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Creating a Culture of Commitment and Confidence

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Single-family homebuilders wishing to instigate company-wide culture changes can now tear a page from the multifamily industry's playbook and run with it. Over the last several years, multifamily REITs have been abandoning old line operations and opting instead for a sales-forward philosophy in their organizations with employees at every level. The intent behind this strategy is to create a culture of commitment and confidence throughout the organization.

Although this concept may not be foreign to homebuilding, the multifamily industry has identified some important methods and initiatives for embracing this culture and driving it further. They are based on: (1) defining realistic business success; (2) articulating a clear mandate for all to follow; and (3) recognizing that company cultures are changed by motivating everyone in the organization to break from the status quo. Recent discussions with single-family industry leaders validate the merit of this approach.

AvalonBay Sets the Tone

In the early 1990's, executive leadership at AvalonBay took what was then a fresh approach and committed to defining what their company was and how they were different in meaningful ways from their competitors in each of their target markets. Leaders experimented with new business models, which inspired a whole creative class of employees to develop new ideas and solutions. For example, leadership realized the

need to listen carefully to their customers and steer away from the traditional apartment “order-taking culture.” Building on an idea from the tech department, AvalonBay took a chance on a new innovation: installing kiosks in the common areas of each apartment building. This allowed the tenants’ voices to be heard loud and clear. It also became the nexus of a centralized database that held service requests and suggestions.

AvalonBay also committed to utilizing the sales and marketing team in a whole new way. Executives recognized the need to build trust within the legions of apartment site managers, and to that end, the company’s vice president of marketing refreshed brand training with all associates by visiting sites and conducting trainings with a new format at company-wide quarterly meetings. Their new mantra was “Time Well Spent”, which focused on customer service and included giving direction to each community team as to how to adopt this conceptual strategy into their day-to-day activities. Today, Avalon no longer “scripts” their associates. Indeed, at the core of its company culture is the universal practice of the “Time Well Spent” message and each employee is adept at highlighting AvalonBay’s differentiating characteristics – location, service, and amenities – to the customer.

Adding to this new approach, AvalonBay’s marketing group identified another opportunity to engage the site teams. Apartment managers had financial responsibility for the marketing function (signage, print ads, promotions, etc.) of their respective sites. In concert with regional operations managers, the vice president of sales and marketing met with each of them in order to examine the unique strengths, weaknesses, opportunities, and threats for each of their “investments” in marketing. This served to validate the manager’s specific wisdom and knowledge, while at the same time enlightening them to the value other more wide-reaching resources. Additionally, by working with the managers in their comfort zone and bringing the team into the decision process, trust and confidence was successfully engendered throughout the organization. This process of analysis continues to be shared by the company’s managers and marketing function today.

Establishing the Foundation for a Successful Company Culture

Colleen Lambros of the Irvine Company straddles both the single-family and multifamily sectors as the senior vice president of sales and marketing. She was tasked with the challenge of infusing the company’s vision of commitment beyond the executive team into every level of the organization. Colleen, a key player/influencer, sees herself as that liaison and is passionate about “the delivery of human capital into the product.” According to Colleen, achieving this goal depended on “every person in the organization recognizing that they are sales associates and vital to the performance of the product and the company.” Putting thought into action, Colleen had a coffee visit with every single person on each project site, an effort that took all year. Attesting to her diligence, Colleen continues this practice today. Colleen also began sending out update emails twice a month to everyone in the organization to make sure that they are included in the company’s internal loop in regards to issues such as new initiatives or product changes. This effectively casts a bright light on each employee’s contribution and the importance of their role, communicating their positive performance and behavior throughout the

entire organization. “People are motivated by wanting to be in the know, and they want content and information to be unique, tailored specifically to them,” Colleen said. “Staying informed makes them feel they are important and confident. Confidence breeds commitment.”

The company’s culture can also be sustained in how it recruits new talent. Colleen and others have stressed that the interview process should seek to identify individuals who demonstrate the culture that the company is trying to create and sustain. By asking questions such as, “Are you open to change?” or “Are you open to moving?” one can uncover the applicant’s “soft” attributes over and above their skills and competencies.

Homebuilder Adoption

Success stories among the homebuilders run along the same vein. Many see 2012 as the year to revitalize and gear up to compete. Beyond the importance of maximizing technological resources and striving for operational excellence, some homebuilders are clearly focused on the inherent importance of company culture. In fact, many recognize that fine tuning organizational efficiency is really the tweaking of the entire organization into a top line “sales” team.

George Casey, CEO of Orleans Homes, for example, has re-cast the bankrupt homebuilder/developer into a 93-year old start-up, infusing “Silicon Valley start-up energy” into every aspect of the business. George and his team formulated a clearly articulated mission: focus on what the entire company does well and put that into a plan for becoming a prototype 21st century company. He said he wanted to bring out the entrepreneur that resides in each and every employee on the team, and brought them into discussions that centered on the reality that operating on price and house design is not enough to compete meaningfully in their new marketplace. This energetic, positive buzz was infectious and united everyone in finding new innovative and cost-effective approaches, from product design to marketing strategies. The Orleans Homes’ team talked to their clients and compared homebuyer’s specific needs with their product. George urged his company to become the “Trader Joes” of communities. Just like AvalonBay, by unifying the team around the quality of the customer experience, the culture of Orleans Homes is becoming one of confidence and commitment.

SummerHill Homes CEO Robert Freed took a unique approach towards creating a culture of confidence and commitment. “After surrounding myself with people who are comfortable being accountable, I give them responsibility and then get out of their way,” Robert said. Accountability, he added, includes sharing and promoting the successes of all the team members. He stresses the importance of letting everyone know who the drivers of success have been.

“Instead of barking directions, I set the stage by explaining the challenges and ask the team how they will deal with them,” Robert continued. “I want to make sure they adopt a real strategy and not just fill a business plan hole. It’s also important that they understand that there are no bad ideas – we have a “safe” creative environment that embraces candor and dialogue. But if you are on my team, you need to be open and challenge me.” Robert is quick to emphasize that once he has given his team the

authority to act on their responsibilities, he too remains accountable all the way through. He even “tests” them by throwing out a “bone head idea” once in a while to see if they will push back.

Robert stresses the importance of communication and has actually modified his communication style after gleaning input from the people he works with. “I have found that I need to be crystal clear with what I am thinking,” he said. Very importantly, Robert says he has no room for distasteful or counterproductive approaches, such as those he was exposed to in the past as a member of the legions of a national builder. “I have learned you can undermine goodwill more quickly than you can create it,” he added.

By keeping an eye on their “cousins” (the multifamily industry), today’s homebuilders can follow some clear strategies to engage employees in a way that engenders confidence and commitment. By communicating clear mandates and messages that everyone can articulate, and by taking the contributions of employees seriously, homebuilders can benefit from the positive characteristics of company cultures, key to employee engagement and retention.

About Stephanie Pearson

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