



CRE Operations **HEALTH BENCHMARKING GUIDE**

How healthy is your building?

How do you compare to the
best-performing properties?

This is your essential guide to
healthy buildings, and happy tenants.



How healthy is your portfolio or building?

For us, health is a top priority. When you feel sick, you see the doctor as soon as possible to find the cure. You go to regular cleanings at the dentist to keep your teeth in good shape. If you're on top of things, you go to the gym and eat well to stay in shape.

But, when it comes to your properties,
do you stop to consider their overall health?

A building is healthy when it's operating efficiently and effectively, providing a great experience for tenants. An unhealthy building drives away tenants, threatening asset value and revenue.

So, how can you be sure your operations are healthy?

The way you manage a building or portfolio is similar to how you maintain your own health.

- ▶ When there's an issue, your tenants submit work orders to find a cure.
- ▶ To keep equipment functional, you invest in reventive maintenance, like that trip to the dentist.
- ▶ Just as you check your temperature or vitals, you monitor tenant satisfaction levels.

For asset owners and property managers, the health of a portfolio's operations is the most important factor in high-performance buildings and happy tenants.

The **4** Key Pillars of Operational Health

At Building Engines, we help some of the largest CRE organizations better manage their critical property operations through easy-to-use, powerful technology. As part of this mission, our Client Success team works closely with customers to help them understand the health of their building operations in a comprehensive portfolio-wide Health Check.

Through this unique service, we have found that buildings run on four main pillars of operational health:



1. Work order completion



2. Tenant satisfaction



3. Tenant technology adoption



4. Preventive maintenance

To help you gauge how healthy YOUR buildings are, we've analyzed the operational performance data from the top 50 performing clients – “the Fit 50.” Because all are Building Engines customers, and this data is collected in our software, these benchmarks are 100% proprietary to organizations using our solution.

We hope this will help you identify how healthy your portfolio is compared to the healthiest buildings in the world.

The Best of the Best: **The Fit 50**

To understand the foundation on which the healthiest buildings are built on, we turned to 3,500 best-in-class CRE properties in the country operated by 50 top-performing companies like SL Green, Beacon Capital Partners, and Highwoods Properties.

By looking at operational data from over 254 million square feet of commercial real estate, we found common traits that define the healthiest property teams:

- ▶ They are faster, more thorough, and more efficient
- ▶ They operate with a tenant-first mindset
- ▶ They leverage technology where appropriate
- ▶ They consider data to be a strategic advantage

Specifically, The Fit 50 perform well across four metrics:

- 1.** Work order completion rate - the percentage of work orders that are completed over a specific time period
- 2.** Tenant satisfaction rate – the results of continual tenant feedback requests after service
- 3.** Tenant technology adoption rate – the percentage of work orders submitted by tenants
- 4.** Preventive maintenance task completion rate – how well teams stay on top of scheduled equipment maintenance

Read on to learn what the best of the best are able to achieve in each of these four pillars, common symptoms to identify where you may be falling behind, and actionable steps for improving your own operational health in these areas.



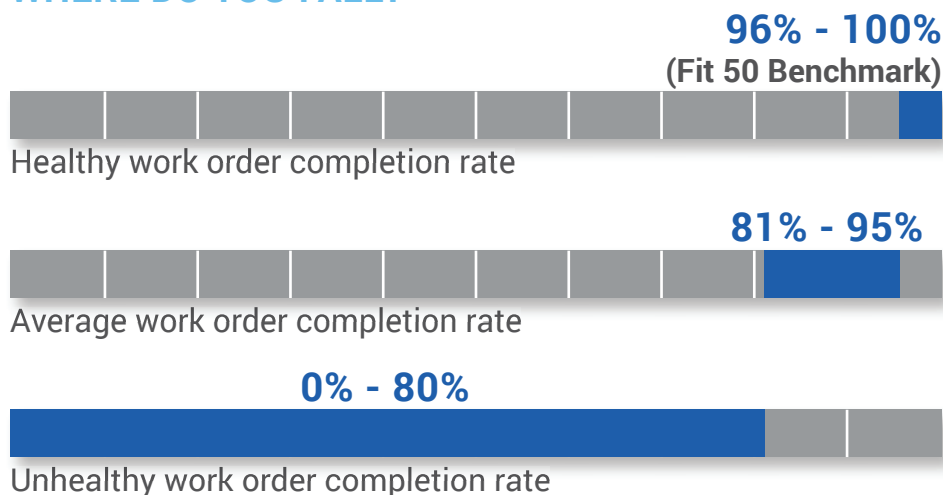
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Work Order Completion Rate

HOW TO MEASURE IT:

Work order completion rate is measured by the percentage of work orders that are completed over a specific time period. In this case, we analyzed work order completion over one year.

WHERE DO YOU FALL?



SYMPTOM CHECKLIST:

UNHEALTHY WORK ORDER COMPLETION RATE

Check for the following indicators that your work orders may need some emergency attention:

- ▶ You are using paper, Excel or other manual process to track work orders.
- ▶ You are constantly answering your phone to an unhappy tenant on the other end wondering about the status of their service request.
- ▶ You find you or your team saying "sorry that fell off our radar" far too frequently.
- ▶ You are spending way too much time on administrative tasks and not enough time serving tenants.
- ▶ You are regularly frustrated by the fact that you have limited visibility into the work assigned to your team.

The Fit 50 (the top performing Building Engines customers) on average maintain a 98% work order completion rate. This rate indicates a healthy operational foundation.

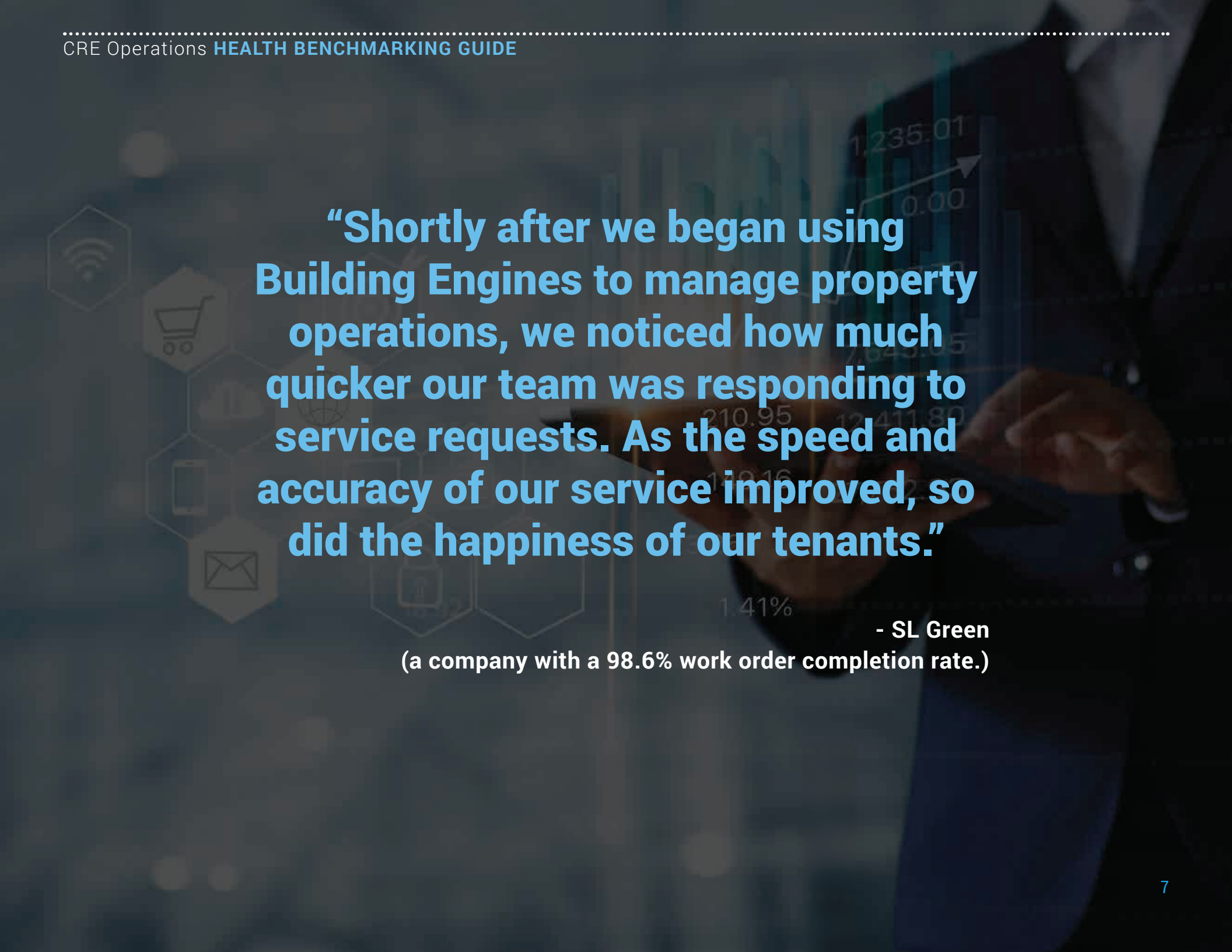
HOW DO THE FIT 50 DO IT?

1. Provide a simple to use service request portal for tenants to submit requests online.
2. Set up automatic workflows for fast request follow-up.
(e.g. instead of manually assigning work to the right engineer, a laight bulb replacement request is automatically sent to an engineer with a specified priority level.)
3. Define a priority level for service requests, so the most critical work is handled urgently while other requests do not get in the way. This allows teams to know what to start working on first, every day.
4. Equip management teams with dashboards that provide greater visibility into work orders.

96% of leading CRE organizations use an online work order/ service request system that is tenant-facing.¹

If you are feeling like your work order completion rates could use a boost of vitamin C, take a cue from the Fit 50, and focus on processes and technology that can make you more effective.

¹Building Engines research, The State of CRE Operations, 2017 <http://creoperations.buildingengines.com>



“Shortly after we began using Building Engines to manage property operations, we noticed how much quicker our team was responding to service requests. As the speed and accuracy of our service improved, so did the happiness of our tenants.”

- SL Green
(a company with a 98.6% work order completion rate.)



Tenant Satisfaction Rate

Tenant satisfaction rate is an indicator of how happy your tenants are with property management and their overall experience in the building.

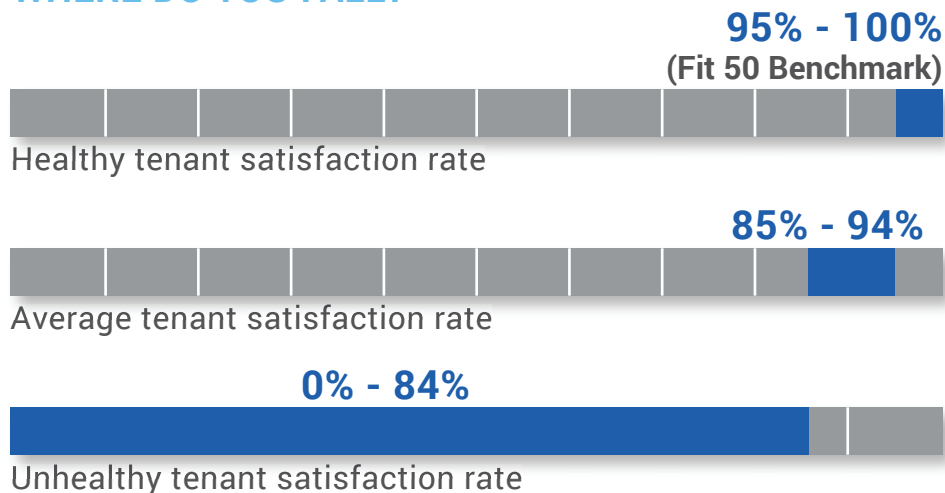
HOW NOT TO MEASURE IT:

Most CRE buildings measure tenant satisfaction on an annual basis, but that doesn't give accurate insight into a tenant's happiness throughout the rest of the year. A lot can change in a year. If you don't have a constant pulse on tenant happiness, you could be facing unhappy tenants and non-renewals that you don't find out about until it's too late.

HOW TO MEASURE IT:

The best way to measure tenant satisfaction health is on an ongoing basis. Building Engines is set up to automatically send a simple thumbs up / thumbs down tenant satisfaction survey. This helps easily gauge how happy tenants are at any given time through the year. Many times, higher tenant satisfaction leads to a higher rate of tenant renewals and occupancy rates, as well as overall asset value. And of course, a healthy building.

WHERE DO YOU FALL?



SYMPTOM CHECKLIST: UNHEALTHY TENANT SATISFACTION RATE

- ▶ Your tenant doesn't renew and you're blindsided by the news. (If you had only known they were unhappy, sooner!)
- ▶ Your tenants are frequently calling to ask about the status of a service request or work order.
- ▶ You're constantly having to hunt down an engineer to ask for updates on work.
- ▶ Your team is consistently missing service delivery targets.
- ▶ You don't have service delivery targets or service level agreements set with tenants as well as the ability to measure against these.

On average, The Fit 50 achieves a 95% tenant satisfaction rating or higher.

A great tenant satisfaction rating is a leading indicator of a healthy building. Use the tips above to ensure your tenants are as happy as possible, keeping your building alive and well.

HOW DO THE FIT 50 DO IT?

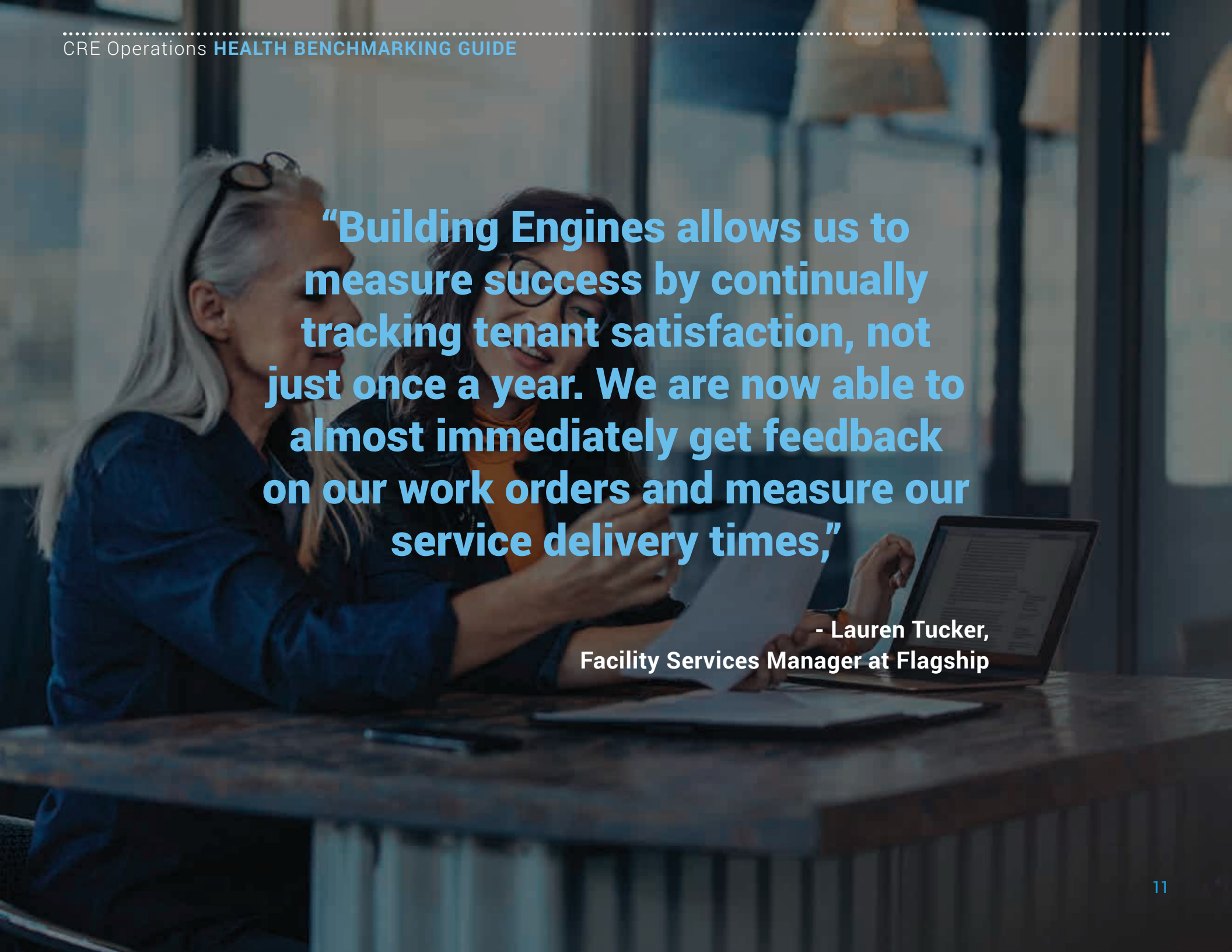
They do this in part by taking advantage of Building Engines' tenant satisfaction tools to gain deeper insights into the happiness of their tenants throughout the year, not just once annually. More specifically, they maintain healthy relationships with their tenants by:

1. Establishing two-way communication with tenants – broadcasting daily or emergency communications quickly while providing easy methods to get in touch with property teams when needed.
2. Seeking tenant feedback after every service request and throughout the year to keep pulse on their happiness.
3. Measuring tenant sentiment in a dynamic way (e.g. trend data over time), not just static, point-in-time scores, spotting trends and red flags before they become detrimental to tenant health.
4. They take a proactive mindset, not just reactively responding to service requests. This allows them to anticipate tenant opportunities, challenges, and changes – and take corrective action to delight customers before problems arise.

**More than
8 out of 10 top
performing properties
seek tenant feedback
on work order
performance.²**

A great tenant satisfaction rating is a leading indicator of a healthy building. Use the tips above to ensure your tenants are as happy as possible, keeping your building alive and well.

²Building Engines research, The State of CRE Operations, 2017 <http://creoperations.buildingengines.com>

A photograph of two women sitting at a wooden desk in an office setting. The woman on the left has blonde hair and is wearing a blue jacket. The woman on the right has dark hair and is wearing a black jacket over an orange top. They are both looking at a laptop screen. There are papers and a pen on the desk. The background is slightly blurred, showing office shelves and a lamp.

“Building Engines allows us to measure success by continually tracking tenant satisfaction, not just once a year. We are now able to almost immediately get feedback on our work orders and measure our service delivery times,”

**- Lauren Tucker,
Facility Services Manager at Flagship**



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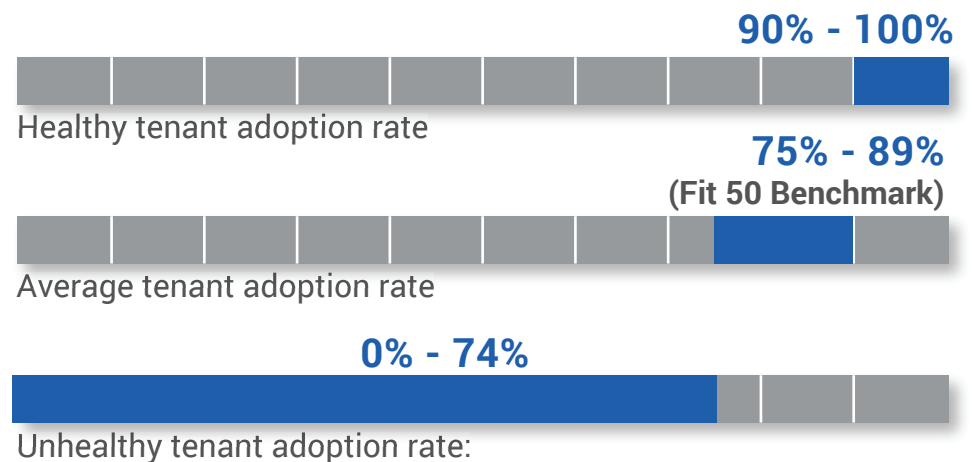
Tenant Technology Adoption Rate

Asset owners and property managers know that technology can provide greater efficiency and an improved customer experience. 6 out of 10 high-achieving organizations have a technology line item in their budget.³ However, broad adoption is critical to reap the benefits of any platform purchased.

HOW TO MEASURE IT:

Tenant technology adoption is measured by the percentage of work orders submitted by tenants (rather than the property team.) A high percentage of work requests from tenants indicates a healthy adoption of the technology provided by asset owners and property management teams.

WHERE DO YOU FALL?



³ BOMA and Building Engines Research, 2018 <https://www.boma.org/BOMA/Research-Resources/Trends/CommercialRealEstateTechnologyTrends2018.aspx>

SYMPTOM CHECKLIST: UNHEALTHY TENANT TECHNOLOGY ADOPTION RATE

- ▶ If you're a property manager, your phone rings all day with calls from tenants frequently asking, "can you turn down the AC? It's too cold in here."
- ▶ Your inbox is a nightmare, full of one-off emails from tenants complaining about lighting, plumbing, room reservations or other requests.
- ▶ It takes you hours to sort through emails and document tenant requests.
- ▶ Your tenants are constantly bugging you to provide an update on requests they've made. You provide it to the best of your knowledge, if you can get in touch with the engineering team.
- ▶ You had to hire an admin to help with the workload of manual task entry and reporting.

The Fit 50, on average, achieve an 88% tenant adoption rate. Note, this is not a typo! The best-in-class among CRE firms are still only achieving an average level of tenant adoption. (They're close.)

This, and our study with BOMA indicates that tenant adoption is a major challenge in the CRE industry. Convincing tenants to use a technology system can be difficult, especially when they're used to old ways (i.e. directly calling or emailing property management.)

HOW DO THE FIT 50 DO IT?

With an average 88% tenant adoption rate, our Fit 50 are leading the pack. Here are a few remedies to boost the immune system of tenant adoption health:

1. Provide tenants easy ways to communicate with building management, for example, a tenant request portal they can access from their mobile device or computer.
2. Highlight your property management technology in new tenant marketing and sales efforts. Many marquee tenants want to know they have an easy way to contact management when they have a building issue or request, for example.
3. Educate your tenants regularly on the benefits of using the property management system to get in touch with management. For example, Flagship tells tenants that when a request is submitted through Building Engines, they are committed to acknowledging it in one minute. The tenant can also check the status of their request in the tool. This type of communication not only sets service expectations, it shows the tenant the benefit of using a system over an untraceable, one-off email to a property manager.

Meet Tenants Where They Already Are.

For even better adoption, allow tenants to communicate with a chatbot through channels they use regularly such as text messaging or Slack. Bengie, from Building Engines, acts as an AI assistant, instantly handling the most common tenant requests like visitor registration and work orders, and responding in language that sounds human!

[Learn more here.](#)

Getting tenants to use property management technology can be a challenge, but these tips ensure healthy adoption, and ultimately, great service.

77% of office workers would prefer to use text messaging or messaging apps in the future to communicate with property management teams. ⁴

⁴Building Engines Research, Tenant Experience Gap Report, 2018 <https://www.buildingengines.com/landing/the-tenant-experience-gap-report>



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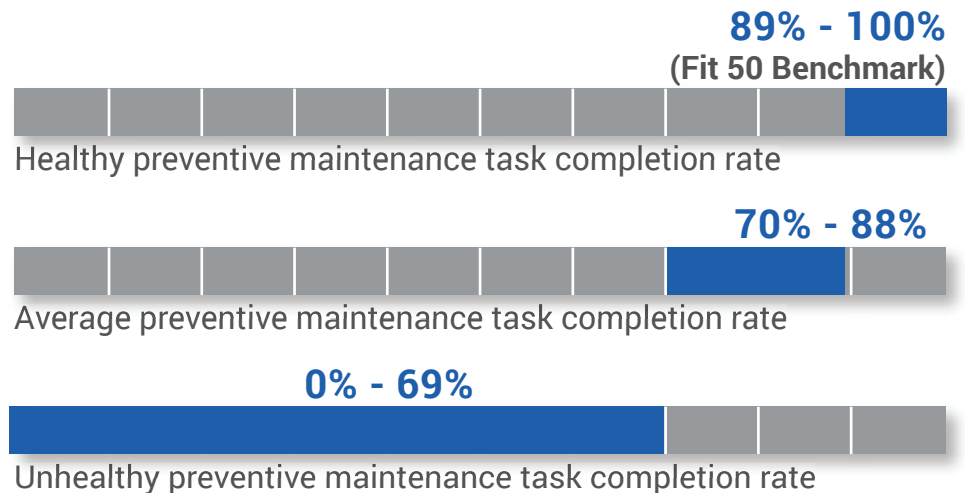
Preventive Maintenance Task Completion Rate

Preventive maintenance tasks are like checkups at the doctor's office – they ensure the core parts of your building are running properly. When HVAC units or elevators aren't working properly, it threatens other parts of your operational health (just as if your heart isn't healthy) including work orders and tenant satisfaction.

HOW TO MEASURE IT:

PM task completion is measured by the number of assigned tasks completed on schedule. It's critical to manage both the completion of the maintenance AND the schedule by which it is assigned. A late preventive maintenance task is a risk you don't want to take.

WHERE DO YOU STAND?



SYMPTOM CHECKLIST: **UNHEALTHY PREVENTIVE MAINTENANCE RATE.**

You may be experiencing the following symptoms. If so, the diagnosis is clear – poor preventive maintenance!

- ▶ You get anxiety when your phone rings and it's your engineer because you're worried they'll tell you a piece of equipment needs major, expensive repairs due to a lack of regular maintenance.
- ▶ You associate your HVAC system with negative dollar signs because they regularly need unexpected fixes.
- ▶ You constantly find yourself wondering if preventive maintenance tasks that ARE scheduled are getting done.
- ▶ You have to rummage through binders and emails to find the status of preventive maintenance tasks, or the schedule for future work.
- ▶ You can't track preventive maintenance trends or predict the lifespan of certain equipment, making it hard to budget and order materials to make repairs.

The healthy organizations in the Fit 50, on average, achieve 90% preventive maintenance task completion.

HOW DO THE FIT 50 DO IT?

1. Equip engineering teams with advanced technology, such as easy-to-use mobile access to track and record their scheduled preventive maintenance tasks on-the-go. About 70% of top-performing office properties use online preventive maintenance notification and mobile task tracking.⁵
2. Enable engineering teams to also create work orders while performing maintenance when necessary.
3. Record preventive maintenance data such as completion rates, outstanding tasks, schedules, labor, materials, and more in one central place to ensure no task is missed.
4. Use an aggregate dashboard to understand the trends behind this data and get ahead of problems before they occur.

A healthy building is defined by its operational performance, working elevators, clean lobbies, etc., and the happiness of your tenants, the lifeblood. Without four healthy pillars of operational performance, you will start to see your building decline. Work orders will become frequent and followed up with in an unorganized fashion and tenants will become frustrated and unhappy with the buildings they work in.

⁵ Building Engines research, The State of CRE Operations, 2017 <http://creoperations.buildingengines.com>



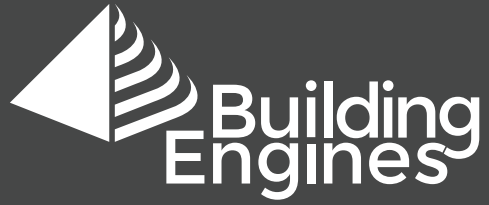
These four pillars have to continue to be as healthy as possible to keep your building running smoothly and efficiently, just like the veins in your body ensuring that your blood is circulating regularly. If you are feeling any symptoms of an unhealthy building, it's not too late, take the time to re-evaluate your building and find the right cure.



BUILDING ENGINES CLIENT HEALTH CHECKS

Building Engines' customer success team is dedicated to ensuring our clients use our system to the best of their ability to keep their buildings running properly. To do this they regularly perform health checks with clients to see how well they are using the Building Engines software as well as how the use of the system is positively impacting their property management strategy across their whole portfolio.

[Learn more about the free health checks we offer Building Engines clients.](#)



BUILDINGENGINES.COM

[866.301.5300](tel:866.301.5300)

INFO@BUILDINGENGINES.COM

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