

PROFESSIONAL MANAGEMENT

by Sara Barry, CMCA PCAM

What Should Be Expected?

Many times over the last 20 plus years, I have heard Board members, committee members and owners in Common Interest Developments complain about their Manager or the Management Company. Some of the complaints may have been well founded, but many were a mere lack of understanding of the Management contract, the Manager's role and usually a lack of communication with the Manager and/or the Management principle owners and the Board.

It is unfortunate that CIC Board Members and committee members can't sit on the sidelines and hear the horror stories their Manager's share with other industry professionals about members of their Board and owner's. Some are hilarious, but others are very sad and quite scary.

Both Board members and Managers need to work towards developing a positive relationship in order to minimize the horror stories for both parties.

Nevada law has stepped in considerably over the last few years and has put a tremendous amount of responsibility on the Manager where the responsibility should really lie with the Board of Directors. Ultimately it does, but in trying to protect themselves, Managers at times get frustrated as they feel they have become the best CYA letter writers in the world.

There are several key fundamental agreements, which must be reached between the Association and the Management to ensure a working partnership. Normally the expectations of the Board, committee members and owners are never even close to the reality if what is actually provided.

Key Aspects of Successful Working Relationships

Let's discuss those key aspects of a successful working relationship:

1. **T**rust

Regardless of what happens within your Association, the two parties (Manager and Board) involved with the Management of the Nevada Corporation should be able to depend on what has been told to them by the other. Exaggerations or untruths do not need to be tolerated and cause serious problems for any organization. Also, if a mistake has been made by the Manager and/or a member of the Board, the other party should be told as soon as possible. If a simple remedy is not available, the issue should be discussed and a decision made on how to solve the problem and implement a solution. Humans will make mistakes and it is unreasonable to assume or demand that he or she not make mistakes, either by a paid professional or a volunteer. The Management Company can commit to take steps to minimize mistakes and advise the Board of steps that will be taken to eliminate repeating similar mistakes in the future. No one can honestly tell you that they will not make mistakes. Community Management is a dynamic, demanding and exhaustive job.

It is critical that the Board and committee members trust their Manager and that the Manager can trust the Board. Without trust each party is continually watching for "set-ups". If problems occur (which they will) they should have been discussed with the individual whether Manager or volunteer briefly before a Board meeting rather than as a "got you" during a meeting.

2. **R**espect

Respect is earned rather than a given, but until one of the group loses the respect of the others, respect should be extended until proven otherwise.

Owners are not part of the Management team (Board and Management) and are often abusive to Management employees on the phone or in their office. Lives have been threatened, damage has been done to Management offices and serious verbal abuse is extended when their "castle has been invaded" via communications. Management should not have to tolerate this type of abusive response to any Owner or Member of the Board's request. Continual newsletter communication and education of owners may help to eliminate this type of abuse. Asking owners to place their communications in writing will also allow all of the team to hear the objections or criticisms rather one individual who is expected to pass on the communication with the same passion verbally expressed.

On the other side of the coin, I have heard horror stories about the way an owner or Board member has been verbally mistreated by a Management employee. This may be a response to a "what comes around goes around" mentality. It is important to understand that the Board is the only disciplinary authority within each Association. This means that the Management should politely address the owners concerns and not lose professional control of the conversation. If a Board member, owner, or resident is out of line with Management staff, the matter should be referred to the Board for discipline, if appropriate, or the local police if threats are made. I am not suggesting that abuse (verbal or physical) should be tolerated, just that the Board is responsible for any disciplinary action. This is normally in the form of an executive session meeting where problems can be mediated between involved individuals. The Manager or Management employee must remain the professional in any interchange.

On the other hand, one of the reasons that the Management employee may have appeared to have over stepped their bounds is because the Board does not support or defend the Manager. It is very important to convey to owners and residents in the newsletters or other forms of communication (for example at the annual meeting of members) that the Manager and Management is required to follow policies set by the Board which is typically what the whole issue was about. If individuals wish to argue with those policies, it should be in writing and directed to the Board of directors in care of the Management. The Manager may answer the letter, if directed by the Board, but all communication from the owners should be addressed to the Board.

Each Board member, Owner and the Manager has the right to expect to be treated with respect. Some Board members find it easier to blame everything on the Manager rather than take responsibility for the policies that have been established by the Board or prior Board's as, "the Manager is paid and we are only volunteers." Is this being fair to your Manager? Does it foster respect?

3. **U**nderstanding

Understanding the contract and responsibilities of the Management is critical to understanding the role the Manager will play in the day-to-day activities of the Association. Since contracts are not usually shared with non-Board members, the newsletter should be used to explain the Manager's responsibilities as it relates to the Board. Some Management companies do not allow non-Board members to have copies of our contracts, but it would be reasonable to request a synopsis to be prepared instead. Many owners comment that they are the Manager's employer. Newsletter articles should inform owners that the Manager works for the Management and the Management has a contract with the. Owners or individual Board members (unless directed otherwise by a majority of the Board) have no individual authority to

direct the Manager. Service requests, violation complaints and other contracted information can be communicated to the Management for referral to the correct party.

Normally a Management contract should be signed and put away in the event it is needed in the future, but each Board member should be very familiar with its contents. It is very frustrating for a Manager to continually have to remind the Board that activities are not in the contract and explain why they will have to charge extra for a particular service. It would be much easier for the Board to ask the Manager to provide a service with the understanding that they know it is not in the contract and it may cost extra. There is nothing wrong with asking for an estimate of additional costs since Association budgets normally do not allow for serious increased costs.

Unfortunately, many Board members feel that the Manager is being compensated to maintain the common elements of their Association. This is a common misunderstanding, which I feel is important to understand. The Manager works with the Board of Director's approved vendors. Many times the original recommendation to hire an experienced contractor is made by the Manager, but it is the responsibility of the Board to agree upon the final contractors.

The Manager then communicates with the contractor and lets them know of problems that they see on their site inspections or which are forwarded to them from owners and/or residents. The Manager does not directly manage the contractor, however, as he or she has no direct employer relationship with the vendor employees. As a professional, the contracting vendor is responsible for the terms of the contract and his or her crews. The Manager is responsible for "managing the relationship" and following any contractual responsibilities detailed in the Management contract.

Many Board members and owners have the misconception that the Manager is responsible for every activity of the Association and their vendors. The Board of Directors, however, is responsible for the Association. They can delegate some of their authority and authorize other individuals in their stead, but the ultimate responsibility is with the Board.

4. Support

Once a Board has delegated some of it's authority to others, it is critical that the Board support the individual, committee or vendor. If proper communication is given along with the authority, support should be easy as the guideline detailing the authority was given up front.

Nothing can be more demoralizing than having completed a tremendous amount of work, as directed by the Board, than to have them pretend that they don't know why you did what you did when there is negative feedback from owners or other individuals.

5. Teamwork

It takes a TEAM of industry professionals to properly manage each Association regardless of size. These include the Manager, lawyer, CPA, and other vendors who service the common areas.

T = Trust

(See above definition of trust relating to the CID industry)

E = Education

As the professional Community Association Management industry evolves, the industry is expecting a higher level of education and expertise for individual Managers. No longer will it be easy for someone to set up an office in his or her garage and claim to be a Manager. Nevada requires that a Manager be permitted or certified to Manager a common-interest community.

A = Acceptance

Accept each person on the team. The owners placed the Board members in control through the balloting process (or appointment by the Board in the event of a vacancy). The owners then should accept their Board unless proven to be incompetent. There is then a process with which to get rid of them.

The Board, through contracts, has chosen their other team members and should accept them as part of a team working towards the best interests of the development. If any contractor is not working with the Board as a team, discussions should be held to find out why and ultimately changes made which will insure team players. The key goals should be to protect, preserve and enhance the assets of the development.

M = Maximize

Maximize the use of the expertise and life experience of each individual. You will be surprised at the depth of knowledge hidden in each individual waiting to be tapped.

Each person who volunteers for the team has a right to expect that his or her experiences will be used to contribute to the group. During Board or Committee discussion, I was frequently surprised by comments made by a normally quiet member. They were very useful in the discussion and decision making process.

Making it Work

One of the best ways to work as a team is to plan as a team. Each year prior to starting the annual budget process, the Board and Manager should hold an off-site workshop dedicated to short term and long term planning and the setting of goals. No decisions can be made, but discussion can be held and decisions made at the next properly noticed meeting. If the Board wishes committee or vendor input in these sessions, provide them with written instructions prior to the meeting allowing them to provide their comments in writing for the discussion, but including them in the meeting will take too much time and draw the attention away from discussion and planning.

All successful major corporations conduct strategic planning meetings. Why should your organization, which is responsible for millions of dollars in real estate, do anything less? It is ***extremely important***, however, that any decisions be made at a meeting. This requires careful notes and making sure that the agenda includes those items for discussion and adoption in front of owners.

Making the annual workshops part of the Management contract eliminates all discussion of whether the Association can afford the additional hourly expense of the Manager. The Manager is part of the team and **MUST** be part of the planning session.