

The Lesson of the Oil Change



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When I turned 16 and got my driver's license, I was the lucky recipient of the family Thunderbird which had been handed down from my Dad to my sister to my brother and then to me. This car had been through 2 trips to Florida, 10 trips to New York, 2 proms, 3 homecomings, and somehow managed to survive, until it got to me. After several months of driving, I kept noticing a peculiar little red light that would appear next to the speedometer. It almost looked like an oil can or something. I kept thinking, "I better check into that." But at 16 I subscribed to the philosophy so eloquently described by Mark Twain, "Never put off until tomorrow what you can do the day after tomorrow." After a couple more months of driving with that annoying little red light, I was driving on the beltway when my car began to make a loud banging noise. I was a little upset because I really liked the song that was on the radio, and I couldn't hear a thing with all that banging. I got really worried though when I saw smoke pouring from under the hood and I began to lose power. Apparently, that red light was telling me that I was low on oil, and a car doesn't run very well without oil. Now I know. As it turns out, an oil change only costs about \$30, and new engines cost about \$4000. A valuable life lesson for sure. Sometimes you have to spend a little money now to save a lot of money in the future. This lesson so happens to apply perfectly to the maintenance of your properties.

Fireman Mode and the Squeaky Wheel

In this economy with high unemployment and stagnant growth, the community budget looms large in the minds of associations and property managers everywhere. Delinquency rates are reaching an all time high as association dues are increasingly more difficult to collect. As communities seek for ways to slash expenses to compensate for reduced income, capital improvement and maintenance projects are the first to be cut or postponed. After all, you can't very well cut your insurance, or taxes, or trash removal, so it is easy to rationalize postponing the painting project or the roofing project. Many properties are forced to go into Fireman Mode, where they don't spend money unless it is to put out the proverbial fires that arise on the property. Or they respond only to the residents who complain the loudest, just to silence the squeaky wheel. Meanwhile, the much needed maintenance projects are neglected. I realize that sometimes, it is unavoidable and these projects must be postponed, but for those properties where some creative financial management would enable you to do the project, it will actually save you money in the long run to do them now. "Remember to Change the Oil."

Why You Shouldn't Wait

We are always asked by property managers, "How long can we put off this project?" That is a difficult question to answer, because we haven't yet found an algorithm that will predict how much damage you are doing each day you wait, and how much that damage will cost you in the long run. However, we have learned from our 29 years of experience, that the longer you wait, the more expensive the project will be when you finally do it. Below you find some persuasive reasons why you shouldn't postpone your projects if you can help it.



1. Safety First

Many projects fall within the Fireman Mode category such as loose balcony railings, unstable porticos, and loose electrical wires. These types of projects are handled immediately due to their urgent life protective nature. However, there are some projects that pose safety hazards and are postponed simply because the hazards are hidden or unknown. For example, if left unchecked, leaks can not only lead to rot and dry rot, but can also lead to mold and termite infestations. We recently had a project where mold had entered into the HVAC system and was causing the owners to experience allergic reactions. These types of water-related problems can get your property blackballed by insurance companies worried about the soaring number of mold-related claims nationwide. Water can also cause roofs to collapse and foundations to buckle. It is therefore important to employ the help of experts to point out these potential hazards, before they become hazards.

2. Curb Appeal

There is a lot to be said for maintaining an aesthetically pleasing appearance on your properties. Having a well maintained, attractive property will increase property values of the homes in your community. If the improvement involves energy efficiency, such as window replacements, the residents can enjoy savings on their utilities. The residents will enjoy their living experience much more which improves overall community satisfaction and morale. This can lead to improved collection of HOA or condo dues as residents feel that they are getting something for the money spent.



3. Behind the

As you know, property maintenance doesn't wait around until you have the money to spend on it. What that means is that while you are postponing Project A, a new project will raise its ugly head. Then while you are finally doing Project A, Project C and D arise. Before you know it, you are playing catch up with your maintenance, but you are unable to catch up. Believe me, these things can pile up fast. It has been said, "Procrastination is the art of keeping up with yesterday." It is crucial then to get ahead of the game and create a proactive maintenance plan. Set your property up on cycles so that each aspect of property maintenance is taken care of on a regularly scheduled basis. And if possible, make these parts of your budget sacred. It is not a good idea to put things off until you have more money, because you never know when you will actually have more money.

4. Penetrating the Fortress

Most major condominium repairs are required because of a failure of the building envelope. The building envelope is a term that refers to the exterior components of a building that separate the indoor from the outdoor. It serves as the outer shell of the building and includes the exterior walls, foundations, roof, windows, and doors. It can be compared to a fortress wall. The building envelope is designed to keep its primary enemy, water, outside of the building and if designed correctly will successfully perform this function. But once that fortress is penetrated, or breaks down, the rate of destruction increases exponentially. For example, if the roof fails in its function to shed water from the building, then instead of replacing a couple of shingles, you are replacing rotten plywood and rafters. Or instead of caulking and painting trim, you are replacing large amounts of rotten trim and structural wood. So the key is to never let your fortress wall become weak. You must maintain all components of the building envelope and make sure the water is shedding away from the building.

Why Didn't I Just Change the Oil?

So after mowing the lawn about 100 times to pay my dad back for the new engine, I had learned the valuable lesson of the oil change. How much time and money and sweat and tears would have been saved if I had just taken a quick stop at the local Jiffy Lube? So as you sit down in your board meetings to discuss the annual budget, keep in mind the Lesson of the Oil Change.

About the Author: Craig Middledorf is the Vice President and part owner of Middledorf Property Services, a local commercial renovation firm serving the property management industry since 1982. Craig graduated from Brigham Young University in English and earned his MBA from University of Maryland. He is also owner of a residential roofing firm and holds a current Maryland Real Estate License.