

2019

**BROKER / OWNER**  
Conference & Expo



# **Standardizing Financial Reporting: The NARPM® Accounting Standards**

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# Why the NARPM® Accounting Standards?

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The BIG purpose is...  
Entrepreneurial Freedom



# What is entrepreneurial freedom?

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- Freedom of Time
- Freedom of Money
- Freedom of Relationships
- Freedom of Purpose

# Too often entrepreneurship *actually* results in:

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- Loss of Time,
- Loss of Money (at least compared to effort), and
- Relational dependence, all of which lead to
- A business that is actually **defeating your purpose.**

# So how do you regain entrepreneurial freedom?

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The answer: a profitable, self-managing business.



# **In short: we believe that profit is the fuel of entrepreneurial freedom.**

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The NAS provides an incredibly powerful framework for driving financial clarity and change in your business to dramatically improve profitability.



# NAS Overview

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- Chart of Accounts & Conversion Guide
- Financial Metrics Guide
- Financial Benchmarks Guide
- Financial Controls Guide



# Chart of Accounts & Conversion Guide - Purpose

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The purpose of the NARPM® Accounting Standards Chart of Accounts is to provide a basis for standardizing, analyzing, and understanding financial performance in the residential property management industry.



# Chart of Accounts & Conversion Guide - Overview

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## 3 Key Priorities

- Standardization
- Customizability
- Flexibility

# Financial Metrics Guide - Purpose

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The purpose of the NARPM® Accounting Standards Financial Metrics Guide is to provide a common language for comparing financial performance among property management companies.



# Financial Metrics Guide - Overview

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- Unit Economics
- Growth Metrics
- Productivity Metrics
- Financial Metrics

# Financial Benchmarks Guide - Purpose

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The purpose of the NARPM® Accounting Standards Benchmarks Guide is to provide a thorough and accurate picture of the financial performance of residential property management companies in the US.



# Financial Benchmarks Guide - Overview

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- Profitability
- Fee Distribution
- Growth
- Key Performance Metrics
- Productivity
- Maintenance
- Churn

# Financial Controls Guide - Purpose

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The NARPM® Accounting Standards Financial Controls Guide is designed to help you, the broker/owner, understand how to maintain financial controls that support a strong business and protect against fraud, errors, and audit risk.



# Financial Controls Guide - Overview

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- Why You Should Care
- Essential Broker/Owner Responsibilities
  - What You Need to Know
  - What You Need to Do
  - What You Need to Manage
  - What You Need to Monitor
- Reconciliation: The Cornerstone Control
- Recommended Controls and Procedures





# Demo: From 5% to 25% Profitability

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## The 6 Do-or-die Metrics

- Profitability
- Revenue Per Unit
- Direct Labor Efficiency
- Expenses as % of Revenue
- Churn
- CAC

# What you should do next week:

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- **Convert to the NARPM® Chart of Accounts**
  - DIY Instructions included in the COA Guide
  - Need help? Contact [nas@pmprofitcoach.com](mailto:nas@pmprofitcoach.com)
- **Start tracking your metrics**
  - Use the formulas in the Financial Metrics Guide
- **Compare to industry top performers**
  - Reference the Financial Benchmarks Guide
- **Close the gap**



# Questions?

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Get in touch with us at  
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