



FirstService
RESIDENTIAL

Internal Business Proposal
Brendan Henderson

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Executive Summary:

Mr. Diestel,

First Service Residential, North America's largest community manager faces an important challenge: our marketing efforts primarily target HOA establishments and the boards within them, overlooking the crucial engagement with current and prospective residents. This existing gap has limited our brand's potential and perception among the general populace and existing residents, overshadowed by the negative associations with property management firms.

To bridge the disconnect, we proposed a shift based on principle from the book, *Made to Stick*: simplifying our message to "*Enhancing Communities, Enriching Lives*," deviating from the norm of property management by emphasizing a resident-first approach, showcasing the tangible benefits of living within an FSR community, and reinforcing our credibility through testimony, examples, and data. This approach aims to grow brand visibility, encourage greater brand loyalty, and increase revenue growth by 4% to 8%.

We wish to begin implementing this strategy across all regions in California. This will require a new annual investment of \$3.4 million, with anticipated additional revenue leading to over \$230 million in added profit by 2026.

Thank you for your time and consideration of this proposal,

Brendan H

Company Overview:

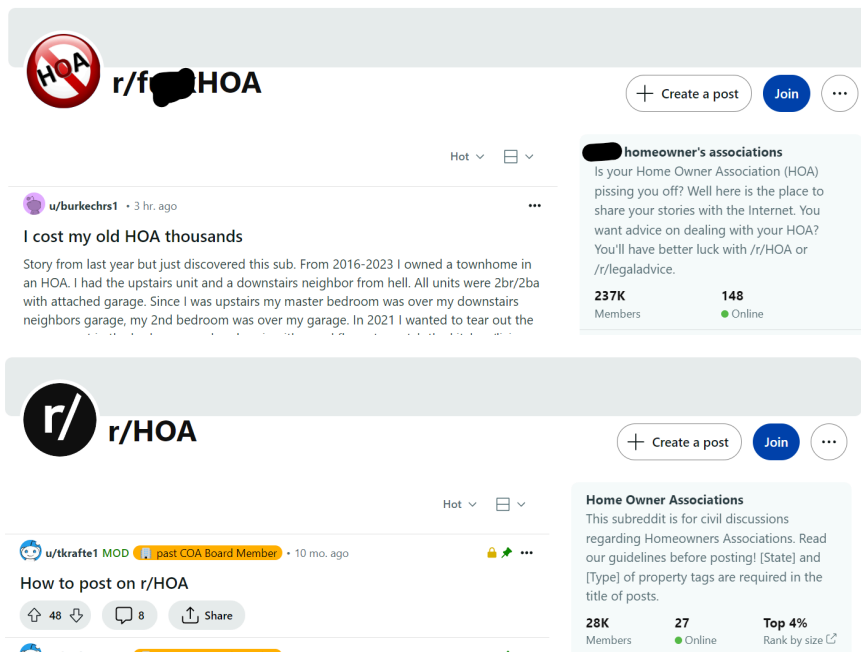
Throughout the United States, tens of thousands of residential communities are managed by homeowners associations. These exist to maintain property value within sed communities and improve the lifestyle of its residents. First Service Residential is North America's largest residential community manager that manages and offers professional services to these communities to enhance the HOA's operations, structure, and value.

Rationale for Change / Problem Statement:

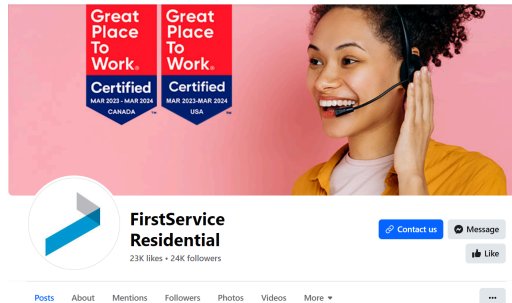
It's no secret that the word HOA can stir up mixed emotions because of their perceived strict community guidelines and enforcement policies. Moreover, many prospective homeowners who have had little experience with HOAs before, are sometimes unaware of what exactly they are entering into when owning property within such managed communities.

Unfortunately carrying the tradition, First Service Residential inadequately promotes the benefits of choosing to live within FSR-managed communities to prospective, or current residents. FSR's current promotional outreach mainly targets the HOA establishments and boards seeking support. While such a message and campaign is important, it comes at a cost. Lost amongst our existing message consisting of corporate jargon to appeal to established HOAs, FSR has sacrificed much of its marketable resident appeal.

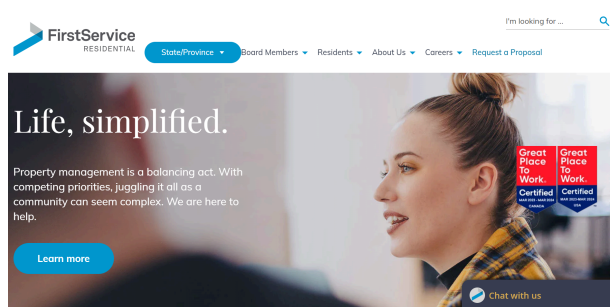
Here is a great example. On the social media site Reddit, we can get a general idea of how people feel about such organizations. Interestingly, a subreddit focusing on people's disdain or confusion with HOAs is roughly 10 times larger than a subreddit focusing on HOAs in general.



While FSR does a good job connecting with its HOA clients, the actual residents who choose to live in these associations are barely acknowledged by FSR's online presence. FSR's Facebook is bland; showing a corporate image, and promoting banners showing that the company is simply a great place to work, making it unclear if it's referencing working *with* us, or as a direct employee.



As for FSR's website's landing page, while it includes some useful information about what we do, it makes prospective residents click through numerous pages on its website to discover what it's like actually to live within one of our managed communities.



Proposed Solutions:

As mentioned previously, our current campaign focuses mainly on targeting established community management organizations seeking support. Because of this, FSR is a brand that becomes lost to the general public because of its corporate image and negative connotations tied to traditional property management companies.

By altering First Service Residential's marketing efforts and core message, we can directly cater more to prospective homeowners on the fence about being a part of managed communities. By doing this, we give prospective homeowners a reason to be drawn toward and seek out FSR-managed communities, instead of them just opting in, sometimes reluctantly.

Made to Stick:

We can utilize four principles from Chip and Dan Heath's book, *Made to Stick* to revitalize FSR's brand messaging, rework the traditional property management company image, and underline First Service Residential's success.

Made to Stick Principle 1:

Firstly, by focusing on the principle of simplicity we can improve upon FSR's core message to better connect not only with its direct clients but with future residents as well. Currently, our mission and motto is: Deliver exceptional service and solutions that enhance the value of every property and the lifestyle of every resident in the communities we manage. This, while professional, does not appear to be memorable or as welcoming as it could be. Instead, conveying both professionalism and enrichment, our newly proposed core mission and motto will be: "*Enhancing Communities, Enriching Lives*". In this simple rework, we can make FSR's message easier to understand, more powerful, and memorable.

Made to Stick Principle 2:

Second, we can use unexpectedness to deviate from the status quo and sometimes unfavorable expectations of what people expect from property management companies. Instead of corporate jargon to persuade future clients, we will further emphasize and highlight benefits such as stronger community engagement, improved lifestyle, and of course, added property value.

Made to Stick Principle 3:

Third, we will use concrete examples to illustrate FSR's impact through before and after examples, community event highlights, and more to show real or tangible positive effects of residents choosing to live in FSR-managed communities.

Made to Stick Principle 4:

Lastly, while still approaching clients and potential residents with a warmer approach, we can establish further credibility by building trust through data, awards, observed outcomes, and expert testimonies that are relevant and insightful.

Benefit Analysis:

Overall, we can expect a wide range of benefits from First Service Residential's overhauling with; a more resident-focused approach by revamping our core message, online presence, and commitments to FSR residents. We can estimate greater brand awareness and increase engagement by at least 20% through our main website and online platforms like Facebook. Furthermore, we can expect greater loyalty to the First Service Brand from our clients and residents and consequentially expect revenue growth of 4 to 8% faster than our current model. By doing away with our largely corporate image, we can attract more prospective homeowners to properties managed by First Service Residential.

Costs:

For our costs, we will focus on the 10 regions of First Service Residential California. Our main objectives are to hire positions curtailed to our resident-focused mission and revamp our company website and online presence. After considering the ten regions in California, and designating one of each position to each of the ten regions, we expect the total yearly added costs to be roughly 3.4 million.

	One time Cost	Yearly Cost	Cost for 10
Complete Website Overhaul	60,000	N/A	N/A
Social Media Manager		55,000	550000
Survey Specialist		55,000	550000
Public Relations Specialist		66,000	660000
Corporate Photographer		42,000	420000
Customer Service Manager		62,000	620000
Brand Developer		60,000	600000
		Yearly Total	3,460,000

Costs - Projections:

Working off the current research that shows an average increase of 6% revenue growth for companies focusing on a more customer-centric model, we can analyze the estimated revenue, costs, and profit for the next four years for First Service Residential California.

Over the past 3 years, FSR experienced an average year-by-year revenue growth of 16%. Based on this, we can then compare the current growth with the 6% added (16% vs 22%). Additionally, with the newly added costs, we can witness an added 3.4 million dollars to our expenses yearly. With both of these factors in mind, our revamped model is estimated to generate over \$230,000,000 in added profits by the end of the year 2026.

Revenue				
	2023	2024	2025	2026
Normal	1,000,000,000	1,167,800,000	1,363,756,840	1,592,595,238
Revamped	1,000,000,000	1,227,800,000	1,507,492,840	1,850,899,709
Costs				
	2023	2024	2025	2026
Normal	679,000,000	789,677,000	918,394,351	1,068,092,630
Revamped	682,400,000	799,760,800	936,720,854	1,096,553,236
Profit				
	2023	2024	2025	2026
Normal	321,000,000	378,123,000	445,362,489	524,502,608
Revamped	317,600,000	428,039,200	570,771,986	754,346,473

Success Assessment / Measurements:

With the benefits and costs addressed, we can establish some success measurements for our new revamped resident-focused model. Online we will measure social media engagement and website engagement. For brand image and opinions, we will utilize random routine surveys to gauge living satisfaction and First Service Residential image from current FSR residents, prospective residents, and the general population. Lastly, regarding properties, we will assess any increase in added property values, property increase, or HOA clients.

Appendix:

To the First Service Residential California regions,

First Service Residential has made an exciting shift to more closely align itself with the needs of our communities. We at First Service Residential recognize the importance of every home and resident and have decided to redefine our marketing and core message to emphasize the real benefits of living within an FSR-managed community.

This change requires everybody's support. By focusing on the true value we offer our communities, we aim to cultivate greater positive brand awareness, resident satisfaction, and ultimately financial growth.

We wanted to thank everyone for their commitment to this new direction that First Service Residential embarks on.

I wish you all the best,
Brendan H

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