

## Operations Improvement At Single-family Home Rental Company: Establishing Efficient Organization Structure And Processes To Drive \$100MM In EBITDA Uplift

**The Challenge:** Our client, one of the largest single-family home rental companies in the U.S., had experienced significant growth since inception, especially during covid, when the company doubled its homes portfolio. With the subsequent rise in interest rates, the client paused its acquisition spree in 2022 and started focusing on the company's operations. Given the anticipated increases in interest costs with upcoming maturity of its debt, the client was looking to identify \$100MM in cost reduction opportunities. Accordingly, Gotham was asked to conduct an in-depth diagnostic of all operational aspects of the company – organization, processes, and systems – in order to identify opportunities to streamline operations and reduce cost.

**Fact-based Property Management Operations Diagnostic:** To identify operations and cost reduction opportunities, Gotham:

- Interviewed 80+ employees across the entire corporate organization, from C-suite executives to front-line managers, to gain a comprehensive view of the organization's structure, roles, and responsibilities
- Visited multiple local markets, and interviewed local market management and front-line personnel in all roles, and toured multiple homes at various stages of the rental process to assess operations and identify best practices across markets
- Mapped all processes front-to-back across all operational areas – leasing, property management, maintenance, and construction – and assessed the company's operational systems and technology stack to identify potential areas of improvement
- Surveyed 300+ front-line employees to understand activities performed and time spent on these activities to redefine front-line roles and develop standardized role expectations across markets
- Conducted deep-dive analyses of the company's operational performance – e.g., leasing activity and lead attrition throughout the various stages of the leasing funnel; work order volume, resolution, and cost by market and type; technician schedules, productivity, and windshield time; and turn costs – to establish and quantify savings opportunities.

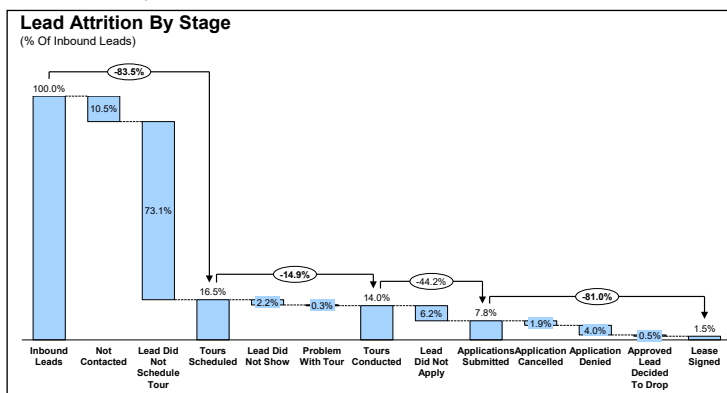
### 20% Reduction In Corporate Headcount By Delaying And Increasing Span Of Control, Automation, And Offshoring

With the company's rapid growth during covid, the client had increased its corporate headcount and had frequently promoted employees to retain them amidst a talent shortage, resulting in a top-heavy organization with redundant layers, a limited span of control with managers, and teams with overlapping responsibilities. Gotham worked with C-suite executives to redesign the company's functional organization and to gain agreement on identified role eliminations, timing of reductions, and associated cost savings. The CFO then secured budget commitments with functional heads to capture the identified savings. Gotham also helped the client's HR team plan the RIF execution, allowing capture of ~80% of identified reductions within 4 weeks, with remaining reductions dependent on execution of Gotham's recommended process and other operational improvement initiatives.

### 26 Operational Improvement Initiatives Developed To Streamline Roles And Responsibilities, Workflows, And Processes

Based on our operational assessment, analyses, and expertise, Gotham identified multiple improvement opportunities across all operational areas to streamline roles & responsibilities, processes, and systems, eliminate duplication, and define brand standards at each stage of the resident journey:

- For leasing operations, we designed a streamlined reporting structure for the client's market and central leasing teams and developed a pre-qualification mechanism to allow agents more time to nurture higher quality leads, driving occupancy up by 2.4%
- For property management operations, we identified opportunities to streamline and standardize core processes (e.g., move-ins, HOA violations, resident dispute resolutions), including automation of manual procedures, increased use of offshore call centers and backoffice operations, elimination of process inconsistencies, clarification of roles and responsibilities, and removal of duplicative roles
- For maintenance operations, we identified opportunities to: reduce the number of work orders by increasing resident self-resolution and phone-based resolution; improve technician productivity by implementing route-based scheduling, aggregating work orders based on geographic proximity and technician skill set; reduce the cost of outsourced work by implementing stricter controls on using external vendors and developing vendor scorecards to select vendors; and to improve resident chargeback
- For construction, we identified opportunities to reduce turnover costs through: improved scheduling, use of property condition reports, use of preventive maintenance checkups, and implementation of vendor scorecards to optimize external spend.



### Project Charters, Role-specific KPIs, And Technology Plan Created To Enable Savings Capture

To jumpstart capture of the identified opportunities, Gotham developed project charters for each initiative specifying team leads and members, responsibilities, project plan and key milestones, and required technology support. To track success and progress toward goals, Gotham devised the 3-5 most important KPIs for each operations role, focused on the overall objectives of reduced cost, increased effectiveness, and enhanced resident service. To streamline the tech stack, Gotham identified several solutions to integrate apps, thereby enabling easier access to data, simplified systems maintenance, and improved employee efficiency.

**The Outcome:** Gotham identified opportunities to increase the client's EBITDA by \$100MM through operations improvements across all areas of the company's business. Gotham worked hand-in-hand with the client's management teams to gain alignment on these opportunities and provided tools necessary to implement and monitor the success of all identified initiatives. The client launched implementation effort immediately, with organizational restructuring achieved within 4 weeks.