



Russell Munz

TRUST

The Board and Manager Relationship

By Russell Munz

10 KEYS TO BUILDING TRUST

In order to have a good relationship in all aspects of life, personal and business, both parties have to trust the other. When communities seek out a new manager it is due to a breakdown in trust with the previous manager. A telltale sign that trust is damaged is if a board is micro-managing their manager. Additionally, when we work with new clients, our experience has revealed a pattern of 10 areas that led them to make a change. The key then to building trust is to work on strengthening these areas. References below to the “manager” are synonymous with the “management company.”

1) A clear management agreement

The management agreement is the list of activities the manager will provide. Be sure the agreement covers the frequency of the activities, the duration and any contingencies. Additionally, the agreement should spell out what things will not be performed. Do not be scared of a longer, more comprehensive agreement, this will help you differentiate between management company service and price and the clarity will reduce confusion and mistrust.

2) Knowledgeable manager

The manager needs to know their trade! If you are dealing with a manager who is not trained and educated in community management you will mistrust everything the person is saying or doing. Ask the management company how they educate managers.

3) Available communication & responsive

If you don't have communication you don't have a relationship. The management company should be accessible by several ways of communication, phone, email, fax and in person. The company should provide current contact information to its clients; have an easy to navigate phone system; update phone messages and emails if employees are on vacation and provide alternative contacts. Lastly, the company should get back to its clients within a reasonable period of time, every time.

4) Customer service oriented manager

The management company must have a culture focused on friendly customer service. If management company employees are not friendly and intent on customer service it will show up and undermine trust in all aspects of the relationship.

5) Clear up misunderstandings quickly

Misunderstandings lead to resentment and destroy relationships. Misunderstandings are a breakdown in communication and a lack of communication can hinder the relationship. The manager and board must act quickly to communicate and clear up misunderstandings.

6) Visible site presence

If the manager does not go to the property and your management agreement says they are required to, then you won't trust the manager. First the manager needs to walk the property. Second, the manager and other management employees should be dressed in a way that residents can visually tell a management company representative is on their property and confirm the site visit.

7) Common charge monies go directly to the bank

Most people are hesitant to have other people handle their money, even when financial reports clearly account for all the funds. A way to reduce the possibility of mistrust is to have common charge monies sent directly to the association's bank account.

The bank then provides payment information to the management company who updates the property financial reports. Funds are available sooner, there are fewer chances of lost checks but most importantly there is no mistrust as to where the money is.

8) Good value

The manager must provide quality work at a fair price. The manager must ensure the work done at the property in both service contracts or time and materials are a good value to the community. If work at the property is not good value, the board's trust will be damaged.

9) Good financial reports

The manager must provide financial reports that help the Treasurer and President understand the operating costs and trends of the community. Boards and the manager need to make sure the report frequency is adequate and the board can read the reports. Boards need to speak up if they need help reading the reports and training can be provided. Boards that do not understand or read the financial reports will mistrust the manager.

10) Stay on budget

Every community has a fixed budget and wants to stay on budget. The manager and board have to come up with a realistic budget. Nowadays with raising fuel costs, utility costs and insurance costs, all community vendor prices are higher. The board and manager need to be realistic when making a budget. Additionally, the manager and board representatives that handle financial reports need to communicate when items will go over budget. If the budget and costs are not communicated throughout the year, trust will be weakened at year end.

Most of the responsibility to maintain trust as outlined above focuses on the manager. But a relationship takes two parties and the board must work WITH their manager on these 10 areas.

Finally, the last word in having a quality relationship is to work with a professional manager who is committed to perfecting the delivery of these 10 key cornerstones of trust. ■

Mr. Munz is a former US ARMY Captain where he learned the importance of providing clear guidance and delegating to teammates. Prior to military service, Cornell University business programs taught him the importance of focusing time on tasks that have the greatest impact. Now he works with Pyramid Real Estate Group. Email your questions and comments to russell@pyramidgroup.com

