

## ON THE BOARD

### *Top Traits of Very Effective Boards*

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All she wanted to do was to sell her co-op apartment. Although she used her ground-floor property both for work and as a residence, she wasn't quite sure whether it could be sold as a live-work apartment. So she did what she thought she should do—she went to her board and asked.

"But the board refused to let her know what she could sell the property as until she brought in an actual buyer," says Edo Raday, an associate broker/vice president with Manhattan's Halstead Property, LLC. "The board was being very difficult, and the seller had a hard time selling the apartment because the realtor can't misrepresent the apartment to a potential buyer." While tensions rose in that building over the board's lack of cooperation with the unit owner, the atmosphere was quite different across town. Eileen Michaels thinks highly of her Fifth Avenue building's board and their current president.

"[Our president] was unexpectedly thrust into the position when the former 18-year president moved," explains Michaels. "During the almost two years that she has been president, our resident manager retired after 35 years, we were given right of first refusal to purchase our land lease—with a very short time to respond—and our retail space became vacant after a 10-year sublease. The rent was a significant part of our income."

Although each of these issues individually would represent a big challenge for any board, handling them all at once took Herculean effort. "I am proud to say that our board rallied to the rescue," says Michaels. "They worked cooperatively with our new resident manager, and in a little over a year, our building has been updated and repairs have been expedited. We secured a land lease purchase deal which has significantly increased shareholder value, and we leased the retail space to a real estate company."

All this time, says Michaels, the board maintained her building's spirit of community by holding holiday parties, collecting toy donations and working cooperatively to run various programs beneficial to its residents.

### The Main Objective

While every board is different, made up as it is of unique individuals with their own perspectives and opinions, there are certain overall qualities that either make or break a board—traits that enable them to run their building smoothly and successfully, or that turn the shareholders against them and make life miserable for everyone.

"Unfortunately there are no objective measures for assessing the co-op boards, or their abilities or what they are able to achieve," says David Kuperberg, president of Cooper Square Realty, Inc. in Manhattan. "Success is

very subjective—but a successful board should be one that establishes goals and achieves those goals.”

Kuperberg explains that there should be at least three primary goals for every board: maintain the property, improve or at least retain a high quality of life for the residents; and increase property values.

To achieve these goals, board members need to possess honest and integrity, says Cal Clemons, a certified association executive, and author of *The Perfect Board*, (Synergy Books, 2005).

“You have to have a board that can stand up and do what’s right,” says Clemons. “If the members of a community association know that something wrong is happening—such as money is missing or land use is an issue—they need to stand up against it.” Without honesty and integrity, Clemons says, a board can ultimately land in serious legal and financial trouble.

Creating a successful board also starts with the right board members. “Some board members join for their own personal benefit and put the needs of themselves before the needs of the building,” says Michael Crespo of Citadel Property Management. “I’d like to see a board look at the building as a business, plan ahead, and make decisions for the long-term benefit of the building. Keep their personal benefits and differences to a minimum and concentrate on the business at hand.”

Board members should also be committed to doing the job at hand. “So many people commit to be on boards and don’t show up or have enough time,” said Clemons. “Be committed, know about your board and get an estimate of how many hours it might take and once you know, put a fudge factor in of 20 percent more.”

Like the Yankees and other ball teams, Clemons also suggests developing a ‘farm team’ of players, or potential board members, who can replace those who aren’t fulfilling their responsibilities.

Positive board members should also foster positive and cooperative relationships with management and shareholders. “Have one or two point people who communicate with management,” suggests Crespo. “If there are too many people on a board to relay information to the manager, it creates a sticky issue.”

In return, management should then be the point person between the shareholders and the board, says Crespo.

#### Confidence and Efficiency

Confidence is another strong quality of a successful board. “The board should also be confident of any decisions once they are made, says Michael Gross, author of *740 Park: The Story of the World’s Richest Apartment Building* (Broadway Books) and president of his Manhattan co-op board.

“It’s a difficult business and you have to assume there is always going to be someone who disagrees with you, so you have to be sure of what you are doing,” says Gross.

A successful board is also efficient. “Meetings should never last more than one-and-a-half to two hours,” says Kuperberg. “It becomes non-productive after that much time and abusive to the managing agent who has already put in a full day of work and now has to attend an evening meeting. Any meeting

that lasts longer wasn't well prepared for and too many issues are butting into the agenda."

Kuperberg also recommends sending all board members any necessary paperwork on any topics that will be discussed in advance. "Our managers prepare a written management report to the board members usually a week before each meeting," says Kuperberg. "That report contains information and any ancillary documents with respect to everything that's going to be discussed. Occasionally something comes in last minute, but it shouldn't be a regular thing."

#### The Flip Side

Unfortunately, not all boards are like Eileen Michaels'. No matter how a board tries to be successful or maintain positive relationships with management and shareholders, nothing runs completely smoothly. Many struggle with failure to accomplish goals, overly contentious meetings, apathetic members, indecisiveness, lack of commitment, and ongoing complaints from shareholders and even management. It is possible, however, to recuperate and gain strength again to move forward as a board and get back to the tasks at hand.

"The hardest part about struggling as a board is not recognizing it," says Kuperberg. "Once they recognize it, it's pretty easy to correct."

If your board needs help, Crespo suggests turning to the arsenal of people who are on your side and tapping into their knowledge and experience.

"Surround yourself with an excellent attorney, accountant, good manager," he says, "and plan and prepare with these individuals on a regular basis—not just when you need help—so there is nothing unforeseen."

And what do you do if there isn't any noise or grumbles and no one wants to get involved? Enjoy it. "A certain amount of apathy is usually indicative of a well-run building," said Kuperberg. "When a large number of shareholders or unit holders start expressing concern about the operation of the property and want to get involved, it's usually an indicator."

At the end of the day, running a successful co-op or condo building isn't all that different from running a business—integrity, honesty, transparency, and commitment to the community's success are all vital components that make or break a building's board. Ironically enough, the boards who do their jobs best often don't hear a word about it—but then, living in peace and quiet is often its own reward.

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