



The Case for Centralized Lawn Services: an MCS Report for SFR Investors

THE CASE FOR CENTRALIZED LAWN SERVICES: AN MCS REPORT FOR SFR INVESTORS

Single-family rental (SFR) property owners and operators of all sizes face a similar challenge when it comes to lawn maintenance: working with multiple vendors for their lawn services with the hopes that those providers can get the job done efficiently and on time.

Whether their portfolios contain hundreds or thousands of properties, SFR investors, institutional owners and property managers commonly rely on their local or regional employees to farm out the services, often with many different providers handling mowing, irrigation, tree and shrub pruning, and other core landscaping services. Navigating this maze of vendors, service providers, contacts, services and schedules frequently becomes more complicated—and more costly—than it needs to be. Additionally, many smaller providers often lack the technology, processes and redundancy that larger, more established players can offer.

At MCS, we are observing a growing trend among our SFR clients: Many are making a strategic shift to adopt a centralized approach. Centralizing your lawn care services—as well as other property maintenance and repair services—can help eliminate hassles and even yield cost savings. This report will illuminate the benefits of centralized lawn services and how to succeed with this model, so you can shift your focus (and your headcount) to profit centers and revenue-generating tasks.



THE BENEFITS OF CENTRALIZED LAWN SERVICES

First, how are we defining centralized lawn services? When you contract and manage a reduced number of lawn care/interior services partners, you're centralizing (or consolidating) services. That can mean working with a single partner nationwide or a select few providers in each region or market, for example.

So, why are SFR companies making this shift, and why does it make so much sense?

Saving time and hassle

With multiple providers, services and schedules to manage, overseeing SFR lawn maintenance is challenging and time-consuming. It's also not a revenue-generating endeavor for your organization. Yet it's necessary to maintain the value of your investments, as well as maintain property standards within the neighborhood. Additionally, when working with small, local providers, investors are more susceptible to performance problems encountered by their crews, including material failure, mechanical issues and staffing problems.

Centralizing lawn services through a single national or regional provider can offer a one-stop solution, allowing the provider to handle the service, back-office support and logistics, and enabling you to maximize efficiencies and shift talented staff to new, revenue-generating roles. And if the same partner is already handling other tasks at your properties, like occupied maintenance and renovations, you can reduce the number of touches required to complete projects within a single group and minimize the staff required for oversight.

Redundancy

Working with individual lawn services providers not only creates more complexity but also leaves you more vulnerable if something goes wrong. For example, if a truck breaks down, a mower isn't working or a contractor doesn't show, there's no redundancy in your system to deliver a backup plan. You might assume that switching to centralized services wouldn't help with this issue, but it's not about having a single provider. The key is choosing a single source with access to multiple service providers, whether they are self-performing or outsourced, so you know you're always covered.

Consistency

Working with a larger, established provider yields both efficiencies and consistency in the work they deliver. You know you can count on them to be there next week like they promised as well as next year. And their services will be performed in the same manner—and to the same standards—across all of your properties.





Protection

Managing multiple lawn services vendors also can lead to other headaches—for example, increased exposure to risks, such as uninsured or underinsured contractors. But working with a single company with a large footprint ensures you're covered, from background checks and licensing to insurance, safety training and more.

Technology

The technology capabilities that a larger company can deliver offer a better line of sight and peace of mind. When their portal connects to your platform, you can add, track and confirm jobs (with before-and-after and check-in/out photos) without leaving your desk. This furthers the time savings for your team, allowing a smaller group in your vendor management department to be more effective.

Financial savings

Working with a larger company may even yield financial savings due to their buying power, but it requires looking at the complete picture. For example, you might be paying \$5 more per lawn for services, but if you're able to reduce headcount (or shift it back where it needs to be), you can still end up with overall savings and improved efficiencies. In fact, MCS has seen centralized programs priced competitively with local crews based on the total number of assets being serviced in a market.



CENTRALIZED SAVINGS: A HYPOTHETICAL USE CASE

For the purposes of this example:

- 15,000 lawns are being managed.
- Grass cuts take place only when a property is vacant. Let's assume an average vacancy rate of 20% with properties sitting vacant 4-5 weeks between renters.
- The program is being managed by two people in each of 10 markets (20 people total), and the company has a corporate vendor management team of five people who can support the lawn care project with no added staff cost

Line item	Math Assumptions	Annual Savings
Regional staff researching and managing exterior vendors	Annual salary = \$50,000 per person. Assume 15% of their time is used for the lawn care program.	\$7,500 per person; \$150,000 total for 20 people
Vendor management team	Annual salary = \$60,000 per person, with 15% of their time used for the lawn care program.	\$9,000 per person; \$45,000 total for five people (Can lead to a net reduction in headcount)
HOA penalties, based on using one group and not being able to get work done on time	Assuming 40 violations of \$100 each (four violations a month for a 10-month mowing season).	\$4,000
Cost savings due to lack of vendor buying power	15% per lawn, at an average regional cost of \$50 per lawn.	Savings of \$7.50 per lawn cut for a total savings of \$22,500 (based on 3,000 lawns)
POTENTIAL TOTAL ANNUAL SAVINGS		\$221,500

Hypothetical example to illustrate potential savings from a centralized program. Each situation is different, and you should evaluate the potential savings for your business.

KEYS TO SUCCESS WITH A CENTRALIZED MODEL

Moving to a centralized lawn services model isn't as quick as flipping a switch—but you wouldn't want it to be. That's because big changes require careful planning and leadership on the front end as well as time to evaluate and recalibrate. Here are a few key things to keep in mind to ensure the success of a centralized model.

1. A thorough and realistic definition of the scope of work

Work with your partner to define the scope of work so it's mutually understood and agreed on. And remember that clarity is key: A detailed scope should list and describe the services you expect a potential partner to complete and when and how you expect them to be completed, so there are no surprises in the ultimate results or costs. Providing complete details can also help avoid "bid creep" from vendors who may try and renegotiate terms after they've visited a property. This also gives your provider an opportunity to explain any constraints or challenges they foresee based on your requirements and budgets. As they get to know you better, they can help you develop longer-term plans to achieve your goals and make recommendations for cost savings and efficiency measures.

2. Communication from the executive level to local managers

Just as frequent and clear communication between you and your provider is essential, how you communicate this substantial business shift within your organization will be critical to its success. How will you roll out this new model (and new partner relationship) to your local leaders? Many may have long-term relationships with current providers, so your messaging will need to address an understanding of their situation and also provide the reasoning behind the decision and facts to support the shift.

3. Easing into the relationship with your provider

Going from numerous lawn services providers to a single source may be a bigger shift than you're ready to make. The good news is, you won't have to start with an exclusive partnership to see success. If you're looking to hand over lawn care to a provider who's already handling other tasks at your properties, let them prove their value by taking on lawn care services for a few of your properties and evaluate their work, adding more if and when you are ready to centralize further. A centralized program also can be phased in over time to help foster a smooth transition. You may also consider starting out with two or three providers so quality work can be rewarded with increases in property share, and it provides redundancies should one of your chosen providers fail to perform.

4. Technology integration to easily turn on and off lawns

You need to be able to shift services as properties enter or exit your management portfolio, and relying on regional managers to communicate this for each and every property can lead to missed or duplicated services. But a robust technology platform can help track this information and prevent missed services and duplication of work.

5. Communication with renters

It may also be worth asking your renters to see if they want ongoing lawn management services and wrapping the cost into the base rent. This can make your properties more attractive than your competitors' homes by creating a more inclusive experience while ensuring your properties are kept up. There is also a potential revenue gain by charging the renter a management fee as part of the contract.



BENEFITS IN REVIEW

Consolidating your partner list can reduce the headaches and complexity of managing lawn services for your SFRs. And when you select an experienced company with a large footprint, you'll be able to stay in the loop with your properties via their technology, reduce your exposure to risks, never need to worry about a backup plan to complete your services, and save money in the process.



ABOUT MCS

MCS is a national property services company. We offer comprehensive service packages and levels of field-service coverage, including inspection, rehabilitation, renovation and everyday maintenance for residential and commercial properties across the country. MCS employs a hybrid service model with self-performing service centers in key markets and a network of over 30,000 service partners. Founded in 1986, MCS is trusted by some of the nation's largest banks, municipalities, insurance companies, property managers and retail companies. Learn more at www.mcs360.com.

CONTACT MCS TODAY

Considering a shift to a centralized lawn services model? MCS has the scale to meet the lawn maintenance needs of your SFRs, with boots on the ground via regional service centers, an expansive network of service partners nationwide and a proven technology platform. Contact **Jason Myers** at MCS to learn more.