

A PENNY FOR YOUR ETHICS Take into account the Code of Professional Ethics before going on a savings spree



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ARE YOU LOOKING FOR PENNIES THESE DAYS? AS ANDY ROONEY MIGHT REPLY, "I KNOW I AM!"

Property managers pride themselves on their ability to find savings for their owners and properties. After all, that is part and parcel of the expertise we bring to the table. It is incumbent upon us to get the best deal, while still maintaining properties in a manner that owners and tenants desire. As keepers of the asset and the asset's checking account, we look for savings every day.

However, we cannot sacrifice our ethics in the name of savings. Our Code of Professional Ethics calls on us to maintain high moral standards, be honest and maintain honorable relationships. Further, it requires diligence in protecting our clients' interests, properties and funds. In dealing with vendors, Article 7 might be most pertinent: It calls us to take action in our clients' best interests, avoid conflicts of interest and pass all savings along to our clients and properties.

Ethics complaints can result when the line between negotiating for the client and taking kickbacks is not clearly defined. This becomes all the more complex when faced with a market like we experienced in 2009.

I'm reminded of a holiday card we received at our office this past year: It featured a rather large, fierce looking English Bulldog, with antlers and a round red nose just staring out with a mighty big frown on his face. And inside the card read: "2009 was a doggone challenging year. Wishing you great success in 2010."

Indeed, it was a doggone challenging year! As a result, did you ask your vendors and service

providers for a special deal or discount? The property managers I polled were just about evenly split. Even more interesting are the reasons behind those answers.

During the bid process, some managers go back to their two lowest bidders and request a discount and give a longer contract to the vendor selected. Discounts are often the result of a long-standing relationship. Many discounts requested and received were based on the amount of business a certain property manager or management firm has to offer.

One large property management firm asked vendors they had used over the past several years to reduce their contract price by 10 percent without reducing services in any way. Most vendors complied. Another large property management company requested a 5 percent reduction in cost from vendors servicing its portfolio. Those vendors also complied.

Property managers who never or rarely ask for discounts explained they simply ask their vendors to be competitive. These managers stay current with the local market pricing and take that into account when reviewing contract bids. Some managers negotiate only every two years in order to not constantly beat their vendors down.

Treating vendors with respect and partnering with them may be the higher road, which will benefit both parties. Remember that the best deal may not be the lowest price. We do the best for our properties and clients by practicing professional courtesy and ethics as the very basis of our actions. In that way, everyone involved is well served. ■



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