



YOUR INVESTMENT. OUR PRIORITY.

## Industry Insights

Q4 2020

### TRANSITION

#### “Better the devil you know than the devil you don’t”

Once the decision has been made to start with Windsor Management, transitioning to our dedicated property management team is easy and painless. Our team handles all tenant, vendor, and legal aspects of the process. The property ownership’s responsibility is to sign the property management agreement and our team takes it from there. We have taken over in many different scenarios including large investment portfolios, family run properties, and distressed properties. We have even been successful at transitioning in as little as one day!

### I Am Not the Devil

During my career in commercial asset management, I have run into the expression “better the devil you know than the devil you don’t” from several building owners contemplating transitioning management of their assets to our firm. I hear the phrase so often, it is worthy of a deeper dive. It is unfathomable to me that these owners believe they are in a situation where they feel they are picking the lesser of two evils when hiring an asset manager for their commercial real estate. We believe the manager should be a force for good! What are property owners experiencing that is so bad?

**Lack of trust** comes from many angles when discussing poor property management. First and foremost is the financial trust of the property accounting which is crucial to sound management. Accurate and timely financial data to the

ownership is an obvious must yet we have assumed many properties where the previous management reports were a month or more delayed or not forwarded to the ownership at all. Windsor emails monthly reports on the 10th every month and January 20th for year-end reporting. We include a maintenance summary with the financials as well as full detail of the general ledger, bank account, and financial transactions. This is for full transparency of our work. We commonly see inaccurate accounting practices in CAM estimates and reconciliations and base year miscalculations that leave the owners with uncharged and uncollected income that is due per the lease.

**Unresponsiveness** is a common theme we hear when assuming a new asset, even in when returning calls and emails to the property owners. If your management does

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#### Time to Transition

not respond to you, the owner, you can be sure they are dropping the ball responding to tenants and vendors! At Windsor, we make it a policy to respond quickly, even if only to say that we must get back to you with further information or details. In this way, the caller or sender of the email knows that the request or inquiry has been heard and will be handled. There is no ambiguity. Maintaining great relationships with tenants is important to maximize value to our clients by optimizing the value of their asset. Happy tenants are more likely to extend their lease which maximizes rent and decreases associated costs such as leasing commissions and tenant improvements.

Responsiveness with vendors is critical too! Clear and efficient communication allows Windsor to solve problems with vendors more quickly and engenders trust and confidence with vendors, so we are the first company they want to help.

**Familiarity breeds complacency.** Even though a poor management company can cost building owners tens or even hundreds

of thousands of dollars, the idea of establishing trust with a new company is daunting. The burden of switching seems like a large time drain. It does not have to be! Windsor has added over 80 buildings in the past 3 years - almost three per month! The process now a well choreographed dance that is mostly invisible to the owner, which means it is simple for the owner! A management agreement and W9; bank account opened; tenants notified; vendors contacted and transferred; leases input into Yardi with rent schedules, all pertinent clauses, late fees, and nuances captured; updated tenant and vendor insurance; knowledge of the building structure and systems such as HVAC, roofing, electrical, and plumbing; CAM base years calculated as applicable; bill-backs and submeters tracked; etc. We very much appreciate any "tribal" knowledge from the owner and/or prior manager, but Windsor has even taken over buildings with almost zero contact with either. In short - changing management companies should be simple the owner! Don't let inertia be the obstacle to maximizing your asset!

**"Better the devil you know than the devil you don't" - don't let that be your obstacle to maximizing the value of your commercial real estate assets!**

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