



When Doing It Yourself Is Not the Best Way to Do It

Management companies take care of all aspects of running a self storage business

By John Dunlap

We all would like to think that we are pretty darned smart when it comes to our business acumen. Otherwise, why would we be in the self storage business? We all feel we know how best to deal with employees, marketing, paperwork, customer relations, etc. But what if someone else could do it better? Wouldn't you want to consider putting their knowledge to work for you?

In the world of self storage, many owner/operators are dealing with that exact situation. Running a self storage business can be time consuming and dealing with customers in the proper fashion is an ongoing lesson in patience. Enter self storage management companies. These companies make a point of shouldering the load of effectively running a self storage business. And they normally

handle all aspects of running the show, leaving the owner/operator free to concentrate on other matters.

Management companies may not be for everyone. If, for example, you own and operate one or two facilities, your ability to effectively take care of the myriad of responsibilities involved with running the store(s) may be right on the button. However, if you own anywhere from a handful to a large number of facilities, bringing in a management company may be a wise way to go.

"The self storage business isn't the 'Field of Dreams' (If you build it, they—the customers—will come) anymore," says Marc Smith, president of Personal Mini Storage in Orlando, Florida. "An operator needs to be an expert in the industry or his store will most likely under-perform."

When asked what primary advantage a company like Personal Mini Storage (which has been in business since

Stuart Wade (right) of AAAA Self Storage Management Group visits with Wedgewood Self Storage owner Mike Burchfield in Norfolk, Virginia.

See Do It Yourself, page 10

1982 and manages 31 sites) can offer to an owner/operator, Smith responds, “Economies of scale, not just in terms of purchasing—more in terms of knowledge. This business is changing so quickly in terms of how to price your product, how to market, how to sell and manage.”



“A management company with adequate self storage experience will protect and enhance the owner’s investment in many ways.”

*~ Stuart Wade
AAAA Self Storage Management Group*

“Great self storage management companies are constantly evolving and modifying their ‘game’ to capture more than their fair share of the market. Why wouldn’t an owner want his investment to be managed to the maximum of its potential?”

Not as Simple As Many Think

Stuart Wade, the Director of Business Development for AAAA Self Storage Management Group in Norfolk, Virginia, echoes Smith’s thoughts when he adds, “There are several reasons an investor would consider a management company as an operating partner: the ability to implement a proven business model, economies of scale, avoidance of human resources headaches or simply that the owner lacks the time or inclination to supervise the day-to-day operations.” (See sidebar story on the basics of dealing with management companies)

“The self storage business is inherently not as simple as many think,” Wade adds, “and a danger is folks coming into our business thinking all they need to do is buy or build a facility, hire a staff and away they go. A management company with adequate self storage experience will protect and enhance the owner’s investment in many ways. Hiring and training staff, performing audits, marketing the facility, managing revenue and expenses are just a few of the ‘broad brush’ strokes of the reasons why a management firm is employed.”

See Do It Yourself, page 12

Getting Started and What to Expect from a Management Company

Let’s say that you have decided it might be worth your time and interests to see what a management company can do for you. What is the process for getting things started and what should you expect?

First and foremost, set up a meeting with a management company to talk about your ideas and to get theirs. An introductory phone call or email is normally all it takes to have a representative of a management company offer to meet you. They won’t mind giving you some tips on how to effectively run a business, because they know they can do it better than most anyone else, probably even you.

“Most management companies will provide a detailed budget and some suggested improvements/marketing ideas just for an opportunity to make a management proposal to the owner,” says Michael Haugh of Absolute Storage Management. “This will allow the owner to get some ideas on how a management company would operate the property, even if they ultimately keep the operations in-house. In terms of actual operations, the pure self storage management companies focus on running self storage facilities day-in and day-out, period. We tend to be on the leading edge of technology, marketing and personnel management.”

And what should you reasonably expect from a management company? Pretty nearly everything.

“When we take over an existing facility, the first thing we do is perform a thorough audit of the place to uncover deficiencies or theft and to establish a baseline metric,” says Stuart Wade of AAAA Self Storage Management Group.

The other things AAAA (and virtually any other management company) should do include:

- Ensure the sales office is correctly set up and permanent and temporary signage is in place.
- Place a trained employee of the management company on site.
- Perform a competition analysis of all competing self storage facilities in the primary market area.
- Develop a plan with the owner to improve the performance and financial metrics of the facility and a timeline to affect the changes (this may also include capital improvements, subject to the owner’s approval).
- Establish an effective marketing plan.

Do It Yourself, from page 10

AAAA manages 51 self storage properties, 12 of which it owns or has a majority interest in and 39 as a third-party operator. Wade says that when he meets a potential client, his top priority is to sell him or her on what the future can be, not just what the present is. And he definitely hopes his company is thought of as more than a property manager.

“We like to think of our firm as an investment advisor, not just a property manager,” Wade says. “We offer design/build services, perform consulting work, third-party fee manage and can be employed as a selling or acquisitions broker for the self storage asset class. I’ve always felt if, after meeting with me or members of my firm, an owner thought of us as just a ‘property manager who keeps the lights on, staffs the store and keeps the grass cut,’ I did a bad job of describing what we do or our expertise.”

Smith also says, “Wouldn’t an entrepreneur/investor’s time and effort be better utilized seeking out new opportunities rather than managing an asset that he or she may not have expertise in? Before you open a barber shop, you need to know how to cut hair. Why is it that some people believe that running a self storage operation is a ‘learn as you go’ business that is so easy?”



“Most of us are regional and really understand our markets and how to operate effectively in them.”

*~ Michael Haugh
Absolute Storage Management*

It All Comes Down to the Owner

As far as Michael Haugh of Absolute Storage Management is concerned, bringing experience and know-how to an owner/operator is the key selling point. The Memphis, Tennessee-based company operates 45 locations in six states (Tennessee, Alabama, Mississippi, Louisiana, Georgia and South Carolina).

“An effective management company has the processes and systems in place to maximize the revenue of the property,” Haugh says. “For example, we have effective marketing programs (including our websites) that can compete in our local trade areas with the public companies. Most of us are regional and really understand our markets and how to operate effectively in them. We handle the entire management process, including personnel, marketing, repairs and accounting so the owner can focus his or her attention on other things. The employees are employed by the manage-

See Do It Yourself, page 14

MILLER
Your System for Building Success!

MULTI-STORY **SINGLE STORY** **SPLIT LEVEL** **CONVERSION** **RELOCATABLE**

Price Purchase experience at the best available price. Miller delivers excellence on-budget

Quality Exceptional quality & reliable installation with over 30 years of experience

Service Your single source for design, supply & installation

MILLER YOUR SYSTEM FOR BUILDING SUCCESS

Quick Quotes: Call Now 1-800-323-6464... or visit www.millerbldgs.com

ment company, so the owner does not have to deal with the day-to-day issues that are common with personnel.”

“Management companies cover it all...we are turnkey,” Haugh adds. “We hire, train, motivate (and terminate, if



“The first step is to make sure that the owner’s goals are aligned with our goals and vice-versa.”

~ Marc Smith
Personal Mini Storage

needed) the staff at the property. We develop and implement marketing strategies for the property. Management companies handle the maintenance contracts and capital improvements, as well. Further, we provide accounting services for the owner, including bill payment and financial reporting. If the owner sells the property, we can aid in the transition to the new owner.”

In the end, it all comes down to the owner and the management company being on the same page.

“The first step is to make sure that the owner’s goals are aligned with our goals and vice-versa,” concludes Smith. “That applies not only in financial terms, but also in terms of culture, caring for the customers (external and internal) and long-term strategy (i.e., quick flip or long-term hold)”

“Our mission statement and company mantra begins with the owner,” says Wade. “We want to please him or her and that is the relationship we covenant. It’s not that we ignore the customers or employees, but our involvement with the owners of our facilities reveals whether we are a good fit for that owner or not.

“No management company, including us, is a miracle worker. If an owner’s facility has been harmed by overbuilding, a lousy location, a challenging economy or whatever, we can uncover this pretty quickly and inform the owner of the things we can impact and the things out of our control.”

So, the option is out there for any owner/operator. To manage or not to manage? Sometimes, doing it yourself is not the best way. ❖

Attention Mobile Storage Operators!

TOTAL RECALL
Mobile Storage Software is the most comprehensive solution for your business.



Attention Multi-Site Self-Storage Operators!

Manage multiple sites in a single MS SQL database with **TOTAL RECALL** Self-Storage Software.

Get the Solution.

Call 1-800-377-8406
or visit www.dhsworldwide.com

