

SIMPLIFY YOUR COLLECTIONS:

Best Practices to Maximize Your
Time and Money



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ABOUT CALLPOTENTIAL

97.8%

Average satisfaction rating from our customer success and support teams



6X

Inside Self Storage Best of Business Award Winner



46 M

Powered over 46,000,000 conversations in 2020



Founded in 2010 by Owner/Operator Phil Murphy, CallPotential was designed as a game-changing suite of technology that closes leads faster with less waste, reduces past due rent with automation, and raises the caliber of customer service unlocking operators maximum profit potential.

Our modules were designed by storage industry veterans who understand and solve pain points using our tools with omni-channel communication like text, calls, and email. With CallPotential, every storage operator can run their business or facilities smarter, faster, and at any scale.



**COLLECTION
MANAGER**



**CONTACT
CENTER**



**LEAD
MANAGER**



**MARKETING
MANAGER**



**PERFORMANCE
MANAGER**

INTRODUCTION

Let's face it, the self-storage collections process can be a headache. In our nearly \$40 billion dollar industry, there's a multitude of factors that determine when, how, and how often you get paid (if you get paid at all!) Internal and external collection challenges like effectiveness, efficiency, and cash flow management oftentimes leave operators feeling puzzled and overwhelmed with their operations. As a result, new tools and technology have emerged to put power back in the hands of the operator and streamline their collections.

It all starts with your process. Are you generating cash flow efficiently? How do you measure up to your competitors? Sharpening your behind-the-scenes operations will help you build a strong foundation for retaining and driving new business. Each facet matters, from the lease tenants sign to the communication they receive. By assessing these processes individually, you'll gain a better understanding of your strengths and opportunities for improvement.

After evaluating your own internal procedures, you'll find it much easier to tap into your customer journey. After all, your tenants' payment process is just as important as your own. Through user-friendly tools, you'll improve your retention rate, provide better customer service, and, best of all, get paid quicker and more often.

As an award-winning service provider for operators with portfolios of all sizes across the U.S and Canada, we've created this best practices guide to serve as a resource for shaping and improving your collections.

IN THIS GUIDE, YOU'LL FIND:

- Best practices for maximizing your collections and simplifying your process
- Tools to keep your staff efficient and help you gain insight into your collections
- Industry articles and other valuable resources

LET'S GET STARTED!

CHAPTER 1 - YOUR PROCESS

Reviewing your workflow to reveal strengths
and weaknesses.

YOUR BILLING CYCLE

There's been a long-standing debate between Anniversary vs. First of Month billing in our industry. In fact this debate is so popular we have an [in-depth webinar](#) with two operators. Although each has its advantages and disadvantages, it really comes down to your market, capabilities, goals, and overall preference.



ANNIVERSARY

PROS

- Spreads collections dates across the month, allowing more flexibility.
- Smooth cash flow management as payments come in throughout the month rather than all at once.
- Allows due date flexibility.

CONS

- It can be confusing for tenants to remember their due dates.
- Because collections are spread throughout the month, organizing and setting up auction schedules can be difficult to track.



FIRST OF MONTH

PROS

- Collections tasks can get done in a single day - including late fees, follow-up, and overlocking.
- Because money comes in all at once, operators can understand exactly how much money they have to pay bills.

CONS

- Staff is pressured with a heavy workload on the first of each month.
- Strict first-of-month policies don't offer flexibility for tenants looking to move their payment date.
- Phones are ringing off the hook, forcing managers to spend their time processing payments instead of handling sales calls and sometimes requiring additional staff at the beginning of each month.

INCREASING CASH FLOW THROUGH AUTOMATION

With the emergence of once-unimaginable technology like wireless headphones, self-driving cars, and 3D printing, it's sometimes difficult to picture what's next. Most recently, automation has been used to transform the business world as we know it. If you're picturing robots and A.I. overtaking the world, you might have the wrong perspective.

It's typical for most to consider the challenges rather than the benefits of automation. Gyms, streaming services, and phone companies are just some of the many subscription-based businesses that have adapted using automated billing. With benefits like reduced errors, better customer service, efficiency, and business growth - it's becoming more and more difficult to sustain manually. In fact, through our own research, we've found that using our automated [Collection Manager](#) tool has helped operators get paid 35% faster and collect 4x more than average thanks to consistent follow-up and automation.*

Your approach to using technology doesn't have to be "go-big-or-go-home."

Adding scalable automation allows you to take a step-by-step approach and supplement the parts of your process that could use some help. No matter your billing cycle, time and money-centric problems can be simplified by reducing manual tasks. It can also be used to flag tenants that haven't paid so your managers can focus on customers who may need more attention. Because CallPotential's solutions are modular, picking and choosing the right technology poses no capital risk. Regardless of budget, location, or any other factor, adding automation into your mix is a great way to supplement time-consuming tasks, rely on a standardized system, and meet the bottom line.

Best Practice: Whether you're First-of-Month or Anniversary billing, adding automation into your collection process can fill the gaps in your billing cycle and free your staff from tedious and uncomfortable follow-up.

*Disclaimer: Our data is compiled from thousands of storage operators across the U.S. and Canada. Past CallPotential customer performance may not be indicative of future results.

LATE FEES: SHOULD I CHARGE THEM?

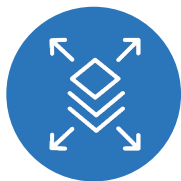
The stress and hassle of chasing down payments can be frustrating, but the decision to enforce a hefty late fee isn't entirely in the hands of the operator. When it comes to collecting debt, it's best to refer to a lawyer or your local and state laws to check what is authorized. Some states have even written into their lien laws what is an acceptable amount to charge for a late fee (typically it's \$20, or 20% of their rental rate which is even greater).

According to the FDCA (Fair Debt Collection Practices Act) enforced by the Federal Trade Commission, debt collectors are prohibited from using abusive, unfair, or deceptive practices to collect debt from consumers. The law is enforced in every state equally, but each state has the right to only strengthen and not weaken the law as they choose ([The Fair Debt Collection Practices Act: An Overview for Self-Storage Operators](#)) however, it shouldn't discourage you from creating policy altogether. And although operators are in the business of renting storage units and not collecting debts, it's still a good idea to have an outlined late fee policy. In fact, a lot of good can come from enforcing late fees...



INCREASED CASH FLOW

- The biggest takeaway and highest priority among all of the late fee benefits. Late fees speed up the payment process and, at the end of the day, put more money in your pockets.



FLEXIBILITY

- Typically if you're imposing a late fee you should enforce it, but there are always those rare circumstances (COVID, for example) when you might have to lead with a little more empathy. In these situations, you need to be making sure that your managers note the waived fee for future references so it doesn't become a habit. Your late fee should really only serve as a reminder to tenants who are late, and not as a punishment to good customers.



PROFESSIONALISM

- Late fees can validate your position as a business owner. Without a fee, tenants might have the perception that late payments are acceptable, and bad habits can be formed.

HOW MUCH SHOULD I CHARGE, AND WHEN?

The answer to “how much?” will be very dependent on your rental rates, unit sizes, location, and goals. Take a look at your market, if your facility is located in an affluent area it’s typical to charge a higher fee to stay competitive. In some instances, operators use their late fee revenue strictly as a bonus incentive for staff; the more late fees resulting in payment, the bigger the bonus. Whatever your end goal may be, you can choose to charge a fixed amount or a percentage.

Keep in mind that your structure needs to stay compliant with state laws. If you’re unsure about the legality of your collections practices, we recommend that you seek assistance from your state association or attorney.

The timing of your late fee is also dependent on state regulations. Some choose to send their reminders on day zero, while others send 1, 3, or 5 days after. With automation, you can simply set your reminder schedule and forget.

Best Practice: Charge a late fee as you see fit based on your location and unit sizes, but make sure the charge and process are within your local and state laws.



WHAT SHOULD MY LEASE INCLUDE?

Your lease agreement is two things: A legal document to cover both your business and tenants, and a marketing tool. Aside from the basics of your lease like terms and liability statutes, we want to highlight a few key elements that directly affect your collections operations and are often forgotten.



Auto-Pay Enrollment Details

- If there's anything to take away from our best practices, let it be this: Autopay is one of the most valuable marketing tools in your toolbox. According to a study done by a large CallPotential operator, the average tenant enrolled in autopay stays 4-6 months longer than other tenants. It's an incredible retention and relationship-building tool that you can market in many different ways. Including the details of enrollment in an addendum to your lease while promoting it as a "No Late-Fee" option can put more money in your pockets and free tenants from the burden of payments.



Communication Permissions

- If you plan on using an automation tool for text, email, and pay-by-phone reminders, you're going to need opt-in permission from tenants. On the flip side, your system needs to have the capability to remove them if permission is revoked. Check your state and local laws, or state organization to make sure your lease is compliant.



Late Fee Details

- You probably wouldn't sign off on a bill with suspicious charges, neither will your tenants. Outline the amount and time of the charge, and what they can expect going forward. The general rule of thumb is if it isn't in the lease, it's not a valid policy.

Best Practice: Autopay, late-fee, and text permission details need to be included in your lease agreement or as a separate addendum to avoid legality issues and confusion from tenants.

HANDLING DELINQUENCIES

Collecting rent is the foundation of your business, yet running into unreliable tenants is almost inevitable. By guiding your managers with the right tools, you can remove the discomfort of delinquency and improve your process at the same time.

WHAT IS DELINQUENCY?

- Most operators constitute a delinquent tenant as someone who has missed their payment due date. With many state-specific late-fee laws, your late fee policy should clearly specify what happens once a tenant is 1, 5, or 30 days late to avoid miscommunication. It is generally recommended that the average delinquency rate you want to shoot for is 5% or under. Although these rates may vary depending on the affluence of your location, it should serve as a valuable KPI for your business. Whether you measure it as a percentage or a dollar amount, you need to have a general idea of what your delinquent customers are costing you to make justified improvements within your process.

WHY TENANTS MISS PAYMENTS

- When it comes down to it, there are really only two reasons why tenants don't pay on time; they either forgot, or they don't have the money. By providing your managers with guidance on how to handle these difficult situations, they can approach each tenant based on their circumstances.

THE COST OF VACANCY

- Empty space comes at a price. Consider the cost of generating leads, paying your staff, maintaining your property, and advertising - it adds up quickly. When you take a look at the big picture, tenants who don't pay on time (or at all) are forcing you to miss out on income that other prospects would have paid in full.

HOW DO I REDUCE VACANT UNITS?

- As low or high as our 5% industry-standard delinquency rate may seem in comparison to your business, the true benchmark lies in making sure the other 95% of your tenants are paying on time.

Think of reminders as a safety net - without them, many payments can end up slipping through the cracks.

Automated, customizable messaging equips your managers with the tools needed to handle uncomfortable or awkward circumstances. For example, a tenant who is consistently late could receive more aggressive messaging that might read "Late Fee Reminder: Pay Now" instead of "Reminder: Your Payment is Past-Due. Click here to pay."

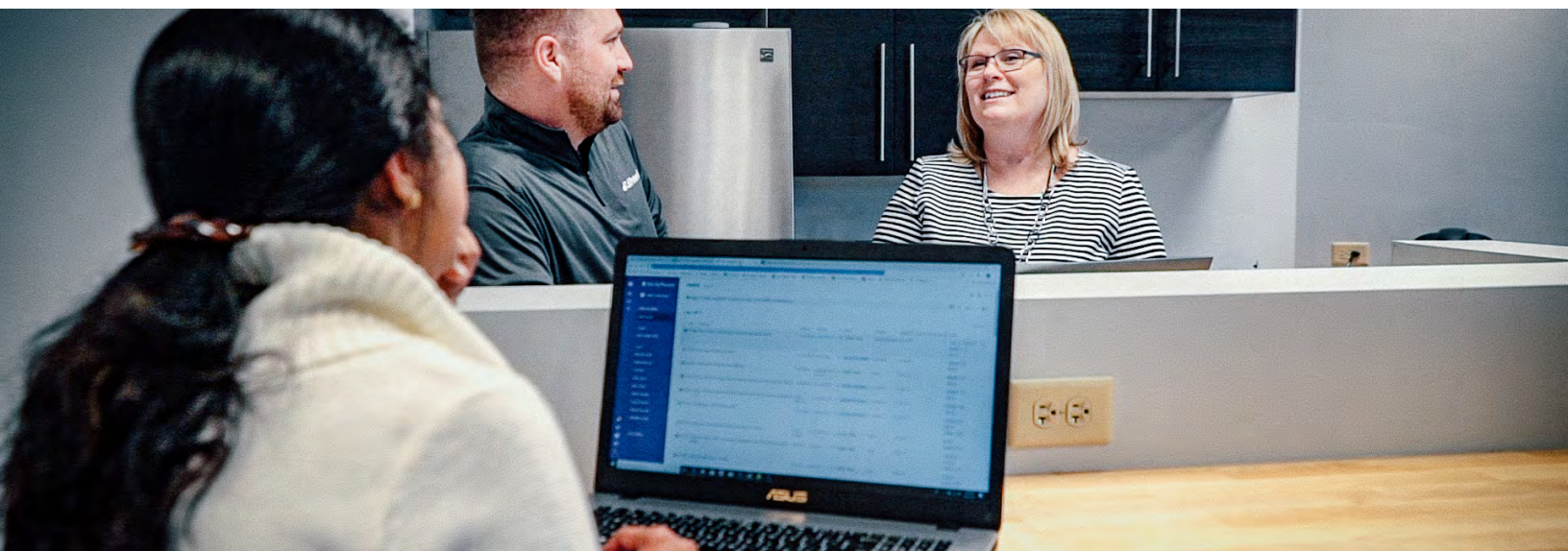
KEEPING YOUR STAFF ENGAGED, EFFICIENT, AND EDUCATED

You may have heard the quote “Invest in people who invest in you.” Above everything else, your employees are your biggest asset which is why it’s so important to invest in technology that can enhance their growth and provide training opportunities. In fact, you really can’t afford to not invest in them. According to a study done by VMWare, employees who are empowered with technology become more productive and spend 17% less time on manual processes. Time gained from automation can now be spent focusing on tenant acquisition and providing great customer service.

If you’re still unconvinced, think about the reporting (or lack thereof) within your process. Is your staff well-trained in handling follow-up calls? How do you know if tenants are truly being contacted? We’re all human and mistakes happen, but inconsistencies and errors can become costly and are usually coupled with poor service. With automation, customer information can be logged one time and stored for future use so you are guaranteed zero mistakes are made.

Our [Collection Manager](#) provides insight into your scheduled workflow to make sure collection events like text, email, and call, are being sent. Through more training opportunities, your employees can end their workday feeling empowered and motivated to put their best foot forward.

Best Practice: Empower your staff with technology that provides behind-the-scenes insight and training opportunities.



CHAPTER 2 - YOUR CUSTOMER JOURNEY

Using Technology to Supplement
Your Process.

THE VALUE OF GOOD COMMUNICATION

Between generational and personal preferences, there's no one-size-fits-all approach to communication. Especially in the case of rent reminders and past-due notices, there are a few key factors you want to consider when crafting your messaging:

LIVE CALLS

- Reminding tenants to pay their rent is awkward. Having to make live calls is even worse. Adding automation into your process can help take the pressure off of having uncomfortable conversations while simplifying your process at the same time.

FREQUENCY & TONE

- You want to align your follow-up so it's consistent, but not overly intrusive. At the end of the day, there are really only two reasons why tenants don't pay; they either forgot, or they don't have the money. By using customizable automation, you can tailor your messaging tone and frequency to reflect the amount of days past-due. A friendly reminder might change from "Reminder: Your payment is 1 day past due" to a firmer message like "Pay Now: Payment is Overdue." This flexibility allows you to reach the customers you need to reach or soften your tone when needed.

PERSONALIZATION

- Deliver better customer service with personalized messages. The personalization trend not only adds a warm touch to your messaging, but it can actually accelerate the process by use of stored customer information.

OMNI-CHANNEL COMMUNICATION

- "Omni-channel" isn't just a buzzword. It's so important to communicate through all points of contact including text, emails, and phone calls to ensure you're reaching your tenants how they want to be reached. By sending payment reminders through multiple channels, you're more likely to receive payment while creating a better customer experience at the same time. Automating this process makes it that much sweeter: you can eliminate the tediousness of billing completely.



OMNI-CHANNEL COMMUNICATION

An omni-channel approach is designed to reach the customer collectively through multiple channels. By implementing text, call, and email, they're more likely to be reached how they want to be reached and will gain a better customer experience because of it.



PHONE CALLS & IVR

Whether your team is available or not, providing a phone call or IVR option should be a standard practice to allow a quick and easy payment.



TWO-WAY TEXT

Texting is the new calling. Not only does it offer more accessibility than other channels, you're more likely to actually reach them and receive payment quicker.



EMAIL

Like texting, email is still a widely used channel. Combining it with phone calls and texting guarantees you'll reach your tenants through at least one channel.

PROVIDING SELF-SERVE OPTIONS

It's no secret that digital payments are the new normal. Technology is bridging the gap where walk-in, online, and mailed bills miss the mark. With far more accessibility and efficiency, pay-by-phone IVR and text options are sweeping the nation. According to a study done by PYMNTS.com,

51% of American consumers now use contactless payments as their preferred payment method, and the turnover is happening rapidly.

Thanks to fully-mobile billing systems like Apple Pay, PayPal, Amazon, etc., the burden of carrying cash and coins is now comparable to carrying credit cards and checks. It's also estimated that

Americans check their phones 96 times a day - or once every 10 minutes - and even read 98% of their texts within 2 minutes of receiving them.

Based on these impressive stats, it's no wonder businesses are adapting to their customers' new preferences and connecting with them in a way they're already familiar with.

Aside from the obvious benefits that self-serve channels provide tenants, they're also helping operators get paid faster. Giving your customers the freedom to choose when and how they pay means less manual work for your team and more money in your pocket. When customers are empowered with the right technology, they're more likely to use it. And when they use it? Cha-ching. Quicker cash flow, less time spent making collection calls, and a manager that can focus on sales.

ENCOURAGING AUTOPAY ENROLLMENT

If you don't already have or promote an autopay option for your tenants, you should. It's one of the most valuable customer retention and marketing tools you can implement, at a cost that virtually pays for itself.

According to our own data, we've found a massive 88% increase in autopay enrollment year-over-year from July 2019 to July 2020.

Why is that? Let's take a look at the many benefits:

ENHANCED CUSTOMER RETENTION & LOYALTY

- According to a study done by a large CallPotential operator, they found that the average autopay enrollee stayed 4-6 months longer on average. Customers who don't have to worry about their bills are normally happy customers, which is why adding opt-in autopay messaging to your collection follow up is a game-changer.

INCREASED EFFICIENCY

- Typical manual tasks like invoicing and data entry are extremely time-consuming. By providing your customers the tools to pay on their own, you can entrust your autopay process to complete billing tasks for you.

FEWER ERRORS

- With stored customer information, the risk of human error is eliminated. Autopay can provide the peace-of-mind that tenants are being invoiced and you're getting paid.

VALUABLE MARKETING TOOL

- Advertise autopay every chance you get. On your website and social media, in your advertising, and definitely include it as an addendum to your lease. Many operators use autopay as a bonus program for their managers based on how many new rentals enroll in autopay. For example, if they get 80% of new rentals to sign up for autopay, they get a \$50 bonus, if they get 100%, they get \$100. There are many ways to market it, whether it's a "No-Late-Fee Guarantee," a discounted bill, or a free gift. Whatever it may be, promote autopay rigorously to minimize late payments.

CHAPTER 3 - INDUSTRY TOOLS

Articles & Other Resources

VALUABLE RESOURCES

[CALLPOTENTIAL BLOG](#)

- Our blog is packed with content designed specifically for operators and managers like you.

[COLLECTIONS 101 WEBINAR](#)

- Watch as we discuss best practices, latest trends, and technology to improve your collections process.

[FIRST OF MONTH VS. ANNIVERSARY BILLING DEBATE](#)

[SELF-STORAGE ASSOCIATION](#)

- Refer to the SSA or your State SSA for local and state laws regarding your collections process.

[FAIR DEBT COLLECTION PRACTICES ACT: AN OVERVIEW FOR SELF-STORAGE OPERATORS](#)

[THE IMPACT OF A DIGITALLY EMPOWERED WORKFORCE](#)

[MASTERCARD: HALF OF CONSUMERS NOW USE CONTACTLESS PAYMENTS](#)



IN SUMMARY

We hope our guide has helped outline the best approaches to improving your collection process. As you build your business, it's important to consider technology that meets your needs. With the power of flexible and customizable automated tools, you simply can't afford to pass up the opportunity to streamline your operations and boost your revenue.

[*Click here to schedule a demo*](#)

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“With the Collections module we’ve seen bad debt reduction 40% year-over-year which is attributed almost entirely to CallPotential.”

SPACES SELF STORAGE

PETER OBRADOVICH, DIRECTOR OF OPERATIONS

[READ THE CASE STUDY HERE](#)



CALLPOTENTIAL

Own Your Ops

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