

## Tips for owners

### Why Cheap Fees Means Bad Service

The familiar saying 'you get what you pay for' is true, and in property management there is a vast difference amongst the service and quality that is given, which is as varied and different as the levels of fees that are charged. However, we need to understand that should we as an agent give cheap fees, we also need to understand that this action will convert eventually into low and dissatisfactory service levels that cannot be sustained

#### How is this so?

Here are the step by step factors that all affect how cheap fees convert to poor service levels

1. **It starts with cheap fees**– the 'get new business' boss has said that we must do whatever it takes to get new business. Therefore, when challenged about their fee, they are quick to drop 1-2 % off the standard management rate, or even waive other fees altogether such as the letting and lease renewal fees.

3. **Burnout**– the overload of managements causes the property manager to have difficulties coping, which cause 'burn out', lowering service levels and creating a risk of resignation.

5. **Inexperienced property manager employed**– the agency must then find a replacement property manager, where it is likely that a well experienced one is hard to find. Therefore resulting in a less experienced property manager coming into the role. On the contrary, even if a good property manager was located, they may not want to take on the role because they know they will be too overloaded with work.

2. **The property manager is overloaded with properties**– because the agency now has a much lower revenue base to work from because of their cheaper fees, the property manager assigned to the property has far more properties to manage than what is responsible and feasible.

4. **Poor service levels**– due to untrained, inexperienced and overloaded staff, this results in poor service levels, and dissatisfied clients.

6. **The Principal lets others know**– the Principal now disillusioned by their 'poorly performing' property management department tells others how difficult property management is, still reinforcing the popular notion that the property management department is still 'second best' to sales in a real estate company.