

How to Select a Management Company

There are a variety of reasons why a community association must select a management company. The association may be displeased with the current management company; they may wish to replace a company appointed by the developer; professional management is required in the governing documents of the association; or, the existing management company has resigned the account. Whatever the reason, the selection process can be both time consuming and confusing.

Literally dozens of community association management companies are available who want your business. Each company has the typical strengths and weaknesses and each company believes it has the marketing plan which will bring you and your association into its portfolio.

How do you sort through these companies and determine which one is best for your association? How do you evaluate these companies and how do you manage the bidding process? Where do you begin your search for a new management company? Is there a definitive plan which will insure that you get the company with the most quality services for the best possible cost?

What follows are some guidelines which may help in the selection process. Hopefully, by using any or all of these suggestions you will select a management company, which will provide your association with quality service at a fair price for a long and mutually satisfying period.

Establish your criteria.

Know what you want and expect from the management company. Be familiar with your governing documents and know what those documents expect from not only the management company but also from your board of directors, your committees and all your association members.

Allow ample time for the bidding and selection process.

Plan ahead and set target dates for the entire process. Written bid material should be submitted by a predetermined date, oral interviews on a specific date, reduce the number of potential companies by a certain date, second interview and awarding of the contract should all be set up with deadlines. Once you have made your selection, (or awarded your contract) make sure you allow your newly selected management company enough time within this process to obtain your records from the previous company and to set those records up using their systems.

Ask lots of questions.

During the first oral interview it is important to use the criteria you have established and ask as many questions as necessary to authenticate the experience and capabilities of the bidding company. For comparison purposes, it may be helpful to develop a list of questions to ask each company. In this manner you will be making all such comparisons fairly. Remember that you are the interviewer and control the interview session. Some questions which may be helpful are:

How long has the company been in business?

What is the ownership structure of the company? If not provided, ask for a list of references.

What type of employee longevity does the company have?

Does the company manage any associations similar to yours?

Is the company participating in any professional education for the community association management business?

What professional groups related to community association management does the company belong to?

Does the management company engage in more than one type of management services, such as commercial, industrial and community association management?

Is the primary business of the company community association management?

How does the company handle a typical complaint or emergency after normal business hours?

How is the company staffed? What departments are there and how do they plan to service the customer?

Is the company tied to any particular supplier/vendor or developer group?

How accessible are the officers of the company?

What does the management company perceive to be the job and responsibility of the board of directors and committee members? How does the management company fit in?

What type of relationship does the company have, if any, with your current attorney? Your Certified Public Accountant?

Completely discuss the services provided by the management company.

It is important to know what the management company can and will do for your association. Does the company provide services which can save you money? Is the company involved in other ventures such as maintenance or landscaping? What items require an additional fee from the management company? It may even be helpful during this particular discussion to take notes/minutes and make these an addendum or part of the finalized contract.

Visit the management office.

It is essential that you visit the office of the management firm prior to selecting a company. This visit will tell you a lot about each management group. Do they have adequate equipment and staffing to handle your expectations? What type of attitude do their employees exhibit? Ask to meet your prospective community manager.

Discuss the management contract.

Prior to selecting your new management company you should have already read and understood the management contract offered by that company. Are all services discussed previously outlined within the contract? What does the cancellation clause say? Are there any penalties? Are there automatic escalation clauses? It is much easier to have understood the management contract prior to hiring a new company, rather than selecting the company and then finding out that you cannot agree on contract terms.

Understand the costs.

Typical management contracts are bid on a dollar figure per unit per month basis. What extras does the management company expect you to pay (i.e. postage, hard costs)? You should attempt to make a fair comparison of these for all the bidding companies. By all means, understand the fee structure and know what you can expect to receive for that fee. Selecting a management company is an important decision for every community association. You deserve the best performance for the best price. Finally, you should attempt to establish a goal-oriented long term relationship with your management company.