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YSP Podcast Transcript: Episode 123. How strategic planning increases property value

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Amanda Farmer: Hello and welcome. I'm Amanda Farmer and this is Your Strata Property. Michael Darby has over 16 years' experience in the management of owners corporations within large-scale residential communities. Prior to establishing Quantum United Management, where he's currently the managing director, Michael was the residential communities manager for PGA Links Management and resort manager at Century Lakes Resort. Michael has a comprehensive understanding of the skills and knowledge required to set up and operate complex owners corporations within large communities. Michael is an active member of the SCA, the CAI, the Community Associates Industry, which is the peak international membership organisation dedicated to building better communities, as well as the Urban Development Industry of Australia.

I also have, as a special bonus today, 5 random facts about Michael. Number 1: Michael enjoys running and keeping fit. Number 2: he has achieved a single figure golf handicap of, wait for it, 3. Now I know nothing about golf, but I think that's pretty impressive. Number three, he's a certified ski instructor. Number 4, he met his Dutch wife while in the Austrian Alps, and Number 5, he has had an Albatross for dinner. I don't know an Albatross and 3 holes in one! Another golf term, got it.

Today, I am absolutely delighted to welcome Michael Darby of Quantum United Management. Welcome, Michael.

Michael Darby: Thank you, Amanda, for having me.

Amanda Farmer: We are very lucky to have a man with such a wide range of skills on our show, Michael. Thank you very much for making the time and coming to us from Victoria. We don't have too many Victorian guests on the show.

Michael Darby: Beautiful and sunshine down here, of course, as always.

Amanda Farmer: Excellent to hear from you. Today we're talking about strategic planning. That might be a term that you don't necessarily associate with strata community, strategic plans, but both you and I, Michael, think it's pretty important when it comes to making sure we're getting the most out of our homes, our investments, and the most for our clients that we're working for. I'm going to ask you first up, why do you think it's critical for strata communities to have a strategic plan in place?

Michael Darby: Firstly, critical probably a big word. It's not critical per say, we'd like it to be legislative, but we strongly recommend it. It's people's homes and for them to put a throughout 5-year plan together. Really helps convey to the asset. It allows deep engagement with all the of the owners, not just the community about what their goals are, what their priorities are for their community. It gives them an opportunity to interact with each other. See what each other's passions are, what their visions are. There might be a lot of common ground that can motivate each other and building that community spirit so that prices on it's own really attracts and increase the value of our community.

In addition to that, a big thing is it provides a framework for an elected committee. You know, the individual arms are going to have their specific views, but in our view, to truly have a fiduciary duty to fulfil that, they need to be able to realise that they've reached out to the whole community and got feedback from the whole community about that. You're still making decisions for them, but have they gone through deep presses of finding out what the community wants and what their goals are? The strategic planning process allows them to do that and it provides a framework for those committee members.

After rotating each year, they float in and out, and as we ... each of them have their own ideas that they'd like to contribute. The community can bounce around year to year by some of what those individual needs are. This whole framework of a having strategic plan probably sits over the committee. Provides a framework and a guidance for them to operate and manage their owners corporation.



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Amanda Farmer: Yes, it was only a few episodes ago, I spoke with Karen Stiles from the Owner's Corporation Network in New South Wales and she was saying something very similar about the planning process, about having what she called a set of goals and a mission statement. I think you've used the same word there, Michael, goals and priorities and how valuable that is in guiding, as you say, the committee in particular with its decision making for the next year, the next 5 years, the next maybe even ten years. I think thinking in terms of a vision or goals or a mission might not necessarily be something that committees are used to when they're talking about strategic planning, which might actually sound kind of dry and boring as opposed to the more fuzzy words like goal and vision and mission.

Michael Darby: Indeed. Look there not a company, but we think they should operate like a company, at the end of the day.

Amanda Farmer: Yes.

Michael Darby: I mean committee is a board, in that regard, and part of the strategic plan is the succession planning from that the committee can set up. It sets up the right structure and framework for the community moving forward.

Amanda Farmer: I love that idea of succession planning because we do have committee members who might only be in place for a year. If you're lucky, you've got them longer term than that. Having a document, like a strategic plan, that sets out what it is this committee wants to achieve over a longer period, is then going to help those newcomers when they enter the hot seat to continue on with those big, longer term projects. Thinking of it like a succession plan is an excellent idea.

Michael Darby: Yes, things like the other chairmen will step down to an acting chairperson the year after. A few members will remain so there's history there and it's never lost if the whole committee is turned over, for example.

Amanda Farmer: Now, in New South Wales, and you tell me if this is similar in Victoria, we do have the requirement when it comes to funding, so purely speaking in terms of money, to plan for capital works and we have to have a capital works funds forecast which covers the next 10 years. Now it sounds like with a strategic plan, you're talking about something a bit broader.

What is it exactly that a strategic plan has in it and is it similar to capital works fund plan that we would have here in New South Wales or do you have something in Victoria that's identical or similar, I should say, to that which may not be in your strategic plan?
Michael Darby: Well Victoria has something that's identical. It's referred to as a maintenance fund and it's exactly the same thing. It's a 15-year term to ensure the maintenance of capital projects. To put funds aside for capital items. Now it's purely asset-based, the maintenance fund, where strategic plan it might form a part of it, no doubt, but it's more of a vision and administry side. There's community focus. There's lots of different areas that strategic planning can go into. Where the maintenance plan in Victoria, and similar in New South Wales no doubt, it's legislative. Fairly, tight about what needs to go in there, what it's about. It's really controlled. Where strategic plan, you know, is quite different to that.

Example, I guess, of what a strategic plan includes. One of our communities going down to process to do that and they had 5 themes that they came up with. They're a staties and master plan community, 980 lots.

But 27 are corporations and private residences club within it. They're surrounded by a university and they engage with Cancelot, in west to their community, or the streets are normal Cancelor roadways. So to have an influence as far as the streets get presents.

Their themes are places and spaces, natural environment, community, heritage and governance. Each of those themes has specific goals and priorities. To tease that probably just a couple places and spaces, for example, long-term improvement of community assets, building design excellence. They all have design guidelines within these communities. Improve traffic management, sustainable energy and water practices in bulk purchasing opportunities, so they haven't restricted themselves specifically to the legislation.

They're bringing in information that influences them outside of that, which I think is a good thing to do. Then the governance theme talks about developing best practice for oversee governments, promoting and planning for the future,



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and strong community engagement. Such an example] I guess all of what might be included in a strategic plan. Look each community, they're going to be similar if the community structured the same way, but each one has that flexibility, of course, to depending on what comes out of their workshops about what might even be included in that.

Amanda Farmer: Yes, and no doubt some of our listeners are madly trying to take down notes about what this framework is. If you're liking what these suggestions for themes are, I just want to remind our listeners that you can get the transcript to this episode, if you head over to www.yourstrataproperty.com.au forward slash 1-2-3. This being episode 123. Now, it sounds like, Michael, this would have been a massive task for this huge community. Is it something that you as a manager were very closely involved in? Did you instigate it? Did you hand hold? Did you engage professionals? How did this work? Walk us through the process of putting together a plan like this.

Michael Darby: Well that's a good question. For them specifically, they realise in hindsight it wasn't an ideal process that they went through. For them, the committee had a primary role of pulling that together and essentially coming up with most of it in the end. Foot forward to get at an AGM about an at an AGM you get minimal owners present when you get minimal owners present.

It's been going for a couple of years. They've reported back to the HHM around that strategic plan framework, but having a relook at it now, they're going to rerun the process again. There wasn't a deep engagement with the whole community. There's ... You haven't got everyone on board.

Amanda Farmer: Yes.

Michael Darby: Unless you got them on board, it's going to be ... You're going to have trouble to succeed. We're going to assist them in that regard and take them through that deep engagement. You're going to get a better outcome. You're going to get more owners on board with what you're trying to achieve. I guess, look I'll skip through how we are going to look at working through it with them.

Amanda Farmer: Great.

Michael Darby: Like I said, it starts off with the deep engagement. It might be an online survey through questions and there's strategic questions to tease at the right information. You're getting a lot of feedback through their process. It's easy to do. Owners can do it quite simply. It's not limited to 10-20 questions, to not make it too laborious, but we would then run 2 workshop session that we would lead.

We bring in a consultant as well just to really make sure it's efficient. We can get the good information out of it. That's open to everyone, of course, and at the end of the day some people like to live in their community and not get deeply involved. That's fine.

We try and promote as much as we can. Get involved with your community. It's going to go on without you doing it. It's going to go in one ear and go in directions that you might or might want it to go in. It's ... You try and go out and get as many people on board as we can. You're going to get a better outcome. Around those two workshops, we then ... The committee will have a strategic planning working group.

Michael Darby: That will work through the information that comes out of that collected together. Collect the feedback. Filter through that information. Let there be an action planning workshop and they look to really refine the goals and the priorities that are coming out of that and set the agenda for the process moving forward. Once that plan is refined, it's then presented to AGM, for all the owners. An online, so that they can read through what the outcome is performance so they can read through what the outcome is of all that process. Look to adopt it at that point.

Then falling out and moving forward there's a working group to focus on the priority actions coming out of that plan periodically. Of course, there's an annual review process with owners and with the committee.



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Amanda Farmer: What really stands out to me there, Michael, is the use of technology. In particular, starting with that online survey. I think that is such a valuable step to be able to achieve that level of engagement and make sure that each owner feels like they've had the opportunity to have a say. It is so easy to do these days with the tools that we have available when it comes to sending out emails and putting together those surveys, as you say can be really quick and easy. I think sometimes in business, and also in our own communities, we forget to ask. To ask people what it is they want, what it is they're missing, and it's very easy to do that these days with the help of these tools that we have. I think that's awesome that you're kicking off that process with an online survey.

Then right to the end coming back to a review. Really important and again something that people often forget to do. To ask for feedback, to test, to assess, to look at where we could have done things differently and how we might do them better in the future. Just to keep the life in that plan and keep it as a living document, a vibrant document that can change as the communities need change.

Michael Darby: Look it's a balance act for the committee. Is there appointed to represent all the owners up until the next but that doesn't mean you don't reach out to them. That doesn't mean you don't reach out to them. You're still acting on their behalf and they're still involved. You still need to get and be involved in the decision making process, especially the strategic plan. Absolutely.

Amanda Farmer: Now it sounds like you guys at Quantum are doing a fair bit if work around this. Have you gotten any sort of a template or a list there of that process that we might be able to share with our listeners?

Michael Darby: I'd be happy to put something together.

Amanda Farmer: Put you on the spot. That would be great and we can put together even just a dot point list of that process in our show notes for this episode so our listeners can head over there to Your Strata Property dot com dot au and access that one. Now, I imagine you've probably approached or you're going to be approaching some buildings with this suggestion, Michael that they engage in this strategic planning process. Do you get some objection to that? Do you get building who say, "look this is not for us or we don't think we need to do this." What kind of problems do you face trying to get this across the line and how do you overcome those problems.

Michael Darby: Look there's a few. I think one of the key ones is trying to explain to them the value that they'll get out of it. A lot of them don't see the value in doing it. Now it's just an owners corporation, we can play with the act and that's it. It's a process of explaining to them and making sure ... Just have that awareness that it impacts your whole community, the future of your whole community. It's people's main asset or investment they'll purchase into and it's important to have a process and engage with owners to see the value that a strategic plan will have.

Another one is that in time. It's simply that they elect committee members. Sometimes you drag them across the line to join their committee knowing that they contribute. They've got their 5 meetings a year. Everyone's more busy now it seems. Everyone's got family and work commitments. Their doing their volunteer committee meetings and we walk in and say, "You know guys, we're really passionate about the strategic planning process. This might be a little bit more work. There's another working group, but there's a lot of value in that." It's like, you know, I haven't got the time for it.

We find that with legislation always changing the times can just complying with legislation. The challenges that come up just to make that to where it's something else into the mix. Their first thought may be, "it's not the time" and it falls away, but we keep pushing because we know we see the value in it. Most of the time, they do as well once you work through explaining it to them. A lot of it ... The other challenges there's just not the knowledge and experience to be able to run the process.

Amanda Farmer: Yes.

Michael Darby: Too hard. I'm not sure how we'll do that. We support them to a degree or we add additional service to really run the hot presses for them. That's the value that we can provide. We've got that knowledge and experience of how they can be put

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together, the process that it can be run. There's value in it. It gives us an opportunity it's going to fend for your community correctly.

Amanda Farmer: I suppose over time you'll have some fantastic case studies that you can share with our communities about how you've worked together with another community in the past and the results they've been able to achieve, in terms of, an increase in the value of their investment as you say. Greater community engagement. People living in the building who just get to know each other better and have more enjoyable day to day interactions. Being able to forecast for future need and not having to raise special levies or get loans in place because you've been able to plan for those big expenses. You can see the range of benefits that can be put on the table. I think once you build up those case studies and share them, it won't take too much to bring those stubborn, busy committee members around.

Michael Darby: That's right. Look I've really, like I said earlier, you're building a strong sense of community by doing this and that's what we're about. There's evidence to the extent that when you build that strong sense of community, especially in a mature development, that it attracts owners to live in that, but I hear they have great events at that community. I think everyone's really engaged. The families are having a great time. There's events for kids. It attracts people to buy into it and obviously, that results in an increase in the value of their investment. You don't need any more further items than that I don't think.

Amanda Farmer: That's it. Money talks.

Michael Darby: Indeed.

Amanda Farmer: Now Michael, time for the book question. What books have had the greatest impacts on you and why?

Michael Darby: There's a couple. One more recently is called, "The Four Agreements". I think we spoke about.

Amanda Farmer: Yes, yes.

Michael Darby: That's by Don Miguel Ruiz. It's a book that I recently come across. I listened to it. It's an audiobook that I listened to. It's in hard copy in most bookstores. It only goes for like 2 1/2 hours so it's a good ... It's an easy one to absorb. It's essentially a practical guide to personal freedom. It's a personal development book and I'm into those.

Amanda Farmer: Me too.

Michael Darby: It's based on tall tale wisdom about the philosophy and ancient wisdom of the tribe from Central Mexico, is where it originates from. The first 15 minutes are pretty heavy. It's about we're all from light. Everything around is not the truth. We need to search for our own way.

Michael Darby: So have to I hope they don't turn off, but hang in there.

Amanda Farmer: Yes, we're back in university.

Michael Darby: There's a lot of value turn off and hang in there, because it gets really ... There's a lot of value that comes through after that point. That might be for some people also. That's fine. It talks about how we're raised, or they refer to it as how we're domesticated. We're imposed with the grammar on how to behave, how to act, what religions we'll have when we're going up. How those agreements affect us as we grow up. It's suggesting that we should replace on those limiting agreements with other ones that are more productive for being a positive, engaging person.

It suggests 4 agreement for us to focus on. The first one is to be impeccable with your word. That's about speaking with integrity. It's about saying what you mean. Don't gossip about others and don't use your word against yourself or others. That's a good one. The second one is don't take things personally. There's nothing others do is because of you at the end of the day.

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Amanda Farmer: Yes.

Michael Darby: What other people say, that's their own reality and that's their own views. If you learn not to take those things personally, it doesn't affect you and you don't make yourself the victim of the words that they're using against you essentially. Look we've tied this in our office and we've gone through it with the team. We've got some posters up on the wall about what those four agreements are. We're going to listen to some sections on that. The next one in particular is a big one for our team.

It's to not make assumptions about what people are saying. Ask more questions if you don't know specifically what they're asking you to. Communicate with others is clearly as you can to avoid misunderstandings. Good communication with that client is not making assumptions. That's a big one. They might read an email or get off a phone call and assume what they might be talking about and they'll just act on that when it's not actually what that person meant at all. If you're in that environment, on the phone or via email, go back and ask some more questions so you're really clear on what they want. One that I talk about with the team. WE have team meetings.

The last one is always do your best. He says, that's the action of the last 3 essentially. That's all you can do. You can only give it 100%. If you're sick that might be less than it is than when you're healthy, but you can only give 100% at that moment. Based on doing that, it avoids self-judgements, self-abuse, because all you can do is your best. That's putting your best foot forward and that's enough at the end of the day. That was a really good book for me. I listened to it a couple of times. I took a lot away from.

Amanda Farmer: Yes.

Michael Darby: That's not for everyone, but I found it fantastic. I suggested it to a few other people.

Amanda Farmer: Yes, I think you suggested it to me some many months ago now when we were at the Australian College of Community Association Lawyers annual dinner. I confess that I haven't yet looked it up, but I'm going to make sure we got a link to that one in the show now. They sound like perfect principles for strata managers or professional service providers generally. I think that's a great idea that you've been sharing that around your office and have adopted those for your staff.

Michael Darby: It can have a big impact personally. Look, the other book I read at work as well I think. Look the other book I read in my early 20's when I wasn't sure which direction I was going in and traveling the world. Jet setting to various ski resorts. Success Through a Positive Mental Attitude by Napoleon Hill and W. Clement Stone. That was first published back in the 60s, I think.

Essentially that's about succeeding through a positive mental attitude. There's lot of philosophies and steps it goes through to work through that based around what the mind can conceive and believe the mind can archive essentially. It goes into that deep personal side, but it's really ... you pick up nuggets of gold that relate to you and it stimulates you to change here as a person or go in different direction to follow your heart. You can picture it from a business aspect as well. I found that at that point and time when I read it, it really gets you out of some self-pity or negative attitude and gets you more positive.

Amanda Farmer: Yes. It gives you an understanding of the power that you have through your own mind set to achieve great things which is really exciting.

Michael Darby: Absolutely it does.

Amanda Farmer: Now, before we wrap up Michael, how do our listeners find out more about you and is there anything you'd like to add?

Michael Darby: I don't think something with strategic planning we've covered a fair bit. I'm happy to share the process that we follow and really strongly suggest to all the owners and communities that are listening to do some research and have a go and reach out to us if you need some assistance around that. Our website's www.quantumunited.com.au. People can find out more information about ourselves or I can be reached in through LinkedIn. My profiles up there on LinkedIn also.

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Amanda Farmer: We'll make sure that we've got links to your website and to your LinkedIn profile in our show notes. Thanks for taking the time to chat today Michael.

Michael Darby: No problem Amanda. Thanks for having me.

Amanda Farmer: I'll catch you next time.

Michael Darby: No problem. Thank you. Bye.

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