

## TEAM MEMBERS

**THE FOLLOWING IS A** list of the team members that a typical real estate investor might need to have:

**ACCOUNTANT:** Unless you are an experienced accountant, you should seriously consider using the services of a certified public accountant (CPA)—at least for generating financial statements and handling your tax returns. A good CPA will pay for themselves by sharing advice and strategies on how to minimize your tax burden.

**ANSWERING SERVICE:** In commercial real estate, you need to be available 24/7 in case of emergencies. But as you grow, after-hours calls can become a pain, particularly when they are unimportant. An answering service can be a way to filter incoming calls so that you're only bothered in real cases of emergency. Non-emergency calls and messages can then be responded to on your desired schedule.

**APPLIANCE REPAIR:** If you own apartments, you'll be dealing with appliances. It's often cheaper to make repairs than to make replacements.

**ARCHITECT:** Experienced architects can help you navigate local code issues and avoid unexpected problems with the projects you undertake. They can also help with cost estimates and securing project bids. The best architects are also magicians at maximizing space utility and design.

**ASPHALT/PAVING/STRIPING CONTRACTOR:** If your property includes a driveway or parking lot, the asphalt and striping will need to be maintained and eventually resurfaced.

**ATTORNEY:** It's best to have a good commercial real estate attorney, particularly for real estate transactions or significant lease negotia-

tions. As your business grows, you may end up with multiple attorneys, perhaps using separate counsel for things like evictions, labor issues, or lawsuits.

**BACKGROUND CHECK COMPANY:** If you're an apartment owner, you'll want to find a service provider through which you can run security and credit checks to screen your prospective tenants.

**BANK:** This is perhaps the most important partner of all. This is why there is an entire chapter dedicated to it.

**BOOKKEEPER:** Many investors elect to do their own bookkeeping, at least early on. But if you're short on time, this is a task that can be somewhat menial and is a candidate for outsourcing. You can also have your accountant handle bookkeeping.

**CARPENTER/DRYWALL:** Any commercial property will periodically require the services of somebody with basic carpentry or drywall skills.

**COLLECTION AGENCY:** There is a limit to how much time and effort it is worthwhile to expend on the unpleasant task of collecting back rent. Once a tenant leaves or is evicted, it's often best to hand this off to the professionals that will work off of a commission on what they collect. Since these agencies report uncollected debt to credit agencies, it can provide additional incentive for tenants to pay up.

**COMMERCIAL CLEANER:** Depending on the size and nature of your properties, it can sometimes be economical or necessary to outsource cleaning services. Cleaning services can be contracted on an as-needed or longer-term basis.

**DEMOLITION:** If you want to gut a space or demolish a building, you will typically get the best price from a contractor that specializes in demolition. For smaller jobs, you may be able to contract with a roofer (contracting for interior demolition can be a way for roofing companies to keep their crews busy when weather prevents them from working on roofing jobs).

**ELECTRICIAN:** Working with electricity can be a very dangerous proposition for do-it-yourselfers. Best to establish a good working relationship with a properly trained electrician.

**ELEVATOR CONTRACTOR:** If your property has an elevator, you'll want to have it serviced and tested periodically. You'll also need to have somebody to call when it breaks down or malfunctions.

**EMERGENCY CLEANUP/RESTORATION:** Fire/flood/emergency cleanup is something you might not want to think about, but it's better to know in advance who you'll call and establish a relationship in case of an emergency. If you stay in the business for a while, it's not a question of if, it's a question of when.

**ENERGY PROGRAM CONTRACTOR:** Energy consultants versed in regional programs can help you navigate and implement a wide variety of value-add improvements that might be subsidized by government entities or utility companies. Oftentimes their fees are covered in part or full by the agency sponsoring the programs.

**ENGINEER:** If you have a project with significant structural or mechanical issues, it is best to call on the services of an engineer working in the associated discipline.

**ENVIRONMENTAL ABATEMENT:** If you do a significant amount of work on older properties, you are likely to encounter hazardous materials such as asbestos that will need to be abated.

**ENVIRONMENTAL ENGINEER:** Many lenders will require you to complete an environmental survey, or a Phase I or Phase II environmental report prior to lending.

**EXTERMINATOR/PEST CONTROL:** Commercial real estate owners must be mindful of the importance of keeping pests at bay. Routine, preventative treatments should be established with a pest control company that is also available for emergency situations.

**FENCING:** Fencing is usually most economically supplied by a company that specializes in fencing.

**FIRE/ALARM CONTRACTOR:** Most commercial properties have fire extinguishers that need to be inspected regularly, sprinkler systems that need to be maintained, and alarm systems that might need to be serviced.

**FLOORING CONTRACTOR:** The build-out of most spaces includes flooring work. This is particularly true for apartments, where carpets must be changed out regularly.

**GENERAL CONTRACTOR (GC):** Larger projects are sometimes too much for you to oversee all the individual trades yourself, or you may not yet be ready to undertake something of such magnitude. A good general contractor is like the conductor of the orchestra; they will organize all elements of a construction project and alleviate the hassles of being your own GC.

**HVAC CONTRACTOR:** Problems with heating, ventilation, or air-conditioning are routine in a commercial property. It's best to have the systems maintained by a professional, preferably a responsive contractor you can call whenever there is a problem. You can generally secure annual maintenance contracts and/or negotiate on a project basis.

**INSURANCE BROKER:** It's important to maintain the proper insurance at competitive rates. A good insurance broker can help you navigate these waters and simplify the process.

**IT CONTRACTOR:** As your company grows, so will your computers, printers, and IT infrastructure. When the time comes, you'll need somebody to call with problems if you're not technologically inclined.

**LANDSCAPER:** If your business can afford it, having a professional landscaper spruce up a property can really make it pop, even if you intend to maintain it yourself.

**LAUNDRY:** Apartment owners can boost revenues through laundry income. If the laundry machines are owned, they will need to be repaired periodically. The other option is to outsource laundry to a third party. In this case, a third-party company provides and maintains the machines, then gives you a percentage of their sales.

**LOCKSMITH:** Locks and keys are a whole process unto themselves when you're in the commercial real estate business. It's best to identify a good locksmith, plan ahead, and have a system for tracking and labeling keys. Stay organized.

**MASON:** Concrete, brick, and stonework are best done by a contractor that specializes in masonry.

**MORTGAGE BROKER:** If you want help shopping around for mortgages, there are brokers out there ready and willing to help you. This

is most appropriate for larger deals and national lenders, including banks and insurance companies.

**PAINTER:** A good, reliable painter is a valuable contractor to have. Most people underestimate the difference you can make at most properties with a fresh coat of paint! It's also something you may be able to do on your own sometimes—particularly in apartments.

**PAYMENT PROCESSOR:** The ability to process credit card payments or electronic funds transfers can make things a lot more convenient for both you and your tenants, particularly if you're managing an apartment complex.

**PAYROLL COMPANY:** Doing your own payroll is definitely possible, but also fraught with potential perils. Take it from somebody who was the victim of errors in do-it-yourself payroll taxes—it's not fun to deal with state and federal fines if you get it wrong!

**PLUMBER:** Establishing a good relationship with one or more licensed plumbers is very important. Plumbing emergencies are not uncommon, and water leaks can rapidly cause significant damage. A responsive and reasonably priced plumber is one of the best partners you can have.

**PROPERTY MANAGEMENT COMPANY:** If you are unable to manage your own property, you can outsource this function to a property management firm. In this case, you serve as the asset manager, which includes the oversight of the property management firm.

**PROPERTY MANAGEMENT SOFTWARE SERVICE:** For my first few properties, I did everything in a spreadsheet. But a good software service can make property management a lot more efficient and set a better foundation for growth and expansion.

**REAL ESTATE BROKER:** Establishing positive and fruitful relationships with area commercial real estate brokers is a critical part of most investors' success. Brokers can assist you not only in identifying new properties, but also in securing tenants, commercial and residential. Good brokers earn their commission, so don't be stingy. If you treat them right, you can expect the goodwill to be reciprocated.

**ROOFER:** Even if you don't expect to have roof work done, damage can be done. Roofers are licensed to do the work properly. See also

## **Demolition.**

**SIDING CONTRACTOR:** If your property has siding or masonry, it will require a contractor with the appropriate knowledge and skills to make any repairs or upgrades.

**SIGN COMPANY:** Signage is one of the most powerful and cost-effective mediums for marketing. It's also critical to your tenants for the promotion of their business and to help their patrons find them. A good sign company will not only be able to fabricate signs for you but also be familiar with local ordinances and facilitate the permitting process.

**SNOW REMOVAL CONTRACTOR:** Depending on the size of your property, removing snow yourself can be impossible without the right equipment. Having a reliable contractor under contract to remove snow is imperative to keeping tenants happy if you're located in an area that experiences difficult winter conditions.

**STAFFING/TEMP AGENCY:** A staffing company can ease the burden of hiring by taking care of the advertising and prescreening prospective employees. They also offer the benefit of not having to put somebody on your payroll. It can be a convenient way to "try out" a prospective employee and ease the process of getting rid of them if they're not a good fit.

**SUPPLY COMPANY:** As you grow, you'll want to establish relationships with a variety of companies for general supplies and inventory. This might include office supplies, maintenance materials, equipment, paint, etc. Some of these can be secured from retail stores, while other things, like plumbing parts, might need to be obtained from specialty suppliers.

**TRASH COLLECTOR:** For properties where the landlord is responsible for trash removal, you will need to contract with a waste collection company. There are also brokers who specialize in putting waste collection needs out to bid and securing the best terms.

**TREE REMOVAL:** As your portfolio grows, there will inevitably be trees and shrubs to remove. The larger the job, the smarter it is to hire a pro. The terms "experiment" and "chainsaw" don't go particularly well together.

**WINDOW WASHER:** Oddly enough, many commercial cleaners don't do windows! There are typically separate vendors that specialize in window cleaning. This is particularly important if you have a multi-story property. Best not to break out the bungee cord or scale down the walls and do it yourself.

**WINDOW/DOOR CONTRACTOR:** Repair or replacement of windows and doors can be a regular activity as your portfolio grows.