

APRIL 2008



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## The California Self-Storage Report

California Self Storage Association

Volume 2, Issue 2

### *CSSA - Upcoming Events!*

The CSSA is rapidly approaching several exciting events. Do not miss out on our informative events that always provide an arena for fantastic networking opportunities. If you have any questions regarding our events, registration fees or sponsorship opportunities please call our office today at (888) 887-CSSA (2772) to learn more!

#### **SSA Manager Certification Courses**

The CSSA is proud to co-sponsor all 4 of the Self Storage Associations Manager Certification Course Modules. The MCC program offers: Education Designed to Stand Alone or to Complement Company Training Programs. MCC is designed to provide the knowledge base the manager or new owner/manager requires, and can also serve as a foundation for company-specific manager training programs.

[April 30th, 2008 - Covina, CA - Operations & Legal Issues](#)

[May 22nd, 2008 - Dublin, CA - Financial Management & Sales/Human Relations](#)

To register visit our website for a copy of the registration form at [www.cssaweb.com](http://www.cssaweb.com)

#### **Owners Legal & Investment Summit - April 24th, 2008 - Oakland, CA**

Our 2nd annual owners legal and investment summit is returning to Oakland's Preservation Park on April 24th, 2008. Join us for a legal presentation led by Carlos Kaslow of the Self Storage Legal Review Network, following Carlos' presentation a panel of local California operators will discuss prospering in tumultuous times. Our event kicks off at 12:00 PM, we will be accepting registrations at the door. Register today!!

#### **The Self Storage Owners Summit - July 16th, 2008 - Newport Beach, CA**

The CSSA will partner with Buchanan Storage Capital in co hosting our 4th annual Self Storage Owners Summit at The Balboa Bay Club in Newport Beach. Hear Industry Visionary, Chuck Barbo, share the Shurgard - Public Storage Merger Story for the FIRST TIME while Offering Leadership & Investment Insights! Our event will include a keynote presentation, a real estate panel with industry leaders followed by our networking reception overlooking the harbor. We are currently accepting pre-registrations, sign up today as this event

**WILL SELL OUT!**

## Does Self Storage Have a Silver Bullet?

By: Megan Eckert

[USStorageSearch.com](http://USStorageSearch.com)

What if I told you a secret that increases occupancy, decreases expenses, and enhances manager performance? Intrigued?

Well without further adieu, the secret I'm referring to is **marketing tracking**... tracking your marketing effectively so you know what marketing efforts are really working for you and which ones are wasting your money. When I say marketing tracking I'm not referring to just asking the customer how they found you. Today's customers use multiple marketing channels to find your facility and most likely have done the same for other facilities as well. So by the time you ask them how they found you, they are not going to have an accurate answer. Not only that, they honestly don't care to remember how they found you. They have a hectic schedule and all they care about is getting their stuff out of their messy garage.

If customers can't accurately tell you how they found your facility and that's the only data you're using to track your marketing then you're going to be making decisions based on faulty data. And since the goal of tracking your marketing is to be able to determine what's working and what isn't, it's very important to have accurate data.

So how do you ensure that your tracking data is accurate? If asking the customer doesn't work what are your other options? First let's talk about what to track, and then we'll get into the how.

### [Tracking Prospects](#)

When you look at a marketing source you really need to analyze all of the ways prospects can contact you from that marketing source so you're sure to track them all. For example, if you have a website that gives the customer the option to reserve online, you might think that the main thing for you to track will be online reservations. But don't forget that your phone number is also posted on your website, so you need to track calls. Many times your email address is also, so be sure to track emails. And lastly, do you have your address posted or any maps or driving directions on your website? Because of this you also will be receiving walk-in customers. We'll talk more in depth shortly about how you can track each of these, but just keep in mind that with every marketing source you need to carefully analyze every avenue prospects use to contact you.

*COTINUED ON Page 3*



Still not a member? Contact Erin King today for information on membership.

888-887-CSSA or [www.cssaweb.com](http://www.cssaweb.com)

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## Does Self Storage Have a Silver Bullet? *(Continued)*

By: Megan Eckert

[USStorageSearch.com](http://USStorageSearch.com)

### Tracking Rentals

Here's where it matters most...you want to be able to track how many rentals each of your marketing sources is bringing you.

The main reason for tracking rentals down to each marketing source is to determine your Cost per Acquisition, or Cost per Rental. Simply put, Cost per Acquisition (CPA) is how much it costs you to get a new tenant. CPA is the most effective way to evaluate which marketing sources are working and which ones aren't. Once you're effectively tracking your prospects and tenants CPA is easy to calculate. Just take your monthly or annual cost for that marketing source divided by the number of tenants it produced in that time and you will have your CPA. Once you know your CPA for all of your marketing sources you can compare them head to head to see which ones are most effective. In fact, CPA is the only way to effectively compare marketing sources that cost you \$3,000 per month with those that cost you \$100 per month. You may find that the marketing source that costs \$100 per month only brings you two new tenants (\$50 CPA) and the marketing source that costs \$3,000 per month brings you ten new tenants (\$300 CPA). At first glance, you might think that the one that brings you ten new tenants is more effective because it's bringing you a higher volume of tenants; when in fact, you're paying 6 times as much per tenant with that marketing source as you are with the other one! In some cases you'll find that some of your marketing sources are so ineffective (have such a high CPA), that you can make the decision to cut them immediately. This is where the value of tracking really kicks in!

### Where do you start?

Now that you know how valuable it is to ensure you are tracking, what can you do to ensure your tracking methods are accurate? Two tracking methods I recommend most (beyond just asking the customer how they found you) are unique phone tracking and unique coupon tracking. Both are pretty simple and entail using a unique phone number and unique coupon code on each marketing source you want to track. By doing so you can know that when a customer calls in on a specific line or mentions a specific coupon code he or she has found you from the marketing source connected with it.

Phone tracking technology is inexpensive, very simple to use, and the data is foolproof. It allows you to run reports on your calls such as volume of calls, duration of calls, time of day most calls are being answered or missed, and more. Also, most phone tracking technologies allow you to record every call.

Coupon tracking is also very easy to implement. Just make sure that on each marketing source you'd like to track your coupon code is unique. That way when customers mention the promotion, your managers can ask what the coupon code is and give credit to the correct marketing source. Many property management systems make it very easy to track different promotions and coupon codes.

All of this might seem like it will take more time than it's worth, but I guarantee you that once you take the time to set it all up and get your systems in place you will not regret it. You will be able to make more informed and confident marketing decisions and will eventually be able to cut ineffective marketing to trim your marketing budget!

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## Obtaining Maximum Profits from Storage Auctions

By: John Cardoza - Storage Auction Experts

Most people involved with the storage business would agree the most challenging part of the business is how to handle the 7 to 10 percent of tenants who don't pay rent as agreed.

Like all areas in life, there is no one right answer for every situation. In the storage business, they have a process designed to answer from a legal point on how to proceed. These answers can be obtained by looking at the California Statutes 21700 or you can talk to a lawyer (preferably one who belongs to the CSSA) to know the correct way to do the lien.

Assuming all the legal paperwork is accurate, now decisions must be made on how to get these non-paying units empty so they can be replaced by tenants who will pay for their unit.

Some Managers are worried if they auction a tenant's goods off, they will end up in court with huge lawsuits. If the paperwork trail is followed to the letter of the law, this won't happen. Most people are aware that Paris Hilton had her items auctioned in November of 2005. For whatever reason, payment between Paris and the storage site did not happen. After the auction, she hired the best lawyer money could buy to try and get her items back. Since all the paperwork was correct and the person conducting the auction was bonded, she was not able to get any of her property back.

Another common misconception about auctions is they don't bring enough money and it would be better to settle with 20 percent and get the tenant out. Occasionally this is the best method, especially after doing inventory and the contents have value only to the tenant. However, usually it is better to your bottom line to stand firm and get 100 percent on what is owed to you. Why would this action be better? Let's look at some basic math. For example, from the thousands of units we sold over the years, three out of five units the people will pay in full. Should these five units be \$1,000.00 each, and you settle all five you would receive \$1000.00. Should the average pay, you would collect \$3,000.00 from the full pay, and have two units to auction.

Using a Professional Storage Auctioneer, even after paying his commissions, you will net more than a storage manager doing their own auction. A Professional Storage Auction Company will have more buyers and handle those unique situations that auctions can bring. It also sends a message to your delinquent tenants you are serious about getting paid which brings in more because of your auction date.

As a businessperson, it sometimes is confusing why a company that hires an attorney for their legal work, an accountant for their financial work, a groundskeeper for their yard work, a computer tech for their computer work and then try to do their own auction because they think it saves them money. (It doesn't) The bottom line is what is most important in business is to make a profit and not settling just for settling sake is something everyone should reconsider.



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## Opening New Doors to Self Storage Brokerage



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***Peter Ingersoll, Managing Director***

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## Rental Rates

**This is where all storage businesses can either begin to optimize their yield or cost themselves a whole ton of money!**

By: *Wayne Roycroft, Vice President Sales and Marketing*

*StorMan Self-Storage Software USA*

[www.StorMan.com](http://www.StorMan.com)

Imagine you are in the business of selling ice-cream. But not any ice-cream, you are selling the world's yummiest ice-cream. Your ice-cream is, in every way, superior to all others on the market - bar none! So you deservedly charge a 25% premium for it, and the market happily pays.

But then the bottom falls out of the ice-cream market. If you don't review your prices immediately you will be trying to sell your product at a 100% premium. As good as your ice-cream is, you know that your customers aren't as likely to agree to paying a 100% premium as they are a 25% premium. So you do the smart thing and you reduce your prices but maintain your 25% premium. Sure, your business's profit goes down, but luckily for both you and your customers you are a savvy operator and have set up your business to cope with this part of the ice-cream world's business cycle. So, through your good sense, your business makes the most of these lean times.

Or the other scenario occurs, and the ice-cream business is booming. Your competitors put their prices up 25%. Because your product is better, and the market can sustain it, unless you increase your prices by 25%, your business will not realise optimum returns.

In either scenario, if you are not paying attention, you will lose money. It is no different in the world of self storage.

Most operators are fully aware that when their facility occupancy is at 95% then there is probably an opportunity to increase yield by raising rents and, at the same time, if tenants are not easy to come by, then discounting can attract much needed new business. Yet very few facilities seem to have a policy of reviewing their rates on a routine basis. Having such a policy, and the mechanisms necessary to effectively implement it, eliminates rate lag. Over time, whether you should be increasing or decreasing rates, rate lag can cost your business a significant sum of money.

We at StorMan believe that the consistent and regular implementation of rate adjustments is one activity that can help your business to reach maximum yield in any economic environment. The regular review of rates is always important but your activity in this area can be of critical importance. This may be especially true in a down market.

When performed properly, activity in this area can improve your yield in a number of ways. Firstly, by regularly reviewing rental rates, you are constantly maximizing the return on your investment, regardless of whether rates are going up or down. Secondly, your market will learn that you are, at any given time, providing the best value possible. A good system that properly handles rent reviews will help you to avoid lag induced loss as well as letting your customers know they are in good hands. This entire area of your business is all about maximizing yield whilst encouraging customer loyalty.

Merely having a policy on rental reviews is not good enough. Without a reliable system in place for rent reviews there may be restraints on execution of the policy. Such restraints can include a lack of time, will, or know-how. Let's face it. If your facility has 600 tenants are you going to look forward to receiving calls from 600 angry clients each time you want to put your rates up – notwithstanding the fact that you had to discount below your competition to get those 600 tenants in the first place?

Even worse is the scenario where you pay staff to spend valuable time implementing your carefully designed strategy only to find it earns you zip loyalty points in the mind of your customer. If the customer does not understand how you are helping them by regularly reviewing your rental rates then a large proportion of the value you are providing them through this exercise (which should be creating "loyalty points" in the mind of each and every customer) is lost. The art of minimizing customer attrition is best approached by encouraging loyalty. When a customer has disadvantaged themselves by moving away from you to a less suitable facility (just to save a few dollars on rent whilst probably costing themselves in other ways) it is far too late to be preaching "false economy" at them – you won't get them back very easily now. In this situation you both lose. Purely and simply that is just bad business!

What we need to do is implement a system that shows your tenants they are getting the best value whilst at the same time you know that you are making the most of your investment dollar. As each customer has a different anniversary date then it hardly seems fair to your clients if you adjust everybody's rate at the same time. So, how might we best go about dealing with this?

[\(Continued on Page 7\)](#)

**Rental Rates** (Continued from Page 6)

The answer is to perform the task of rate review for each qualifying client, every day. Let's say you have 95% occupancy and you know that a 2.5% increase will provide very little in the way of buyer resistance but a significant gain in yield. The first trick is to set your criteria for a rental review. You might decide that, under current market conditions, a 2.5% increase for customers enjoying their 6 month anniversary is reasonable and acceptable. Therefore, what you have to do now is go through your entire client list and figure out which of your tenants are having a 6 month anniversary today.

When you have found out who they are, the next thing you need to do is compose a letter to advise those qualifying tenants of the increase. If you have 600 clients you might find that only two qualify for a rent review today and so you will only send out two letters. The nice thing is that if only two customers receive their review notice in two days time then the highest number of "grumpy customer" calls due to rental review you can expect to receive on the day is two! Let's assume it is a bad day and you have a 100% score for rent review customer resistance. How long will you take handling those two calls?

You are going to repeat this entire process tomorrow and reap the same benefits you did today. And the next day. And... you get the idea. At this rate you are soon to become a favorite visitor amongst the staff at your postal annex because you will probably have the best and biggest smile they get to see on a daily basis.

Here is some more good news. If you have email addresses for your qualifying tenants then you can also save yourself the daily trip to the postal annex as well as the postage! Here is even more good news. Imagine how simple this would be if you could charge your customer's the new rental rate online, via your customer's credit card, or through direct debit straight from their bank account?

A word of caution at this point though. Take legal advice and ensure your contract allows you to do all of this before you begin. This simple idea can be extremely rewarding in financial terms for your business. Yet for many businesses it is difficult to put into action because they don't have a system that can accurately handle this policy reliably, routinely, consistently, and on a daily basis. If you haven't got a system that can do this, then get one – as soon as possible.

The longer you take doing so the more money (and possibly customers when they learn that your competition is doing this) you stand to lose. So go right ahead. Let your customers know that you are delivering the best deal possible at all times while you sit back and enjoy your maximized business returns.

**Interested in Advertising in The California Self-Storage Report?**

Call our offices today! (888) 887-CSSA (2772)

Advertisement space can be purchased by CSSA Members only. Pre-payment as well as **ALL AD** content, including any artwork, must be received by deadline dates stated below. Electronic files must be high resolution JPG, TIF or EPS files. Send all files to Erin.King@cssaweb.com. Please note that there will be an additional fee of \$50/hour to set type or correct artwork. **Ads will be printed as received unless assistance has been requested before deadline dates listed.**

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**2008 Issue Release Dates**

Jan 15<sup>th</sup>  
 April 15<sup>th</sup>  
 July 1<sup>st</sup> \*  
 Oct 10<sup>th</sup> \*\*

**Deadline Date**

N/A  
 April 4<sup>th</sup>  
 June 23<sup>rd</sup>  
 Oct 6<sup>th</sup>

**\* In time for the 4<sup>th</sup> Annual Storage Owners Summit at the Balboa Bay Club on July 16<sup>th</sup>!**

**\*\* Our Annual Conference Issue will be distributed at our October 23-24<sup>th</sup> 2008 Annual Conference!**

**Space is limited, first come - first served!**

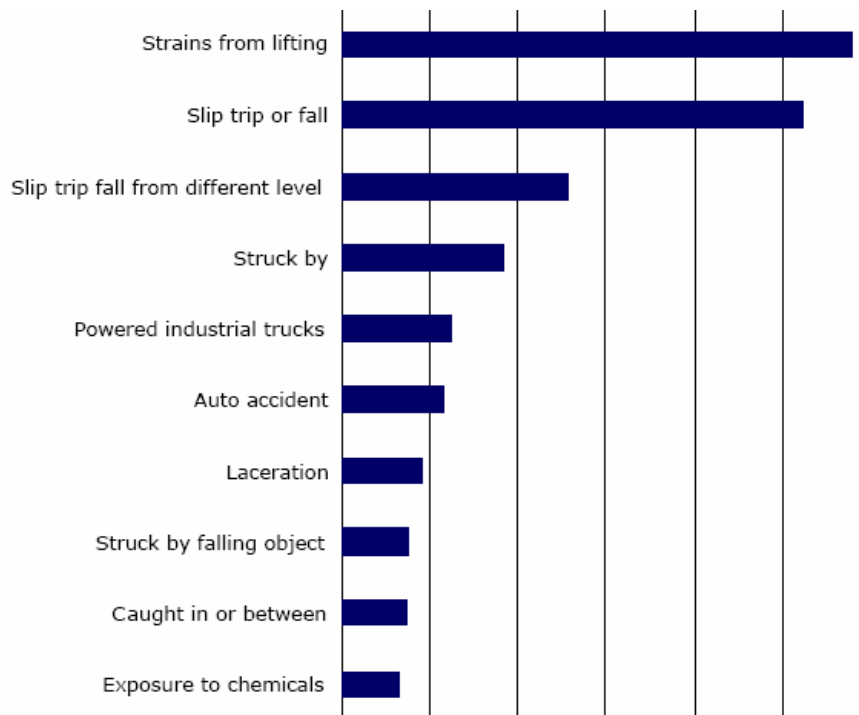
## HOW DOES YOUR SAFETY RECORD COMPARE?

Leonard E. Ziminsky, CPCU, ARM, Millennium Corporate Solutions

Irvine, California

The chart below, prepared by Zurich North America Insurance Company, reveals the top hazards causing bodily injury or property damage to employees, customers and visitors at self storage facilities, warehouses and trucking companies. Reviewing and understanding these hazards and implementing proper safety and loss control measures will lessen your exposure to them.

### Major Causes of Workers' Compensation Loss



Leonard E. Ziminsky, CPCU, ARM is the Manager of the workers' compensation insurance program endorsed by the California Self Storage Association. He can be reached at (800) 576-2129 ext 224 or you can reach the Program Administer at [lauren@mcsins.com](mailto:lauren@mcsins.com) to discuss any insurance issue and/or coverage.

## MARK YOUR CALENDARS!!!!

The CSSA is happy to announce that our 5th annual conference and annual meeting will be held on October 22nd - 24th, 2008 in San Diego, CA. This years event will be held at The Westin Emerald Plaza. Just down the street from last years meeting! Keep an eye out for additional program information, including the opportunity to join us for a dinner cruise around the San Diego Harbor.



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## Working Better Together

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The California Self Storage Association is managed by the Executive Director, under the guidance of the all volunteer Board of Directors who all are actively involved in the industry as owners, managers and vendors. The Board of Directors represents the interests of the large multi-site operators as well as smaller, single site operators.

### Our Mission:

The mission of the CSSA is the promotion of a high standard of professionalism which is adhered to by all of its members, to provide a unified voice for the Self Storage Industry for the State of California and to enhance the performance and quality of the services our industry has to offer.

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### **Chet Holleman**

Commercial Account Manager  
Western Exterminator Company

**Work # 619-579-1565 x 25**

Cell # 619-518-8220

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## Have you joined your industry's state association? **Join the CSSA today**

Join the CSSA today to begin taking advantage of our membership benefits. Some of those benefits include affordable membership, Advocacy and Lobbying, News and Information, Networking and Meetings, Educational Programs, Communication and Publications, National Association Relations and more. The CSSA has approximately 700 members to date with new operators and industry vendors joining daily. If you would you like additional membership information call or email Erin King today at 562.304.2864 or Erin.King@cssaweb.com.