

I Hate Making Collections Calls!

And who doesn't. I regularly tell managers in our training sessions that if you really like making collections calls you most likely have a genetic defect. Let's face it; calling people about paying their storage bill is just not fun. We would rather clean out vacant spaces or straighten out the filing system than sit down with that collections worksheet and start making those calls.

But we have to do it. As self-storage managers we have two primary responsibilities and two clear priorities: renting space and collecting rent. And as much as we like renting space, if we don't effectively collect the rent, it really doesn't matter how many spaces we rent.

Unfortunately, the ability to effectively work on and control collections is rarely a natural gift. Some of us are natural salespeople; some are natural managers with great organizational skills. I don't know that I've ever met anyone that I could point at and say 'That guy (or lady) was born to collect money!' None of us want someone to call us about a past due bill and we certainly don't like calling others about their past due bills.

Fortunately, however, the skills to be a great self-storage manager with highly effective collections abilities can be learned using proven techniques and systems. You might never learn to love making collections calls (let's hope not) but you can learn to be very good at it.

The first step in becoming a great collector is to understand how important collecting revenue is to the financial viability of your self-storage facility. I think it is safe to say that your facility was never set-up to operate as a non-profit organization. The owner(s) of your facility have a great deal of capital at risk (and most likely have a real close relationship to a bank) and they expect a certain return for that risk. You have a job because someone was willing to go through a laborious financial and developmental process to build the site and it is important that you, as the facility manager, take your responsibility to maximize revenues seriously. Think about it this way: What if you owned the facility? Would it be okay to not make collections calls? Would it be okay to waive late fees and allow past due tenants to move-out without paying their rent balance? Would you be content to only collect 85% of the potential rent each month? Probably not. My dad told me long ago 'treat the company's money like it's yours' and that advice has worked very well over the years.

Once you have a clear understanding about *why* it's critically important that you do a great job with collections then it's important to know *how* to do it and how to do it well. A great collections effort starts with a great collections system.

And a great collections system starts with the initial customer contact and the sales process. How you initially interact with your tenants has a great deal to do with your long-term business relationship with those tenants. Your initial contact must include a professional greeting in

which you ask a person's name, you stand up when they enter your office and you show genuine concern about their need for storage. Know that self-storage customers have many, many storage options and you have to show respect and appreciation for their considering using your services. An initial show of respect and concern goes a long way in setting the tone with your future relationship with a tenant.

Once a customer decides to become a tenant, it is important to take time to get the relationship off to a good start. This begins with completing the tenant information sheet. This document will contain all of the information you will likely need in the case a particular tenant becoming a past due tenant. Considerations when filling out the tenant information sheet should include the following:

- Have the tenant fill out the sheet with as much information as they can.
- Fill in any missing information.
- It is important to get as many phone numbers and other contact information as you can get. Make sure you get an email address and their cell phone number.
- Never ask for an 'Alternate Contact'. Everyone knows that means 'someone I can bother if you don't pay your bill'. Instead, ask for an 'Emergency Contact'.
- Never ask for relative and friend numbers. Instead make a big deal about your great referral program and get as many possible names and numbers as possible. People will give you more information if they think something's in it for them than they will if they suspect you're looking for more people to bother.
- You MUST see and make a copy of the tenant's picture ID.

Keep in mind that you will never have a better time than right now to get as much information as possible. Once they become a delinquency problem, you're not getting any new information.

The next step in a great collections process is clearly explaining the rental lease. This important document deserves more than a cursory glance and 'sign here, this just says we'll sell your stuff if you don't pay'. The customer must understand the late fee schedule, the lien process and know when their next payment is due and you must take the time to effectively review the lease. And quit using the term 'grace period'. If a tenant is due on the 1st, they should be considered late on the 2nd and the tenant needs to understand that.

At some point, despite your best sales presentation and lease review, some of your tenants are going to become past due. It is at this point that your collection system, assuming you have one, kicks into gear and your ability to maximize the facility's revenue collections will depend on your having an effective collections system. A great collections effort depends on having a great system.

The first step in an effective collections process is to plan the event. It is important that you set aside time to make your calls, whether that be daily or weekly, depending on your work load. You should have as much information available as possible and make your number of calls goal for that time manageable. During that set-aside time you have to focus on making collections calls and not try to multi-task. It's difficult to make effective collections calls while you're playing Sudoku or texting your kids.

You must then decide *When* to call. First off, collection calls should be started the day tenants become past due. It is important that tenants understand that you had an expectation for them to make their payments on time when they signed the lease and you intend to hold them to that expectation.

Effective calls are made morning, noon and night and those times should be staggered from day to day. For example, you may schedule calls on Mondays at 2 pm for two hours and Tuesdays at 10 am. Next week change the schedule. If you keep calling Little Johnnie about his account at 10 am everyday and he never answers the phone, it's probably because Little Johnnie isn't home at 10 am. Try another time.

You must also decide *who* to call. Starting with the A's and calling through the alphabet rarely works because Zombrowski will never get a call. Starting with the really late tenants and calling through by past due date rarely works because the not so late won't get a call until they are really late. Every facility is different but you might start calling a particular building or floor on one day, another on the next. Whatever your system, it's important to insure every past due tenant gets called and gets called regularly.

There is one particular tenant that must be called every day and that's the one the lied to you about paying yesterday. When you fail to call tenants that had made commitments to pay the day before, you are letting them know it is okay to lie to you and it should not be okay. Broken commitments must be addressed immediately after the promise is broken.

Once you start making calls, there are important points to consider:

- Communicate with confidence. Sit up straight and don't multi-task.
- Never lose your cool. Don't take tenants refusal to make their payments on time as a personal slight against you.
- Take good notes. Document names, dates and times regarding commitments to pay.
- Have access to the tenant information sheet, not just the past due list. There is a great deal of information on that sheet that you should be using to make effective calls.
- Never leave an account specific message with anyone but the tenant or on an answering machine. Right to privacy issues still come into play with self storage collections call.

The intensity of calls starts with a courtesy call ('Hey, just wanted to remind you about your payment due yesterday') to Final Calls ('Your goods are scheduled to be sold at auction Friday morning at 10 am'). The point of collection calls is to get the tenant to make their payment while retaining that tenant as a customer. Use tact and understanding while clearly communicating your concern.

Effective collections is more science than art and having a clear and consistent collections effort means increasing revenues and decreasing stress levels. Create and use your system with the 'stick-to-itiveness' that defines a self storage professional.