

# HOW TO DEAL—IF YOU MUST— WITH TOUGH TENANTS

By John Salustri

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**Y**ou've all done it—don't deny it. You've rolled your eyes when you saw THAT name, that pain-in-the-neck client, displayed on your cell phones. How do you manage expectations when those expectations are changing every other day or when the tenant shows a constant disregard for your opinion, your expertise, or your time? And when should you cut your losses? Are you cutting off your nose to spite your growth?

Andy Corken, SIOR, principal and executive vice president at Taurus Modal Group in Chicago, recalls one tough-as-nails client that, "had approximately 80 facilities around the country and in any given year they needed to do a lot of renewals and relocations, so [he] would partner with brokers in various cities for the local expertise." The problem came when Corken realized that the client was cutting the brokers out of several of the lease renewals, and completing negotiations directly with a landlord—after his local broker partners had provided significant market intel.

"We had a national agreement with this company," he explains. "I told them that people were busting their behinds to provide good service. I told them we needed to talk." The heart-to-heart chat

initially calmed the waters a bit, but ultimately, "I pulled the plug. It was a business-ethics issue, and the situation was abusing my local partner brokers, who wanted to provide excellent service and were not getting compensated."

For Grant Pruitt, SIOR, the Dallas-based president and managing director for Whitebox Real Estate, the problem child wasn't the superstitious client who walked away from a deal because the previous occupant went belly-up, and it wasn't the drunk client who got sick on a building tour ("Thankfully not in my car").

No—the dubious-merit award for worst client went to a debt-collection agency. "It was a fairly large corporation," he says. "I did a couple of deals for them actually, and the decision-maker would accuse me of everything under the sun that I did wrong, things I never did. That was a difficult client and it taught me to stick to my guns and hold firm. I would probably fire them at this point in my career. I don't think I knew to do that then."

## The Break-Up

**W**hich brings up a dilemma: do you cut ties with difficult clients, as Corken did, and Pruitt says he should have? When is enough . . . well . . .

enough? Not surprisingly, the views vary by personal approach.

"We have the same goals as our clients," says Randolph T. Mason, SIOR, a partner at Commercial Realty Specialists in Orange County, CA. "My career has been working for the 'letter of appreciation' from my clients, not the money. Money is a by-product of doing a good job. I can do a crappy job for my client and still get paid. But I won't earn that letter of appreciation."

That said, Mason has said goodbye—or more accurately, said nothing. "I had a distribution-company client. I kept showing them opportunities and they kept asking me to jump through more hoops. I gave them all of the market information I had, but rather than following up, I finally let them call me. If they don't call me and I don't follow up, it's more or less done." He never slam doors. "It's not good Karma."

A wise approach, because you never know what's down the road. Pruitt tells of a nuisance deal he did—1,200 square feet—from which he wasn't expecting to make money or get repeat business. "Eventually, I ended up selling them a 235,000-foot building." That's in addition to the more than the one million feet of

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leases he’s done since that 1,200-foot deal.

As he indicated, he would cut ties, but, it’s a last resort. “The behavior or the request has to be unethical, illegal, or inappropriate,” he says. “Or if they’re completely disrespectful of you and your time. But our job—when it is ethical and legal—is to do our best to accommodate their needs. If we’re really on the client-facing side, we’re advocates and we work with them. They’re taking on a huge expense, and they want it to be right. It’s our job to make it right.”

Mason agrees. “If a tough client needs your assistance and you know you’ll actually get paid down the road, patience is paramount,” he says. “You guide them as a friend and confidant.”

Is it easier to take abuse from a larger client than a small one? Do brokers cut them more slack? Again, opinions vary. “Yes, in some cases, I would if the business ethics are there and we can generate revenue,” says Corken. “But even here, I suppose too much can be enough.”

Mason, on the other hand, says his letter of appreciation goal acts is a great equalizer. “If I’m working for the letter of appreciation from every client—not just the large ones—I give them all the same type of attention. But it’s easier for me because I’m an independent broker. I don’t work on 50 deals at once.”

#### Words to the Wise

So what advice do our experts extend to other SIOR members? “In my SIOR training,” says Pruitt, “I heard someone say that our time is too valuable and life is too short to work with people you don’t enjoy working with. Real estate relationships are like any others, whether it’s a marriage or a friendship. It’s a two-way street and it has to be a good fit for both parties. If you’re not feeling the love, they’re probably not feeling the love.”

Corken suggests that “one of the best things you can do is try to anticipate a client’s challenges upfront while gaining an understanding of the company’s financial and operational goals. And in every interaction with them, show them that you’re making progress in the transaction. Return calls and emails as quickly as you can, treating them as if they’re your most important client.”

Finally, he recommends that you do your homework. “If you pick up a new client, try to find out what happened with the previous relationship. What went wrong, and why are they hiring you?”

Mason keeps his advice short and sweet: Good client or not, “set realistic expectations. Then under-promise and over-deliver.” ♡

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