The Property Manager's Ultimate Guide to Cutting Operational Costs

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Introduction

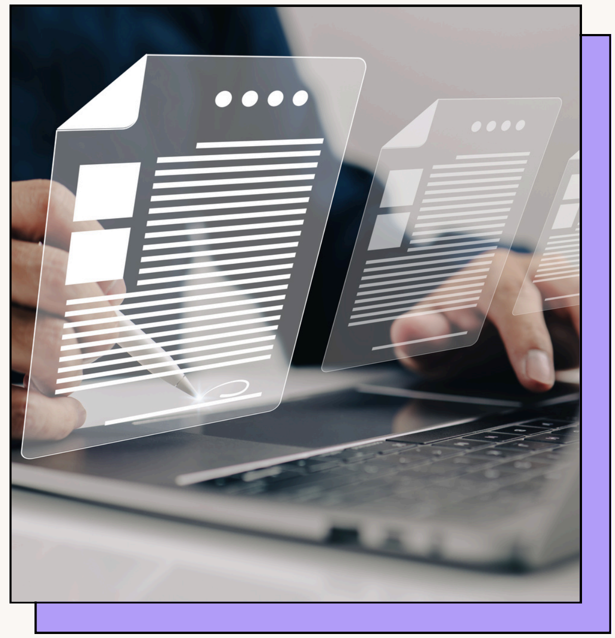
Managing properties effectively while keeping operational costs low is a challenging balance. As a property manager, you need to ensure tenant satisfaction, efficient maintenance, and minimized expenses. This guide provides actionable steps to cut operational costs without compromising service quality. By implementing these strategies, you can streamline your operations while boosting your bottom line, without having to sacrifice the resident experience.

Step 1:

Don’t Pay Service Providers Without Clear, Explicit, and Documented Approvals

Importance of Documented Approvals

In the fast-paced world of property management, maintaining clear and explicit documented approvals for service payments is crucial. Proper documentation ensures transparency and accountability, preventing unauthorized expenses and financial discrepancies. Documented approvals provide a paper trail that can be referenced in case of disputes or audits, safeguarding your financial interests.



Common Pitfalls and Risks

Without proper documentation, property managers face several risks:

- Unauthorized Payments: Payments made without authorization can lead to significant financial losses.
- Lack of Accountability: Without clear documentation, holding service providers or staff accountable becomes challenging.
- Disputes: Payment discrepancies can result in disputes with service providers, straining professional relationships and potentially disrupting services.

Step 1:

Don’t Pay Service Providers Without Clear, Explicit, and Documented Approvals

Practical Tips for Setting Up a Streamlined Approval Process

1. Implement a Standard Approval Workflow: Establish a standardized approval process for all service requests. This workflow should include steps for initial request, approval, and payment authorization.
2. Utilize Digital Tools: Leverage property management software to track and document approvals electronically. Digital tools ensure that all approvals are logged and easily accessible.
3. Train Your Staff: Ensure all team members understand the importance of the approval process and are trained on how to follow it. Regular training sessions can help reinforce these procedures.

Step 2:

Cut Labor and Overtime Costs by Handling Calls (and De-escalating Issues) with a Third-Party Call Center

Costs of In-House Call Handling

Handling tenant calls in-house can be expensive, especially when considering labor costs and overtime. Property managers often need to provide 24/7 availability, which can lead to significant overtime pay and increased operational costs. Additionally, managing an in-house call center requires dedicated staff, training, and infrastructure.

Benefits of Outsourcing Call Handling

Outsourcing call handling to a third-party call center offers several benefits:

- Cost Efficiency: Third-party call centers often operate at a lower cost due to economies of scale. This can significantly reduce labor costs and eliminate the need for overtime pay.
- 24/7 Availability: Call centers can provide round-the-clock service, ensuring that tenant issues are addressed promptly, even outside of regular business hours.
- Expertise: Professional call centers specialize in handling high volumes of calls and de-escalating issues efficiently, improving overall tenant satisfaction.

Step 2:

Cut Labor and Overtime Costs by Handling Calls (and De-escalating Issues) with a Third-Party Call Center

Improving Tenant Satisfaction

A third-party call center can enhance tenant satisfaction by ensuring that issues are resolved quickly and professionally. With trained staff and efficient processes, call centers can handle tenant concerns effectively, leading to higher satisfaction and retention rates.

Cost-Saving Potential and Case Study

Outsourcing call handling can result in significant cost savings.

The Joseph Group, located in Seattle, WA, was able to save $40K annually in operating expenses by leveraging Latchel. In addition, they've been able to save a substantial amount of time using Latchel's maintenance intake tool, going from 12-hours spent on maintenance daily to just 2 hours!

Ian Joseph,
The Joseph Group Founder

“We've been able to save around $40k annually with a streamlined maintenance operations."

Step 2:

Cut Labor and Overtime Costs by Handling Calls (and De-escalating Issues) with a Third-Party Call Center

Considerations for Choosing the Right Call Center Partner

When selecting a third-party call center, consider the following factors:

- Experience: Choose a call center with experience in property management. Experienced providers understand the unique challenges and requirements of the industry.

- Technology: Ensure the call center uses advanced technology for efficient call handling and issue resolution. This can include automated systems, CRM integration, and real-time reporting.

- Reputation: Check reviews and references to gauge the reliability and performance of potential call center partners. A good reputation indicates quality service and customer satisfaction. Latchel averages a 4.8/5-star rating in resident satisfaction.

Step 3:

Relentlessly Improve with One Simple Tool: The Theory of Constraints

Introduction to the Theory of Constraints (TOC)

The Theory of Constraints (TOC) is a powerful methodology for identifying and addressing the most critical limiting factor (constraint) that hinders a process from achieving its goals. In property management, TOC can be applied to maintenance operations to enhance efficiency, reduce costs, and improve service quality. By focusing on constraints, property managers can make significant improvements in operational performance.

Applying TOC to Maintenance Operations

1. Identifying the Constraint

The first step in applying TOC is to identify the primary constraint in your maintenance operations:

- Definition: A constraint is the most critical limiting factor that prevents your operations from achieving their full potential.
- Common Constraints: In property maintenance, common constraints include inadequate staffing, delayed parts, and inefficient scheduling.
- Identification Methods: Use data analysis (e.g., work order backlog, response times), staff interviews, and tenant feedback to identify the primary constraint.

2. Exploiting the Constraint

Once the constraint is identified, the next step is to maximize its output and efficiency:

- Strategies: Optimize staff schedules, prioritize urgent repairs, and implement a prioritization system for maintenance tasks.
- Examples: Cross-training staff to handle multiple types of maintenance issues and ensuring the constraint is consistently utilized to its full capacity.

Step 3:

Relentlessly Improve with One Simple Tool: The Theory of Constraints

3. Subordinating Other Processes

Align all other processes to support the constraint:

- Alignment: Streamline communication and workflows to prioritize the constraint, avoiding overloading it with unnecessary tasks.
- Examples: Adjust work order processes to ensure the constraint resource is not overwhelmed and coordinate with suppliers for timely delivery of parts and materials.

4. Elevating the Constraint

Invest in additional resources or process improvements to elevate the constraint:

- Actions: Hire additional staff, outsource specific maintenance tasks, implement new technologies (e.g., maintenance management software), and improve training programs for maintenance staff.
- Measurement: Track the impact of these changes on overall operations and cost savings.

5. Re-Evaluating and Addressing New Constraints

TOC is a continuous improvement process:

- Monitoring: Regularly monitor maintenance operations to identify new constraints.
- Reassessment: Use data and feedback to reassess and prioritize areas for improvement.
- Culture: Foster a culture of continuous improvement by encouraging staff feedback and holding regular reviews to discuss challenges and solutions.

Step 3:

Relentlessly Improve with One Simple Tool: The Theory of Constraints

Real-World Examples and Case Study

Applying TOC can lead to substantial operational improvements:

HomeRoom Coliving came across Latchel in early 2020 and has been a game changer for their maintenance operations. They realized early on how powerful Latchel's maintenance platform was when they had an emergency maintenance issue come in and Latchel was able to immediately dispatch a vendor within their budget and quickly resolve the problem, without HomeRoom needing to touch a single thing.

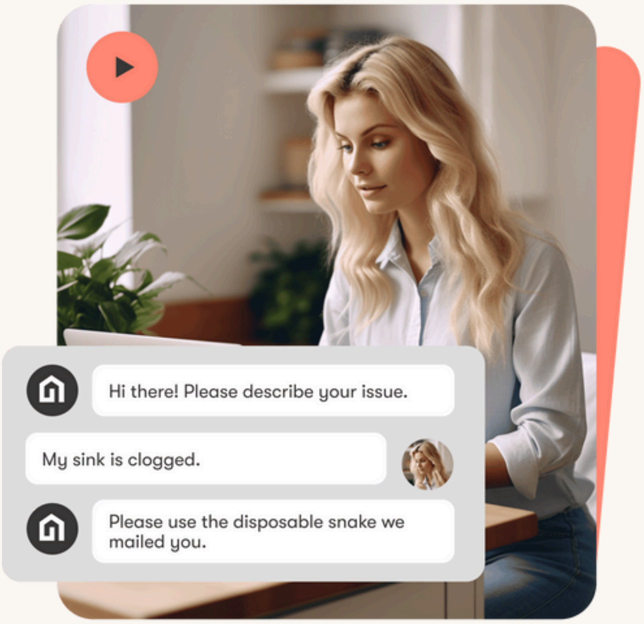
Johnny Wolff,
CEO of Homeroom

"I think we might have the best solution in property management in Latchel. What you don't want as a CEO is to be burning time on operations when you're driving for sales & revenue. Once we committed to Latchel, it changed the game for us."

Conclusion and Key Takeaways

Cutting operational costs in property management requires a strategic approach. By implementing documented approvals, outsourcing call handling, and applying the Theory of Constraints, property managers can achieve significant cost savings while maintaining high service standards. Start small, gradually implement these strategies, and foster a culture of continuous improvement to see long-term benefits.

About Latchel



Latchel is a software platform designed to help property managers be more responsive and offer better perks while creating a new revenue stream. Our platform enables property managers to cut operational costs and reduce maintenance expenses through our advanced intake system, expert troubleshooting, and diagnostics. We help you streamline your maintenance operations, enhance tenant satisfaction, and boost your bottom line.

Schedule a Demo Today

Ready to cut operational costs and improve your property management services? Schedule a demo with Latchel today to see how we can help you achieve your goals.

Schedule a Demo