

Publication Date: 06 June 2016
YSP Podcast Transcript: Episode 014. How to improve and model behaviour in strata communities

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Amanda Farmer: Hello and welcome. I'm Amanda Farmer and this is Your Strata Property. Today, I'm joined by Michael Teys. Strata and community title law and management have been the focus of Michael's professional life since 1985.

He is the Principal of Block Strata Lawyers and the Founder of Block Strata Pty Limited. Block Strata delivers online strata management. Michael has always been fascinated, and often frustrated, by the way, groups of owners behave when dealing with common property in strata developments.

He is the author of 'Growing Up: How Strata Title Bodies Might Learn to Behave' published in 2015. It is a thought-provoking and entertaining book about ownership of strata property and living in high rise and higher density apartments and townhouses. The book helps strata communities and the owners corporations that run them think about strata issues they face now and into the future.

Michael writes a weekly blog, tweets daily, publishes a newsletter weekly and appears on television each week. I had the privilege of sharing a stage with him at this year's conference for the Australian College of Community Association Lawyers.

Today, I'm delighted to welcome Michael Teys from Block Strata. Welcome, Michael.

Michael Teys: Thank you for having me Amanda and congratulations on your podcast and its success.

Amanda Farmer: Thank you very much. I am enjoying it immensely. Michael, I want to start by asking you to tell us why you think it is so important for people living in a strata community to learn to behave?

Michael Teys: Look, Amanda, our society is in transition. We're transitioning from free-standing houses where we've had relative freedom to live our life the way we want, to higher density living, where of course, we are sharing floors and walls and ceilings. And frankly, we are not very good at that sharing concept.

Bad strata, whether it be bad strata management or bad strata relationships, affects peoples' lives in a very real and emotional way.

At one level, you can take what we do as lawyers and you can look at it and say: "This is trivial. This is something about dog waste, or a leaking pipe or something else." But really when you stop and think about it, these are things that are affecting people in their homes, that most precious of sanctuaries where we retreat from the world, and to have things annoy us and irritate us in that space, really does go to our mental health and our well-being, and you're probably the same, but in my thirty years of law, there are many many times where that box of tissues on my desk has been used, and sometimes even by my clients.

So it's very important that we get this right, and it must start with the people themselves in the community.

Amanda Farmer: It's funny that you talk about the box of tissues. In a past life, I did quite a bit of family law and when I tell people that, they say: "Oh, that's so different from strata; that was a big change." and I say: "You know what, it's actually not." [laughing]

Michael Teys: Yes.

Amanda farmer: It is just as emotional...



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Michael Teys: Yes.

Amanda Farmer: and you are dealing with people's lives, their every day, and important issues that are close to the heart.

Michael Teys: That's right and I think obviously, when people come to see us, they're at the end of a line and we see people in quite distressed circumstances, I think it's also important to remember that there are many people out there living quite well and getting on with things...

Amanda Farmer: Yes.

Michael Teys: and sorting things out themselves. So, as lawyers and strata professionals, we mustn't lose sight of that either.

Amanda Farmer: Alright, so what do well-behaved or reasonable strata owners look like?

Michael Teys: I think that the starting point for me is the leader. In business, we say, of course, that the fish rocks from the head and that's a way of describing that a good organisation has a good leader and a bad organisation will have a bad leader.

So I think it's important in strata, and a reasonable strata entity for me is one that is headed by someone other than the bully. If the bully is in charge, or it might not even be a bully, if the person whose the dominant person, the person who has an agenda but it's not a balanced agenda, if that person is in charge, then it's an unreasonable entity, that will be my first point.

My second point is that a reasonable strata entity has fair expectations of its manager and its contractors when people expect more for less that's unreasonable behaviour.

And they're not going to get the answers that they want, the outcome that they want. So an unreasonable entity will have a good leader and it will be fair with its people and its contractors and look towards paying what is necessary to get the outcome they want. And finally, I would say, a fair entity is one that has its rules and its procedures documented but more than that, made accessible. I think a lot of the trouble we see in strata entities comes about because people frankly, just don't know and don't understand what the rules are. Now, those of us that are engaged in strata management might find that outrageous that someone's moved in and doesn't know that they can't have their dog or doesn't know that they can't put the air conditioning unit where they want without telling anyone.

But we shouldn't assume that people know these things and we have to publish and make accessible the rules and the procedures. So, if there's not a pet application form where pets must be allowed only with approval, then that's unreasonable. We've got to have a form and we've got to tell the people where to find the form.

They're the sort of hallmarks, I think in a very practical way, of what an unreasonable entity look like.

Amanda Farmer: You talk about leadership, do you think the strata manager has a role to play there? Do you see that person in the role of leader or is it the committee members?

Michael Teys: Yes. Look ideally, it should be a committee member and it should come from within, but look, there are some entities that just don't have somebody to fulfill that role, particularly in a small strata where you know, there are maybe 4 or 5 or 6 people, there just might not be a leader amongst them.

So in that situation, a good strata manager with leadership capacity will step in and fill that void and that's quite legitimate. What I think is important for strata managers is to know what their capabilities and limitations are...

Amanda Farmer: Yes.

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Michael Teys: If they are instinctively a leader, then they will gravitate to fill the void.

If they're not a leader, they're managers, and there is a big difference between the two, then I think it's important that they know that. Being a manager is just as important as being a leader, they're just different things.

And it's very rare for one to be both, leaders, and I think Peter Drucker said it best when he said: "Managers do things right. Leaders do things right at the right time" and that's a very important distinction, I think.

So I think for strata managers, they need to feel comfortable doing what they do, don't pretend to be a leader if you're not, and strata committee should be honest enough to themselves to say "what is the type of manager we need? Do we need somebody who is going to attend to the detail and support us in our decisions or do we need someone to drive us in our decision making?"

Amanda Farmer: Yes, and you can see how that is so linked to setting expectations, which was your other point.

Michael Teys: Yes.

Amanda Farmer: The strata manager being very clear and transparent, which is something that you raise in the book, with the committee about what I'm here for, what I think I'm here for, what I think you want me to do and the committee being very clear about what they expect from the strata manager.

Michael Teys: I think those first conversations when any committee is elected are very important, and too often I see committee's elected and go to their first meeting and pick up where the last committee left off without actually stopping and saying "why are we here? What are we trying to achieve?" Having some sort of sense of purpose is fundamental and it's one of the things I raised in my book, that in our various dimensions of society, whether it be the government sector, the public service, the corporate sector, even the not-for-profit sector, we have expectations of each other, which are modern community-driven standards. We have expectations when we talk about transparency, we talk about accountability, we talk about reasonableness, we talk about sustainability and all these attributes that we as a society, generally, think good things are applicable to our entities. We are so far from that in strata, it's not funny.

And yet, strata is, as many of our colleagues in the profession would say, the fourth level of government, it affects two million people, it's going to affect more people as we become inhabitants of denser cities.

So it is time that we look at strata entities in the category of not-for-profits and corporate entities and start saying "what are our reasonable expectations of each other?"

And "what behaviour do we want that to drive?"

Amanda Farmer: Good point. While we are talking about what well behaved strata owners look like, I want to pull out an extract from your book which I thought was a fabulous framework, it's where you're talking about learning to be reasonable and you talk a lot about by-laws and how we can be incredibly unreasonable when we're drafting and enforcing by-laws, and you put this, I'll call it this 5 step framework, for how an owners corporation or a committee might assess whether or not they're being reasonable.

Number 1: They should ask themselves if this by-law really necessary?

Number 2: Does it conform to modern social and broader community standards?

Number 3: Does the proposal provide options and alternatives for individual behaviour?

Number 4: Is it practical and enforceable?

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Number 5: Is it lawful?

I thought that was fabulous and I wanted our listeners to have the benefit of that framework because I think it's something that every committee and every owners corporation should be going through when they're drafting new by-laws at least.

Michael Teys: I think it's very important because an overzealous committee writing 'thou shall not'... by-laws can stifle and kill reasonableness and a sense of community very quickly.

I shudder when I read a lot of strata body corporate, owners corporation newsletters, it's as if they're issued by a dictatorship of terrible proportions, they're just quite depressing. They tell you what you can't do, what you must not do, and they're just so negative. But you can understand why people in a busy world where we're getting bombarded by messages just look at that and just fold it up and say 'that's just rubbish' or just not being inclined to read it.

So I think by-laws fall into that category. You can't regulate everything and you shouldn't. By-laws are about having a discussion.

If you have to enforce a by-law, well you're in a very sad community, and by-laws are about having a discussion about what is acceptable and what's not acceptable in a particular community.

And that's the point of them and they can be used to that end, but really we shouldn't be passing by-laws to stop people sitting on you know... I had a group come into me the other day and they wanted a by-law to stop people sitting on window sills, in a beautiful 1920's building with sash windows and what are people going to do? Walk around on a Saturday night with a flashlight, and issue infringement notices to someone on the second floor because someone's got their backside resting up against the windowsill.

So it's just ridiculous, we've got to stop that sort of thing.

Amanda Farmer: Yes, and I think lawyers have a role to play there too, where we're instructed to draft by-laws, something that I consider part of my role is to tell that client how are you going to enforce this?

Michael Teys: That's right.

Amanda Farmer: This is unenforceable, do you really want to do this? Do you really want to spend money, owners money, on me drafting this, when it's going to be a useless piece of paper?

Michael Teys: Yes, there is a responsibility there on lawyers, and there's also an ethical thing, I mean in Queensland, for example, where you can't have a by-law prohibiting dogs, it's not uncommon for somebody to instruct you and say: "Look, I want the by-law anyway because we are going to bluff."

And you know, that's not ethical, that's not right and that's an example of a strata manager or the strata entity being unreasonable, and we have to call that stuff out when we see it.

Amanda Farmer: I agree. Okay, Michael, could you share a story around how your knowledge and your skills in this area has helped a building?

Michael Teys: Yes. Look, I thought about some experiences I have had and you know one of the ones I'm proudest of is quite a small building that had six owners and a very long history of dysfunctionality and quite toxic relationships between the key people on this committee.

And they had a range of issues that they couldn't agree on. Some were small and some were large. The choice of carpet for the

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new foyer was something that had taken on epic proportions, whilst out the back a fire safety order had been issued condemning stairs and landings and that wasn't getting the attention that it deserved, quite a big job, and people tend to do that when faced with a big problem or a small problem, they'll often be obsessed about the small and relatively unimportant issue.

I took them as a group and said: "Look, this is just getting nowhere, you're just deadlocked" and if one person says this, the other person says that and the rest are benign, so there were really two quite strong personalities that had to start to respect one another.

So, I put them on a course and I said: "Look any relationship takes effort." You have to put effort into any relationship and strata is no different, and this is very bad and it's starting to impact on people's amenity and also safety. So I took them and I put them on a program where we met frequently by teleconference, I find teleconference really good when there are bad relationships with people, because I find teleconferences quite useful to de-personalise conflict and only one person can speak at a time on the teleconference and that's a good starting point.

So, we had frequent short teleconferences about issues. I then deconstructed issues so that we took the easiest issues first and made some decisions, and celebrated the fact that we got a decision made without bloodshed. And over a course of six months, gradually I let them take over the teleconferences and in the final analysis, they were beginning to function well, they developed a habit of treating each other with respect.

Amanda Farmer: Yes.

Michael Teys: And they actually started to get things done and they made progress.

Amanda Farmer: Yes, great tips there. So, teleconferencing, dealing with the easy issue first, I think that's a really great tip because you can have some quick wins there that give them the confidence to know that they can resolve these things.

Michael Teys: That's right and that's lesson 101 of mediation and reconciliation.

Amanda Farmer: Yes.

Michael Teys: "Hello, it's a nice day isn't it? Let's agree on something. Let's agree it's not raining."

"Let's agree that it's Wednesday." It doesn't matter what it is.

Amanda Farmer: Yes.

Michael Teys: Let's just agree on something and build from there.

Amanda Farmer: Yes, and it's about building that habit of communication, cooperation and really changing the culture of the building.

Michael Teys: What I was proud of in that particular case, was that the people involved were prepared to put in the time.

Amanda Farmer: Yes.

Michael Teys: And I think that's important for strata. It is a relationship. It is a complex set of relationships, and we will not get peace and tranquility and harmony or better functionality in strata until people do put in the time, and instead of coming to a meeting angry and frustrated and demanding, come to a meeting with the sense of 'okay we've got an hour or we've got two hours, let's make most of that time. Let's actually get something done and feel good about that.'

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Michael Teys: So that we come back next time. I mean, participation levels are low because strata meetings are regarded as a bum-fight, and we have to turn that around to make meetings productive and a little bit more pleasant so that we get people to come.

Amanda Farmer: Definitely. Okay, what are some of the challenges that you've noticed buildings are facing when it comes to improving their behaviour, and what are some of your tips for overcoming those?

Michael Teys: I come back to leadership I think.

Finding a firm but fair leader is really important and where people have the wrong leader, somebody has to tap that person on the shoulder and say: "Look, it's time for a change." And that's quite confronting but it's necessary and change won't come about unless somebody is prepared to have that quiet conversation. It shouldn't be done publicly; it certainly shouldn't be done at the meeting.

It should be done quietly to say: "Look, thank you for what you've done but I don't think your continued involvement at this level is going to work for us. I think it's time for a change. I think we have to get a firm but fair leader who is then going to be able to incorporate different points of view and understand that we're not going to, in the context of a strata organization", we're not going to change people's behavior, we're not going to change dumb people into smart people or rude people into polite people, we just have to deal with who we've got, and that takes a firm but fair leader. I think we have to stop penny pinching. Strata entities must get away from the fact that they have to keep levies as low as they were last year.

Property prices are not as low as they were last year. If you're in Sydney, you've enjoyed ten percent compound growth for some time and your budgets must expand accordingly. You need to pay, I'm not saying that you pay unwisely, I think you spend your money wisely, but it is unrealistic to expect more for less. So I think we need to get away from penny pinching, and that comes down to even things like accepting the lowest quote habitually, it comes down to making decisions. If you and I were making decisions about what we bought as an individual, we would look for value for money, you wouldn't necessarily look for the lowest ticket item, and I think we've got to get away from penny pinching. I also think it's a good idea to have a common purpose. Having a discussion about what we want to achieve and spend money on, is a good way of getting people to work together for a common outcome, and actually building a relationship by working together, so we can look at a refurbishment program or we can look at compliance with the fire safety order in two ways: it can be either a grudge or it can be an opportunity to work together and get something done.

Amanda Farmer: I like that.

Michael Teys: So I think having a purpose and recognising that this is something of value that you're doing.

Amanda Farmer: All great tips. Now we might have some listeners out there who have some bells ringing thinking "that's my building that he's talking about, the badly behaved building, that's my chairperson, that's my committee!"

What can our listeners do... some quick wins or some actions they can take today to get started with improving the behaviour in their building?

Or perhaps improving their own behaviour if they are...

Michael Teys: Yes. Can I talk a bit about the persistent complainer?

Amanda Farmer: Yes, go for it.

Michael Teys: There's someone on every strata or every committee and it doesn't matter whether it's a block of six or six hundred, but there is a persistent complainer.

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Amanda Farmer: Yes.

Michael Teys: And that person is the person that has an insatiable appetite for making a complaint and will never be satisfied. We give these people too much oxygen.

Amanda Farmer: Yes.

Michael Teys: There is this Bush law that says if someone writes something then they must be responded to and that's wrong, and it makes things worse and there's a very good paper published that I have here somewhere about this syndrome of persistent complainer, and it's actually a psychological condition, and I see it in strata all the time and I say to people: "Look, let's just not respond." Let's send one letter that says: "Look, we can't satisfy you and we're not going to respond any more to your correspondence."

Our silence is not to be taken as acceptance of anything, but we're just not going to play this game, and I think we have to change behaviour by making quite deliberate steps.

Amanda Farmer: Yes.

Michael Teys: There's another great book I like a psychological book called "The Dance of Anger."

The Dance of Anger is about patterns of behaviour and relationships and you do this and I do that, you do this and I do that and we have our dance. And that dance might be a good dance or it might be a bad dance, but before we can change it, someone has to say: "I'm not doing the dance."

And I think behaves reasonable people in the committee just to call this to an end.

Amanda Farmer: Yes.

Michael Teys: And say "we're not going to enter into this continual to and fro which just subsumes an entity." It means that the strata manager has a bad attitude to the plan and will prefer to work on someone else's matters because this person has destroyed the feelings and the vibe of the organisation.

So I think an easy win is to just stop dealing with the difficult person and don't let that tail wag the dog, to use that common saying.

Amanda Farmer: Yes.

Michael Teys: And then I think the next thing is just to pick one or two issues that really count to work on and don't try and do everything, be realistic. When I describe strata entities as butterflies, they have a life expectancy of less than a day. When you think about a general meeting and, let's say, four committee meetings of no more than two hours each, that adds up to a collective life of less than one day.

Amanda Farmer: Yes.

Michael Teys: So be realistic about what you can achieve in that one day.

Spread over the course of the year, so pick one or two issues that really matter, do them well, don't try and do everything.

Amanda Farmer: Yes. Good advice, excellent. Michael, a personal question, what books have you read that have the greatest impact on you and why?

Michael Teys: I read a lot.

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Amanda Farmer: Yes.

Michael Teys: At a personal level, I love a book I read many years ago called: "Who Moved My Cheese."

Amanda Farmer: Right.

Michael Teys: And it's a little parable, and cheese is a metaphor for what makes us happy in life, and it's about four mice caught in a maze and how they respond to changing circumstances, I've had a lot of change in my life...

Amanda Farmer: Yes.

Michael Teys: particularly in recent years, and it's a very very helpful book. So, at a personal level, I would say, Who Moved my Cheese. I think it was written by a fellow called Spencer Johnson.

Amanda Farmer: Okay. We'll make sure that one's in the show notes. Great.

Michael Teys: I also like from a business perspective, Good to Great by Jim Collins, that talks about the intersection of passion, what are you passionate about, what drives your economic engine and what do you think you can be the best in the world at?

And I think from a business perspective that was a great inspiration. From a strata perspective, I'm very taken with the work of a fellow called Robert Kaplan and David Norton, his partner, and they wrote the Balanced Scorecard. The Balanced Scorecard is about how entities should focus on more than finance to get a healthy outcome. It's been very successfully used in hospitals and the management of hospitals, and it challenges us to look at every decision in terms not just of the financial perspective, but also how is it affecting people from a learning and growth perspective? How is it affecting internal procedures and how is it affecting external customer perspectives?

And I've drawn on that a lot to develop a system for managing strata that focus more on finance, it also focuses on issues of governance and compliance and maintenance as well as finance. So I've put together four little modules which I think give people a template to go about their work. It means that they're more driven by the right things, rather than the dominant issue of the day, rather than the issue that someone is just banging on about that tends to dominate. It really helps people focus on the important things rather than the urgent things.

Amanda Farmer: And to feel that they have some control over what takes their attention.

Michael Teys: We hear all the time from unhappy strata people that they want proactivity, not reactivity. Yet in my thirty years in the industry, I've seen very little from the strata management profession that actually drives proactivity.

Now you can only drive proactivity and be in front of the game if you have a template, a dashboard, and Kaplan and Norton talk about it as being the balanced scorecard, unless you've got something that is a formula to start with, you can't be anything but reactive.

So knowing what you have to do at your first quarterly meeting, to help you at your second quarterly meeting, to make sure at your third meeting you do the right thing, and at the fourth meeting you strike the right budget, so you've got money at the AGM to do it all again, to me, makes a lot of sense, and I developed a system which does that.

Amanda Farmer: Very interesting. Perhaps a topic for our next interview, because you really have so much to offer and I would love to have you back to dive into all of that stuff.

Alright, before we wrap up, how do our listeners find out more about you Michael and is there anything you'd like to add before we say goodbye?



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Michael Teys: Look I'm not hard to find on the internet www.michaelteys.com is my personal website. I have a blog there called 'Level Headed' that people can subscribe for, and my book is available there for people to buy and...

Amanda Farmer: Yes.

Michael Teys: You can get that online, or you can get in bookshops.

Amanda Farmer: It's a great read. It is hilarious I have to say, so if you're bit disheartened by strata and you want something uplifting, as much as you talk about bad behaviour, you do it in a very funny way and I've much enjoyed it.

Michael Teys: Thank you very much.

Amanda Farmer: Thanks for your time Michael and I hope we can chat again on the show in the future.

Michael Teys: I do too. Thanks, Amanda.

Amanda Farmer: Thanks.

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