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Final Report

**Analysis of Demand for Training and Consulting
Services in Condominium Formation and Operation
And Housing Management and Maintenance in
Ekaterinburg and Novosibirsk, Russia**

**for PADCO Contract with USAID
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Submitted to
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Executive Summary

Russians have good reason to be dissatisfied with the general state of housing. There has never been enough to meet demand; moreover, the current housing stock is aging and poorly maintained. Clearly, there is an enormous latent demand for something better.

The USAID/PADCO Housing Sector Reform Project has been providing technical assistance to assist Russians in the multiple, complex problems involved in making the transition from a system of government-owned and government-controlled housing to a more open system with housing that is increasingly privately owned and maintained. Although Russians are learning how to make a living in a market economy, they are still, for the most part, living in state-owned housing.

Task 1: Design a Marketing Campaign for Condominium Concept

The marketing campaign was devised to deal primarily with three target groups of widely varying numbers and interests. In Ekaterinburg these groups were:

Housing cooperatives	300
Builders and developers of new housing	25
Private owners of former municipal building stock	500,000

For the first two groups, a multi-faceted marketing campaign was recommended that included direct mail, phone follow-up, and customized presentations. The response rate improved with each round.

Direct Mail Response Rate by Cooperatives

1st mailing (61)	6.6 percent
2nd mailing, with enclosure — no calls (123)	12.2 percent
2nd mailing, with enclosure and calls (52)	19.2 percent

The project staff completed the first demonstration with cooperatives; PADCO staff members are finishing their requirements for implementing a similar program for builders. One difference in the two campaigns is the amount of emphasis on contact by direct mail versus telephone. The number of cooperatives is too large to handle adequately without direct mail; builders are such a select group that they require personal attention.

The third target group is large in number and thus requires an outreach campaign that includes flyers, posters, and mass media. The marketing consultant worked with the PADCO team on the development of four video spots, which were planned for airing in first quarter 1996.

Task 2: Assess the Potential Demand for Training and Consulting Services

PADCO has been operating at the product marketing phases that precede commercialization — product development and early introduction. The early adopters are for any product low in number. Commercialization comes only when the early majority can see how the product is applicable to their lives. It is therefore absolutely essential that successful experiences of the first experimenters are studied and promoted.

The difficulties of establishing pricing for condominium training services were explored in interviews with users of such services who had gotten them for free. Interviews were held with the heads of four condominiums, two in Ekaterinburg and two in Novosibirsk, with presidents of two management and maintenance firms (one in each city), with representatives of four education and training institutions (three in Ekaterinburg and one in Novosibirsk), and with one builder and one enterprise with housing, both in Ekaterinburg. Those interviewed were all positive about the usefulness of the training they had received and had high regard for the professionalism of the PADCO staff. Nevertheless, they were not quick to assign a ruble value to the services they had received. It was a question they had not considered before, and were hesitant to answer, perhaps fearing in part that they would be charged that stated amount for any future services. For condominiums, builders, and maintenance firms, the following general recommendation can be made.

- The client group is quite willing to pay for programs that operate on a minimal cost-recovery basis. Charges on the order of 10,000–50,000 rubles per person can be expected to cover refreshment costs, meeting materials, etc. If dissemination of information is the top priority and there is a desire to continue to offer programs that are entirely free, they can be packaged with some optional materials, for instance, detailed handouts, for which there is a premium charge.
- The business client group is receptive to relatively high fee programs if they are of demonstrable relation to the client's highest concerns — which frequently relate to revenue or expenses. Therefore, if the clients believe that they are getting money-saving or revenue-generating ideas that will more than cover the costs of the training/consulting program, they will pay amounts that are 50,000 rubles and up.
- A price point that is recommended for builders is 3,000,000 rubles. It is not a high fee in the mind of a builder in comparison to professional fees paid to lawyers and accountants; what is unknown in the builder's mind is the value of the service. A good presentation package that stresses value can win this client. If the package includes a number of options, pricing can be tested over a range of 2,000,000 to 5,000,000 rubles. Builders recognize that time is money, and they routinely pay for expertise regarding the filing of documents and registrations. The package of services offered to them can include a condominium concepts program for owners of new units, and a board orientation program. Actual fees charged might depend on the number of units in the building, complexity of the situation, etc. Incentive discounts could be given — for example, an introductory low offer or a 20 percent discount off regular price for contracts signed by a certain date. Pricing signals can be structured to motivate buyers.

In services marketing, pricing itself is a signal of quality. Since clients have a hard time quantifying the value of services on a comparative basis, there is an expectation that the provider has assessed the value when establishing price. Therefore, customers tend to assign higher value to services of higher price — and for this reason, services that are offered for free do not drive out of the market similar (but not identical) services for which there are associated fees.

- The implication of this finding is that there will be a market for high-quality training and consulting services relating to self-managed housing even if municipal housing administrations give away information and documents.

Task 3: One-Day Workshop on Marketing of Training

There were 25 participants at the seminar and workshop in Ekaterinburg on November 22. In addition to PADCO staff from Ekaterinburg, Perm, and Orenburg, there were numerous potential training partners for the institutionalization of PADCO programs with Russian organizations in Ekaterinburg. The workshop in Novosibirsk was held on November 30, with seven people in attendance in the morning and nine in the afternoon. In addition to four PADCO staff members, there were two representatives of condominiums, and in the afternoon, two representatives of the institutional training partner. The PADCO staff plans to use the marketing seminar material with their colleagues in other cities.

Recommendations

Core Recommendation from Task 1

A newsletter is highly recommended as a marketing tool for the condominium project. There are two immediate target groups for readerships:

- qualified prospects who attended seminars; and
- condominium leaders and heads of cooperatives.

The newsletter can be a central point of information exchange and an encouragement for leaders of self-managed housing to share their stories. The newsletter therefore demonstrates that housing partnerships are real, and that they can help residents solve their housing problems.

The base of readership could be extended to include condominium dwellers, because increasing the size of readership would increase the value of commercial advertising that could be used to underwrite newsletter expenses. Others that could be added to the list would be cooperative association leaders and residents, government officials interested in housing reform, and private enterprises interested in housing reform and self-managed housing partnerships. This group includes enterprises with housing to divest, management and maintenance firms interested in business, and retailers with products to sell to homeowners.

Core Recommendations from Task 2

Price elasticity and other factors can be tested by direct experimentation once PADCO begins charging for skill-based programs. There can be a stated price for a seminar, and discounts for early registration, for multiple registrations, and for special promotional offers.

For residents of cooperatives or of housing that might form condominiums, the recommendation is to offer programs at close to cost recovery of direct expenses. Charges on the order of 10,000–50,000 rubles would not be a barrier — they would be “low-cost leaders” that would develop a base of interest in self-managed housing. For businesses that are interested in being management and maintenance providers, seminar fees can be 50,000 rubles and up. These clients will need to feel that they are getting money-saving or revenue-generating ideas that will more than cover the costs of the training/consulting program. Builders can afford to pay much more, assuming that they will see concomitant value. A price point that is recommended for builders is 3,000,000 rubles, with options that may reduce the fee to 2,000,000 or augment it to 5,000,000.

Core Recommendations from Task 3

- **Role Play Cold Calling.** Set up a scenario with a colleague whenever there is a new product to pitch or a difficult type of person to call upon (one participant said she found it hard to speak with older women who act intimidating in positions of authority).
- **Periodically Conduct a S.W.O.T. Analysis.** A process involving a balanced assessment of strengths, weaknesses, opportunities, and threats can be useful, particularly in a brainstorming session and/or when thinking gets “stuck” in either a pattern of negative thoughts or wishful thinking.
- **Prepare an Appropriate Marketing Plan.** Be clear on goals and set strategies accordingly. With recordkeeping of prospect generation, qualification, and conversion to customers, feedback on effectiveness will lead to system improvements.
- **Prepare a Presentation Package.** This can be a particularly effective tool for one-on-one selling.
- **Take Action to Get Close to Your Customer.** Ask yourself daily (and report weekly): What have I learned from a customer? Note: Complaints from your customer can be useful; they may:
 - ▶ show you how to improve your product;
 - ▶ enable you to please a client by simply showing that you listen; and
 - ▶ lead you to develop new products (what is a problem for one person may be an opportunity for another).
- **Develop or Improve the Marketing Information System**
 - ▶ Decide what one needs to track (refer to the “Marketing Machine”).
 - ▶ Decide who needs access to this information.
 - ▶ Decide on tools to use (computer programs, such as database software; wall charts; written reports).
- **Work on Establishing Alliances that Can Be Profitable**
 - ▶ Think about what you have to offer and what would be helpful to you in a partner.

Introduction

Russians have good reason to be dissatisfied with the general state of housing. There has never been enough to meet demand; moreover, the current housing stock is aging and poorly maintained. Clearly, there is an enormous latent demand for something better.

The USAID/PADCO Housing Sector Reform Project has been providing technical assistance to assist Russians in the multiple, complex problems involved in making the transition from a system of government-owned and government-controlled housing to a more open system with housing that is increasingly privately owned and maintained. Although Russians are learning how to make a living in a market economy, they are still, for the most part, living in state-owned housing. In the city of Ekaterinburg, there are 1.5 million residents and 431,000 dwelling units in just 24,650 buildings. There are only 10 condominiums and 300 cooperative housing associations. Individuals who have privatized their flats for the most part live in buildings owned by the municipality.

A sampling commissioned by PADCO and carried out by ExMedia Centre in May 1994 indicates that the number of people in privatized housing is around 25 percent. Although 75 percent said that they were eligible to privatize, only 15 percent say that they expect to do so if they have not done it already. One of the concerns expressed by people who are hesitant to privatize is the responsibility they would take on for repair and maintenance. Nearly 60 percent are dissatisfied with the current state of their housing. They are pessimistic about the capability of the municipal maintenance organizations to keep up with needed repairs, but are fearful to take on the expense themselves.

With an understanding of why Russians are skeptical that the benefits of self-managed housing outweigh the burdens, it is possible to deal with fear of the unknowns. Clearly, self-managed housing must be sold as a concept. The idea, as well as the techniques, need marketing. PADCO offices in Ekaterinburg and Novosibirsk have been addressing these needs. The current project, "Analysis of Demand for Training and Consulting Services in Condominium Formation and Operations and Housing Management and Maintenance," was designed to assist the PADCO offices by application of marketing expertise to several specific tasks:

- the design of a marketing campaign for the concept of condominiums;
- assessment of the potential demand for training and consulting services; and
- instruction by means of a one-day workshop on the principles of marketing training.

The design of the marketing campaign was done while in residence in Ekaterinburg during June and September-November 1995. The assessment of potential demand for training was done largely through interviews in Ekaterinburg and Novosibirsk in October 1995. Instead of just one workshop, two were conducted — one in Ekaterinburg on November 22, 1995 and one in Novosibirsk on November 30, 1995. Details on the activities and findings on each of these tasks is contained in the individual task reports.

1. Task 1: Design a Marketing Campaign for Condominium Concept

Context-Target Marketing

There are three essential elements to a marketing campaign.

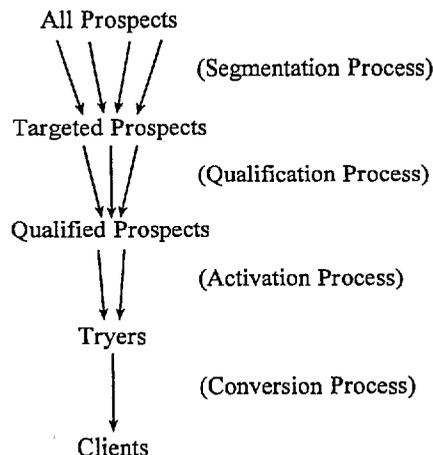
- Identify very specifically the target customers.
- Determine what message is best for the target group, and how best to deliver that message.
- Develop an implementation plan, with a starting date, an ending date, and evaluation measurements.

Prior to the start of this project, the PADCO offices in Ekaterinburg and Novosibirsk had done a good job of identifying market segments with good target customers, but they relied on just two major ways of reaching potential clients. One of these was essentially word-of-mouth, working through and with key people in local government. The other method was publicity through newspaper articles.

These promotion methods used initially by PADCO staff resulted in success for pilot projects in initiative group formation, conversion of cooperatives to condominiums, conversion of enterprise housing to condominiums, and new condominium construction. The interim benchmarks of success tracked over time were the attendance at seminars and the number of initiative groups formed. What the Russian staff needed was an opportunity to put their experience into the context of marketing theory and to learn new ways of promotion.

The new marketing campaign was designed for implementation by PADCO staff so that they could learn by doing. It started with identification of target prospects and then considered the best ways of turning these prospects into clients. This process can be visualized as going through a funnel. The outcome is greatest when there is a large quantity of input (prospects and especially target prospects), and when the flow is smooth from one level to the next. The process happens in stages, and different marketing techniques apply to each stage, as shown in Figure 1.

Figure 1. Marketing Machinery



The marketing campaign was devised to deal primarily with three target groups:

- housing cooperative members;
- builders and owners of newly built housing; and
- private owners of former municipal building stock.

The decision to target these groups, i.e., to identify important market segments, was made collaboratively with Resident Advisor Mark Brown. It was decided that there is high opportunity with these groups. Prospects that are less likely to be of immediate profitability include residents of enterprise housing, who have extra complications in working out agreements for transfer of utility services and other matters.

2. Housing Cooperatives

2.1 Research Methodology

Direct mail was the first technique chosen for testing, with the aim being to reach residents of cooperatives with a message tailored for them. Direct mailings are a good way to deal with Step 2 of the process outlined in Figure 1 (i.e., the qualification process) and explained below by Putman¹:

The first thing you must do in a marketing communication is to get the Prospect to recognize: "Hey, they are talking about me!" Until I recognize that you are talking specifically about me, none of your carefully crafted points will register. They will bounce off that stainless-steel wall of indifference and inattention we have all learned to erect to filter out the irrelevant noise in our environment.

A letter was prepared for the 61 cooperatives in one district of Ekaterinburg. It was sent to the treasurers, who were invited to mail back a reply form to get further information about how to form condominiums. There were four mail-backs, a response rate of 6.6 percent.

It was decided that the next mailing would go to a larger group and would include an attractive flyer that would provide more information. Furthermore, the recipients would be invited to a specific event. There would be follow-up telephoning to generate interest and take reservations.

The second mailing was sent out in early October to 175 cooperatives throughout Ekaterinburg. They were selected from a total of approximately 300 coops, half of whom, it was determined, had already registered as new forms of cooperatives and so were less likely to go through the process of registering as condominiums. The recipients of the letter were invited to a seminar that was to be held three weeks later. One week before, a project assistant called 52 of them. (The rest were unreachable for various reasons, including the fact that many people in Russia still do not have telephones in their homes.)

2.2 Results and Analysis

When there is a mailing list available, targeted direct mail is a useful technique in Russia; and when the number in the target group is manageable for follow-up telephoning, this two-pronged approach increases the response rate. Out of 25 people at the seminar on October 24, there were 10 — 19 percent — from the group that was called. The mailing alone produced a response rate of 12 percent; however, that percentage may have been boosted by the personal recommendations that were made to residents of cooperatives by the chief of the Economic Department of Housing in Orgonikidzevsky District, Tatiana Vladislavovna Sitnikova.

Direct Mail Response Rate

1st mailing (61)	6.6 percent
2nd mailing, with enclosure — no calls (123)	12.2 percent
2nd mailing, with enclosure and calls (52)	19.2 percent

The people who attended the condominium concepts seminar reported on the evaluation form that they liked learning about the new form of housing ownership and the differences between condominiums and cooperatives. On a scale of 1 to 5, they rated the usefulness of the material at 4.2. But the number that matters the most is the number that move into the next stage: initiative group formation.

It would be useful for PADCO to track the success rate of each condo concepts program by the number of initiative groups formed afterwards. Furthermore, the participants in any seminar should be regarded as Qualified Prospects who should remain in an active file and be cultivated further, until they either become clients or disqualify themselves. One of the lowest-cost ways of maintaining contact is through a newsletter. Furthermore, a newsletter would provide what cooperative association leaders want most: more practical examples of Russian experiences with condominiums. If such examples were also included to a greater extent in the condo concepts program, there might be a higher conversion rate of prospects to clients.

An extra comment provided by several participants was that it would be good for the same general group to get together every few months. This indication is positive for PADCO's plans to organize an association of organizations that operate self-managed housing.

In summary, we found that of approximately 300 cooperatives in Ekaterinburg, more than half have registered in the last year as new cooperative organizations. The rest will follow suit, by law, unless they choose to register as condominiums. PADCO has several strategy choices for further market development.

- Have an outreach program that invites all 300 cooperatives to participate in a self-managed housing association (contact by direct mail and newsletter).
- Stay in regular touch with the 25 cooperatives who sent representatives to the October meeting (hold a follow-up meeting, perhaps an open house to write charters).

- Identify the few most likely to form initiative groups and give them a great deal of personal attention (telephone or visit them — if a priority is not put on this action, the window of opportunity may be lost and the cooperatives may re-register as cooperatives).

3. Builders and Owners of New Housing

There are five or six builders in Ekaterinburg who have chosen to try to get their new units registered as condominiums. PADCO conducted a condominium concepts program for builders a year ago; the Resident Advisor feels that it is time to do another one. The program is being revised based on recent experiences, and as soon as it is ready builders will be invited to a seminar planned especially for them. The objective of the marketing project in this phase is to prepare recommendations on how to proceed when PADCO is ready to do so in this market segment.

Although there are many small firms in Ekaterinburg that engage in repair and renovation of housing, the number of major builders is not much more than 20. The narrowness of this market sector makes it easy to target. Furthermore, it is a high opportunity sector for training and consulting because builders of new construction don't want to be responsible for continuing maintenance.

4. Private Owners of Municipal Building Stock

Reaching private owners of flats in municipal buildings requires a different strategy than what was proposed for the first two target groups, cooperatives and builders. The estimated number of people in this group according to a survey in Ekaterinburg is approximately 500,000 and, as of Spring 1995, a sampling of 500 indicated that only 5 percent had even heard of "condominiums" or the Russian term, which translates as "partnership of homeowners."

Private owners of housing need first to become **aware** of the concept of condominium ownership, then **interest** must be generated through a promotion campaign. Once there is **demand** for further information, the qualified prospects can be invited to seminars or be given reading material. They need to know exactly what **action** to take to explore condominium formation in their own building. These four elements — awareness, interest, demand, and action — comprise what is referred to in advertising as "AIDA." It should be noted that simply providing information is not enough. Thought must be given on how to capture attention and attract public interest.

One way to reach a broad audience is through the mass media of newspapers and television. Another way is to reach at least new owners at the offices where they go to privatize their flats. Once the promotion plans are implemented, it may be possible to check the level of increasing public awareness through the regular statistical surveys undertaken by the city and the oblast.

4.1 Promotion by Flyers and Posters

One basic element of a promotion campaign is an attractive flyer. In consultation with the marketing consultant, PADCO staff designed multi-colored flyers and commissioned a logo design for condominiums. The flyer highlights the potential benefits of managing a building as a condo

and encourages people to get an information package and registration documents from their district housing office.

PADCO delivered more than 1,000 of these flyers to seven municipal housing privatization agents in the City of Ekaterinburg for distribution to residents. The agencies were instructed to include a flyer in the package of forms and instructions that residents receive when they apply to privatize their apartment. By the end of December, a check will be made on the rate and methods of dissemination by these agencies.

Another promotional campaign is under way in Orenburg, where flyers have been stuffed into residents' mailboxes in buildings thought to be good targets for condo conversion. An assessment of the effectiveness of this second approach will also be undertaken soon.

Several styles of posters have been developed. Currently favored are the multi-colored flyers that have been distributed to notary offices, real estate brokers, and the Bureau of Technical Inventory for the specific purpose of posting in conspicuous places. It is recommended that, to check the effectiveness of these posters, people who call PADCO for the first time should be asked where they saw information about condominium programs.

4.2 Promotion by Mass Media

PADCO is well aware of the lead generation potential of good coverage in newspapers. Staff members have written releases and given reporters ideas for stories. Articles that have appeared in one city are used as material for promotion in other cities. Since the PADCO staff is already using this means of promotion, it was not made part of the consulting project.

The new element of promotion through mass media was development of four public service announcements (PSAs). The marketing consultant participated in the planning of this work, which was contracted to an outside specialist by PADCO. The PSAs were scripted with entertaining story lines to introduce the concept that housing partnerships are a useful new form of housing self-management. One gave information about housing allowances for low-income people; another illustrated private sector maintenance. After each scenario, a cartoon character by the name of Carlson lightheartedly encourages viewers to take the first step toward a happier housing future by getting an information/registration kit.

The videos are now ready for distribution. They will be taken to television stations and the station managers will be encouraged to run them as PSAs. Although Russian broadcasting has no tradition of running PSAs, there has been some experience with government-prepared get-out-the-vote spots during electoral campaigns. Therefore, government backing of the PADCO spots could be helpful. In some cities, the municipal or oblast government either owns a TV channel or controls it substantially, and in these cases the public relations people in local government can arrange for air time of the PSAs. In Ekaterinburg, the city will offer the PSAs as trailers in municipal movie theaters.

4.3 Introductory Presentations

The cornerstone of the marketing plan to encourage the formation of initiative groups is to provide specialized seminars to qualified prospects. The prospects become qualified for further attention when they respond to one of the promotional methods outlined above, i.e., a direct mailing, phone call, flyer, poster, newspaper article, or television spot.

Short presentations on "Condo Concepts" are made frequently by PADCO staff throughout the Urals region, with 18 presentations in the second half of calendar year 1995. There are several thematic variants that are all based on a common core presentation about condominium concepts. The core module on which all the variants are based highlights the rights and responsibilities of property ownership, and contains an explanation of the basic concept of condominiums, housing partnership legal issues, and typical registration steps. The variations are: Condo Concepts and Registration Practices; Condo Concepts for Cooperatives; Condo Concepts for Initiative Groups; Condo Concepts for Brokers and Notaries; and Condo Concepts for Builders and Developers. These variants are still in development.

4.4 Continuing Contract through a Newsletter

A newsletter is highly recommended as a marketing tool for the condominium project, and is currently being prepared for inaugural distribution in January 1996. Although its form and content may vary from issue to issue, there should be regular coverage of stakeholder groups as defined below and news of current or future events. The news budget could include such items as: "Welcome to newly formed condos"; "Report from an experienced condo president"; "Support from a city administrator"; "Management and maintenance people"; and "Upcoming events."

The newsletter has several potential readerships.

- **Qualified prospects who attended seminars or asked for written material.** A computerized database needs to be organized to produce mailing lists. A sampling of attendance records from seminars will be used for the first mailing, which is expected to be to approximately 300 people. Later, if there is sufficient financial support, the mailing could be extended to 10 times as many people.
- **Condominium leaders.** The newsletter can be a central point of information exchange and an encouragement for condominium leaders to share their stories. The newsletter therefore demonstrates that housing partnerships are real, and that they can help residents solve their housing problems.
- **Condominium dwellers.** Increasing the size of readership would increase the value of commercial advertising, which could be used to underwrite newsletter expenses.
- **Cooperative association leaders and residents.** Cooperatives are another form of self-managed housing partnerships and will be the dominant form for the near future; therefore, there is merit in having this sector represented.
- **Government officials interested in housing reform.** Support from this group is critical to expansion of condominium formation.

- **Private enterprises interested in housing reform and self-managed housing partnerships.** This group includes enterprises with housing to divest, management and maintenance firms interested in business, and retailers with products to sell to homeowners.

Condominium Success Stories

All readers will want to be told about condominium success stories. Here are a few that we have compiled.

Improvements in Building Maintenance

- Less vandalism — teenagers in this condo not only refrain from writing on the walls, but also tell their friends that graffiti is not allowed where the residents own the building (Condo Agate, Ekaterinburg)

Capital Improvements

- Voluntary contributions — residents in two stairwells contributed according to ability to pay for tambour wind breaks to be installed at their stairwell entrances. In one case, the payments were essentially even; in the other case, one resident contributed half the money. In both cases, residents knew they were making improvements to their own property, and not to municipal property (Cooperative Dom Sibznien, Novosibirsk)
- Assessments for desirable amenities — social facilities and a fitness center were planned as Phase II construction of a condominium, to be built at time decided by residents (Condo Yasny, Ekaterinburg)
- Courtyard improvements — children's play area of one condo will have small forms designed by an architecture group (Condo Agate, Ekaterinburg)

Special Services

- User fees for special purposes — guarded parking areas are either planned or currently provided at several condominiums (Condo Comfort, Novosibirsk; Condo Yasny, Ekaterinburg)

Community Spirit

- Holiday parties — a bonfire on New Year's Eve has become a tradition at one place (Cooperative Dom Sibznien, Novosibirsk)

Perceived Increase in Property Value

There are anecdotal indications that the market value for flats in condominiums and well-maintained cooperatives will be higher than comparable units in municipal housing. The president of one condominium reported having people come to him and ask if there were any units for sale in his building. It would be useful to gather data on this subject and monitor it regularly.

It is PADCO's intent to initiate the newsletter and then hand it over to the Regional Association of Housing Self-Management Bodies once it is formed. The newsletter could be used as an in-house means of communication, a way of promoting expansion of self-managed housing, and/or a money-maker for the association.

5. Task 2: Assess the Potential Demand for Training and Consulting Services

5.1 Market Segments

The customer prospect base for training and consulting services about condominiums is broader than the target groups selected for Task 1. They are in two market segments: individuals (residents or prospective residents of self-managed housing) and businesses (companies or agencies that build or maintain housing). According to the Cost Estimating Department of the Housing Committee for Ekaterinburg, in recent years there have been approximately 10,000 new flats constructed annually, with 8,000 having at least partial municipal financing and 2,000 being built by private developers. The units built by private developers are a particularly good target for condominium organization.

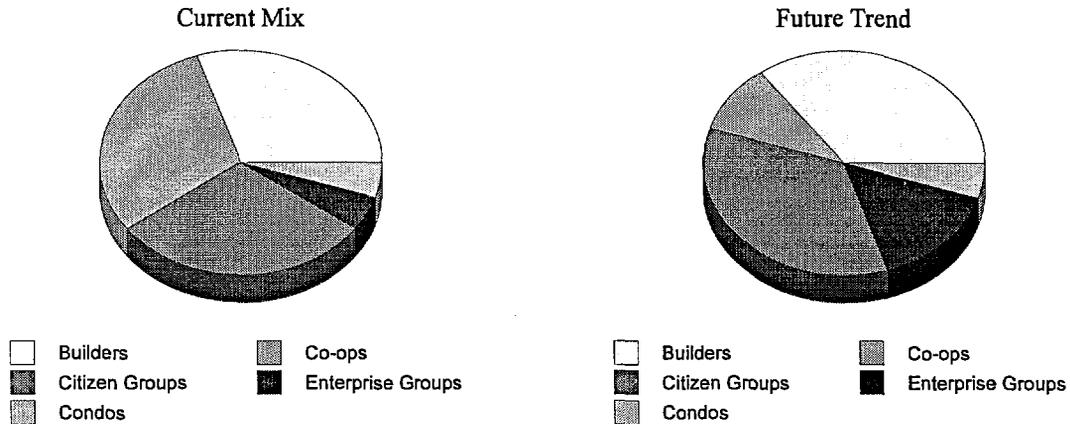
The several market segments for training and consulting services are shown in Figures 2 and 3. These charts reflect the dynamic aspects of these market segments. For instance, the ratio of condominiums to cooperatives in Ekaterinburg today is about 1:30, but in the future the ratio will be much different. Construction cooperatives are not encouraged and so the number of cooperatives will tend to be static, while the number of condos will grow. Furthermore, there are not many enterprise-supported initiative groups today because the problems of converting enterprise housing to private ownership are still being worked out. Yet enterprises are eager to get off their balance sheets housing that they built for their workers. In the future, therefore, working with enterprises on housing conversions will be much more important than it is today.

Figure 3 illustrates the market for management skills and/or competitive bidding training within the housing industry sector. Currently, the field is dominated by city-operated organizations known as "ZhEKs" and "ZhEUs." Although there are a few start-up firms involved in renovation of housing and/or maintenance operations, the trend seems to indicate that even start-ups will largely come from spin-offs of the state organizations; hence, skill-training for city-sponsored organizations will continue to be important. Unfortunately, however, these organizations are more likely to be consumers of skill training programs when they are offered for free, rather than at a profit-making fee. Therefore, the better market segment is private industry, and the thin slice of that which is or perhaps soon will be profitable. Political and economic uncertainty make market planning in this field highly problematic. To survive these hard times, a training organization may need to diversify into providing the most sellable of services, which tend to be related to business planning for companies of all types. In some regions, this type of program is presented by many competing and/or complementary organizations, both Russians and Americans. The PADCO-trained organization will need to develop its own niche.

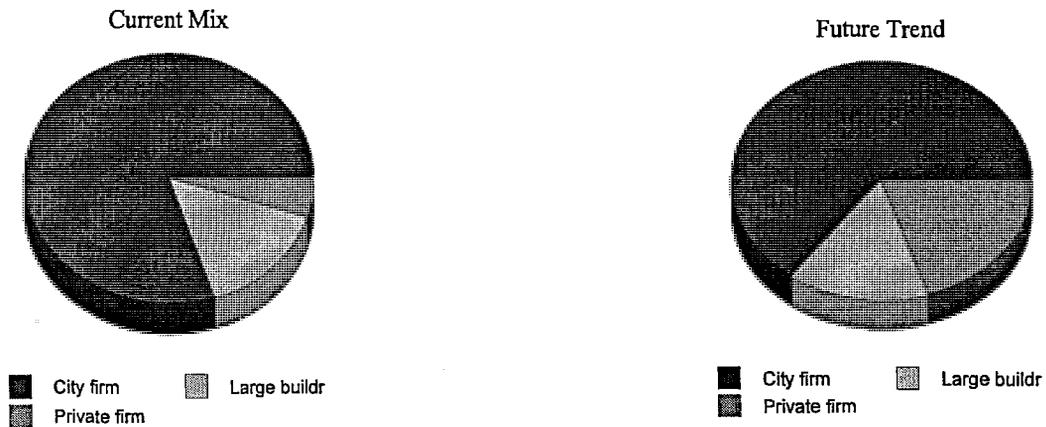
The charts in Figures 2 and 3 are meant to be illustrative of the fact that markets change a great deal over time. What works at one particular moment with one particular cluster of clients may

be less effective soon after, as the market changes. In order to plan, it is necessary to forecast. When historical trends have enormous discontinuities and aren't useful in predicting the future, it is nevertheless helpful to be aware of trends, and to plan for them.

**Figure 2. Market Segments for Training and Consulting Services
Owners Programs**



**Figure 3. Market Segments for Training and Consulting Services
Business Operations Sector**



5.2 Pricing

In addition to evaluating the numbers of potential customers for services, another major part of assessing demand is evaluating pricing. There are three aspects of assessing the potential demand for training and consulting services related to pricing. One of these is **price elasticity** — how sensitive are potential clients to the prices that they might be charged? At present, the services are given away for free, so there is no historical data of purchase choices.

The second matter is **customer purchasing power** — income of a discretionary nature. Customers can be expected to have different price points at which they would consider purchases. The price points vary by product and by customer.

The third and most essential point is **perceived value to the customer** — people make a buying decision when they think they are getting something of more importance than the money they are spending.

The pricing of services is different in several aspects from the pricing of tangible products. The most important point is:

- the range of prices that people willingly — even happily — pay for the same service is many times greater than the range they will pay for the similar tangible products, things that you can see and hold.

There are three main reasons for this allowable variation, as explained by Putman.²

- Comparative price information on services is relatively scarce. Services aren't displayed side-by-side on a shelf, as products are.
- There is no such thing as “the same service.” Services vary with the service provider.
- The value of a service to the customer is always substantially greater than the price. When you sell a seat at a seminar, what the customer wants to get is a long-lasting improvement in his life.

5.3 Data Gathering by Interviews

The difficulties of establishing pricing for condominium training services were explored in interviews with users of such services who had gotten them for free.

Interviews were held with the heads of four condominiums, two in Ekaterinburg and two in Novosibirsk, with presidents of two management and maintenance firms (one in each city), with representatives of four education and training institutions (three in Ekaterinburg and one in Novosibirsk), and with one builder and one enterprise with housing, both in Ekaterinburg. A listing of these individuals is given at the end of this section, along with some of their particular comments. The interviews were structured in three parts. First, people were asked to describe their main business activities so that later remarks could be understood in this context. They were then asked to describe their previous participation in PADCO programs, and what they would like to have as extensions of that in the future.

Below is a summary of interviews with some of the more interesting comments not included elsewhere in the report.

5.3.1 Interviews in Ekaterinburg

- Abroshchakov Vitaly Leonidovich (developer and president of Condo Yasny; director of Sverbank of Russia). Planning to construct second condominium.
- Baranov Vasily Danilovich (assistant professor, Department of Construction, Urals State Technical University). Observes that during these uncertain times it is not possible to survive

with just one specialty. Has done outside consulting with housing construction firms and already expanded this activity by bringing in finance specialists for expertise on handling cash flow and taxation. Is interested in providing condominium consulting to his client base.

- Gordeyev Gennady Grigorevich (director, Institute of Economic Organizing for Enterprises, Urals State Technical University). Charges 4 million rubles per year for business training programs for technical people. Hires faculty from university to teach on overload basis.
- Inozemtsev Valery Ivanovich (president, Neftera, a maintenance and security firm). Currently providing courtyard security and cleaning to five buildings in one district; at a PADCO meeting, met an administrator from another district who proposed a contract for supervising a ZhEK.
- Koksharova Elena Borisovna (assistant director, Economic Organization for Management and Maintenance of Housing and Hospitality Services, Urals Financial and Economic University).
- Kuznetsova Lydia (KMK Consulting). Consulting firm formed in 1990 to provide training seminars and technical assistance in corporate public relations, marketing, and management. The company hires temporary staff for special projects. "We would gladly cooperate with anyone ready for advancement and innovations."
- Lazarev Vadim Arkadevich (director, Economic Organization for Management and Maintenance of Housing and Hospitality Services, Urals Financial and Economic University). Wants to market programs about condominiums by using contacts in local governments throughout region.
- Martemyanov Georgy (head of property management office, Verh-Isetsy Metallurgical Plant). Responsible as balance holder for 200,000 sq.m. of housing. There are 2,000 people on the waiting list for new housing; some have been on the list for 20 years. Each person is supposed to be provided with at least 7 sq.m. of net space, or 15 sq.m. gross area, but this has never been possible. And much of the current stock is dilapidated. The enterprise has 43 obsolete buildings on its balance sheet. For the metallurgical plant, the most painful business problem is housing of employees.
- Obvintsev Yuri Pavlovich (president, Condo Agate). Recommends a program for condo boards on investing to preserve capital against inflation.

5.3.2 Interviews in Novosibirsk

- Miluhkin Victor Leonidovich (executive director, Condo Comfort). Observed that residents appreciate getting accountability on how maintenance money is spent.
- Mitasov Valeri M. (director of Research, Design and Production Center; developer of housing for employees).
- Skvortsov Eduard Iosifovich (deputy director, Zilbytservisee, a management and maintenance firm).
- Anna at Construction Academy; Olga director of a M&M firm subcontracting for the city of Novosibirsk.
- Gorbonov Viachaslav Ivanovich (president, Cooperative Dom Sibznien). Important recommendation: builders should design condos differently in the future to take into account that owner residents like to have a gracious entrance hall and/or meeting place.

5.4 Results and Analysis

The people interviewed were all positive about the usefulness of the training they had received and had high regard for the professionalism of the PADCO staff. Nevertheless, they were not quick to assign a ruble value to the services they had received. It was a question they had not considered before, and were hesitant to answer, perhaps fearing in part that they would be charged that stated amount for any future services. Nevertheless, for private individuals the following recommendation can be made.

5.4.1 Service Pricing for Individuals

The client group is quite willing to pay individual charges for programs that operate on a minimal cost-recovery basis. Fees on the order of 10,000–50,000 rubles per person can be expected to cover refreshment costs, meeting materials, etc. If dissemination of information is the top priority and there is a desire to continue to offer programs that are entirely free, they can be packaged with some optional materials, for instance, detailed handouts, for which there is a premium charge.

Price elasticity and other factors can be tested by direct experimentation once PADCO begins charging for skill-based programs. There can be a stated price for a seminar, and discounts for early registration, for multiple registrations, for special promotional offers, etc.

5.4.2 Service Pricing for Businesses

State-run and private businesses have a higher ability to pay for training than individuals. In the field of housing management and maintenance, a two-day seminar held in Novosibirsk in April 1995 by the Construction Academy and PADCO drew 25 people who paid 125,000 rubles each for a program on emergency housing repair. Even more expensive seminars are offered by the State Tax Department, which charges people 200,00–250,000 rubles for four-hour programs on changes in taxation and business law.

There are three major business client groups for housing reform programs:

- developers and builders of new construction;
- enterprises that are still balance holders of residential buildings; and
- management and maintenance units, both private and state-managed.

The first group is the smallest, but the most profitable. In Ekaterinburg, there are currently about 20 active developers. Enterprises that have not yet transferred their housing to the municipality are a much larger group, but an unknown number are near bankruptcy. There are less than 10 private housing management and maintenance firms in Ekaterinburg and in Novosibirsk; however, the number of state-run ZhEKs is large, and the managers of these operations have money to pay for fees of programs they find worthwhile.

A conservatively stated finding is as follows.

- The business client group is receptive to relatively high fee programs if they are of demonstrable relation to the client's highest concerns — which frequently relate to revenue or expenses. Therefore, if the clients believe that they are getting money-saving or revenue-

generating ideas that will more than cover the costs of the training/consulting program, they will pay amounts that are 50,000 rubles and up.

Interestingly, as Kotler points out, in services marketing, pricing itself is a signal of quality.³ Since clients have a hard time quantifying the value of services on a comparative basis, there is an expectation that the provider has assessed the value when establishing price. Therefore, customers tend to assign higher value to services of higher price — and, for this reason, services that are offered for free do not drive out of the market similar (but not identical) services for which there are associated fees.

- The implication of this finding is that there will be a market for high-quality training and consulting services relating to self-managed housing even if municipal housing administrations give away information and documents.

The principle here is the same as for training and consulting services related to business management. There are a number of nonprofit or government-sponsored organizations offering excellent free training programs and consulting in business management. These include, but are not limited to, the following: the American Entrepreneurship Center, Citizen's Democracy Corps, Center for Citizen Initiatives, International Executive Service Corps, TACIS, and Russian Privatization Centers. Nevertheless, private firms have found a profitable niche charging for what some organizations are giving away in services.

Here are benchmarks of charges for training and consulting services in the region. The figures are from KMK ("Consulting, Marketing, Communications"), a firm that offers a range of consulting and training services. Its clients are commercial and state companies whose leaders want to improve their administrative and organizational levels with modern corporate cultures. The standard charges for its training programs are presented below.

	Per Person KMK Site	Per Person In-House
Communications program (40 hrs)	\$290	\$225
Twelve-step management (40 hrs)	320	250
Building partnerships (40 hrs)	250	190
Conflict resolution (40 hrs)	290	225
Marketing Assessment (10-14 days)	\$2,500	

At the current ruble exchange rate of 4,620 to the dollar, the KMK training sessions cost from 875,000 to 1,500,000 rubles per 40-hour session. The KMK consulting charge is 825,000 to 1,155,000 rubles per day.

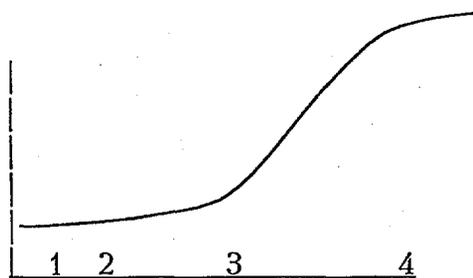
Consulting services by individuals vary. One that is relevant to PADCO's client group of builders charges 50,000 rubles per hour, or 400,000 per day for consulting. (This is an entrepreneurial young assistant professor in the construction faculty at Urals State Technical University, who charges 2.5 times his hourly salary as a professor.)

The PADCO business client group that has the greatest ability to pay — builders and developers — also happens to be the group that has the clearest need for consulting and assistance on condominium formation.

- A price point that is recommended for builders is 3,000,000 rubles. It is not a high fee in the mind of a builder in comparison to professional fees paid to lawyers and accountants; what is unknown in the builder's mind is the value of the service. A good presentation package that stresses value can win this client. If the package includes a number of options, pricing can be tested over a range of 2,000,000 to 5,000,000 rubles. Builders recognize that time is money, and they routinely pay for expertise regarding the filing of documents and registrations. The package of services offered to them can include a condominium concepts program for owners of new units and a board orientation program. Actual fees charged might depend on the number of units in the building, complexity of the situation, etc. Incentive discounts could be given — for example, an introductory low offer, or a 20 percent discount off regular price for contracts signed by a certain date. Pricing signals can be structured to motivate buyers.

PADCO has been operating at the product marketing phases that precede commercialization — product development and early introduction. The first people to use any new product, called the early adopters, are always low in number. Early adopters have characteristics that are different from the majority of consumers; they tend to like to try new things, and they are willing to put up with some inconveniences to be at the forefront. Marketing strategies that appeal to early adopters have less appeal to the majority of consumers. True commercialization comes only when the early majority can see how the product is applicable to their lives. For PADCO, it is therefore absolutely essential that successful experiences of the first experimenters be studied and promoted. Until that element is provided, product demand will remain in the low range.

Figure 4. Product Demand Curve



There are four stages on the product demand curve.

Stage 1. Product development

Stage 1 is a phase of high costs and no “sales.” PADCO has provided support to local governments and initiative groups through this first phase.

Stage 2. Introduction

The introduction stage is a phase of high costs and first few sales. PADCO is continuing to provide support. Early introduction phase shows registration of first condominiums, and M&M contracts for demonstration projects. Numbers will gradually increase during the introduction phase as more and more early adopters become aware of the potential benefits of condominiums. Early adopters will include up to half of the builders of new construction, up to half of cooperatives that haven't re-registered, and a few enterprises and initiative groups in municipal housing.

Stage 3. Growth

Stage 3 is a phase of rapid market acceptance and possibility for real business profit. PADCO will have concluded its contract work before this phase. The growth phase will be dominated by large blocks of enterprise housing being converted, new construction being mostly of condominiums, and new initiative groups formed on the basis of broader public awareness of the condominium concept.

Stage 4. Maturity

The last phase is one of market saturation. There will be a slow-down in growth because most condominium conversions will have been completed, and condominiums will be operating on their own. There will, however, continue to be an increase in the number of condominiums with new construction and with continuing formation of initiative groups in municipal housing.

Factors that affect the dimensions on the X and Y scales (number of years and total number of condominiums in the region) are as follows.

Y scale (total numbers of condominiums) — upper limit affected by:

- eventual percent of privatization, total number of multifamily units;
- general health of economy, amount of disposable income;
- degree of support by local government; and
- support of federal Duma for housing reform.

X scale (years) — affected by:

- rate of privatization;
- rate of improvement of the economy;
- responsiveness of government to growing interest in condominiums; and
- publicity campaign to promote awareness of condo concepts.

It remains very difficult to make predictions about political and economic conditions in Russia; consequently, demand analysis for something like housing reform is problematic. The resurgence of Communist Party strength in the elections of December 17, 1995 dim the likelihood of Duma support for condominium legislation. Political uncertainty will continue as jousting for the presidential election in June 1996 heats up. The economy may improve as reforms take hold, or suffer from instability. From a business standpoint, it is useful to establish parameters based

on best case/worst case scenarios, then focus on factors that are most controllable. For those engaged in training and consulting services for housing reform, the factors that can be most easily affected are the last two mentioned for the time-line scale. That is, consultants must help develop their own market in two ways: (1) continuing to provide encouragement and assistance to local government officials to increase their participation in housing reform; and (2) engaging in publicity campaigns to promote interest in condominium concepts.

It would be extremely useful for PADCO Russian staff to have more experience with marketing and pricing issues before the American team departs. Product demand is a function of many factors that have to be balanced, and pricing is just one. The Russian staff need to see the relationship in the customer's mind to perceived value and price.

6. Task 3: One-Day Workshop on Marketing of Training

6.1 Context

The workshop on the marketing of training was planned to give participants an opportunity to network among themselves, as well as learn marketing principles that apply to training programs. Because future business relationships between institutional partners and training providers is up to them to establish for themselves, the workshop was designed to help them get to know each other better through small group work. The marketing principles outlined in this report constituted the main text of the presentations.

6.2 Events

There were 25 participants at the seminar and workshop in Ekaterinburg on November 22nd. In addition to PADCO staff from Ekaterinburg, Perm, and Orenburg, there were numerous potential training partners for institutionalization of PADCO programs with Russian organizations in Ekaterinburg. Three people were from the faculty of construction at Urals State Technical University, one was from the Office of Continuing Education. Two people were from the Urals Financial and Economic University, one was from the American Entrepreneurship Center, and two others were from the Association of Consumer Goods.

The workshop in Novosibirsk was held on November 30th, with seven people in attendance in the morning and nine in the afternoon. In addition to four members of the PADCO staff, there were two representatives of condominiums, and, in the afternoon, two representatives of the institutional training partner.

The culminating activity of the workshop was the preparation in small groups of presentation packages for selling training programs. One group at each workshop focused on training for management and maintenance organizations; the others prepared programs relating to condominium initiative groups. The groups were given kits of materials and guidelines on key elements of a presentation package. The objective of a presentation package is to develop attractive sales tools that provide talking points for a one-on-one meeting with a client. Seminar participants were given instructions to assemble packages with the following elements:

- cover sheet with headline topic (made attractive with graphic design);
- first page — a few short questions that the client wants to answer “yes”;

- second page — how the services match the need: description of product;
- third, fourth pages — reputation and credibility of provider (newspaper articles, testimonials, examples of previous work);
- fifth page — specific features and optional features of program;
- sixth page — price and terms on standard features and options; and
- seventh page — summary of key benefits; action/response method.

6.3 Results and Analysis

The seminar evaluation forms indicated that the overall usefulness of seminar information was 4.0 on a 5.0 scale. The most interesting and valuable topic, according to half the participants, was preparing a presentation packet. The next two in ranking were developing a marketing plan and completing a marketing database.

The workshop leader's assessment is that the development of a presentation packet needed to be done in a more iterative process, with more time for feedback and revision. A look at the presentation packages developed by the several groups showed a great variation in quality. Some people obviously grasped the main principles more easily than others. Nevertheless, if the workshop participants continue to collaborate on-the-job, they will be able to help each other in polishing presentation material. They can also benefit from getting direct feedback at meetings with clients.

The Russian version of the seminar materials will be used by PADCO staff in Novosibirsk to give marketing training to their affiliates in Siberia.

6.4 Recommendations

6.4.1 Recommendations for Direct Mailings to Cooperatives and Others

It is useful to have a small test mailing before implementing a wide-scale one, taking time to get a reaction to the initial message, and making modifications as necessary. Furthermore, the response rate can be improved by having follow-up mailings or telephone calls. It should be noted, however, that there is an extra level of effort and expense involved in increasing the direct mail response rate. If both money and time are in short supply, a lower response rate may be satisfactory. If the highest possible response rate is the objective, then a mailing with enclosures and follow-up phoning is recommended. The most important point is this:

- measurements of response rates in a specific marketing campaign provide a benchmark for rate changes that follow improvements in strategies.

6.4.2 Recommendations for One-on-One Selling to Builders

The marketing strategy recommended for reaching builders is based on experience with the cooperatives, but it takes into account the much narrower number of target clients and their much larger importance in terms of purchasing power.

- Send a letter to all major builders. Include an informational flyer and an invitation to a short presentation of condominium issues important to builders.

- Follow up with telephone calls. Encourage attendance; get reservations if possible. Make notes of builders' readiness to consider condominium formation, and provide further information by phone as appropriate.
- Conduct condominium concepts for builders program. Highlight actual builder experiences. (Consider having builders involved in the presentations.)
- Assess the readiness stage of each builder to proceed with condominium formation, considering both those who attended the seminar and ones who did not. A sample rating method is below.

Readiness Ratings

- Experienced with condo formation. Has successfully completed one or more units.
- Supporter of condo concepts. Is in process of building a building and/or registering units.
- Familiar with condo concepts, positive attitude toward them. Attended a seminar and/or read material or spoke at length with PADCO representative.
- Familiar with condo concepts, indifferent or negative attitude. Will need more information at a future time.
- Unfamiliar with condo concepts. Needs immediate contact!

There should be a clear plan of follow-up for builders in each category. Every builder is important, and none should be ignored. But if there is not a systematized way of dealing with them, the ones who get attention might be just the ones who ask for it. In this high priority prospect group with very low numbers (about 20), it should be possible to provide personalized attention to all. The objective is to move those in Categories C, D, E into Categories A and B, and as quickly as possible. For each category there should be an action plan. An action plan might be as follows.

Action Plan

- Category A. Make appointment for one-on-one meeting with presentation package about "Condo Operations and Board Management" training course; discuss plans for future construction.
- Category B. Make appointment for one-on-one meeting with presentation package about technical assistance with charter and other registration documents; discuss options for underwriting of homeowner condo concepts programs.
- Category C. Provide developer and/or his lawyer with useful documents such as model purchase and sales contract. Follow up with phone calls to answer questions about advantages of condominiums.
- Category D. Provide examples of successful experiences other builders have had with condominiums. Use mailings, invitations to meetings, telephone calls. Cultivate relationships.
- Category E. Put on mailing list; invite to seminars. Follow up with phone calls.

6.4.3 Recommendations on Advertising to the Public

A number of advertising strategies have already been used in marketing condominium programs, including press releases, news interviews, posters, flyers, and television spots. One problem with using mass media advertising is that it broadcasts to a mass audience that is still not ready to get involved in housing reform. Advertising today will help lay the groundwork for greater acceptance tomorrow; but if cost-benefit analysis is applied on the short term, there is greater pay-off from the more targeted publicity gained from such things as preparing flyers for privatization offices, and continuing with a newsletter that can have a growing circulation.

The recommendations in this section therefore focus on the newsletter. One great value of a newsletter is that its content provides fresh and timely information for targeted readers. The target audience may remain largely the same from issue to issue, or the newsletter can refocus. The material in the newsletter should be from — and about — the people in the target readership. Therefore, there could be stories about newly formed condominiums, cooperatives that are entering new contracts for management and maintenance, government officials who are decision-makers on housing issues, and real estate brokers and other business people who are known to provide good services. As a selling tool, the newsletter should emphasize success stories, such as the ones we gathered and recounted earlier in this report — specific places where there has been an improvement in housing attractiveness/cleanliness/maintenance, or special services, or even community spirit.

6.4.4 Recommendations from Workshop

The workshops ended with the question, “What Next?” In other words, how might participants incorporate the day’s topics into their own lives. Recommendations made at the workshops included the following:

- role play **cold calling** — set up your own scenario with a colleague whenever you have a new product to pitch, or a difficult type of person to call upon (one participant said she found it hard to speak with older women who act intimidating in positions of authority);
- periodically conduct a **S.W.O.T. analysis** (analysis of strengths, weaknesses, opportunities, and threats) — this process involving a balanced assessment of strengths, weaknesses, opportunities, and threats can be useful, particularly in a brainstorming session and/or when thinking gets “stuck” in either a pattern of negative thoughts or wishful thinking;
- prepare an appropriate **marketing plan** — be clear on goals and set strategies accordingly; with recordkeeping of prospect generation, qualification, and conversion to customers, feedback on effectiveness will lead to system improvements;
- prepare a **presentation package** — equip yourself with one of the most effective tools for one-on-one selling;
- take action to **get close to your customer** — ask yourself daily (and report weekly): What have I learned from a customer? Note: Complaints from your customer can be useful; they can:
 - ▶ show you how to improve your product;
 - ▶ enable you to please a client by simply showing that you listen; and
 - ▶ lead you to develop new products (what is a problem for one person could be an opportunity for another);

- develop or improve your **marketing information system**:
 - ▶ decide what you really need to track (refer to “Marketing Machine”);
 - ▶ decide who needs access to this information (just you and/or others); and
 - ▶ decide on tools to use (computer programs, such as database software; wall charts; written reports); and
- work on establishing **alliances** that can be profitable:
 - ▶ think about what you have to offer and what would be helpful to you in a partner; work on improving your own skills; and
 - ▶ establish trial alliances with PADCO support.

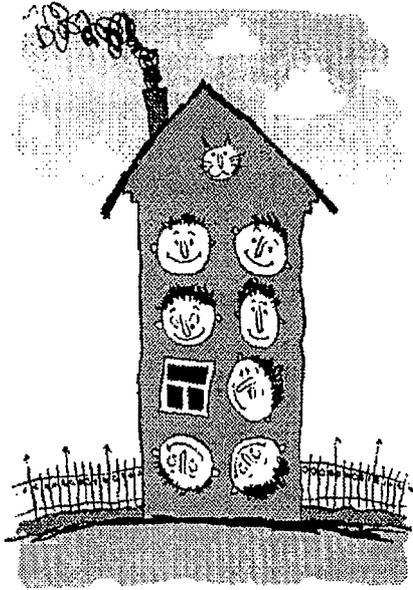
If these principles are followed, the outlook is good for a growing market in training and consulting on condominium formation, management, and maintenance.

Endnotes

1. Putman, Anthony, *Marketing Your Services*, John Wiley & Sons, NY, 1990, p. 100.
2. Putman, *ibid*, p. 81.
3. Kotler, Philip and Armstrong, Gary, *Principles of Marketing*, Prentice Hall, NY, 1994. pp. 638-646.

APPENDIX

Homeowners' Partnership Condominium



**Condominiums - For those who want to live better;
Condominiums - For those who want to be the real owners;
Condominiums - For those who love their homes.**

Condominiums, or Homeowners' Partnerships (Associations), are well-known throughout the world.

In Russia, they existed even before the October Revolution and were called Housing Partnerships. Housing Partnerships took care of housing, made sure that it was comfortable and cozy. However, 70 years later, the only owner in the country was the State.

We Russians became accustomed to the fact that our housing did not belong to us and that we could not make decisions about how to manage and maintain it. We complain regularly about the slow and inflexible maintenance services.

Although now we have bought apartments and become homeowners, our attitude and feelings about maintenance problems have not changed. **We Have to Cultivate the "Pride of Ownership" in ourselves.** When you live in a high-rise building, you can only really become an owner if you cooperate with the other residents and start solving maintenance and management problems yourself, without expecting orders and solutions from the authorities.

Through Homeowners' Partnerships, owners of apartments and common spaces can effectively unite to manage and maintain their houses, including the spaces that are used by everyone (e.g., basements, roofs, attached areas) cooperatively.

Together, in a Partnership, you can:

- Provide better and safer living conditions;
- Exert residents' control on the effective use of your payments for housing maintenance and utilities;
- Enter into the management and maintenance contracts yourself, and rent out basements and the other common areas.

Right now condominiums are being formed in Moscow, Ekaterinburg, Ryazan, Barnaul, Novosibirsk, and other Russian cities as well as in the former Soviet Union Republics.

Did you know that a Homeowners' Partnership...

- is a nonprofit legal entity, which has its own bank account?
- can be formed on the basis of municipal and enterprise housing, housing-construction, and housing-maintenance cooperatives and new buildings?
- can be formed if the owners of more than 50% of the building have voted for this?
- can comprise residential and non-residential spaces, owned by individuals or legal entities?
- has a right to enter into contracts for housing maintenance and other services?

The owner of the condominium unit, (i.e., apartment and share of common elements) has the right to sell, grant, or bequeath his or her unit without the consent of the other owners.

Members of the Partnership (World War veterans, disabled people, and families with many children, etc.) keep their rights for pricing privileges in payments for housing and utilities.

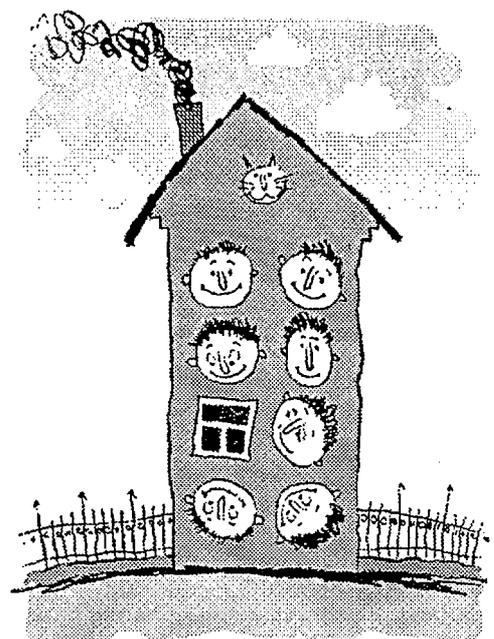
Condominiums - for everyone, because only together can we protect our rights and get the standard of living we all deserve.

Condominium - for you!

For additional information, please contact:

Товарищество домовладельцев

Кондоминиум



Кондоминиум - для тех, кто хочет жить лучше
Кондоминиум - для тех, кто хочет быть настоящим хозяином
Кондоминиум - для тех, кто любит свой дом

Кондоминиумы, или товарищества домовладельцев, широко распространены во всём мире.

В России они были известны ещё до революции и назывались жилтовариществами. Жилтоварищества самостоятельно заботились о том, чтобы в домах был комфорт и уют. Но потом на протяжении более 70 лет собственник был один - государство.

Мы привыкли к тому, что жильё нам не принадлежит, что не мы принимаем решения о содержании своего дома, что дом - это не наша забота, и продолжаем сетовать на нерасторженные эксплуатационные службы.

Когда мы приобретаем квартиру в собственность, наше отношение к вопросам и проблемам содержания дома зачастую не меняется. Чувство "хозяина" надо воспитывать в себе. А когда Вы живёте в многоквартирном доме, стать его хозяином можно лишь объединившись с другими жильцами и взяв на себя больше прав по решению его проблем, не дожидаясь указаний сверху.

Товарищество домовладельцев - это и есть реальная возможность за счёт объединения собственников жилых и нежилых помещений эффективно совместно управлять и осуществлять эксплуатацию своего дома, включая места общего пользования (подвалы, крыши, придомовые территории).

Объединившись в товарищество, Вы сможете:

- обеспечить лучшие и более безопасные условия проживания;
- обеспечить контроль со стороны жильцов за эффективным использованием платы за содержание жилья и коммунальных платежей;
- предоставить возможность товариществу самостоятельно заключать договоры на управление и обслуживание дома и сдавать в аренду подвалы и другие места общего пользования.

В настоящее время кондоминиумы создаются в Москве, Екатеринбурге, Рязани, Барнауле, Новосибирске и многих других городах России и бывших республик СССР.

Знаете ли Вы, что товарищество домовладельцев:

- это некоммерческая организация, имеющая статус юридического лица и свой расчётный счёт в банке;
- может быть создано на базе муниципальных и ведомственных домов, жилищно-строительных и жилищно-эксплуатационных кооперативов, а также во вновь построенных домах;
- может быть создано, если за это проголосовали собственники не менее 50% помещений в доме;
- может включать жилые и нежилые помещения, принадлежащие физическим и юридическим лицам;
- имеет право заключать договоры на содержание дома и другие услуги.

Собственник единицы кондоминиума, т. е. квартиры или нежилого помещения, имеет все права по продаже, дарению и передаче по наследству своей единицы без согласования с другими членами кондоминиума.

Члены товарищества (ветераны Великой Отечественной войны, инвалиды, многодетные семьи и т. д.) сохраняют право на льготы по оплате жилья и коммунальных услуг.

Кондоминиум - для всех, так как только объединившись мы можем лучше защитить наши права и получить тот уровень жизни, который полагается нам по праву.

Кондоминиум - для Вас!

За дополнительной информацией обращайтесь: