



Software - Marketing - Call Management - Accounting - Access Control

Your Simple Guide to Starting a Self Storage Facility

New Build/Startup Package

Table of Contents

- 1. Location**
- 2. Financing**
 - a. Bank Financing**
 - b. Seller Financing**
- 3. Management Software**
 - a. Web-Based**
 - b. PC Based**
- 4. Marketing Your Facility**
 - a. Websites**
 - b. SEO**
 - c. Adwords**
 - d. Other**
- 5. Call Management Services**
 - a. Call Center VS. Call Management**
 - b. Phone Systems**
- 6. Technology**
 - a. Access Control**
 - b. Kiosks**
 - c. Security Cameras**

- 7. Bookkeeping and Taxes**
 - a. Entity Selection**
 - b. In-House vs Professional**

- 8. Taxes, Agreements, and Liens**
 - a. Taxes**
 - b. Lease Agreements**
 - c. Late, Lien, and Auction Processes**

- 9. Conclusion**

Introduction

Here at Easy Storage Solutions, we speak with and help people everyday who are getting started in the self storage industry. We currently work with thousands of different facilities across the U.S. and Canada. Over the past nine years and after working with different people, business, and locations, we have decided to put together a quick guide to address some of the most important things you should consider when starting or running a self storage business.

Location

Location is one of the most important things to consider before starting a self storage facility. I am sure you have heard the old adage “Location, Location, Location!” which is almost always used when dealing with the real estate industry.

Make sure you do some market research (gather information about surrounding people and needs) before building or buying your storage facility. Typically a self storage facility has a 3-5 mile market around its location; however if you are looking at a location in a rural area, your market radius will probably extend a little further.

When doing location research, also take into account the size of the facility. We have many clients who have built 20-30 unit facilities in small, rural towns and have filled them to capacity within a few months. The same wouldn't be said if someone tried building a 200-unit facility in the same area. Always try to build and buy based on the market and what the market can bear.

Financing

There are many financing options (ways of funding the facility), but for our purposes, we will explain the two main forms: Bank Financing and Seller Financing.

Bank Financing

Bank Financing involves individuals or entities petitioning a bank for a commercial loan. Most banks will finance a storage facility but will require at least 20% down or 20% of collateral. For example, if you are trying to purchase a million-dollar property, the bank might require either \$200,000 up front or \$200,000 of collateral. Additionally, a typical commercial bank loan is amortized (paid off) over twenty years as opposed to the thirty years of a traditional home loan. That being said, banks can be very flexible in what loan package they are willing to put together, even though it may be a longer process and involve more requirements.

Seller Financing

Sometimes you can find a seller who is willing to finance their property privately. Usually they will not finance the full amount and will want a certain percentage down with a 5 or 10 year balloon—meaning they will carry the loan for 5 to 10 years but then they will want to be taken out completely afterward. Seller financing can be a great way to get into the business because the financing terms can often be negotiated just between the seller and buyer. The seller will still retain first position on the property until they have been refunded completely, like a bank, but will ultimately move more quickly.

Management Software

Management software (a program that allows you to manage your finances and customers) is something you definitely want to look into. Softwares save you time and money—typically producing a huge return on your investment. Choosing a software is probably one of the most important decision you will make when it comes to managing your storage facility. The two types of software we will explore are Web-based Software and PC-based Software. We personally recommend purchasing a software that is 100% web-based.

Web-based Software

The term “web-based” is thrown around frequently but often misunderstood. Web-based software is accessible off-site via the internet. If you have to download anything to your device to make it work then the software is not 100% web-based. If a software is 100% web-based, that means it can be accessed on a phone, tablet, laptop, or computer and can be used as long as you have internet.

The advantage that you have when you go with a 100% web-based program is you can use the software on almost any device from almost any location. We can't tell you how many times our clients have called to tell us they had just took a payment or rented a unit while on vacation.

Other huge advantages of a web-based software are that the software typically comes with a website to accommodate online rentals and payments, it allows tenants to be set up on auto pay, it can send emails and text messages, and its lease agreement can be electronically signed and stored.

PC-based Software

Software that is PC-based is physically downloaded onto a computer at your home or office. This type of software can only be used when you are on that device or computer, so it really does limit your ability to help customers. You can't pull it up on your phone and take a payment like with a web-based software. PC-based software has become less popular over the years because it's simply not as user-friendly as the web-based softwares.

Marketing Your Facility

Marketing (promoting your company) is the lifeblood of your business. It used to be that a facility could just throw up a sign up and call it good, but in this digital age, marketing requires more thought and money to ensure people can find your company, especially if you are located in an urban area. Here are a few important marketing ideas you should consider.

Websites

Having a website is an absolute necessity. Make sure you don't overlook this marketing tool. Your management software should include a website, so if the software company you are looking at does not come with a website, find one that does! A retailing study performed in 2014 showed that 81% of shoppers research online before making a large purchase (Retailing Today) and that close to 70% of consumers prefer paying online (Steele, "Payment Method Statistics," 2017). You will want to make sure your website allows for online rentals and payments. As a side note, over the years we have also learned that people who rent online are more likely to pay on time than individuals who pay with cash or check.

Finally, it is important that your website is mobile friendly, meaning when someone accesses your website on their phone, the website automatically adjusts to fit their screen. Impatient millennials who are now hitting their college years are more likely to respond to a mobile-friendly site than one where they have to zoom in and out to locate and read the information.

SEO

SEO is an acronym for Search Engine Optimization. SEO is a service performed by marketing companies, and their goal is to get your website on the first page of a Google search when someone is looking for storage facilities. SEO is a marketing device you should seriously consider, especially since most consumers surf online before purchasing storage, and few people are willing to click past the third or fourth page of Google search results when looking for storage companies. Should you purchase SEO marketing services, note that

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results do not happen overnight. Search engines like Google have a set of “requirements” a website must fulfill over a series of months before the website will show up on the first page of online searches. It often takes marketers 4-8 months of work on your website before you start seeing results.

Because we feel so strongly about SEO and the impact it can have on your storage facility’s success, we created a division of our Easy Storage Solutions company called RIZE Marketing that focuses on SEO services. Interested clients can sign up with RIZE, and our marketing professionals will work on their websites to optimize their reception by search engines like Google.

Adwords

Adwords is a program that was created by Google where you can pay them to advertise your website. You might have noticed these ads while searching for something on Google. Usually the top 2-3 results of any search are paid ads (you can tell because the word “Ad” is put in front of them, and they are colored differently). The cost varies because when you create an adwords account, you determine your budget. Typically, you are charged each time a new user clicks on your advertised website. However, if you only want to spend \$10 a day, you can make it so Google will turn off your ad once you’ve reached that daily amount. Additionally, you also determine where and when you ads are displayed. If you only want to advertise within 20 miles of your storage facility, you can. You also choose what keywords you want to advertise on. For example if you want to show up when someone types “self storage facilities” in Google, you can add those words to your “keywords” section of your Adwords Campaign. Adwords is a great way to get immediate traffic and results online.

Other

There are many other forms of advertising you can try when marketing your storage facility. Here are a few that we have learned about or have used at our storage facility: Facebook, Google Bing Advertising, signage, billboards, flyers, referral programs, partnership programs (with other businesses), word of mouth, and coupons.

One last important marketing tool you can’t overlook is to make sure your storage facility is recognizable from the road. Make your sign bright and easy-to-read. A good sign can be the difference between 75% and 90% capacity. Try new things and make sure you are tracking where your renters are from and

how they found you. This will help you make good decisions on where to spend marketing dollars and what you might need to change.

Call Management Services

One of the most overlooked aspects of running a storage facility is that you must answer the phone! We were initially blown away with some of the industry averages showing 4 out of 10 phone calls are typically missed by storage facilities, but over the years, we have found these numbers are true. That being said, we have also seen run-down facilities which, upon being purchased by new owners, have flourished simply because the new owners answered their phones. This principle is one of the simplest ways to either be successful or run your business into the ground. You must answer your phones, and if you feel like you are too busy, consider some of the following solutions.

Call Center vs. Call Management

Call Centers service a company by forwarding all calls to their center, speaking with your customers, and by taking messages. This is a great service if you can't answer your own phones, even just some of the time.

A better option is what's called Call Management Service. It is very similar to a normal call center but can take things one step further. Not only do representatives answer your company calls, but they can also rent units to customers, take payments, answer billing questions, change gate codes, send receipts, and basically act as your company's receptionists. Call Management Services remotely handle your storage facility so you aren't tied to phones all day. Any situations or scenarios that the Call Management service can't handle are deferred to the owner.

Because the Easy Storage Solutions Software is web-based with the ability to rent units and take payments online, we have created an optional call management service for our clients called "Call Advantage." This service is usually around \$199-\$299 per month, but we make sure that you never miss a call at your storage facility, and with our access to your software, we can make

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payments, rent units, fix billing mistakes, change gate codes, send receipts, and offer as many other services as possible to ensure your tenants and potential tenants are happy with your business.

Phone Systems

Along the lines of answer phones, make sure you don't overpay for a phone system. When we purchased our first storage facility, the previous owners were paying almost \$200/month for a phone number and system from a local provider. We found many of our Easy Storage Solutions clients were paying similar amounts. We can typically provide a local phone number and service for around \$35/month through our Call Management service, and usually our service is more robust than whatever phone services previously used. Our system can send voicemails to your email and can also forward your storage facility number to your cell phone, work phone, or home phone in any order that can be changed at any time.

Technology

Access Control

One of the first questions that arises when we are working with a new storage facility owner is: "What gate system or access control system should I look into?" An access control system includes the hardware and software to control the main gate into your storage facility—keypad, wire, controller, gate motor, etc. Usually, storage facility owners want their gate to be connected and updated through their management software (where they keep record of customers/units/etc.) so when someone is behind on payments, the management software can automatically lock the tenant out of the gate.

One of the big problems we are seeing in the gate system industry is that most storage facilities want a web-based management software but most access control systems are not web-based. This can cause problems because the management software then to connect with the gate system through an on-site computer. Should a Windows update close any systems, for example, the computer has to be accessed to resync the gate with the management software.

Bottom line is, if you are going with a web-based self storage management software make sure your access control system is also web-based.

The Easy Storage Software can currently connect with up to eight different access control systems, and recently we struck a deal to offer our own system. The main reason we did this was because our management software is web-based, and we wanted to have an access control system which was also web-based—something difficult to find. If you go with the Easy Storage Solutions management software, you will be able to use our [Cloud-based Access Control](#) system as well.

Kiosks

Kiosks can help you automate your facility and make it available 24/7. Depending on what type of kiosk you get, you could potentially take payments, rent units, and dispense locks or other inventory items through the kiosk. Because of the cost, it is not always the right choice for every storage facility, so make sure to consider your situation and the size of your facility before purchasing a system. If you want some guidance on whether a kiosk is a good fit for you, give us a call and we can help you run your numbers.

Security Cameras

Security cameras are gaining a lot of traction lately because new technology has enabled camera systems to run through the internet. Cameras, like gates, can be important elements in making your storage facility secure, and a big benefit we have seen is that cameras are a great selling point to potential tenants. They could be the reason a tenant rents from you instead of a competitor.

Bookkeeping and Taxes

Hire Someone Or Do It Yourself?

To run a business correctly, you will want to make sure your bookkeeping is kept up-to-date and that you are filing all your tax obligations regularly. You can definitely do this type of work yourself, but make sure you are doing it correctly. We have personally found that paying someone a small monthly fee to keep the books current and to file the quarterly and end of year taxes is more than worth it

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in the end. If you are not proficient with bookkeeping and accounting, then hire someone to help. One thing that is often overlooked is how valuable good financial statements are when you are looking at selling or refinancing your storage facility. It can make a huge difference in what prospective owners are willing to pay if they can see your books are clean and up-to-date.

Entity Selection

Another thing that is often overlooked is how establishing the right business entity (i.e. partnership, corporation, limited liability company, sole proprietorship, S-Corporation election, etc.) can turn tax laws to your advantage. Your business entity is crucial in making sure you don't overpay your tax bill (and nobody likes to overpay on their taxes!).

We feel strongly about this topic and have, again, started an optional service called TruView Advisors that is run by Certified Public Accountants (CPA's). They provide bookkeeping, tax, and consulting services to help you manage the financial needs of your facility.

Taxes, Agreements, and Liens

One thing we can never escape is the law, and let us tell you there are plenty of laws governing the self storage industry! Below we will briefly look at some of the laws that directly affect storage facility owners.

Taxes

First off, you will want to make sure you are charging taxes correctly. Taxes may be applied at the city and state level depending on where you are located and what type of storage you own. Some states charge tax on RV storage but not on mini storage, and other states are the opposite. If you own a mobile-storage business, you probably need to pay both city and state taxes. A good resource is to your state self storage association. We recommend calling to see what information they can offer.

Lease Agreements

Make sure you have a strong lease agreement. Some states provide templates through their state self storage association, but if not, you can get a lawyer to

help you create a lease agreement that is specific to your state. One thing you need to be aware of is that the state laws change, so you will want to review your lease agreement periodically to make sure it is up-to-date with current legislation.

Late, Lien, and Auction Regulations

You will quickly want to become aware of the late, lien, and auction regulations for your state. Each state is a little different, but usually the regulations look something like this: When a tenant becomes late, you can apply a late fee, lock him out of his unit, and send a lockout notice. After 14-30 days if the tenant has not paid, you can then place a lien on his unit and send a lien notice via certified mail. At this point, you can schedule an auction, advertise the auction in a local newspaper, and wait another 14-30 days before you conduct the auction. If he has still not paid, you can conduct the auction on the stated date and sell the unit's content. If you make more money off the auction than the tenant owes, you must give the excess amount back to the tenant. Again, be sure to check with your state laws since the required number of days between notices and an auction will vary.

Conclusion

We hope here at Easy Storage Solutions that some of this material helped you. It was not meant to tell you everything you should know about starting or running a storage facility, but it has hopefully given you a quick overview of things to consider and watch out for as you start your business. If you have questions about anything, please, don't hesitate to call! We would love to assist you anyway we can.

Easy Storage has really tried to offer the most important services all under one roof. We currently offer Self Storage Management Software, Websites, SEO & Online Marketing, Call Management Services, Bookkeeping & Accounting, and Access Control Systems. Our goal, primarily, was to create a business where owners could find all the services they needed under one company head at a better price and with better customer service than they could find in separate companies for separate services.