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Answer 9 questions to increase your cash flow

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As tenants' sales revenue drop, rent payment begins to deteriorate. It is at this point when your collection process and accounting information systems will show its deficiencies.

First you have to determine if your tenant has a viable business that will survive and if so do you need to provide immediate concessions such as deferring rent. But, for the majority of tenants they may just require additional communication to help reduce your delinquencies.

Best practices and benchmarks to test and improve your processes can be found thru the Institute of Management and Administration (IOMA) www.ioma.com. However, you may have immediate problems and not want to spend time and resources to change your business processes.

An institutional client engaged me to provide a solution to help with lagging rents. Tenants have slowed down payment of rent or are not paying rent as well as utility bill backs. The institution does not currently send monthly statements to their tenants. And with some unfilled vacancies they have cash flow problems. The problem is basic lack of a business process to communicate.

Business studies show that sending an invoice reduces delinquency. In addition, including a self addressed return envelope further reduces delinquency. Here are 9 questions to answer to increase your cash flow:

Do you mail rent invoices?

Do you enclose a return envelope?

Do you provide a facility for tenants to pay online?

Do you have the ability for tenants to pay using credit cards if they wish at their cost?

Do you enforce late fees?

Do you send late notices?

How many days after do you call the tenant?

How many days pass before a delinquent tenant goes to the attorney?

Do you have a standard collection procedure?

In my days as an Army Captain we had Standard Operating Procedures or SOPs that had best practices in an easy to follow guide to maintain the standard for new soldiers. Email me for a copy of my SOP collection.

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