

Elite Perspectives

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Issue 6

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“In 2018, we created an annual volunteer event where we work together to put smiles on faces.”

Welcome to our new partner communities in 2019:

- Virginia Condo Association
- Radcliff Ridge HOA

Remember to follow us on Twitter [@elitemgtnet](https://twitter.com/elitemgtnet) to keep up to date on industry news.

Message from Brett

At least once per year, I like to reach out to our customers in an open format and talk about our business and industry. Most importantly, our newsletter supports our business method of keeping things simple. Read on to learn more about what’s happening at Elite Management and around the industry.

Back in May 2018, I was grateful to be recognized by the West Suburban Chamber of Commerce as a 30 under 40 Award Recipient. The Award honored 30 of the region’s young professionals who live or work in a chamber community and are making a deep impact locally. I would like to give a special thank you to those that nominated me for the award.

I am personally available to each and every one of our residents (not just our board members). Feel free to email me at brett@elitemgt.net with any thoughts and I will respond to your email. Also, I would love to hear from you when Elite goes above and beyond expectations.

-Brett Kovel, Principal

Year in Review at Elite Management

Our team continues to enjoy the opportunity to run a small business. Less flexible (larger) companies spend huge chunks of time dealing with daily meetings/conference calls, technology/system changes, and constant turnover. Some may refer to this never ending cycle as the “corporate world”. We are flexible and efficient, and because of this, we are able to provide every one of our customers with their desired level of service.

All of us at Elite personally donate our time and/or money to various not for profit organizations. In 2018, we created an annual volunteer event where we work together to put smiles on faces. A different employee plans the event each year at an organization that is special to them. For our inaugural event, we took a group of clients from The Helping Hand Center out bowling. All of us had a great time. We are excited to update you next year on the 2019 event. Please visit our website link at www.elitemgt.net/giving-back for more information on our ongoing philanthropic missions.

Should Vendors have to “Pay to Play”?

So many things to discuss...so little time. We always pick one thing to elaborate on in our newsletters. Last issue, we discussed how sometimes it is the best decision to separate from a community. Our topics are often non-traditional. We will discuss what other companies might avoid, and this year we will talk about vendors paying management companies to be on their “preferred vendor list”. Remember to check out our previous issues to read up on our unique perspectives. <http://elitemgt.net/newsletters>.

This topic, in particular, has been bothering us for many years. Simply put, vendors are paying some management companies or management company “affiliates” to be in their “preferred network” of contractors. This is a loaded topic that could eat up pages of text. We will focus on why this practice is questionable, and depending on its structure, may act as a glorified kick-back system and present a conflict of interest. It may also upset the competitive balance of the management industry, while actually driving up prices to the Associations.

Here is a simple question: Should a highly qualified vendor with years of industry experience have to pay a management company for the opportunity to bid on a job? Simple answer: No. To elaborate, it is one of the management company’s duties (possibly combined with a consultant/engineer) to put forth a strong group of project bidders and/or service providers. The board can then make a confident decision after proper due diligence and interviews if needed.

Next question: If a vendor is paying a management company directly, is the management company more likely to recommend them over someone that is not paying? Answer: Yes. For one, if vendors are only paying for “opportunities” and do not actually land jobs, they will not want to pay or continue paying. Additionally, not being on the “list” negatively affects a revenue stream that the management company is almost certainly depending on. This creates an issue where if a vendor is not paying, they may not get an opportunity or greatly reduce their chances of getting a job. Hence the title of the article...Pay to Play.

Final question: Who is paying for this fee, the vendor or the Association? One could argue the Association, indirectly. If these “preferred” vendors are knowingly bidding against each other, this fee would be built into their price. In effect, preferred vendors would not be able to provide preferred pricing, which is often the way the program is marketed to property associations.

Elite vendors: The process of finding qualified vendors across a wide array of services is challenging. At Elite Management, we have an evolving list of contractors. Many of these relationships have developed over 10+ years and a track record of successful projects together. Others have just begun, and we are excited for all of these vendors to continue to thrive in their respective businesses. In fact, if they have a good year and a portion of their work was with Elite properties, they may even drop by with a bottle of wine, a gift card, or some company swag. This is simply a thank you for past opportunities, and not a payment for future ones.

Realistically though, each one of these businesses will have issues. Whether they lose a key person, grow too fast, change focus areas, etc. At which point, service will decline and the management company will pay the price having to track them down and follow-up constantly. If a vendor puts Elite Management in this spot, we would be inclined to not work with them anymore unless changes were made. Would we be able to make the same decision if we were accepting a fee from them? We are not willing to find out!

“We will focus on why the practice [of having a paid preferred vendor network] is questionable, and depending on its structure, may act as a glorified kick-back system.”

Check out the 30 under 40 publication link below:



[WSCCI Honors Inaugural 30 Under 40](#)