



## For big benefits - think small property management firm

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For retail property owners with multiple properties, there usually comes a time when they begin to consider using a third-party property manager. The decision-making process typically starts by compiling a list of potential property management firms and reviewing their history, experience, services and fee structure. What often is not part of this review process is a comparison of the value propositions offered by large firms versus small firms. Property owners, who do take this additional step, will learn that many experienced, small firms offer much bigger benefits than might be expected. Understanding what these benefits are before automatically thinking large is better, is in every retail property owner's best interests.

### Accountability

One of the most important aspects of the property manager's role on behalf of an owner is communication, which dovetails directly into the matter of accountability. It is not unusual for a large property management firm to have as many as ten different employees working on an account. Often, there is a rank and file field person designated as the contact person. Despite being the owner's primary liaison, this contact person may be situated in an office somewhere across the country; nowhere near the property or the property owner. As you can imagine, a service which involves multiple people and a non-management level staff member at the helm often leads to a failure in communication and accountability. Contrast this with how a smaller firm operates.

In a small property management firm, most positions are filled by senior level personnel. The owner is also very hands-on and as much a member of the working team as his/her employees. The smaller firm is also devoid of bureaucracy which generally slows down response times and is an obstacle to true accountability. When inquiries, requests for service or troubleshooting issues arise, there is little that falls through the cracks, unlike in larger firms where, owing to a lack of accountability and often a lack of proximity of team members, with many people handling different aspects of a property's management, there is a high incidence of miscommunication, no communication and/or slow response times.

### Close Proximity

What's the advantage of having readily available and accessible members of a small property management firm? If you are a property owner, peace of mind can be gained in knowing if you need to meet with your property management firm, it can be arranged quickly. If you need a specific senior member of the management firm on your property's site quickly, it can happen with minimal delay. Further, if you need the property manager to secure a contractor or vendor on your behalf promptly, that too can happen. The smaller firms have a strong stable of contractors and vendors, many of whom they have worked with for years and who are very loyal to the management firm. This again reinforces a much higher level of accountability and responsiveness over the larger firms. It's also important that the team members be in close proximity so they can work well together.

## Flexible Terms

Small property firms are also more flexible regarding their Service Level Agreements (SLAs) and contract terms. Whereas some large firms are rigid in how they structure their SLAs and contract terms, smaller firms are willing to structure their agreements and terms based on the needs of the property owner and the specific parameters of a given property. Additionally, because they have strong confidence in their ability to deliver a consistently high quality of service, they do not hesitate to agree with cancellation clauses that don't heavily penalize property owners. Large firms, on the other hand, are far more rigid. For example, some may automatically build leasing fees into their management fee regardless of whether a property is fully-occupied or has multiple vacancies. A smaller firm will work with the owner in establishing how fees should be structured based on the owner's needs and the property's specific circumstances.

Ultimately, the added consideration a smaller firm gives to its clients regarding favorable contract terms and fees increases the value proposition significantly. If you stop to consider that property management fees can range anywhere from 5% to over 20% of the contract's value (costs of services, labor, materials, etc.), you realize that this flexibility can represent considerable savings.

## The Property Manager

### - A Property's Greatest Asset

Without question, a property manager can be a property's greatest asset. This, of course, assumes that the manager has the property owner and property's best interests in mind. A smaller firm, which usually has a modest marketing effort and sales force, relies on maintaining longstanding relationships with owners of multiple retail properties and gaining their strong word of mouth referrals. For that reason, the best small property management firms display a strong commitment to the highest standards of service and value on behalf of property owners.

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