

National Apartment Association Education Institute

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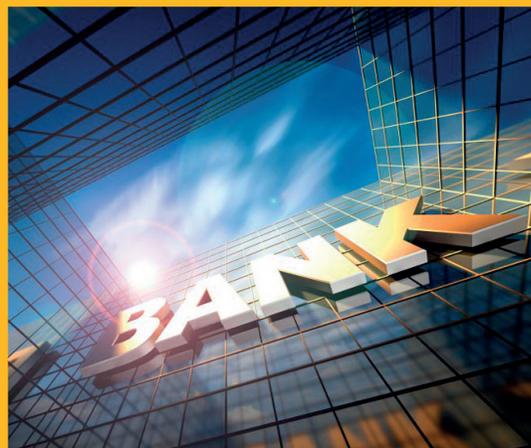


CERTIFIED APARTMENT
PORTFOLIO SUPERVISOR®



TALENT DEVELOPMENT

Instructor Guide



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Acknowledgments

SUBJECT MATTER EXPERTS

The NAA Education Institute wishes to thank the following apartment industry professionals for contributing their time and expertise to the rewrite of the Certified Apartment Portfolio Supervisor curriculum. Mindy McCorkle, CAM, CAPS, served as the lead CAPS subject matter expert. She also pilot tested CAPS at NAAEI and at the Houston Apartment Association. Mindy worked tirelessly over many months to take CAPS to the next level. The NAAEI Board of Directors and staff recognize and thank Mindy for the many hours she spent developing the new edition of CAPS.

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Further Acknowledgments

The National Apartment Association Education Institute acknowledges the contributions of countless volunteers who made this program possible. We extend our thanks to all and pledge to maintain the CAPS credential as the premier standard apartment industry training program for all apartment portfolio supervisors.

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Instructor Guide Introduction

The National Apartment Association thanks you for your time, talent, and expertise in training and developing the next generation of Certified Apartment Portfolio Supervisors.

Whether you're a subject matter expert or lay person...a seasoned instructor or a new teacher...this guide will help you become an even more engaging and effective trainer.

Fast Facts: Talent Development

COURSE TYPE

- Instructor-led classroom training
- Uses presentations and individual learning activities to teach the course material

COURSE MATERIALS

- This instructor guide
- The Talent Development Participant Guide
- The Talent Development PowerPoint Slides
- The CAPS Training Activities Book

COURSE LENGTH

Approximately four to five hours

WHERE THIS COURSE FITS IN THE CAPS TRAINING CURRICULUM

Talent Development is the fifth course in the CAPS training series. Here's how the entire series lays out:

1. Client Services and Stakeholder Relations
2. Investment Management
3. Improving Asset Performance
4. Asset Evaluation and Preservation
5. Talent Development
6. Contemporary Issues in Multifamily Housing

Instructor Guide Features

PARTICIPATION PROMPTS

Within the text of this instructor guide, you will find a few optional participation prompts. These prompts are merely suggestions, and are there to help facilitate conversation and engagement in the classroom.

These participation prompts will look like this:



Participation Prompt

These prompts will contain questions to prod the participants into thinking about the issues you're covering.

Activity Instructor Notes

Activities are included in this instructor guide in the places where they should occur. Along with those activities, there are Instructor Notes. These notes give you a bit of information about the structure of the activity (activity type, approximate time), as well as some suggestions for responding to participants' input and facilitating further discussion. Some suggested answers are provided to stimulate participant answers. These instructor notes will look like this:

Instructor Notes

Activity Type: Individual

Approximate Time: 10-15 minutes

5-10 minutes - Activity

5 minutes - Discussion

There will be notes here that are designed to help facilitate discussion of participants' responses.



Message to Apartment Portfolio Supervisors

Optimum property performance depends on having high-performing site teams. While community managers have the most day-to-day responsibility for managing their site teams, the CAPS plays a crucial role in monitoring that performance, and remediating when necessary. In some situations, the CAPS may step forward and take on a central role, such as during property sales, or when making employment termination decisions.

Moving from managing a single property to managing multiple property teams (often at a distance) presents a new set of challenges for many CAPS. They will need to adapt to these new challenges in order to develop and maintain qualified team members and top-notch site teams.

The Certified Apartment Portfolio Supervisor (CAPS) training program is designed to prepare CAPS for the challenge of managing a portfolio of properties.

Talent Development is one module in the CAPS credential program.

The complete set of CAPS modules is:

- 1. Client Services and Stakeholder Relations**
- 2. Investment Management**
- 3. Improving Asset Performance**
- 4. Asset Evaluation and Preservation**
- 5. Talent Development**
- 6. Contemporary Issues in Multifamily Housing**

For more information about this program or any of NAAEI's education programs, ask your instructor, contact your local apartment association, or contact **NAAEI** at **(703) 518-6141** or **education@naahq.org**.

Module Structure and Timing

This module will run for approximately four to five hours. Each module will include a mix of activities, discussions, watching videos, and slides. Your instructor will lead the discussions and walk you through the course.

The time structure of the course will be:

Section	Time
Section 1 - The CAPS Role in Talent Development	20 minutes
Section 2 - Managing Through the Employee Cycle	160 minutes
Activity: Involuntary Separation	20 minutes
Section 3 - Managing During a Property Sale	30 minutes
Activity: Managing During the Sale	25 minutes

Introductions

Welcome to the **Talent Development** module, part of the National Apartment Association Education Institute's Certified Apartment Portfolio Supervisor (CAPS) credential program!

Your instructor will ask you to participate in the following activity:

Introduce yourself to the group and answer the following questions:

- **Have you ever managed (or been managed by) someone who did not work in the same location as you?**
- **How do you think managing at a distance might be different from managing people in the same location?**
- **Name some things that you see as required in order to have a site team that functions well together.**
- **How would you recognize if they weren't functioning well?**

[if the class is large, then participants may do this activity in smaller groups]

Learning Goals

At the end of this module, you will be able to:

- **Maintain open and productive communication with site teams, even when they are geographically distant from you.**
- **Manage team members who may have more expertise than you do.**
- **Understand the role you play in retaining valuable, high-performing team members.**
- **Ensure that your site team recruits qualified candidates in a legally compliant manner.**
- **Ensure that your site team members:**
 - Are sufficiently trained and integrated into the team.
 - Function well as a team.
 - Receive the mentoring, coaching, and feedback they need to grow as professionals.
 - Are treated in a manner that is both fair and dignified should discipline or separation become necessary.
- **Manage site teams during a property sale, whether you are on the seller's side or the buyer's side.**



Section 1 - The CAPS Role in Talent Development

Slide 4

Most CAPS have significant apartment community management experience by the time they get to the portfolio supervision level. That experience provides a firm basis for understanding the obstacles and needs faced by the community managers they'll be coaching and supervising.

There are some unique challenges at this level, however. The fact that the CAPS is responsible for multiple properties (possibly spread over great distances) means they'll have to become adept at delegating and building relationships from a distance, and under time and priority constraints that weren't as much of an issue at the single property level. In addition, they'll have to master the art of managing people who often have more expertise than they do.

Topics Covered:

- Managing From a Distance.
- Managing When You're Not the Expert.
- Legal Issues.



Slide 5

MANAGING FROM A DISTANCE



Participation Prompt

How do you manage people you don't interact with in person? What challenges do you face? How do you build trust? How do you set expectations?

By the time a management professional reaches the CAPS level, they have likely had significant experience managing others already. Much of the experience of managing people as a new CAPS will be familiar, but there are also some unique challenges CAPS face that community managers do not.

Most of these challenges stem from the need to manage people from a distance. Because the CAPS manages teams at multiple properties, sometimes over a broad geographical area, they are away from any given property more often than not. This distance can make communication difficult, and since communication is critical for effective management of work teams, the CAPS has a particularly difficult obstacle to overcome to ensure that all of the property site teams have the resources and guidance they need.

Because they can't have that in-person contact every day, it's extremely important for the CAPS to build a level of trust with their site teams, especially with their community managers. One often underestimated challenge arises when the CAPS is promoted from within and is now supervising individuals that previously were peers. This situation can be made even more troublesome by disappointed managers who did not get promoted and by new supervisors not sure how they should interact with their friends.

Maintaining productive working relationships with these former peers as well as new colleagues requires dealing with people as individuals. Each person will have their own unique set of capabilities and weaknesses, and the CAPS needs to be familiar with them to delegate effectively.

Frequent and open communication is a must. The CAPS should talk with community managers by phone or email at least once a week. Some community managers will require (or prefer) even more frequent contact. The CAPS needs to be open to receiving and initiating those conversations as often as needed. The community managers and the site teams they manage need to trust that their concerns and needs are heard and addressed.

The CAPS should also consider checking in with community managers just to touch base occasionally—not just when they need something or when something is wrong. When juggling a demanding schedule, it’s easy to fall into the habit of only contacting the site team when something bad happens, but keeping that line of communication open at all times is an opportunity for critical relationship building.

Even from a distance, the CAPS can help guide site teams effectively by setting clear expectations for performance. Measurable goals that stretch the site team’s skills while still being achievable help to keep teams motivated and engaged. These goals should be guided by the owner’s overall goals for the property.

Ultimately, there is no real substitute for visiting the property. You can only do so much relationship building at a distance, and the CAPS should make an effort to get out of the office and visit their site teams as often as possible. Depending on the geographical spread of the portfolio, site visits can get expensive, so the CAPS will need to think strategically about travel. There will be times when certain properties have a greater need for in-person attention than others, and the CAPS will need to prioritize such visits. In general, properties experiencing financial performance issues will have the highest priority.

When in-person visits aren’t possible, the CAPS should make sure they’re taking full advantage of communication technologies that allow for visual communication. Video chat and live streaming can be valuable communication tools because they allow participants to see facial expressions and body language. In addition, these tools can give the CAPS an immediate way to see (literally) what’s happening at the property.



Slide 6

MANAGING WHEN YOU’RE NOT THE EXPERT



Participation Prompt

How do you set expectations, supervise performance, and build trust with someone when you don’t know how to do their job (and they know you don’t know)?

Because CAPS have usually had significant experience as community managers, they have a level of experience and knowledge that makes them confident of their ability

to guide other community managers through any problems that arise. The CAPS doesn't just interact with community managers, however. Because the maintenance supervisor is such a critical piece of the site management team, the CAPS will also have significant interactions with the person in that role, as well. This can prove challenging because the service manager operates in a domain in which the CAPS may not necessarily be an expert. In fact, in most cases, the service manager will be more knowledgeable about the issues they face than the CAPS will be.

Getting to know your staff, building trust, and encouraging open communication are valuable endeavors no matter which team members you're managing. With service managers, however, the CAPS may need to put in a little extra work in order to provide them with the supervision and guidance they need.

Here are some tips that may help:

- Be aware of the limits of your own knowledge. Recognize when the person who reports to you knows more than you do about the issue at hand.
- Make an effort to learn a little. It's not realistic for a CAPS to learn everything there is to know about maintenance, but it is realistic and helpful to learn a few things. Go out with your service teams and learn more about what they do and how they make decisions.
- Identify people you can reach out to if you need a second opinion on a service issue. If your management company has a director of maintenance, you might rely on that person for those questions. Vendors and contractors can be knowledgeable resources, as well, but it's worth keeping in mind that they may not be unbiased; they're invested in getting your business.
- Recognize that maintenance management has unique challenges. Maintenance teams can't always rely on predictable events and repeatable processes. Every work order that comes in is unique in some way, and the maintenance team needs to be able to adapt to each situation as it unfolds.



Slide 7

MANAGING A LEGALLY COMPLIANT WORKPLACE

The site team's working environment is subject to local and federal workplace regulations that govern things like recruiting and hiring, family leave, and workplace safety. It is the CAPS' responsibility to ensure that the community managers at all portfolio properties are running their site teams in compliance with all applicable laws. When in doubt, the CAPS should consult the management company's HR department and legal counsel for guidance on these issues.



Section 2 - Managing Through the Employee Cycle

Slide 8

Whether directly or indirectly, the CAPS has an important role to play at every stage of their team members' cycle of employment. They will work closely with their site teams to ensure that company protocol is followed, that personnel issues are handled in a legally compliant manner, and that teams are well-trained, well-coached, and functioning at optimum performance levels.

Quality, experienced employees are an extremely valuable resource in the apartment management world. Shortages of qualified candidates (and the expense necessary to replace them when they leave) make it worth the CAPS' time to do everything they can to recruit and retain high-performing team members.

Topics Covered:

- The Stakes: Employee Retention.
- The Employee Cycle.
- Recruiting, Interviewing, and Hiring.
- Orientation, Onboarding, and Training.
- Team Building.
- Mentoring, Coaching, and Feedback.
- Disciplining and Separation.

THE STAKES: EMPLOYEE RETENTION



The Bottom Line Is Not the Only Measure of Success

Slide 9

Measuring success as a CAPS is about more than any given time period's key performance indicators. You can have a happy and well-functioning site team at a struggling property that is always going to struggle because of other factors (e.g., location.)

You can also have a property that is performing well despite having an unhappy and unhealthy team. That may not sound like a problem, but it is. Problems in your site teams may show up eventually in bottom line performance. The CAPS needs to be able to spot the signs of a poorly functioning team, even when the property is performing well. Look for signs like increased staff turnover, or even increased resident turnover. When residents sense instability in the site team, they can be less likely to renew their lease.



Manage With Employee Retention in Mind

Slide 10

There are numerous reasons for the CAPS to manage their site teams well that are directly related to property performance, but there is at least one very important indirectly related one, as well: employee retention.

The multifamily housing industry has experienced a shortage of qualified talent, so high-performing employees are an incredibly valuable resource. Replacing them is expensive and time consuming, so it's worth the effort to try to keep as many good employees as you can.

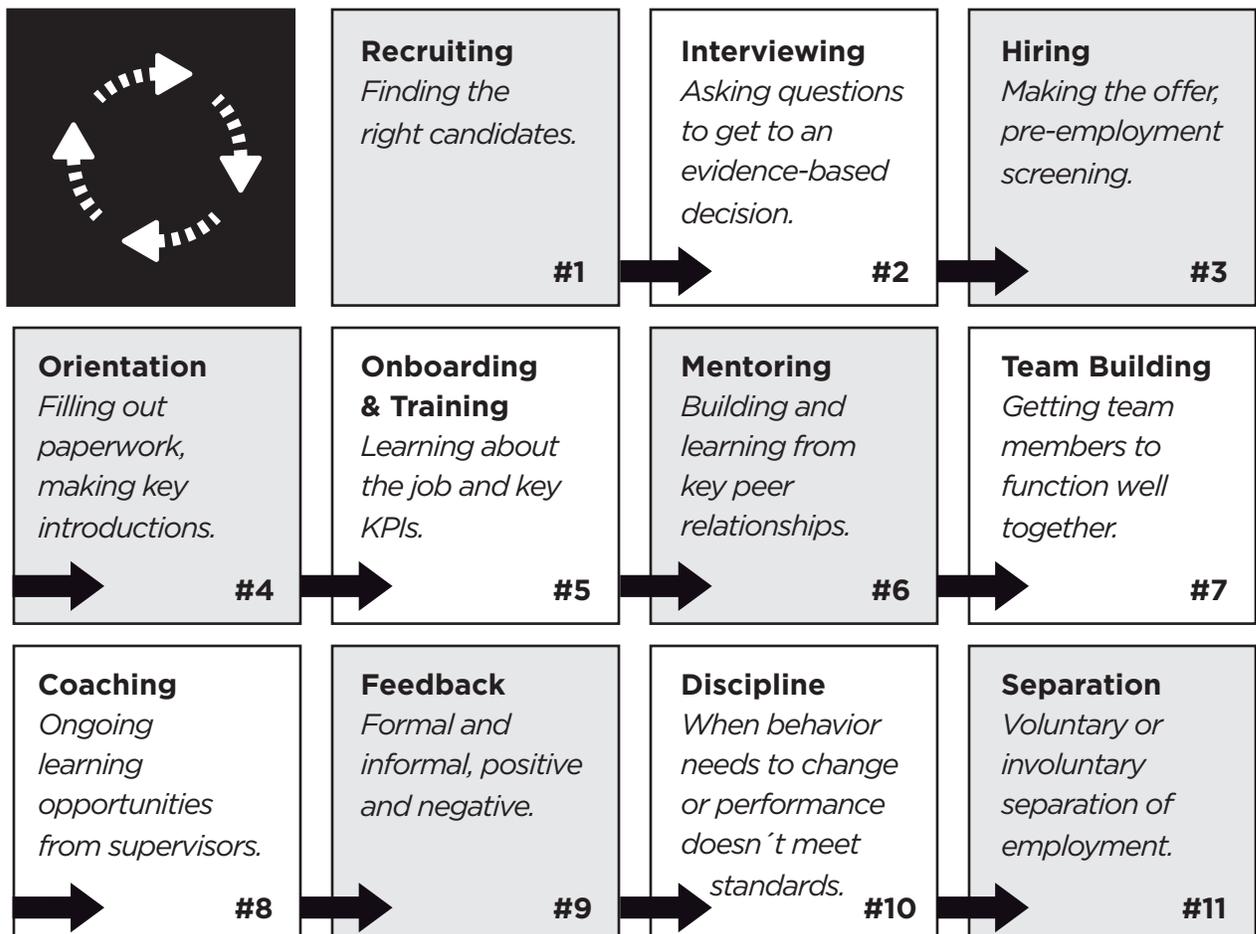
Every staffing decision the CAPS makes throughout every part of the employee cycle can impact the management company's ability to retain good people, so it's critical for the CAPS to understand their role at each of these stages.



THE EMPLOYEE CYCLE

Slides 11 - 15

Qualified employee retention and development are the objectives at every stage of the employee cycle.





Participation Prompt

How is the CAPS involved during each phase? What activities are involved in each phase?



Slide 16

RECRUITING, INTERVIEWING, AND HIRING

The CAPS Role

The role the CAPS plays in the recruiting, interviewing, and hiring process may depend on the size of the management company. Most large management companies have Human Resources departments that set recruiting and hiring policy for the rest of the organization. In smaller companies without a large HR department, or without specific HR processes in place, the CAPS may be more involved in crafting job descriptions, placing ads, and identifying candidates to interview. Regardless of the size of the company, the CAPS will almost always be involved in interviewing community manager and service manager candidates. These are the people the CAPS will directly work with the most, so it's critical for the CAPS to be able to assess those candidates and offer their input on the hiring decision. While the CAPS usually isn't directly involved with interviewing other candidates at the property site level, those hiring decisions—made by the community manager—often require CAPS approval.



Slide 17

Legal Considerations for Recruiting, Interviewing, and Hiring

There are local and federal laws that govern recruiting, interviewing, and hiring practices, and it's important for the CAPS to understand and comply with those laws. Even in large companies with an HR department that handles most of the process, you must know when to do a credit check, or the ways you're allowed to use a criminal background check. It is especially important for CAPS to be familiar questions that are illegal to ask during a job interview. Typically, questions about age, marital and family status, and other similar subject areas are restricted. If questions about legal liability arise, the CAPS should always consult with their HR department and legal counsel.



Slide 18

Where to Find Candidates

Many companies consistently use the same sourcing for candidates based on the position that needs to be filled. Some common places to look are job placement websites, the NAA website, and professional social media websites. There is real value in looking in less obvious places, however, and the CAPS may find it useful to

encourage the management company to recruit from those underutilized options. These may include job fairs, technical colleges, headhunters, and employee referrals (among many others). When recruitment is isolated to the same places every time, the same resumes start to show up every time.



Participation Prompt

What are some different ways you've found candidates?



Slide 19

Qualities of a Good Community Manager Candidate

One of the most important decisions a CAPS can make is who to hire to manage the onsite teams at the properties in their portfolio. The community manager is the person who will work most closely with the CAPS to ensure the effectiveness of the team and the financial performance of the property. A well-written and detailed job description that lists core competencies, as well as specialized skills, certifications, and technical qualifications will help recruit a qualified pool of candidates. At most larger companies, this job description will be written by HR, but the CAPS should have input into that process.

When evaluating the candidates, there are a few things that make a resume stand out above the rest: certifications, industry involvement, and evidence of past ability to meet benchmarks and key performance indicators. With frequent management and ownership changes in the multifamily industry, frequent job changes or brief periods of unemployment may not be considered automatic red flags. Management and ownership changes frequently in the multifamily housing industry, so these patterns shouldn't be considered automatic red flags. The CAPS will want to examine these incidents to make sure they make sense, however. If a candidate appears to have made numerous jumps up and down in the typical career path hierarchy (e.g., community manager to leasing associate, then to assistant community manager), that may signal a problem. A consistent positive trajectory is a sign that things are on the right track with that candidate.



Slide 20

Recruiting From Outside the Multifamily Housing Industry

One of the biggest benefits of recruiting community manager candidates from less traditional sources is the ability to draw from a broader talent pool, which may yield candidates with great aptitude, cultural fit, and related management skills, despite having little or no multifamily housing experience. While it may seem counter-intuitive, some promising candidates may be found this way. Their fresh perspective can be a real boon to a tired site team or old-school processes that need to be refreshed. While an experienced multifamily community manager will bring a lot of skills and industry knowledge to the table, they may also bring a tendency to do things the way they've always done them. This can make it hard to adjust to a new environment where the culture or focus may be unfamiliar.

When recruiting a community manager candidate from outside the industry, you will want to look for skills and competencies that are easily translatable: leadership and communication skills, business knowledge, management experience, adaptability to new situations and priorities, and financial acumen. Financial competency is especially important. Whatever industry they come from, they should have significant experience with the financial piece of that industry.

There are some aspects of the multifamily housing industry that are particularly difficult to translate for community managers coming from other industries, so the CAPS will need to make sure that person is well trained and prepared to deal with them. Fair Housing laws are the most significant example of this. There is no other industry that has to contend with them. If you hire a new community manager from the retail or hospitality industry, their first instinct will be to make every customer happy, but in the multifamily housing industry, that instinct can leave the management company liable for Fair Housing violations.



Participation Prompt

Have you had experience recruiting from outside the industry? For what positions? How did it work out? What could be some hurdles to consider when hiring from outside the industry?



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Recruiting From Specialized College Degree Programs

Specialized degree programs and community college programs (such as the NAAEI credential programs introduced by a variety of local apartment associations across the country) offer more access to potentially qualified candidates.

A candidate with a specialized degree in multifamily housing management merits strong consideration, but it's also important to remember that there is no substitute for experience. Some things can't be taught well in a classroom setting. It's one thing to learn best practices for problem solving, but it's an entirely different thing to be faced with angry or scared residents who are looking to you to solve a crisis situation. Candidates who come directly from degree programs are sometimes hired for lower level positions and work their way up, rather than moving directly into a community manager role. In other cases, management companies may have intern and mentor programs to bring these graduates up to speed quickly.



Slide 22

Asking the Right Questions in the Interview

The CAPS will want to craft interview questions that fall into two main types:

- Evidence-based (behavior-based): Allows evaluation of how a candidate might behave in specific job situations.
- Company culture: Allows evaluation of how a candidate might fit in with the team and the organization.

A good interview should include plenty of both kinds of questions. Both are critical to evaluating a candidate, and it's easy get too focused on one type of question to the exclusion of the other. This is especially true of company culture questions. It's human nature to be biased in favor of candidates we like on a personal level, so interviewers will sometimes focus on this type of questioning and forget to ask questions that might highlight deficits in the candidate's ability to do the job. A fair rule of thumb would be to anticipate an approximate 50/50 split between evidence-based and company culture-related questions.



Slide 23

Evidence-based (behavior-based) Interview Questions

Evidence-based (behavior-based) questions should be crafted around the job description, and should be designed to elicit specific responses based on the candidate's past experiences. If a candidate mentions benchmarks they met at a past position, ask them how they achieved that benchmark. If a candidate brings up a particularly challenging incident they faced, ask them what they might have done differently and what they learned from that experience. It's not necessary to rely solely on the candidate to relate stories from their past, either. Well-crafted, fictional, scenario-based questions can also be illuminating. These evidence-based questions illustrate how a candidate would react in various situations, and they go beyond whether you like the candidate personally. They get at the real heart of the matter: whether they can do the job. They are also difficult to "game." A good interviewer can usually tell when a candidate is launching into a rehearsed story—and it's almost impossible to rehearse for fictional scenario questions.



Participation Prompt

What are some evidence-based interview questions you could use?



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Company Culture Interview Questions

Company culture questions are a little easier for candidates to "game" (if you specify that you want a high-energy people person in the job listing, the candidate will tell you that they are a high-energy people person), but they are still very important to ask. A candidate may have solid job skills, but be a terrible fit for the team they'd be managing or the organization they'd be joining. Company culture questions that get at the "fit" question can often be used to weed out candidates that are poorly matched for the position, regardless of job skills. A poor fit between a community manager and the site team they manage is bad news for everyone: the team, the management company, the community manager, and any other stakeholders in the financial performance of the property. The ability of the site team to work effectively suffers, and that inefficiency inevitably affects the financial bottom line. Employee turnover may increase, increasing hiring and training costs for the team, and chaotic staffing may leave an unsettling impression on residents, who may be less likely to renew their leases. Moreover, a community manager that is a poor fit for the company can create problems at other properties because they can't be promoted or transferred elsewhere in the organization.

when the need arises. Continuity and camaraderie within a portfolio team—who are spread out geographically—relies on getting that company culture fit right.

Participation Prompt



What do you think “company culture” means? What are some other examples of company culture? What are some company culture interview questions you could use? In addition to specific interview questions, how else might you evaluate a candidate’s potential fit with company culture?



Slide 25

Pre-employment Assessment Tests

Pre-employment assessment tests are relatively common for management roles, and the CAPS should be familiar with company policy on these. Most companies present these assessments as being purely informational, but sometimes the results may cause the HR department to put a halt on hiring a particular person. The CAPS should seek guidance from their HR department as to what they should and should not tell a candidate about the significance or results of such tests.



Slide 26

Offers and Compensation

In some companies any offer of employment must come from the HR department in an official letter. In most cases the offer is contingent upon the completion of other events, such as pre-employment test results, drug screens and criminal background checks.

In addition to the contents of the offer letter, the CAPS needs to know company protocol for determining what compensation will be offered. If an ideal candidate comes through, but needs higher compensation than the budget will allow, how much room does the CAPS have to make that decision? Usually a CAPS will have a certain amount of leeway to find a way to make it work, but it’s important to know just where the line is drawn.

Where that line is drawn may vary based on the size of the company, the details of the Management Agreement, and the relationship of the CAPS to the owner. A CAPS working for a large company may have less authority over such decisions than a CAPS working for a smaller company. Whether the company is small or large, the Management Agreement may contain very specific language that spells out exactly how much room the CAPS or the management company has to exceed budget. If the CAPS works directly for the owner, rather than for a management company, the owner will probably need to be directly involved in that compensation decision.

If the CAPS does have some say over compensation, it’s worth remembering that it can be appropriate to hire someone at a lower rate than budgeted, as well. A candidate with less experience than the person they’re replacing probably doesn’t need to be offered the same salary as the previous employee.



Hiring Residents

Slide 27

There are benefits as well as challenges to be managed when a site team employs a resident, and the CAPS needs to be familiar with them because they'll need to sign off on any such hires.

Most companies have rules (or sometimes strong, unwritten preferences) against hiring residents for jobs like pool monitor or social activity planner, and for good reason. These are jobs that involve telling other residents what to do, limiting their opportunities, and enforcing rules against them. It creates awkwardness and tension because it changes the relationship between the hired resident and their neighbors.

Other positions work well with resident hires, however. Residents often make great leasing agents because the role doesn't set them up to thwart their neighbors, and because they're usually great at selling the most desirable features of the property. They already live there, so they act as walking, talking advertisements, and that can be very convincing to potential residents.

Participation Prompt



Have you had experience with hiring residents?

How do it work out?

Does your company have a policy regarding hiring residents?



ORIENTATION, ONBOARDING, AND TRAINING

Slide 28 *Definitions*

- Orientation: This covers the basics of being an employee of the company. For example, getting employee paperwork together, signing up for benefits, getting to know coworkers and HR representatives.
- Onboarding & Training: This covers learning about the specific job the employee was hired to do. For example, getting familiar with team goals, team processes, and success metrics.



Slide 29

The CAPS Role

In many cases, the CAPS won't be the person doing the orientation or onboarding of new hires. Many companies have standard orientation and onboarding processes they use for all hires, and new hires of site staff below the community manager level will be overseen by that community manager. The CAPS should offer input and feedback on what those processes should be, though. There may be gaps in the standard knowledge transfer and training that new hires go through that are specific to the CAPS' domain, and they'll be responsible for ensuring that their team members get whatever supplemental knowledge and training they need.

The CAPS also needs to ensure that these processes happen before new hires are put out into the field. When positions have been open for awhile, there can be a temptation to rush people into the job and assume they can go through the orientation and training they need later. This is almost always a mistake. The training in these situations usually ends up deferred (sometimes indefinitely), which can result in a new employee being overwhelmed, unhappy, and unlikely to develop with the team in a positive way. That lack of training can also leave the company vulnerable to Fair Housing and other legal liabilities. It's not a positive situation for the property, the team, or the new employee.



Slide 30

Online Learning and Learning Management Systems for Training

Many companies use learning management systems to help train employees. The CAPS should be familiar with what these systems offer so they can make optimal use of them.

Learning management systems help customize training based on the needs of the individual employee. These online courses can be taken at times that are convenient to the learner, and can cover as much or as little as they need to learn. They also help track team learning, and provide documentation of necessary training (e.g., Fair Housing compliance training.)

Many of these learning management systems allow for the assignment of courses as part of the feedback and performance review process. In consultation with the community manager, the CAPS can assign a training refresher for employees who need one. Not all employees respond well to online training, though. If the CAPS or the community manager notices that an employee is having a problem with a particular skill and the online training doesn't seem to be helping, they may have to come up with other solutions to the problem.



Slide 31

Training as an Opportunity

It can be easy for employees to mistake remedial training for punishment, but you want to avoid giving that impression. You want to get the employee's full engagement for the training, and the best way to do that is to present it in a non-punitive way. Training should be framed as an opportunity for the employee to grow and excel in their role. Approaching the employee from a position of positivity is part of what makes a CAPS a good coach.

TEAM BUILDING



Slide 32

The CAPS Role in Team Building

As a leader, any assessment of your performance will be affected by how your site teams perform.

While much of the day-to-day work of onsite team building will be done by the community managers, it is important for the CAPS to understand and model how good teams are built, because it is the job of the CAPS to monitor and support the success of those efforts. This involves keeping open lines of communication with the community managers, and getting to know those managers well enough to trust their perception and decisions.

In practical terms, the CAPS needs to ensure that the community managers stay engaged in the effort to build highly functional teams. The community managers need to encourage communication and feedback (in both directions), meet with their teams regularly, and be aware enough to recognize when problems crop up. If the community managers are unable to do these things, the site teams can underperform, damaging the performance of the properties, and reflecting poorly on the CAPS' leadership.



Slide 33

Building Strong Teams

Teams are more than just a set of individuals working on their own separate tasks. Teams have common objectives, and in order to meet them, they are mutually dependent upon each other and accountable to each other. Each person needs to

understand how they fit into the big picture, and how their work affects the work of other team members.

Optimally-functioning teams have four key competencies:

- Team awareness: Team members understand each other's strengths, weaknesses, and morale level. They are also well versed in their common purpose and strategy.
- Team management: Team members trust and respect each other, are aware of each other's roles and responsibilities, and are able to communicate with each other in an open and honest way.
- Organizational awareness: Team members understand how the team fits into and supports the larger organization (the management company) and its goals. They know who their internal and external customers are, and they're aware of any organizational politics that might affect their ability to serve those customers.
- Organizational management: The team develops good working relationships with other teams within the organization, and is able to communicate with them and solve conflicts in a prompt and respectful way.



Strong teams are good at avoiding common pitfalls that create discord, conflict, and confusion. These can lower everyone's morale and keep people from being fully engaged in the team's common goals. Keep an eye out for these common red flags:

- Loss of clear purpose and mission.
- Unconstrained egos.
- Lack of trust and respect.
- Unresolved conflicts.
- Lack of clarity around responsibilities.
- Prioritizing personal goals over team goals.
- Lack of communication.
- Poor leadership.



Participation Prompt

Have you encountered any of these team-building red flags?
If so, how were they resolved?



Functional teams generally go through four main stages of development:

- Forming: Team members get acquainted and clarify the task at hand.
- Storming: Expressions of different viewpoints are encouraged; conflicts emerge and are resolved.
- Norming: The team establishes standards for its performance and develops unwritten rules that govern individuals' behavior.
- Performing: At this stage, the team is working well together and achieving their shared team objectives.

This is not necessarily a one-time process. Teams may cycle through these stages multiple times depending on the composition of the team and the issues they face.



The CAPS and the community manager can help teams get through all of these stages by:

- Encouraging open communication.
- Providing guidance and structure.
- Developing an atmosphere of trust and respect.
- Encouraging open input and collaborative problem-solving.
- Delegating and increasing responsibility.
- Giving positive, constructive coaching and feedback.
- Encouraging team members' self-assessment.



Participation Prompt

When you've had a poorly functioning team, what steps did you take to rectify the situation?

What other team building challenges have you faced?

MENTORING, COACHING, AND FEEDBACK



Video Clip

Starting with a team member's strengths instead of their weaknesses leads to a successful coaching interaction, and a successful marketing project.



Mentoring, coaching, and feedback are related, but different, concepts. They each serve a distinct purpose, and are often done by different people. Below is a chart that details the overlaps and the differences between these three ideas:

Mentoring	Coaching	Feedback/Performance Review
Definition		
Mentoring is ongoing and involves much more than simply learning a task or specific skill. Mentoring is about a relationship. It can be both professional and personal.	Coaching is about skills and knowledge acquisition. Although it may involve the personal, the primary focus is professional. In many ways, coaching is like teaching on a one-on-one or small group basis.	Feedback is ongoing discussion about performance levels (good and bad), sometimes planned but often organic. Performance reviews are formal written assessments of an individual's performance, including areas where the associate excels, and areas of opportunity to improve.
Who		
Mentoring is typically a peer or someone of the mentee's choosing. The CAPS is rarely in this role unless mentoring another CAPS.	A coach is typically the supervisor or someone with more seniority or a higher level position. The CAPS may frequently be in this role.	Feedback and performance reviews are almost always given by the employee's direct supervisor. The CAPS will almost always take on this role.
Characteristics		
Relationship-oriented.	Task-oriented.	Task-oriented.

Continued on next page

Mentoring	Coaching	Feedback/Performance Review
Characteristics		
Long-term and ongoing.	Short-term and as-needed.	Long-term. As-needed and at regular, scheduled intervals.
Development-driven.	Performance-driven.	Primarily performance-driven, but can touch upon development.
Difficult to quantify.	Easily evaluated as ROI.	Some aspects easily evaluated as ROI, while others are more difficult to quantify.
Does not rely on performance management systems.	Relies on performance management systems such as 360s, performance reviews, etc.	Is part of performance management systems.
Some focus on both business and personal.	Focuses primarily on business issues.	Focuses primarily on business issues.
Never remedial.	Can be done for remedial purposes.	Can be remedial (negative) or positive.
Mentors are rarely the mentee's direct supervisor.	Can be the coachee's direct supervisor.	Almost always the employee's direct supervisor.
Bi-directional.	Uni-directional.	Primarily uni-directional.
Concerned about personal transformation.	Concerned about behavior transformation.	Primarily concerned about behavior transformation, but can touch on personal development.
Relationship may be formal or informal.	Relationship is formal.	Relationship is formal.
Process may be formal or informal.	Process may be formal or informal.	Process is usually formal.

It's important for the CAPS to know the difference between these concepts so they understand their role. CAPS rarely serve as mentors (except occasionally for other CAPS), but coaching and giving feedback are integral to their day-to-day work. Even in cases where the CAPS is not directly responsible for providing mentoring, coaching, or feedback, it still remains the CAPS' responsibility to ensure that all three are happening on their teams.

Note: Document any coaching or feedback interaction that you think you might want to bring up in a performance review later (positive and negative). This documentation will be useful later when you want to arrange commendations, promotions, discipline, or separation.



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The CAPS Role in the Mentoring Process

Although the CAPS rarely serves in a formal mentoring capacity, they should take an active role in ensuring that mentor relationships are formed and fostered on their teams.

The Buddy System

Mentoring is a bit like a professional buddy system. Mentors are usually peers who take new hires under their wing and help them develop on both a personal level and a professional level.

Some companies have formal mentoring systems where new hires are matched with someone of the company's choosing. Other companies do not institute formal mentoring, preferring instead to let mentor relationships develop organically.

The goal of a mentor is to show the new hire or any requesting mentee the ropes, and help them navigate company culture and politics. If they perform in the same role as the new hire, they may also directly model the work, as well as offering the new hire a perspective on potential career path options. Mentor relationships are usually ongoing and long-term, and they sometimes serve as guides throughout a person's career.

Unlike coaches and feedback providers, mentors do not have access to performance reviews, and do not have the power to review or discipline the mentee.

Finding Your Own Mentor

It is possible for the CAPS to have a mentor, but these relationships are usually informal. Most companies do not have formal mentorship programs for people at the CAPS level. Often, by the time someone reaches the CAPS level, they've already identified someone in the company or elsewhere in the industry whom they look up to as a mentor.

If a new CAPS has not yet identified a mentor, they should consider doing so. It can be very helpful in acclimating them to their new role. A CAPS mentor should be someone trustworthy, successful, and who has the time and willingness to devote to mentoring someone. Some of the best mentors for a CAPS can be those supervisors that helped you achieve growing responsibilities--perhaps former bosses or industry peers in your network



The CAPS Role in the Coaching Process

Coaching the people they directly supervise is part of the CAPS' day-to-day job. Because the CAPS is often geographically separated from their teams, it can be an especially challenging part of the job. Relying on phone and email for coaching removes the opportunity to communicate through body language, so tone of voice and careful written comments become more impactful. The CAPS needs to get to know their team members to learn which ones can be coached well from a distance, and which ones require more frequent in-person visits for coaching interactions.

Beyond coaching their direct reports, the CAPS also needs to make sure coaching interactions are happening on their site teams. Community managers bear the primary responsibility for making that happen, but it's the CAPS responsibility to make sure their community managers are doing that. Keep communication lines open at all levels of the site team so that you can encourage, recognize and build talent in concert with your manager on site.

Sometimes even the CAPS needs coaching, and when that happens, that help usually comes from an area or divisional person in the management company. It's a little different at every company, but the person the CAPS reports to should be able to help in most situations.

Task-Oriented Coaching

Coaching is a very task-oriented and business-oriented interaction. Unlike mentoring, where the focus is on the ongoing relationship and big-picture personal growth, coaching is all about what is happening right now on the job, and how the employee being coached can get better at it. Coaches highlight places where the employee did well or had opportunities to do better, and then guide that employee to find his or her own way to perform better and make better decisions.

Coaching is almost always delivered by the employee's direct supervisor, and while the aim is to change the employee's behavior in some way, it should never be a punitive interaction. The coach wants to help the employee see things in a different way, and to help them figure it out for themselves. This encourages the employee to be self-reflective about improving their own job performance, and sets them up to be able to do so again in the future.

The need for coaching can be gleaned from observation, reports from others (such as the community manager), employee performance reviews, and from keeping

an eye on key performance indicators. When KPIs aren't where they should be, there's a good chance that one or more members of the team needs coaching on specific aspects of their job. This direct relationship between property performance and team performance means that you can often measure successful coaching by improvements in ROI. Coaching also allows you the opportunity to celebrate and recognize stronger-than-benchmarked results. In turn, this provides the employee opportunities for development and suggestions for new goals and targets in career growth.



Slides 41 - 43

Coaching vs. Feedback/Performance Review

Coaching and giving feedback share an overlapping objective—a change in the employee's behavior. Coaching is usually more about guiding the employee to figure something out on their own and feedback involves giving more direct input as to which specific behaviors the employee needs to change. Where you deploy one versus the other sometimes comes down to the severity of the behavior that needs correcting.



Slide 44 - 46

The CAPS Role in the Feedback and Review Process

The CAPS will give feedback and performance reviews to the people who report directly to them, such as community managers and service managers. The CAPS is also responsible for supporting the community managers in their efforts to implement and maintain effective feedback and review practices within their onsite teams.

Feedback and performance review can take a variety of forms. It can be informal or formal, and it can be ongoing or scheduled. The form it takes is often less important than the fact that it gets done regularly. Feedback is critical to ensuring that team members understand what is expected of them and how to meet those expectations.

Ongoing, informal feedback is important because it lets people know how they're doing long before they walk into an annual performance review. That annual performance review should not be the first time a team member finds out that their performance is subpar or excellent. When the ongoing feedback piece is missing, the employee is denied the opportunity to turn their performance around in a timely way. New hires, in particular, rely on that informal, ongoing feedback to gauge how they're doing in their new job. Without that feedback, they can become disengaged, unhappy, and more likely to quit.

Formal, structured feedback usually happens once a year in the form of an annual performance review. This should be viewed as the absolute minimum amount of formal feedback, however, not the standard. Many companies use semi-annual or quarterly time periods for formal reviews. These reviews are generally shorter because they occur more often. It is also easier to tie them directly to shorter-term performance measures. At larger companies, the HR department will control formal feedback processes, but even if the company mandates a single annual review for employees, the CAPS should encourage the practice of more frequent semi-formal performance reviews.

Giving Negative Feedback



Video Clip

If you don't handle a negative feedback situation with care, you could make a difficult situation worse.



Giving someone negative feedback is one of the most difficult things a manager or supervisor can do. Nobody likes conveying bad news. Fortunately, there are ways to make the process go more smoothly:

- Give negative feedback when it's relevant. Address the need for negative feedback immediately as soon as it becomes necessary. The longer you wait to give negative feedback, the more likely the person will be to believe that their actions are acceptable, and the harder it will be for them to accept the feedback when it does come.
- If it becomes necessary to give negative feedback from a remote location, start the dialogue over the phone or email, then make plans to follow it up in person. For example, you might say, "We should talk about the outcome of this decision. Give it some thought and we'll talk about it more when I'm there next week."
- Have associates do self-evaluations. This practice is a useful way to gauge the employee's perceptions of the situation, and to provide a starting point for the conversation.
- Be specific with negative feedback. Give evidence for the assessment. Key performance indicators often serve as the basis of performance reviews.
- Be respectful of the employee's feelings, and be aware of surroundings. Hearing negative feedback is difficult, so handle that communication respectfully. Whenever possible, don't do it over the phone or email where body language can't be read. Don't do it in front of other people. Don't do it at a time when the employee is rushed or stressed. Find a way to do it in an environment that is going to be conducive to the person understanding and accepting the feedback.
- Set up a follow-up meeting. This gives the employee a window of time to address the negative feedback, improve their performance, and get revised feedback.
- If the negative feedback situation is going badly, table it, and set up follow-up meeting to come back to it. Let everyone involved calm down and give them time to think through the situation. Continuing while people are upset doesn't do any good because they've usually stopped listening by that point.
- If you find that negative feedback is frequently not accepted or absorbed, examine your own technique for delivering that feedback. You may need to work on the way you present your case.



Participation Prompt

When examining your own techniques for giving negative feedback, what are some of the things we should consider? How can we gauge our effectiveness? Giving negative feedback is uncomfortable. How can we become more comfortable with it? How are self-evaluations helpful, and what can you learn from them?



Slide 49

Giving Positive Feedback

Not all feedback is negative. It's important to remember to give frequent positive feedback, as well. Just as with negative feedback, positive feedback has its greatest impact when you give it when it's most relevant. Unlike negative feedback, positive feedback can (and often should) be given publicly. It should also be genuine, as inauthenticity will undermine the benefits of the positive feedback. Recognizing team members for their efforts helps build loyalty and makes those employees easier to retain and develop in the future.



Participation Prompt

What do you do to recognize good performance?



Slide 50

Strategic Career Path Development

The objective of well-managed mentoring, coaching, and feedback processes is a high-functioning team made up of skilled and engaged individuals. When that happens, the team members who perform well often end up promoted out of their jobs and into other roles that may require a different set of skills. Sometimes these individuals end up being a good fit for their new roles, but that's not always the case. Don't assume that promotion to a different position is always the right way to reward good performance. In some cases, it may be better to let people shine in the roles where they really excel. If promotion to another job seems likely to be a poor fit for an otherwise exceptional employee, it may be worth considering other possible ways to reward them. You might have to get creative and find ways to give them greater authority, new responsibilities, and a more senior role within their current job. Top performers can be tasked with leading or training their peers, as well. You want to give your best employees the opportunity to have a greater impact without putting them in situations that don't align with their skill set. When you automatically promote people to a different job as a reward for performance, you run the risk of overwhelming and losing your most valuable team members.



Participation Prompt

Have you ever had to get creative in order to retain a star performer, but not necessarily promote that employee?



Slide 51

Getting Feedback on Your Own Performance

There will be times when the CAPS needs to examine whether they might be the source of some of the team's problems. Self-reflection can be a valuable tool for thinking about one's own performance, but don't neglect the importance of seeking feedback from others. You should always be on the lookout for implicit feedback in the course of your job, but you should also make a point of asking specific questions of your community managers, such as "How can I support you better?" and "What tools or resources do you need that you're not getting?" It takes courage and self-awareness to seek out this feedback and heed it, but if you do, your job performance will undoubtedly improve.

DISCIPLINING AND SEPARATION



Slide 52



Video Clip

If employees aren't able to understand why their behavior needs correction, or aren't able to correct their behavior, you may be headed toward a discipline and separation situation.



Slide 53

Most of the time, the CAPS role in the discipline process will be to exercise oversight of the community manager's need to make personnel decisions. Most disciplinary action takes place at the community manager's need to make personnel decisions. CAPS needs to be aware of those situations and involved in the conversation in order to ensure that those decisions are made appropriately. Disciplinary action can have a serious effect on an employee's career, so it's important to know that punitive measures are based on the needs of the property and the management company, and not based on personal feelings. The CAPS will also directly handle any disciplinary measures taken against community managers (with oversight from the person the CAPS reports to.)

In most cases, disciplinary action takes the form of a formal write-up or warning that is placed in the employee's file. If it's a job performance issue, the employee may be granted a probationary period, during which the employee can work on improving their performance. Some companies will also use suspension or counseling as discipline. Many companies pair their discipline protocol with a 3-strike policy where the third disciplinary action triggers automatic termination.



Slide 54

When Discipline Is Necessary

Because the consequences are so severe, the decision to take disciplinary action against an employee requires thoughtful consideration. Unfortunately, there will be times when coaching and feedback aren't working or are insufficiently corrected by the employee's actions. If a problem has been ongoing despite intervention, or if the

problem is severe enough to have a significant impact the property's financial health or legal liability, disciplinary action may be warranted.

When disciplinary action becomes necessary, it's critical to know and follow company policy, and to document the disciplinary action and what precipitated it. Documentation should be very specific about the employee's problematic behaviors, how those behaviors failed to meet expectations, and any remedy made available to the employee (e.g., a probationary period.)



Slide 55

Involuntary Separation

When it becomes necessary to let an employee go, the most important thing to keep in mind is the need to follow company protocols. Failing to heed these rules can cause tension and confusion in the staff, and possibly legal problems for the company. For example, some companies require that all termination processes be handled by the HR department. If your community manager fires someone without going through HR in that situation, the result can be chaotic and confusing for everyone.

Documentation should always be a key part of any termination action. Whenever possible, use performance reviews and disciplinary write-ups from the employee's file to provide evidence that the decision is fair and appropriate. If the termination is a result of a single egregious action, make sure the details of that situation are documented. Even in at-will employment states, most HR departments will insist on this type of documentation because it protects the company from potential lawsuits.

Finally, remember that confidentiality and respect are critical in such difficult circumstances. Termination of employment is awkward and stressful for everyone involved, and potentially embarrassing for the terminated employee. Showing consideration for the employee's feelings and privacy can help smooth out this uncomfortable process.



Slide 56

The CAPS Role in the Involuntary Separation Process

All involuntary separation decisions at portfolio properties should involve the CAPS. As with the disciplinary process, the CAPS needs to make sure any involuntary separations arise from true performance issues or the employee's inability to work well with the team, and not because they haven't been properly trained or coached, or because they're simply not liked.

The CAPS will also need to look at the timing of the separation to ensure that there is a plan in place for temporarily filling the open position. There are legal risks in both delaying and executing an involuntary separation, but there may be occasions where delay of separation is the right choice. Individual case-by-case decisions must be made.

MODULE 5 ACTIVITY 1: INVOLUNTARY SEPARATION



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Instructor Notes

Activity Type: Individual

Materials Needed:

CAPS Training Activities - Module 5 Activity 1

Approximate Time: 20 minutes

12 minutes - Activity

8 minutes - Discussion

Have the participants consider the involuntary separation scenario below and offer suggestions for how they would handle it.

If they suggest terminating immediately via phone, ask these follow-up questions:

- What is the plan for the interim with no manager?
- Who handles the separation tasks like collecting keys, balancing petty cash, etc.?
- How do you ensure that?

If they suggest waiting until the CAPS can get to the property (in a week or two, or longer), ask these follow-up questions:

- If they suggest waiting until the CAPS can get to the property (in a week or two, or longer), ask these follow-up questions:
- Are there any pre-emptive actions we need to take in the interim to prevent the property from suffering more?
- Are there other tasks or needs at other properties that will have to be put on hold while this trip takes place?

Donna, a community manager at one of your assigned properties, is just not working out. There have been documented instances of disrespectful treatment of her direct reports, as well as a lack of courteous customer service when dealing with her residents. In short, she does not fit the company culture.

The situation has been discussed with HR and your supervisor, and the decision has been made to terminate Donna.

The property is in Nashville, but you're based out the main office in Cincinnati. It's mid-summer, the height of the leasing season, and the property is struggling to meet its occupancy and NOI goals.

How would you answer the following questions?

- How and when would you conduct this termination?
- List three steps you would take immediately in each of these two areas:
 - Providing leadership to the site and protecting property performance.
 - Improving relationships with residents and staff.

Be prepared to support your decision with details.



Slides 58 - 59

DISCIPLINING AND SEPARATION *(continued)*

Voluntary Separation

Management companies put a lot of emphasis on employee retention, so when an employee chooses to leave the company, there is a strong temptation to try to get them to stay. Occasionally, this effort is successful, but it's not always the best solution for the team. There are pros and cons to be considered:

Potential benefits:

- You don't have to fill that position, which saves the time and money the company would have spent on recruiting and training a new employee.
- You get to keep a high performing employee.
- It may send a positive message to other team members that the company values their employees, and that may act as a morale booster.

Potential down sides:

- It's probably not a long-term solution. By the time an employee has gotten to the point of giving notice, they've given it a lot of thought and know what they want. If they've decided to leave once, they will probably do so again, which means you're just prolonging the separation.
- You may think they're a solid performer, but it's possible that the rest of the team does not. If you entice them to stay, you may be prolonging a problematic situation that was about to take care of itself.
- You may send the message to other team members that if they give notice, the company will give them anything they want. This can create an atmosphere of instability and dissatisfaction within the team.

Participation Prompt



What is your philosophy for 'saving' an employee who has given notice?

Any drawbacks or pros that we didn't cover?

What has been your experience with saving employees in situations where they've already accepted another job?

The CAPS will need to weigh these factors carefully before deciding to offer enticements to stay. Every situation is unique, but it's worth considering whether an employee who's given notice might be an employee who already has one foot out the door. The best time to put in the work to retain a good employee is before they've turned in their notice, not after.

When an employee's decision to leave is final, an HR representative, the CAPS or the community manager should make a point of conducting an exit interview. Exit interviews present a valuable opportunity to get feedback on your team's work environment and working processes, as well as on your performance as a leader. An employee who has made a final decision to leave is much more likely to give an honest assessment than an employee who is dependent upon the company for a paycheck.



Section 3 - Managing During a Property Sale

Slide 60

For the seller's CAPS, the primary job during a property sale is to manage an incredibly chaotic situation in a way that preserves the site team's ability to meet the property performance benchmarks that are required for the sale to go through.

The buyer's CAPS' first priority is to make critical staffing decisions (such as whether to attempt to retain any of the seller's site staff), and to pursue those outcomes in a way that is respectful of the existing relationship between site staff and their current employer.

Both of these tasks are time-consuming and difficult. Property sales take an already challenging position and make it even more challenging. Whether the CAPS is on the seller's side or the buyer's side of the transaction, managing that transition will consume a great deal of their time, and will demand that they manage their time well and delegate tasks efficiently (especially at other portfolio properties.)

Topics Covered:

- The CAPS Role from the Seller's Side.
- The CAPS Role from the Buyer's Side.
- Managing Other Portfolio Properties During the Sale.



THE CAPS ROLE FROM THE SELLER'S SIDE

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The CAPS on the seller's side has three primary objectives:

- Meet necessary sale benchmarks.
- Retain valuable team members.
- Maintain the performance of other properties in the portfolio.

While these objectives may seem straight-forward, in practice they can be challenging to balance. Not only will the CAPS need to spend an inordinate amount of time juggling the special concerns of a pending sale, measures taken to address those concerns may end up in conflict.

When a multifamily property sale is pending, there are almost always benchmarks that need to be met prior to closing the loan. Whether those benchmarks are tied to occupancy, NOI, or some other performance indicator, the CAPS is responsible for

keeping the onsite team focused and engaged in order to meet those objectives.

This can be difficult because a pending sale is an unsettling time for team members. Uncertainty about the future of their jobs can lead them to give notice early, which can impact the team's ability to perform effectively. Management companies usually put a freeze on hiring at properties that are for sale, so every lost employee means a staffing vacancy and a set of responsibilities that must be taken up by other team members. This effect is even more pronounced if the buyer has made it known that they don't intend to keep any of the seller's staff after the sale. The resulting rush for the exits can lead to a chaotic and overwhelmed team who need to scramble to meet sale benchmarks. This precarious situation may spiral out of control further if residents, sensing management instability, start opting out of lease renewals.

The most important thing a CAPS can do to manage a property during a pending sale is keep that chaos from happening. The CAPS needs to motivate and incentivize their site team to stay until the sale is complete, and may need to work to keep valuable team members with the company after the sale. Stay bonuses are a common tool that management companies use to prevent staff from leaving early, and preemptive transfers of particularly valuable employees may be an option for retaining them post-sale. Those transfers can be a dangerous solution, however, because they leave the onsite team even more shorthanded and less able to meet sale benchmarks.

Ultimately, the CAPS needs to be prepared for the fact that no matter what they do to entice staff to stay, it may not work for some people. Employees will sometimes turn down very generous stay bonuses because they need the stability of having a job with a reliable paycheck and benefits more than they need the short-term cash windfall of a stay bonus.



Slides 64 - 65

THE CAPS ROLE FROM THE BUYER'S SIDE

The most important staffing consideration for the CAPS on the buyer's side is whether to try to retain any of the seller's team members after the sale. The obvious advantage of retaining existing staff is that you have continuity of operations and a repository of historical knowledge about the property. On the other hand, if your company culture and processes differ significantly from the seller's, it may be easier to bring in an entirely new team made up of employees who have already been with your company for some time.

If the management company representing the buyer decides to retain some of the seller's staff, the CAPS on the buyer's side will be responsible for assessing the seller's team and identifying which staff members they want to pursue. That process may prove difficult, especially with senior staff members. Senior staff—who may be the most attractive because of their skills and knowledge—may be reluctant to start over at a new company after having accrued benefits at the seller's company. It may take

special incentives like salary bonuses and grandfathered seniority benefits to get them to stay. Arriving at a suitable package can be challenging, however, because the CAPS may not have access to salary information for those staff members.

Communication with the seller's staff has to be handled very carefully, and in a way that is respectful of the existing relationship between the seller and their employees. Don't have any staffing conversations with the seller's team members without the seller's permission. Sometimes agreements about employee contact are outlined in pre-sale letters of intent. These agreements may not always be legally binding, but they can serve as useful guidelines for appropriate behavior.

It's important for the buyer's CAPS to remember that, if there are high-performing staff members at the site, you and the other CAPS might both be interested in retaining them, so there may be an inherent conflict over retention employees. Communication needs to be done in a way that doesn't make a potentially awkward situation worse.

If the buyer does not intend to retain any of the existing staff, it becomes even more important for the CAPS on the buyer's side to ensure their pre-sale due diligence work is thorough. They will need to find out as much as possible about the property because they will not have the benefit of staff continuity to provide any of that historical property knowledge.



Slide 66

MANAGING OTHER PORTFOLIO PROPERTIES DURING THE SALE

For both the buyer's CAPS and the seller's CAPS, managing through the purchase or sale of a multifamily housing property is incredibly time consuming. They need to be prepared for that property to absorb a great deal of their time. Other properties in their portfolio inevitably take a back seat to the sale property, so all of the usual challenges of managing properties at a distance will be magnified when the CAPS has even less time to devote to them. Delegation of tasks to the community managers at those properties is essential, so it's helpful if the CAPS has already built a good working relationship with those community managers and their teams.

MODULE 5 ACTIVITY 2: MANAGING DURING THE SALE



Instructor Notes

Activity Type: Individual

Materials Needed:
CAPS Training Activities - Module 5 Activity 2

Approximate Time: 20-25 minutes

12-15 minutes - Activity

8-10 minutes - Discussion

Below are some answers participants may suggest, along with some follow-up questions you can ask to get them to think about the ramifications of their choices:

Participant Answer:

Hire temp staffing to fill open positions at Property C during the sale period.

Follow-up Questions:

- Does the freeze allow for this expense to hit the property or will the management company have to foot the tab?

(The participant may not be able to answer that question but it will let them know it's something they'll need to consider.)

- Since temp staffing is often unfamiliar with the property specifics, how do we ensure they have the temp associates are helping us meet the property goals so the sale goes through?

MODULE 5 ACTIVITY 2: MANAGING DURING THE SALE

Participant Answer:

Pull associates from Property J to help at Property C during the sale period.



Follow-up Questions:

- What made you pick Property J? Did you factor in the high expense ratio? How will you ensure the property's expense won't increase with less staff at the property?

(It's likely they selected that property because of the high NOI % and high occupancy.)

- Does the hiring freeze allow for moving salaries to property C? Or will the management company have to pick up the tab for these associates while working at property C?

(The participant may not be able to answer that question but it will let them know it's something they'll need to consider.)

Participant Answer:

Since there is a hiring freeze, the remaining staff will just have to do the best they can with the staff they have left.

Follow-up Questions:

- How do we ensure that we don't lose more employees before the sale when we are asking them to do double, and triple, work?
- How do we keep them focuses on the goals of the sale without creating burn-out?
- How can YOU help the site team? Is there anything you can do to relieve the pressure a bit so they can focus on the property goals? Could you go and fill in for a bit at some level to help?
- Does this option ensure that the sale benchmarks are met so the sale goes through?

The status of your current portfolio is as follows:

% of GPR

	No of Units	Operating Expense Ratio	Turnover Ratio	Physical Occupancy
Property A	116	63%	37%	93.0%
Property B	288	42%	42%	92.7%
Property C	400	50%	41%	94.2%
Property D	312	53%	36%	89.6%
Property E	214	69%	39%	90.4%
Property F	505	46%	52%	90.1%
Property G	168	39%	56%	94.1%
Property H	365	49%	39%	92.9%
Property J	125	64%	28%	93.2%

MODULE 5 ACTIVITY: MANAGING DURING THE SALE

Property C is up for sale. There is an accepted bid on the property and due diligence has been completed. The closing is set to take place in 45 days. There is a hiring freeze in place until the sale closes. The buyer has his own team, so none of the site team will be retained at this property after the sale. In order for the closing to take place, the Operating Expense Ratio must be maintained at the current %, and the occupancy cannot fall even a fraction of a % below 94%.

Property C has historically performed at the top of the submarket but is now a prime candidate for renovation. The submarket has seen little competition. It has a team of four office staff and five service staff.

Your firm is currently building a mid-rise in a different market, and you hope to be able to retain the Property C community manager and one service tech for that project, if they are willing to move to a different city. The other positions at the new lease-up have already been filled.

One leasing associate, the service manager, and one service tech have given notice and will be leaving in 2 weeks.

Answer the following questions:

- List five specific actions you will take to manage the property for the remaining 45 days while short-staffed.
- Address how you will meet or beat each of the three benchmarks for operating expense ratio, turnover and physical occupancy.

