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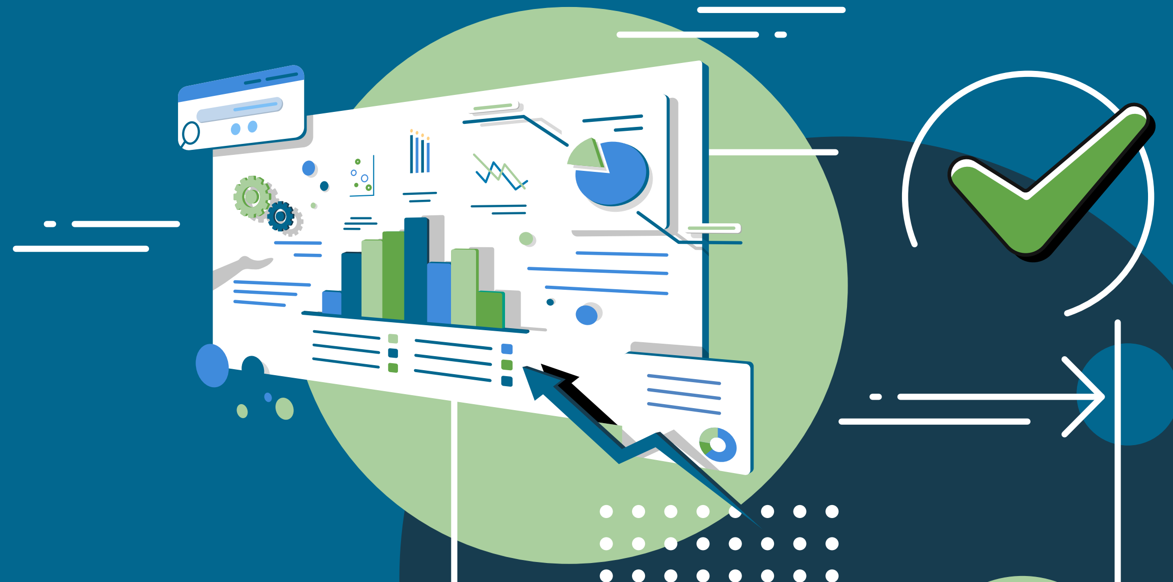

Top KPIs for Community Association Management Executives to Know

Introduction

Community association management is a complex business that involves managing multiple communities, budgets, employees, and stakeholders. To succeed in this field, it is essential to have a data-driven approach that enables you to make informed decisions, optimize operations, and improve customer satisfaction. However, many community association management companies are still relying on manual processes and outdated systems to manage their operations, which can result in inefficiencies, errors, and missed opportunities.

In today's fast-paced business environment, community association management companies need to leverage data and analytics to stay ahead of your competition and meet the evolving needs of your customers. By using data-driven insights, you can identify areas for improvement, optimize your operations, and make strategic decisions that lead to growth and profitability.

In this e-book, we will explore the key performance indicators (KPIs) that every community association management leader should know and track to build a data-driven approach to their business. We will dive into each KPI, explain what it is and why it is important to track, and provide tips on how to measure it effectively.

KPI Categories

Categorizing the main key performance indicators (KPIs) for community association management can help you gain a better understanding of the different areas of your business that impact your overall success. By grouping the KPIs into categories, it becomes easier to identify patterns and trends, prioritize areas for improvement, and make data-driven decisions that lead to growth and profitability.

The five categories that we have identified include customer satisfaction, financial health, human resources, operational efficiency, and growth. Customer satisfaction KPIs focus on ensuring that clients are happy and their needs are being met. Financial health KPIs relate to the business outcomes of the company, such as profitability and budget variance. Human resources KPIs help assess the job satisfaction of the workforce. Operational efficiency KPIs track the efficiency of processes and procedures within the company. Finally, growth KPIs are essential for scaling the business and expanding into new markets.

Customer Satisfaction

Human Resources

Operational Efficiency

Financial Health

Sales & Growth

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01 CUSTOMER SATISFACTION
Client Retention By Portfolio

WHAT IT IS

Client retention by portfolio measures the percentage of clients who renew their contract with your company over a specified period. It indicates your company's ability to maintain strong relationships with your customers and meet their needs. High client retention rates demonstrate that you are providing excellent service and have established a level of trust with your clients.

HOW TO CALCULATE IT

$$\text{CLIENT RETENTION BY PORTFOLIO} = \left[\frac{\text{(Number of Clients at the End of the Period - New Clients Acquired During the Period)}}{\text{Number of Clients at the Beginning of the Period}} \right] \times 100$$

For example, if a community association management company had 100 clients at the beginning of the year and ended the year with 90 clients, and acquired 10 new clients during the year, the calculation would be: (90-10) / 100 x 100 = 80% client retention rate by portfolio.

WHY IT'S IMPORTANT FOR COMMUNITY ASSOCIATION MANAGEMENT

Client retention is crucial for community association management companies to maintain long-term relationships with your customers and ensure continued revenue. Retaining clients is more cost-effective than acquiring new clients, and loyal clients often refer new business to the company. Client retention also helps to maintain a positive reputation and build trust in the community.

CHALLENGES

Challenges to measuring client retention by portfolio may include tracking changes in client needs, communication gaps, or negative publicity that can impact client satisfaction. Additional factors that may impact retention include competitive pressure, economic factors, and changes in the industry. It is essential to regularly review and analyze customer feedback to identify areas for improvement and maintain high levels of client satisfaction.

EXTRA TIPS

- Regularly survey your customers to identify areas for improvement.
- Provide excellent customer service to build and maintain strong relationships.
- Stay up-to-date with industry trends and adjust services to meet evolving needs.
- Use data analytics to gain insights into client behavior and preferences.
- Offer incentives or loyalty programs to encourage client retention.

02 HUMAN RESOURCES

Employee Retention & Turnover

WHAT IT IS

Employee retention and turnover measure the percentage of employees who have left the company within a given period. It is an important metric for community association management companies because high turnover rates can result in decreased productivity, increased costs associated with hiring and training new employees, and a negative impact on employee morale.

HOW TO CALCULATE IT

$$\text{EMPLOYEE RETENTION RATE} = \left[\frac{\text{(Number of Employees at end of period - Number of Employees who left during period)}}{\text{Number of Employees at start of period}} \right] \times 100$$

EMPLOYEE TURNOVER RATE = 100 - Employee retention rate

WHY IT'S IMPORTANT FOR COMMUNITY ASSOCIATION MANAGEMENT

A low employee retention rate can be a red flag for a community association management company, as it may indicate issues with employee satisfaction, company culture, or management practices. It is important to understand why employees are leaving and take steps to address those issues.

CHALLENGES

One challenge to measuring employee retention and turnover is that there may be various reasons why an employee leaves the company, such as personal reasons, better job opportunities, or dissatisfaction with the job. It is important to gather feedback from employees who are leaving and current employees to identify areas for improvement.

EXTRA TIPS

- Conduct exit interviews to gather feedback from employees who are leaving.
- Monitor employee satisfaction levels through surveys and other feedback mechanisms.
- Implement employee retention strategies, such as professional development opportunities, competitive compensation and benefits, and a positive company culture.
- Provide ongoing training and support for managers to improve their leadership skills and help them better understand employee needs and motivations.

03 OPERATIONAL EFFICIENCY

Scale

WHAT IT IS

Scale refers to the ability of a community association management company to grow the number of communities and/or doors per employee. Essentially, it measures your company's efficiency in expanding your operations and increasing your reach.

HOW TO CALCULATE IT

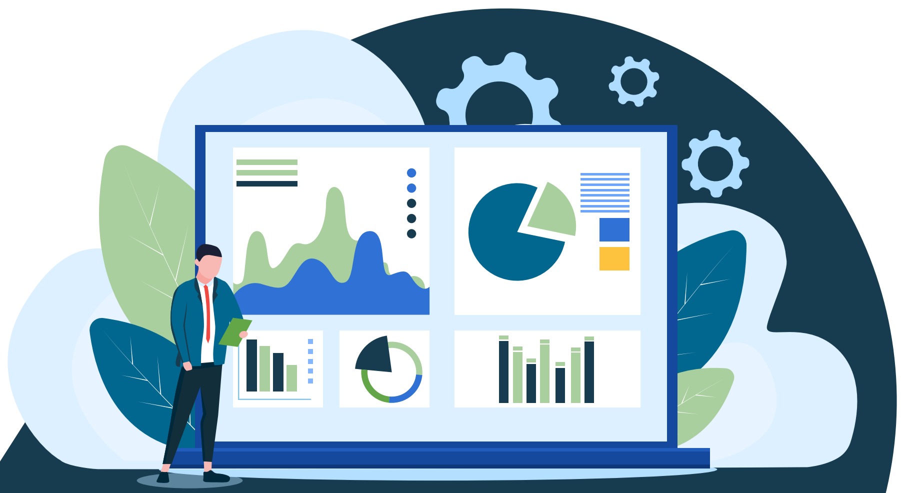
Scale can be measured by dividing the total number of communities or doors managed by the number of employees in the company.

$$\text{NUMBER OF COMMUNITIES PER EMPLOYEE} = \frac{\text{Number of Communities}}{\text{Number of Employees}}$$

$$\text{NUMBER OF DOORS PER EMPLOYEE} = \frac{\text{Number of Doors}}{\text{Number of Employees}}$$

WHY IT'S IMPORTANT FOR COMMUNITY ASSOCIATION MANAGEMENT

Scale is an important KPI for community association management companies because it directly impacts your bottom line. By increasing the number of communities and doors managed per employee, you can improve your profitability and competitiveness. Additionally, scaling can help you achieve economies of scale, which can lead to cost savings and better resource allocation.



CHALLENGES

Measuring scale requires accurate and up-to-date data on the number of communities and doors managed, as well as the number of employees. Companies may face challenges in scaling due to factors such as limited resources, operational inefficiencies, and market saturation.

EXTRA TIPS

- Closely evaluate your service offerings.
- Streamline your operations to cut out wasteful inefficiencies.
- Invest in technology and automation to take advantage of new tools.
- Prioritize employee training and development to ensure your staff is equipped to handle larger workloads.

04

FINANCIAL HEALTH

Profitability

WHAT IT IS

Profitability is a measure of how much profit a company generates in relation to its revenue. It indicates the efficiency of the company in generating revenue while managing costs. Tracking profitability is crucial for community association management companies as it helps you to maintain financial stability and identify areas for improvement.

HOW TO CALCULATE IT

$$\text{PROFITABILITY} = \frac{\text{Total Revenue - Total Expenses}}{\text{Total Revenue}}$$

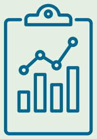
WHY IT'S IMPORTANT FOR COMMUNITY ASSOCIATION MANAGEMENT

Community association management companies should aim to achieve sustainable profitability, which allows you to reinvest in your business and provide better services to your clients. By measuring profitability, you can evaluate your performance against your financial goals, identify areas of weakness, and take necessary corrective actions to improve the bottom line.

CHALLENGES

Measuring profitability can be challenging due to factors such as seasonality, unexpected expenses, and variations in revenue streams. Additionally, some expenses, such as depreciation and amortization, may not be directly tied to revenue, making it difficult to accurately determine profitability. However, by regularly monitoring this KPI, community association management companies can identify trends and take proactive measures to address potential issues.

EXTRA TIPS



Improve revenue and cost management by developing effective budgeting and expense tracking systems, implementing cost-saving measures, and identifying opportunities for revenue growth.

05 FINANCIAL HEALTH

Profitability per Community

WHAT IT IS

Profitability per community is a KPI that measures the profitability of each community managed by a community association management company. Tracking profitability per community is important because it helps community association management companies identify which communities are generating the most profit and which ones need improvement.

HOW TO CALCULATE IT

Profitability per community can be calculated by dividing the net income of a specific community by its total revenue.

$$\text{Profitability per community} = \left[\frac{\text{Net Income for a Specific Community}}{\text{Total Revenue for that Community}} \right] \times 100$$

EXTRA TIPS

- Regularly review financial statements.
- Analyze revenue and expense trends.
- Compare profitability across communities to identify areas for improvement.
- Set performance goals for community managers and incentivize good performance.

WHY IT'S IMPORTANT FOR COMMUNITY ASSOCIATION MANAGEMENT

This KPI helps identify which communities are generating the most profit and which ones are not. This information can be used to allocate resources more effectively and improve the overall financial health of your company. By improving the profitability of each community, your company can generate more revenue and invest in better services for your clients.

CHALLENGES

Challenges to measuring profitability per community can arise due to differences in community size, age, and demographics. It may also be difficult to accurately allocate expenses to specific communities. To address these challenges, community association management companies may need to standardize your accounting practices and ensure accurate tracking of expenses.

06

SALES AND GROWTH

Growth

WHAT IT IS

Growth measures how much your community association management company is expanding the business, which can be achieved through acquiring new communities or doors, increasing prices, or upselling services.

HOW TO CALCULATE IT

There are several ways to measure growth, including:

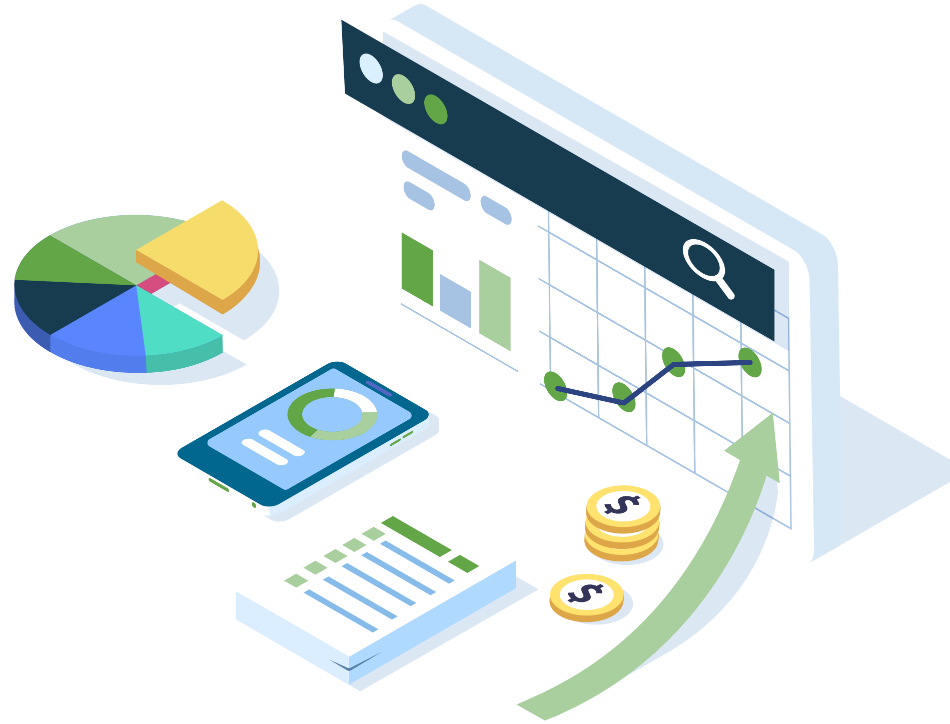
$$\text{REVENUE GROWTH RATE} = \left[\frac{\text{Revenue this year} - \text{Revenue last year}}{\text{Revenue last year}}\right] \times 100$$

$$\text{PROFIT GROWTH RATE} = \left[\frac{\text{Profit this year} - \text{Profit last year}}{\text{Profit last year}}\right] \times 100$$

$$\text{CUSTOMER GROWTH RATE} = \left[\frac{\text{Number of new customers} - \text{Number of lost customers}}{\text{Total number of customers}}\right] \times 100$$

WHY IT'S IMPORTANT FOR COMMUNITY ASSOCIATION MANAGEMENT

Growth is a critical KPI for community association management as it indicates the success of your company's expansion strategy. A high growth rate shows that your company is gaining new business, increasing revenue and profitability, and staying ahead of the competition.



CHALLENGES

Measuring growth can be challenging as it depends on various factors such as market conditions, competition, and economic fluctuations. Also, it's important to ensure that growth is sustainable and not achieved at the expense of quality or customer satisfaction.

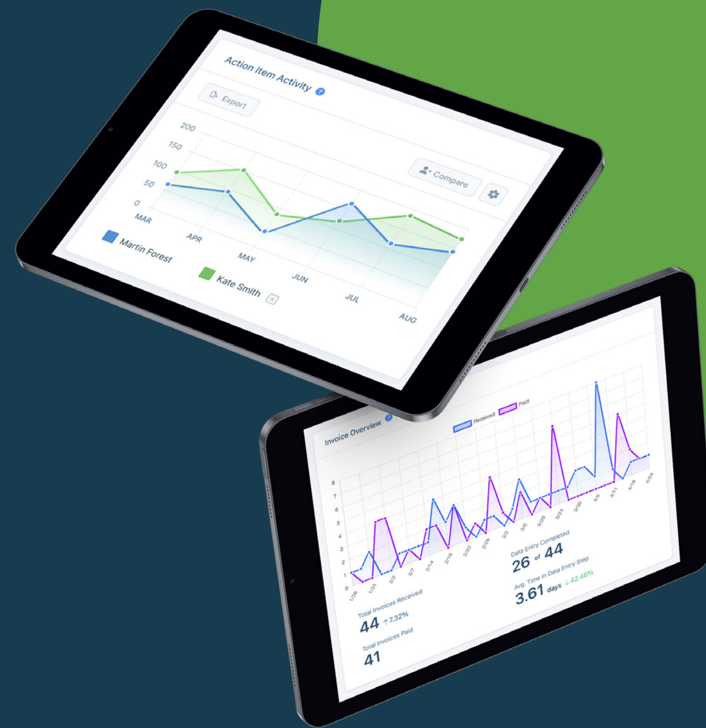
EXTRA TIPS

- Track growth metrics regularly and compare them to industry benchmarks.
- Enhance the customer experience by expanding your services and investing in new technologies.

Conclusion

Community association management companies must track key performance indicators (KPIs) in order to measure success and progress over time. By tracking KPIs explored in this e-book, community you can make more informed decisions about resource allocation, staffing, and business development to ensure sustainable growth and long-term success.

Vantaca is building the tools that can help community association management companies track many of these KPIs. Our aim is to deliver real-time analytics and reporting to help you make data-driven decisions. By leveraging business intelligence, community association management leaders can gain valuable insights into your company's performance and take proactive steps to improve operations, increase efficiency, and achieve your growth objectives.



In summary, tracking KPIs is essential for community association management companies to stay competitive and achieve sustainable growth. With the right tools and strategies in place, leaders like yourself can make data-driven decisions and lead your companies to success in today's dynamic marketplace.

Learn More about Vantaca's Business Intelligence Tools