

Improving Utilization of Information Technology
At Leasing Solution

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Leasing Solution is a residential leasing company that has been in business since 1986 in Dallas, Texas. They specialize in apartment leasing. The portentous vision of its management, coupled with hard work, has allowed the company to more than triple the size of their leasing force in the past few years. Expanded operations have allowed them to effectively realize a profit increase that is a tenfold improvement in comparison to profits of earlier years.

Leasing Solution has three office locations that are strategically located in areas of town that have a large number of rental units. The company has one broker¹, Mr. Lance Skyler. Each office has approximately 12 licensed real estate agents and one manager, who is also a licensed agent. There are three computers in each office. One of those computers is in each manager's office, and the other two are at the back of the office. Agents use these two computers to obtain property information in preparation for appointments with prospective renters. The company's database of local apartment data is updated by the office managers on an as-needed basis.

Problem Definition

The employees at the first office did not even have one computer when business commenced in 1986. That reality was, however, a function of the times, as computers in use by real estate professionals were few and far between. Licensed real estate agents in the mid 1980's knew that computers were available, but most considered them needed only by workers in the

¹ In Texas, there are two types of real estate licenses -- a broker's license, and a sales license. Each company must have at least one individual with a broker's license, and the broker is essentially responsible for the actions of the salespeople. An individual with a sales license can not only sell real estate, but they can also lease and manage properties. There can be many salespeople in an office, and on each sales license is printed both the name of salesperson and the name of the sponsoring broker.

fields of science. Real estate agents had traditionally used various filing systems and index card systems to organize customer information, market inventory, financial data, and statistical data.

Symptoms that require attention

Since the company began its business, numerous competitors have entered the local leasing market. While virtually all cities have traditionally been favorable for the real estate sales business, fewer cities, typically those with a very high occupancy ratio or a high population density are favorable for leasing companies. It is because Dallas is a city where most apartment complexes are willing to cooperate with leasing agents that new leasing companies are able to begin business confidently.

Entering the leasing business is a step that many new licensed agents prefer over entering the sales business, and a couple of reasons will explain why this decision is often made. First of all, leasing is a good way for newer agents to become introduced to the real estate profession. The process of leasing properties requires much less time and paperwork than for sales transactions. Secondly, earning leasing income is possible on an almost-daily basis, and many leasing professionals prefer a more immediate income. Leasing agents can make several leases a week, and experienced agents can make two or three leases per day. In contrast, most sales agents make only one to five sales per month, and it may take six months or more in the business to generate a steady income stream. Many leasing agents are so content with the success they experience in the leasing business that they continue to lease properties for many years.

In cities where the occupancy ratio is high and there is a shortage of available rental units, information is extremely important in a veritably timely manner. As one unit becomes available, there may be several leasing agents with customers who would like to rent the unit.

Valid information must be available to agents in a timely manner and must be used in an advantageous manner in order to be successful in the business.

Not only must agents communicate effectively with on-site representatives of the apartment complexes, but they must also communicate effectively with each other.

Interoffice communications are very important as agents can pass on information to other agents at the branch offices regarding the rental rates and “move-in specials” that are being offered at various complexes. If all of the agents at Leasing Solution had e-mail accounts, they could reliably send the data to agents at the other branch offices.

The company currently has a Web page, and it serves not only to provide rental information and notices of move-in specials, but also to provide useful information about the city, utilities, moving companies, nearby shopping centers, etc. Overall, the design of the page is visually appealing, and content is informative. However, the Web site does need several basic improvements, such as improving the format of information provided, and correcting a few typographical errors.

Underlying fundamental issue and problem statement

It is *because of* the increase in competition in the local leasing industry that the managers at Leasing Solution have been forced to reevaluate their business position. The availability of advancements in information technology (IT) should provide Leasing Solution with a pragmatic IT solution. The question to be answered is, therefore, *how can Leasing Solution utilize advances in IT to improve their business position?*

Justification for Problem Definition

The newspaper used to be the dominant means to acquire new prospective renters. The strategy for the placement of newspaper advertisements by the top local leasing companies was

tantamount to a science. Their strategy was devised with two objectives. First, the advertisement had to be appealing and had to *attract* prospective renters. An ad identifying a generous move-in special was considered superior to an ad that simply identified a fair rental rate. The second part of the newspaper advertisement strategy was to have the optimal number of ads in any given geographical category of the rental section of the local newspaper. Too few ads were found to generate too few calls into the office. Conversely, diminished returns and unnecessary advertising expenses were realized when too many ads were placed in the same section of the paper.

While newspaper ads are still important for attracting local prospective renters, many out-of-town individuals planning a move to Dallas have needed a way to contact local leasing companies. Dallas has seen an increase in population, which is expected to be sustained by the growth and expansion of the high technology firms that have moved to or are located in the vicinity. Individuals planning to move to Dallas have started to use the Internet to search for information about rental units in the area. Increasing numbers of apartment complexes are including their information (e.g., prices, sizes, amenities, move-in specials) on the Internet. There is a lot of information that can be placed on the Internet, and some leasing companies have started to invest in a Web presence.

Advances in information technology have made it easier for small companies to reach many people. On a small scale, improvements in faxing technology have allowed apartment managers to send one notice to many leasing companies about price changes or move-in specials. On a larger scale, advertising on the Internet can allow a company to potentially reach millions of people. Leasing Solution should consider doing what it can do to reach this potentially large market.

Alternate Courses of Action

Alternative 1

Leasing Solution should provide a computer for each leasing agent, to be placed at the agent's desk.

Alternative 2

Leasing Solution should improve their use of the Internet to attract more customers.

Alternative 3

The management at Leasing Solution could decide to make no improvements at all. By maintaining the status quo, they could simply rely on the successful systems that they have used in the past.

Alternative 4

Provide cellular (cell) phones for each agent.

Evaluation of Alternatives

Provide a computer for each agent

Advantage(s). If an agent has a computer at his or her desk, it is very convenient to be able to quickly search for available properties. The company's database is updated as often as is necessary. That is, as soon as an agent at the company learns that an apartment complex has made a price change, that change is given to the office manager and is immediately entered into the database.

Between appointments with customers, leasing agents can use the desktop computer industriously to write thank-you notes. Or they can take the time to better familiarize themselves with the property inventory and current rental rates.

Disadvantage(s). Providing a computer could be costly. Agents make their money by being out in the field (i.e., showing properties to customers). The more they are out from the office, the better their chances for making a successful lease. There would be many hours that a computer at their desktop would be underutilized. Besides, they really don't need a computer at their desk to get apartment information. There are already two computers at the back of the office for that expressed purpose. Also, the absence of a computer at their desk would remove the bulkiness and numerous wires or cables from the desk area and would make the desks look neater and more professional.

Improve their use of the Internet to generate more business

Advantage(s). There has been a virtual explosion of growth on the World Wide Web as increasing numbers of companies recognize the benefits of having a Web presence. At the very least, having a company Web page will make the company seem more professional by utilizing modern technology. Also, having a Web page can position a small company to seem larger.

One last benefit of improving use of the Web technology is that it can help a company attract out-of-town customers who are considering a move to the Dallas area. Because of its strong economy, Dallas does indeed have a steady stream of people moving into the vicinity.

Disadvantage(s). Many companies may have a Web page or may use the Web as a tool for attracting business. But as more competitors make entrance into the world of the Internet, it becomes increasingly difficult to have the company Web page make it to the top of a query by the various search engines. For instance, if a potential customer searches using keywords "Miami real estate," they will get dozens of Web page listings that match the "search results." Customers are more likely to visit Web pages listed at the top portion of the search results. Web pages at the bottom of the list of search results may be seen only infrequently.

Maintain the status quo

Advantage(s). Leasing Solution already knows, from experience, that they can have a certain percentage of the local leasing market. In other words, if they do absolutely nothing new, they can feel confident that their experience will be satisfactory to compete with newer, inexperienced agents who enter the leasing business as competitors. Experience proves itself in the field when an agent is with a customer. For instance, some customers may have difficulties in making a decision, even when making an expedient decision is in the customer's best interest. An experienced agent can subtly nudge a customer towards a prudent decision without appearing pushy.

Boar (1997) discussed the attributes of core competencies. One attribute is that they are difficult to imitate. Leasing Solution's core competency is understood in terms of their experience and expertise in the leasing industry. They have been in the leasing business long enough to have created their own, distinguishable, leasing style, which is, in part, a reflection of the culture of the company as has been developed over the past 14 years. The dynamics of the sum total of the experience and personalities of the agents and management create a core competency in terms of style, image, and public perception.

Another of the attributes of core competencies is that they are sustainable (Boar, 1997). Leasing Solution has developed a momentum in the local leasing industry, and have closely monitored past performance by agents, fluctuations in rental rates, and trends in newspaper advertising tactics. They know enough at the present time to sustain their market share.

Doing nothing new can also allow the company to avoid what may be costly expenses. Purchasing a computer for each agent, at a cost of \$1,700 to \$2,000, would represent an expense that may not be justifiable.

Disadvantage(s). If Leasing Solution does not do anything new, then they will be no better off than they are now, and may soon see evidence of a decreased market share as more new licensees enter the business each month. While a core competency may be *sustainable*, it cannot be sustainable in all scenarios, especially when increasing numbers of companies are improving their operations by making improvements in their IT infrastructure.

Alternative 4 (Provide cell phones to all agents)

Advantage(s). Over 100 million people in the United States now use cell phones (Schultz & Terrell, 2000). Cell phones are now advanced enough to offer useful features such as voice mail, silent ringing, etc. E-mail alerts can also be sent to an agent via his or her cell phone. Providing a cell phone for each agent would allow the agents to communicate better with each other and with management when they are out in the field showing apartments. Having a cell phone would allow the receiver of the call to the office to offer the agent's cell phone number to the customer who called. In addition, potential customers could reach the agent when the agent is out of the office. It is not uncommon that, while out on a leasing appointment, another customer of the agent will call the office asking for the agent. It is very important that the delay for an agent in returning a customer's call is minimized so that potential customers will not call a competitor.

Disadvantage(s). If all agents had cell phones, there would be many times when calls would be a distraction. If the agent is in the car with a customer, talking to another customer on the cell phone would take time away from the customer who is present with the agent. Also, it may be uncomfortable for the agent to discuss (on the phone) several properties that the customer in the car is about to, or has just, seen, especially when apartment availability is scarce. Each customer should be able to expect to have the agent's full, undivided attention.

Review

As more people become used to the benefits of the World Wide Web (Web), an Internet presence will be more important to have. Also, as more individuals move into the Dallas area, it is more likely that they will use the Internet to get information about rental properties and leasing companies.

A consultant at a recent Internet Boot Camp² in San Francisco (Whitford, 2000) introduced his philosophy on how to have a successful e-venture by saying, “The bigger the object you are escaping from, the more speed you need. The bigger *you* are, the more fuel you need.” For Leasing Solutions, the “big object” that they should try to escape from is the weighted burden of an outdated system (viz., a system dominated by the use of paper for record keeping and for managing customer contacts). The “speed” that they need to escape from that old system is expressed as focused motivation for modernizing their approach expeditiously. The “fuel” that they need is realized in terms of a firm commitment to allocating the resources needed to make their vision a reality.

Offering cell phones to agents would improve their communications, and would increase availability. In the real estate leasing business, agents typically need to be available for calls 70 to 80 hours a week. They do not necessarily work or schedule appointments that many hours³, but customers can call at any reasonable hour. It is important for the agent to be “available” when the customer calls. An unanswered phone call may be the only inconvenience that it takes for a customer to call a competitor.

² The Internet Boot Camp was a two-day seminar for those who wanted to learn all that they could about e-business. It was put on by a group of attorneys, consultants, and professors. Most participants included those who were there to either “catch up” or “get ahead” with e-business.

³ Apartment complexes are usually open seven days a week, for a total of around 50 to 55 hours per week.

While the use of cell phones is a good idea, and management should consider this idea *in addition to* whatever else they decide. Agents who are industrious and ambitious should have a cell phone even if management does not provide one. Unfortunately, while having a cell phone would improve agent communications with both customers and fellow agents, it would *not* be a solution that would solve the underlying fundamental issue. Improving communications is not a solution that will improve their overall business posture in an increasingly competitive leasing business.

Conclusions

According to Mannix (2000), an estimated 144 million Americans are plugged into the Internet. Millions of other worldwide users also gain access to the ever-growing Web. Leasing Solution will be smart to use a strategy that includes the tremendous potential exposure that the Internet can provide. Leasing Solutions should therefore improve their use of the Internet to attract more potential customers. This solution would directly solve the underlying fundamental issue. It has already been established that competitors have started using the Internet to attract customers. Leasing Solution should take advantage of the developments in Internet technology to improve their ability to attract customers who use an on-line approach to gather rental information. Overall, the Internet is valuable as a medium with which to reach unprecedented numbers of people.

Implementation and Evaluation

Leasing Solution's current Web page is satisfactory, but it could use a few improvements. One of the first things that they should do is to have the Web page examined to improve its appeal and readability. There are four improvements that should be made to the Web page. First of all, the top portion of the home page is very well designed, but the bottom portion has too much typed

text, totaling over 260 words. Secondly, as a result of the issue of too many words on the home page, the home page exceeds one screen length. To prevent users from having to scroll down to see the bottom of the home page, it would be preferable to reduce the total text content on the home page (Swain, 2000).

The third thing that the company should do to improve their Web site is to correct typographical errors that have remained uncorrected for several months. Absolute perfect grammar and spelling are imperative, as it reflects the professionalism of the company.

The fourth thing the company should do to improve their Web site is to add a link on each page (other than the home page) allowing users can get back to the home page. Currently, if a user goes to one of the four page choices from the home page and wants to return to the home page, they have to use the “back” button on their browser. Each of the four pages that one can view provides links to each of the other pages, with the exception of a link back to the home page.

Management should coordinate efforts with their Web development company and their Web hosting company to make sure that needed changes are made and updated to their Web site.

The company has wisely included a back-end service on their Web site that allows customers to fill out a simple questionnaire regarding their preferences for a desirable apartment. All inquiries come in via the broker’s e-mail account. The leads are then dispersed to agents in the broker’s office, or to the manager of the office that specializes in the part of town that the customer prefers. Each office manager then gives the lead to an agent who is available at the moment. If no agent is immediately available, the lead should be given to the first available agent. The sooner a return communication (i.e., a phone call) is made to a potential customer, the

more likely the customer is to feel that professional service has been rendered in a timely manner.

The second major thing that Leasing Solution should do as a part of the implementation plan is to find a company that can singularly represent them on the Web by attracting potential leasing customers. This suggestion does not include simply paying for banner ads that would be placed on various Web sites. Management at Leasing Solution has already tried paying for banner advertising on the Internet. They were charged each time someone clicked on the banner ads, and the monthly fee averaged over \$500.00. Management eventually realized that there were a disproportionate number of visitors to the banner ad relative to the number of individuals that took the next step of actually contacting the company. Leasing Solution was, and still is, willing to pay for Internet exposure, but they need a way to improve the generation of leads that is superior to banner advertising.

Rather than spending money on banner ads, Leasing Solution should consider hiring a company that specializes in Web positioning. Kazam Marketing, for instance, offers companies in any field of business the opportunity to be the exclusive company listed on their site for that particular business in any given city. If Leasing Solutions uses their service, they will be able to be the *only* residential leasing company listed for the Dallas area. While Kazam Marketing already has a residential real estate *sales* company listed for Dallas, they do not have a company listed for Dallas that specializes in *residential leasing*.

The benefit of hiring Kazam Marketing can easily be recognized when the process of searching for an apartment on the Internet is understood. Eighty-six percent of those looking for a service will find it through a search engine (Skyler, 2000). Also, when someone uses the Internet to get information about renting an apartment in Dallas, they will probably use “Dallas

Apartments” and “Apartments Dallas” as the most common keyword search phrases (Skyler, 2000). The search engine then offers the results of Web sites that match the keyword search phrase. When Kazam Marketing’s Web site is reached by a customer, the customer is asked to fill out a short questionnaire that provides basic information about leasing preferences (e.g., price range, number of bedrooms). When the customer clicks the “Send” button, the response is sent via the back-end service to Kazam Marketing, which would then forward the information to the leasing company. Kazam Marketing would then bill the leasing company \$7.00 per “lead.”

If Leasing Solution projects an estimate of making an apartment lease to only one out of every four leads it receives, which is conservative, their cost per lease will be \$28.00 (i.e., four leads at \$7.00 per lead). In contrast, their current cost per lease for newspaper advertisements is \$83.00.

To ensure that their Web site is listed at the very top of the list of search results after a query has been made on the Internet via a search engine, Kazam Marketing evaluates their Web site and those of competitors on a weekly basis. They make modifications as needed to the keywords, titles, and descriptions within the Hypertext Markup Language (HTML) to make sure that they are positioned highly by the search engines. It is obviously advantageous to Kazam Marketing that they are positioned highly in search engine results; the more leads they can send to Leasing Solution, the greater will be their monthly billing invoice to Leasing Solution.

Leasing Solution should not abandon newspaper advertising, but should maintain its frequency at the same level as before. Web-generated leads should be seen as a *supplement* to their newspaper-generated leads. The newspaper still remains the most significant way reach local potential customers. The main benefit of their implementation plan is to allow those with access to the Internet, and especially those who are planning a move to Dallas from another city,

an opportunity for getting information about a competent Dallas-based leasing company, (i.e., Leasing Solution. While an individual planning a move to Dallas from another city could eventually get a copy of the local Dallas paper, searching the Internet via search engines is much easier.

As elements of the digital age become much more apparent in everyday life, time becomes more valuable. The time it takes to get information has decreased. The advancement of communications technology such as the Internet makes researching almost any topic easier than going to a local library or bookstore. That is why potential customers of Leasing Solution should have the ability to reach the leasing company quickly and easily via the Internet. If Leasing Solution's Web site is modified by making the improvements suggested in this case study, and if they hire Kazam Marketing to increase Internet-generated leads, they will be making prudent enhancements to their strategic planning. Lastly, if the agents at Leasing Solution make a timely response to each lead that is generated by the Internet, and continue to offer outstanding professional service, they will be in the best possible position to maintain a high market share in the years to come.

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