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O'SHANTER DEVELOPMENT COMPANY

LEADING THE ENERGY EFFICIENCY
MOVEMENT IN APARTMENT BUILDINGS

O'Shanter Development Company is a family-owned property management and development firm that has been in business for nearly 60 years. It manages more than 2,500 rental units, with a variety of ownership structures within the portfolio. The company offers a complement of in-house services, mechanical and general construction project management, and legal functions. O'Shanter aspires to the highest professional standards, and it is the first (and only) multi-residential property management company in Canada (and possibly North America) to achieve both ISO 9000 Quality Management and ISO 14000 Environmental Management certifications.

In the 1950s, William Krehm left a career in journalism to start a business as a house builder and land developer, which led to the founding of O'Shanter in 1955. In the mid-1960s, O'Shanter started purchasing and investing in apartment buildings throughout Toronto. William's sons, Adam and Jonathan, joined the business in the late 1970s to help their father manage and expand the business.



Randy Daiter, Vice President and General Manager

Since 2002, the company has been meeting the strict operational standards established by ISO 9000. This involves maintaining high-quality standards across its entire portfolio, which includes customers, partners, tenants and third-party clients. To maintain certification, O'Shanter must undergo annual internal and external audits to ensure that it continues to provide the highest level of property management services.

Comprehensive service offerings

Over the years, O'Shanter has explored new avenues of business, including third-party management. With an increasing number of properties being inherited by second- and third-generation landlords, there is a need for qualified property managers to manage these assets. Property owners also want to avoid the tax implications that come from selling these properties. O'Shanter has recognized the need for this service and expanded its portfolio (primarily through referral) of third-party property managed properties.

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“Many owner-operators are hesitant to engage a third-party property manager, as they feel that their buildings will not receive the same level of attention as the manager's own buildings,” said Jonathan Krehm, President, O'Shanter Development Company. “Our goal is to provide consistent service for all the buildings in our portfolio. We run every building as if it were our own, producing monthly reports for third-party buildings before we do our own properties.”

O'Shanter provides its clients with a comprehensive package of services. It employs an architect with a design background, which is a valuable asset for renovations and redevelopment. The legal and collections department includes an experienced solicitor who is well versed in the *Residential Tenancy Act*, the lease approval process and project management. The company employs a maintenance staff, including plumbers, electricians, carpenters, and HVAC and fire safety technicians, which enables the firm to provide maintenance services. O'Shanter also maintains an in-house, off-hour emergency dispatch service.

“As an ISO-certified property management organization, we can provide owners with years of experience and significant resources,” said Randy Daiter, Vice President and General Manager, O'Shanter Development Company. “We offer a one-stop shop with a bundle of resources and services, as well as one-to-one customer service for tenants and clients.”

O'Shanter consistently strives to take tenant satisfaction to the next level by focusing on key drivers, beginning with the rental process and move-in experience. The company will work to improve “controllable”

elements, such as training staff, providing better service and creating a better tenant experience. O'Shanter has found that courteous, friendly service makes the customer feel more valued, which leads to greater retention rates and more tenant referrals. Service and safety continue to be important to the organization, as the staff makes maintenance requests a top priority on its daily to do lists.

"We've empowered our employees to resolve maintenance requests quickly and effectively," said Randy. "But it's not just about speed. It also involves quality workmanship executed in the homes of our tenants. We want our staff and contractors to pay attention to the quality of the repairs so they only have to fix it once. We'll also enhance amenities, upgrade common areas and improve suite quality wherever possible to improve the overall tenant experience."

satisfaction rates. The company also developed a comprehensive rewards and recognition program, which has had a positive impact on its employee satisfaction rates and their performance.

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O'Shanter focused on several key elements when establishing its corporate culture. It began by establishing its mission, corporate values, slogan, logo, business direction and "Journey to Excellence" master plan. It also works diligently to hire the right people, which is key to executing its high standards. It established a new service model, service standards and strategic vision to guide how the company does

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Employee-focused corporate culture

O'Shanter's corporate culture is based on employee satisfaction, as many case studies have demonstrated that more satisfied employees lead to well-serviced and more satisfied customers. By increasing employee satisfaction rates, the company has been able to improve its tenant satisfaction rates. ISO qualifications have motivated O'Shanter to invest in employee training, leading to very positive end results, including increases in employee morale and tenant retention rates, as well as notable decreases in turnover. Net operating income has also increased, which has had a positive impact on the company's bottom line and property values.

Several years ago, O'Shanter began developing a consensus-building process for the organization. Management sat down with employees to determine what aspects of their service culture needed attention. Through this process, they identified several areas for growth and opportunities for improvement. The company set up an action plan that functioned in tiers to establish a solid service culture. O'Shanter created a series of service standards for its employees, as well as a service delivery program that would enable it to maximize tenant

business. It invested in management through training, which included dealing with conflict management and difficult customers. It also uses performance metrics to measure and evaluate its results.

Energy and environmental management

The ISO 14000 certification exemplifies O'Shanter's dedication to environmental management and the degree of environmental responsibility throughout the company. It established its first energy management program more than 30 years ago, which has enabled the company to track energy usage in all of its managed properties. Records of energy and water consumption are kept from the day O'Shanter begins managing a building, which enables it to track, compare and find further sustainable solutions. Consumption is measured hourly and correlated with degree-day accumulations for the consumption period in question, which enables management to determine the reasons for variations in gas readings.

"For some buildings, we have historical information dating back to 1984," said Adam Krehm, Principal, O'Shanter Development Company. "We do not have to wait to see the bill to see what is going on or to determine whether there is a problem with the boiler. We understand

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the reasons for changes in energy usage in advance, and can look for solutions before costs grow out of hand.”

O'Shanter uses its energy management program to determine energy conservation solutions on a building by building basis. It can also use this data to evaluate new energy conservation technologies. For example, some boilers were upgraded by installing draft regulators in chimneys, which can (in certain applications) reduce heat loss by restricting flue gas emission volumes. However, every boiler has different venting characteristics, so the technology works well on some boilers and not on others. O'Shanter's energy measurement and tracking program enables it to evaluate which technology work in its buildings, and exactly how much it will save over the short and long term.

“We measure gas, water and hydro consumption in 15-minute increments,” said Adam. “We can evaluate which green energy technologies are the most effective in our buildings. It's worked well, as we have exceeded Kyoto Accord compliance requirements by almost 400%. In the end, it's good for our bottom line, it's good for the environment and it helps us to be good citizens.”

Green initiatives

O'Shanter is involved in a number of green initiatives as part of its commitment to reducing its buildings' carbon footprint. When the company first takes over a building, it will conduct a comprehensive audit of the property to find ways to maximize revenue and minimize expenses, and will install energy management technology to monitor and evaluate usage.

O'Shanter is also engaged in improving its properties' recycling programs, and has committed significant resources to these efforts. The company runs regular waste diversion improvement workshops to educate tenants and building staff on what can be done to reduce output. Many of its Toronto buildings have met the City of Toronto's 70% diversion rate. Meeting this target has reduced O'Shanter's solid waste management costs by well over \$100,000 per year.

In 2005, O'Shanter established a greening policy, which mandates incorporating green design into the development, maintenance, construction and operation of all buildings in its portfolio. Green design involves minimizing its buildings' environmental impact and energy consumption. The company addresses environmental issues and energy efficiency over its entire life cycle. It adheres

to the premise that a building's performance improves residents' satisfaction, which in turn affects building performance. These operational efficiencies go directly to the bottom line and maximize property values. O'Shanter has been recognized for its efforts with the Federation of Rental-housing Providers of Ontario's (FRPO) Environmental Award of Excellence and the Recycling Council of Ontario's (RCO) Waste Minimization Award.

To reduce energy usage, O'Shanter will increase the insulation value when replacing the roof, install variable-speed drives and energy-efficient motors and controls in boilers, and install low-E argon gas windows where appropriate. It also replaces older appliances with ENERGY STAR® appliances and pursues energy-efficient lighting alternatives, such as LED technology. Management constantly looks for ways to optimize renewable energy usage by maximizing natural ventilation, addressing cooling and heating through passive energy, and using daylight harvesting to reduce lighting needs. To reduce water usage, the company is currently installing the next generation of low volume toilets, as well as aerators in kitchen sinks and showers.

“Our greening policy also deals with storm water management, landscaping and vegetation, emissions, indoor air quality, pest control and reusable materials,” said Randy. “We even look at the types of paint and pest control measures we use in our buildings.”

Dedication to quality

O'Shanter is also involved with FRPO's Certified Rental Building Program (CRBP). The organization's goal is to provide renters with the assurance that they will be renting a quality apartment. The company ensures that all of its buildings are certified within this program, and works to maintain consistent standards for all of its buildings. Randy is currently the Chair of the Federation of Rental-housing Providers of Ontario (FRPO)'s Certification Committee, where he provides ongoing leadership and stewardship to raise the program's quality standards, benchmarks and promote environmental sustainability.

“Our goal is to create consistent quality standards by which O'Shanter can measure its performance and service, as well as set a standardized experience for new and existing tenants,” said Randy. “We are dedicated to upholding the highest standards in the property management industry, while being fair in our dealings with both tenants and clients.” **P**