

## MaidThis Customer Success Story:

### Matt Lockin and Henry Beam, Plushy Host



★ *"It's processes, procedures. MaidThis's referral service is outstanding. You really are the exception to the rule. We wouldn't be able to operate in San Francisco and Los Angeles if you guys didn't have such great cleaners for us there."*

**We've worked with the Plushy Host team for quite some time in LA and in the Bay area after the MaidThis expansion. We rang up Matt to see if we could pick his brain about how hosts can successfully operate vacation rentals with the home sharing ordinance going into effect.**

Since the enactment of the 2015 "Airbnb Law" in San Francisco, **Plushy Host has been helping their hosts continue to bring guests into their homes** and make the most of the allowances the ordinance offers.

**Read on to learn more about how they do it, how they build their team, and why vacation rental management is so great for hosts.**

### Balancing Guests for Full-Time Live-In Hosts

**MaidThis:** Thank you, guys, for sitting down to chat with us for a bit. We really appreciate it and we know our LA audience will really appreciate the insight.

**Matt:** We're happy to help.

**MaidThis:** Tell us a little bit about how where you both fit into the Plushy Host team.

**Henry:** We've been talking about this industry for years. Once Matt started, it was just a matter of time before I joined full time and we've been working on this for a while, many calls over the years to get where we are today but we couldn't be more pleased. My job is the easy one, Matt's the mastermind who forecasted the market and was able to see where the needs and voids were.

We've organized Plushy in a way to really be able to help homeowners [with homes] of all shapes and sizes and in a number of markets around the country.

Matt thought it and created it. I couldn't be more pleased to have him as an intellectual leader when it comes to short-term rentals, properties, property values, returns, procedures...I'm not sure there's a question in this business that he can't answer, again, he makes my job that much easier.

**MaidThis:** So, Matt, as the "mastermind," how did you get started? Do you have firsthand experience as a host?

**Matt:** I'm partnering with Henry now, but I started with a different partner before there was the Plushy brand, the Plushy name. Previously, [my old partner and I] started out, and this was in, relatively speaking for the industry, pretty early days. We raised some equity, and purchased and converted homes and apartments, and done some mass releasing in Scottsdale and Phoenix, and Southern California.

It started as an investment company in 2015. Well, end of 2014, beginning of 2015. That went reasonably well. It was a lot of work. We learned a lot of things, we made a lot of mistakes. It got to the point where, we're pretty good at this, we really do know what we're doing. Let's think about launching a third-party management company, and that's what we did.

My previous partner was on the real estate side, interested in the realty. I really loved the management side. I really like the ability to solve problems, and was just excited, you know? The industry itself is so exciting.

**Matt:** He wanted to stay on the real estate side, so we parted ways. The current iteration of the company was launched. What are we? With all the changing technology, you've got vacation rental. But there's this urban side of things too, and all those things that are changing with Airbnb. That's where things are headed, and marrying those two things up.

Again, it's taken quite a while to figure out how you're going to be remote, bringing in properties and managing properties that some of your operational people maybe ever see, but your people on the ground do. It's been a challenge, but it's refined to the point where we do have all the processes and procedures in place. Adding not only more homes, but scaling on the operational side. Nothing works if you don't have the operations figured out.

**Henry:** And we've dialed in our pricing tiers specifically to give people options. The higher pricing tiers are really a hands-off service for the owner – where the owner doesn't necessarily have to do much in order to collect the revenue we help them generate with their short-term rental.

Our lower-tier packages have more homeowner involvement... But at each price point, they're all exceptional services and we do our best to add value – on the homeowner side, especially, but also, taking care of guests as well as we do is the name of the game.

This is an attention-driven business, meaning you have to always have attention for your homeowners and your clients but you also have to always be attentive to the guests' needs.

And as you probably know, every individual guest, you know – with a smile [laughs] – can potentially have different issues and we really try to do our best to work with everybody to get the best reviews we can, give the guests a great experience, a clean home, easy to get in, easy to get out, easy to understand, easy to enjoy.

And then it comes back to doing a focused turnaround and getting the owner another solid booking.

## Finding a “Loophole” in a Home Sharing Ordinance

**MaidThis:** We've recently been talking a lot with our host partners about the new LA home sharing ordinance.

**Matt:** Right.

**MaidThis:** And working with you guys and having the opportunity to build a relationship with you, it's been really interesting to hear about how you've worked through the home sharing law in the San Francisco area – that loophole, more or less. We know our LA hosts would be really interested to hear more about that.

**Matt:** Yeah. I don't know if I'd call it so much a loophole. The city, in LA Proper it's pretty clear. Basically, in certain areas, shared space is still allowed. It's not un-similar, or dissimilar from the way we've been operating in San Francisco in some ways.

In a lot of ways, there's, I guess you could call it a “shared space hybrid,” where there's a certain period of time – 90 days, to be exact – where you're allowed to [rent out] an entire space.

Of course, we reserve those 90 days in San Francisco for the summer, which would be somewhat in terms of high season for LA, or Southern California. Then, the rest of the time we're doing shared space.

It's not a novel idea. It's something that's been going on for quite a while. There's new management companies popping up every day, but they've not been operating with this sort of model where you're doing both shared space and entire space, and doing it successfully.

We've done better every year we've done it. It does take a little bit of figuring out, I guess, but that is what I love to do. Henry's also an attorney, so he might be the one to add more here.

**Henry:** As I understand, in West Hollywood, for example, has its own set of regulations, and so does Santa Monica. I believe West Hollywood has a provision where the owner actually has to be present during the guest's stay.

**Matt:** Yeah. San Francisco has similar language, and we have portions of it, whether it be shared space. It's in the listing: Sometimes, owners do stay there. Sometimes, the owners stay there, sometimes they don't. At least my take on it is, yes, [guests] need to know that it's required. I think they do know.

While we've been operating in San Francisco, sometimes the owner's there, and sometimes they're not. It's really not something that we ask. It's none of our business, but it obviously needs to be disclosed.

If they're not there, then [both guests and hosts] need to be aware that could be problematic.

Now, the reality is that the city's not keeping tabs on anybody either. They're just not. I can appreciate why the city put it in there, to ostensibly make it more difficult. The reality is that no municipality that has passed a summer ordinance... It has never come up as far as I know. Boston, this is going to be happening. Very similar ordinance. I think.

**MaidThis:** New York, for example, has some kind of an ordinance, don't they?

**Matt:** Yeah. It got struck down by the circuit court. Same with Austin, and D.C. Well, D.C. is funny, because they all modeled it on this sort of, call it the “New York” model. It's been struck down in three different circuit courts.

I think it's pretty clear, going about writing your ordinance in that manner is unconstitutional at this point. That is the way D.C. went, and the Mayor apparently refused to sign it into law. I don't know what's going to happen there but it is exciting to follow.

**Matt:** The point is, that's one way to go about it. This shared space hybrid, which LA's... They [The LA and SF ordinances] aren't identical, but it's the closest thing to being constitutional, I think. San Francisco's had it for a while, and it seems to work. Really, what they're doing, they've got an exception there too. For LA Proper, the real solution there is, you got to go get the extended permit.

**MaidThis:** Right. There's a lot of hoops to jump through.

**Matt:** Yes, and I think you have to be a good operator. What they're doing is trying to get rid of the bad operators, right?

**MaidThis:** Right, sure.

**Matt:** That's what this is about. This is not about banning short-term rentals. They're smarter than that. It's about getting rid of bad operators, which San Francisco has done. The unit count's way down, and there's not nearly as many problems.

You've got to jump through hoops. It can be costly to get it, but I think if you have a property that's professionally managed with a group that's been doing shared space and otherwise, I think that a lot of people are going to be able to get – the good operators are probably going to get their permits. It's always going to come down to neighbors, right?

**Henry:** I can hop in and clarify a little bit. The LA ordinance for LA Proper, to me, it does two things: One, it caps it at 120 days a year, and they don't necessarily differentiate from hosted, and un-hosted stays. It's just a flat 120.

If you want to extend the rental days, you've only got a few criteria to meet. It's not necessarily a \$5,000 application. It could turn into that for a discretionary review, but the standard application for registering or renewing, either a first time or a continual home sharing permit is only \$85. It then goes up for an extended home sharing as a review fee of \$850, so it goes up about 10 times.

**Matt:** And if you're not in compliance?

**Henry:** Right. So that's when you need a discretionary review, if you had more than one citation within the past three years. If you don't have a citation, then you've got basically an \$850 review fee, and only a few elements to get through. It's really not terribly cumbersome.

The first would be, you have maintained a valid home sharing registration for at least six months, or have hosted for 60 days. Host has to provide proof of mailing of notification of the extended home sharing application to adjacent, and abutting owners and occupants.

So basically, put your neighbors on notice and let them follow the procedures to objecting, if they are so inclined.

The second is the host home sharing registration has not been suspended or revoked within the past two years. That's one of those clear guidelines that I'm sure most of the cities will implement at some point. You don't get too many shots at the apple if you want to host more than the 120 [days].

Finally, for administrative approval, the host must have been issued "no more than one citation within the prior three years." If you have more than one citation in the past couple years, you've got to go through the discretionary review process. That's where they hit you with that \$5,660 application fee.

**MaidThis:** Wowza.

**Matt:** Right?

**Matt:** Yeah. The point is, you don't want to get there. [Vacation rentals] need to be operated, obviously, in a manner where you're not getting to that point.

We've been operating in Napa, and in Saint Helena where there's only 25 permits. If you talk outside after 9 o'clock, you're going to get complaints, and the cops get called. It's just one of those kinds of places.

You're doing the noise monitoring, you're doing cellphone counters. There's a lot of things you can do from a management side of things that I think some owners are going to do, and some will need to do it. Frankly, you really need to have everything dialed in 24 hours a day, because stuff happens at night when you're talking about noise.

I think we have a way to go about it in terms of helping getting through the permitting processing, the steps you need to take. Then, everybody is going to be starting the six month period. Getting people through that, and then obviously, it's going to be a lot harder to operate. There's a lot less room for error.

We've been doing this in places where it's even more onerous, and we've been successful doing it. I think I feel pretty confident that we could help in that regard. Plus, having the experience in dealing with these ordinances, and the legal side of things.

The other side of it is, in these other areas of town, and there are many where the shared space kind of hybrid thing is the only thing that works. Maybe, owners that don't necessarily want to go get a permit, or they do notify their neighbors and they're not allowed to get the entire space for 24/365. I still think there's solutions.

It took us a while to get there in terms of figuring it all out. Part of it is MaidThis, though. Your team is in San Francisco, and I've had good luck with his people in LA too. We wouldn't be able to operate there if you guys didn't have such a great team there.



## Creating a Dream Team

**MaidThis:** Right. Systems, absolutely.

**Matt:** Yeah, yeah. A lot of that's Henry. Henry decided to come on board.

**Henry:** It's all that guy, right there.

**Matt:** No. No, I mean, I can answer the questions and I don't get stumped almost ever, right? Putting the pieces together, that's definitely Henry, and being able to manage people. I don't think I'm the best people manager. Probably too much of a pushover, frankly. [laughs]

Anyway, so it works, you know? It's working. Mostly, it's just exciting. We're small. We're tiny compared to most of the companies that are out there. I think we provide a lot more.

That was the hard component. It was like, anybody can get in there and really just be, like, a booking agent. I get all that. I get how it works. To really be building out, it's exciting. I don't know which direction it's all going to go. I just know it's all exciting

**MaidThis:** We think, too, from a standpoint of the size of your company, Airbnb guests choose Airbnbs because they want to have that sort of smaller, more intimate experience with someone that's a local, right?

**Matt:** That's true.

**MaidThis:** For hosts, there is a sense of camaraderie and teamwork working with a smaller boutique company that really caters well. There is that sort of relationship that doesn't exist when a much larger big box company that does some of what you guys do. I think size is relative. The relationship is clearly what matters to your clients.

**Matt:** It matters to us too, because again, we offer more. We're even taking risks in our top tier. If something's damaged, we're paying or helping to pay for it quickly.

We have [potential] clients inquire all the time. We're sitting around, it's not just Henry, it's not just the owners. It's operations folks, it's homeowner reps. Together we decide if we want to take this owner on? It's equal parts home and homeowner.

You could have a great property, but if the owner's not holding up their end of the bargain, and again, we're doing a lot more, so it is important. That's sort of the other reason why we have grown slower. I would rather have a couple hundred clients that I had for 30 years or whatever than a thousand clients that I have for three months, and they realize it's a joke. You know what I mean?

That's the difficult part, is figuring out the hard parts of this; waste management, for example, and on and on. It's funny that I remember when we first started, even solving access, and the smart lock options that were out there just even four or five years ago compared to what's out there now, and how that's getting streamlined, and directly integrated into Airbnb. There's problems like that. I remember when you couldn't even change your title in Airbnb internally. They have a naming convention. Seems like a silly, small thing.

All these sort of problems, I was hoping somebody in the ecosystem would start solving these problems, and they are now. It's just really cool to see it coming together, and aggregating certain technologies that they have solved problems. There's still a lot of them out there, but it feels like it's moving in the right direction. What do you think, Henry?

**Henry:** Oh, I certainly do.

**MaidThis:** Yeah.

**Matt:** It's interesting. I think a good example would be the first-time Airbnb host. They might get through the first two or three bookings and think, "It's not too big of a cumbersome." Then, something comes up they've never heard of before, and then something else comes up they've never heard of before.

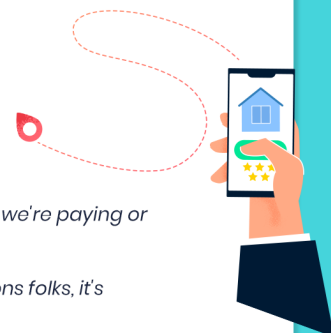
Then, they don't know how to solve it, and something else comes up, and another. Traditionally, it's been really hard for people to effectively manage, or really understand the breadth of issues that can come up between a guest and a rental.

Matt's done an incredible job of utilizing his knowledge base to effectively and efficiently solve guest issues, refining the process, and implementing software to solve them. We're getting lucky because we're getting more and more support from software to make it easier and easier. It just reinforces the procedures and policies that we have put into effect.

We love it, and the better the ecosystem gets, as Matt says, the better everybody is going to be. I think the management companies who really have experience, and really understand the day in and day out requirements of this business are just going to excel.

Unfortunately, I think some on the lower end may filter out, because it's just too much. You can't jump proper structure in this business. One brick leads to the second and so on. It's like that class that I failed back in 1999. If I read the first two weeks, I probably could have understood week three and week four, but I jumped in at week four and I was lost. Probably not the best analogy, but it's close. You build the strongest systems piece by piece and no amount of marketing can replace dedicated knowledge and diligence. I did fail that class, but it's okay. The good news is I was able to make it through law school with flying colors, so maybe one day I'll re-take it, but Matt and I have many guests to care for so that is priority for now [laughs]

We do a great job staying on it. If there's new software, we look at it, and we're always looking to evolve with the bigger system; Airbnb, VRBO, Booking.com and everybody else. As long as we keep that mentality, I'm exceptionally optimistic that we can stay on the cutting edge of this emerging industry, which is a huge key to the success of any company in this day and age.



## Running Remotely

**MaidThis:** That's great. So, the company is based in the Phoenix/Scottsdale area. Where is the home base of the company, more or less, currently?

**Matt:** It has somewhat moved around for a time period. For a while, we had more people in New Orleans than anywhere. There were sort of office sales, and all the rest. We have settled on Scottsdale. When did we ink the lease, Henry?

**Henry:** I believe it was back in April, 2019. Scottsdale is a premier vacation destination almost year around.

**Matt:** It has moved around, frankly, depending on which employees we have where, but it's now got to a point where it's settled in Scottsdale, yeah.

Here's the funny thing. We get asked this question all the time. I love this question when someone's like, "Well, wait a second. I don't understand. You guys are based in Scottsdale, and my property's in Newport, Rhode Island. I don't understand. How does this work?" They're very confused as to how that works – and why it really doesn't matter. It's processes, procedures.

The way we go about our onboarding, our maids, which again, why MaidThis and the team has done such an exceptional job for us. We're all over the country. Explaining the processes, procedures, and the people involved, and the fact that we do have people on the ground. They don't have an office over their head, and therefore we don't have to charge you 40% in management fees, right?

**MaidThis:** Right, right.

**Matt:** As far as how we go through everything, it wouldn't matter. I always use the analogy, we have properties that are blocks away that people that are making the decisions, and making the machine work have never seen, and will never see.

My other favorite one. I've just got to tell one quick anecdote. There's a movie producer from Hollywood that was in Boston shooting a Sarah Silverman movie, calling a management company in Scottsdale to manage a house in Atlanta that no one had ever seen.

This guy bought it sight unseen. He looked at the pictures and did the video walkthrough. I think that's a really good example of why. Neither of us has seen it, we had a smooth onboarding and its working just like it's supposed to.

I did put eyes on it. I'm from Atlanta originally, so I eventually did see it personally. Again, it's like, that's where we are these days. It's happened so quickly. I still think no one really realizes. It's going to be a very different world. It's only getting faster, so it's exciting times, for sure.

**MaidThis:** Yeah, for sure. It is obviously a very remote situation where you can "work" anywhere even though your officially based officially in Scottsdale.

How do you normally go about choosing your local people on the ground, where even in a situation like this situation in Atlanta that's so unique, where the person that purchased it and owns it, and the people technically operating it, haven't even ever seen it? How do you go about choosing, if you expand into a new city for example? What's the process for that?

**Matt:** That is the big cut. That is the big question, is do we have properties there, or nearby, or have we had properties in the past? Sometimes, owners come and go. They've got to sell their property, a number of things can happen. We have a pretty robust network depending on where you're talking about.

It just so happens that certain areas of the country tend to do better than others in terms of revenue. It just so happens that's where our calls come in from generally. It just so happens we either have properties there now, or we have in the past. Again, in the beginning it was super difficult, right?

Your first five properties are a lot harder than the next five, or the next five. Getting a critical mass of properties in an MSA was the big hurdle for some of the major markets. You talk about Atlanta, or the panhandle, or New Orleans, or Southern California, or any number of the cities that we're in.

Those were relatively easy, because we've been working with a lot of the housekeepers for years now, and we try to go within the network. That's the thing that I really love in this business.

**MaidThis's referral service is outstanding. You really are the exception to the rule.** It's one-off housekeepers that work incredibly hard. We pay them well. We pay them incredibly well, and they work incredibly hard. They are independent contractors, but they do so much more than just the housekeeping. They're really a part of the team. If it's a new market, then there's a process to that as well. We're up front, and straightforward. We don't hide the ball.

We explain how we do things with an owner, and if it's a new market we say, your onboarding's going to take an extra couple days or could take an extra couple days, and this is how your onboarding specialist is going to go through it.

If we have an issue, this is not the first new city we've been in, and if we have an issue you're going to hear about it. We're not going to onboard if there's a problem. We've done, I think the most difficult was probably the house in North Aspen on 60 acres, in the middle of nowhere. It was gated. That was in the early days too. We had that one done and operated it. That's probably the most difficult it was going to get.

It can be challenging in some of the traditional vacation rental markets where the labor pool is thinner, or it's already spoken for. There's a lot of unhappy housekeepers out there, and staff that frankly are not treated right, and are not paid what they're worth.



**Matt:** *We have pretty good luck about... Well, it's not luck. We have a good way of going about finding talented housekeepers. When you've been doing it while, there's a way we want it done, and we explain it.*

*When you're in this business for a while, you can tell pretty quickly whether or not someone should be your first cut. Occasionally, if we're opening in a new market and it's not working out, we always have someone else we're going to go to. There's so many tools out to find housekeepers; quality ones. Again, as the ecosystem grows, there's so many housekeepers that have specialized in it, and if you know where to look you can find the talent.*

## Building Systems that Win Every Time

**MaidThis:** *A lot easier to do it, yeah. I hear you.*

**Let's talk a little bit more about systems. Obviously, I know that's such a huge important part of your business, literally from the ground up. What kind of systems have you used in the past that you're continuing to use?**

**Matt:** *[laughing] You want the secret sauce. I'm not giving you the secret sauce.*

**MaidThis:** *[laughing] Well, you don't have to give it all away.*

**Matt:** *I'm kidding, I'm kidding. Again, I think everything revolves around the cleaning. If you don't have clean access, you don't have good access, and you don't have good cleaning, then you have nothing.*

*I would say, the majority of processes and procedures, and the systems that are in place are to streamline, and check, and double-check, and re-check housekeeping, and access, honestly.*

*Now, when a guest needs something there is a procedure there too, as far as what they're instructed to do, and whether or not they follow it who knows. Guests need to reach somebody 24/7, which brings in the guest services side of the systems.*

*Really, so much of it, if you have your cleaning procedures done, and how you're scheduling, and how you're checking, again, it goes back to everything from checking for damages, and resetting thermostats, and all the other tasks that housekeeping needs to do in a lot of cases.*

*It's also software, obviously. A lot of it's automated, or the housekeepers have been trained on how the software works, and they're getting automated messages and all that's great.*

*But really, it's people. We've been really fortunate that some of the core group in terms of operations, it's something where people still pick up the phone when there's an owner or a housekeeper.*

*There are still a lot of procedures that require escalations, and a human on the phone. Maybe I'm just a really, really old millennial, like, barely made it kind of old. I still feel like it's great, all the things that technology's doing. It's allowing us access to this market, and this new ecosystem but a knowledgeable person still can't be replaced.*

*At the end of the day, you're still dealing with homes, and in a lot of cases very high-end homes. This is someone's vacation, and sometimes the nicest vacation someone may ever take, depending on the type of home, and when it is, and who it is.*

*It necessitates communication, and people. That's been another challenge. Henry helped put some of that together too, as far as, how do we make sure that we have around-the-clock coverage without a call center. That was challenging but we did it with flying colors.*

**Henry:** *It comes down to relationships.*

**MaidThis:** *Yeah, it does.*

**Henry:** *It's comes down to respecting the people you work with, having a common vision, and focusing in on what we're here to do and that is offer great hospitality for short term rentals. We take care of somebody's home, their investment, and take care of the homeowner, make sure the guest is having the absolute best stay they possibly can. It all starts fundamentally with good, solid people, good training, common vision, and solid relationships.*

*Once you have that, then the technology can certainly facilitate whatever you need it to do. I think, at least in my experience with Plushy Host, we've done that, and we've done that over, and over again. Every opportunity to bring in the right people, bring in the best talent we can, and put that talent exactly where it needs to go. This is our company wide strategy and we look at ourselves as a giant team. It's often that everybody can be looped in on one project. Well, not often, but everybody's talking, everybody's communicating...*

**Matt:** *Wait, wait. Now, you are giving away the secret sauce! [laughing] The real secret is that, whether you're an owner of the company, or you're in operations, or you're a housekeeper in Charlotte, everybody is part of the team.*

*Nobody, not one person is expendable, and everybody is completely needed or the whole thing collapses, honestly. At least we treat it that way.*

*It's been interesting, because, how large can you grow, and how many people can you add and have this team model? How to be efficient, but it's interesting because it is dynamic, and people shift.*

*As we've had people move up in the company, they know how to do more things. Everybody knows how to do... Not everybody, but people can shift, and pivot. I do think there's a way that we're going to continue to grow in scale where it's very dynamic like that.*

*Some of it's a fairness thing, but another part of it is, it's just so much more efficient to have everybody chime in. The top-down rigid structure, I just don't... If we had 10-thousand units overnight and we just didn't care about the way this thing grew, then maybe. We would have to be a top-down command kind of thing. This has all been Henry, though. Putting the people together, and how the team's structured is exceptionally important. Henry is very good at it. It's a good partnership in that way.*

**Henry:** *It's a simple formula. You hire good people, you treat them well, you get everybody on the same team. You take your team out, you do the best work you can do week after week. It's not complicated, but we've done a great job, and we've got an incredible team. We do. We've built an absolute powerhouse team and I'm exceptionally proud of all of them.*

We're so grateful to have had this incredible opportunity to talk with Matt and Henry from Plushy Host and to learn more about what makes their business tick. Both were very humble during our conversation, but we've got to say, they know what they're doing and they're well positioned to help hosts in LA navigate the waters of the new home sharing ordinance.

To learn more about their business, [visit the Plushy Host website](#). To get started with their host application process to work with them, [schedule a call with the Plushy team](#).

