



The Future of Corporate Housing 2017-2018 Report

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Introduction

Starting in August 2017, the Corporate Housing Providers Association (CHPA) leadership began working with futurist Brian David Johnson to explore the future of corporate housing. Utilizing Johnson’s futurecasting process, CHPA wanted to understand where the future of corporate housing was headed and how to advise member companies on how to prepare for that future. After six months of research and industry interviews, Johnson presented his findings to the CHPA board and membership. This report captures that research and outlines the main drivers that will bring change to the corporate housing industry along with specific actions that organizations can take to prepare for these changes. CHPA and Johnson will continue to work together through 2018/2019 with a white paper to follow annually.

Futurecasting Process Overview

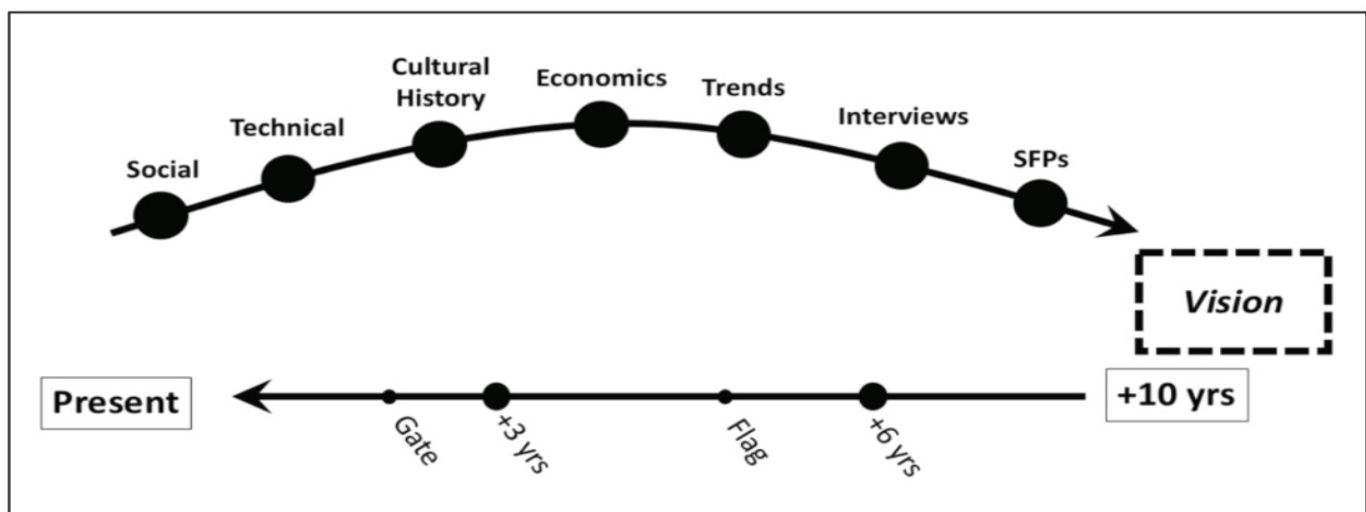
Futurecasting is a process for developing actionable visions for the future. Combining a variety of disparate inputs, including social science, technical research, economics, trend analysis, cultural history, qualitative domain expert interviews and science fiction, futurecasting models what it will feel like to be a human and live ten, fifteen or even twenty years into the future.

Futurecasting produces effects-based models. These models do not attempt to describe the future of a specific product, organization or condition. Futurecasting describes the desired effect that an organization might like to see realized or manifested in a decade’s time. Conversely, depending upon the research inputs, the organization can also model the possible negative futures or effects that could occur. From these effects-based models, it is possible to examine multiple outcomes and a spectrum of futures. These futures can be useful for organizations who are active in complex, difficult to characterize markets and regulatory environments.

Once these futures have been developed, it is possible to “turn around” and backcast, exploring the specific steps that need to be taken to get to these futures and avoid the negative outcomes. Futurecasting identifies the steps or “gates” that organizations can take today, tomorrow and several years from now to actively shape their future.

The process can also identify the “flag” or events that could occur independent of the organization’s actions, and that will nonetheless meaningfully impact the modeled futures. Traditional forms of scenario planning can also be used to dive deeper into the implications and actions that could occur from these events.

Ultimately the futurecasting process (see Figure 1.) combines a wide range of disparate research inputs, provides a framework to synthesize these inputs and develops multiple effects-based models. These models describe a range of experiences that a person, organization or actor could have in the future. These futures can, and should, span a spectrum running between the poles of the desirable and the undesirable. Using these defined futures, it is possible to then describe specific actions that an organization would need to take to both achieve or avoid these futures. Additionally, the futurecasting process gives organizations a framework to understand new or unexpected inputs and events, providing them a map to understand the possible impacts. (M Bennett. BD Johnson. Dark Future Precedents. Intelligent Environments 2016)



(Figure 1)

Five Main Drivers and Suggested Actions

The following five main drivers of change in the corporate housing industry are clusters drawn from our research. They are meant to illuminate possible and probable changes to come. They are not meant to capture all the possible changes, nor do they serve as a definitive capture of the future landscape. The suggested actions were designed to be as specific as possible for member companies to understand quickly and take pragmatic steps depending upon the specific strategies of their markets and organizations. The quotes in each section are pulled from conversations recorded on CHPA's podcast "Navigating the Noise". The quotes cover both high-level futures and directions from Johnson, and experts from inside and outside the industry.

Driver 1: The Future of Corporations

Falling transactional costs and the digitization of everything has changed – and will continue to change – the corporations of the future. Lines are being blurred with “digital companies” (e.g. Amazon, Facebook, Google) moving into more traditional economic areas, such as Amazon's purchase of Whole Foods. Companies comfortable with technology will change what business looks like and as corporations change, so too will the culture of their workers.

Driven by technology, the transactional costs of doing business started going down throughout the 20th century. As we moved into the 21st century, these costs continued to fall and the very nature of the firms began to change.

Today it is easier than ever before to start and run a corporation. As a result, people can now spin up small businesses, run them for a period of time and then close them down with little effort or friction. This allows corporations to become more agile than ever before. With employees spread out and working remotely, the need to move to a new city to fulfill a job is no longer the same. Employee expectations have, therefore, shifted accordingly.

“The makeup of corporate housing clients will and could change. They will get much larger from growth strategies and at the same time they will get much smaller. And both will be very savvy with technology.”

- Brian David Johnson, Futurist

“With falling transaction costs, you will end up with a free-agent nation, and these very loosely coupled networks of self-managed, self-driven people are nesting inside shared workspaces. They're using them to find their next gig and their next collaborator.”

- Greg Lindsay, Futurist

“Technology makes us more efficient, reducing labor costs and eventually those cost savings go back to the clients. And with that technology is also a responsibility—duty of care of the information. The companies that have that nailed down to the best of their ability are going to be the ones that have the opportunity in the future.”

– Dave Caple, CCHP, ABODA by RESIDE

TAKE ACTION

1. Watch for the change in your market and be prepared, not only for large mergers, but for the new “little company” as it might just be your next market.
 - Connect with your Chambers of Commerce.
 - Research any new companies listed in local business journals.
2. Develop a strategy to serve the smaller companies (if you don't have it already).
 - Understand their needs - get your team together and take 30 minutes to pencil it out.
 - Determine your ROI on serving smaller companies, as they want very different things than larger companies.
3. Develop a digital tools strategy - as the expectation rises how will you rise to meet it?
 - There's not going to be LESS technology in the future so get your team together to understand your options and what is emerging in your markets.
 - Evaluate how you protect your company and your clients.
 - Understand your customer's needs and wants. Technology should make the transaction easier for them. What role do they want technology to play in their stay?

Driver 2: The Future of Work

Corporations are changing and how we work will also change in the future. Advances in artificial intelligence, data science and the Internet of Things mean that the number of people needed to do traditional tasks will drop. This means that more work will be done with less people. That will drive human interaction to be a premium service. These technologies will also dramatically increase the use of artificial intelligence used to take care of properties, outfit units and market to customers.

“Intelligent systems blur the lines between us working and not working. It’s not that we’re doing more work effectively so we have more free time. We are actually doing more work, but with smarter systems, so we may end up having fewer employees to do that work.”

-Alida Draudt, Futurist

“With predictive analytics, our ultimate goal is also to make it easy for our customers to do business with us and our supply partners. The more analytics we have in advance, the more we can use that to our advantage.”

-Michael Snapkoski, Bridgestreet Global Hospitality

“Data science is an attitude. It’s applying a scientific approach to asking questions about customers that we might not have asked in the past.”- Wai Gen Yee, Datlytics

“The future of work is about data, and it is about technologies, but it is also about people.”

- Brian David Johnson, Futurist

TAKE ACTION

1. Watch for these technologies coming into your clients:
 - Look for a shift in the labor force. This will give you a better sense for when you might need to address this new labor force’s different needs for housing.
 - Inside your own organization, watch how these technologies might change how you work, and think about how you might be able to automate some of the tasks in your organization.
2. Explore what kind of relationship you want to have with your customer.
 - How could you use technology to give you greater insight, pulling together more data for better decision making?
 - How could you free people up? What would you have them do instead?
 - Explore how you can better value human-to-human interaction and relationships.
3. Learn how predictive analytics could help you set up corporate housing units better or for less.
 - Balance the need to be efficient and the implementation of new technology with personal relationships.
 - Determine how you’ll evaluate ROI of big data tools—do you want to invest in this?
 - Make the most of CHPA’s resources; watch for more information on predictive analytics built by CHPA and Datlytics and understand how that data can position your company to be more competitive.

Driver 3: The Future of Technical Progression

Since its inception, the traditional corporate housing business model has been people-focused, with little automation. Technology, however, is changing how the industry connects and interacts with customers. The expectation is for instant connectivity and customizable choices. Digitization is coming to the industry with instant bookings and online management.

Changes outside the industry, in places like retail and travel, have raised customer expectations. The acceptance of technologies such as screens, smart speakers (such as Alexa) and artificial intelligence, integrated in our daily lives, will only increase. And businesses must be ready to adapt to be competitive and thrive.

“Companies must identify their brand promise and how they will use automation and AI to amplify the humanity in their brand.”- Steve Brown, Futurist

“Corporate housing has been a people business with little automation. But technology is changing how the industry connects and interacts with customers. The expectation for instant connectivity and choice is there -- and it’s increasing.”- Brian David Johnson, Futurist

*“Technology is going to affect the way people are marketing their properties, the way people are finding the properties and the way people are booking properties. People want to say, ‘Book me a 7-night stay in L.A.,’ to Alexa, and it will book the property.”
- Scott Shatford, AirDNA*

*“Screens and smartphones bridge the gap between the office and our field teams. It changes the way we get our units ready. We’re able to instantaneously speak to our clients and give them real information on the apartments as we’re walking them.”
- Jennifer Breen, CCHP, Suite Home Chicago*

*“The traditional cable that we’ve always offered is changing and we’re offering streaming options. People want their personal Netflix or Amazon account; they want a personal media experience and not your standard cable package.”
- Gabriel Wacker, CCHP, Suite Options*

TAKE ACTION

1. Explore how screens and connectivity can enhance the way you do business today.
 - Screens and connectivity are here to stay. How can these screens enhance how you do business? Would you offer tele-presence, apps, real time booking, remote key access, FaceTime to meet and greet? Can you use screens to streamline operations between the office and the field?
 - Continue to find where devices can help you do business better.
 - Screens will change in the future; what could you do with a folding or bendable screen?
2. Experiment with smart speakers.
 - Get one. Try it out. See how others are using it.
 - Look for new and novel ways to use them: customer service chat bots, or having guests use them to make requests or order items they need such as groceries.
 - Keep an eye on the numbers of people who are using them in the home and also the expectation for business use.
 - These technologies are still experimental, but in 2-3 years they will be the expectation. Hotels are starting to use them now. Develop your strategy and what it means for your guests and properties.
3. Watch artificial intelligence and don't believe the hype.
 - Human connection matters and will only become more valuable.
 - Ask: How might your company choose to use AI? When would a customer speak to a human vs. an AI?
 - Google is working on an AI to book travel for users; this will affect your marketing and how you connect with customers. Develop a strategy.
 - Look at the leading markets that are using AI and learn from their successes and failures.

Driver 4: The Future of Clients, Employees, Etc.

Research shows the clear difference in expectations of millennial workers. In just ten years, millennials will make up 75 percent of the global workforce. This generation expects tech and connectivity, along with personalization in all areas. This is also a generation that values giving back to the community more than advancement at work.

According to an article from NBC News, “Most workers, many of whom are millennials, approach a role and a company with a highly defined set of expectations,” according to the survey. “They want their work to have meaning and purpose. They want to use their talents and strengths to do what they do best every day. They want to learn and develop. They want their job to fit their life.”

“Millennials expect technology and connectivity. They’ve grown up being able to customize. Think about the smart phone. You customize your smart phone for whatever you want, but it’s not just the apps on the smart phone. It’s services. It’s businesses. There have been a wide swath of businesses who have catered to intense personalization. So there’s a level of personalization, much like a level of tech-savvy that is really expected for those millennials.”
- Brian David Johnson, Futurist

“The one-size-fits-all workplace and corporate housing or hotel model, doesn’t necessarily fit anymore. It needs to be more of a flexible design. I wouldn’t assume that all of the work will be done off-site, at the office. A lot of work will be done at the housing unit, and Generation Z needs small, collaborative workplaces to meet, but they also need private rooms for head down time.”
- Julia Rose West, Futurist

“We want all of our clients to see every single unit. Know exactly what they’re getting. Newer generations expect that. A lot of the historical ways corporate housing has worked, is you’re going to rent a one-bedroom apartment at this building, you’re maybe not going to know exactly what you’re walking into. We kind of felt with the way different companies were advertising and selling individual units, that the generational shift wants that.”
-Matt Singley, CCHP, Pinnacle Furnished Suites

TAKE ACTION

1. Identify who in your organization owns the client and guest experience.
 - Define who is in charge of making sure the needs of every generation are being met. This might be an entire team, everyone on staff, or one specific person.
 - Articulate your guest/client experience by creating a flow chart or detailed plan of all touchpoints. Identify the point person(s) for each step to ensure an overall positive experience.
 - Make sure everyone in your organization knows the client expectations.
 - Remember, it’s not just younger generations who have changing expectations; ALL guests expect the same comfort and technology that they have in their homes.
 - Have conversations with your team and other CHPA members about these changing expectations and how you can meet/exceed them.
2. Review your hiring and HR policies to see if they are Millennial and Gen Z friendly.
 - Review changing employee expectations from the physical layout of your office, to flexibility of workloads, to social events that create community.
 - Determine how and if your company will respond to these changes. Not every organization will respond the same way; determine what works for your company and your culture.
 - Bring Millennial and Gen Z employees to CHPA events so they can better understand their career paths within the corporate housing industry to establish professional goals. Help provide a sense of purpose that it’s not “just a job” - it’s a career.
3. Consider your company’s succession planning.
 - Millennials and Gen Zs want to know what the future holds for them and for the company.
 - Consider an exit strategy. Do you have expertise on staff to do a valuation of your company? Do you need to hire that expertise?
 - Consider how the gig economy might play into your company’s future. Could you hire contract workers to do specific tasks?
 - Remain flexible with your hiring and technology in order to adapt to these changing demands and expectations.

Driver 5: The Future of the Internet of Things

The Internet of Things is making its way into our lives. From smart speakers to smart appliances, intelligence and communication is expanding. Beyond home use, companies are now implementing the industrial Internet of Things. These industrial grade solutions in industries like manufacturing and energy give us a pragmatic vision for how these devices can be used to do real time monitoring and even predictive maintenance. When paired with artificial intelligence and other autonomous systems, they could dramatically change how the industry manages properties.

According to a report by Goldman Sachs, “The global industrial sector is poised to undergo a fundamental structural change akin to the industrial revolution as we usher in the IoT. Equipment is becoming more digitized and more connected, establishing networks between machines, humans, and the Internet, leading to the creation of new ecosystems that enable higher productivity, better energy efficiency, and higher profitability. While we are still in the nascent stages of adoption, we believe the IoT opportunity for Industrials could amount to \$2 trillion by 2020. The IoT has the potential to impact everything from new product opportunities, to shop floor optimization, to factory worker efficiency gains that will power top-line and bottom-line gains.”

*“The Internet of Things is really reliant on the internet. And, we take that for granted sometimes. We expect to have LTE service everywhere we go. We expect the internet connection in our office or our home to always work and perform at its peak point. When the internet doesn’t perform at its peak point, this technology will come down to its knees. That’s the thing that always worries somebody. But, the key is to know it’s new and new things will have little road bumps. And when you have bumps in the road, that’s okay, you just have to slow down. You’re going to have to adapt. You have to apply the technology a little more in a forgiving way.
- Mark Strumwasser, CCHP, Sunshine Rentals*

Conclusion

While these five areas provide a snapshot into areas influencing the industry, they are by no means inclusive of every trend and they are not set in stone. By better understanding coming changes and their potential impact, corporate housing professionals can better prepare for and help shape the future over the coming years. Be proactive and not reactive to change, and navigate through the noise, chaos and fear to find the best future for your company and the industry.

To explore these topics deeper visit www.chpaonline.org/future.

TAKE ACTION

1. Play around with the Internet of Things (IoT).
 - Technologies will continue to grow rapidly.
 - It’s not just about the tech; it’s about the relationships and connectivity.
 - Think about how you would use it, as well as how family members, employees and clients use it.
 - How does this immediate redesign of the surrounding environment impact how a client or a guest feels coming into your apartment?
2. Question your vendors about the implementation of IoT strategies.
 - Do you know what your partners are able to provide you? There may be cost savings or efficiency savings in the relationship or in how they work for your company.
 - Think of all that’s possible via the partnerships and people that already exist in the industry – and what can be accomplished by working together to offer something.
 - Smart TVs, washers, keyless control - these things can streamline and connect operations teams. Improving efficiencies helps identify issues and resolve them more immediately, which improves the overall guest experience.
3. Launch a pilot - start small and track the ROI.
 - IoT is happening now, and it’s time to try it. You don’t want to be left behind.
 - Investment is required for new technology so try some of this out by piloting something on a smaller scale. To not invest in any new technology is a disservice to your business. Tech will only continue to evolve and expectations continue to build. If you’re not able to meet the expectations, you will lose clients.
 - Look critically at operations and see how to improve via technology.
 - You can’t control emotions but you can think through how you want a client to feel and what you want them to experience. Start making small improvements to impact these experiences.
 - Experiences evoke emotions, and the emotions they evoke determines the value of the experience. You can’t ignore that experience.