



Three Tips for Running a Profitable Property Management Practice: Change Your Behavior to Transform Your Business

When it comes to property management, the unfortunate truth is that there is no correlation between being good at property management and being good at running a property management company – *zip, zero, nada*.

You can be really good at collecting rents, adept at handling maintenance calls, and even excel at dealing with difficult tenants. But if you are not engaging in the behaviors necessary to run a successful company, then your business is doomed to fail.

In the past several years, my firm has purchased three different property management companies. Each company's owners were very good at the day-to-day tasks of property management, but they lacked skills and knowledge when it came to running the business itself. In fact, one seller was so good at property management, that we actually hired her as a property manager after we purchased her company. Five years later, she is still one of our top agents!

The good news is that operating your business successfully is all about behaviors. It can be as simple as looking at what successful companies are doing and copying their behavior. However, simple does not necessarily mean easy. Below are three behaviors that you can adopt to get your property management business on the road to success.

Successful Companies Hire Well

The most important duty you have as a business owner is hiring employees. Those of us that have ever made a bad hire understand this all too well. Whether you have one employee or twenty employees, how much better would your business be if they were all A+ players? In sports, the team with the best players usually wins - the same is true in business. So the next time you are ready to make a new hire, slow down your interviewing process. Think of it like a marriage. You would never commit to marrying someone on a first date, so why would you even consider hiring someone after one interview? Here are two tips for hiring:

1. *Schedule multiple interviews.* You need to stop talking and make them sell themselves on why they would be the best person for the position.
2. *You are not looking for a reason to say "yes" to the candidate, rather you are looking for a reason to say "no."* Once you have found the candidate to whom you can't say no, you have your new hire.

Yes, this process will take more time on the front end, but it will save you frustration, lots of money, and headaches by taking your time and getting that top performer.

The other side of the hiring coin is that successful companies also fire quickly. If you have an employee who is performing poorly, you need to get up the courage to do what is necessary - that is what leaders do. It will not be easy, and you will have a terrible night of sleep the day before, but your life and business will be better every day after that. My motto is, "Hire slow, fire fast."



Successful Companies Rely on Systems

What makes so many cheap fast food restaurants successful even with sub-par food? People keep coming back because of consistency (even if it is consistently crummy food). There are more reasons to use systems manuals than I have room to write, but here are three of the most important:

3. *They stop the revolving door.* When your team members have those re-occurring questions they should first reference their systems manual before they interrupt you.
4. *They reduce liability.* If the unimaginable happened and you were hit with a fair housing (or similar) lawsuit, you can show that you have a process in place. That will give you some amount of legal protection.
5. *They increase the net worth of the company.* Utilizing systems manuals is the easiest way for you to increase the value of your business. Otherwise, the worth of your business lies only in your property management accounts, and those will come and go. However, a systematized business has much more market value and can be sold for a higher price. A buyer will pay a premium for a business that can replicate itself and run on auto-pilot due to utilizing a systems manual.

Successful Companies Have Multiple Profit Centers

The property management industry is full of ways to provide multiple services to your tenants and owners, and to charge accordingly. It is not about being greedy or trying to squeeze the last penny from your clients; rather, it's about fulfilling needs.

1. *Define the scope of your services with owners.* If you don't tell your property owners where your services stop, they will keep asking until you find yourself doing things like making special trips to the property to pick up their mail and pull their trash cans into the garage. Next time they ask for a favor, respond with, "Sure, I am happy to have someone do that for you, but they will bill for their time." See if that helps to stop the requests.
2. *Consider the apartment industry.* The apartment industry runs their properties like businesses - because they are. Most apartment complexes charge for things like application fees, lease administration fees, non-refundable pet fees, roommate addition fees, and inspection fees. Why don't you?

These are just three behaviors necessary to succeed in the property management business, but even these few steps will have a dramatic impact on the success of your business if you focus on them.



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