



**5 Proven Strategies  
to Guide a Successful  
Acquisition & Integration  
of a Multifamily  
Real Estate Deal**



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# Introduction

Carroll Organization cemented its place among the titans of multifamily real estate, with the acquisition of 70 properties over the last two years, adding 23,000 units and 300 employees to an already formidable Southeastern portfolio, and deploying over \$1.2 billion in equity over that time. To efficiently execute on such a robust acquisition pipeline, Carroll leveraged its multi-faceted platform to craft a unique process to ensure a successful integration on every transaction. Utilizing a classic business process and modern organizational theory, Carroll represents an innovative force driving the multifamily industry forward.

Carroll most recently relied on the process during the acquisition of eight communities comprising approximately 2,800 units in Raleigh in Q4 of 2018, where it faced extraordinary challenges as a hurricane rolled through the area 24 hours before fully committing to the portfolio deal. Still, Carroll successfully closed the deal, integrated the staff (of which 50%+ were new to Carroll) and the residents, and avoided the industry norm “post-acquisition dip” in occupancy.

There are 5 key pillars that build on one another, providing a holistic framework for the execution of the strategy. However, as with all strategies, successful implementation requires organizational alignment, diverse talent and flawless execution.

## Collaboratively Build the Plan

With the investment thesis as the foundation, it is important for every team member to fully understand the goal of the deal and then collaboratively and creatively design the business plan that will guide the path to achieving that goal. Too often companies incorrectly think that the business plan is only of value to leaders. Carroll has found, however, that every team member is more successful if they not only have a firm grasp of the vision, but also have a hand in designing the path.

By ensuring alignment of goals, plans, and overarching strategy across teams from the deal's conception until the day the asset sells, Carroll has forged a process that accentuates collaboration, thriving and capitalizing on the skills across all verticals of the organization to promote optimal outcomes. Many organizations operate in silos with distinct roles and responsibilities for each stage of an acquisition. At Carroll, we intentionally blur those lines to drive collaboration across teams.

Specific to the Raleigh acquisition, the collaboration demonstrated by our employees emerged as the key to our success as we faced and overcame several obstacles, including navigating the shutdown and evacuation of an entire state as a hurricane hit the region. With dedicated team members in place to monitor the storm and its impact on our existing assets, as well as the eight we were in the process of acquiring, consistent daily communication across all employees proved an early key to success.

From day one, each member of the team held a voice and a distinct responsibility, while still contributing to the strategy as a whole. While the standard for property management teams largely revolves around a rigid structure that limits the growth potential of employees, Carroll breaks this mold by offering its employees the freedom to think critically and make decisions independently. This approach leads to more entrepreneurial and efficient success, as Carroll employees possess the authority to challenge themselves and develop as professionals.

## 02

## Source a Team of the Right People

A perfect business plan on paper means nothing without the right people with the proper skills executing on the plan. Carroll team members stem from a variety of different backgrounds, but they share a common trait that is core to our culture – an entrepreneurial spirit for success. The People Team looks beyond the traditional resume to find the unique individuals that possess the drive, emotional intelligence, grit, and problem-solving skills to thrive in the Carroll environment.

Though Carroll's process is careful in its execution, having the right people in the right positions is key to overcoming the inevitable challenges that arise daily. While a unique acquisition and a category 4 hurricane tested the Carroll process, extraordinary talent rose to the occasion to make the integration a success.

## 03

## Maintain an Infectious Company Culture

Company culture is arguably the most important differentiator of companies in 2019. A company must never underestimate the effects of building an infectious culture that removes controllable internal barriers that are common in most mid-to-large companies – politics, micromanagement, gossip, lack of empathy, etc.

Prior to the acquisition, Carroll's footprint in the Raleigh market was relatively small, with few onsite employees available to fill the numerous vacant positions that are inevitable in large-scale transactions. Needing to hire nearly 50% of 64 full-time positions presented an enormous challenge for Carroll to overcome in a short period of time. This would put the process and the people behind it to a new test: could this undertaking not only survive the odds placed against it but overcome and thrive amidst them as well?

The answer was yes. With several ambassadors and mentors guiding over 60 new team members and establishing the culture of Carroll at every property, the Carroll family quickly grew. Despite the odds, Carroll employees old and new immersed themselves in the process of the acquisition, exceeding expectations and overcoming the challenge laid before them while flourishing in the Carroll culture. New and tenured employees came together, united by a common challenge, with a mission to find solutions, close the deal, and delight our residents along the way.

## The Path: A Resilient Yet Flexible Guide

Multifamily acquisitions of every size present challenges that test the capabilities of management companies. Carroll Organization has grown accustomed to such challenges, adapting to and overcoming obstacles with fixed ambition. Resilience is key, and Carroll masters this trait by maintaining strong processes throughout every venture.

In the case of the Raleigh acquisition, the storm to weather was a literal one. Hurricane Florence proved a threat to the acquisition, ravaging the east coast just one day before the deal became non-refundable. While the standard issues accompanying an acquisition of this size include matters of staffing, branding, and overall integration, this process presented a much larger variety of potential concerns. However, working quickly and concisely, Carroll implemented its tried and true process, built on a replicable platform and driven by a unique culture of collaboration, and saw the seamless integration of eight new properties and nearly 2,800 units.

## The Backbone: Our Platform

Carroll is prolific in its investment activity, and the platform that guides its acquisitions and our day-to-day management can be replicated for multiple transactions because it was built intentionally to do so. Carroll built an operational platform that plans for local nuance and rewards innovation.

The success in Raleigh is partly due to the efficiency and effectiveness Carroll has established through a standard operational platform, comprised of five pillars that separate Carroll from the competition:

- *Eating the Elephant:* Break down the deal into 5 critical executable plans (people, technology, operations, construction, and marketing).
- *Setting the Agenda:* Establish operational routines on a monthly, weekly and daily basis enabling the systematic execution at the site level.
- *Overcome Challenges Together:* Identify any immediate action items and plan immediate resolution over 30, 60, 90 action plans
- *Never Stop Learning:* Assign and facilitate mentoring and invest in learning to increase the speed to knowledge.
- *Proactively Manage Change:* Create detailed Day 0, Day 1, and Day 2 onsite activities to communicate change and welcome new teammates and residents.

While the properties of the Raleigh acquisition miraculously sustained little damage, Hurricane Florence presented a new takeover challenge for Carroll, testing skills of both coordination and teamwork while creating a distraction from the normal challenges of a single property acquisition—let alone eight. Following the success of the acquisition, Carroll quickly began renovations on six of the eight properties, eager to show residents that positive change is always in the works at every ARIUM property. Accompanying this was a sophisticated marketing strategy that promoted the reason for the rebrand – that a better type of management company had arrived, hyper-focused on resident experience – and touted all the various property upgrades coming, decreasing the likelihood of a post-acquisition dip in occupancy.

In the wake of a management transition, residents naturally expressed a number of questions and concerns amidst the change. Carroll capitalized on this change to stir excitement, turning adverse circumstances to its advantage and providing residents with the assurance of dependability. Carroll renamed six of the eight properties under the ARIUM brand, signifying the dawn of a new day for the Raleigh properties, and with it, Carroll's commitment to the upkeep and improvement of each community.

Great processes and routines allow Carroll to overcome any challenge. By following the established strategies and relying on the teams in place, Carroll builds confidence with investors as it navigates through even the greatest growth endeavors. The Raleigh expansion exemplified success on every level from growth to employee and resident satisfaction to tight plan execution. With Carroll, you get more than a checklist and you are more than a number. With a relentless plan to execute, Carroll leads the industry in both consistency and results.

# About Carroll

Carroll Organization is a Private Real Estate Company that combines the infrastructure and abilities of an institutional investor, with a best in class team of real estate operations professionals. This unique combination of skills has allowed Carroll Organization to become a top national real estate owner and operator. Our core focus is to acquire properties that exhibit attractive long-term investment characteristics, and improve the performance of these properties using our talented and passionate professionals.

Carroll Organization has made a conscious effort to become institutional in our execution, reporting, and communications with our clients; while maintaining the mindset of an entrepreneur. We study trends, make quick thoughtful decisions, and continually recruit and hire the brightest minds in the business.

Our investments focus on capital preservation, generation of current cash flow, and the implementation of value creation strategies. This investment philosophy, in our opinion, is what makes our company unique. While we will always be ambitious, Carroll Organization has the ability, and desire, to be patient and wait for the right investment opportunities.



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