

As seen in **Multifamilypro Magazine**

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# Secrets to Success

## Technology Drives Traffic

**D**espite the challenges of the past few years, some property owners have managed to improve earnings. One of their secrets is access to critical information that provides insights into the effectiveness of leasing policies and marketing programs. By analyzing data automatically captured during the screening process, property owners and managers can characterize leasing trends, identify growth opportunities, and measure marketing efforts.

Management reports generated from screening process data provide business intelligence that was previously impossible or difficult to obtain. Quality management reports identify applicant risk scores; property-specific decision points (thresholds that indicate the financial risk level a specific property finds acceptable for applicant admission); the volume of applicants approved, approved with conditions, and denied; and how many applicants rented.

Reports also can be used to determine which geographic areas and marketing sources generate the highest quality residents.

### Settling the Score

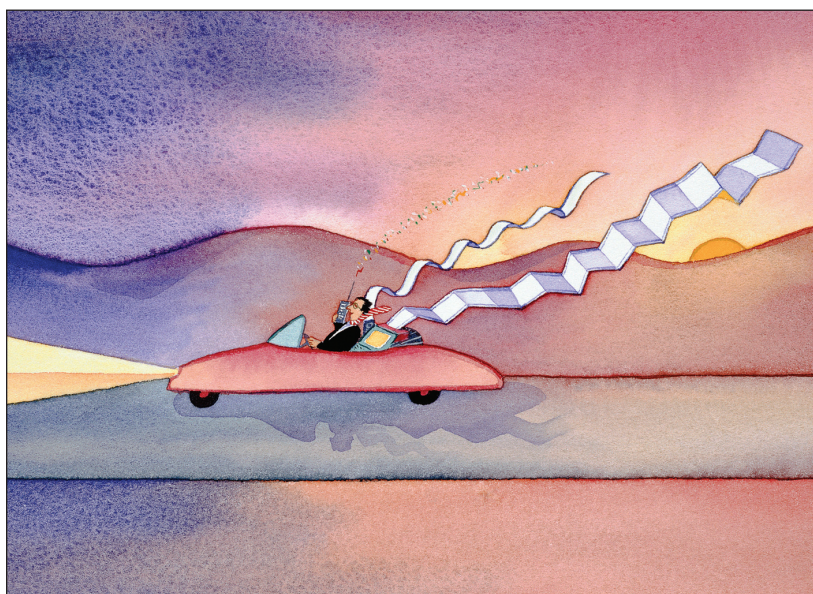
Home Properties, a real estate investment trust, with communities in Chicago, Detroit, and along the East Coast, uses management reports to fill vacancies more efficiently, and to identify successful marketing programs.

Each of Home's apartment communities, representing about 50,000 apartments, has decision points for accepting applicants relevant to a specific community's market. Distribution reports are used to adjust the decision points for any community as needed. Approved or approved with condition decision points can be lowered when vacancies are high, or can be raised if the tendency for skips and lease breaks is high.

Scott Youngman, regional property manager for Home, reviews decision points weekly; he then overlays collection information to see where bad debt coincides. "Decision points and/or marketing programs are adjusted at the corporate level if accept or decline percentages are out of line with expectations," he says. "If the number of declines exceeds our objectives, we examine whether our threshold is set too high or if we are marketing to the wrong demographic."

In addition, if declines are only 2 percent to 3 percent, Home recognizes the decision points may be too lax, which could have a negative impact on income due to increased skips or evictions. The system allows the company to set decision points to meet occupancy goals with minimal risk, respond quickly to vacancies, and easily adjust to the economy.

"Our management reports provide the information we need to determine if point thresholds are set in the proper position at any point in time," says Youngman. "We can monitor our communities so they don't wander out of accepted performance levels established for each community. We can individually manage decision points at all of our properties,



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maximize the property's return, and minimize bad debt. It would be very difficult to manage the leasing process of such a large portfolio without management reports."

## Better Quality Applicants

Draper & Kramer, a property management and financial services company in the Chicago area, uses automated management reports to improve the quality of applicants drawn to their properties.

Holly Hetzel, director of marketing and leasing for Draper & Kramer, closely tracks where applicants are coming from and the volume generated from any one targeted area. This data is cross-referenced with leasing information that shows applicant risk scores as well as how many applicants were accepted, accepted with conditions, and declined. From management reports, Hetzel can determine which geographic areas generate the highest quality residents.

"I rely on ZIP code and marketing source reports to tell me if our marketing efforts are helping us reach our goals," she says. "The marketing source report explains where applicants are coming from based on our advertising. It's run on a weekly and monthly basis to show how our marketing dollars are spent. We can determine if our marketing is effectively bringing in quality applicants from a demographic and whether it's appropriate to pull advertising from one apartment guide and place it in another to attract better-qualified clientele. The report not only shows how applicants found us, but also if they are qualified as residents."

The ZIP code report tells Draper & Kramer where applicants are coming from and how decisions are distributed geographically. Both of these reports can be run on an individual property or on an entire portfolio.

For instance, one property had a high level of unqualified traffic with a surprisingly high number of declines. From the marketing resource report, Draper & Kramer concluded that marketing needed to be adjusted to target more qualified applicants for the property.

## Improving the Bottom-Line

"Before our automated management reporting, we didn't have an accurate view into how our marketing was working," says Youngman. "We couldn't get a quick analysis of the appropriate decision points based on our marketing and the economy. Now, we are saving money on marketing and the overall cost per lease has gone down."

Home's overall bad debt has been reduced company-wide. There has been a decline in overall scores. Because of the economy, Home changed the marketing sources to bring in higher quality residents and maintain occupancy. "The management reports truly drive long-term business benefits," says Youngman.

But to maximize the benefit of management reports, the information used must be generated from reliable data. Data derived from a results-based statistical scoring model provides validated information that can be benchmarked over time for better leasing decisions. Such reports allow management to respond quickly to market trends, whether positive or negative, which ultimately affects financial outcomes.

Guided by these reports, Home and Draper & Kramer have more flexibility to fill vacancies without assuming excessive risk. They also can identify the effectiveness of advertising and marketing referral sources. They are renting to more residents who pay on time and take better care of their apartments. By making better decisions, properties will have better residents, fewer skips, higher occupancy, and the best possible bottom-line. [pro](#)