

## Why Good Tenants Like Good Landlords

Good tenants like a nice place to live and are willing to pay for it. As a result they expect to be treated like a good customer, to receive good customer service, and to have their living arrangement be predictable.

Bad tenants, on the other hand, want a nice place to live, too. However, too many times they aren't willing to pay for it and are always trying to pull something to keep the landlord from getting his rightful rent payment. They like to keep things up in the air and in confusion because that helps their nonpayment of rent campaign. Often they have little respect for themselves and their surroundings, so don't take care of their homes, but want the landlord to take care of the problems the tenant creates for him.

You may find a considerable gap between a "good" tenant and an "ideal" tenant. What you call a good tenant varies by three factors--the property, the market and the rest of your tenants.

A "good" tenant in a unit that rents for \$2,500 a month is going to look a lot different than a "good" tenant who rents a \$250 a month studio apartment in a seedy part of town. With the high-end tenant you are likely to see perfect credit, a great job history, someone who takes excellent care of the property and who pays the rent on the dot the first of the month. The renter for the \$250-a-month studio, on the other hand, works once in a while, but usually gets some kind of public assistance, is clean and fairly neat, and tries his best to get you the rent on time, but sometimes has a problem getting it together. Even so, you always get your rent. Both of those renters are "good" tenants in their own way.

The market can also affect what you are willing to call "good." Once upon a time you could just think about putting up a sign on the outside of your building, maybe tell a couple of people, and all of a sudden get half a dozen applicants. You could set your standards so high that you knew you would never have a problem with a tenant.

But today things might be different. It sometimes may take three months to get someone halfway acceptable to rent from you, and you count yourself lucky to get a new tenant with enough money to pay all the move-in costs up front. Your definition of a "good" tenant could have changed considerably. Whoever pays the rent close to on time every month you may call one of your "good" tenants.

Your expectations also affect whom you consider to be a "good" tenant. If you expect tenants who pay late and are always a problem, Presto! You get them. A fellow speaker, Stacy Allison, who incidentally doesn't speak on real estate or property management, is also a landlord and she and her husband also own a construction business. She and I were discussing the landlording business one evening at a meeting and she told me, "You know, Bob, we always have good tenants, because we expect them to be good." I didn't quiz her on what she considered "good," but knowing Stacy, her tenants are probably people I would consider "good," too. They pay on time, take care of the property and don't cause many problems. She and her husband have never had to evict anyone.

Landlords who expect to have problem tenants have experiences that live up to their expectations. They consider a tenant in the "good" category that pays the rent to you sometime before it's late. They consider the other problems they have with tenants just a cost of doing business. No matter what the income level or quality of your rental properties, tenants will live up or down to your expectations.

Remember, though, that upwards of 95 percent of tenants would fall into what I would call the "good" category. How is it that some landlords attract the lion's share of bad tenants? They expect to.

"Ideal" tenants, on the other hand, are something else. They bear no relation to amount of rent paid, the market, or the quality of your other tenants. The dictionary defines "ideal" as, "a conception of something in its most excellent or perfect form; a person or thing regarded as fulfilling this conception. Something that exists only in the mind."

The dictionary says you will never get one. After all, the ideal tenant exists only in the mind. That is certainly where you need to create the ideal tenant first. To you landlords who always get the bad ones, toss out your old conceptions and think what your ideal tenant would be. Write it down. Study it. Now work on getting one.

I can't and won't define the "ideal" tenant; you have to do that yourself, in your own mind. You probably know what it is deep down inside. Just don't let your idea be colored by the reality of your present renters.

One thing I will add to the definition of the "ideal" tenant, though, is the fact that both the "ideal" tenant and the "good" tenant like to rent from "good" landlords. On the other hand, undesirable tenants don't like good landlords at all---we'll go into why shortly. In fact undesirable tenants don't want to rent from "good" landlords.

While I have a problem defining a "good" tenant, I have no problem at all ferreting out what a "good" landlord is.

As landlords we are in business. You can look all around you at other businesses to see what you consider a business you would like to emulate. It certainly doesn't have to be the same kind of business you're in now, landlording. It can be any small business, wherever you are. Look for businesses that run smoothly, that have good customer relations, and that give great customer service.

### **Good Landlords Have a System**

This is the part that good tenants really like. When a prospective tenant first gets in touch with a good landlord, he can immediately tell the difference. The good landlord asks all kinds of questions about what the tenant wants in a home. He also has checklists and rental policies and standards to make sure everything gets done and that the people who make their homes in his rental properties are the kind this applicant would welcome as a neighbor.

When the good landlord has a conversation with the prospective tenant or the actual renter he writes down the gist of the conversation and then tells his tenant what he will do and when. Then he does it---as promised, no excuses.

To someone who has always rented from landlords or managers who are slipshod or incompetent, this is a breath of fresh air. In fact every time the tenant has any dealings with the landlord, he feels as if the landlord is in complete control of the situation, because the landlord has a system to handle it.

When a bad tenant comes across a landlord like that, he turns tail and runs. He knows that the first time he tries to pull anything that violates the rental agreement, whether it's a late rent payment or holding a loud party, he will hear about it from the landlord. If he even gets the opportunity to rent from a good landlord, which is unlikely since a good landlord will find him out before he moves in, his life will not be the free-wheeling, easy-going, bother-everybody circus it was where he lived before.

### **Good Landlords Communicate With Their Tenants**

Have you ever had a boss who never told you anything? If you ever found out what was going on it was from another employee who just happened to overhear somebody else talking about it. The entire workplace was turmoil.

Managing rental property isn't significantly different. If you are going to make repairs to a unit, tell the tenant well ahead of time. If you are going to paint the exterior, make sure the tenant knows in enough time to plan for avoiding the problem. No matter what you are going to do to or for a property, it is vital that you tell your tenants. Even if it won't affect them in any way, you are doing something to their home---they like and have a right to know.

The company that hosts my web site, Verio Northwest, sends out email every so often about hardware and software updates. The most recent reads:

"Sometime between 0200 and 0600 PST on Friday, February 26th your network connection to Verio will be interrupted for a short period as we replace router hardware in Portland and load new router software in Portland and Beaverton.

"You do not need to do anything; this is just to let you know it is coming."

I will not even notice, and most people who would visit the web site would not be affected by something that takes place between 2 am and 6 am. Even so, they tell me. Usually I just delete the message, but I am reassured that they did communicate with me. Deal the same way with

your tenants. No matter how inconsequential you think it is, tell them when you do *anything* that will affect their homes.

### **Good Landlords Listen**

Part of communication is listening. But listening is so important that I gave it its own section. Communication doesn't work if you don't know what the other person said. That happens for a couple of reasons. One is that the person who was supposed to be listening was actually planning what he or she was going to say next. The other reason is that the person who was supposed to be listening heard what the person talking said, but gave it an entirely different meaning.

Here's an easy way to communicate better. Whenever one of your tenants, or anyone, for that matter, calls you with a problem or question, confirm what the question or problem is before you answer. Make sure you understand their predicament or question and that you are answering the right question. There is little that is more frustrating than to ask a question of someone and have him or her answer a different one.

### **Good Landlords Give Great Customer Service**

Want to read a terrific book on customer service and inventive marketing? Go to your local bookstore and pick up *Selling the Invisible* by Harry Beckwith (Warner Books, 1997). In the Chapter "The Possible Service" Beckwith writes about taking customer service one step beyond what even your customers ask for or could think to ask for.

He divides customer service into three historical stages. Stage One consisted of meeting minimum acceptable standards. "Get a basic, acceptably reliable product. Buyers accept this minimal product--the first car, the first VCR, and the first fast-food restaurant--because they desire the unique benefits it offers. Buyers will accept with that good some bad--typically, the fact that bugs aren't out and the price is high." Tenants who don't expect too much, who are young and living on their own for the first time, many times fall into that category, as well as people who aren't too particular, or who figure they're never going to get a great place to live, anyway.

In Stage Two you start getting competition. You have lots of that as a landlord. "Differentiation of this core product [housing] becomes vital. Enter the marketers," continues Beckwith. "They listen and make refinements the customers ask for: more colors, an ashtray so that drivers can smoke, and later an AM/FM radio. *Answering customer needs* is the driving force during stage two of an industry. Stage two is market-driven." That is where the rental property market is now.

"Few companies enter stage three," writes Beckwith. "These companies are in the pantheon of the marketing gods--the Disney's, Federal Expresses, and Lexus's. Disney entered this stage when it created amusement parks that went beyond what customers said they needed--or could ever have imagined." The surveys companies took had hit dead ends. Customers no longer could think of what else they wanted, but the companies' mission became *surprising the customer*.

Beckwith concludes the chapter by saying "Create the possible service; don't just create what the market needs or wants. Create what it would love."

Some of the larger apartment complexes are working on creating things that their residents would love with on-site child care, office services, decorating services and valet cleaning services. Smaller landlords simply don't have the size and capability to offer those things. And for the most part, if you rent single-family homes and small plexes, your tenants don't really want those particular items. Apartment dwellers may look for the "five-star-hotel" amenities, but not single-family-home tenants.

This is something to think about and plan for in your business. How can you surprise your potential customers, the rental market, with things they would love? It requires a leap to thinking about what is *possible*, not just what your customers say they want. After you do all the things the good tenants say they want, what differentiates you from the rest of the good landlords with a place to rent?

It would be the unusual landlord who could come up with Stage Three features and services for rental property. Of course, that doesn't mean you don't want to try to think of some. If you do

succeed in creating a great new idea, you will have to take the “good” tenants on a first-come, first-served basis. And they might even have to take a back seat to an “ideal” tenant or two.

While Stage Three is something to think about, Stage Two is something to do right now. Do the things that the cream of the crop tenants expect and require, and you will get them. Many times even Stage Two will be enough to eliminate most of your competition for attracting the best applicants. Most other landlords won't do it. You can surprise yourself.

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