



## STRATEGIC BUSINESS DEVELOPMENT AND CLIENT PROSPECTING IN THE THIRD-PARTY APARTMENT MANAGEMENT INDUSTRY

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**ABSTRACT.** Intensifying competition and increasing market demands are forcing many third-party apartment management firms to re-evaluate their approach to business development and client prospecting. In some instances, these companies are becoming more selective about both the assignments they take on and the property owners with whom they work. Careful consideration is frequently given to a number of factors to determine if new business opportunities are a good strategic fit. This paper examines how sophisticated fee management firms make such determinations by examining the perspectives of executives representing 25 of the largest multifamily operators in the United States. The results indicate heavy reliance on relational approaches to business development, limited long-range planning, and informal channels of communication often encourage fee managers to pursue new business in an ad hoc manner despite market conditions favouring more systematic behaviour. A series of best practices are put forth to address these concerns.

**KEYWORDS:** Business development; Client prospecting; Property management; Apartments; Multi-family housing

### 1. INTRODUCTION

Evaluating business opportunities in the third-party apartment management industry is a challenging task because it requires decision makers to consider a number of competing interests. For example, companies assessing the merits of new management assignments may find it necessary to weigh the benefits derived from economies of scale and deeper market penetration against the difficulties associated with operating large and geographically dispersed portfolios of multifamily properties. Balancing these concerns can be particularly daunting when fee compression and expanding client expectations draw into question whether management contracts will generate a reasonable profit. All of these issues, among others, are anticipated to encourage sophisticated fee managers to be very selective about the work they take on in pursuit of growth.

The qualitative analysis presented in this paper examines the extent to which fee managers

consider strategic objectives and organizational resources when engaging in business development and client prospecting initiatives. This is accomplished by conducting a series of interviews with executives representing 25 of the largest multifamily operators in the United States as identified by the National Multifamily Housing Council (NMHC). The results support the contention that third-party apartment management firms take a number of factors into account before accepting new assignments, despite the fact that they are often relationship driven and frequently analyse the merits of business opportunities in an ad hoc manner. Comments made by the respondents also suggest some firms can improve their organizational performance by approaching these activities more systematically.

Understanding the perceptions of this particular group of executives is important because fee management firms found on the NMHC's list of the "50 Largest U.S. Apartment Managers" operate over two million residential units throughout

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the country and the number continues to grow. Many of these companies are not only influential members NMHC, but also other trade organization such as the Institute of Real Estate Management (IREM) and the National Apartment Association (NAA), all of which are heavily involved in property management education and other efforts to promote professionalism in the industry. Furthermore, the companies represented on the list manage a variety of multifamily property types ranging from luxury product to affordable housing. Thus, much can be learned from the executives represented in this sample of large, U.S.-based apartment operators.

The paper begins with a literature review succinctly describing the market forces incentivizing third-party apartment management firms to be selective about the assignments they accept and the property owners with whom they work. This is followed by a summary of the data and methodology used in this paper to determine if fee managers engage in such behaviour when executing their professional responsibilities. Key findings of the qualitative analysis are then presented, synthesized and interpreted within the context of existing research to develop a series of best practices firms can follow to refine their operating procedures. The paper concludes with a discussion of practical implications, research limitations and issues in need of further exploration.

## 2. LITERATURE REVIEW

Trade journals primarily targeting an audience of property managers working in the U.S. frequently offer advice to those interested in improving their approach to business development and client prospecting. For example, several articles published in the *Journal of Property Management* over the last two decades focus on the preparation of management proposals and promotional material, as well as the importance of niche marketing and strategic planning activities (Alter 2011; Fulscher 1996; Galati 2004; Hewlett 1999; Muhlebach 2004; Schneider 1998). The latter body of work discusses a host of factors fee managers should consider to determine if new business opportunities are a good strategic fit. A firm's risk tolerance, internal capabilities and long-range objectives are all put forth as examples (Hewlett 1999; Muhlebach 2004; Schneider 1998). Since these recommendations are based on the unique experiences of property management practitioners, it is difficult to determine if they are regularly adopted in practice. This is

a question worth answering in light of academic research indicating that fee compression, expanding client expectations, and increasing resident demands are alternating the competitive dynamics of the apartment management industry and the operating strategies adopted by firms competing in this space (Campbell 2006; Carswell, Phillips 2008; Hui *et al.* 2011; Chin, Poh 1999; Goss, Earhart 2008; Goss, Campbell 2008; Levy, Sim 2014; Read *et al.* 2016; Sirmans, Sirmans 1992). These three issues are highlighted in Figure 1 and subsequently discussed in greater detail.

Intense competition in many markets throughout the U.S. has put downward pressure on management fees for both residential and commercial properties (Berghoff 2002). In fact, interviews conducted with leaders in the apartment management industry suggest fees for many types of assets have declined by 100 basis points or more over the last two decades alone when calculated as a percentage of a property's gross revenue (Read *et al.* 2016). If compensation levels do not rise, it is imperative for third-property apartment managers to become adept at working in environments fraught with fee compression. This provides fee managers with an incentive to carefully scrutinize their organizational capacity and internal cost structure before accepting new assignments. This should translate into a systematic approach to business development and client prospecting by firms hoping to maximize their profits.

Expanding client expectations pose a related challenge. Market dynamics are not only pushing down fees, but also increasing the demands imposed upon third-party apartment managers by the owners they represent in some instances (Dunlap 2014; Kirk 2009). Firms employed in this capacity

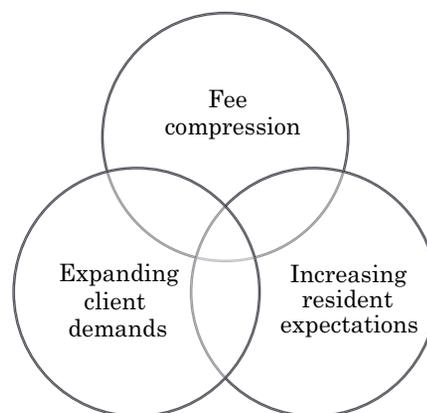


Fig. 1. Factors encouraging third-party apartment management firms to refine their approach to business development and client prospecting

are often called upon to engage in accounting, marketing and data management functions that extend well beyond day-to-day operations (Campbell 2006; Carswell, Phillips 2008; Goss, Campbell 2008; Goss, Earhart 2008; Poon, Brownlow 2014). This is particularly true for fee managers serving a large number of institutional owners and other sophisticated clients with robust reporting requirements (Omar *et al.* 2015; Read *et al.* 2016). While these responsibilities provide fee managers with an opportunity to demonstrate their value proposition, they can also become overwhelming when firms lack the human resources or organization infrastructure to handle the workload in a manner consistent with client demands. Thus, third-party apartment management firms must be mindful of owners' expectations and their ability to satisfy them when evaluating business opportunities.

A third factor anticipated to encourage fee managers to adopt a systematic or selective approach to business development and client prospecting stems from growing concerns about resident satisfaction. The extant literature suggests apartment occupants are increasingly putting pressure on fee managers to improve the quality of the services they provide, driven by a combination of market competition and technological advancements making it possible to identify and react to customer demands very quickly (Etling 2014; Levy, Sim 2014; Turner 2011; Zietz 2003). Owners expect the apartment operators they retain on a fee basis to be responsive to such demands because studies have shown perceptions about management quality influence both rental rates and property values (Benjamin, Lusht 1993; Hui *et al.* 2011; Chin, Poh 1999; Sirmans, Benjamin 1991; Sirmans, Sirmans 1992). Apartment managers evaluating new assignments must therefore determine if they can provide residents with an acceptable level of customer service, while balancing the other professional responsibilities and operational tasks imposed upon them by property owners.

Interestingly, there is a dearth of academic research examining how fee managers are responding to the aforementioned issues in an attempt to cultivate new business and capture new clients. A comprehensive review of the extant literature produced little evidence of papers explicitly dedicated to the topic. Arguably, the most closely related work focuses on strategic planning, customer relationship management and resource allocation in real estate firms and other professional service organizations (Church *et al.* 1995; Dyer, Liebrezn-Himes 2006; Harris 2000; Hewlett 1999; O'Regan,

Ghobadian 2002; Palm 2011, 2013; Roe 1998). These studies recognize the benefits firms can derive from approaching business development in a systematic manner and the importance of determining whether adequate resources are available to satisfy prospective clients' needs. Other research in the field focuses on barriers that may prevent service providers from engaging in these activities such as an overreliance on professional relationships, aversions to strategic planning and marketing, and poorly developed channels of communication within business organizations (Daghfous *et al.* 2013; Dyer, Liebrezn-Himes 2006; Harris 2000). Further investigation is needed to assess the applicability of these concepts to the third-party apartment management industry.

### 3. DATA AND METHODOLOGY

The qualitative analysis presented in this paper is designed to assess the extent to which large third-party apartment management firms in the U.S. evaluate their internal capacity and long-range strategic goals before pursuing new assignments. Furthermore, attention is devoted to identifying best practices adopted by such firms throughout the business development and client prospecting process. Both objectives are achieved through the completion of a series of semi-structured interviews conducted with executives working in the industry. This methodological approach has proven valuable to explore principal-agent relationships in the property management field specifically (Levy, Lee 2009; Palm 2013; Read *et al.* 2016), not to mention a host of other real estate-related issues and problems (Carn *et al.* 1999; Dixon *et al.* 2005; Dixon, Pottinger 2006; Gibson, Barkham 2001).

Research participants were solicited from 35 firms represented on the National Multifamily Housing Council's (NMHC) 2015 list of the "50 Largest U.S. Apartment Managers". These firms were chosen for the study because they offer third-party management services to prospective clients, whereas the remaining 15 firms on the list are owner/operators that only manage properties in which they have an equity stake. All of the firms of interest manage in excess of 25,000 apartment units on behalf of a diverse array of ownership entities ranging from local real estate developers to large institutional investors. Efforts were made to contact the senior executive in charge of residential management services at each of these firms, but in some instances the research team was referred to another individual deemed more suitable

for participation in the study. Purposefully sampling an exclusive group of real estate executives such as this in a non-probabilistic manner offers a useful means of exploring industry trends and examining the perspectives of those with a deep understanding of specific issues (Gibson, Barkham 2001).

A group of 25 executives ultimately agreed to be interviewed after receiving requests for participation from both the leadership of NMHC and members of the research team via email and telephone call. The resulting 71% response rate is generally consistent with, or superior to, that of other qualitative studies found throughout the existing real estate literature (Dixon, Pottinger 2006; Feldman 1995; Miller, Buys 2008; Singh *et al.* 2012). The final sample included 11 CEOs and COOs, as well as 8 senior executives and 6 vice presidents involved in business development decisions. A sample comprised of individuals holding different ranks in their respective organizational hierarchies was not deemed to be problematic because all of the respondents demonstrated an understanding of their companies' operating philosophies and business development procedures (Harvey 2011).

An interview approximately one hour in duration was conducted over the telephone with each research participant, as this approach has long been recognized as an efficient, productive and valid means of collecting information from geographically dispersed individuals who cannot readily participate in face-to-face interviews (Rogers 1976; Stephens 2007). Following a grounded theory approach, open-ended prompt questions were used to encourage respondents to discuss a variety of issues deemed relevant to the third-party apartment management industry (Gibson, Barkham 2001). The latitude afforded to respondents created some risk of experimenter bias in the interpretation of the results, but also allowed those interviewed to engage with the research team in a conversational manner and describe their perceptions in great detail (Mikecz 2012). This is useful when respondents' perceptions about a topic have not been studied extensively in the past (Aberbach, Rockman 2002).

Two members of the research team participated in the interviews when possible and independently reviewed the transcripts to identify common ideas, patterns and trends in the data. Throughout the process, attention was devoted to the types of management assignments actively pursued by the respondents; the property/client characteristics preventing respondents from taking on new business;

and important issues covered in the due diligence and/or client interviewing process. This form of thematic coding allows for an exploration of both the opportunities and challenges perceived to exist in a given business environment, as well as best practices adopted by industry leaders (Carn *et al.* 1999; Dixon *et al.* 2005; Miller, Buys 2008; Roberts, Henneberry 2007).

#### 4. QUALITATIVE RESULTS

Thematic analysis yielded a number of interesting results related to the business development and client prospecting activities of large third-party apartment management firms in the U.S. While a vast majority of the executives participating in the study clearly have competition on their minds, a significant number of their firms appear to have an aversion to systematic marketing efforts and prefer to pursue business opportunities in a rather ad hoc manner reliant on existing relationships and referral networks. Furthermore, many of the respondents describe relatively informal processes and procedures for vetting new management assignments to ensure they are a good strategic fit. All of these issues are discussed in detail because addressing them could serve as a source of competitive advantage for fee managers interested in better differentiating their service offerings.

Nearly all of the executives interviewed openly discussed the increasing competitiveness of the apartment management industry and the growing demands of owners and residents alike. In fact, each of the respondents identified at least one of these trends as an issue of concern to his or her firm. The commodification of apartment management services and the resultant impact on fees were additionally put forth as significant obstacles to future profitability. As one respondent noted: "it's a tough business; low margins; fees are getting squeezed". Many of those interviewed also stated that these challenges were encouraging their firms to approach new business opportunities in a cautious manner, despite intense pressure to expand portfolios and achieve economies of scale. Executives expressing sentiments of this nature talked at length about their approach to vetting prospective clients and management assignments. Some of the most interesting observations pertained to respondents' perceptions about the business development process.

A majority of the executives participating in the research were quick to state that their firms do not actively engage in business development

initiatives such as cold calling or canvassing. This is reflected in the following statements: “we don’t do the dog and pony show”; “we aren’t out making the hard sell”; and “we don’t have to actively pursue fee management”. Referrals and acquisition/development by existing clients were identified as the primary sources of new management assignments in these cases. This was perceived to reduce the risk of taking on work incompatible with an apartment management firm’s organizational strengths. Comments made by some of the respondents implied that the stature and market position of their companies limited the need for aggressive marketing and allowed business to be obtained organically through established networks of brokers, clients, lenders, and special services.

Executives articulating a passive approach to business development were frequently employed by firms operating a large number of owned assets, in addition to their third-party management portfolios, which made it less imperative for them to pursue external clients in comparison to their competitors. Those employed by firms reliant exclusively on fee management revenues unsurprisingly reported much more extensive efforts to procure new work on an ongoing basis. Perhaps more interestingly, very few of the respondents in either of these groups described a systematic approach to business development implemented on a consistent and continual basis in accordance with a well-defined vision, as might be recommended by advocates of long-range planning, customer relationship management and strategic resource allocation. Comments made by interviewees throughout the data collection process offer several explanations for this behavior consistent with theoretical expectations.

A significant number of respondents identified strong professional relationships as the key to growth in the third-party apartment management industry. As several interviewees noted: “it’s a relationship business”; “it’s ultimately all about the people”, and “business follows the relationships”. Theory indicates this is a reflection of the collaborative nature of business-to-business service arrangements, which make trust and understanding between client and service provider essential (Lian, Laing 2007; Sahin 2011). It also implies fee managers are using professional relationships to differentiate themselves from competitors in an extremely challenging market environment (Church et al. 1995). One respondent went as far as stating: “There isn’t a tremendous amount of difference in the top tier companies. We all have good systems

and good people. It comes down to relationships at that point”. This approach to business development undoubtedly has its advantages, but simultaneously involves risks when relationship building initiatives are not complemented by strategic planning and comprehensive efforts to exploit a firm’s unique strengths. Leveraging established relationships too heavily can spread a fee manager’s resources thin by moving it into markets and/or product segments that it does not necessarily want to enter. Likewise, it can prevent a firm from taking on potentially lucrative new clients or assignments more in line with its long term strategic goals and objectives. These threats support the proposition that relational approaches to business development offer third-party apartment management firms a more effective means of retaining clients than moving them along a clearly defined strategic path (Dyer, Liebrez-Himes 2006).

Respondents readily acknowledged that there are both “deals you target” and “deals you react to” in the fee management industry to balance the demands of existing clients with those of clients a firm hopes to work with in the future. However, many of the respondents included in the sample had difficulty articulating how they planned to achieve the latter of these goals by proactively differentiating their firm from competitors. An interviewee expressed this sentiment by saying: “You’d like to think you pursue business based on strategic fit, but you are somewhat beholden to the client and you can’t control where they acquire [properties]”. Those expressing similar opinions were often more comfortable describing the core values of their firms allowing them to maintain established relationships such as integrity, trust and a commitment to high quality customer service. This orientation may stem from the belief that it is unprofessional for sophisticated service providers to focus on long-range planning and marketing agendas, even though structural changes in a host of service industries are making it imperative for firms to engage in such behaviour (Harris 2000). A respondent noted: “The multifamily property management industry as a whole is still behind in terms of sophistication and proactive business development. There is a real opportunity for companies that can clearly articulate their value”.

Finally, the interview results suggest a significant number of fee management firms evaluate the strategic fit of new clients and/or management assignments through an ad hoc process involving input from a variety of individuals throughout the organizational hierarchy. Senior executives,

business development officers and regional managers all weigh in on the advantages and disadvantages of taking on additional work in these scenarios, with information exchanged in a relatively informal manner. Several interviewees made comments capturing the informality of their firms' channels of communication: "managing the flow of information across levels of our organization is a work in progress"; "there's no magic bullet, just good communication"; "sometimes we have kick-off meetings and written business plans, but not always". This type of knowledge sharing is valuable when it provides members of a service organization with a better understanding of prospective clients' multidimensional needs (Fan, Ku 2010; Lai *et al.* 2011). It is problematic when channels of communication are so poorly defined that they prevent interrelated business units from effectively working together to make cohesive strategic decisions (Nätti *et al.* 2006; Salojärvi *et al.* 2010). A combination of formal and informal communications channels may therefore be needed to ensure business-to-business service providers, such as fee management firms, approach business development and client prospecting in an analytical and systematic fashion (Daghfous *et al.* 2013).

The preceding analysis is not intended to imply that there is an overwhelming paucity of strategic thinking in the third-party apartment management industry or a lack of consideration given to resource availability. Several of the executives participating in the study were able to clearly define their firms' long-term vision, differentiating competitive strengths, and target markets for future growth. Many were additionally able to discuss analytical techniques used to assess whether sufficient resources were in place to support new clients or management assignments. The results of the interviews do, however, suggest that a significant number of firms fail to approach business development and client prospecting in a systematic and repeatable manner promoting strategic fit. This may prove problematic in the face of intensifying competition and the increasing market demands placed on professional service providers (Harris 2000).

## 5. SUGGESTED BEST PRACTICES

Respondents were additionally asked throughout the interview process to discuss business development and client prospecting activities they believe their firms do well, areas in need of improvement, and steps that can be taken in the future to ensure

new management assignments advance long-range strategic objectives. Answers to these questions were reviewed by all members of the research team and synthesized into the series of suggested best practices presented in Figure 2. The most appropriate means of implementing the recommendations is anticipated to be driven by the culture, structure and available resources of a given third-party apartment management company.

**Cover the Basics:** Thoughtful business development decisions in the apartment management industry frequently start with a determination of whether a company has the resources in place to effectively service a new assignment without making significant investments in human resources, facilities or technology. Such scenarios tend to exist when a property or portfolio is located within the apartment manager's existing geographic footprint; regional managers and other support staff have enough slack to accommodate additional workload; and the client of interest is agreeable to the use of accounting and reporting software with which the manager is already familiar. These conditions are not prerequisites for a mutually beneficial client-manager relationship, but may serve as an indication of whether such a relationship can be established in the short-term. Any material investments made to accommodate new management assignments should be supported with an analysis of the expected benefits.

**Focus on the Big Picture:** In the event the demands of a prospective client can be satisfied, apartment managers must next determine if doing so is consistent with their strategic objectives. New assignments should be taken on when they strengthen the management company's brand, provide opportunities to move into desirable markets, or contribute to important client relationships. To the extent short and long-range planning documents are available, they should be used to systematically vet such opportunities as they arise. A disciplined and strategy-driven approach to business development is necessary because taking on the wrong assignments is likely to expose an apartment manager's ineptitudes, drain its resources, and convey an image in conflict with the company's overarching goals and ambitions.

**Assess the owners' managerial philosophy:** another vitally important consideration is whether the property management company and a prospective client share similar managerial philosophies. Conflicts can emerge when these parties have divergent views about property maintenance, resident satisfaction, risk mitigation or a host of

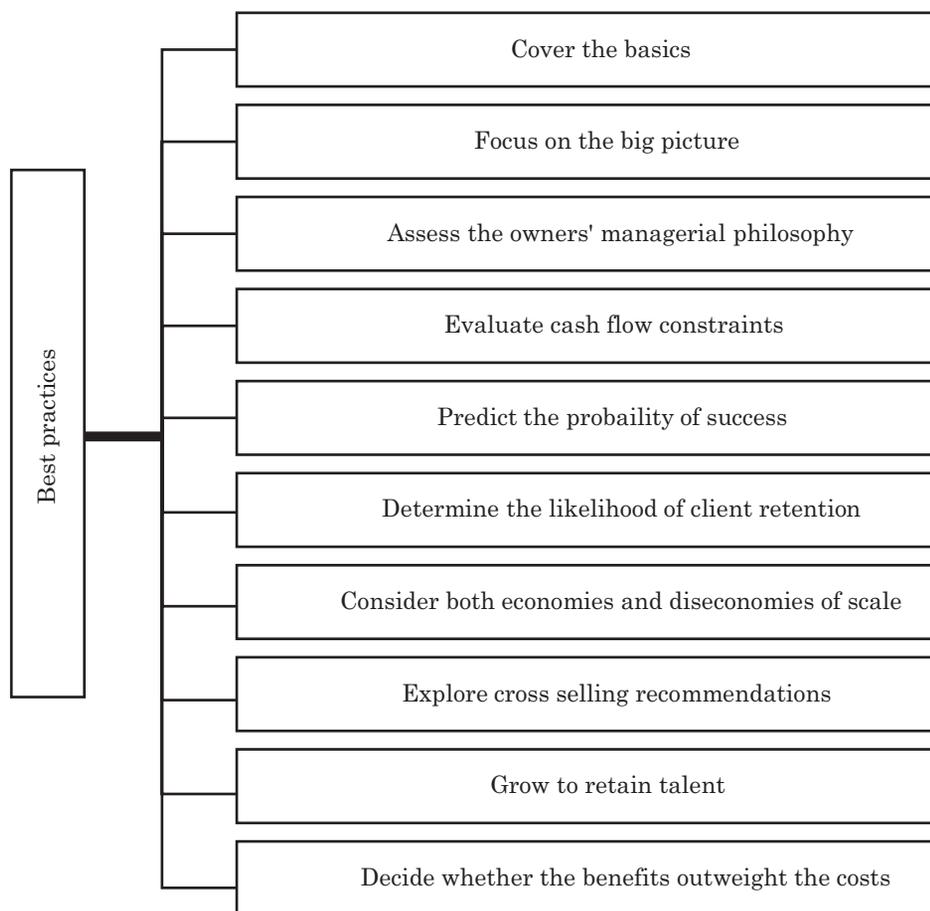


Fig. 2. Ten recommendations for evaluating fee management opportunities

other issues. Property managers can address this concern to some degree by asking probing questions during the client interview. It may prove prudent to avoid management assignments when a property owner is unwilling to commit to an agreed upon business plan or provide the management team with enough autonomy to execute one competently. Apartment managers evaluating business opportunities may also benefit from conducting some preliminary research to determine how other properties owned by a prospective client are currently being operated by other management firms. This may offer some evidence of an owner's managerial philosophy and values.

**Evaluate cash flow constraints:** after an apartment manager obtains an understanding of the owners' goals and their approach to achieving them, attention can be turned to financial constraints that may stand in the way. Prospective clients should be asked to engage in a candid discussion of their financial position and their ability to maintain properties in accordance with the apartment manager's level of comfort. This involves a

review of debt service requirements, equity targets and other financial obligations that may encourage underinvestment in an asset over time or impose unreasonable pressures on members of the management team. Efforts must also be made to assess whether an owner is willing to make capital improvements needed to push rents, increase occupancy levels and aid in resident retention. The returns expected from such investments should simultaneously be discussed to determine if they are realistic in light of the property's condition and the state of the rental housing market.

**Predict the probability of success:** property managers may find it advantageous at this point to step back and evaluate their probability of success should they decide to take on a new assignment. The following questions should be answered to satisfactorily assuage this concern: Can the problems that led the owner to make a management change be effectively addressed? Does the management company have an established track record of leading the market in rents and occupancy for the type of asset involved in the assignment? Can improved

management services add value by responding to specific circumstances impinging upon a property's performance? Are all of the unique opportunities and challenges involved in the assignment understood? If the answer to any of these questions is no, property managers should proceed with caution before entering contractual engagements with new clients.

Determine the likelihood of client retention: identifying the factors critical to success and ensuring they align with the apartment manager's competitive advantages should contribute to client retention. However, this cannot be taken for granted due to the high cost of on-boarding multifamily properties. It often takes an apartment management company a year or more to absorb the upfront costs associated with taking on new work before a reasonable profit is generated. Short-term assignments are also challenging in some instances because they prevent the formation of institutional knowledge and continuity among members of the management team that frequently contribute to the quality of service provided onsite. These market dynamics make it essential for apartment management companies to vet prospective clients in advance to determine if their business can be retained over multiple years. When this is unlikely, thoughtful consideration must be given to business opportunities in order to determine if a short-term relationship makes sense from a financial perspective for all parties involved.

Consider both economies and diseconomies of scale: economies of scale should not serve as a *carte blanche* justification for pursuing marginally attractive business opportunities in the absence of other compelling reasons. There are undoubtedly scenarios where apartment operators benefit by spreading their fixed costs over a greater number of units under management, specifically in cases where regional managers and corporate staff have additional capacity or when better terms can be negotiated with vendors and service providers as a result of scale. However, this is not always the case. Specific management assignments may trigger the need to hire new regional managers, accounting staff and related operational personnel that produce diseconomies of scale in the short-run. The benefits derived from scale are further diluted when the needs of individual clients necessitate investments in unique software packages, marketing services or technical expertise. All of these problems are compounded when taking on a particularly challenging management assignment which compromises a company's ability to service

its existing portfolio of properties. Such concerns must be taken into account on a case-by-case basis.

Explore cross-selling opportunities: management assignments that do not initially appear attractive may prove more so once all cross-selling opportunities are explored. For example, many apartment management companies are part of larger organizations that offer a variety of services ranging from asset management to construction management to development. An apartment management relationship can therefore serve as a catalyst for profitable work in other areas as clients' needs evolve. These opportunities are most frequently captured when executives working on behalf of property management companies view themselves as a single component of fully-integrated real estate enterprises. This type of mentality can be encouraged by facilitating ongoing interaction between related business lines.

Grow to retain talent: some apartment management assignments make sense simply because they offer companies the ability to provide career advancement opportunities for site managers, regional managers and other key personnel that might otherwise prove difficult to retain. This motivation may initially seem surprising, but makes a great deal of sense in light of human resource shortages that exist throughout the apartment management industry. Management companies may therefore have an incentive to move into new product types or geographic areas if it helps them attract and retain top talent by offering their employees opportunities to take on more responsibility and build new skills. Growth intended to accommodate human resources demands in this way should be part of a clear strategic plan.

Decide whether the benefits outweigh the costs: finally, third-party apartment management companies are encouraged to consider implementing more formal procedures for evaluating whether the fees generated by new business opportunities are sufficient in size. This type of analysis should begin with a thorough understanding of the company's breakeven point on a per unit basis in the market(s) of interest. An acceptable profit margin over and above this baseline can then be determined by systematically taking all of the aforementioned factors into account. Property management companies may find it beneficial to develop a checklist to guide the business development process in order to ensure all of the important variables are given appropriate consideration. The analysis should be data-driven to the extent possible in order to ensure both costs and benefits are analysed in a comprehensive and

defensible manner. Following this overarching recommendation, as well as those previously presented, is expected to help fee managers compete more effectively in environments where they face constant pressure to grow their book of business and expand the scope of services offered to property owners and residents.

## 6. CONCLUSIONS

This paper contributes to the study of strategic property management by examining how sophisticated third-party apartment management companies evaluate new business opportunities. The findings are noteworthy because they suggest relational approaches to business development, a lack of strategic planning, and underdeveloped communication channels can all contribute to ad hoc decision making when firms evaluate new management assignments and prospective clients. Recommendations put forth by the executives participating in the research also indicate that many fee management firms may benefit from approaching these activities in a more systematic way. To the best of the authors' knowledge, this is the first attempt to explore these issues using a series of semi-structured interviews conducted with leaders in the multifamily rental housing industry.

The qualitative analysis is limited in the sense that it only considers the perceptions of executives representing large apartment management firms headquartered in the United States. Furthermore, extraordinary growth in the multifamily housing industry during the study period may allow fee managers to be more selective about the work they take on and less systematic in the way their approach prospective business opportunities. Thus, the results must be interpreted with some caution. Nonetheless, the best practices presented in this paper are anticipated to have value to fee management firms of various sizes, operating in many different market environments, so long as they are exposed to intense competition from peer organizations.

Moving forward, consideration needs to be given to the relationship between a fee management company's characteristics and its approach to business development. This type of research is important because it may expose cultural and/or structural attributes of management organizations that affect the way they pursue new business ventures. Opportunities also exist to explore whether long-range planning and resource allocation modelling on the part of fee managers translate into higher profits or greater client satisfaction. Furthermore,

attention needs to be devoted to the perceptions of entry-level employees and mid-level managers about the impact of unrefined strategic plans and informal channels of communication on the operational efficiency of property management companies, as these individuals may have very different points of view than the senior executives for which they work. Research of this nature may prove essential to encourage the adoption of more systematic decision-making practices by established third-party apartment management firms. These questions remain unanswered and are ripe for academic inquiry to further extend the study of strategic planning to the field of property management.

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