

WHAT TYPE OF MANAGEMENT IS BEST SUITED FOR YOUR ASSOCIATION?

Although there are three basic management options available for an association, the basic authority in any association lies with the owners. The owners typically elect through an annual election process a board of directors who act in their behalf and are entrusted with the responsibility and the power to make decisions for the membership.

The management of the association therefore becomes the major responsibility for the board of directors leaving owners with few powers. These powers are usually limited to the election and removal of directors, amending the governing documents, and in some cases voting on budgets and reserves. Any wise board of directors would be foolish not to listen to owners' concerns and not make those concerns part of the decision-making or management process.

The CAI manual on Operations and Management of Community Associations states: "The management function of a community association is administrative in nature. The board is the principal policy-making body and sets policies, standards, procedures, programs and budgets. The management function is to carry out these board decisions. There are various approaches to association management, including the use of unpaid volunteers, hiring staff and utilizing outside contractors, each of which has its own pluses and minuses."

The role or involvement of management may be quite limited or quite substantial as is demanded by the type of association, type of membership, the board of directors, or the situation.

Volunteer or Self-Management: (management and administrative functions performed by unpaid volunteers)

ADVANTAGES: This type of management works best in smaller communities that require low or limited service. There is usually no expense with this type of service thereby keeping association maintenance fees low. There is also more direct control of service performance thereby being more responsive to owners' needs and desires.

DISADVANTAGES: Most volunteers lack experience thereby possibly costing the association unnecessarily while some experienced volunteers may not be able to serve due to time demands, a work schedule, or seasonal residency. High volunteer turnover due to thanklessness of the job, insurance issues for volunteers as well dealing with inadequate performance by volunteers are also issues. It's very difficult to replace a volunteer for inadequate performance if that volunteer is also your neighbor.

Paid Employees: (a manager and staff hired by the board)

ADVANTAGES: The board can have full-time management presence with specific talents chosen to fit the specific needs of the community allowing greater board control. The association staff will probably be more responsive to the board of directors.

DISADVANTAGES: The board becomes an employer and training and retaining qualified people becomes an issue as well as illness, vacations and other disruptions. Employees are better suited for larger well-funded communities with higher maintenance fees. There must be a sufficient volume of work scheduled for the staff to make their wages cost effective.

Professional Management: (management company or outside management)

ADVANTAGES: Large management companies have operational systems and tested procedures in place and can usually provide varied personnel with experience available for varying needs of associations. A professional management company can provide continuity of staff, which reduces disruption of services to the community.

Other advantages are that an outside professional can be more neutral and impartial when enforcing rules and regulations and board policy as well as relieving the board of employer and personnel issues. The dismissal of an outside manager becomes less personal than the dismissal of volunteers or employees. The outside firm will have experienced staff and will probably have dealt with similar difficult issues at other communities. No on the job training!

DISADVANTAGES: There appears to be a shortage of quality firms in the area making the selection process a challenge for the board. Most management firms do not provide a live on the premises or full-time manager on site. Since the

management is employed via a contract the board may have less control over an outside management firm than employees of the association.

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