

Breakfast Forum Report – 2nd October 2008

REAL SERVICE JOINT EVENT WITH CORENET OCCUPIER LOYALTY - FACT OR FICTION

This Breakfast Forum was held in the Gallery at Land Securities' Cardinal Place and billed as bringing together property owners, managers and occupiers with an interest in improving customer satisfaction.

Louise Freethy introduced REAL SERVICE to the CoreNet members and guests. Launched in 2004, it brings together commercial and residential property owners, fund managers and managing agents in a bid to improve standards, providing a mix of information on latest trends, study tours and visits.

Sarah Mather reported on the results of the 2008 Occupier Satisfaction Index a cross-industry study from retail to offices sponsored by the Property Industry Alliance and CoreNet Global UK Chapter. 251 occupiers have been interviewed by phone - on leases, landlord communication, sustainability etc and this year the Satisfaction Index is up by two percentage points to 57%. Larger occupiers appear more satisfied than smaller ones and larger landlords are leading the way on the five key industry challenges: Flexibility, Partnership, Responsiveness, Sustainability and Value for Money, underlying all of which is the Pace of Change. See www.occupier-satisfaction.co.uk for further information.

Vernon Blunt, Ericsson as an occupier of manufacturing premises in the UK and Ireland remarked that on signing a contract there were plenty of flowers, and some again 8 years or so later - but in between almost silence from most landlords. Generally it seems the landlord is only interested in yield and rent, while to him as an occupier property is an essential part of production and storage for data. In the case of the best buildings there are better relationships, while in others small repairs are done by occupiers then argued over afterwards. Loyalty from landlords plays some part in decision making (for short term space he always goes to the same supplier) but quality of space is more important.

Glenn Blake, Legal & General, noted first that L&G doesn't occupy any of its own property so his experience is all of other landlords. As a tenant L&G signs 15, 20 or 25 year contracts and in that time it can experience a high turnover of landlords. Asked if landlords are loyal to their own occupiers he thought there were some positive exceptions e.g. Land Securities and British Land. Mostly, he believes that looks and quality count first and that, as buildings age, they go down the food chain. Finally, he concluded, in the case of smaller landlords some are good, most just want the money.

Paul Dickenson, Land Securities as a landlord has five core values: Integrity, excellence, customer service, innovation and respect or trust. Trust he believes is a key element, sustainability of a building is a good guide to the quality of a landlord and as an organisation, and Land Securities works with key customers to create a good and lasting relationship. He outlined five key reasons for choosing a building; rental costs, retention of key staff, proximity to public transport, energy efficiency and high building profile. Currently, Land Securities are working hard to ensure that service is a key area in which they deliver.

Paul Harding, DTZ spoke as a managing agent with a mix of clients which gives him a different perspective - that of the third hand in the partnership. He sees the full spectrum of owners and spends time and effort in pushing service levels upwards. A test of loyalty is to retain occupiers and have low void rates; the best test is when a property changes ownership and occupiers insist on keeping the managing agent. 'Owners change and some are so off-shore no-one knows who they really are'. In reality, after consistent good service, there will more likely be loyalty at the moment of truth.

Speakers from the floor then added points from their own experience:

Andy Trotter, EDF Energy spoke of his experience with landlords and agents. Previously he had written twice to a well known landlord and managing agent and would question his use of them in the future as a result of a substandard experience in dealing with them. He has never received a satisfaction study from any of his landlords in the past and feels this would be beneficial for all landlords to undertake; a happy customer is a good marketing tool.

Graham Canvin, HSBC has never had a landlord ask about their priorities. HSBC ensure that all their buildings are carbon neutral and looking to cut energy cost therefore show more loyalty to landlords who take energy efficiency and sustainability seriously. He also finds that too many landlords don't show transparent quotes. He also told of a time he was shopping in America and wanted to buy a shirt; when he got to the counter they asked whether he needed anything else. When he told them he couldn't find a shirt in his size, the cashier went and found one for him and he bought the shirt; both people are happy. Good customer service is mutually beneficial.

David Arthur, SEGRO believes that service is where the property industry lets itself down and feels it would be nice for a company to ask "how can I help you" or "how was the service for you?" Performance can be judged on longer relationships; the key test is when you buy a property where the previous owner has, or has not, been good at service; the comparison and tenant reaction is key to understanding the importance and quality of service.

David Fettes, Carillion Facilities Management noted that when a BMW car is taken into the garage for a service, it always comes back clean and vacuumed; it is not in the agreement but it just expected. Shouldn't the same high standards apply to the property industry?

Teresa Kearney, The Portman Estate said that their new Chief Executive had sent out an email outlining how important customer service was to ensuring success in their business. They currently send out questions to their residential and retail clients on a bi-monthly basis and as a result see loyalty arising from their willingness to provide a good service.

Tim Worboys, Stonemartin is interested in whether a tenant would recommend them and sees this as the one way in which they can judge themselves.

Louise Freethy then proceeded to close the meeting by thanking the speakers and also announcing the date of the next REAL SERVICE Breakfast Forum; this forum will be held on 25th November 2008 discussing best practice in sustainability from an occupier's perspective.

