

Property management for entrepreneurs

By [Mark Souris](#)

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Many entrepreneurs who attempt to manage shopping centres underestimate the amount of administration involved in the effective management of a building, not to mention the associated risks. The answer: by retaining the services of a property management consultancy, business owners are able to reap the benefits of their expertise when it comes to the in-depth management functions of shopping complexes.

While entrepreneurs are gifted at seeing value and capitalising on opportunities, they are less likely to see the pitfalls involved in the management of shopping centres - and this is where using a property management consultant is a good idea. It is in the areas of administration and finance that entrepreneurs may come short as their businesses grow. Knowing how to select the right mix of tenants, and then understanding how to charge them correctly in terms of rentals, is a specialised skill. In addition, issues relating to the security and maintenance of the building are best managed by those who hold knowledge of the industry.

As growth takes place, issues arise

When it comes to the management of a shopping centre, the administration issues are more pervasive than tasks around rentals and invoices. Issues around compliance in terms of accounting practices, the payment of VAT and the legal ramifications of running a mall can be intimidating to those who do not have access to the correct level of experience. What we often find is that business owners are able to take on the management function when the company is small; however, as growth takes place and these issues arise, it's necessary to bring in a team of experts. Ultimately, it's our job to run shopping centres, which frees up the owner of the building to concentrate on his core skills.

Infrastructure is another area in which a property management company can assist the business owner. A management company has a complete understanding of the turnkey process involved in the management of a building. This includes spotting the more non-conventional opportunities, such as creating additional revenue streams. For example, a small action, such as increasing the parking fees by a nominal amount - from R2 per hour to R5 per hour, can account for an extra 70% in parking revenue. It's a simple action, but one that you need the right skills set to identify.

Other infrastructure-related issues

Furthermore, property management consultants take care of other infrastructure-related issues, such as the HR function, reporting and asset management. It comes down to knowing the value of the business and, more than that, how to increase that value. It's a process that requires an in-depth knowledge of the market in which you operate - and having the right man power to do the job properly. I call the process "walking the roof" - where a property management consultant will literally climb onto the roof of a complex in order to see every aspect of the business and understand the opportunities available from every angle.

We take a holistic approach that will ensure the smooth and profitable running of a shopping centre, incorporating everything from leasing and tenant management to HR and financial, risk and asset management. Moreover, we're able to capitalise on additional opportunities to add value to the building. Ultimately, can you think of a reason not to use a property management consultant?

ABOUT THE AUTHOR

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