

Welcome to the
WASHINGTON STATE CHAPTER *of*
Community Associations Institute

*The leading professional organization providing education, resources,
and advocacy for community association living.*



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Board & Manager-How to Work Effectively Together

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Goals

- We will learn the basics of what a management company does
- We will also learn what they should not do
- The difference between on site and portfolio management
- We will learn what Board should do
- We will also learn what they should not do
- What does the annual schedule look like
- Key Performance Indicators for management

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Management Companies What they should do

- Set expectations
- Take direction from a board and implement their decisions
- Help the board assemble a team of professionals (engineers, architects, project managers, reserve analysts, insurance, legal counsel)
- Recommend the board seek expert advice when needed
- Facilitate maintenance needs, accounting duties, owner communication, and vendor coordination
- Guide the board on best practices and effective association management
- Train the board on how to read financials and how to run a proper board meeting
- Maintain association records
- Manage real estate disclosures including lender questionnaires, resale certificates, certificates of estoppel, and escrow instructions

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Management Companies What they should not do

- Make unilateral decisions for our clients
- Spend the association's money without being accountable to a ratified budget or the board of directors
- Manage individual units or rentals
- Provide expert advice on structural issues, legal issues, building codes, taxation, etc. Managers are generalists, not specialists.
- Guarantee or insure vendor work. While we can make recommendations on vendors, we've had positive experiences working with, we cannot guarantee or insure the work of another company and do not supervise their supervisors.

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What Type of Manager Fits On-site VS Portfolio

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On Site Managers

On-site managers are typically dedicated to only one property. Some management companies provide for a part-time on-site manager who splits their time between two associations, sometimes more.

On-site managers can be employed directly by the association or work for a management company or staffing company that hires the individual to manage the community.

The association's budget will fund this manager's pay, taxes, and benefits. If a management company is also being used to provide support to the site manager, there may be additional fees for those services.

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Portfolio managers

Portfolio managers manage multiple communities. Portfolio sizes on average range from 8-12 associations. Sometimes higher than 12, rarely lower than 8.

Portfolio management is more budget friendly, but there are downsides to this model. The completion of tasks by a portfolio manager will take a bit longer than the same tasks performed by an on-site manager.

A portfolio manager will typically have an advantage, with more contractors they can call on because of the volume of communities they manage.

Portfolio management contracts can run the gamut, with some associations needing only accounting help while others require management of all their needs.

Management companies are being more detailed about what a management contract includes and what type of work may be out of contract and billable.

Has the unlimited service for a limited fee model gone the way of the dinosaurs?

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Boards

What They Should Do

- Respect the majority vote and maintain a united front for the community. Fractured boards = fractured communities. It's common to have a governing body with board members who disagree. Disagreement and rigorous board debate can be healthy, until it's not.
- Communicate with your owners, good news and bad, tough issues, etc. Many owners are rational.
- Know your management company contract.
- Budget adequately for your experts
- Be realistic about the association's management needs. You should assume low-cost management contracts come with less service. In many industries, you get what you pay for.
- Under portfolio management you may see your manager only one time a month. Provide reasonable timelines for work and set priorities.
- Give and take criticism constructively.
- Be nice. It's not fair to blame the new management company for the shortcomings of the previous management company.

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Boards

What They Should Not Do

- Run perpetual board meetings.
- It's easy with cell phone access at our fingertips to email and text throughout the day. This behavior eventually burns out board members and confuses or overwhelms the manager if multiple board members are chiming in throughout the day without clear action being requested.
- Maintain the same bad habits with new vendors.
- You need to be willing to examine and understand what it is that your association or board is doing to contribute to poor vendor relationships. If the board or community dynamic is broken, your new management company will likely not be more successful than your last management company.

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Working With Management Through the Year

- Q1 (January – March)
 - Set up a first of year walkthrough with your manager and develop a maintenance and management calendar for the year.
 - Review year-end financial statements and provide your manager with feedback if needed.
 - Begin reviewing summer schedules for planned large projects.
- Q2 (April – June)
 - Confirm with your manager that the CPA has filed your tax returns or that an extension has been filed.
 - Discuss your reserve study update with your manager. Will last year's reserve study professional provide this year's update?
 - Begin summer projects, communicate with your ownership on any summer unit access needs.
- Q3 (July-September)
 - Review reserve study. Meet with reserve analyst to finalize reserve study so funding recommendations are accurate for the upcoming year.
 - Finalize discussions regarding budget goals with your manager for the upcoming year.
 - Review routine contracts and insurance premiums.
- Q4 (October – December)
 - Budgets/Ratification Meetings
 - Annual Meetings
 - Holiday Decor

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What Does the Right Management Company Look Like

- Does the management company have a regular place of business with sufficient workspace for its employees?
- What does the company do to enhance employee engagement? Do some of its employees work remotely? How
- adequate is its data security? Does it have an IT department?
- Does the management company manage communities like yours?
- How does the management company rate in the industry? Who do you ask? Can you trust online reviews?
- Does the management support regular training for its employees and do its principals have industry designations?
- Does the management company carry adequate insurance, particularly E&O? Are minimum limits stated in the management contract?
- Does the management company have sufficient capacity? Does it overload its portfolio managers? Support staff? Does it have enough accountants?
- What kind of software does the management company use? Is their accounting software good? Does the company provide an online portal for individual owners and board members?
- Does the company have empathy for homeowners? Is it honest in its self-appraisal of what it can do and can't do, or does it simply offer assurances that everything will be all right?
- Does the company have an employee handbook? Does this management company require their managers to sign non-competes?

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Questions?

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This course is approved by Community Association Managers International Certification Board (CAMICB) to fulfill continuing education requirements for the CMCA® certification"

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