

The Legality and Morality of Handing Over a Management Rights Business

By Lyn Pearsall, MR Sales

First, management rights is a business.

We, as outgoing managers, have a legal responsibility to do a handover following the completion of a business sale during which the seller continues with the business in order to ensure non-disruption and a successful move to the buyer.

In management rights it is usually one-to-two weeks prior and one-to-two weeks after settlement.

This process should be planned as we have many stakeholders who require transparency, so we answer to owners who deserve to know that their investment is secure and profitable. We have agreements with the body corporate, which needs to know that on-the-job training is adequate and you need to know for yourself (and your financiers) that your investment is meeting your financial goals and commitments.

We also have a responsibility to our guests to make their stay enjoyable: they want a trouble-free holiday and we have a duty-of-care to ensure the safety of our guests.

What about fire drills and evacuation procedures? The duties are onerous and they commence day one.

As an agent, I speak to incoming managers on a regular basis. 2017 has been a bumper year for sales but I am disappointed, regarding the feedback on handovers at time of settlement. In some cases, handovers are total non-event.

Although the industry has licensing requirements and education programmes for new managers, it is still very daunting. This is partly because of the many roles that are required from banking and trust accounts, as well as unscheduled interruptions that may occur.

Should there be a performance bond to ensure adequate training occurs, and I know there has to be a cut-off point, I think its time we have this conversation...

I make a point here about procedure manuals as I believe every building manager should make a resolution for 2018 to commit to providing a comprehensive manual for their building.

This will help provide peace of mind that you have done your tasks for the day; the staff are aware of their duties; you can feel confident in relief managers; and when it comes time for you to sell, your handover will be documented, transparent and well-prepared for due diligence to be undertaken.

In other words, it's a bit like insurance: It helps you sleep at night.



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