

# Real Estate Investment and Operating Company

---

CASE STUDY

## PROFILE

### INDUSTRY

Real Estate Investment  
and Operation

### HEADQUARTERS

Denver, CO

### EMPLOYEES

120

### REVENUE

\$40M+

### LOCATIONS

40 Locations in 7 States

"The LEGACY Center... energized our entire company and our culture in precisely the way we had hoped but had never before achieved and gave us the means to carry it forward."

- President, ABC

## INTRODUCTION

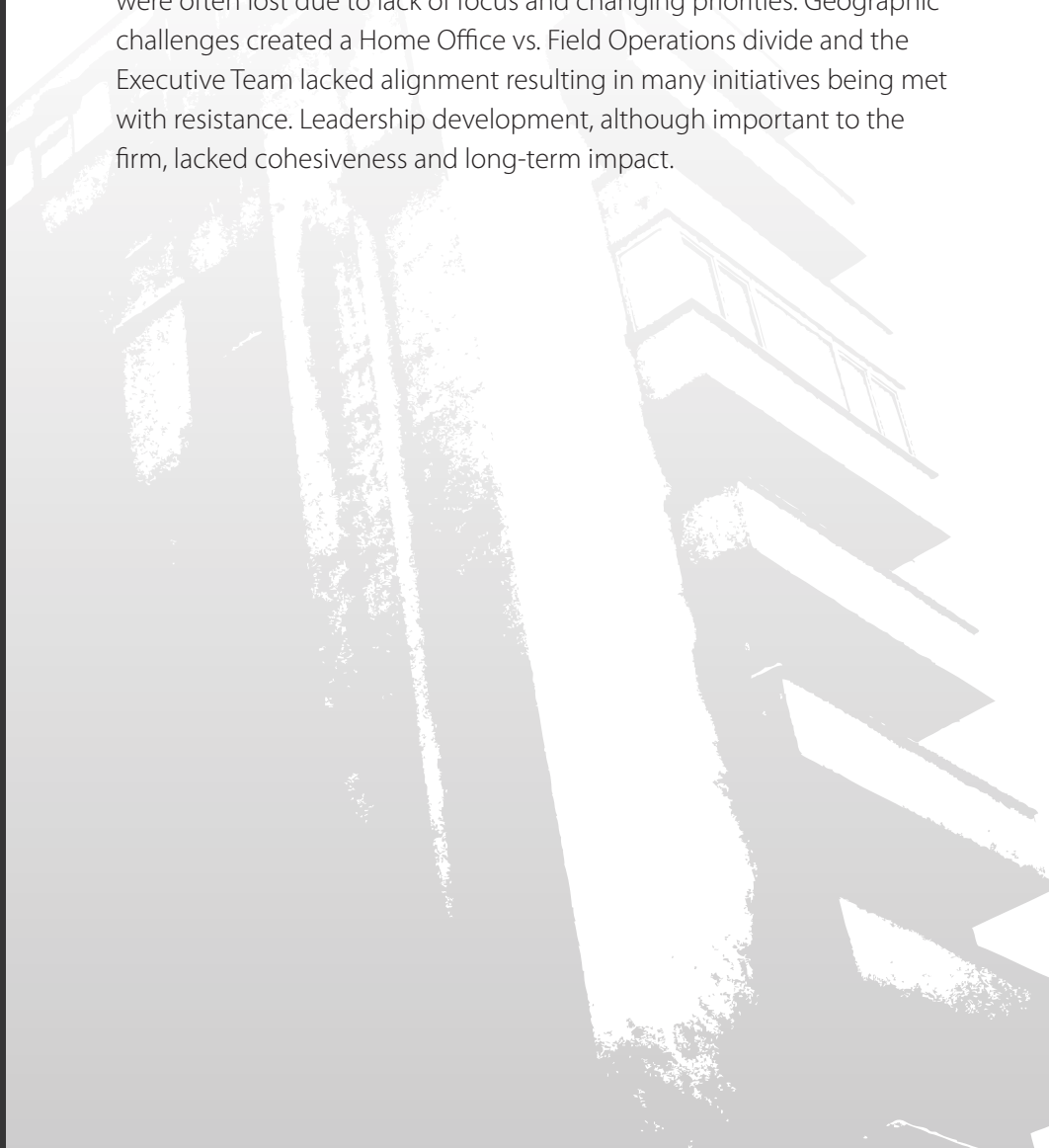
ABC opened their doors in 1974 with the purchase of a few small apartment buildings and grew to own and develop properties for manufactured housing in seven states including Colorado, Wyoming, Texas, Nebraska, Nevada, New Mexico and North Carolina.

**MISSION:** To serve the working families of America by providing the best housing value in the country.

**VALUES:** Honor, Innovation, Integrity, Stewardship, Excellence, and Abundance-Minded

## CHALLENGE

After an industry market crash and subsequent change of leadership, ABC began rebuilding every area of the business. Although they were always leaders who cared for their employees and conducted business with high ethics and integrity, the leadership team struggled to wrap their arms around creating the culture they desired supported by effective leadership development. Good intentions and great ideas were often lost due to lack of focus and changing priorities. Geographic challenges created a Home Office vs. Field Operations divide and the Executive Team lacked alignment resulting in many initiatives being met with resistance. Leadership development, although important to the firm, lacked cohesiveness and long-term impact.



## SOLUTION

**STEP 1:** The Executive Team first committed to a long-term vision for cultural transformation through targeted leadership development.

**STEP 2:** They began the process by attending an off-site meeting with The LEGACY Center to lay the foundation for the work that included re-visiting their existing mission statement, participating in a robust discussion refining their values, as well as creating clear behaviors that they would expect to see when one is truly living those values.

**STEP 3:** A Cultural Values Assessment (CVA) was conducted to see how the employees currently perceived the culture of ABC. This assessment tool effectively highlighted the gap that existed between the current culture and the culture they desired.

This CVA survey allows for the employee to choose both positive and potentially limiting/negative descriptors like confusion, hierarchy, control, and blame. The percentage of negative votes, referred to as entropy, is a window into the health of the organization and reflects the effectiveness of the current leadership team.

The overall entropy score for ABC was 18%, well above the 10% target for a healthy organization. The data also provided snapshots of individual departments allowing for targeted conversations to address specific situations and performance.

One of the highest departmental entropy scores, 32%, came from the District Managers, a critical part of the operations, customer service and revenue generation. The LEGACY Center conducted individual interviews with these leaders to gain better insight into the roadblocks and frustrations they were experiencing.

## WHY DO THE SURVEY?

“We need to know if we are keeping our promises to our people.”

- VP, ABC

**STEP 4:** An action plan was developed with the Executive Team to address the results of the assessment, focus groups were conducted, and monthly meetings were held to share success stories and tackle challenges.

**STEP 5:** Values-based 360 surveys were conducted for each member of the Executive Leadership Team. Individual coaching was provided to interpret the results and create an action plan for personal leadership development. Development of mid-level leaders was targeted for Phase 2 of the work.

**STEP 6:** Human Systems must be in alignment with the new values in order for the cultural and leadership transformation to be sustainable. Performance Management, Hiring and Onboarding systems were reviewed for opportunities to better support the new values and behaviors.

**STEP 7:** The remainder of the organization was now invited into the process by participating in a Values Rollout event. This experiential workshop was conducted regionally for ABC in order for the greatest number of employees to participate.

Employees from various regions and departments discussed, often for the first time, their own personal values and how these new company values would impact their daily work and performance of the business overall. A common language for change is now established.

“I’ve worked for a lot of big companies and attended many kinds of training but this one has been life-changing.”

- Values Rollout Participant

## PERFORMANCE RESULTS

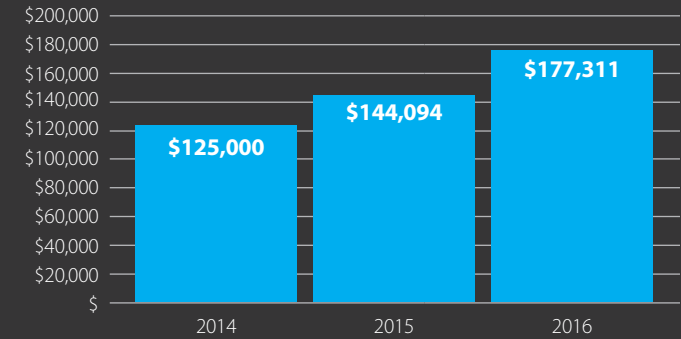
The Cultural Values Assessment was repeated 18 months later.

	2014	2015	2016
<b>Revenue +/-</b>	12%+	6.1%+	8.2%+
<b>NOI +/-</b>	5.1%+	11.3%+	14.9%+ (\$4.7M)
<b>Rent Delinquency rate</b>	8.5%	5.7%	5.4% (\$88k reduction in rent payment delinquency)
<b>Entropy/Dysfunction</b>	18%		9%

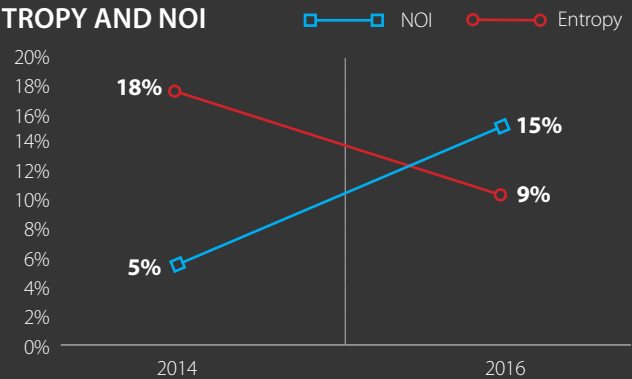
- Entropy/dysfunction went down
- Net Operating Income went up
- Delinquency Rate went down

An increase of 41% NOI per employee since Legacy Center's engagement

### NOI INCREASE PER EMPLOYEE



### ENTROPY AND NOI



## OVERALL RESULTS

- Overall organizational entropy was reduced 50%. Confusion, one of the biggest problems revealed in the first survey, was cut in half resulting in better focus and strategic goal achievement.
- District Manager entropy was reduced 50% resulting in protection of turnover in the group. Based on industry averages, we estimate that the cost of losing each DM would have been in excess of \$50k.
- Tools/processes were developed by The LEGACY Center to help keep the conversation alive. For example, meetings now begin by discussing a randomly chosen behavior, asking "How are we doing with this?" Signage and icons in every location highlight the mission, values, and behaviors and are referenced with new potential clients.

- Cultural stories are now regularly captured and shared on the employee portal, reinforcing the change with positive peer influence.
- The Executive Team made some difficult personnel decisions on the team that resulted in better alignment and more trust.

With measurable culture indicators identified, action plans for improvement clearly communicated, and supporting values/behaviors in place, ABC is now poised to intentionally develop leaders in an environment that will support and reinforce their new skills. Phase 2 of our work will include the development of mid-level managers in order to ensure the effectiveness of their leadership skills are continuing to increase.