

## Staff it or contract it out? Figuring out the best available option in property operations

*By Judy Weber*

The “triangle of truth” is a handy maxim that project managers use routinely in evaluating the best way to carry out a task. It says that you can accomplish a task quickly, cheaply and well, but you can only get two of these results at the same time. So, if you want something done quickly and well, it is not likely to be cheap. If you want the best price and high quality, you probably are going to have to wait for it. If you want something done quickly and cheaply, the quality is not likely to be good. Decide what combination of price, quality and timeliness will meet your goals of cost effectiveness, sustainability, betterment and resident satisfaction/retention. The combinations may be different for different tasks<sup>1</sup>.

### THE TRIANGLE OF TRUTH



YOU CAN ONLY EVER HAVE 2 SIDES

Owners and managers of rental properties are constantly evaluating the pros and cons of having staff conduct routine, predictable activities like landscaping, painting, cleaning, administrative compliance reviews. It often seems logical that the best price, the best quality and the best timing can be accomplished by staff because, theoretically, you can control all three variables.

However, this is rarely true, particularly at smaller properties where staff often have multiple responsibilities and their priorities are re-adjusted not only weekly, but throughout the day. The maintenance person’s salary may be modest and the quality of his work may be good, but if the cost of his benefits, overhead, equipment, insurance and delays in getting to the assignment are added in, the result is often costly. Thus, only the best quality is likely to be achieved.

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<sup>1</sup>*Triangle of Truth diagram from [www.StartUpCafe.co.uk](http://www.StartUpCafe.co.uk)*

The chart below illustrates common housing management activities and related best practices that lend themselves to using the triangle of truth when identifying the best available option for a particular property.

### ***The Best Available Option***

<b>Activity</b>	<b>Best Practice</b>
Landscaping and snow removal	These are the most commonly outsourced services to maintain consistent curb appeal and good public access (more than 50% of new rental prospects come from driving by); minimize staff injury from operating power equipment; reduce cost of insurance and eliminate need for storage space for landscaping equipment and fuel. In one VIVA study, 93% of affordable housing managers outsourced landscaping.
Unit turnovers	Use maintenance staff to make repairs; use contractors for cleaning, painting, flooring. Have contractors who will come when you call. The less time it takes to fill a vacant unit, the more revenue available to the property.
Routine work orders	Schedule staff to achieve customer satisfaction. When staff are pulled from scheduled work orders, customer satisfaction declines. Retention suffers.
Custodial maintenance	This depends on the local market. Sometimes this is best done by staff, other times by a contractor. It needs to be done on schedule.
Preventive maintenance	Often a mix of contractors and staff. The important point is that the preventive work is completed. Often it is not.
Preparing for physical or administrative inspections	If you do not have an established protocol for reviewing a property pre-inspection, hire a vendor to do it for you. This should occur in plenty of time for you to implement the vendor's recommendations prior to the inspection.
Leasing	Sometimes a real estate broker from a local community may be more effective than a staff person, particularly if the property is small and distant from the rest of the portfolio.