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Fast Lane

A. David Lynd gets the family firm up to speed with real-time information, high-tech solutions, and a relentless drive to achieve.

By [Les Shaver](#)

It's late April, and the hometown [San Antonio](#) Spurs aren't faring too well in their late-season tiff with the Sacramento Kings. The defending champs trail by double digits, and the locals are restless. That includes A. David Lynd. When a call goes against the hometown team, the 31-year-old executive jumps out of his seat and jeers the other team. He sits back down and exchanges some good-natured trash talk with the two Kings fans sitting a couple of seats to his right. It doesn't matter that the two men are the Maloof brothers, who happen to own the Kings, or that the Spurs remain too far behind to catch up. Lynd just wants to win.

This aggressiveness and competitiveness may be best exemplified in the business that Lynd, COO of the Lynd Co., and his older brother, Michael, the company's president, have built over the last decade. In 1997, they started building their third-party property management business, which was No. 41 on the 2006 MFE Top 50 list with more than 25,000 units. They're also into their second fund and rapidly adding properties to their portfolio.



Joel Salcido

A. David Lynd has aggressively pushed his management company onto Multifamily Executive's Top 50 list. With a strong culture and management platform, the company aims to keep picking up third-party contracts.



Phillip Galindo/The Lynd Co.

Lynd Residential Properties partnered with AVR Realty Co. to buy the Crescent Apartments in San Antonio as part of its first fund.

The duo took over leadership of the company from their father Michael Sr., who still owns it, and have propelled its monumental growth ever since. The key ingredients: the competitive drive of the two brothers (they were both standouts in sports growing up, and Michael played baseball in college), their technological savvy, and their willingness to bend over backwards for customers. So far, the formula has worked.

"Their mindset is not of a large corporation," says Michael Lifland, vice president of Winchester, N.Y.-based AVR Realty Co., which is an investor in the company's first fund and owner of properties it manages. "They're an entrepreneurial organization. They're always looking for the better way to do it, and the staff has the same type of mentality."

The Family Business

Michael Lynd Sr. started in the apartment business back in the '60s. As David and Michael Jr. were growing up, their father used his apartment properties to teach them many of life's lessons. "I started them out at menial jobs they could do, like digging sewer leaks and cleaning around the properties, just to show them if that if you don't get an education, that's the kind of job you would be doing," the elder Lynd says.

Despite the Lynd brothers' crash course in the basics of property maintenance, their dad didn't want them to choose the apartment industry. He had been through the hard times of the early '70s and the debacles of the '80s. "I really encouraged them to try to find another line of work because of the cyclical nature of real estate," Lynd Sr. recalls.

Yet sometimes even the best-laid plans fail. After graduating from tiny Trinity College in San Antonio in

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1995, Michael Jr. returned to the family business. Two years later, David graduated from Southern Methodist University and took the management reins of the company, which owned and managed four properties at the time. Their father was just planning to retire when his sons came back. "I should have known they would gravitate back to this industry, because I made them go to work when they were young boys," the elder Lynd says.

His younger son sees things the same way. "When you grow up in the business and have knowledge in that industry, it becomes something you understand and know," David Lynd says. "This business just makes sense to me."



Courtesy The Lynd Co.

Lynd Residential Properties partnered with GE to buy The Dominion at Woodlands in Conroe, Texas, which is just north of Houston.

Like the Lynd brothers, Matt Starr grew up in the business working for his father and understands its lasting effects. Starr works at American Opportunity for Housing, a 501(c)(3) in San Antonio that develops workforce housing, and Lynd manages apartments for him. "We've all been in the trenches," Starr says.

"Growing up in the business, we started at the ground, leasing units and working as the maintenance person."

Despite growing up in the apartment business, the Lynd brothers were basically starting out at square one when they came back to grow their father's company.

"There weren't a whole lot of opportunities for us to enter capital markets,"

Michael Jr. says. "We didn't have a long track record—too much time had lapsed since my dad was a bigger syndicator—so we focused on third-party management."

The brothers sold themselves as young, hard-working entrepreneurs. The pitch worked, and they caught on with 501(c)(3)s and eventually owners of all types of assets. As the Lynds' clients succeeded, the brothers did as well. "Our clients have grown and acquired properties," says Sam Kasparek, CFO of the Lynd Co. "The lion's share of those groups have grown a lot, and we've grown with them."

The Lynd Co. will follow clients to new places—like Illinois and Pennsylvania—even if it doesn't have other properties nearby. "Their interest in client service means that they'll follow you into new markets and they'll roll up their sleeves to help you get your arms around a new product in a new market," says Joe Sherman, president of Fidelity Partners, a San Francisco-based apartment owner and a Lynd client.

The company's list of services isn't limited to basic property management. It also handles construction rehab and helps its clients acquire and finance properties. "I started underwriting and finding opportunities for our clients," says Michael Jr.

David Lynd tells stories of getting calls from his clients to perform due diligence on a property within 24 hours. He and his staff will work tirelessly on due diligence. "One thing I've prided my company on is acting with extreme speed," he says. "We've done complete underwriting, due diligence, file audits, market surveys, and rehab scopes on 1,000 units—and we've turned that around in two days."

Constant Oversight

Walk into David's office and you can literally see how he values technology. On the wall are two flat-screen monitors. One is his computer screen, and the other flashes new updates every 10 minutes: Down its left side is a list of the company's properties. Across the top is a list of acronyms, representing a host of stats—what each property bills on a monthly basis, current occupancies, how many leases are up, how much the property is budgeted to collect, its actual collections, delinquencies, how many leases will be renewed over 30 days, how many leases will expire over the next 60 days, traffic on the site, how many leases are converted, and closing percentage. "It's just knowing your people and knowing your properties," David says. "I live and breathe their financials and their current numbers."

Those who have worked with David Lynd can attest to his effective use of technology. "He has got to be one of the most visionary players in this industry," says Lisa Benson, president and CEO of Ellipse, a technology consultant firm that works with Lynd. "David Lynd is a Generation Xer who takes his knowledge of asset development and business services and applies technology. David is comfortable in that fast-moving, fast-paced, snap-snap environment."

It's no surprise, then, that the company uses technology to reach out to customers. Its customer surveys go directly to David Lynd and regional managers. Residents can reserve units online (they go via e-mail and BlackBerry to regional and property managers), and the company is piloting an online rent payment system.



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"With more people being more comfortable with transactions on Internet, that [percentage of people paying online] can be pushed to 100 percent," Lynd says. "We'll make them responsible for going online to pay, whether it's a direct draft or credit cards."

David Lynd is also launching the "ultranet"—which he says is the ultimate Internet—an Internet-based site that will allow owners of the properties he manages to log in and see things like maps of the area around the property, a PDF of the closing announcement, financial reports, how it was purchased, and even what kind of debt was used. "If he's seeing what I'm seeing, there's never any miscommunication about how a property is doing," David says.

The system also holds other advantages. "I want all of my information to go paperless," David says. "These presentations, where someone is putting a book together, are pretty, but wouldn't you rather our people spend time earning you money rather than building a book?"

But some owners aren't interested in new technology. So, for those people, Lynd must still provide paper reports. "They're trying to please a lot of different masters," Fidelity Partners' Sherman says of the Lynds' approach. "But we think it's great. We try to do more Web-based technology, and they seem to be pretty good at being on the latest waves of keeping information moving."

People Power



Lori K. Bonagli/The Lynd Co.

When Lynd Residential started its first fund, it found itself managing new units, too. This gave the company the security to begin investing in its infrastructure. One addition: the Mandalay Apartments in Austin, Texas.

David Lynd doesn't just want to keep information moving. He wants his people moving—and competing—as well. In one program, called Lynd Listens, the company rewards employees who present good ideas, such as creating a Lynd Locator page on the company Web site so that residents could transfer easily to sister communities. Those ideas go straight to David Lynd. Then there's the Lyndie 500, which looks at how different properties perform, how well they connect with accounting, and how well they do in other metrics, such as the Lynd Listens program. "If they send an idea we use, it helps them advance around the track [in the Lyndie 500]," Lynd says.

The COO places a high value on winning. That's why he ranks his property managers. They're graded on landscaping, curb appeal, and their files by other property managers (who temporarily swap properties), regional vice presidents, and senior management. "The regional vice presidents meet with the regional managers and [other] managers and talk about where they rank," Lynd says. "We have a box of metrics we feel are important, and it filters down to the property managers. The score translates to part of their bonus. Our people work hard because they're recognized and they get bonuses."

Starr, of American Opportunities for Housing, thinks Lynd's programs pay off by making his property-level staff more attentive. "If you have a manager working for you, they will tell you what's going on in a proactive way," he says.

As the Lynd Co. has grown, it's had to add new managers, new maintenance staff, and regional vice presidents. In fact, since 1997, the company has grown about 20 percent per year in units managed. The company first promotes qualified applicants from within and then looks outside.

This growth forced David Lynd to change his management approach. Kasperek, the company's CFO, had to convince Lynd that having 20 or so people reporting to him was too much, and that he finally needed to create the position of regional vice president and delegate. "I laid out his direct reports to him one day," Kasperek recalls. "I said, 'You have that and all of these clients on the outside. Dave, the organization can't continue to sustain at this level.' That's been a tough transition. He's hands-on. He wants to be on the sites and be involved."

Though the transition may have been tough, it was important. Neil Rosen, president of Virginia Beach, Va.-based NJR Real Estate Consulting Services, which advises owners on management services, says keeping adequate staffing levels in accounting and management is vital for growing management companies. "As companies assume new management contracts, they also have to concern themselves with regional managers and making sure they're not too overburdened with too many properties," Rosen says.

But the company's leaders don't think its growth is out of control. "When you are growing too fast, you have to look at where growth is," says Michael Jr., noting that the Lynd Co.'s growth has been spread out among its

regions, each of which has layers of personnel to handle the expansion. "I think we have hired ahead of the curve in markets where we expect to grow."

With its manpower and technology in place, combined with the unabashed aggressiveness of its senior management, the Lynd Co. is ready to grow its third-party management and funds to new heights. "I think Lynd will start to compete with companies like Riverstone and Lincoln," Ellipse's Benson says. "I see them getting themselves to that type of position."

The Lynd Co.

- **Founded:** 1980
- **Headquarters:** San Antonio
- **Employees:** 800
- **2005 revenue:** \$7 million
- **Units managed in 2005:** 25,173
- **Units owned in 2005:** 8,000
- **Units projected to manage in 2006:** 29,000
- **Geographic coverage:** Southeast, Southwest, Illinois, New York, Pennsylvania

Leadership Lessons: A. David Lynd



Joel Salcedo

A. David Lynd and his brother, Michael, grew up in the apartment industry before taking the reins of the Lynd Co. from their father.

- **Age:** 31
 - **First Job:** Apartment maintenance worker
 - **Desired Company Impression:** "To be the management company of choice at all asset levels."
 - **Favorite Quote:** "Audacity, audacity, always audacity." –Frederick the Great
 - **Biggest Challenge:** "Continue to evolve the business model for our company to remain competitive and profitable."
 - **Last Good Book Read:** Winning by Jack Welch
- Funding Growth**
When David Lynd, COO of the Lynd Co. in San Antonio, first began growing his management company, he often woke in the morning with the same thought in his head. "I would wake up thinking, 'I could lose all of my contracts,'" Lynd says. "It's very difficult to be a purely third-party fee management company and reinvest in a business that may be gone tomorrow. We were on 30-day contracts."

Fortunately, these thoughts no longer serve as Lynd's alarm clock. After diversifying the business with a construction services company and two funds to invest in multifamily properties under its Lynd Residential Properties enterprise, which own 8,000 units and counting, the company cemented its position in the management business. Lynd Residential launched its first fund, with properties of about \$350 million in value, in October 2003. The company's second fund, which began in October 2005, expects to purchase more than 10,000 units by 2009, with a value of \$900 million. The Lynd Co. will manage these properties, which gives it the security to grow.

"We can really rely on having some growth by acquisition," says Michael Lynd Jr., president of the Lynd Co. "That gives you some degree of comfort when considering whether to invest in infrastructure and capacity."

As the company collects properties for its fund, though, it's also aware of concerns among third-party clients that it could steer its better employees to the properties in its own fund. CFO Sam Kasperek says this isn't an issue. "The management personnel don't care who the owner is," he says. "They run our system, and they're all benchmarked against each other, regardless of who is the owner. There's no bias toward an individual owner."

ABOUT THE AUTHOR



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Les Shaver is a Deputy Editor for Hanley Wood's Residential Construction Group. He has more than a decade's experience covering multifamily and single-family housing.