





20 Vacation Lesson Tips for 2020

With Steve Milo, CEO of VTrips



VTrips Rental Markets

Resort – “Non Urban”

Ponte Vedra, Florida	Fort Myers, Florida	Panama City, Florida	Maui Hawaii
Market Entered: 2011 Employees: 80 (main office) Number of Properties: 75	Market Entered: 2014 Employees: 4 Number of Properties: 210	Market Entered: 2017 Employees: 4 Number of Properties: 106	Market Entered: 2017 Employees 7 Number of Properties: 140
Palm Coast, Florida	Hilton Head, South Carolina	Daytona Beach, Florida	Ruidoso & Santa Fe NM
Market Entered: 2007 Employees 4 Number of Properties: 147	Market Entered: 2015 Employees: 7 Number of Properties: 133	Market Entered: 2015 Employees: 2 Number of Properties: 61	Market Entered: 2016 Employees 10 Number of Properties: 188
St. Augustine, Florida	St. Pete Beach, Florida	Gatlinburg, Tennessee	Siesta Key/Venice , Florida
Market Entered: 2009 Employees: 3 Number of Properties: 231	Market Entered: 2016 Employees: 7 Number of Properties: 113	Market Entered: 2016 Employees: 30 Number of Properties: 340	Market Entered: 2006 No office Number of Properties: 64

The background image shows a person's hands typing on a laptop keyboard. The entire image is covered with a semi-transparent blue filter. Overlaid on this is a large yellow circle containing a white number '1'. To the left of the circle, the word 'Tip' is written in yellow, and below the circle, the words 'Software Lessons' are written in yellow.

Tip 1

Software Lessons



Software Lessons

What advice
can you share?

1. Select software based on ability to grow/scale; not price.
2. Create a RFP (request for proposal) and create a competitive bid process with 3 different companies.
3. Understand software costs; some are by unit price or by a revenue percentage.
4. Understand the senior leadership team. Get references. Watch for slick sales promises.
5. Watch invoices carefully. Question & escalate items as needed.



Tip

2

Hiring Lessons

NOW
HIRING!



Hiring Lessons

What advice
can you share?

- Cost of training is high. Proactivity increase pay & create a bonus or retention program.
- Consider restructuring your organizational chart. Some employees might be better at another job.
- Use written documentation for employee warnings. Use your instincts for employee dismissals.
- Proactively schedule sensitivity training, anti-harassment training, and annual reviews.
- Avoid hiring friends or family; difficult to fire and can create morale issues.
- Hire from your competitors & pay more to lure trained staff

A couple is seen from behind, embracing each other. The man is wearing a blue denim shirt, and the woman is wearing a red and white plaid shirt. They are standing in front of a two-story house with a grey roof and white trim. The scene is overlaid with a blue tint. A large orange circle with the number 3 is positioned in the center-left, and the text 'Tip' and 'Owner Lessons' are in yellow.

Tip 3

Owner Lessons



Owner Lessons

What advice
can you share?

When do you fire an
owner, or do you ever?

- Create an Owner's Guide with FAQs to assist with onboarding. Include safety, regulatory & maintenance items.
- Consider a property maintenance block for non-responsive owners.
- Hold annual property inspections & share the written report with the owner.
- Rate properties and assign rental rates. This incentivizes owners to improve properties.
- At the end of each season, review lower performing properties & determine which should be removed.

A large orange circle containing the white number '4' is positioned over the word 'Blackmail' in the background text. A purple highlighter is shown drawing a line under the word 'Blackmail' in the background text.

Tip 4

Guests That Want to Blackmail You



Guest That Want to Blackmail You

- Do not get emotional. This is a trend, in some cases a game. Some platforms reward game playing.
- Review your Guest Contract and address issues upfront. Provide an amount of time to resolve cleaning or maintenance issues.
- Offer Travel Insurance and make sure they say YES or NO.
- Clearly indicate how a dispute will be governed (we have arbitration). Make sure every single guest signs a contract. Post these items to “house rules”.
- Empower your staff to provide courtesy refunds or conditional moves. Written release for a refund.
- If legal, disclose and record telephone conversations and screenshots of guest texts/emails admitting they intend to blackmail you to be used as evidence.
- Understand the best response may be to settle and get release **EVEN** if the guest is totally fabricating a story.



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Tip

Regulation

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Regulation

What advice
can you share?

What would you do
differently?

- Join local property manager associations **BEFORE**, and work together.
- Ensure you are in compliance with all taxes, licenses and safety issues. Ignorance is not an excuse.
- Meet with government officials and build a relation **BEFORE** a serious issue comes up. Educate officials.
- Work with all major OTAs, make sure you mobilize managers and every rent-by-owner in the area for an issue.
- Understand that you need to compromise and be reasonable. Court actions are expensive & time consuming.



Tip 6

Dealing with A “New” Competitor





Dealing with A “New” Competitor

What advice
can you share?
Commission Wars?

- Understand commission compression is a trend. Start to add “guest fees” to create new profit areas.
- Guest fees include Booking Fees, Non-Refundable Property Protection, Cancellation Fee, Travel Insurance, & more.
- Take time to think about your competitive advantage... niche, great at marketing, local, etc.
- For existing owners who are thinking about leaving, propose revised terms in exchange for a longer contract or exclusivity.
- For new owners, consider sending out “teaser” offers (free deep clean) for year one (for a two year contract.)

Tip

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What Pain Points Will
You Hit as You Grow?





What Pain Points Will You Hit as You Grow?

- Property Management Software is the biggest pain point. Some systems are good at a small level but will not scale. (Accounting & Operations/Service/Speed break first)
- Depending on the type of properties (condos or houses), your systems and QC will begin to break down within the 50-150 range; and then again around 1,000.
- Evolving your company staff from generalists to specialists. As you grow, dedicate staff to owner relations and new property onboarding, to reservations and sales, and to operations.

A low-angle shot of a man in a dark business suit jumping horizontally between several tall, modern skyscrapers. The sky is a clear, vibrant blue. The man is in mid-air, with his arms and legs spread out, suggesting a leap or a fall. The buildings are seen from below, creating a sense of height and scale.

Tip

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**Embarking on New
Endeavors**



Embarking on New Endeavors

What worked, what
did not, and why?

- Carpet cleaning & cleaning rent-by-owner properties – proved not profitable.
- Annual Long Term Rentals – works if you have enough property volume.
- Virtual offices – found these offices create owner churn.
- We tried to market competitor's properties but could not scale.
- In-house maintenance v. independent contactors – results are mixed and vary by market.
- In-house cleaners v. outsource – we found that within tight labor markets, in-house cleaners were more successful.
- Smart homes – Owners would not pay for locks, but would pay for HVAC controls.

Tip

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Fees



Fees

How do you deal with guests and owners that are questioning your fees?

- The best type of fees are “win | win”. The best way to describe fees is to create an FAQ.
- **Non-Refundable Property Protection Fee.** Guest does not have to wait for refund, owner knows the company will handle property damage, no legal dispute or trust account for security deposit.
- **Booking Fee or Amenity Fee.** List the items that guests get – for example, free WIFI, gift basket. (like hotels)
- **Travel Insurance Fee.** For a fee, guests buy travel insurance policy and get protection over health issues, job loss, etc.
(Discuss with owners first as it protects their revenue)
- **Travel Agent Fee.** Enables you to pay for OTAs. Let guests know to book direct in the future.

Tip 10

Experiencing Smart
Home Technology





Experience with Smart Home Technology

- We have rolled out smart home technology keyless locks and controllers to 90% of our properties.
- Smart locks send guests directly to the property. We can also reset the WIFI remotely. *(No office visit)*
- Discrete codes are generated with specific in / out times for cleaners & maintenance personnel – all code entries can be tracked.
- Most owners are reluctant to pay for smart locks, so we pay, but own the lock. *(Owner signs a contract)*
- We use this as a “competitive advantage” in signing up new owners. Also, allows us to track property usage.

A person is shown in profile, holding a magnifying glass over a room. The room contains a television on a stand, a brick wall, and a wooden shelf. The entire image has a blue tint.

Tip 11

**Inspecting Every Property
Before Every Rental**



Inspecting Every Property Before Every Rental

- In the past, we did not perform property inspections. Due to guest complaints, we now inspect 100% of our properties after cleaning. We now do this randomly for 50% of the properties.
- In the past, we used freelance inspectors. Today, we have FT employees to inspect properties.
- Easier to have employees perform light maintenance or cleaning to get a property ready.
- We have checklists that are used by inspectors to ensure consistent inspections.



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Tip

In-house Marketing or
An Outside Agency?



In-house Marketing or An Outside Agency?

- For OTAs, I recommend that you are hands on even if you use a “channel manager.”
- Social Media. Recommend executing internally – customers expect social presence but low ROI.
- Email Marketing. Recommend relying on an outside vendor who has both a email platform and creative execution and/or user-friendly creative tools.
- Paid Search. Try to manage internally, but if over your head, hire an outside firm.
- PR & SEO. Recommend relying on an outside vendor given level of expertise.



Tip 13

**Is Your Service Department
A Profit Center?**





Is Your Service Department A Profit Center?

- We have never tried to make our service department a profit center (*we do charge a 10% mark up*).
- You can lose good properties if you are perceived to be too expensive or gouging them on service costs.
- It's best to pass the fees to the guests; not owners.
- Understand the LTV of properties and credit owners back to make them happy.
- Outside vendors who bill via invoice are sometimes better to use compared to staff who bill back time.

Tip 14

The Best Way to Find New Properties to Expand Your Business



15% Management Fee*
1*203

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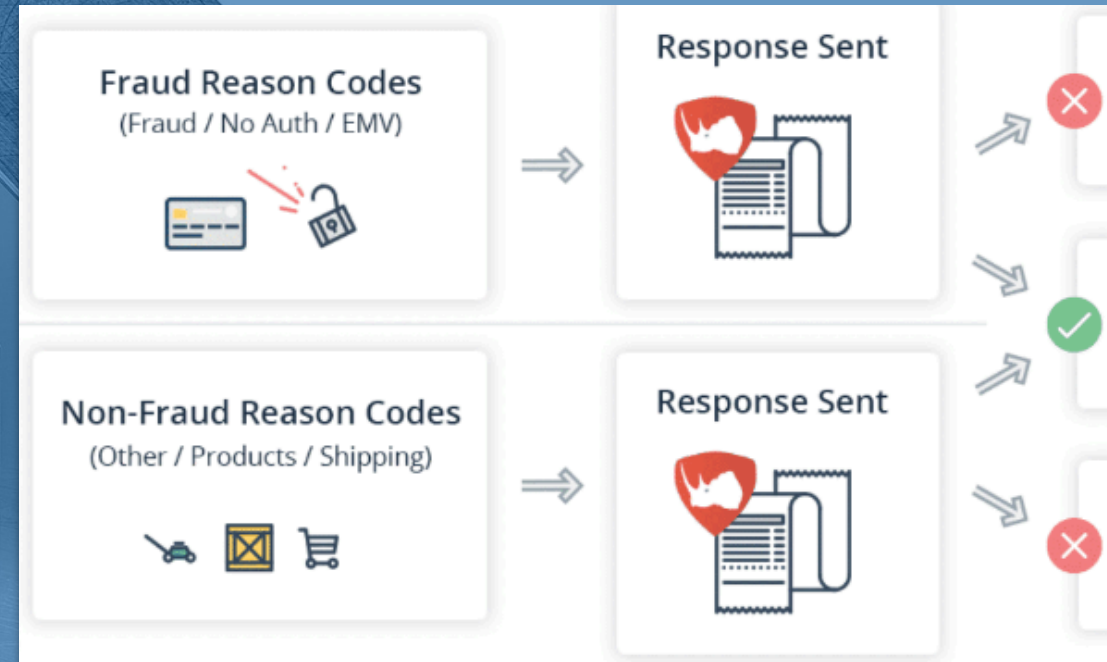


The Best Way to Find New Properties to Expand Your Business

- Network with real estate agents without rental management divisions. If legal, offer referral fees.
- Consider hiring someone to prospect for new owners & pay out a per property sign up bonus.
- Send personalized mailings to the property records. Create first year teaser offers.
- If registration is low, go to the city and request a list of all rental properties with owner information.

Tip 15

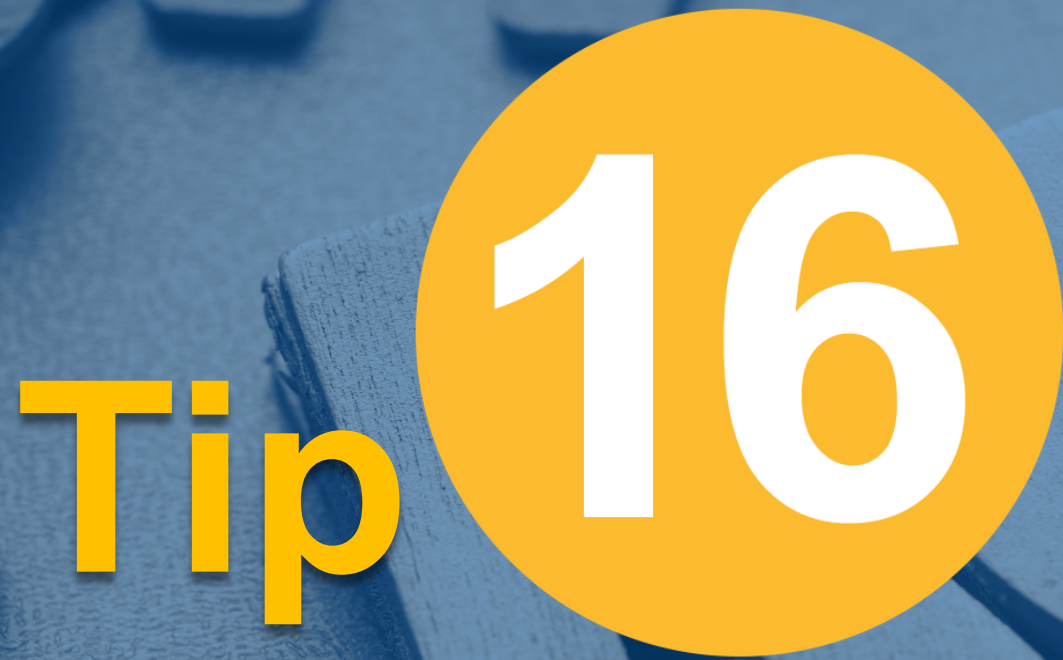
Strategies for Charge Backs and Fraud



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Strategies for Charge Backs and Fraud

- Always get a signed rental agreement from every guest; including OTAs.
- Document in notes every phone & email guest communication. If responding, use email for paper trail.
- Have guest initial or sign next to cancellation policy in the guest contract.
- Document and confirm in writing that work has been completed for repairs or any issues and email the guest.
- For last minute reservations, request a photo of the guest (not just ID).
- There are deadlines to fight charge backs; organize a strong backup document to fight these.

The graphic features a large, bold, white number '16' centered within a bright yellow circle. To the left of the circle, the word 'Tip' is written in a bold, yellow, sans-serif font. The entire graphic is set against a dark blue background with a subtle pattern of wooden clothespins and wooden letters, some of which are in focus and others blurred in the background.

Tip 16

**Where Should Property
Managers Look for the Biggest
ROI?**



Where Should Property Managers Look for the Biggest ROI?

Return or investment?

- Add guest fees to include booking fees, cancellation fees, travel insurance, damage protection, pet fees, etc.
- Add smart locks. Reducing in person check-ins, staffing and lost keys.
- Use technology to automate guest payment, owner portal, cleaning, service & owner statements.
- Add higher rate plans to OTAs and taking this fee off the top as a travel agent fee.



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Tip

For OTAs, Use Them,
Don't Blindly Trust



For OTAs, Use Them, Don't Blindly Trust

- Don't trust what an OTA says, watch what they do. OTAs are marketing channels, not your friends.
- Diversify your company. Do not depend on one single OTA. Get on Google Paid Search.
- Some OTAs may...
 - Eventually become your competitors (Airbnb bought Luckey Homes & tried to buy Wyndham Europe).
 - May want to sign up your owners and saturate an area – even if rates drop.
- Ask OTAs questions in writing and read answers carefully. Understand policies can change quickly.
- Always list the lowest rate on your website – customers will book / rebook direct.



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Tip

Operating a Laundry Facility

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Operating Laundry Facility

What advice
can you share?

1. You will need enough volume to make a laundry facility cost effective. Understand your volume of pounds per week. You will need at least 10,000 pounds per week.
2. Make sure you set up a facility with enough space for growth and on a natural gas pipeline.
3. Understand your biggest variable is labor, and that certain equipment (CAPEX) will greatly reduce your labor costs.
4. Track linen and terry shrinkage carefully. Understand the importance of stain removal and soilage preservation.
5. Watch invoices carefully. All supply and chemical costs are negotiable. Understand trucking laws.



Tip 19

**My Biggest Failures and How
it's Changed My Business**



My Biggest Failures and How it's Changed My Business

- Losing a rental restriction in Flagler County where a locally elected judge sided against state statutes.
- Listening to lawyers who said they could win and ended up charging enormous legal bills.
- Attempting to build a cloud based CRM with telephony. After a year, we pulled the plug.
- Entering the Orlando market and finding out how different it was. Closed the office after 3 years.



Tip 20

**What Are the Secrets to
Success?**



What Are the Secrets to Success?

- Driving the business by budgets and variance – and being driven by profitability. Using commercial debt (and not equity) to grow the business.
- Ability to adapt/evolve, think outside the box.
- Willingness to calculate risk and not to overthink or second guess decisions.
- Using M&A (merger & acquisitions) to grow and geographically diversify our business.

Thank You

