

With one corporate trainer and communities in multiple states, reinforcing an effective and lasting training program is difficult. Senior management wanted an increase in conversions, occupancy and profitability.

Solutions

Signature Worldwide implemented Leasing Edge™ to give leasing consultants the “edge” they need to outsell the competition and close more business.

Results

Towne saw a 3.8 percent reduction in economic vacancies, leased 254 more apartments with less traffic than the prior year, resulting in \$2 million in profit.

Background

“Great places to live, work, shop and play” is the tagline for Cincinnati-based Towne Properties, a property management company with 11 affordable and 35 market rate communities located in Columbus, Cincinnati and Dayton, Ohio, and in Lexington, Kentucky. In business since 1961, Towne Properties is involved from the conception of community developments to their design and construction phases, and ultimately, filling and managing the communities.

With a mission “providing residents with the finest apartment homes, amenities and services anywhere – managed by the best professionals in the business,” Towne management wanted to create consistency in the leasing behaviors of their consultants. Their goal was to improve prospects' experience with the brand and improve the consultants' ability to lease more apartments.

The relationship between Towne Properties and Signature Worldwide began with Towne's affordable housing division. Marketing Director Janet Chiarella sought Signature's help with a company training initiative, which later evolved into training for the market rate division.

Challenges

Logistics of Training: Towne Properties wanted to impact the leasing experience concurrently at all properties it managed – quite a challenge for one Towne trainer to accomplish, especially with more than 90 leasing associates. Towne management agreed the training needed to be ongoing and measurable in order to be effective. They also were cognizant of the credibility and impact an outside trainer would have with employees.

Skill Level of Leasing Consultants: The market was soft, and Towne had a significant amount of vacancies. During a four-year period, Towne tried

overcoming the economic conditions using promotional campaigns, advertising and employee incentives – even giving away a car. For the first three years, there was no increase in traffic or closing ratio. However, Towne did experience an increase in closings during the car giveaway campaign, but saw closing and occupancy numbers drop again following the campaign. At this point, Towne management recognized that they needed to evaluate the skill level of their leasing consultants and establish a performance benchmark.

Increasing Conversions and Occupancy: Mystery shop calls to Towne's affordable housing communities indicated leasing consultants focused too much on financially qualifying the caller and lacked personalization for prospects, rather than being welcoming and learning about the caller's needs as a potential resident. Towne wanted to improve the professionalism of their leasing teams.

Chiarella said, “We wanted our communities to learn how to build rapport with the caller so the income part of the conversation didn't sound like an interrogation. We believed that if we could elevate the quality of our phone calls, we could improve closings.”

Return on Investment: The choice to partner with Signature was about impacting Towne's bottom line. Executive management of Towne expected a measurable return on their training investment represented by an increase in revenues and profitability.

Solutions

Solving the Logistics of Training with Leasing Edge™: Seeking solutions for the challenges identified, Towne engaged Signature Worldwide in February 2005 to pilot the Leasing Edge training program for its affordable housing communities. Within three months, Towne noticed a huge difference in the performance of the affordable housing communities and in October 2005 asked Signature to train their market rate communities. Nearly 90 marketing staff, district managers,



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property managers and leasing consultants attended one of five full days of training held throughout Ohio and Kentucky led by a Signature instructor.

Signature designed a leasing formula to enhance the skill set of Towne's leasing consultants enabling them to secure more leases and improve occupancy. When participants of the training returned to their communities, they started to practice and apply the newly required skills by role-playing with Signature certified coaches.

Leasing Consultant Benchmarks Established: Prior to the initial training event, Signature mystery shopped each leasing consultant and provided a written evaluation of their performance. This benchmark along with future occupancy milestones served to evaluate and measure the progress and performance of the leasing consultants.

Protecting the Training Investment: Choosing the right training program was an important step in meeting Towne's goal of increasing revenues and profitability. Therefore, training and support didn't stop after the initial events. Larger communities received Signature on-site, instructor-led training programs each quarter; three mystery shop calls each month, one on-site mystery shop and unlimited personal coaching calls. Smaller communities received on-site, instructor-led training every six months, two mystery shop calls each month and unlimited personal coaching calls.

Rewarding Good Behavior: Towne Properties awarded each leasing consultant a monetary incentive for attaining a score of 100 percent on Signature mystery shop calls. Leasing consultants scoring less than 100 percent were required to call a Signature certified coach to practice using the formula and to receive guidance on applying the steps in interactions with prospects.

Results

Training Changes Leasing Behaviors: The leasing formula introduced during the initial Signature training event only required Towne consultants to use six basic selling skills and quickly manifested into consultants closing more leases. Signature's ongoing training, the consultant's use of Signature's Coaching on Demand programs and mystery shopping enabled them to master the six basic skills and add another five skills to the leasing formula.

One of Towne's required skills of the formula focused on personalizing the benefits of the community for the prospect.

Another important skill was to gain a commitment for an appointment. Signature pre-training shop calls to consultants revealed that they were scoring less than 10 percent for each of these skills. By the end of October 2006, the overall score for these two behaviors rose to 81 percent! In the first month after the initial training, the overall Signature shopping scores for Towne were 48 percent. This equated to a near 40 percent bump in leasing consultant performance scores.

"We leased 70 apartments the week following our Signature install, the most we've ever leased during that week of the year!" Chiarella said.

Real Numbers – Vacancies and NOI: Then comparing October through September of consecutive years, Signature training contributed to a 3.8 percent reduction in economic vacancy and a four percent reduction in physical vacancy for Towne's three major markets – Cincinnati and Dayton, Ohio, and Lexington, Kentucky.

The changed behavior and improved sales ability of Towne's leasing consultants helped secure more leases even though there was less traffic than previous years. Towne had 254 less vacancies in 2006 than 2005, which resulted in an additional \$2 million in profit.

Towne Properties reached two other company milestones – breaking a nine-year leasing record and having the strongest first quarter in the last 10 years.

Leasing Consultant Performance

Pre-Training October 2005	Magic Formula Skill	YTD October 2006	Change
1.8%	Personalize Benefits	78.5%	76.7%
1.8%	Ask for Appointment	81%	78.8%
8.5%	Overall Entire Magic Formula	80.6%	72.5%

Major Market Economic Vacancy

3 Quarters of Year 2005 Economic Vacancy Rate	3 Quarters of Year 2006 Economic Vacancy Rate	Reduction in Vacancies
12.9%	9.1%	3.8%

Profit

Additional Apartments Rented	Assuming Avg. Rent of	Additional Income (minus operating costs)
254	\$700	\$2 million

