

# Premium Strata: Diamond Guarantee

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Sydney-based company Premium Strata is proud to offer premium strata management services, tailored to individual needs and scheme requirements, as well as providing building management services through its sister company Premium Building Management. The company's co-directors, Leanne Habib (CEO) and Inger Brettle (COO), spoke to The Australian Business Executive recently about the rise of Premium Strata and the challenges facing the industry today.

"I am the founder of Premium Strata," Ms Habib tells us, "back in 2007. It really came from a passion of wanting to deliver a service concept that competitors weren't providing."

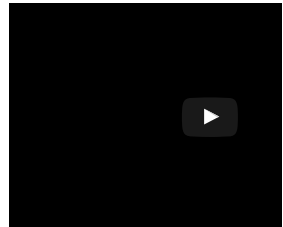
At that time, and even to this day, many strata companies were focused on quantity rather than quality. In response, Ms Habib came up with the name Premium Strata to indicate the exceptional quality customers could expect from her service.

"Coming up with the name 'Premium' was all about providing that premium, high-end service. Since then, we've grown the business organically, based predominantly on word of mouth. Today we employ well over 20 staff, and are growing rapidly."

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Ms Habib's career began in real estate, before she moved on to working in strata management in 2000. Seven years later she was setting up her own business in the form of Premium Strata.

"I've been with Premium Strata just under five years," Ms Brettle explains. "I had been in the real estate industry since 2000. I first started in property management, and subsequently managed properties held in trusts and estates at Perpetual." Eventually, she received a phone call from colleagues suggesting she try her hand in the strata industry.

"I met Leanne at the company where I gained my first exposure to strata management. I then moved to other strata management companies, larger organisations, and eventually joined Premium Strata five years ago, becoming a co-director three years ago."



Leanne Habib (CEO)

For Ms Habib, bringing another director on board was contingent on finding the right person for the job. She found that they complemented each other in terms of skills and objectives, especially regarding customer service.

Premium Strata's position in the high-end of the market is due to its unique setup, giving the company an edge over many of its competitors and a significant advantage in the market. Its Diamond Service Guarantee ensures that a licensed strata manager handles all customer's requirements, and avoids customers having to deal with different departments, which is typical in the industry.

A strata manager manages the day-to-day affairs for a strata titled or community titled scheme or building. This includes the conducting of meetings, collecting strata levies, arranging repairs and maintenance, managing a scheme's financial affairs and insurance. A strata manager also handles issues and complaints between residents.

The sister company is Premium Building Management, which provides onsite building management services.

"Basically," Ms Habib explains, "a building manager is somebody who is usually stationed onsite at a building and oversees the daily cleaning and maintenance services. The building manager reports any repairs needed and is the contact for any contractors performing work on common property. He or she typically works during normal business hours and reduced hours over the weekend."

The smallest building that the company provides building management services for is 66 units, but the service is more commonly found in buildings of over 100 units. Generally, it is these type of developments that warrants the use of a building manager.



Inger Brettle (COO)

"If a building has a lot of common amenities," Ms Habib says, "like a pool, sauna, barbeque areas, and communal gardens, then it is beneficial to have someone onsite who is pro-actively managing the use of those facilities."

"Exclusivity also plays a part," Ms Brettle adds. "Smaller high-end buildings with units in the higher price brackets typically also have higher service expectations, warranting the appointment of an onsite building manager."

The building managers employed by Premium Building Management are dedicated to servicing just the one building. This is different to other companies that provide building managers on a more part-time basis, and have them look after several sites at once, floating between buildings.

"Effectively, they're only getting a limited service," Ms Habib says, "and it's very hard for building managers to deliver high quality service

when they're spread across too many buildings."

Premium Strata applies a similar concept to strata management. Its strata managers look after a smaller portfolio of buildings, which is a crucial difference, as it allows its managers more time to provide the best service for each individual client, be engaged and pro-active in avoiding issues before they escalate. It is often a difficult to quantify, long-term saving for the owners they represent. The old adage "you get what you pay for" comes to mind.



This level of high-end service is hard to find in the industry, with the quality and expertise of most companies not matching that offered by Premium Strata.

"A lot of new strata managers in the industry are being thrown in the deep-end with a very large portfolio of buildings and without proper training. There are not enough well-trained, quality managers. It is a real skills gap our industry is faced with."

Ms Habib mentions the company's mandatory recruitment requirement: all new managers must be fully licensed strata managers.

"Many of our competitors will hire anyone who holds the minimum qualification, the so-called certificate of registration. You obtain this certificate by completing a short course, whereas the licensing course is years of education, as well as years of on the job training"

With the new development application requirements for councils to provide adequate housing for the boom in Sydney, Ms Brettle admits that brand new developments are becoming more and more complex to manage.

"These are not your traditional three storey apartment buildings," she explains. "These are large, multi-level buildings that have shared facilities; buildings that are split into different segments called stratum or BMCs (Building Management Committees), or may form part of a Community Association. These are not stock standard, textbook examples."

This means that managers require many years of experience in the industry to understand how to manage the separate entities to an appropriate standard.

"If it's not set up and managed well," Ms Brettle adds, "you can put these schemes into a lot of trouble, and it could be difficult and costly to rectify."

Not only does a manager need to have an understanding of the legal side of strata, they also need to have people, negotiation, management and communication skills. All skills developed through careful mentoring, close management and nurturing over the years.



Ms Brettle adds that the latest NSW government legislation reforms are making it more complicated for strata managers to do their job. "More and more responsibility is placed onto the strata manager," she says.

Ms Habib adds: "a lot of people burn out and as a consequence leave the industry, especially with these larger portfolios that many of our competitors are giving their strata managers to manage. It's pretty much impossible to do your job and to do it well with such a large portfolio."

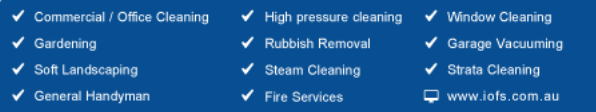
On 30 November 2016, new strata regulation was introduced in NSW. One of the improvements in the new regulation is the restricting of proxy farming, ensuring that the use of proxies at meetings is better regulated. In the old legislation, owners were allowed to use as many proxies as they wanted.

"Under the old legislation," Ms Habib says, "a few people could have a disproportionate influence on the voting process through the use of proxies."

This kind of proxy usage typically happened in schemes with a significant number of non-resident owners. Investors often don't show the same level of involvement in the running of the building and delegate their vote to others. "The new legislation has put a cap on how many proxies one person can hold."

Another change in the legislation stipulates that tenants are now allowed to attend General Meetings. This is a major change, because previously tenants weren't even part of the OC.

"They have no voting rights," Ms Habib says, "they have no entitlement to address the meeting unless authorised by the meeting, but they do have an entitlement to attend a meeting of the OC."



Another significant change is the introduction of electronic meetings, meaning people no longer need to be present and can instead join remotely. In the old legislation, the only way one could attend a meeting was in person or by proxy.

"Now, it's opened up so you can vote by any electronic means. Especially for large schemes where in the past achieving a quorum was difficult because of investor owners being overseas or otherwise not able to attend meetings. It has the potential to change the dynamics in terms of how buildings are managed."

Another significant change has come in the requirements for quorums, the minimum number of owners that must be present for a meeting to go ahead. At the moment the Owners Corporation has to wait 30 minutes from the start of the meeting in order to achieve a quorum. "Now, with the new legislation, it's giving the power back to the chairperson to decide that if, after thirty minutes, they still cannot achieve a quorum, the chairperson now has the discretion to decide whether or not they proceed with the meeting."

This typically affected larger schemes which often struggled to achieve a quorum. The OC will now be able to have just the one AGM, as opposed to having several adjourned meetings over the year.

Further industry issues addressed by the new legislation are centred on building defects, with fire defects and water penetration being the most common issues found in new developments. These are often just simple compliance issues for fire-related defects and failed membrane systems causing water penetration.



Ms Habib admits that these issues often come down to the quality of the building, and that a significant portion of new developments experience building defect issues.

"The government have recognised that this is an issue," she explains, "and they're making some useful changes to address this."

Under the new legislation, which will come into effect in July 2017, when a development is lodged for construction, a 2% bond will need to be paid by the builder on the construction costs. If the work is not done to standard, the Owners Committee has some kind of financial recourse to assist with getting defects rectified.

There are many owners who feel they are not getting good value from their strata management agency. According to Ms Habib, the way Premium Strata's pricing is set up ensures this doesn't happen to its customers.

"Our fees are capped," she explains, "where most of our competitors provide you a base management fee and then charge you extra for all the disbursements, referred to as schedule Bs and Cs. This means that every meeting a manager attends, every work order raised, every compliance certificate applied for, every envelope and cheque used, every email and phone call made on the owner's behalf is charged as an extra item. This makes it difficult to get a clear upfront picture of their actual total cost for managing your building."

"Our pricing structure is completely different. We give you one capped fee for your disbursements and one capped fee for the base management. It covers all of those items that our competitors would normally charge extra for. There are no hidden charges."

This means the OC can carefully budget for these costs, avoiding surprises. With Premium Strata, clients can rest easy knowing that all services are included in the overall cost.

Not only are meetings unlimited under the capped disbursement fee, but this structure allows the company to be very transparent.

"On the Managing Agency Agreement," Ms Brettle explains, "the agency needs to disclose what fee they're going to charge the Owners Corporation. We simply list the base management fee and the capped fee."

Many competitors will list a lower base fee, giving the owners the appearance that they are entering into a lower cost contract, but because



they cannot quantify how much work will be generated in the following year, they do not really know how much they will eventually be charged.

“The other benefit of Premium Strata’s all-inclusive fee is that our staff are not spending all their time constantly trying to capture the cost of every phone call, writing of an email etc. Our managers are freed up to spend their time managing the portfolio and managing the individual schemes.”

Ms Habib says: “we don’t just simply refer issues to the committee to make a decision on. We suggest options and recommend solutions. We try and make their roles on the committee less complicated.”

A lot of strata owners feel like they don’t get this kind of expertise and service from their strata manager, but at Premium Strata, staff make it their priority to provide this service.



Some competitors have several different departments that need to be navigated by the clients depending on the specific issue being faced. This is not the case at Premium Strata.

Ms Brettle says: “Our concept is that you have one point of call, and that is your strata manager, and your strata manager is then expected to provide you with the information during that call and not refer you to various departments.”

This system is backed up by a lack of voice response (IVR) technology at the company. “This way,” Ms Brettle concludes, “when people call our office they speak to someone, not an automated service.”

**In a challenging industry faced with legislative changes and customers who expect more, Premium Strata stands out by the quality of service it offers, achieved by working with a unique personal service concept and management which is proactive rather than reactive. The company works hard to earn and maintain its excellent reputation.**

Find out more about Premium Strata by visiting:



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