

Woo your occupiers

■ Owners need to listen more and serve occupiers' needs if they want them to stay, says **Howard Morgan**



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'WHERE HAS ALL THE MONEY GONE?' asks my daughter as we watch the latest grim edition of Channel 4 News. 'Why don't they print more money to replace the money that's been lost?'

The financial crisis has turned even our family mealtime into a lesson in macroeconomics and monetarist theory.

I do wonder what my daughter would have made of the recent debate at the Offices 08 conference at Celtic Manor in Newport. The motion was: this house believes occupiers get a raw deal. The session brought leading occupiers and developers and their advisers together in a head-on debate.

The outcome was a nine-to-one thrashing of the occupiers. I think my daughter would have been right to ask, 'Daddy, why don't those people seem to be listening to their customers?'

I have been reflecting on the debate and what it says about our industry.

I recently visited Hammerson and Land Securities' Cabot Circus shopping centre and mixed-use scheme in Bristol and had my breath taken away by the ingenuity on display.

Its joint developers say: 'Retail development is a long-term business.' They have recognised that their businesses will only thrive if they build long-term relationships with retailers.

Don't get me wrong, I do not underestimate the entrepreneurship, vision and hard work required to be a property developer. But the evidence suggests that this approach is still not typical.

The results of the UK Occupier Satisfaction Index 2008, sponsored by the Property Industry Alliance and CoreNet Global UK – available at www.occupier-satisfaction.co.uk – suggest the gap between what occupiers want and what they perceive is being supplied is still wide, albeit closing slowly.

Can our industry be comfortable with the fact that only one in four occupiers polled believed the

property industry understands their needs well?

On the positive side, I am encouraged by the forming of the Owners' and Occupiers' Property Forum and spate of high-level meetings taking place between representatives of the big retailers and property owners.

From conversations with prominent office and industrial occupiers, I detect a similar wish for a forum to explore these issues with owners and investors.

Returning to the Offices 08 debate, I am reminded of the quote by Robert Schuller that 'big egos have little ears'. As an industry, we have a lot to learn about the art of listening, so here are a few tips for enhancing business relationships in this new economic era.

ASK BIG QUESTIONS

Is your understanding of occupiers still wired to the world prior to the financial crisis of 2008? If so, it is time to challenge everything that you know about what occupiers want. It is time to get out and ask some big questions of your existing and potential customers – for instance, how can we make a difference to your business?

LISTEN CAREFULLY

Do not be tempted to defend the old property business model. The world where capital values, rents and service charges only go upwards is over. The key to retaining the occupiers you have and earning respect and – potentially new business – will come with your willingness to listen carefully and convert simple requests such as, 'I want cost certainty', into a profitable business model.

EMPATHY ESSENTIAL

Empathy – the ability to imagine oneself in another's place and understand the other's feelings, desires, ideas, and actions – is an essential skill for the new era.

In my many discussions with occupiers, what I hear them say

is: stand in my shoes, see the world from my perspective and use your skills to provide solutions that are cost-effective and delivered well.

LOYALTY REPAID

Another early casualty of the financial crisis can be loyalty, as self-preservation replaces duty to one's customers or suppliers.

I believe that those who show loyalty in times of crisis are likely to be repaid handsomely, and I have spoken with many occupiers that admit to keeping a little black book of landlords that they would not do business with again.

Now is the right time to find out whether your biggest customers see you as friend or foe.

CONSISTENT VALUES

Your occupier customers will be watching you carefully in the next few months to see what you stand for, now that times have got tough. Landlords and managing agents take note: occupiers expect that you will revert to type and any talk of partnership will be dropped faster than a package of toxic debt.

It's time to demonstrate that you stand by your commitment to customer service.

BENEFICIAL RELATIONSHIPS

The overpowering message from occupiers at the Offices 08 conference was: 'If we build a sensible and mutually beneficial relationship, we stand an even chance of doing more business together.'

Encouragingly, I heard platform speakers including outgoing British Land chief executive Stephen Hester, Toby Courtauld of Great Portland Estates and Mike Hussey of Land Securities echo this sentiment. The coming months will reveal whether others have got the message.

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