



Signs of ineffective property management and what to do

January 13, 2012 - Design / Build

You sit on the board of directors of your building. You can't quite put your finger on it but something doesn't feel right. The signs are there, but you need to figure out exactly what it is that is not sitting well with you.

This is the first sign that ineffective property management is the underlying cause. Now that you have realized that your property management company may be the culprit of this feeling that you have in your gut, how do you identify it and what do you do about it?

There are several tell-tale signs of ineffective property management which you should be on the lookout for.

- * Your management company is failing to manage your property - you may notice that the response time to queries of residents is taking longer, your financial reporting may be either late, incomplete, or inaccurate, your building staff doesn't have the direction and motivation they once had, and your expenses have drastically risen in previous quarters.

- * Your property manager is ripping you off - sad but quite true. Your property manager CAN steal from you by hiding things from you and lying to you. Be proactive in your quest for the truth by verifying deposits, scrutinizing paid bills, setting up a check & balances procedure for paying invoices and selecting contractors. Make certain your bank accounts are not in your agent's company's name. All your funds should be in the corporation's name and board members should be signatories on all accounts. Reserve accounts should have one or two board members as mandatory signatories. Request copies and question all non-recurring expenses. Without saying, perform an annual audit for your building with your certified public accountant.

- * Your building doesn't have a business plan - Let's face it, your building is a business, and any successful business must implement a business plan to thrive in any economic environment. This can help you in identifying your building's strengths and weaknesses and set standardized goals and practices to keep your management company on track. As circumstances change, it's ok to change that business plan from time-to-time as your building's needs and goals change, but a sound plan is essential for success.

Now that you have determined that your property management company isn't performing, what do you do about it?

- * Get your property manager's executives to meet with you to discuss your dissatisfaction with your manager. Make them aware of his or her shortcomings and agree on a comprehensive plan to stem the tide of their ineffective management. This may require that the company replace your agent, but at the very least should convey to your agent your dissatisfaction and implement a plan to give you the time, attention, and skills required to implement their plan.

- * If you believe you have been ripped off, verify your suspicions and contact the authorities to have criminal charges levied against your agent. Stealing is not acceptable and should be dealt with

swiftly and effectively.

* If after a reasonable amount of time has passed, and you still feel that your building is not being properly cared for, it's time to look for a new managing agent to represent your interests.

Now that you have decided to part ways with your current management company, what traits should you look for in selecting a new manager?

First, talk to several different companies to see which company is the best fit for your building. At the very least, the company you select should possess the following qualities in selecting a new manager:

* Provide accurate, and up-to-date financial reporting services

* Supervision of staff including

hiring, firing, performance evaluations and payroll services

* Thorough knowledge of your building's mechanical and structural elements

* Knowledge of NYC rules, regulations, filings

* Capability to interact with your other building professionals

* Swift response time to shareholders and resident inquiries

* Attend special, board meetings and annual shareholder meetings

* Maintain accurate tenant and building files

It is also recommended that you ask your prospective agent for a complete client list so that you may contact any of their clients to get their prospective on the company you are contemplating hiring.

Lastly, visit their office to see how your new management company operates their day-to-day business.

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