

WITH REGARD TO MICROMANAGEMENT

By Jerry Sikes RRP/CHA

'The question, "Who ought to be boss?" is like asking, "Who ought to be the tenor in the quartet?" Obviously, the man who can sing tenor.'

- Henry Ford -

The timeshare or vacation ownership industry seems to bring out the worst in some individuals who serve on the Boards for some of our Owner Associations. That worst, micro-management is the subject of this week's column. I feel the buyer demographics has a lot to do with this tendency, the fact that to an owner of a vacation, the work of resort management looks like child-play and a developing distrust of management because so many management firms marched to the beat of the development entity drum rather than the association members. However, the two things which are clearly present in these situations are ego and the hunger for power. Typically the board member intent on this activity will get themselves elected to an officer position like President or Treasurer so they can manage under the cover of these offices.

There are always a few dead giveaways to a professional micro-manager. They refuse to accept personal responsibility or accountability. They always have a scapegoat to blame. They rarely develop people; they exploit them. They rarely hire people with the talent, experience, and know-how to challenge them. They don't like competition. They prefer to control results rather than inspire creativity. In situations where they exist they are the only one allowed to think, nobody else would dare. To make things worse they create most of the problems they're trying to micro-manage.

In order to get a sense of roles we can sometimes reference the legal documents associated with a resort. The Declaration of Dedication is where the Developer stated his intent for the resort property and the improvements thereon. Typically the developer established that an owners association would exist and quite often addressed this issue with something similar to the following;

Declaration - Article V Section 5.07 Maintenance and Operation. *The Association shall have the sole authority, power, responsibility and duty for the operation and management of XXXXX Resort, for the maintenance of all Residence Units, Common Area and Furnishings, for the enforcement of the provisions of this Declaration and the Rules and for collection of assessments provided herein. Maintenance, as used in this paragraph, shall include; (a) reconstruction, restoration, remodeling, refurbishing, repair, maintenance and upkeep of Residence Units and Common Areas, including landscaping; (b) repair and replacement of Furnishings; and (c) payment of all operating expenses including but not limited to insurance, real estate and personal property taxes, utilities, cost of equipment, supplies and personnel, and management fees.*

Sections like this one should make it easy for roles to have been established. However, the By-Laws of the Association may contain something similar to the following;

By-Law - Article IV Directors A. Powers. *Subject to the limitations of the Articles, the By-Laws, the applicable provisions of State laws or statutes as amended, and the provisions of the Declaration, all corporate powers shall be exercised by or under the authority of and the business affairs of the Association shall be controlled by, the Board of Directors.*

So this means that the true holders of the power are the Board of Directors. But wait;

By-Law - Article V Officers. F. *The President shall be the chief executive officer of the Association and shall, subject to the control of the Board of Directors, have general supervision, direction and control of the business and officers of the Association. He shall have the general powers and duties of management usually vested in the Office of President of an Association, and shall have such other powers and duties as may be prescribed by the Board of Directors.*

Now we are getting down to it. The President clearly has been given the power. However, because no clear information is given on how to exercise that power. Was that the way the Developer intended things to go? No...

Declaration - Article V Section 5.08. Management Firm. *The Association shall enter into a written agreement with a management firm by which it delegates all the authority, powers and duties set forth in the preceding section.*

By-Law - Article VII Maintenance and Operation A. Agreement. *The Board of Directors shall provide for the management and operation of the XXXXX Resort by entering into a management agreement as provided in the declaration.*

Declaration - Article II Definitions (S) *“Management Agreement” is an agreement entered into between the Association and a management firm for the administration, management, housekeeping, improvement, repair, restoration, remodeling, refurbishing, other maintenance and operation of the XXXXX Resort.*

According to these documents the President’s power is delegated to the management firm via a management agreement. Thus in this instance no real confusion exists regarding the roles of the Association, the Board, the President or the management firm.

There will be nothing in a resort's legal documents which would prevent any board member from thinking they are a better manager than the professionals of the management firm, or the resort staff. Management of day-to-day work is what the board member knows from real life and in all probability his professional life. Micro-management is about the absence of trust and this board member doesn’t trust that someone else will get the oil changed in the SUV or that Sally is capable of completing the quarterly report without direct detailed instructions from himself. When the member was first considered as a potential director it was because his resume indicated that he had a degree in landscape design and you thought that knowledge would be useful. He was asked to serve on the Reserve Committee and demonstrated exceptional skills when that committee reviewed the existing landscape maintenance program. Given that, are you really surprised that he drives past the property everyday on his way to work and checks if all the sprinkler heads are functioning properly.

There are times when, due to no ones particular fault, a situation gets out of hand and it seems when this occurs those situations tend to multiply and become crisis. During the period of Developer control, a few members failed to pay their assessments and now that the Association is in control, several more have become delinquent and the subsidy agreement no longer exist. A cash flow shortfall is about to occur and everyone becomes involved in a quick fix. Once the crisis time is over, it will be very hard for some board members to revert back to their prior policy making function. The board member is fearful that unless he remains intimately involved the situation will reoccur. After all wasn’t it he who recommended the ‘quick fix’ solution and it’s his duty to find (and implement) the more permanent fix because everyone else has gone back to dealing with day-to-day issues and acting like the crisis never occurred!

FINAL THOUGHT

The Board of Directors or an individual board member who has been elected to an office or appointed to serve on a committee cannot possibly sing all the parts in the choir while holding and waving the baton. The Board (including all its individual members) better serve their audience (the full membership of the association) by collectively writing the music to be played at some future concert. If the board or a member gets stuck trying to sing tenor, bass, baritone and lead all at the same time the absence of harmony will quickly become apparent. If the board or the individual member persist with this action all the other voices will begin to dissipate, as will the audience.

The micro-manager loves to hear their own voice and if allowed would want a full-length mirror in the shower stall. That way they could hear and see themselves perform to the only audience that really matters to them.

In order to overcome micro-management we must demonstrate to the offender that singing solo doesn't produce harmony. Micro-management is not 'leadership' it's 'gamesmanship'. In order to become successful the others involved must be free to demonstrate their voices or even sing off key every once in a while.

Many voices singing in harmony make up the choir and with practice good music. The micro-manager more often than not is making noise and no one is buying the CD.