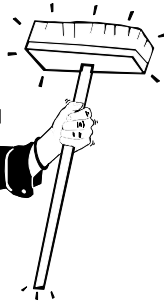


CLEAN START

FAIR DEAL FOR CLEANERS



17 October 2009

TENANT SATISFACTION AND RETENTION STRATEGIES

KEY POINTS:

- Providing quality property services and maintenance is key to retaining the value of properties and attracting and retaining tenants.
- Cleaning is a relatively small cost compared to rental revenue but has a massive impact on the presentation and level of tenant satisfaction in your buildings.
- The high levels of cleaners' workloads and work intensification has made it impossible to provide the standard of cleaning services expected from tenants and clients. For example, 'one in five cleaners had to use the same mops for toilets as other areas and that some cleaners were asked to cut sponges in half to save on supplies'.¹
- Clean Start provides the framework for achieving a quality clean and securing the agreement of all industry stakeholders to work towards sustainable cleaning without compromising the work of cleaners or owners corporate social and environmental responsibilities.

There is a fiduciary incentive for commercial property owners and managers to take an active interest in the quality of the cleaning in their buildings as office market vacancies increase. After years of recording astronomical gains, property trusts are now feeling the down side of the economic cycle including a lowering of market capitalisation, asset devaluations and the drying up of credit streams. The "bread and butter" of property trusts – that of revenue from rental operations, are gaining increasing significance.

The latest *Office Market Report* by the Property Council of Australia (PCA) shows that CBD office vacancies in Australia increased nationally by 2.6% from January to July 2009 making national vacancy rates of 7.3% still well under historical vacancy rate averages of 15%¹. The supply of new buildings has also slowed. Colliers International have advised that there is now an opportunity for tenants to take the "flight to quality."²

Building Performance Focus

"After all the years of under-performance of building services, now is the time to get your landlord's attention. Now that the hype of the "boom tsunami" has abated, landlords will hopefully start to recognise that they have existing customers – their tenants – and they may wish to re-build their customer relationship management".

Rodney Timm, Director Property Beyond Pty Ltd

¹ Property Council of Australia, *Office Market Report*, Property Council of Australia, Sydney, 6 July 2009.

² Colliers International, *Colliers International Market Indicators Report: Sydney CBD office*, Autumn 2009, p. 4.

Property services and maintenance should be at the forefront of any tenant retention strategy that is implemented. Not only are such services minimal in cost when compared to the cost of office renovations and incentives such as office fit-outs and rent-free periods³ but it is also a small percentage (9-10%)⁴ of overall building operating costs and an even smaller percentage of rental income (2-4%)⁵. Whilst small in cost, such services have a massive impact on tenant satisfaction.

The International Facility Management Association reported that “poor janitorial services” was the third most common complaint among office tenants after “it’s too hot” and “it’s too cold”.⁶

A survey of tenants found that employees recognise the link between health and the level of service maintenance in a building, with 85% of office workers thinking regularly about the cleanliness of their office and 69% believing a clean office makes employees more productive.⁷ Furthermore, 64% of office workers saw a connection between the cleanliness of a building and the number of times they call in sick, and only 29% of office workers believed that their offices were being cleaned as effectively as possible.⁸

Employers are willing to relocate for gains in health and productivity, “[h]appier more productive staff and a healthy working environment [are] virtually priceless”.⁹

“Months can go by in this office where we don’t see a vacuum cleaner and pieces of fluff and paper stay on the carpet for weeks and months - they don’t get picked up. In the past I have had to ring the building supervisor to get someone to come and vacuum because it really does get beyond a joke. The level of dust on the floors (and on the furniture) is terrible and the level of cleanliness in the toilets has left a lot to be desired in the past.”

Letter to the LHMU from a Brisbane CBD office building tenant, 10 January 2007

Cleaning companies agree that it has been extremely difficult to deliver on the promises they make in their tenders. A report on contract cleaners found that one in five cleaners had to use the same mops for toilets as other areas and that some cleaners were asked to cut sponges in half to save on supplies.¹⁰ Further, the high workload and level of work intensification in contract cleaning is impossible to achieve without seriously compromising quality: “Such levels of productivity are generally achieved at the expense of quality and erosion of cleaners’ conditions of work”.¹¹

Owners and managers looking to deliver quality services to their customers and tenants should choose Clean Start companies who are committed to appropriate staffing levels and that cleaners are allocated the time to perform their tasks thoroughly.

³ Matthew Cranston, ‘Tenants the winners: incentives at 21pc’, *Australian Financial Review*, 10 February 2009.

⁴ Data represents the range across the CBD office market in Australia. Property Council of Australia, *Benchmarks: Survey of Operating Costs 2008: Office Buildings*, Property Council of Australia, Sydney, 2008.

⁵ *ibid.*

⁶ The International Facility Management Association, *IFMA Survey Ranks Top 10 Office Complaints*, Media Release, IFMA, 2003.

⁷ ServiceMaster Clean, *Office Cleanliness Monitor*, cited in ‘Unclean Offices Drive Sick Days Higher’, *InClean Australasia Magazine*, vol. 18, no. 4, 2005.

⁸ *ibid.*

⁹ J Crossley, ‘Sustaining the Workforce’, *Property Australia*, vol.23, no.4, December 2008.

¹⁰ J Walsh, ‘Dirty schools, forgotten cleaners: the injuries of Victoria’s failed experiment in contract school cleaning’, *LHMU Report*, December 2004.

¹¹ Herod & Ryan, ‘Restructuring the architecture of state regulation in the Australian and Aotearoa/New Zealand cleaning industries and the growth of precarious employment’, *Antipode*, vol. 38, no. 3, 2006.