# The Bigger Picture
## Unlocking Profits With Software

By Bobby L. Hickman

**If** you only consider the software you use at self-storage business as a necessary expense for tracking payments and receipts, you're only seeing part of the picture. Your software can also be a valuable tool to unlock more profit by enhancing rates, improving efficiencies, reducing expenses, and making the rental experience easier for customers and employees alike.

"The main way people can make more money and increase profitability is simply to learn to live by the numbers," says Carol Mixon-Krendl, president of SkilCheck Services. "Take the information the software gives you, and put it to use."

Austin Jones, director of sales for storEDGE, says, "Your software should be the brain of your entire operation, facilitating the sales process, delivering the data you need to make better decisions, and providing tools to create efficiencies for managers and renters." Jones notes that consumers want the ability to e-sign documents, receive texts, and use mobile devices. "Your software should do all of these things and make managers' jobs easier at the same time."

Software that meets those expectations helps "convert leads into paying customers faster and boost profitability," Jones adds. Letting customers rent remotely reduces overhead and decreases the need for added office hours. Text messages help with collections, freeing managers to spend more time on sales. "Overall, it's easier to retain current tenants with modern conveniences like online bill pay and rentals," Jones says.

The ability of software to interface with other third-party, web-based applications also provides "potentially significant financial opportunities," according to Glenn Hunter, president of Domico. Automation

through call centers, collection management tools, kiosks, and online payments can provide increased profits and cash flow.

"Owners should expect the best software to boost revenue by more than the cost of software," says Chuck Vion, SiteLink's marketing director. "Profit tools and integrations with technology partners far exceed the cost of software. The right software will offer a competitive advantage, regardless of a store's size."

## Managing Rental Rates

Mixon-Krendl states that the best use of software to improve profitability comes from rate management. When she begins consulting with an underperforming property, "It usually starts with not having the correct rates. Most owners cannot do that part well."

"One area that remains a mystery to some is the use of an aggressive, well thought out rate increase process," Hunter agrees. "Most software will offer tools that, once learned, can go a long way towards significantly pushing rates for both new move-ins as well as existing customers."

Many storage software systems have "push rate" features. "You can teach the software to automatically increase rates, rather than waiting for the manager or owner to physically changing the rates," says Mixon-Krendl. For example, you can configure the system so that when occupancy reaches 90 percent for a certain type of rental, new units that become vacant will list for $120 rather than the previous $100.

"Some owners don't touch the software and think it is confusing," Mixon-Krendl says, "but it's usually not that difficult to use." For those who find rate management daunting (or whose software lacks rate management tools), they can review the system's management reports and queries. "Are there people who have been here more than 120 days? Or customers with discounts? You can identify everyone who has at least a 25 percent discount, or who has been renting for more than a year, and go up on their rent," she says.

According to Vion, revenue management for both tenants and vacant units often delivers the single biggest profit boost. "Cloud-based management software should automatically update websites, call centers, and kiosks with price and unit availability in real time."

"Revenue management works at stores of all sizes and markets," says Vion. "Without it, owners are leaving money on the table." As occupancy rises, so should street rates. Tenant rates often increase six, nine, or 12 months after move-in or after the last rate change. "This is important because a customer may have started with a discount," says Vion. "Regular increases bring those customers up to the standard rate or higher."

In the past, storage rate changes were typically done annually (or less often). However, larger companies and major REITs are changing their rates more frequently,

Mixon-Krendl notes. One publicly-held storage company changes its online and walk-in rates on a daily basis. "We've never seen that before in our industry," she says. "It's more like hotels and airlines. Larger companies are much more aggressive now. But 98 percent of operators are not working for large, public companies, so the only way they can keep up is with rate management and predictive analytics."

Predictive analytics uses historical and transactional data to forecast the probability that a group of people may behave in a certain way. For example, predictive analytics could be used to determine how a self-storage facility's customers might respond to a seven percent rate hike versus a 30 percent increase. "We're going to see more and more companies introducing technology like that," Mixon-Krendl notes.

A point of sale system may begin by focusing on collecting money and feeding accounting programs, but it often evolves into a much larger scope. "It's really about making it more convenient for your customer, and minimizing unnecessary contact with them," says Tom Gordon, president of Syrasoft. Systems that bill rentals to credit cards or create ACH drafts automatically ensure payments are received on time. They can also create invoices or receipts for customers who want those documents. But generally, Gordon adds, self-storage operators learn that, "If you don't remind customers, their average stay is several months longer."

### Controlling Costs

Software also helps managers maximize profits by cutting expenses and better controlling their inventory. Customers can log in through a website, make reservations, and make payments. "If you do a lot of move-ins through your website, you collect rent immediately," Hunter states. Software can improve profitability by providing online reports accessible from any device with a browser, scientifically manage rate increases, track moveable storage units and vehicle storage, and keep up with lienholders for auctions.

Inventory management also becomes more transparent with good software.

"For one of my clients, there were almost 30 people reserving spaces, but the facility only had one unit left," says Mixon-Krendl. Another held a space for months after the reservation had expired, making it appear to the call center that the unit was unavailable. Software helps identify when delinquency rates are high as well.

### Collecting Payments And Leads

Generally, managers are heavily involved with the rental process, so they need to understand how their software can expedite the rental process. "Once a unit is rented," says Hunter, "effectively collecting the rent is paramount." Therefore, managers need to understand the automated late process and collection reports.

Another area where software helps unlock profits is by tracking leads in a centralized location. Many have reminder systems that can trigger the manager to follow up on inquiries received online or by telephone. "Maybe three or five days later, the manager can follow up to see if they are ready to make a decision," Mixon-Krendl says. Some systems also track lead-to-rental conversion rates.

While for many years the software available to the self-storage industry lagged behind other sectors, that is no longer the case. According to Mixon-Krendl, vendors are "doing a lot of innovative things, such as making everything mobile-friendly so you can show your inventory on your phone or tablet." Interconnected technology means customers can rent entirely online, getting their gate codes virtually, signing rental agreements digitally, and having everything ready to go when the new client shows up at the facility. "Some operators make it work online, while others want the customers to be there physically."

However, future trends favor a more digital environment, with an increasing portion of the sales, rental, payment, and collections processes being automated. As Mixon-Krendl notes, "Millennials want to do everything online, so the digital approach is more appealing to them." ▥

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