

My Experimental Maintenance Company

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Disclaimers

- ▶ I consider our company a work in progress
- ▶ I'm not claiming to be a maintenance company expert



Objectives

- ▶ Show you how you can structure a maintenance company even if your pm company is too small
- ▶ Open your mind to a new way of thinking
- ▶ Identify some of the pitfalls to avoid
- ▶ Maybe provide some ideas for those that are maintenance company experts



Steve Schultz, RMP®

- ▶ Father was a carpenter
- ▶ Worked construction during college
- ▶ Mechanical Engineer
- ▶ Shell Oil Company – construction
- ▶ Investment properties – rehabs, fix and flips, etc.
- ▶ Broker and Owner of Blue Fox Properties



How It Began

- ▶ Lots and lots of BEER!
 - ▶ The social lubricant
 - ▶ Nectar of the Gods
 - ▶ How I know God exists
 - ▶ Whatever you call it...



How It Began

- ▶ Custom rental homes - Special project ideas - examples
- ▶ Handymen always disappear = opportunity
- ▶ Leverage great NARPM® relationships and convert to revenues
- ▶ NARPM® courses on maintenance



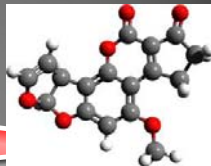
Our Business Model

- ▶ Separate company with different name – intent to work for other pm's from the beginning
- ▶ Partner = contractor's license (qualifying party)
- ▶ Blue Fox employees = admin support (1.5 factor)
- ▶ Commercial Cleaning and Restoration = labor (1.5 factor)
- ▶ No work = no overhead because of no actual employees
- ▶ Planned exit strategy
- ▶ Don't scale until we have it dialed in



Company Structure

- ▶ How I selected the name
- ▶ We are an LLC
- ▶ Ownership - 51%/49% - mediation plan built into our agreement
- ▶ I don't like partnerships, but it made sense



Our USP

- ▶ One-stop-shop – especially good for move-outs
- ▶ Licensed general contractor
- ▶ Insured – workers comp and liability
- ▶ Guaranteed work, quality work
- ▶ Uniformed employees
- ▶ Booties worn inside houses
- ▶ Employees that are drug tested & background screened
- ▶ Professionally operated with dispatch
- ▶ Fair Housing trained



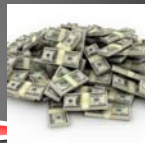
Hurdles/Challenges

- ▶ Competition – “Chuck and a truck”
- ▶ Property Managers are **CHEAP** and so are their owners! – short term thinking
- ▶ Software – be sure its designed for what you’re doing
- ▶ How to bill – time & materials, bids, unit prices
- ▶ Bidding like crazy = a lot of time



Lessons Learned

- ▶ Hourly rate x 3 = billable rate
- ▶ Sloppy tracking will eat your profits quickly
- ▶ **Nobody** knows how to value a company – at least not in Tucson, AZ
- ▶ Bigger dollar projects we are profitable, smaller stuff we need to adjust our model



Lessons Learned

- ▶ Not all property managers are a good fit for what we offer
- ▶ Other work is much more profitable than working for property managers
 - High-end designers
 - Private individuals
- ▶ We must accept credit cards for payment



Lessons Learned

- ▶ Our workmanship is great, our systems behind that work still need to be optimized
- ▶ One person needs to understand and review all invoices before they go to the client
- ▶ Combining two companies increases the level of difficulty dramatically



Lessons Learned

- ▶ Go learn from someone that has it figured out
- ▶ A trip to Charleston, SC
 - Use facetime to assist in diagnosing problems
 - Stock basic items on the trucks
 - Taking photos of receipts with iphones and emailing them to the office
 - Daily invoicing
 - Much, much more!



What's Next for Us?

- ▶ Re-designing our back end systems, especially our billing processes and procedures
- ▶ Re-allocating resources
- ▶ Looking for a better software solution
- ▶ Figuring out how to become more efficient – we should be hitting close to 45% net on gross versus 25% (neither partner is taking salary)

