# Confessions of a Multifamily Techie

An honest look at the four big mistakes multifamily firms often make that slow down industry innovation.

For years, those of us in the multifamily industry have whined about the dearth of innovation, putting the blame on the property management software (PMS) market and longingly gazing at the cool new toys that other financial industries have on offer. “They” allow for integration, know their customer better, cost less per transaction and—fill in whine here—while we hope to someday get to a level of advancement akin to the technology in use by our first-graders—a.k.a., texting, mobile-enabled, user-friendly, GUI, anyone?

Now, the venture capital market for what’s called Proptech is exploding, sending a wave of tech and innovation our way, finally. But before we fasten our seatbelts for what we all hope is a speedy race to the cutting edge, maybe—just maybe—a bit of introspection is warranted. Our past frustrations with tech and innovation haven’t been all “their” fault. We need to own our own role in throwing up road blocks, because let’s face it, sometimes it’s internal.

But knowing is half the battle. If we can come to grips with our weaknesses and figure out how to be better partners to our tech friends, we’ll be able to work better together while more efficiently navigating the challenges. This will benefit our industry, our businesses and our residents. So, here are the top four things we do that slow, if not kill, innovation.

### 1. Not being real about ROI.

Multifamily executives are driven by financial projections, not gut reactions. So, if there’s a tech solution that you think could make a difference for your property or organization, do not present (or let your tech partner present) a business case with fluff. Claims of improved occupancy are eyeroll-worthy, and, no, we cannot simply pass along the costs to our residents and remain competitive. So be sure that all your tech investment proposals mimic a real estate investment proposal in terms of the level of details, if you want to get buy in from the higher ups.

### 2. Being paralyzed by risk.

Real estate is complex. It’s an industry that requires a lot of time and a lot of money and, therefore, involves a lot of risk. It’s also highly regulated, contract heavy and subject to any number of jurisdictional peculiarities. No one wants to make a mistake, especially one that could potentially affect an asset for its entire life span.

So, our memories are long and the adage “once burned, twice shy” holds true. But we have to figure out how to get more comfortable with innovation risk. We must realize that when innovation fails to live up to its promise or potential, sometimes it’s not the technology or that the concept was bad. It may have been the wrong building, the wrong time, the wrong team or any other peculiarity of the environment. Having tried to innovate once 10 years ago does not mean that you should never try it again.

### 3. Having no clear decisionmaker.

It takes a small hamlet of high-achieving hyper-competitive multifamily professionals to build an apartment building. And while our tech partners might have the most contact with, say, the young developer who is ready to jump at the chance to have "something" that differentiates the property from its comps, the real decisionmaker might be someone totally different. It might be the quiet joint-venture partner, or the financier, or the construction team, or the property operations team or, heaven help us all, if it's a starchitect or a celebrity interior designer.

Our industry needs to help our partners on a deal, community, or portfolio basis, to understand upfront how the sales process will proceed. They need transparency in who and how so they can succeed and not burn through their seed round doing demo #8 for you.

### 4. Sprinkling too much good-idea fairy dust.

We would all love for a single "killer app" to take care of everything. However, a single technology solution is unbelievably difficult to produce. That's why innovative tech companies most often start with a core competency and then build ancillary products or services from there, based on customer feedback.

However, early stage tech companies face the challenge of having more industry feedback than they can possibly digest at any given time. So, as you are providing feedback on how to make technologies most useful to you and your business, focus on areas that are adjacent to their areas of core competency and prioritize based on your most urgent and pressing business needs. Also, be clear about the if/then—if they build this functionality for you, will you then become a customer? If not, let them know that up front.

It takes a team to make a boring topic fun. With content from NMHC's Innovation Committee, this article was compiled by Karen Hollinger, vice president of corporate initiatives for AvalonBay Communities, and edited by Sarah Yaussi, vice president of communications for NMHC. Thanks to all for their input. A full list of Innovation Committee members is available at nmhc.org/innovation-committee.