BilemOn

Profitability Solutions

Basic Guide to a Fair Professional Relationship Between Property Owners and Property Managers

How to define responsibilities, allocate costs and settle accounts transparently

1. FUNDAMENTAL PRINCIPLE

OWNER: provides the property and retains responsibility for the asset

PROPERTY MANAGER: provides structure, technology, processes, marketing and operations

The relationship is fair when each party knows its responsibilities, every cost is identified, and whoever makes a decision assumes its cost.

2. WHAT THE CONTRACT SHOULD DEFINE

- Included services
- Manager authority
- Pricing policy
- Collection management
- Commission
- Expenses
- Settlements
- Maintenance
- Cancellations and refunds
- Liability
- Duration
- Data

3. 4 MAIN SETTLEMENT MODELS

1. Fixed Rent or Guaranteed Income
- **PRO:** Stability for the owner
- **CON:** More risk for the manager

2. Commission on Gross Revenue
- **PRO:** Simple to calculate
- **CON:** May hide true profitability

3. Settlement on Net Revenue
- **PRO:** More realistic and transparent
- **CON:** Requires strong cost classification

4. Hybrid Model
- **PRO:** Better alignment
- **CON:** Requires clear and measurable targets

4. HOW TO ALLOCATE COSTS

A) OWNER COSTS
- Property taxes and fees
- Licenses
- Insurance
- Utilities not charged to guests
- Community fees
- Structural maintenance
- Repairs
- Replacement of furniture and equipment
- Refurbishments and investments

B) PROPERTY MANAGER COSTS
- Staff
- Office and structure
- Own accounting
- Technology included in the service
- Team training
- Corporate marketing
- Business insurance

C) BOOKING COSTS
- OTA commissions
- Payment fees
- Cleaning
- Laundry
- Amenities
- Refunds
- Compensations
- Guest damages
- Commercial discounts

Key rule: the cost should be assumed by whoever generates it, authorizes it or benefits directly from it.

5. RECOMMENDED FORMULA

Step 1: Calculate collected income → **Step 2:** Exclude amounts that are not revenue → **Step 3:** Deduct direct booking costs → **Step 4:** Calculate the management fee → **Step 5:** Deduct owner expenses → **Step 6:** Calculate the amount to pay

Owner settlement = Collected income − third-party amounts − booking costs − management fee − owner expenses − previous advances

6. SETTLEMENT EXAMPLE

INCOME	
Accommodation	8,000 €
Cleaning charged	800 €
Additional services	200 €
TOTAL COLLECTED	**9,000 €**

EXPENSES	
Platform commissions	1,000 €
Cleaning and laundry	800 €
Payment processing	150 €
Authorized maintenance	250 €
Management fee (20% on accommodation)	1,600 €
TOTAL EXPENSES AND FEE	**3,800 €**

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OWNER SETTLEMENT:
5,200 €

7. AUTHORIZATION, CONTROL AND RECONCILIATION

ORDINARY EXPENSES: authorized in the contract

MINOR UNEXPECTED EXPENSES: executable up to an agreed limit

EXTRAORDINARY EXPENSES: require explicit authorization

- Each settlement should include bookings, collected income, direct costs, management fee, property expenses, adjustments and final amount.
- PMS, OTA, invoices and bank data must be reconciled before closing the settlement.

8. CONCLUSION: THE FAIREST FORMULA

Clearly defined management fee + Direct costs correctly allocated + Property costs assumed by the owner + Structural costs assumed by the management company + Transparent monthly settlement