



Ideal Customer Profile (ICP)

by Jeff Zank, ARM®, President Rancho Property Works LLC

This is the first of a two-part series on choosing owners and properties to work with as your property management (PM) customers. In this article we will focus on owners. My inspiration for this is Ben Parham at Integrity Realty & Management in Greenwood Colorado who spoke at a recent NMAPM meeting I attended. Thank you again Ben for allowing me to share this at a high level.

While I've always had a target customer profile in mind when interviewing new owners, this one I thought was more succinct. This should be used while talking with and getting to know perspective owners. Remember, not only are they interviewing you, but you are interviewing them! PMs could also use it to determine if they want to continue working with a current owner.

Most of the PMs I know, and I know a lot of them, follow this profile and have gone through a pruning process in their business so as to eliminate owners that don't fit. This is something harder to understand for inexperienced property managers. At that point they take any and or all owners and properties you can without regard to the amount of work, stress and general negativity you and your staff have to deal with.

Ideal Customer Profile (ICP)

1. Inexperienced landlord / Owner. I find that experienced landlords that self-managed can have pride of ownership and or think they know more than anyone else about this business and their respective properties. I will add to this category owners that are in the short-term rental and or hotel business. One has to determine while getting to know and interviewing them if they are looking for a personal assistant or a professional PM. With a personal assistant they want to tell you what to do and or micromanage you. It's a lot cheaper to hire a PM and micro manage them than it is to hire a real personal assistant. This can happen from their point of view with disregard to laws and or best practices in this business – remember they know better than you and they want to tell you what to do. They don't care about your real estate license, experience, expertise, etc. It's always possible some experienced landlords can let go and have a new PM as their agent / fiduciary manage their properties. If they want a personal assistant as a PM, they should manage it themselves or hire an inexperienced PM they can manage. Either way best to find out during the interview process than later while they are managing you. Perhaps is better to work with an inexperienced landlord.

2. Financially stable. I understand that most owners like the income from their rental as another source of income, this is why they are investors. Something to consider is do they have the financial resources for costly capital expenses, E.g. new HVAC and or roofing systems. Can they go 4 or 5 months with out rent income? I want to know and ask them during the interview process. How would they respond to a cash call from the PM to pay for expensive systems. Remember, roofs, HVAC, appliances, etc. do not last forever and sometimes they are at the end of their useful life and not repairable. Tenants also expect that the property is fully operational, safe and habitual to live in. If a perspective owner is not financially stable enough to fund large capital expenses, I want to know that before entering into a management contract.
3. Mentally stable. This topic is a little harder to understand overall as there are allot of mental health issues affecting people these days. One has to be self-aware and aware of others to have the best chance to comprehend what's going on in their heads and lives. Just get to know them. Do they appear stable? Are they dealing with a divorce or death in the family or ????. It's important that an owner be able to make logical, rational and reasonable decisions related to their investment property. I want to know this before working with an owner.
4. Empathetic. Are they understanding of what the tenants and or property are going through, can they be empathetic when the 27-year-old HVAC system as not longer blowing cool air when the temperature is 104 degrees outside and the tenants and their kids have to go to a hotel over the weekend to cool off! Do they understand that water leaks can cause mold and thousands of dollars in damage if not addressed quickly. Or are they putting themselves first the way they think. I want to know that before entering into a management contract.
5. Willing to give their trust. Very important that perspective owners trust you with their investment property. When I tell them that the HVAC system is past its useful life and should be replaced, they need to understand. I have good vendors that do a good job, in a timely manner and at a fair price. Getting several estimates will not help the tenants or solve the problem. Owners need to trust me and my vendors. Had this happen recently and my owner called a buddy and or has dad and spent hundreds of dollars trying to repair an HVAC system that needed replacement. We ended up replacing the system and having to the tenants a rent credit. My owner spent *allot* of extra money when he should have just trusted me and replaced the system 3 weeks sooner. I need to know if an owner trusts me or not, no conditions.
6. They value PMs wisdom, experience and expertise. My Marketing of rental properties is excellent in my opinion as well as "outstanding" so far as Zillow can say. So perspective owners that want to tell me that to say in ads or provide what they believe are better photos is a problem for me. They don't understand that my ads need to be legal and detailed, etc. Them telling me otherwise shows they do not respect my

experience, wisdom and expertise. These owners and or perspective owners should manage the property them selves or hire a less experienced PM they can manage.

Make sure you cover these areas when meeting with and getting to know perspective owners. Then factor in your intuition and of gut feeling. If they failed any of the above, remember that experienced managers make better choices in owners they choose to work with. Bad owners effect your quality of life in this business and it's not worth it as more tenured PMs understand. You can say no thanks to a perspective owner and they will find a better fit, probably a PM with less experience that's more egger for business that can be told what to do.

PMs can also review current owners to see if they meet this "criteria" and if not decide to prune their owner down to those that do. Sometimes owners' lives change and what was a good owner may no longer be good and or able to perform.

So far do good with the ICP? What about the Ideal Property Profile (IPP) they want you to manage? Let's talk about what kind of properties to manage in my next article.