Innovation Practices in Property Businesses: A Family Enterprise Case Study

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Abstract: Innovation is about developing new ways to improve productivity and quality of service and achieve business goals and objectives. It is becoming critical for property enterprises to innovate and work smart to scale up and stay ahead of the competition. This could be achieved by utilising digitalisation and Artificial Intelligence (AI) to support management activities, streamlining investment ventures, or opening new venues for cost-effective solutions. It is becoming essential for property SMEs to ensure that they deliver on time, meet the regulations' requirements, and their customers' demands, and achieve their business goals. New innovative products or services could disrupt current property business activities and operations, and present new challenges for SMEs. Moreover, innovation can help property businesses implement smart methods and new, more efficient procedures in their operations and add value to their products and/or services that can lead to high returns. This paper introduces our family business innovation framework and system, which was adapted from Kashny et al. (2015). Our enterprise uses an innovation strategy to support the business teams in implementing the necessary tools and systematisation and achieving strategic advantage while managing risk. This helps us deal with business management and financial challenges, market changes, and unexpected circumstances. The lack of planning and strategy could impact the business, generating revenues and maintaining growth. This paper presents the entrepreneurial aspects of applying innovative solutions to property enterprises' business management and operations. It aims to introduce a real-life case study about some of the challenges property enterprises face in general and Anzar Property Group in particular. The paper will present ongoing entrepreneurial activities in a family-owned business that specialises in the residential property business. It will also show the innovation process and practices applied by Anzar Property Group in its entrepreneurial business activities, operations, and development.

Keywords: Innovation practices, Innovation and entrepreneurship in property businesses, innovative solutions for property asset management

1. Introduction

Nothing remains fixed forever, and businesses are not exceptional; business leadership and members change, innovation systems and strategy change, and in family businesses, newborn members of the business founders arrive, other members die, and relationships and responsibilities develop and change. Despite all those possible changes, certain elements, such as parents, brothers, sisters, cousins, etc., do not change in the family enterprise. Innovation is a continuous process, as relying on one innovative method is insufficient to deal with business leadership and strategy change, and for long-term progress and sustainability. Innovation is not just about making change but about balancing progress and change, for example, using the business heritage and accumulated knowledge in the family enterprise and the ability to offer new services, products, or business systems and processes (Howorth and Robinson, 2021). Innovation is not about using advanced technology such as AI. Still, it happens at various levels of the 4Ps - process, product, position, and paradigm, using two approaches to innovation, as follows (Tidd and Bessant, 2015) (Howorth and Robinson, 2021):

- Radical innovation affects the principal nature of the business model or function, leading to a thorough change in its strategy or operations.
- Incremental innovation involves minor changes to current business practices or activities, making it the preferred approach by family businesses.

Figure 1 shows our innovation framework developed over the years to help us follow a disciplined approach supported by clear six steps for innovation, as follows:

1. Ideation: Brainstorm business needs, observe challenges, and identify gaps in the market and potential technology tools.
2. Articulation: Formulate a business strategy that meets the business goals and objectives.
3. Experimentation: Identify critical functions to be performed and necessary tools to utilise, and develop a prototype for demonstration.
4. Contribution: Allocate necessary financial and/or in-house resources to develop a working technology and arrange for licensing and IP (intellectual property) if required.
5. Evaluation: Test and validate the developed technology in an operational environment.
6. Commercialisation: The qualified developed technology is ready for marketing and selling to potential customers.

Figure 1: Innovation Framework

As part of the innovation framework, businesses should have an innovation system to allow them to develop a clear innovation strategy to help them grow and compete. An innovation system consists of four main elements, as shown in Figure 2. Family businesses need to develop an innovation strategy to help them determine what they need to achieve. The strategy includes an innovation plan, direction, and aims and objectives, which should align with the family business objectives. The innovation strategy must cover the innovation and business challenges that must be dealt with, the required resources, and the actions to take. An innovation model represents and visualises or conceptualises the innovation strategy, making it more straightforward for all business members and stakeholders. The innovation process describes the main actions to be taken to help the family business achieve its innovation goals and objectives. Innovation tools are necessary to implement the innovation process, execute its actions, perform specific tasks, and put the selected actions into practice.

2. Innovation in Property Management Business

Integrating innovation in property management is changing the property facility management and operations, making systems and processes more effective and efficient. Tenants' demands for quality living have increased, adding extra pressure on property businesses to adopt modern innovative home appliances and management practices. With the introduction of innovative solutions such as AI, data analytics, IoT, etc., the property management procedures and mechanisms have been transformed recently, redefining the property management business as follows:

- Smart homes: Digital technologies have been introduced to support property managers or tenants in making data-driven and informed decisions, optimising their properties' performance.
- Automation: Smart devices such as IoT have been used to allow property managers to monitor the condition of their properties remotely, identifying issues such as moisture or humidity or specifying malfunctioning apparatus early before problems escalate, promoting sustainability and energy-efficiency solutions.
- Management platfroms: Many onine property management application platforms, and tools have become available to property managers. These applications allow managers to receive repair reports from their tenants and interact and communicate with them, enhancing the tenants' experiences.

Family property businesses that take innovation seriously can achieve strategic advantages while managing risks. Therefore, organisations cannot stand still while the business landscape and markets continuously change. This section delves into the importance of developing an innovation strategy and the implications for businesses lacking a plan and strategy for dealing with market challenges. An innovation model has been developed to align with the developed innovation framework and strategy. This model has been designed to translate the strategic framework and vision into tangible results. This is to ensure that the innovation strategy has been properly executed. The model has six business elements designed to address the above business challenges. Each aspect is addressed individually and supported by the necessary systems and processes using AI technologies. AI has revolutionised numerous industries and sectors, and the real estate sector is no exception. It presents property

business entrepreneurs and start-ups with unique opportunities to innovate, disrupt the property industry, and develop innovative solutions in a competitive market. However, this disruption poses new challenges, particularly in understanding and utilising AI to establish 'smart' businesses.

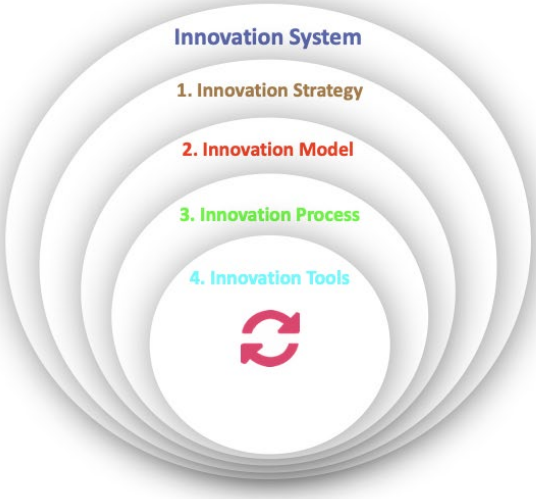

Figure 2: The innovation system adapted from Kashny et al. (2015)

AI techniques, particularly machine learning, can transform the real estate market and offer practical tools to address specific challenges. For instance, their integration can lead to more precise property valuations, enhanced service quality, and improved customer experiences. Technological advancements in AI will reshape the roles of real estate businesses, including asset management, property development, and estate agents. Our AI-based innovation model, depicted in Figure 3, encompasses six critical activities within the company. This model aligns with our innovation framework and business strategy for expanding our property portfolio. Despite the challenges of family businesses, business members' involvement plays a significant role in implementing the innovation strategy and its model (Cioca et al., 2020). Innovation can be streamlined smoothly, as the decision-making process is often quick in a family business environment, despite the challenges of business and family relationships. The innovative solution model presented is at a proof-of-concept stage but is evolving. However, regardless of the model and size, leadership plays a significant role in shaping its future development, pushing innovation and creativity to help growth and ensure success despite any challenges.

3. Innovate Process

An innovation process is essential for any business aiming to grow fast; without it, the innovation framework and model become less effective. The innovation process needs a clear development plan with specific milestones from setting goals to launch. This section introduces the entrepreneurial aspects of applying innovative solutions to Anzar Property's business management and operational activities. It aims to introduce a real-life case study about family business challenges during ongoing entrepreneurial activities and property development. This section presents the innovation process and practices applied by Anzar Property Group in their enterprise and entrepreneurial business operations.

The innovation process specifies key methods, procedures, actions, and necessary resources such as AI tools. AI has radically disturbed many industries and sectors, and the real estate sector is not an exception, offering opportunities to and allowing property business entrepreneurs and start-ups to innovate and develop intelligent solutions in a competitive market. Moreover, this disruption brings new opportunities and challenges for entrepreneurs in dealing with AI technologies and establishing their 'smart' businesses. However, innovation might involve adopting a new business strategy or business model to

1. pursue new opportunities for potential growth,
2. address market challenges or
3. satisfy business needs.

Figure 3: Anzar Property Group Innovation Model

AI tools like machine learning can support property developers, professionals, and investors in assessing the property market, evaluating prices, developing projects, planning, and improving the customer experience. Many new tools have redefined the role of real estate businesses, e.g., asset management, buy-to-let companies, and letting agents or estate agents, which will develop and change accordingly due to AI disruptions. Using the innovation model, we created a high-level innovation process to address the above challenges, comprising six critical activities and primary services presented previously.

3.1 Data Analysis and Strategy

Analysing the current property markets and assessing the demand and supply levels in different geographical locations is essential in the real estate business. Property developers and investors must have such analytics and reports to make informed decisions. To achieve that, they can rely on intelligent systems and tools to help them understand the market needs and potential investment opportunities, manage the risks, and then make such vital decisions. AI predictive analytics tools analyse different markets, stay current with market trends, predict market responses to economic events, and detect unusual anomalies. Figure 4 presents a general AI model for analysing property deals available on the market and the appropriate investing areas and strategies. Applying AI mechanisms and learning models can help predict property prices and future changes in market behaviour.

3.2 Finance

Before investing in properties and new development projects, it is essential to ensure the growth and success of the investment through either income generation, acceptable targeted profit margins, and/or capital appreciation. Using intelligent finance tools supported with AI algorithms, offers investors and property brokers different useful tools applicable to digital mortgage brokering, online access to capital, and numerous types of loans. Accessing digital or online mortgage brokering services is becoming vital for property developers and investors, as it provides access to capital and offers different kinds of credit. Moreover, auto search tools for the best suitable mortgage products offer comparison platforms and options for borrowing beyond banks, providing an efficient, transparent mortgage/loan application process that speeds up lending. Furthermore, such intelligent technologies help find and close the best deals faster, eliminating intermediaries and reducing costs.

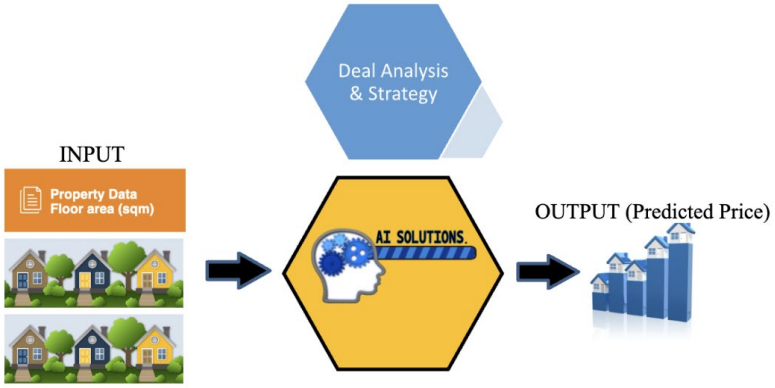

Figure 4: AI Model for Deal Analysis and Business Strategy

3.3 Legal

Managing and processing legal documents such as conveyancing and mortgage reports, loan agreements, and tenancy contracts are essential for any property purchase process. Blockchain technology is a platform capable of processing smart contracts and managing and electronically signing property-related legal documents. It is a decentralised system capable of verifying identities using the personal digital key to authenticate and authorise a smart contract or transaction (Wu, B. and Wu, B., 2023). Using the blockchain and smart contracts can improve the contract management process, speed up the transaction process, ensure transparency, and avoid extra costs. It conducts background checks for all participants to access the innovative contract process and perform secure transactions, reducing the risk of tampering with contract documents, identity theft, or fraud. The blockchain can transfer and record transactions and real estate titles, and perform background checks on all entities involved in a contractual agreement.

3.4 Property Development

Managing the development planning stage and project development life-cycle digitally using innovative tools such as Building Information Modelling (BIM) can streamline property development projects. BIM can simulate the planning and development process and visualise all the milestones of construction projects. Property developers could use innovative simulation tools to design buildings and floor plans, estimate costs, and analyse them before and during construction activities. Moreover, smart buildings can be designed using immersive technologies and 3D design tools and developed and built using 3D printing services supported by data sensors and IoT devices at different construction site locations. This technology can ensure site safety and track people's movements.

A Gen AI application using a GPT model has been developed to help property developers develop appropriate real estate projects, analyse property deals, market assessment, commercial property conversion plans and projects, and cost estimates of such development projects. The developed application is a GPT-based AI-powered property Consultant using ChatGPT to support property investors and professionals with multiple built-in features that can interact with the backend GPT model, analyse the user's input(s), and provide the necessary output(s). The following section details the application prototype and its main features. Figure 5 shows the predefined prompt options and an input field, allowing the application users, such as property investors, to use those prompts and select a specific service or input their own prompt utilising the application's input field. Figures 6 and 7 present sample outputs of the AI-powered property consultant, showing the planning consideration and proposed conversion layout for residential flats. It offers an option for converting a large office building into multiple smaller flats. The application is designed to help them analyse residential or commercial properties, property locations and markets, and obtain information about converting large properties into multiple smaller flats or houses or both, as follows:

- Analyse any property market using SWOT (Strengths, Weaknesses, Opportunities, and Threats) and PESTEL (Political, Economic, Social, Technological, Environmental, and Legal) analysis.
- Identify supply and demand levels for residential or commercial properties in a specific region or country.
- Get information about commercial property investment opportunities and options.
- Get information about property use classes in the UK and building conversion options.
- Design options for property conversion, such as commercial-to-residential conversion projects.

- Evaluate and optimise the property conversion design process to efficiently use the space, offering cost-effective solutions.

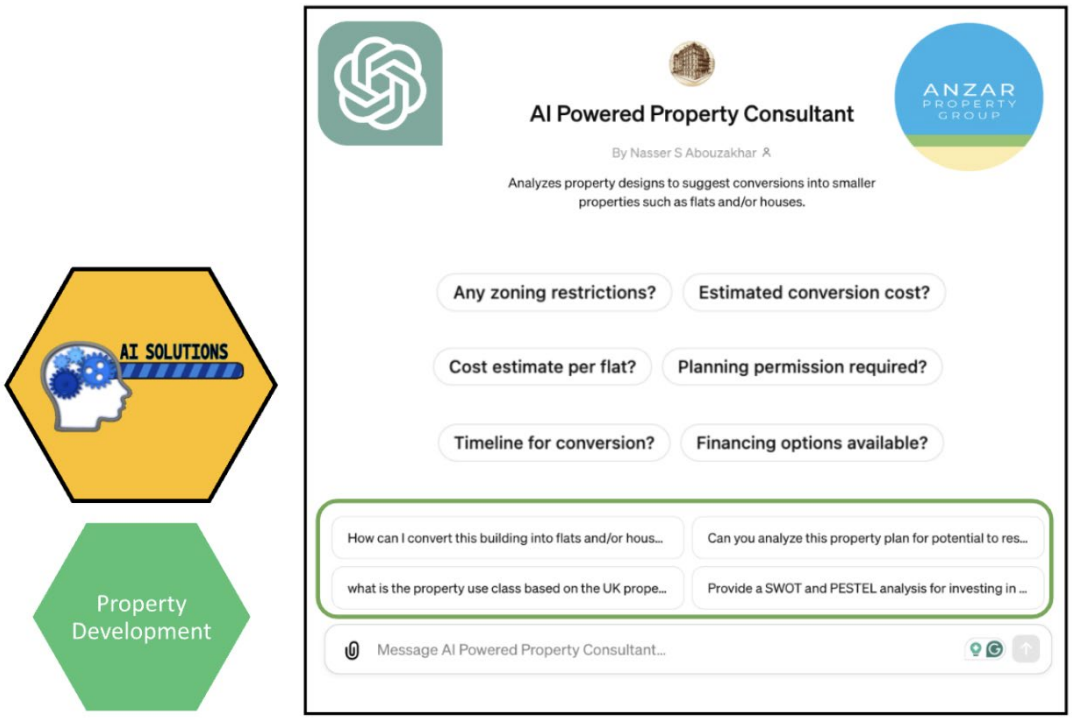

Figure 5: AI-Powered Property Consultant

3.5 Asset Management

Asset management ensures the growth and success of investments through income generation and capital appreciation. At Anzar Property Group, asset management uses various tools to support property and facility managers in carrying out their duties effectively. Asset managers can use AI tools to monitor the performance of property portfolios, stay current with market trends, make critical decisions, and mitigate risk on behalf of investors. This includes two main activities.

- Property Management: Online marketplaces help find potential tenants; with the support of chatbots, unqualified applicants can be identified and filtered, and the same chatbot can preliminarily assess those tenants, and then successful applicants are selected, as shown in Figure 8. Such innovative tools support managers in improving their properties' occupancy rates using cost-effective solutions. Auto-filling tools help prepare tenancy agreements to support property managers in adequately managing their contracts and property portfolios. Autofilling applications use standard templates for tenancy agreements to complete all relevant fields, preparing the contracts for digital signing by the appropriate parties. The tenancy agreement lifecycle is automated via the blockchain to verify all involved parties. The contract can be signed securely online by the letting agent and tenants and recorded in the blockchain. Furthermore, chatbots and online tenancy agreement tools help property managers and potential tenants overcome geographical barriers.

1. Planning and Use Class Considerations

Change of Use: Class E (Office) → Class C3 (Residential)

Under **UK planning law**, converting an office (Use Class **E**) into residential flats (Use Class **C3**) can be done via:

✅ **Permitted Development Rights (PDR)** – If the building qualifies, planning permission may not be required.

✅ **Full Planning Permission** – If significant external changes are needed, such as altering windows or extensions.

Permitted Development (PDR) Key Conditions

🔹 The building **must have been in Class E (office) use on or before 1st September 2020**.

🔹 **Minimum residential unit size**: 37m² (398 ft²) per flat (as per **NDSS - Nationally Described Space Standards**).

🔹 Adequate **natural light** must be available in all habitable rooms.

🔹 **Fire safety compliance** (especially if the building is over **18m high**).

🔹 **Noise insulation** between flats and external noise sources.

🔹 If it's in a **conservation area** or **flood zone**, special permissions may be needed.

Based on the **existing structure**, this office plan is **well-suited** for conversion, as it has:

✅ Multiple separate rooms (offices) that can become bedrooms.

✅ Central corridor access, ideal for dividing into flats.

✅ Existing plumbing (toilets and kitchen areas), reducing major renovation costs.

Figure 6: AI-Powered Property Consultant Output Showing Planning and Use Case Considerations

2. Proposed Residential Conversion Layout

Current Building Dimensions

- **Total Width:** 73 feet (~22.25m)
- **Total Depth:** 45 feet (~13.7m)
- **Existing Rooms:** 10 offices, 2 bathrooms, conference room, snack area.

Proposed Layout: 4 to 6 Flats (Mix of 1-Bed & 2-Bed)

We can reconfigure the space to create **4 to 6 self-contained flats**, ensuring each meets UK **space and building regulations**.

Flat Type	Suggested Layout	Size
Flat 1 (1-Bed)	Bedroom, Living/Kitchen, Bathroom	~42m² (450 ft²)
Flat 2 (1-Bed)	Bedroom, Living/Kitchen, Bathroom	~39m² (420 ft²)
Flat 3 (2-Bed)	2 Bedrooms, Living/Kitchen, Bathroom	~55m² (590 ft²)
Flat 4 (1-Bed)	Bedroom, Living/Kitchen, Bathroom	~37m² (398 ft²)
Flat 5 (Studio or 1-Bed)	Open-plan Living/Sleeping, Kitchen, Bathroom	~35m² (380 ft²)
Flat 6 (Optional)	Small Studio or Storage Area	~30m² (320 ft²)

🔹 **Conference Room (16′ x 12′)** → Can be a **studio flat** or part of a 2-bed unit.

🔹 **Existing Office Spaces (11′ x 21′, 16′ x 11′, 15′ x 11′)** → Ideal for 1-bed flats.

🔹 **Existing Bathrooms (7′ x 6′)** → Can be converted into **en-suite** or shared bathrooms.

Figure 7: The Proposed Conversion Layout for Residential Flats

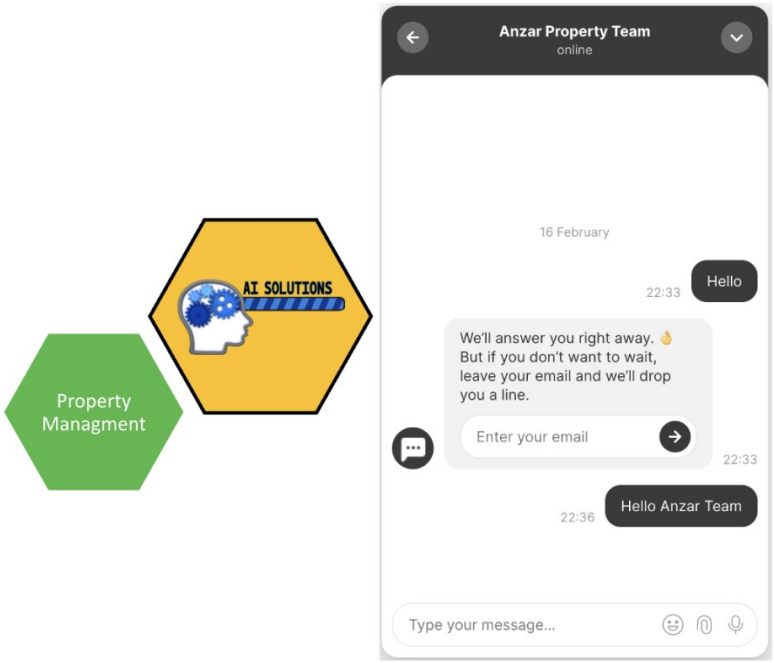

Figure 8: Chatbot

- Facility Management: The facility manager can use smart tools and applications to monitor and optimise efficiency, control costs, assess property usage, and report to the property owner in real-time. This helps to optimise regular checks and routine maintenance, anticipate repairs, and respond to problems and breakdowns in the property. Moreover, it reduces the workload of the facility manager and their maintenance teams, ensuring transparency and better communication to carry out management duties and minimising costs. AI enables buildings to become smarter using sensors and IoT devices, collect data from various essential locations and facilities, and allow facility managers to monitor the performance of their properties remotely. IoT devices are used for real-time data sharing, data transfer, and vital data communication and analysis, as shown in Figure 9. This helps facility managers detect issues in property facilities and apparatus, such as moisture, condensation, or dampness, as early as possible, avoiding damage to property facilities, unnecessary repairs, and additional costs. IoT devices and sensors can offer invaluable support to facility managers in optimising their property facilities and ensuring a quality of service to their tenants.

Our management team will be responsible for developing a strategy for managing this innovation process. Promising ideas are discussed and documented during the weekly board meetings to plan the implementation and actions for monitoring, controlling, and testing activities with proper risk assessment. The management team must ensure the following:

- Leverage family business culture to foster an environment where innovation thrives, and all the management team members are on the same page regarding the innovation strategy.
- Identify innovation and technology trends and understand relationships and interactions within the innovation management process.
- Develop a strategy for implementing the innovation model and workflow, and allocate tasks to those involved at each stage of the innovation process.
- Ensure that critical business systems, processes, and customer services are appropriately managed to positively impact productivity.
- Ensure awareness about ongoing innovation projects and accurate reporting to top management to enhance decision-making.
- Follow through on subsequent steps of the innovation process effectively, ensuring that they are implemented efficiently and effectively using the available resources. This will allow business management to achieve the desired innovation and tangible results for long-term success.

- Review the current innovation framework and model design regularly to help prepare our company for new and unforeseen challenges. Identify innovation case studies, whether online resources or successful stories, to help improve our innovation solution model.

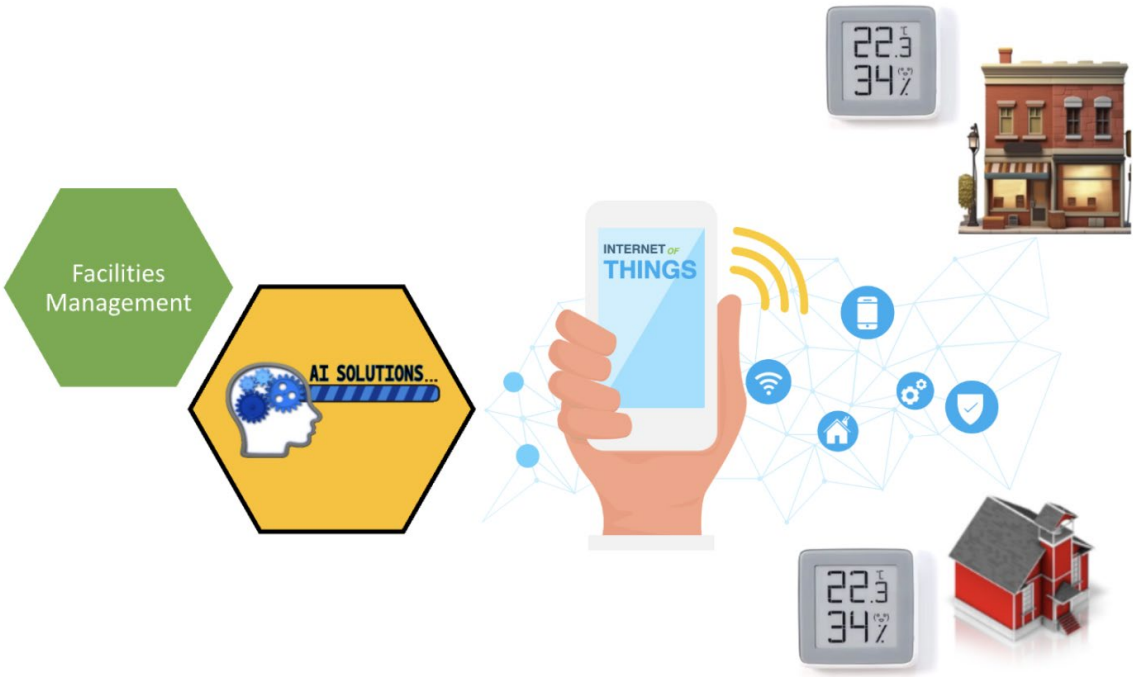

Figure 9: Using IoT Devices for Facility Management

4. Discussion

Innovation can help property SMEs improve their productivity and efficiency using appropriate innovation frameworks and systems. Property businesses can achieve their goals by developing an innovation process with the necessary procedures and taking action. AI technologies are becoming accessible, offering cost-effective innovation solutions for property business managers to support operations and facilities management activities, leading to high returns. Adding value to property portfolios is essential for Anzar Property SME to deliver on time, meet business requirements, and achieve better returns. An innovation framework, system, and growth model have been presented, showing the importance of following a disciplined approach to implement the right tools and deliver consistent results to scale up. An innovation process developed by the Anzar Property Team using various digital and AI technologies was introduced.

Relying on one innovative method is insufficient for long-term progress and sustainability. Innovation is not about using advanced technology only. Still, it can happen at various levels of the 4Ps - process, product, position, and paradigm, using two approaches to innovation: Radical innovation leads to a thorough change in the business strategy or operations, or Incremental innovation implies minor changes to current business practices. Nothing remains fixed forever; business members change, leadership and innovation strategy change, and business members' relationships and responsibilities develop and change. Innovation is a process that needs to be updated to deal with changes in business and innovation strategy, and new challenges appropriately. With the support of necessary tools and systems, this innovation process helped Anzar Property Group improve service quality, deal with business management challenges, and grow.

5. Conclusion

Innovations using AI technologies have opened new avenues for smart activities and cost-effective solutions, saving time and money for start-ups and established enterprises. The paper presented a real-life case study of multiple innovative property tools and facility management solutions. It introduced an AI-based innovation model for a property business comprising six primary services: data analysis and strategy, Finance, Legal, Property Development, Property management, and Facility management. This model was presented as part of the innovation system developed by Anzar Property Group, which includes an innovation process applied in the company's property business and entrepreneurial operations. An AI-powered Property Consultant application prototype was developed in-house to support property developers, investors, and professionals in developing successful projects using GPT features. The application prototype helps users analyse property markets in

different geographical areas, including demand and supply levels, and offers business opportunities for different development strategies.

The innovation model was developed to support Anzar Property Group in improving the quality of its operations, managing property business processes, and maintaining effective service delivery. Such support is essential for property businesses to minimise costs and ensure service quality. The innovation model plays a significant role in business growth and investment success, staying with market trends and mitigating risks. Implementing the proper innovation process can help property business leaders and managers make informed decisions about property deals, development, and significant property projects, providing cost-effective development projects. With the support of necessary tools and systems, this innovation process helped Anzar Property Group improve service quality, effectively manage its property facilities, deal with business management challenges, and grow.

Ethics declaration

The author did not need ethical clearance for the research referred to in this paper.

AI declaration

The author used OpenAI ChatGPT to develop the AI-powered property consultant prototype shown in Figure 5 and its generated outputs in Figures 6 and 7, which are described in this paper.

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