

# Are there financial leaks in your STR *business?*

We've highlighted the **five key places** we find STR managers are losing money in their business. Plug these leaks to ensure you are not missing out on precious revenue.



# 1 property cost reimbursements

**Short term rental managers are not being reimbursed for property expenses paid on behalf of owners.**

## *How does it happen?*

As the property manager, you will often have to pay for expenses for the properties you manage out of your own funds. In most cases, these expenses then need to be on-charged to the owners (eg for repairs or replacement items). The problem is, there is often a delay between paying for the expense and on-charging to the owner and without good systems it can often get forgotten....meaning you end up out of pocket.

## *Solution?*

You need a good system in place to record the expenses for each individual property so you can add them to your owner statements when processing the payouts.

**My recommendation is** to create a separate account in your accounting software (an asset account) for each property you manage. Then each time you pay for something for that property it gets allocated to that property's account. Then at the end of the month, you should review this account and make sure you are charging your owners for all the costs you have had to pay for them during that period.

## missed charges for channel fees

**Short term rental managers are not recovering all their channel fee costs from owners.**

### *How does it happen?*

This often happens when the channel fees are charged to the STR manager in bulk. Without realising, they either forget to charge owners at the end of the month, or they are not charging enough to cover the fees. Often the STR managers don't realise they are not covering their costs and end up out of pocket.

### *Solution?*

You need a good system in place to monitor the actual channel fees paid and what you are getting back from owners.

**My recommendation is** to look for a trust accounting system that allows you to setup regular channel fee charges that are applied to each stay or property every month. You also need to set up accounts in your accounting software to track the actual channel fees paid per property and the amounts you receive back. That way you can easily see if you are paying out more than you are getting back on each property and can investigate and correct.

## under charging on linen or cleaning

Short term rental managers are not recovering all their cleaning or linen costs from owners/guests.

### How does it happen?

In most cases the cleaning fees charged to guests are fixed, but the cleaning costs you pay are not. Without proper monitoring, it is quite easy to spend more on cleaning or linens for particular properties than you are receiving back.

### Solution?

You need to monitor these costs on a per-property basis so you can see at a glance how much you are spending on cleaning costs versus how much you are getting back.

**My recommendation is** to create separate accounts in your accounting software system to track how much income you receive for cleaning & linens for each individual property and then also track how much you are spending for each property. You can then monitor at a glance whether you are covering your costs and can adjust as needed.

## tracking on a **per-property basis**

**Short-term rental managers are losing money on some properties which is eating into the profits from other properties.**

### *How does it happen?*

When direct property income and expenses are not tracked on a per-property basis it is incredibly difficult to determine the profitability of individual properties. Imagine working like crazy to manage a property that is ultimately costing you money? And then the reality is, you are eating into the profits from another property to prop up the ones that are making a loss.

### *Solution?*

You need to track and monitor all the property specific costs on a per-property basis. That way you can see at a glance if you are making or losing money on individual properties. You can then compare this to the amount of time spent managing each property to see whether your return is worth all the effort. It also helps you to identify which types of properties are making you the most money so you can look for more of these to manage.

**My recommendation is** to create separate accounts in your accounting software system to track all your property income and expenses on a per-property basis so you can see at a glance how much you are making on each one.

*not monitoring*  
**overall business profits**

**Short-term rental managers are spending more on other operational costs and are not making a big enough profit margin.**

*How does it happen?*

In so many cases, STR managers are not regularly monitoring their other business costs to know whether they are making a profit overall in the business. You might be making a profit on individual properties but this profit needs to be enough to also cover your other operational costs - things like marketing, travel, software, fees, wages etc.

*Solution?*

You need to be regularly reviewing and monitoring your other business operational costs to ensure that you are making a big enough profit margin.

**My recommendation is** to take time every month to review not only the per-property income and expenses, but also your total business revenue and expenses. You need to ensure that your management commission rate is high enough to cover all your expenses and leave you with some profit left over as well.