

Why Does Maintenance Seem So Expensive?

As property managers we hear or feel this from time to time. This article serves as an educational piece on what goes into providing a maintenance service and provide you with an understanding of this side of the business.

WE HEAR VARIATIONS OF THESE THREE STATEMENTS FROM PROPERTY OWNERS:

I can hire a person for \$25-\$35 per hour. Your rates seem high.

I just think the maintenance bill is expensive. It should be less.

I'm spending too much on maintenance. It is more than I planned.

Let's unpack the important relationship between property management and maintenance to enhance our understanding of what maintenance service is.

WHAT DOES MAINTENANCE PROVIDE?

CAPACITY TO ACT QUICKLY. Technician recruiting, training and management to provide flexible human technician capacity to meet the constantly varying demand to deliver an appropriate response time for tenants.

SKILL AND WILLINGNESS TO FIX ANYTHING.

- Our technicians have many years of multi-trade experience.
- We have a strategic mix of technicians, laborers, and carpenters to execute tasks.
- We have project managers that maintain relationships with local vendors and service providers that we hire and trust.
- We work with qualified professionals that maintain licenses and insurance.
- The volume of work we provide our network of vendors garners us a priority status so that when weather hits the fan, they will choose our call over others.

EMERGENCY RESPONSE 24/7/365. We have a system to receive, coordinate, and respond to tenant requests day or night. This requires several systems:

- Software
- A skilled full-time coordinator
- An after-hours call service (which is expensive)
- A technician on-call system (which we pay technicians extra for)

STREAMLINED HANDS OFF OWNER COMMUNICATION AND ACCOUNTING. This is a complete service where the client can be completely hands off.

- No receipts to manage, bills to pay or accounting to add up
- No vendors to hunt for or haggle with
- No tenants to argue with

CUSTOMER EXPERIENCE. We measure our service with surveys to every tenant to get constant feedback on how well we're doing from their perspective.

- We monitor our surveys weekly and follow up with any tenant who gives a low score so that we can address concerns and improve our process.
- We maintain an average rating of 4+ out of 5. According to our tenants, our technicians are friendly, courteous, and do a good job.

MAXIMS:

OUR VALUE IS NOT ACCOMPLISHING THE TASK AT HAND. IT'S ACCOMPLISHING ANY TASK YOU HAND US.

- The value in our willingness and ability to take on anything is peace of mind for the property owner allowing them to be hands off.

PAYING A VENDOR THEIR RATE.

- A cheap vendor that is slow, is not a cheap vendor. Experience is worth dollars per hour.
- A cheap vendor that can't fix everything and won't be available to answer a tenants call 24/7/365 is not a viable comparison.
- Dedicated availability and a multi-faceted skillset is worth dollars per hour.

RECAP:

MAINTENANCE COSTS MONEY. IT'S NOT JUST MAINTENANCE, ITS MAINTENANCE EXECUTION + MAINTENANCE MANAGEMENT + ACCOUNTING + TENANT COORDINATION.

Maintenance requires a financial understanding of maintenance expenses on the front end.

- Housing that is 50+ years old (everything has gone through its initial life cycle and is at some stage of replacement) will spend 10-12% of rent on routine maintenance and another 10% for larger capital improvements.
- 20% of rent for maintenance and capital improvements is normal expense for this age of property.

A CHALLENGE THAT VALIDATES OUR VALUE:

I challenge anyone to find a company in our market that provides what we do for less or can even just match what we do - period. They need to do these 5 things:

1. Provide 24/7/365 tenant response.
2. Will take on any task or request and has the breadth and depth of expertise and vendor relationships to do so quickly and efficiently.
3. Communicates every request, and invoice directly to owners.
4. Will seamlessly coordinate directly with your tenants.
5. Measures tenant satisfaction and quantify tenant performance with objective data.

The truth is our maintenance program delivers a tall order that doesn't exist in the market. We do our service well, and it simply comes with a cost. Maintenance is not a significant source of profit for us. If we could hire another company to deliver everything, we need we would. Maintenance is a necessary service that we must deliver to provide the rest of our property management business services. There aren't any options for a comprehensive maintenance service in our market because it is hard to execute profitably. That is why we do maintenance, and why it is important for property management and maintenance to live in harmony.