



COMMUNITY BUILDER

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Perspectives: A Look at the Relationship Between the Board and Management

If you read a job posting that said, “*Serve a corporation at the director level. Start at the top. Wrestle with complex problems and make hard decisions for no pay and limited appreciation.*” would you take it? As an association board member, you may have done just that.

There are many reasons for choosing to serve on an association board, but it boils down to this: You care about your community and are willing to lend your time and talents to make it a great place to live. But you aren’t expected to do it alone. That’s where the management company and the community association manager (CAM) come in, and all three must work together.



"I think the goal is to have all three parts (board, manager, management company) engaged in the management of the association," said Sentry portfolio manager Michelle Antonov. "As CAMs, we must get to know our boards and their nuances."

The associations need a high level of service, and the management company seeks to provide it. However, creating a positive working relationship requires effort and an understanding of each role and how they interact .

"For me, boards are most successful when everyone on a board understands they are running a business. They have income and are responsible for the betterment of the members," Sentry President Brad Pomp said.

"Boards struggle when they take things personally instead of in a more business-like way, and then the community suffers," he said, adding that clear direction to the management company is critical.

"Otherwise, you are not operating as a business. Agendas are not aligned, and things become personal," he said. "In terms of executing, it starts with the board. They need to say, 'We're in charge. Let's make business decisions.'"

For many boards, that first decision is the choice to hire management, often in response to situations that have become too challenging or time consuming to address without professional assistance. The CAM can provide the board with perspective and access to experts to support them in being good stewards of association funds and making sound decisions for the benefit of their community.

A FRESH START

When the board partners with a management company, the first step on the path to a productive relationship is defining expectations, beginning with the management agreement.

"Expectations have to be addressed in the contract, and trying to address it after the fact is doubly challenging," said Michael Dale, Sentry's Executive Vice President of Association Management. Dale added that the need for clarity applies equally to both parties.

Vendor management is an area where this can be most evident. "The board members need to understand their role," Dale said. "The vendors can't work for two bosses. It's either you or me but not both."

Kirby Rushing, President and General Manager of Coastal Pool Management, agrees and stresses the importance of engaged management. "Ideally, a management company should control the direction (to contractors), not the board of directors and not the community members," she said. "In a perfect world, that's what we would get. It's also about the relationship. Boards change, and it is important to maintain a relationship with the community throughout those changes. Having an engaged and present community manager makes a difference."

As an intermediary, the CAM is responsible for ensuring the board direction, and vendor response, are communicated thoroughly and in a timely manner. Ms. Rushing stressed the importance of providing context when presenting a vendor contract to the board to help them understand the scope and terms being offered from the beginning. She believes this helps to create a better working relationship with the community.

LET'S TALK

Communication and subsequent actions, including acknowledgments, are vital in a board-management relationship.

"People want to be heard, even if you can't address the issue right now," said Wes Suggs, a Board President, and Director in two Sentry-managed associations. Productive, two-way communication between the board and the management company is the key to progressing on actions and projects. Boards and managers often need to engage between meetings to keep items moving forward.

"Communicate, communicate, communicate," Antonov said. "I cannot stress enough the importance of that." It's important that both the board and CAM understand how critical, timely communication is in the management of the community. Since the CAM relies on the board to make decisions and provide direction, CAMs need to receive clear and prompt responses to questions. When there's a new board, it's good practice to set expectations for the method

and frequency of communication between the CAM and board members. It's equally important to establish which board member is authorized as the primary point of contact for urgent matters and to provide direction to the CAM between meetings.

STAYING ON TRACK

The association by-laws provide the board's mission, and losing sight of that mission can lead to trouble. Part of the CAM's role is to support board action within the guardrails established by the governing documents.

Ken Baldwin, HOA board president of a Sentry-managed association of nearly 900 single-family homes, echoes the importance of sticking to business.

"You have to be willing to sincerely listen and contribute your best business judgment and common sense on behalf of the community's interest," he said. "Even when it means filtering out your individual interest."

And sometimes that means doing unpopular things, too.

"The board members' fiduciary duty is to ensure that the money the HOA raises through dues and other means is spent wisely to support the community's goals," Baldwin said. "Planning must consider inflation rates, and there is always a need to have contingency funding."

"The HOA is required to plan for increases in assessments to keep pace with the community needs as services and their costs increase," he said. "Once expenses become unplanned, they require a more hurried and costly response. When a board does not use sound business judgment, the community as a whole suffers."

The benefit of professional management is that they have the expertise and experience that can make all the difference when a board is navigating choppy waters. CAMs are uniquely positioned to provide best practices and help boards identify solutions. When boards invite their CAM into the discussion, they can get valuable insights that drive sound decisions. That works best when there is a strong relationship between the board and their CAM.

Antonov described a recent experience while onboarding with a new association. After several months, her overtures to communicate were met with silence. Eventually, she got their attention.

"When we finally had the first meeting, I started to say, 'This is what I think ... wait, do you want to know what I think?'" It turns out they did.

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Stan Kleine
Assistant Division Manager
Sentry Management, Inc.

Stan Kleine is the Assistant Division Manager for Sentry's Savannah, Georgia, office. In addition to managing a portfolio of communities, Stan is a licensed Realtor with a background in hospitality and facility management. He also has some background in journalism (Miami University, Oxford, Ohio) and he served in the United States Marine Corps.



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