



WHO WE ARE & WHAT WE DO



MISSION & GOALS

What is the point of all this?

WE ADD VALUE TO THE WORLD THROUGH REAL ESTATE

Our business model adds value to many stakeholders:

- Neighborhoods and communities where we enhance property appeal.
- Residents through more livable accommodations.
- Property owners through optimization of rental properties.
- Brokerage clients through the purchase and sale process.
- To the properties themselves through enhancements and upgrades.
- To Investors through the delivery of solid investor returns.

Setting up our business to do these things well rewards all system participants.

HOW DO WE DO THIS?

Core to our operation:

- Constant improvement - Increase of value-added, increase in efficiency, and ever-expanding service offering.
- We do difficult things well - The harder thing to do is almost always the right thing to do.
- Passion to compete - It makes us better, and it increases our contribution to the world over time.
- Intense focus on allocation of resources - We use the market as a guide to the internal and external allocation of resources.

WHY DO WE DO THIS?

For Society:

- Improving property values and neighborhoods is a virtuous cycle.
- All participants benefit from rising property values over the long term.
- When people are surrounded by better circumstances, they become better themselves.
- It is the contribution to customer and stakeholder success that is the most rewarding part of business operation.

Constant drive for the sake of progress must be part of the equation.
If you are standing still, the world around you certainly isn't.

WHY DO WE DO THIS?

For Employees:

- Evolve personal skill set, grow competencies, and create efficiency for an increased personal contribution over time.
- Enjoy the people we work with.
- Build good business, customer and stakeholder relationships.
- Get rewarded financially and professionally with continual advancement and recognition of increasing personal contributions.

We must improve faster than the world.
Every day we will either improve our relative position, or it will erode.

WHY DO WE DO THIS?

For the Company:

- Grow – growth aligns the interests of everyone.
- Spread our influence to the world.
- Create a self-perpetuating system where all stakeholders benefit from our continued existence.

The purpose is the timeless pursuit, the ever-advancing goals, *the endless, relentless, pursuit of perfection.*

EMPLOYEE OPERATIONS

How we conduct our daily activities

THE CULTURE OF WORKING AT DRG

What we value in our everyday actions

THE CULTURE OF WORKING AT DRG

Dedication to the Collective:

- The interest of the group to which the individual belongs must take precedence over the interest of the individual.
 - When such values are at work, trust can come into play.
 - Enormous efficiencies come from a system of deserved trust.
 - Such dynamics result in a better outcome for both the individual and the group.

Team players only.
Employees that want to grow their own professional capabilities only.

THE CULTURE OF WORKING AT DRG

Culture of Responsibility, Not Blame:

- We take ownership of our individual and collective mistakes.
- We are accountable to outcomes and results in the pursuit of our objectives.
- Consider the Westpoint responsibility rule: “No Excuse, Sir/Ma’am”.
- What could you have done to prevent the issue at hand?

THE CULTURE OF WORKING AT DRG

We are obsessed with failure:

- Always reviewing what doesn't work to improve process and outcomes in the future.
- Only by regularly examining our decisions and the resulting outcomes can we begin to make better decisions.
- When things go wrong, we look at ourselves to identify what could have been improved.
- Mistakes are OK, but don't make the same mistake twice.
- Most learning comes from figuring out what not to do. Just make sure to apply all lessons learned going forward.

THE CULTURE OF WORKING AT DRG

Professionalism:

- Do what you say you are going to do. Make your words and actions the same.
- Produce the quality of work with which you want to be associated with, and be the business partner you want to see in others.
 - Elicit everyone's desire for peak performance by your own activities.
- When making a decision, always ask yourself these three questions:
 - Is this in the best interest of DRG over the long term?
 - Is this in the spirit of the best possible customer service?
 - Is this the lowest-cost option?
- 100% honesty and integrity with our customers, stakeholders, and with our fellow employees. Zero tolerance for dishonesty or unprofessional behavior.

Think like an owner – you own your business of one.

THE CULTURE OF WORKING AT DRG

Employee Empowerment:

- Empower employees to get the job done how they see fit.
 - Everyone will be held accountable for mutually agreed performance standards.
 - Goal is for minimal management oversight, except for monitoring of results.
- Ask yourself, “If everyone did this, would it be constructive to our operations?”
- Everyone will have more responsibility than they can comfortably handle.
 - Both hard work and mistakes are a requirement for self-improvement.

THE CULTURE OF WORKING AT DRG

Competitive Spirit:

- We choose to be motivated by competition, as it is unavoidable in the marketplace.
 - We measure ourselves externally against our competition.
 - We measure ourselves internally against benchmarks and each other.
- Competition always takes place on the local level – every player must compete effectively in his or her competitive realm.
 - An individual's best performance always comes in a competitive setting. The competition may be with one's self, but it is the ultimate motivator.

Competition is the mechanism by which performance is maximized.

THE CULTURE OF WORKING AT DRG

Social Influence of a self-reinforcing group:

- The group willingly accepts and integrates those who align with our corporate values, and quickly separates from those who do not.
- Rewards for heroic deeds and corporate exemplars.
- Rigorous up-through-the-ranks focus. Only look external when no internal option is available.
- Celebrations that reinforce successes, belonging and specialness.

We will collectively recognize and promote individual contributions that make the company better.

THE CULTURE OF WORKING AT DRG

Elitism:

- Each employee is part of something special.
- We are the best, and only want to attract the best.
- If you believe you are working for an average company, you are going to be average. A sense of superiority is needed to be superior.

OUR OPERATING FRAMEWORK

The processes we utilize to constantly improve

OUR OPERATING FRAMEWORK

Evolutionary Mindset:

- Although our core ideology is fixed and permanent, how we execute upon it is forever changing.
- Encourage constant discourse and experimentation to find the best solutions to everyday business problems.
- Business processes will be subject to lots of iteration and analysis - the best systems aren't just built, they continuously evolve.

OUR OPERATING FRAMEWORK

Evolutionary Mindset (cont'd):

- Feedback System:
 - Management encourages constant employee feedback, and will provide the same to employees.
 - Bad news or negative issues must be raised immediately - our focus is fixing the problem, not assigning blame.
- An evolutionary culture must include a two-phased process - development and testing.
 - We try lots of new things on a small scale to gather feedback in an effort to identify what will work best on a larger scale.
 - We develop, test, evaluate, then implement improvements to evolve our business process.

OUR OPERATING FRAMEWORK

Algorithmic Operations:

- Most processes can be scripted through checklists or proper procedures.
 - The most refined process with the best following of the procedure is going to produce the best outcomes.
- Process, gather feedback, alter.
 - Process doesn't have to limit problem solving or creativity, and following the current process is never an excuse for not implementing a better idea.
 - The process for updating our procedures is to develop, test, evaluate, and if successful or an improvement on the old way, to then implement on a larger scale.

We must accept there will always be a high level of disorder, but we always try to reign it in through good process.

OUR OPERATING FRAMEWORK

Zero Management Debt:

- Objective is always to reduce the total amount of work needed to accomplish a task.
 - Do not take the easy way today when it creates more work for you or someone else tomorrow.
 - Be cognizant of excess work your actions create for others within DRG.
- Use of managerial leverage – what tools can you use or efficiencies can you introduce that minimize the total amount of work?
- Always do things that may have short-term drawbacks, but long-term advantages
 - The long-term advantages accumulate over time.
 - Because they are hard to do, our competition is less likely to do them, further contributing to our advantage.

OUR OPERATING FRAMEWORK

Constantly increase value add:

- We must improve faster than the world. Every day, we will either increase our relative advantage, or it will shrink.
- Adopt a mindset to provide ever increasing benefits to society for a long-term vision.
- Otherwise, companies die over time as they provide less and less to society.

OUR OPERATING FRAMEWORK

Customer Experience:

- Customer and stakeholder experience is paramount - Always consider the experience from the perspective of our customers or stakeholders.
- Eliminate all major bad experiences.
- Do not worry about all of the small bad experiences.
- Provide some peak 'WOW' experiences, including a good send-off when a customer relationship changes or comes to an end.

The objective is not to be 'complaint-free', but to have the salient memory be excellent.

CONSTANT PERSONAL & PROFESSIONAL GROWTH

The company improves because our team improves

CONSTANT PERSONAL & PROFESSIONAL GROWTH

Continuous Improvement:

- Apprentice yourself in failure.
 - When a machine malfunctions, you do not take it personally, as it is a blessing in disguise. These issues generally show you inherent flaws and means of improvement.
 - The same view should be taken of yourself and your own mistakes.
- People often get their most creative when under extreme pressure or deadlines. Don't compromise with convention, influence everyone around you to make it happen.
 - We are constantly pushing ourselves and the people around us to do better than their personal high-water mark.
 - Relentlessly expect yourself and your peers to perform beyond their capabilities. Everyone will.

CONSTANT PERSONAL & PROFESSIONAL GROWTH

Output Focus:

- All decisions are the result metric-driven analysis.
- Transparency in operations based on accurate data will only increase personal and company performance over time.
- The requirement to record and track data, analyze and interpret is fundamental to everyone's job.
- Collaboration between managers and employees, testing and revision is key to determining the proper output measurements.

CONSTANT PERSONAL & PROFESSIONAL GROWTH

Indicators as a Key Tool:

- A genuinely effective indicator will cover the output of the work, not just the activity involved.
 - What is measured should be a physical, countable thing. For instance, what is the occupancy of a given property manager's territory?
 - Their paired counterparts should be quality indicators. What is the level of delinquency or number of evictions?
 - This also has the effect of making groups comparable and triggers competitive spirit.
- When monitoring indicators, you need to pair them to see how a change in one impacts the other.
 - For instance, reduction in inventory needs to be compared with frequency of shortages, etc.
 - A quantity-oriented metric always needs to be balanced with a quality metric.

CONSTANT PERSONAL & PROFESSIONAL GROWTH

Training Focus:

- Training should be a process, not an event. It should be systematic and scheduled, and a normal part of operational activities.
- Two different types of training:
 - Teaching skills that enhance job performance.
 - Teaching new ideas, principles, or skills to present members of the organization.

CONSTANT PERSONAL & PROFESSIONAL GROWTH

Motivation:

- When people aren't doing a specific task, it's either because they can't, or they won't. They either lack the skills or they aren't motivated.
- Can't do it for someone. Must provide an environment where motivated people can flourish.
- If people are properly trained, there is no excuse for not being motivated.
- Intrinsic motivation is required to work at DRG.

Doing your best work for its own sake is what separates excellent from average.

COMPANY STRUCTURE

How we build the system

ORGANIZATIONAL BUILDING

- Avoid global strategy, seize the opportunity.
 - Although we do not have a focused corporate strategy, we will seize opportunity when it presents itself.
- We focus on building the system to capitalize on available opportunities.
 - We will, however, continue to set and work toward “reach” goals in each business unit.
 - Consistent realization and resetting of reach goals is how excellence compounds.
- Products and services sold and provided by the Company are fuel to perpetuate the business and its ever-increasing value-add to society.
 - The business does not exist to serve its customers, but to serve itself.

The primary consideration is not the tangible day-to-day business, but the collective contribution of everyone in building the company itself as the greatest achievement.

MARKET BASED RESOURCE ALLOCATION

- Focused distribution of resources is the key to preventing imbalance and poor resource allocation.
 - For a business to create value in society, it's employees must create value for the business. Any employee who is not contributing to value creation is undermining the business's ability to do so.
- Profit Centers:
 - Identifying and efficiently creating profit centers at the lowest practical level can provide substantial competitive advantage, and will provide important data.
 - The more granular data we have about the performance of various business units, the better decisions we will be able to make over time.
- Profit centers consist not only of the activities necessary to produce, sell and deliver products to an outside customer, but supporting activities, such as accounting and human resources.
 - The objective is not to maximize service offering, but efficiently balance service, contribution, and cost.
 - Internal support services, without oversight, tend to maximize service rather than their contribution to profitability.

ADVANCEMENT & PROMOTION

- Rigorous up-through-the-ranks focus. Only look external when no internal option is available.
 - Incentive and advancement criteria explicitly linked to fit with the corporate ideology.
- Public recognition for those who display great effort consistent with the “DRG Way”.
 - Penalties or termination for those who don’t.
- High performance people do better work if they understand the context – “always detail the WHY”.
 - The best managers get great outcomes by setting up the appropriate context, rather than trying to control people.
 - Three men were on the side of the road breaking stones. The first said of his work, “I’m breaking stones”. The second said, “I’m making a living”. The third said, “I’m helping to build cathedrals”.

It is the contribution to customer and shareholder success that is the most rewarding part of working for DRG.

COMPENSATION

- Determining market value for each individual contribution:
 - What could this individual get elsewhere?
 - What would we pay for their replacement?
 - What would we pay to keep this individual if they received a bigger offer elsewhere?
- Goal is to keep each employee at top of market for that person.
 - Pay them as much or more than anyone else likely would.
 - Pay them as much as a replacement would cost.
 - Pay them as much as we would pay to keep them if they received another offer.
- Annual compensation review is market based.
- Essentially re-hire each employee, each year for purposes of compensation. Answer the first three questions for each person to determine their market value.
- No raise pools or fixed increases. People can move up or down according to their value. This model prevents people from getting over or under paid over time.

Don't compare internal parity. Focus on external market value. Fairness in compensation is being true to the market.

RECRUITING STANDARDS

- Extremely high recruiting standards.
- No filling vacancies unless they raise the average of the company.
- Be patient for the right people, even if the need is immediate.
- Indoctrination to the "DRG Way".
- Orientation and training programs that teach values, norms, history and tradition.
- Ongoing monitoring and support to integrate new employees into the "DRG Way".

Only interested in people who are looking to join something special
for the long term