

Managing Change for the effective Delivery of Housing Services: Introducing Portfolio Management



Presentation for the
CIH Professional Interview
13. September 2007
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4. PM model overview

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6. Change diffusion

7. Tenant involvement

1. The rationale for introducing change

- ④ survive in a difficult operating environment
 - market pressure: low demand area
 - avoid misinvestment
 - avoid bankruptcy
 - defensive norm strategies
- ④ approved recovery plan as a prerequisite for relief of socialist period debt: must define "core housing stock"



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2. Options appraisal

- ④ Options
 - in-house development
 - joint development with consultants
 - complete outsourcing
- ④ Criteria
 - implantation is critical: PM as an ongoing process
 - lack of knowledge and analytical skills



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3. Managing the change process: close co-operation between insiders and outsiders

- ➊ impulse came from outside
- ➋ first sketch of the model from inside the organisation
- ➌ refined with the help of two external consultants: systematisation, moderation, documentation, computer implementation
- ➍ staff affected was constantly involved
 - deliver data
 - discuss dimensions, criteria, weighting, implementation
- ➎ full backing of project by CEO

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Portfolio Management

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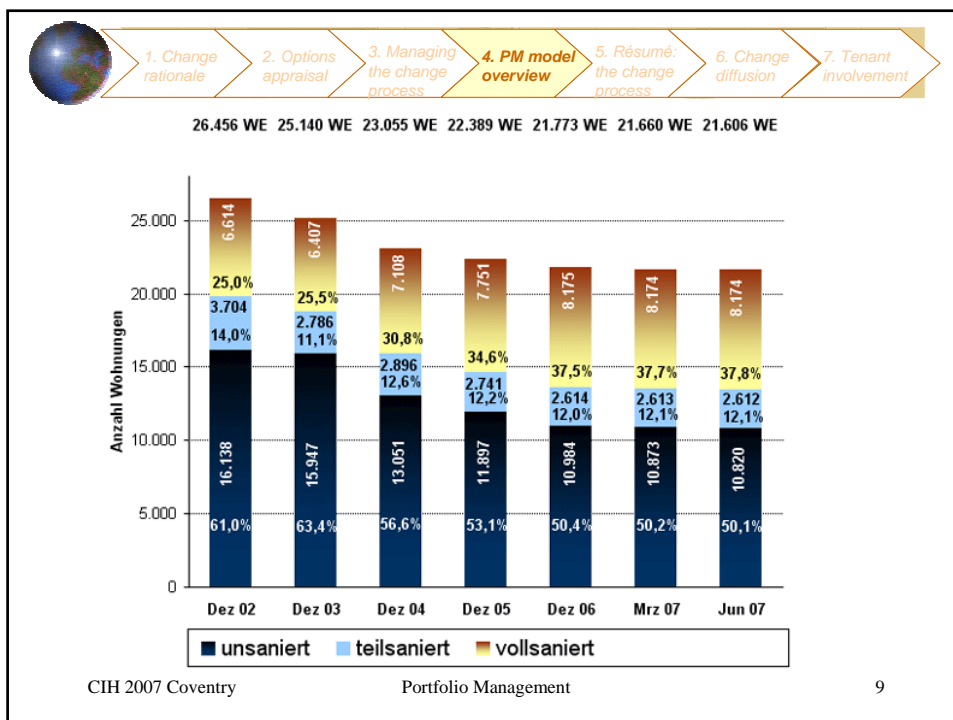
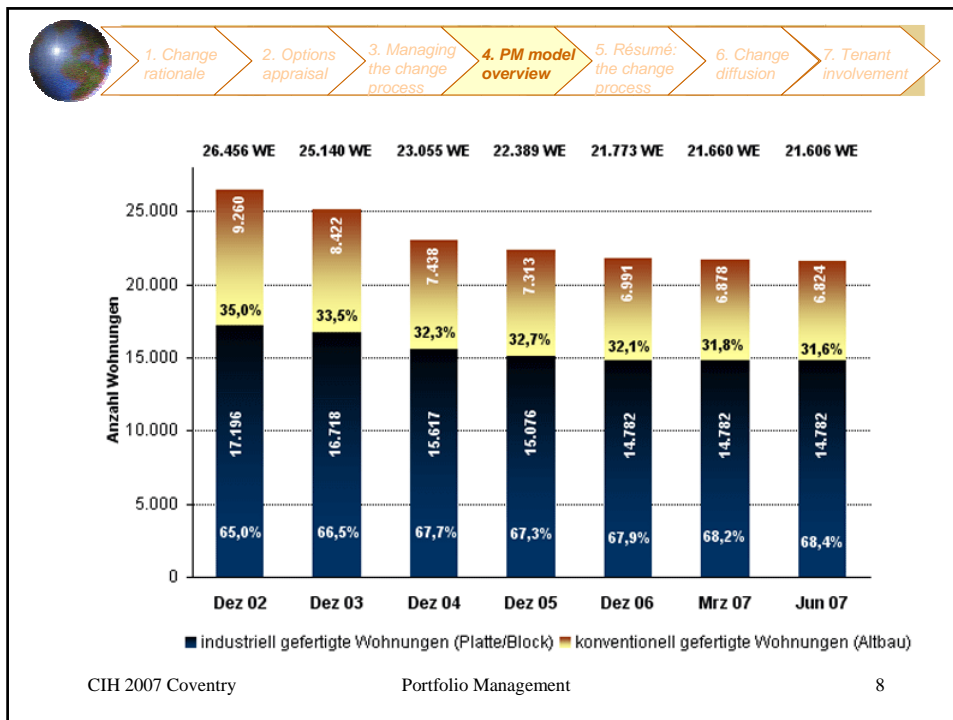
4. Overview of the PM model



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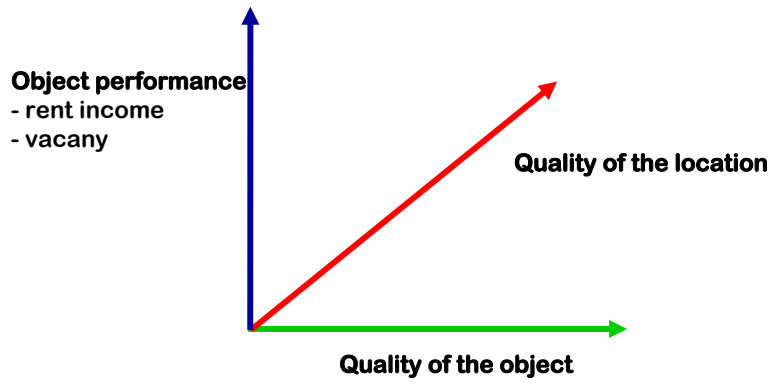
4. PM model overview

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Three-dimensional Portfolio



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1. Change rationale

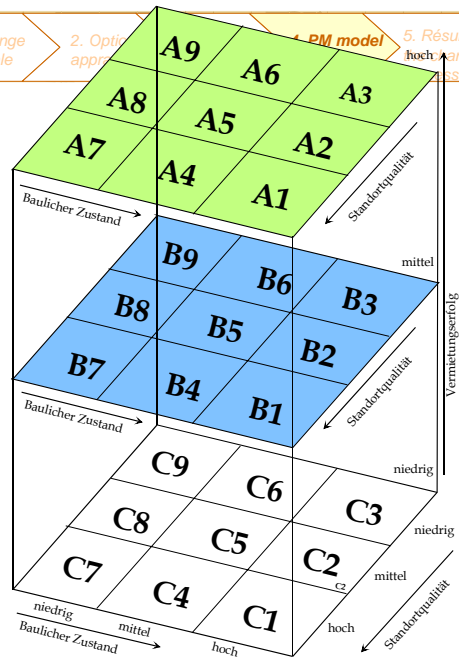
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Object dimension

Classification	score interval
high	33 - 40
medium	21 - 32
low	10 - 20

	Score roof	x 1,0
+	score windows / doors	x 1,0
+	score facade	x 1,0
+	score balcony	x 2,0
+	score staircase	x 1,0
+	score heating	x 2,0
+	score bath	x 2,0
=	Total score	



orientation	South	South	East or West	East or West	North	North
size	< 2 m ²	> 2 m ²	< 2 m ²	> 2 m ²	< 2 m ²	> 2 m ²
state of construction						
considerable construction defects	0,5	2	0	1,5	0	0,5
minor construction defects	1	2,5	0,5	2	0,5	1
free of defects	1	3	0,5	2,5	0,5	1,5



Location dimension

Classification	score interval
high	31 - 40
medium	21 - 30
low	10 - 20

	Score infrastructure	x 1,0
+	score parking	x 1,5
+	score immissions	x 2,0
+	score development	x 1,0
+	score neighbourhood	x 1,5
+	score social neighbourhood	x 3,0
=	Total score	



Object performance dimension

Classification	score interval
high	34 - 40
medium	21 - 33
low	10 - 20

	score vacancy duration	x 3
+	score vacancy rate at reference date	x 3
+	score rent level	x 4
=	Total score	

Change weights?



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5. **Résumé: the change process**

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Background of the norm strategies

- ⊕ expectation: further concentration of vacancies
- ⊕ allocation of investment funds to objects with high locational quality or upgrading potential



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5. Résumé on the change process

- ⊕ high level of involvement → enthusiasm
- ⊕ portfolio model deeply rooted inside organisation
- ⊕ paradigm for future organisational learning
- ⊕ shareholder / object perspective on housing dominant
 - deficiencies in stakeholder involvement, e.g. city administration, tenants, other landlords
 - management myopia: neglect of consequences for urban development, tenant mix, tenant satisfaction
 - transformation of organisational culture, alienation



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6. Diffusion of change

- seminars for FWI Führungsakademie der Wohnungs- und Immobilienwirtschaft: Halle, Magdeburg
- publications in professional journals: DW
- University lectures and courses for Saxon public service candidates
- introduction of PM at housing organisation WGR: direction of a team of three students, includes tenant survey
- further research in collaboration with housing organisations: tenant portfolio



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7. The next step: tenant involvement

- interdisciplinary project: definition of milieus
- includes milieu-based housing attitudes and preferences
- distribution of milieus for a set of housing organisations
- empirical basis for weighting of physical and locational characteristics
- matching indicator → improvement of allocation of dwellings and related services