HOA HOMEFRONT

HOW TO EVALUATE MANAGEMENT GROUPS

BY KELLY G. RICHARDSON

Q. I am an HOA board member, and our management company contract is coming up for renewal. We realized we have no formal way of evaluating how they are doing. I was wondering if in your dealings with homeowners associations you have come across a checklist or evaluation instrument.

B.T., ENCINITAS

A. I don't have a standard checklist, because each association has different priorities and needs, and evaluation of management should be customized to the uniqueness of each community. I relayed your question to a number of management company owners and officers, and I hope you find their responses helpful.

Brian Davidoff, CEO of Ross Morgan & Company, said it is all about responsiveness: "Respond, respond, respond ... service is all we offer!"

David Brock, PCAM, co-owner of Beven and Brock, said evaluating a management company might involve three major questions: "Are the managers credentialed, does the company provide transparency in financial reporting and potential conflicts, and is the company responsive and accessible?"

Managers also evaluate prospective clients. "If I ask the board members who their landscaper is and no one knows (when they see them at a minimum weekly and sign their checks monthly), that tells me they are not as involved in their community's governance as they should be" said **Kelly Bunnell,** PCAM, President of Bentley Community Management.

Last year's Community Associations Institute President **John Hammersmith** PCAM, CEO of Hammersmith Management in Colorado, said "I have always viewed the relationship between board and management as a partnership, and the evaluation process should be viewed the same way. It is important that both the Board and Management understand how each can work to improve the relationship and the ultimate outcome; a better community." To him, the most important items are how board and management treat each other, communicate, support each other, and allow each other to disagree. He said that both managers and board members come to meetings prepared, that managers should follow through, and directors should establish and communicate expectations.

"We feel the three important items are financial accounting, board member training and technology," said **Michelle Burge**, CFO of Powerstone Property Management. She added, "reviewing internal financial controls is an important factor and shows the company's dedication to risk management and detailed financial practices. A management company can also set itself apart by providing educational programs and innovative technology. High client and employee retention rates also demonstrate that the company excels in its management practices."

Regarding potential new management, **Joe Winkler,** chief marketing officer of Keystone Pacific Property Management, suggests associations develop a specific scope of work and then see if a candidate company submits a boilerplate proposal or rather something specifically tailored to the association. Winkler suggests that boards discuss their challenges with management candidates, (thereby giving the management company the opportunity to demonstrate how closely they listen), and ask to interview the specific manager the company would assign to the HOA.

Thanks to the above management leaders for their advice. In my view, management is all about service, accuracy, competency and integrity. Look for credentials, reputation and indications of commitment to the HOA housing sector. Don't judge a management firms solely based on price. Look for quality and responsiveness, not bargains, and make sure that management meets the particular community's needs.

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