

## CHOOSING THE RIGHT COMMERCIAL PROPERTY MANAGEMENT COMPANY

Patty Hartley



The backbone of any commercial property is strong property management. If you have recently purchased a commercial building or have a building that you have owned for a while, there comes a time that you must

truly consider hiring professional property management. What many owners don't realize is that the right management company will, in many cases, save the property more money than the management fees being paid. Of course, there are key factors to look for while considering hiring a property management company. Many important factors to consider are:

1. **Experience of the Firms' Owner(s).** This is extremely important. In today's economy there seems to be an endless supply of companies that provide property management. While there are many strong property management firms, numerous companies have been started by principals with very little management experience. It is important to determine how long these people have been working in commercial property management, and to make sure that this is not a "quick fix" business to carry them through the recession. Thus, make sure you ask for their background, history and resume before spending too much time with a particular firm.
2. **Experience of the Property Managers.** Similarly, in a down economy we start seeing anyone with real estate experience offering to become a property manager. Many firms, like ours, have specific hiring requirements and standards for property managers; the proper education, training and background must be met. If an inexperienced manager is hired, it is just a matter of time before your property will suffer. Ask to meet the individual managers.
3. **Maintenance.** How strong is the firm's maintenance staff? Are they in-house and are they qualified? Can they assure an immediate response to Tenant and Building issues? In today's Tenant-driven market, it is important that Tenants are not waiting days for service requests. Major service calls need to be addressed immediately for the integrity of the building. Minor items should be handled as quickly as possible, since these sometimes "annoying" items will slowly build animosity from the Tenant toward Management and ownership. Ask to see how each work order is handled and how the preventative maintenance is documented and

managed. Meet one or more of the maintenance personnel, as these individuals are in front of the Tenants on a regular basis and should look clean-cut and professional.

4. **Tenant Relations Procedures.** Experienced firms have tenant relations procedures in place, such as Tenant move-in and move-out policies, after-hours contact systems and emergency procedures. Ask to see what the Management Company provides to each tenant, do they receive a Building Procedures handbook or Emergency Procedures manual?
5. **Tenant Retention.** Does the management firm have an established plan to maintain relations for the duration of the Tenancy? What efforts are being made to retain Tenants now and upon their lease expiration? In this Tenant-driven economy, the Tenant Retention Plan can be the determining factor of a Building's survival. Ask to see what plan would be in place for your building.
6. **Financial Reporting.** Are you going to be provided with monthly reports and a budget for the building? What do the reports contain and are they user friendly? Can they be set up in a different format for accounting purposes? Ask to see what can be provided.
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7. **Management Software.** There are a few very strong (and very expensive) property management software programs that most of the top management companies are willing to pay for. These are the leading programs for a reason. The right software will integrate everything from accounting to tenant information and maintenance request tracking. Make sure your management company has one of these systems in place, a sample financial report or demonstration should be readily available.
8. **Multiple properties under management.** Remember, economies of scale. A management firm with just a few properties under management will not have as much strength in reducing your costs. The firm with dozens of properties under management will be more likely to achieve savings with much better and more cost effective vendors to work on your property.
9. **Affiliations.** Many firms will affiliate with property management and/or

estate organizations. The organizations offer ongoing education, peer networking and access to better vendors. Ask what organizations the management company belongs to and what credentials and licenses the staff has.

10. **References.** I do not need to say much about this other than how important it is to see how other property owners feel about the services of the firm. If a firm is unwilling to provide references, keep looking.

Now that you know what you are looking for, understand that making a change to a professional property management company is not as difficult as it seems. An experienced firm will make the transition easy and professional. Your Tenants will appreciate you more and you will soon enjoy more of the benefits of commercial property ownership.

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