

PROFITABILITY THROUGH PROFESSIONALISM



CLIFFDWELLERS
— REAL ESTATE —

Tony Cline RMP®

Profitability through Professionalism

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Cheeseburger

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Property Management Company

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Professionalism

- professional character, spirit, or methods.
- the standing, practice, or methods of a professional, as distinguished from an amateur.
- the use of proper methods and tools to perform a task.

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Professional

- a person who earns a living in an occupation frequently engaged in by amateurs: *a golf professional.*
- an expert, serving as a teacher, consultant
- a person who is an expert at his or her work

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Profitable

- making money

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Profit

- the monetary surplus left to a producer or employer after deducting wages, rent, cost of materials, etc.

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“The ability to earn a profit by using the methods of a professional, an expert, as distinguished from an amateur.”

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“Who am I and why am I here?”

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“Who am I and why am I here?”



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By designing (with Intention) the company that we want to be we can

- Provide better service through proper expectations
- Find new income streams
- Improve our overall profitability by fine tuning the things we already do.

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What's the first question other property managers usually ask when they start asking about our property management company?

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**“How many doors
do you manage?”**

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What should define our companies

**Our level of profitability while properly
setting (and meeting) our clients expectations
We do this by providing products and services
that our clients find beneficial at a price that
provides the appropriate level of profit to
meet company income goals.**

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Fees

~~What do you
charge?~~

(There is always room for the professional)

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What's this got to do with Property Management?

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Definitions of a Cheeseburger



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McDonald's

- The largest fast food chain in the world
- Over 19,000 restaurants
- "McDonald's brand mission is to be our customers favorite place and way to eat and drink."
- "We are committed to continuously improving our operations and enhancing our customer's experience."

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Applebee's

- "Founded nearly three decades ago on the principles of exceptional value and family fun." (nearly 2,000 locations).
- "Differentiates itself with innovative attractions, like Carside to Go and Weight Watchers Agreement."
- "Focused on serving good food to good people"

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Elway's

- “A place where friends, families and business professionals could celebrate life’s victories, or just unwind at the end of a busy day.”
- “Ever changing menu”
- “Elway’s and the Ritz-Carlton joined forces to bring life to a new location in the heart of downtown Denver.”

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	McDonalds	Applebee's	Elway's	Elway's +
Cheese burger	\$1.00	\$9.00	NY Strip	\$47.00
Fries	\$1.49	Included	Baked potato	\$8.50
Soda drink	\$1.29	\$2.50	Glass of wine	\$13.00
Dessert	\$1.00	\$1.00	Dessert	\$7.50
Salad	N/A	N/A	Salad	\$10.00
Total	\$4.78	\$12.50	\$22.50	\$86.00

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What's YOUR Cheeseburger?

Because everyone has a different expectation of what a cheeseburger is these three restaurants can all thrive and prosper in the same marketplace.

And you can thrive in your marketplace by defining and promoting your "Cheeseburger" for your clients and customers.

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Important questions to answer

- What do you want to specialize in?
- What kind of clients are you currently best positioned to serve?
- What kind of client do you want to serve long term?
- What type of products/services can you package and sell at a premium?
- What pricing structure makes sense for you?
- What is your message?
- What makes you different?

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Important questions to answer

- Who is it for?
- What do they believe?
- Have they ever spent money on it before?
- Does this group know about you?
- Do they trust you?
- Will they hire your product or service to solve their problem?
- **What are they really hiring you to do?**
Emotion based, for example, to feel less afraid. 90 bottle of wine tastes better than a 10 dollar bottle of wine even though they are the same wine.

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Systems, Policies and Procedures

- Create systems that promote the type of company that you want to be.
- Document those systems and train your team to implement the systems.
- Review your policies and procedures to find ways to reduce waste, improve professional services and increase profitability.

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Who is the expert?



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Are you the Pilot or the Co-Pilot?



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Increase profit with things you
already do.

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Increase Rents

Median rent in Denver Metro Area:

- \$1,350 – Single Family home
- \$800 – Condo

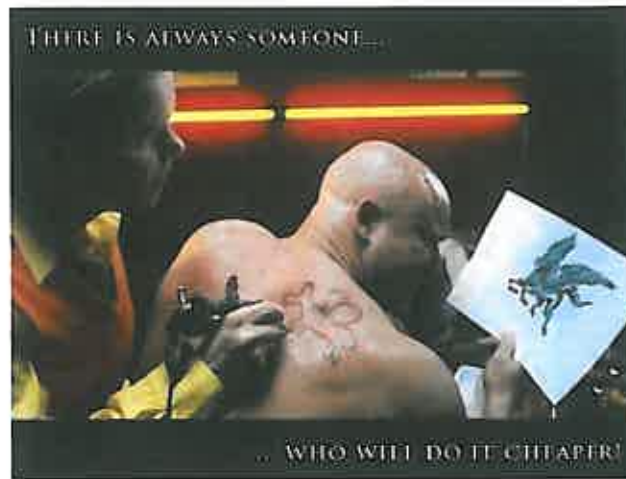
Based on an example of
10% management fee:

Per 100 properties a \$50 increase in rents
generates an annual Management Fee increase of
\$6,000 per year.

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Increase Management Fees



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Increase Management Fees

- 100 Properties
- Average Rents of \$1,350
- Example ½% Increase in management fees
 Per 100 properties a ½% increase in
 Management Fee generates an annual
 Management Fee increase of
\$8,100 per year.

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Increase Management Fees

- Even if you lost 5% of your management clients because of the increase you would still break even on management fees and have five fewer properties to look after for the same amount of money.
- Your clients are not going to leave you if you are meeting their expectations with the service you provide.

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Other ways to increase profitability with things you already do: Landlords

- Setup Fee
- Investment Property Evaluation
- Leasing fee
- Court appearance fee
- Termination fee
- Lease renewal fee
- Maintenance mark-up
- Move-in Inspection fee
- Move-out Inspection fee
- Insurance claim admin fee
- Advertising fee

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Other ways to increase profitability with things you already do: Tenants

- Application fee
- Month to month fee
- Posting fee
- Late fee
- Roommate removal fee
- Roommate addition fee
- NSF fee
- Payment plan fee
- Lock out fee
- Rapid security deposit return fee
- Pet admin fee
- Utility transfer fee

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New Income Streams: Landlord

- Periodic inspection reports



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New Income Streams: Landlord

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New Income Streams: Landlord

- Eviction protection
- Rent loss protection
- Equipment rental fees
- Property sales
- Referral fees / sales / management clients
- Video marketing / inspections

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New Income Streams: Tenant

- Pet inspection fee
- Move in Video
- Appliance Rental
- Utility Transfer fee
- Payment plan fee
- Lease Admin fee
- Convenience fee

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New Income Streams: Affiliated Businesses / maintenance

- Carpet cleaners
- Carpet installers
- Hardwood floor screen coating
- House cleaners
- Painters
- Semi-annual maintenance and filter replacement

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Gluten free and Vegetarian Options



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- Define your target clients and customers
- Intentionally create and implement systems
- Train the Team
- Charge appropriately to meet your companies income goals

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What to do now?

- Select 3 possibilities to increase profitability
- Select 1 that you will implement as soon as you get home.
- Email me with your success stories at Tony@cliffdwellers.net

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