

CUSTOMER SERVICE

Keeping Them Happy

American Communities' repositioning strategy underscores its commitment to first-rate onsite management.





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It's generally easy to spot a community that is ripe for repositioning. The appearance might be lackluster or severely outdated. A cosmetic makeover might seem like all it would take to make it more appealing to prospective residents.

American Communities, a small and growing Dallas/Fort Worth-based apartment management company, doesn't jump in with a paintbrush in one hand and a hammer in the other. It is thriving today through its ability to reposition communities' management and customer service functions. That's its value-add play strategy.

"Sometimes properties don't need a lot of work on the front end," American Communities' CEO and President Ronny Guerrero says. "We certainly visit and inspect the property. We look at the pool's condition, hire for a paint job and do landscaping if it's needed, or touch up the interiors, but we find the real value-add comes from upgrading the way the property is being managed."

Guerrero says he would rather invest in great staff members. "That's what lasts. That's what keeps them in the apartment. Sometimes the value-add in the minds of the residents doesn't cost us a penny."

Guerrero asks, "What's the point in buying a property and saying that you invested \$5,000 or \$10,000 per residence to fix it up if you don't improve the customer service? Besides, a few years later, when the residence wears out, it'll look just like what it did when you bought it."

Speak to the Residents

Guerrero says his acquisition due diligence starts with mystery shops; he's done as many as 24 on one community before deciding to purchase it. "When we buy communities and speak to the residents, a lot of times they will tell us, 'I don't want a new stove, I just want someone who I can count on to fix my toilet



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American Communities aims to grow its portfolio to 10,000 units.

on time,” he says.

Some mystery shops reveal that the management team is doing a great job, Guerrero says. “Other times, not so much,” he adds. “The leasing agents might tell the testers, ‘Nothing is available’ or, ‘Nothing is ready to be seen right now.’ Some don’t even ask these prospective residents for their phone numbers. That tells me a lot: It’s a great opportunity for improvement.”

Growing Its Reputation

According to Guerrero, American Communities seeks to grow to 7,000 to 10,000 units in the near future. It typically purchases C+ communities in B+ locations with the intent of bringing them to B+ communities. That is part of seven acquisitions conducted in the past 18 months. In August, it acquired three properties in a 28-day span (two communities in Plano, Texas, and one in Irving, Texas).

“From the moment we make the purchase, we make sure the residents realize that American Communities has arrived and is there to take care of the residents,” says Guerrero, a 16-year industry veteran who founded the company in January 2012. “We bring in our best onsite management staff from some of our nearby communities for the short-term to help train the new hires and to get things

up and running.”

Guerrero says his community takeovers rank this way: First the staff, then residents and then the property.

Guerrero says one of the first things its onsite team does is assess any outstanding work orders. “The goal is to work until there are none—period,” he says. “We classify any outstanding work as either emergency or non-emergency. If we find out that someone had been complaining about their air conditioner for three months, then that is an emergency.”

Lisa Holcomb, Chief Operating Officer at American Communities, says, “Within hours of closing on the properties, our maintenance team was onsite to complete needed repairs. One of the properties closed their pool during the summer, and within two days we had it back up and running for residents. When American Communities buys a property, we want everyone to know they’ll enjoy immediate improvements and responsiveness. We’re building a brand based on the kind of customer service that has become a rarity from property managers.”

American Communities’ staff also holds an “idea lab” to brainstorm and exchange great ideas on ways it can improve the community.

Guerrero says that right now his company is laser-focused on being one of the best in this market.

“We chose American Communities as our name because we wanted to show that we’re going coast to coast,” Guerrero says. “We use Bel Air as the flagship name for each of our properties. That is a recognizable name that stands for high-quality.”

Guerrero adds, “We’re not just transforming our properties, we’re transforming the way the multifamily housing industry conducts business. We’ve developed a business system that is unique to our industry. This process has already attracted a lot of attention. But we’ve turned away equity opportunities because their business objectives didn’t align with our vision of the American Communities brand.” —P.B.