



Be A Super Sleuth!

Cutting Expenses For Self-Storage Facilities

By Erica Shatzer

Minn.-based Storage Investment Management, Inc. (SIMI), suggests conducting an annual review of your facility's products and services. "Do research to see if others are offering them for less," he says. "Then go back to your current vendor to ask for a price match."

In addition, Fritts tells his managers to call companies to reject price increases when they receive notices in the mail. "This has been very successful," he says. "Tell them to keep the current rate if they want to your business. If they are unwilling to negotiate, get a new vendor."

Nevertheless, Fritts advises managers to stick with their current vendors if you are satisfied with their offerings because there is more to it than price alone. "Cheaper isn't always better," he says. "Make sure you are getting the same quality and value for your money."

although self-storage owners and operators are typically the ones responsible for making the decisions when it comes to budgets, managers are oftentimes expected or encouraged to find ways to reduce expenses. However, that can seem like an impossible task if you feel that you are running a tight ship with minimal expenses. According to industry professionals, the key to improving your bottom line is to look at the facility's operations with the eye of a master sleuth—you can always find something.

Always Ask

Of course, no one is going to give you something for less unless you ask. "'Ask' is the theme," says John George, vice president of operations for Pogoda Companies. "Keep your vendors honest! Shop for rates every so often." He also tells managers not to respond to the word "no". "Keep asking. Don't accept the first 'no'."

So how often should you be looking for better deals? Charlie Fritts, principal and chief operating officer of Stillwater,

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Along the same lines as negotiating for better rates, Fritts suggests trying to establish group rates as well. This is obviously easier to accomplish when an owner or operator has several properties, but he says not to be afraid to form co-ops with the competition. "Sit down with local facility managers over coffee and discuss the possibilities of buying co-ops," he says. "You aren't committing to using those services, but there would be a group rate available if it's needed."

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George concurs. Pogoda Companies was able to save big bucks by establishing a group rate for telephone services through AT&T after a three-year contract expired and costs increased. While the group rate they locked in for multiple facilities wasn't as low as the original special, it was significantly better than the rate for individual phone lines. He also advocates looking for long-term solutions such as locking in lower rates products and services. For example, George was able to drastically reduce the company's natural gas bill by cutting out the middle man and going straight to the supplier.

Although somewhat of a lost art, bartering can be a beneficial option too. "Bartering pools can work out well," says Fritts. Some of his managers have found success with exchanging storage space for labor-related services. "You have to keep good accounting records," he says, "but it works when the value is equivalent."

Prudent Purchases

In regards to office supplies, due diligence can yield large savings. "Only buy what you need," says Brenda Scarborough, who oversees business development at the William Warren Group. "Be cautious and keep track of supplies and inventory." Indeed, an accurate inventory system can prevent managers from making redundant purchases.

Scarborough encourages managers to use common sense when buying supplies for facilities. She says they should be sensible about which items are bought in bulk since some supplies may not be used in a timely manner. For example, although a case of liquid paper may last a facility five years, the product's quality may degrade over time.

While bulk purchases may not always make sense, there are plenty of times when buying in bulk gives you the most bang for your buck. "Buy in volume to save money," says Fritts. "You will pay more money up front with the initial purchase, but overall you pay less. Know what you need and shop for the best value. Think of ways to pay less and look for coupons." He also suggests keeping your eyes peeled for freebies, such as

pens and sticky notes, that can be utilized in the office.

Speaking of paying less, all three professionals noted the importance of searching for specials. "Dig deeper," says George. "Push back the daily shopping to take time to look for discounts and coupons. Put a little time into searching for deals." At Pogoda Companies, they frequently request that managers spend

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time searching the Internet for the best possible prices. They also buy in bulk for items such as T-12 light bulbs. "We figure out how many facilities will use, buy like two years worth, and store them at a central location."

Above all, Scarborough emphasizes that managers should have an owner's mentality in regards to spending. "Be frugal with someone else's money," she says. "Managers need to take spending to heart." The same strategy applies to your marketing efforts as well. "Post social media updates on a daily basis," says Scarborough. "It is free marketing!"

Self-Storage Hacks

In addition to smart purchases, how you use those office supplies can have a huge impact on the bottom line. For starters, George advises managers to adjust the settings on the printers and copy machines. "You can print in gray scale to save on ink," he says. And Fritts suggests either using refillable ink cartridges or returning empty cartridges to office supply businesses for store credit.

Similarly, Scarborough says that facilities should attempt to go paperless by

utilizing emails and electronic signature programs. "You can save money on postage with email campaigns," she says. "Emails are more effective for dealing with delinquencies as well." While email is an effective way to contact delinquent tenants, be sure to follow your state's lien laws during the lien sale process.

As for the other areas of self-storage facilities, there are several simple "hacks" that can reduce expenses such monitoring the use of utilities. Scarborough recommends monitoring the temperature at air conditioned buildings on a daily basis. "A couple degrees makes a huge difference," she says. "We have saved thousands by monitoring that." George agrees and adds that Pogoda Companies has a hack to ensure that tenants and other visitors don't tamper with the thermostats. "We spray the inside of the plastic thermostat covers with spray paint that matches the walls to keep people from changing the temperature," he says.

George offers two other tips that revolve around timing. First, he suggests that facility's switch to light timers for signage. "Use timers instead of photocells for signs to save on electricity and extend the bulb life," he says, adding that managers should remember to adjust timers for the various seasons. Second, George tells managers only to water the landscaping during office hours in order to thwart huge water bills from leaky faucets or broken sprinkler heads.

Last but certainly not least, keep in mind that a little bit of elbow grease can go a long way. "Managers should perform maintenance items to prevent major repairs," says Scarborough. "They can clean the gutters to prevent roof leaks, clean the air conditioning filters to keep them from freezing, and seal the asphalt to prevent potholes."

George concurs, stating that managers can ask staff to do odd jobs instead of hiring someone to do the work. "You never know someone's talents until you ask them," he says. "Ask them if they are comfortable doing it and show them how to do it if need be." ■

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