

ASSOCIATIONS AND MANAGERS BOTH BENEFIT IF EXPECTATIONS ARE MANAGED

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Just what is a manager's role in the association decision-making process? Association Boards of Directors often look to managers for guidance on all kinds of issues, and rightly so. Too often, however, managers feel pressure to give suggestions or advice on issues that are not familiar to them. It is important for Board members and managers alike to recognize the property manager's role, because both parties suffer when managers are asked to, or try to, do too much. This article will focus on the relationship between management and the Board and provide ways to reduce the potential for Board members to become frustrated with their managers.

Molly is a relatively inexperienced, but diligent manager. When her largest association needed to replace its decks, Molly carefully investigated several contractors and obtained varying bids from three of them. One contractor estimated the price to replace just the deck surfaces, another recommended replacing the deck footings as well, and the third proposed to use synthetic materials rather than wood. After Molly presented these proposals to the Board, the Board expressed frustration at the difficulty it would have evaluating such different bids.

Carl prides himself on giving practical advice based on his 27 years of experience. Carl received the same assignment as Molly, but his client defers to his recommendations rather than evaluating the options for itself. Carl also found three contractors who proposed three different specifications. The Board asked Carl to decide the project specifications and the Board then selected one of the contractors' bids. When the residents raised an outcry against the Board for a defect in the decks, the association sued the contractor and Carl, for using faulty specifications.

You may find yourself agreeing that either Molly or Carl, or both, acted in a way that would frustrate you as a Board member, but they both clearly had their clients' best interests in mind. Unfortunately, they both ended up with frustrated clients despite their efforts because neither they, nor their clients, managed expectations.

Most property managers never will be an expert in all of the areas where an association is likely to need assistance. A manager who understands construction may not fully understand the insurance options available to an association, how to interpret the governing documents, or issues relating to the turnover of Declarant control. So how can you work with your manager to limit frustration?

First, Board members should try to understand exactly what role they have asked their manager to accept. This usually is spelled out in the parties' management agreement. The management agreement may even include an acknowledgement by the Board that it is the final decision maker, and an agreement that it will give management the information or direction it needs to find the most appropriate solution. The Board should remember that, at the end of the day, it is responsible for the association's operations even though it has hired a manager.

Second, Board members should take time, whenever they are assigning a large project to their manager, to give the manager as many details as possible and encourage the manager to ask questions. If the subject is particularly complicated or the options are wide-ranging, consider assigning a committee to the project to help resolve unexpected issues.

If a Board needs more information to make a decision, the manager can gather it if the Board gives the manager guidance on what it needs.

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For example, if vendors make unusual or conflicting recommendations, Board members should work with management to have the vendor explain the issue to the Board in more detail. If that is not an option, the manager may be asked to try to reduce the options down to two or three choices the Board can pick from, indicating why the choices are different, before asking the Board to make a final decision.

Third, all great managers will have a team of trusted advisors who can provide any additional expertise that may be necessary. These advisors will consist of lawyers, accountants and other specialists, like reserve analysts, and/or neutral contractors who are experienced in dealing with the issues unique to common interest communities. These specialists often can offer additional solutions and recommendations to assist

management to present the full range of options to the Board. Remember, Directors are allowed to rely upon expert advice when executing their duties to the Association.

Of course, following these tips is not the end of the road. Boards will want managers to make judgment calls, and sometimes, that is the manager's job. However, if the call is beyond a manager's expertise, look to the management agreement and talk to management about project expectations. Embrace the opportunity to get advice from experts. If the Board makes decisions with information gathered by management and those experts, this will help protect the Board from liability for making an uninformed decision or for failing to make the decisions it should. If expectations are managed properly, the Board should understand that it makes the decisions and the manager

carries out its directives, and management should understand what information the Board needs to make those decisions.




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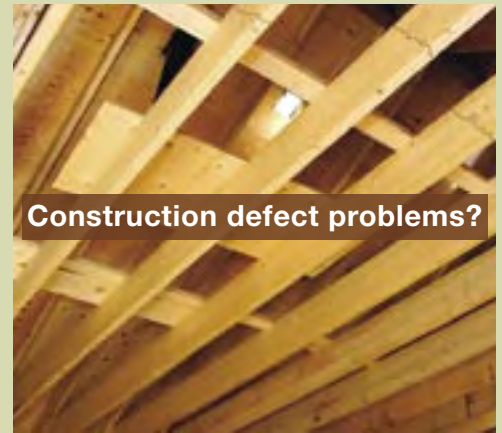
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