

The Changing Strata Management Landscape

By Gary Bugden*

There can be little doubt that strata management, like most other business sectors, is entering a period where review and renewal will be the secret to future success, if not to very survival.

In recent years businesses world-wide have been challenged like never before. Strategic reassessment and structural change has occurred in virtually every sector. The drivers of this have been such things as globalization, changes in economic fundamentals, generational change (X, Y, Z and the scary Millennials), increased regulation, climate change, demographic change, changing market expectations and behaviour, increased risks and the technology revolution.

The technology revolution alone has challenged the very existence of business institutions (such as those in the print media, computer hardware manufacturing and photographic supply) which have been the cornerstone of our daily lives for decades. And as generational change, further technological advances and digitally focused legislative reform converge over the next few years we are likely to see an entirely new strata management landscape emerge.

The features of this landscape may well be –

- Different, more innovative, service offerings
- Better customer service
- Better people management
- More open communications
- Increased transparency

Of course, these are the features of a more professional service offering, which makes the current push by Strata Community Australia to professionalize strata management, strategically relevant to the future success of the sector.

Service offerings

The service offerings of most strata managers have not changed much in the past 50 years. However, for some time now there have been signs of dissatisfaction among the traditional client base of the sector. To some degree this was demonstrated in the recent City Futures survey undertaken in New South Wales where significant dissatisfaction was evident. Strata managers often explain this away as owners not understanding the role of the strata manager, but it may be that the managers do not understand the role that unit owners are looking for from them.

I would go so far as to suggest that owners do not want a “one size fits all” approach by strata managers. Many want to determine the type and depth of service they receive. Some will be happy with the traditional focus on governance, secretarial and accounting matters while others will want

more emphasis on asset management, which after all, is what the owners corporation is all about. Some will even want to share the governance and management process with the manager.

Satisfying any such demand will be a challenge. Staffing, office procedures and technology will all need to change, as will the current revenue model. Those strata managers who meet this challenge may well find handsome rewards.

Better customer service

How to provide “more for less”? That will be the challenge over the coming decade. I have maintained for some time (to the disagreement of many) that the solution will be to drive cultural change through the sector so that owners and tenants “self-serve” in relation to a wide range of matters. This is what the banks did to the banking industry in the past decade and that is what strata managers must do in order to survive and prosper.

Driving owners to self-serve in areas appropriate for self-service will free up managers to focus more on managing the owners corporation’s assets and interacting more with committee members and owners to contribute to a more harmonious living environment for them.

Better people management

People management is a key component of strata management and customer service. Some managers are experts at people management while others need to lift their game, some substantially. This is one area where the efforts of strata managers are really appreciated by owners and where tangible outcomes result, such as high client satisfaction and peace and harmony within the building or community. The challenge for the future will be dealing with the differing expectations of the generational mixes. This will have to be dealt with at two levels – within the manager’s workplace and within the buildings and communities that they manage.

Senior management must be able to satisfy the aspirations and triggers for job satisfaction of the various generations in their workforce and the workforce itself will need to deal with a mix of generations and family units within a building or community. Staffing and training will be critical to success in this area.

Communications

To a large degree communications, customer service and transparency go hand in hand. They are all targeted at client satisfaction, which is the key to client retention. Owners and tenants are heavily dependent on the strata manager for information and guidance. Some managers meet this demand by providing easy access to owners corporation information and general advice about strata living. This is increasingly being provided by means of the internet and some managers have invested heavily in providing excellent facilities. Other managers have even invested in regular client seminars targeting areas of interest.

As the younger generations start to dominate their owners corporations, communications and transparency will become critical aspects of the strata manager's service offering. Those managers who have moved early to satisfy this demand will benefit to the detriment of those who fail to recognize, or ignore, the need.

So the message is clear. The strata management sector is not immune from what is happening in the broader business community. Things are changing and strata managers need to ensure that they keep up with the changes. Some of these changes will be structural in nature and will require a fundamental re-think of what strata management services are offered and how they are delivered. Those management companies that invest in change will improve their chances of success and, possibly, ensure their very survival. They may even reap huge rewards.

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