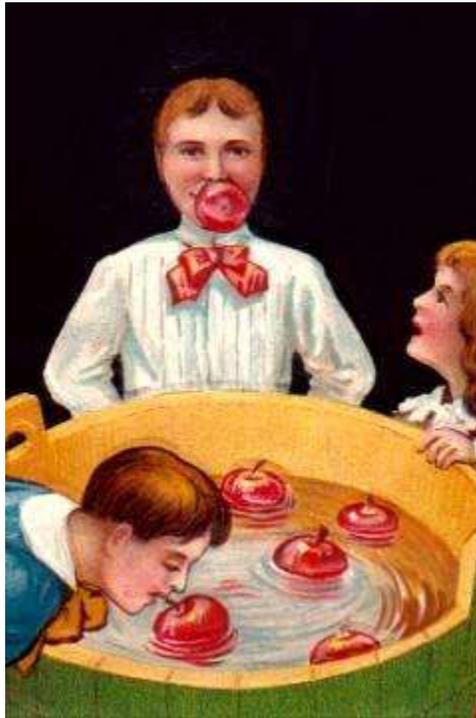


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With help from a Ghost writer, contributor



This eBook may not be duplicated without the written permission of the authors. Duplicating this book without our express written permission will allow us to shop your store and make what embarrassing things your staff might say and do a subject of one of our upcoming newsletters. And, oh yea, we have to call lawyers and stuff and that gets way too messy.

Just call, willya?



Expectations

"How can you expect me to answer the phone if I'm holding the baby?" You know what? Some of you just read that an either got offended or thought we have totally lost our mind. We do not want to offend anyone but two weeks ago a manager (folks, we do not make this stuff up nor have we lost our mind) told the new Operations Manager (another female) that she could not answer the phone because she had to hold the baby.

Another time my partner walked into a store in the northeast and was told by the breast-feeding manager "could you come back when I'm done?"

Another quick story: We were conducting a market study and walked into 14 stores, one was owned by the owner who commissioned us to do the study and who wanted us to shop his own business. As it turned out the owner expected his manager to get prospect information from anyone who came into the store so that they can determine their walk in conversion rate. Not only did the owner's manager not get our information, but neither did the other 13!

My niece runs a Starbucks in the northeast. I can assure you her expectations are that her staff works their shift and they can do whatever they want to do on their break. Also, I can assure you this above-mentioned new Ops Manager has established new expectations for her staff, and that the owner went back to his staff and reestablished the expectation that his staff must get prospect information.

Here's the point: Whether expectations are set by the owner or set by the Ops Manager or even established by store, we get exactly what we expect. My friend says "we must inspect what we expect". So, what are your expectations? And if you're an owner reading this, you must establish that pattern and those expectations up front. Whether is conversion rates, rentals per month, delinquencies held in check, property maintenance, you must be clear with what you want the staff to accomplish.

We had one of our ghost writers and contributors to our newsletter tell us "The piece to this that people forget is the follow up. By the owner asking you guys to shop, means his "Ops Manager" or whoever he had supervising the properties was not setting the standard and following up. You can tell managers 10 times what you want them to do, but if you don't follow up, they will not do it, 9 times out of 10." His words not mine!

Again, there were a time when all we needed to do open our doors and new tenants flew in, but those days for the most part are over! If the banker / investor has expectations for you, then you need to be clear with your expectations for your store(s).



The Lions Ate the Christians

When we ask our managers to do something such as cold call local businesses, put together a marketing piece or even answer the phone without the proper skills is like throwing people into the lions den! Today, for instance, my partner heard another marketing guru advise owners and operators their managers needed to call on local professional services groups such as doctors and attorneys. Almost simultaneously I listened to a manager tell me about their retail and sales experience before coming into our industry. Her background? Cashier at a dollar store.

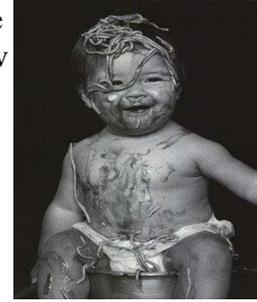
Here's what we know...good people deserve a chance BUT if you think an untrained, unconfident manager is going rent more units than your trained, confident, competent, competitor's manager then you're wrong. Friends, I am not trying to insult you, and you'll hear my partner say (not me, the other Bob) on countless occasions "in our industry we did it to ourselves", but now's the time to rethink the salesmanship and deportment (my mother with her 10th grade education taught me that word) of our staff! If your store is SO busy that all you need is an order taker, then stop reading this newsletter. On the other hand, if you don't want to throw your staff into the lions' den, read on.

1. Teach your staff to answer the phone professionally by thanking the caller, introducing themselves, using the caller's name, matching the caller's pace, and by asking questions.
2. Make sure they are recorded periodically so that you and they can listen to how they sound on the phone. Regarding this, phone shops should be used for training but not to bonus. Bonuses should be based on revenue not on a subjective assessment. Call us immediately if you wish to discuss.
3. Be professional at all times! A market study we did for a portfolio who had more than 60 stores showed us that on average there were 18 competitors in a 5-mile radius around each of their stores. Your manager is the differential advantage.
4. Teach them to ask open ended questions such as "What's the one thing you're looking for in choosing a store like ours?" or say things like "Let me ask you a few good questions to figure out how I can save you more money."
5. Teach the difference between features and benefits, and separate the feature from a benefit by using the words "so that".
6. Teach them how to turn negatives into positives, like "Our non-climate controlled store is configured so that we can save the majority of renters money. You'd like to get the most value for the price you're willing to pay, wouldn't you?"
7. Show them techniques on how to get past the gate keeper!
8. Help them determine their own strengths and weaknesses by taking a quick temperament test.

I can continue because there is SO MUCH more! Remember, just getting your phone to ring or getting more hits on your web site will not improve your prospect to conversion rate -- your manager will. And, the next time someone asks your manager to do something they haven't done themselves, give them the address of the coliseum.

First Impressions – On the Phone

Several hundred calls were made in the 4th quarter of 2008 and of the 243 managers who answered your telephones, 85% when asked "How much is a 10 x 10?", told us! Guess what? The selling was done and our first impression was they just wanted to be the cheapest on the market. ;



I have no idea how much you paid to develop or purchase your store, and I have no way of knowing just by writing this if your rentals are up compared to same time last year, but you only have one chance to make a good first impression -- reflective of the kind of business you own.

There are ways to make a great first impression and set your business apart from your competition (unless you want to be the cheapest in town), when someone calls...

1. Establish control of the call right from the beginning; use your name and the name of the store.
2. Be enthusiastic and professional
3. Keep control of the call by not allowing dead air and by asking probing questions
4. Always give your store's features and follow each feature with the benefit by saying "SO THAT"
5. Refer to units as "your unit."
6. Say, "Thank You", "Please" and use the customer's name at least twice
7. Listen intently to the customer by not multi-tasking
8. Create a sense of urgency "Hmmm, I can see we only have a few left...tell you what we need to do...," is a great way to communicate urgency. BUT DO NOT LIE and don't say as one manager told me "we have a few dozen left so there's no rush".
9. Upper floors should be referenced as Upper Floors, not UP STAIRS
10. The price should be preceded with the word "ONLY"; for instance, "...and your 10 x 10 will ONLY be \$100"
11. Give a Reservation Number <the caller thinks you have set their unit aside>

Lastly, we didn't count but those who didn't answer the phone let it go to voicemail AND in some cases an answering machine. Hey self storage call center guys...there's many who can use your help!

First Impressions – They’re in Your Store

We have several funny but true stories to share with you; one included the time my partner Bob, no the other Bob, walked into a store and the manager was breastfeeding! Another time he was conducting a market study in the northeast. The manager in a name-brand TOP 5 store wore ruby red lipstick that accentuated much needed dental care. Another time when I was a baby in this industry, the owner of the business decided the fastest way for me to learn was to go with him and do mystery shops. In a well-to-do town north of Dallas we walked into a store where the manager was wearing a white dirty t-shirt with holes which exposed his hairy, hanging-over-his belt stomach. And you know what else? The majority of the managers we have visited over the years remain seated!



We are not nor ever will criticize what people can afford to wear, nor their physical abnormalities...but here's the point, we have ONE chance to make a good first impression. And it's the good or bad impressions which leave an indelible mark in the minds of your customers. Further, the stores we generally visit are valued at no less than \$3M, and as leaders in the industry we've allowed the lack of professionalism to permeate. So, here are some ideas which work:

1. Get up out of your chair. Remember, it's the customer who's paying you so show some respect.
2. Go open the door! If you see them drive up, greet them and say your name.
3. Extend your hand and give a firm handshake.
4. Men, don't wear white t-shirts EVEN if you're cleaning or repairing. Always wear collared shirts, and if you can, use a shirt with the store's name or logo.
5. Ladies, be honest with your cosmetics - have some fun and go to a department store to the cosmetic counter and ask them their advice for the kind of cosmetic you should wear based on your skin type. You don't have to buy and for heaven sake, don't be offended! It's free advice.
6. Wear proper fitting clothes.
7. Never greet someone with dirty hands.
8. Keep your hair combed, finger nails trimmed and teeth brushed - there is nothing worse then buying something from somebody who has bad breath.
9. Keep your windows clean and desk straightened; your lease agreements and paperwork should be easy to get to.
10. Keep your ancillary product shelves stocked and organized - what the customers' eyes perceive when the shelves are empty or unorganized is a lack of attention to detail.

Liar

Cute, isn't it? I mean the photo of Pinocchio? Well this week because of the intense debate in our country relative to lies and lying, we thought we would uncover for you some thoughts on lying. Do people owe you money? Have people attempted to cover up their reasons for not paying or following thru? I know, it takes 10 days to make the deposit...the check was put in the wrong envelope and mailed to wrong company...oh my goodness, your payment is sitting here on my desk under a pile of papers. We've heard it all and after auditing hundreds of stores, have seen it all!



You know what will happen if you lie!?! What this means is so many have removed the severity of lying and made it some kind of cute saying that as adults that behavior has stayed with us.

There are pathological liars <liars who lie with little concern for others> and compulsive liars <those where lying is habitual, normal and a way to respond to questions>; liars who are afraid of hurting your feelings and liars who are ashamed of their own shortcomings. People lie out of fear (especially children who don't want to suffer the consequences of lying), self image or those who lie because they don't want to harm others. People lie because they are shifting the blame, they lie to get their own way, or lie to make themselves feel better. Regardless of the reason, we have uncovered some incredible ways folks in our industry have lied.

Ways we Have Heard Folks Lie

These comments we have personally witnessed during our audits, received from our team as well as from key contacts in self storage leadership positions...

Payroll - "I was there late helping a customer and worked overtime." - Yea right. We call the customers and randomly check to see if they actually worked late or not....

Deposits - "I was really busy and forgot to take the deposits." - Yea right. They are floating money or taking money. Deposits have to be made daily.

Skips - "These customers skipped out on me." - Yea right. The customers paid the pro-rate in cash and the manager pocketed it.

Concessions - "I didn't know they were going to move in and move right out. I did what you told me, I gave them the dollar special." - We found one person who did this 4 - 5 times per month.

Leadership - "I really didn't know their units weren't rent ready. I regularly check them when I visit my staff." - NOT! One store we audited in July had over 75% of their units in an unprepared, non rent-ready state.

Delinquency - "I have no idea why the manager gave three months of free rent." -
WHAT? What report was this DM checking?

Overworked - "I couldn't get to that report because I was busy visiting my stores and the managers can't work without me." How about this: One District Manager I know who has done an amazing job training and motivating his staff has left this thought in the minds of his staff "If you call me on the weekend you better be dying." His folks love him and come thru for him because of his week in week out investment in them -- but he has a life and makes sure they have a life, too.

Finally, my business partner during our daily staff meeting regularly says this about liars - "they need to man up". Ok, "woman up", too. Folks, if you're lying, stop. If it's because you're ashamed of what you've done, ask for forgiveness, ask for someone to keep you accountable. If you think it's painful to admit you've been lying, wait until you're caught.



When was the last time you closed a \$35,000 deal without ever writing a proposal? I did and when I did I nearly fainted because I applied SIMPLE principles in my presentation which I truly had not done before. Though you probably won't rent a single unit worth that amount, if you are consistent, persistent and willing to learn you can make a ton more money is self storage.

First, let me say this...we have taught thousands over the years to be successful in closing the sale, and that was both in consultative sales and in product sales (such as self storage). Secondly, we have found that questions are definitely the answer. Some talk about relationship selling, others talk about pain-drawn selling...ALL TECHNIQUES WORK. What is best is what's best for you.

However, we have also discovered that most managers are interested in "telling" and not "selling". So, let's spend some time discussing one 'technique' that worked for me. In fact, this 'technique' is more of a process (we'll discuss the elements of sales in the upcoming weeks). How was I able to close deals without going to a proposal? I used a process called **SPIN®...Situation Problem Implication Need-Payoff**. If you wish to go deeper into this subject, read **SPIN® Selling**, by Neil Rackham. His book teaches readers to use more probing questions to best meet customer needs and add real value.

Situation Questions These questions are used to gather the facts and data. They are concerned with the specifics of the situation and the customer. A great question to start with is "tell me about your home?" Notice, I didn't ask "what are you looking to store?! Blasphemy...but here's why...if you're going to build a relationship with a renter, find out high level information such as family, home, office...anything! And then you can ask what they are looking to store, when, etc. In this phase, you are building trust, relationship and fact finding.

Problem Questions Ask these questions to uncover the prospects pain in storing their belongings in their garage, home, office...wherever. You cannot help the person unless you understand the pain they are experiencing with their current problem. Questions include "what exactly is the problem you're having with the abundance of <boxes, furniture, antiques...> you'd like us to help with? You cannot present a solution (e.g. size, free-truck, price they want to pay) without understanding their pain. And, oh yea, before giving out discounts, hold your money and get to their problem. They may rent without you giving away the store!

Implication Questions These questions determine the consequences of the unique pain of your prospect. For instance, "why is cleaning out the garage important to you?" Trust me, when you never get to the pain you'll have to discount your way to the sale thereby affecting your bonus (you would like to keep and make more money, wouldn't you?)

Need-Payoff Questions These questions demonstrate how you can be of benefit to them. For instance, how can I make things efficient for you? Why is that important? So

what you're telling me is that if we had a 10 x 10 climate control for under \$150 you'd come over and pick your unit out?

Massive Layoffs Affect Self Storage Industry: 3 Ways to Effectively Manage Performance



What if you woke to find this headline -- "Massive Layoffs Affect Self Storage Industry"? How would you react? Some who are reading this will say "Not me...I have a great relationship with my staff and they understand." Or "I own property in a right to work state so I'm clear." Let me say this...whatever you're thinking and wherever your stores are located, do not run the risk of this kind of assumption. Will the 2nd half of 2009 be the year we see massive people change at our stores? Could be. We know of one SE portfolio with over 10 stores that just fired 50% of their staff <during lease up, mind you>.

The folks we've hired in the past to "manage" our stores were not true "asset managers". They may have kept the grass cut or the windows clean, but their ability to sell was dramatically hampered by the fact that no one taught them how to! Moreover, few-to-no one measured managers' performance at the operating level to give them the measurable tasks to succeed.

During our years of consulting and providing self storage training, we have discovered that the best businesses, large and small, have very clear performance metrics and measures, or measurable performance standards for the staff. Our friend at XPS Business Solutions has said countless times "You need to INSPECT what you EXPECT". Let's peel back the onion to look at what that means.

We set goals for occupancy, move-ins, collections, ancillary sales and truck rental income. However, that is nothing more than a scorecard of the things we can measure in hindsight. If for instance you establish a goal to increase physical occupancy by 3% next month, next month comes and you fall short of that goal, what are you going to say? Do the same thing? Remember, we cannot solve the problems we created in the same mindset we were in when we created them. Continue to set goals but here are some specific tips to help achieve those which will increase occupancy, decrease delinquency and mitigate potential lawsuits.

1. **Conduct a formal market study.** What!? Yup. Let me explain, your staff is selling against competition in a more saturated business environment with a more knowledgeable customer base. One project we worked in 2008 required we look at competition for a portfolio with more than 50 stores. What did we find? A 19% increase in new stores built over past 3 years within a 3 mile radius, and a 26% increase in competition within that same period and within a 5 mile radius! Guess why we did this? Their occupancy, decreased 8% year over year during that same time frame....and their employee turnover rate was sky high! In this case, it wasn't the staff. We ARE NOT suggesting you make the competition a reason for failure but you need to know the facts so you can establish realistic goals.
2. **Conduct scheduled performance appraisals.** Another study performed by Self Storage Training Online was to contact 100 owners. Guess what we found? Not

ONE formal appraisal was done. A formal performance appraisal is one where there is time set aside for you and the employee to review specific criteria for the job with a specific checklist and/or description for each major function.

3. **Create specific performance expectations.** These performance expectations are tied to goals. For instance, we know many of you will bonus staff based on the profits from truck rentals. Or, how about a conversion goal that meant something? That is if you're goal is to convert 40% of all calls to rentals...who's at fault if the goal month in and month out is not achieved? Think about this...what if you had a metric that said % retention of existing customers, how would they perform? Would they make the collections calls sooner than later? Would they keep tenant information sheets up to date? In the invoices your managers send to your customers, would they remind them of your referral program (which is the least expensive way to attract new tenants)? Related to these points....

Did you give your employees adequate notice of when they needed to arrive on the job?

Are you inconsistent in your messages by saying 'great job' one day only to threaten to fire them the next?

Did you document discrepancies in performance? What kind of structured, measurable training did you provide? Have you established individual performance sales goals?

These are just a handful of ideas. No one likes turnover and no one likes fewer rentals and higher delinquencies. If you're struggling in these areas, pick up the phone and call, but don't say we didn't warn you!

We Audited Your Store

Is it better to "look" good or "be" good? The Pareto principle (also known as the 80-20 rule, the law of the vital few, and the principle of factor scarcity) states that, for many events, roughly 80% of the effects come from 20% of the causes. Translated into your business - "80% of the cost comes from 20% of the causes". This week we're going to show you what we've discovered after conducting hundreds of audits.



Some of our findings will be obvious, some hilarious and some extremely costly! We hope this will help you take a fresh look at your business.

This first table looks at the frequency or percent of correctness. "Correctness" is based on the client's internal operation requirements, best practices (for instance, bank deposits) or legal requirements.

Here's what we have found (the percent is based on the % of times we found errors in auditing stores):

- 17% - Collections system in place
- 18% - Collections notes in computer
- 19% - Lead Sheet Utilized
- 23% - Too many units unrentable
- 27% - Manager following sales process to sell ancillary product
- 35% - Too many visual obstacles in windows (e.g. credit card logos)
- 35% - Bank deposits not made on a daily basis
- 40% - Undocumented waived fees
- 45% - Golf cart clean
- 48% - Manager following sales process to rent storage
- 50% - Manager had professional appearance
- 55% - Handmade signs worn or torn
- 60% - Rates changed for no apparent reason
- 63% - Signage clean and current
- 65% - Lease agreement kept up to date
- 78% - Lease agreement completed accurately
- 80% - No petty cash reconciliation
- 85% - Rates not reviewed for increases/decreases
- 88% - Auctions up to date
- 88% - Auctions completed accurately

This table, however, rates Audit discrepancies which cost you more money the longer they go unchecked and "broken".

- 1 - Collections system in place
- 2 - Manager following sales process to rent storage
- 3 - Manager following sales process to sell ancillary product
- 4 - Undocumented fees waived discounted rate changes

- 5 - Rates changed for no apparent reason
- 6 - Auctions up to date
- 7 - Auctions communicated accurately
- 8 - Too many units unrentable
- 9 - Lease agreement kept up to date
- 10 - Signage clean and current
- 11 - Bank deposits not made on a daily basis
- 12 - Lease agreement completed accurately
- 13 - Manager had professional appearance
- 14 - Petty cash reconciliation
- 15 - Handmade signs worn or torn
- 16 - Too many visual obstacles in windows (e.g. credit card logos)
- 17 - Lead Sheet Utilized
- 18 - Golf cart clean

NOTE: We combined "collections" in table 2 into one category.

What our natural tendency to do is fix those items which from an appearance perspective might make us look better BUT gives us the lowest ROI. For instance, our A/R might be thru the roof and our conversion rate (prospects to rentals) is horrendous, but we'll clean the golf cart or implement a new lead sheet. The principle is this: Find those items that will generate greater profitability and correct them!

We Shopped Your Store

We had considered naming this newsletter "We Fired a Client" but time is money and we wanted to get to the point: Even in today's self storage world whereby EVERY call counts, we still hear the most unbelievable comments (or maybe no comments) at all. We'll discuss the unchosen title below.



For the past two years we have been engaged by several clients to mystery phone shop hundreds of stores. We don't nor will not lead the manager on when we do call; for instance, "tell me about your specials" or "why should I store with you versus your competitor?" Those comments or questions are NOT natural. Your staff's responsibility is to sell not tell.

If you've read our newsletter in the past you know that we drive home discussing Features and Benefits. But there is more. For instance, you might want to introduce yourself when someone calls. When I answer I like this simple technique "Thank you for choosing OUR STORE, this is Bob speaking, how may I help you?". Let's break that down. The caller KNOWS they've called OUR STORE, the caller KNOWS who they're speaking to, the caller KNOWS I want to help. How about you?

Here's what we hear all too often ... "STORAGE" or "MY SELF STORAGE". Well, do you want to help the caller by asking permission? Don't you want to introduce yourself? Don't you want to guide the questions and not have the caller do so? If you don't introduce yourself the likelihood of the caller asking for your name goes up. What's the problem with that? You JUST GAVE CONTROL over to the prospect? Now, they're going to ask you questions but why give them any 'in' to take control from you? Ask probing questions...how did you hear about us? What are you looking to store? Would you be interested if I could show you how to save some money? Do you have a way to move your goods to our store or would you like to use our truck? You don't have to be scripted but you need to know who called, why they called, what got them to call, where they called from and minimally what you discussed relative to sizes and prices. Lastly, the word CAN means ability ... don't ask "How CAN I help you?" Ask, "How MAY I help you;" the word MAY in this case it telling the caller you are reaching out by asking permission to help.

Now, why did we fire a client? Here are their shop results with essentially the same staff over a 7 month period and 4 phone shops....

- Greeting - 3.76 <out of 4 total points>
- Asking Probing Questions - 7.06 <out of 25>
- Presenting Features and Benefits - 5.65 <out of 28>
- Closing - 2.59 <out of 18>
- Overcoming Objections - .59 <yes, you are reading this correctly; out of 5>
- Telephone Etiquette - 16.47 < out of 20>

- Average Total Phone Shop Score - 36.12!!! <out of 100 total points>

We refused to work with them anymore because I can't imagine conducting a phone shop, performance appraisal, customer satisfaction survey and not do anything with the data! These managers were extremely nice sounding on the phone and desperately needed help. But the operations people (we assumed they kept these results from the owners) never wanted to invest into sales training. On behalf of the managers and staff at your stores, give them the tools to succeed!

Baseball, Hot Dogs, Apple Pie: Understanding Features and Benefits



You have one priority - renting and collecting (they both go hand in hand). How silly, right? You thought you were to clean the store and mow the grass. True. But without tenants you have a beautiful money pit. So, let's stick with how to keep rentals up and delinquencies down.

There are many reasons why you might be experiencing a slow down in rentals and an increase in delinquencies. One is that you may not understand how to employ features and benefits in your communication. For instance, we know that summertime in America is a time to enjoy the goodies...the baseball, the hot dogs and the apple pie! So the BENEFITS are the treats.

With the baseball All-Star game in a few days think about this...the FEATURE is the game itself; scheduled at a given time on given day with ballplayers voted in by the fans. The BENEFITS are these...we get to see the best ballplayers (I know we can debate that) play on the same day during a time of day that's convenient for me. If I were making a sales call I might state it this way "And our all-star game scheduled for 8:00pm eastern standard time has the best ballplayers in baseball gathered together at one time SO THAT we can see how well the best play against each other and that you won't have to miss the game because you're working."

Did you catch it? SO THAT!!! First the feature and then the benefit separated by the words 'so that.' If you're not separating your feature from your benefit then you're not explaining, as my partner states, what's in the box! The benefit is what's in the box!

If you've received a call from a prospect, part of your phone conversation might include directions, and it might go like this "...and MY SELF STORAGE is located at 311 Hwy 126 next to the McDonalds. I like to give landmarks SO THAT you don't miss us and we're easy to find." Another part of your phone conversation might go like this "...and that price includes our 24-hour DVR video system SO THAT we have taken additional measures to secure our property and your belongings."

Looking at delinquencies as it relates to features and benefits. Watch this...let's suggest you're renting a unit to Mr. Smith...you might ask "Mr. Smith, what is the BEST emergency contact for you SO THAT in the event we have an update we need to get to you we are assured we can reach you." Or, "Mr. Smith...write down one or two names and numbers of folks who might be interested in storage SO THAT if you refer them here they get a free rental and you receive \$50.00 for the referral." Thru this process of using FEATURES and BENEFITS the new tenant just told you how to reach them in the event they're late with payment. Let me caution you on this, however, DO NOT tell someone whose name is not on the lease that the delinquent tenant is delinquent. Just leave a message telling them that you're calling from the name of the store, give your name, your phone number and the fact it is urgent they call you.



What Your Management Company Might Not Tell You

We are huge fans of Third Party Management Companies in the self-storage industry...GOOD management companies. However, like the old Clint Eastwood movie, the management company universe represents the good, the bad and the ugly.



Our firm conducts many due diligence projects for clients purchasing facilities and many of those stores are being managed by third party management companies. While some of those properties are well run and the owner is receiving the maximum value, a surprising number of facilities are not well run and the owner is giving away a significant amount of money, all because the management company has not managed the facility for peak performance.

Here are questions you need to ask and what your management company might not want to tell you:

1. When was the last time someone NOT working for the management company conducted an independent, objective on-site operational audit?
2. How's the curb appeal of your facility? Is the grass getting cut and are the unit doors clean? Have them send you pictures!
3. What's the total amount of your accounts receivable? Is it better or worse than a year ago?
4. When was the last time rates were increased? How often are street rates reviewed? Who reviews them?
5. How often does the Area Manager visit your store? Does he or she have too many balls in the air?
6. What is the training and staff re-training plan? Change doesn't happen by chance.

Ketchup, Self Storage and Concessions

My dad owned and operated restaurants and convenience stores. He was a sole proprietor and was not part of a franchise or a chain so he established his own product, prices and promotions. One time I walked into his store and noticed he was removing ketchup bottles from one of the shelves, he also appeared a little upset (actually, Greeks don't get upset, they get angry). Anyway, let's just say he was not in a pleasant state. When I asked "what was wrong" he stated my brother, who will remain nameless but now actually runs three convenience stores himself, put the wrong prices on the bottles. He explained the bottle (and I'm just giving you an idea here) cost \$1.00 each BUT my brother had marked them \$.95! No, this wasn't a blue light special nor was it a lost leader item to attract buyers. My brother never read the cost of the product and was essentially giving it away.



Funny, huh? How about you? No, you would never just 'give things away.' But wait...what do you do when someone walks into your store ready to store and you immediately delve into the specials, promotions and concessions? Why bother? Aren't you giving your product away? I know, this has never happened to you. Here's a true story...about 2 weeks ago I shopped a store for an owner and without even asking what I was storing, the manager gave me every conceivable discount imaginable PLUS \$25.00 worth of packing supplies. Guess what?! I'm already in the store!

Just like there's no crying in baseball, there's no giving away the store when the buyer is standing in front of you ready to buy! C'mon already! Here's what she should have done:

1. When I said I wanted a 10 x 10, she SHOULD have asked "tell me what you're looking to store?" Why? To size me correctly and perhaps save me money!
2. While I was with her she should have asked "which part of Houston you from?" Why? To build rapport (more on this in our delinquency newsletter).
3. If it looked like I was stalling and not willing to buy (which I wasn't but for today's exercise let's assume I was), she should have walked behind the counter (by the way, she stayed behind the counter and that drives me crazy...again, for this exercise let's continue), typed something into the computer (I wouldn't care if were a message to her husband), and then said "I have some great news for you! Our rates are affected by occupancy and according to my computer I can give you....<and then regurgitate the concessions>".

Geez folks...it's a multimillion dollar investment and we would like you to keep as much as you can while you're still the owner! Here's our message...if the prospect is there in your office, they're yours. You really don't have to worry about them going to a competitor.

Who's Minding the Store?

For many of us, our self-storage facility represents the largest investment we've ever made and a significant percentage of our net worth, yet we've NEVER had anyone conduct an operational audit of our facility to ensure that our valuable asset is being managed at peak effectiveness and for its maximum value. So, who's minding YOUR store? Who has your best interest at heart and who have you trusted with your retirement plan?



Before I begin let me give you two points to consider:

1. We have worked with some wonderful, considerate, sales driven, revenue focused, asset caring managers! Some of what we've learned in the past decade came from **some managers who were flat out excellent.**

2. As my partner says, "A Class A store with a bad manager is failing operation. A Class C FIRST GENERATION store with a trained, competent manager is a Class A money making operation!"

However, let me continue...we recently audited a property belonging to a large operator and frankly we were surprised at the condition and operations of this property:

- A large percentage of the 'vacant' units were dirty, contained trash or were damaged beyond being 'rentable'...when's the last time you conducted a complete space audit at your facility? Your 'rentable' units are your most valuable asset.
- Several hallway lights were burned out and the step-down area paint was faded...tenants want to feel safe and can you really afford a lawsuit when someone gets hurt?
- A large percentage of the leases were incompletely and incorrectly filled out, files had no ID's and addresses were changed without forms...hope you never have an auction or other legal issue with a tenant.
- Some bank deposits were made on time, many were not...why not? Are your managers 'borrowing' money between paychecks?
- Over 30 tenants were paying 50% below the posted street rate...friends, relatives, charities...who authorized those sweetheart deals?
- Many of the tenants moved in for \$1...do you even have a \$1 move-in special?
- We heard the manager try to conduct a phone sales presentation...we cringed and were embarrassed for the manager...is business so good that you don't need more rentals?
- We reviewed the past due list and let's just say, wow. Didn't know someone could owe that much...are you okay with a high accounts receivable?

Your accountant performs a financial audit ever year (gotta pay taxes, right?), but when's the last time someone conducted an operational audit at your facility?

You may or may not have any of these issues at your facility...you may have other issues, you may have no idea. Isn't your most valuable asset worth a regular operational audit?

Some of our recent audits have resulted in:

- Terminated managers...they were stealing
- Reduced accounts receivable
- Increased Revenues
- Increased Asset Values
- Enhanced Curb Appeal

Whatever

I have a couple of friends who are smoking, red-hot leaders for their respective large multi-store national portfolio; one's a VP and one's a DM. Further, I must admit my business partner is of that very same caliber! What impresses me and continues to impress me about each of them are these qualities:



1. They are lifelong learners. What they learned 12 plus years ago is information they've built upon. Business has changed and they've changed with the times.
2. They are people watchers and developers. They have encouraged their staff to go and grow to the next level of performance.
3. They measure their performance, first. That is -- it's so easy to look at what our staff has done wrong vs. what we may have done wrong.
4. Feedback on their performance is taken to heart and acted upon. They don't throw pity-parties if someone provides ideas relative to how to improve upon what they do.

How about you? How about your staff? When was the last time someone (maybe even yourself) threw a pity-party and no one came? Pretty lonely, isn't it? Also, are you and your staff open to growth? Or do they have a "WHATEVER" attitude? For instance, sales are down...WHATEVER. Delinquencies are up...WHATEVER. Our units are not rent ready...WHATEVER. Someday I'll analyze non-standard rates...WHATEVER.

Let's take a PERSONAL look at our performance and how that performance has affected our operations and let's see if we can give you approaches to getting out of that WHATEVER malaise. What we need to do is measure our performance across several dimensions with feedback from others in what is commonly called "multi-rater".

Leadership - our industry is manager-centric. The success of the store is so dependent on the uncompromising integrity, senses of urgency and personal motivation of the manager.

Management of Resources - Can you or your staff manage multiple priorities without feeling overwhelmed? Do you or your staff follow thru with necessary changes? Are deposits made on time?

Communication - Are they TRULY relatable to their customers? Do you listen and paraphrase for understanding?

Customer Service - Do they treat customers like business partners OR do they make the customer feel subserviant? What would your customers say about them? How about their employees or supervisors?

Business Skills - STOP! Please read this! If you get nothing else out of this newsletter know this...our recent audits have clearly demonstrated a WHATEVER attitude which is pervasive in our industry. The business skills of running a store in the highly competitive world of today is measurably different than it was just 3 or 4 years ago.

There are other dimensions that need to be addressed including teamwork or technical skills, and a deeper exploration of all of these dimensions. However, if you believe you or your staff has that WHATEVER attitude (I know the bankers and investors don't), then take the time to call us! In just a few minutes of we can discuss options with you to consider on successful approaches to running your business.

Right now, don't accept WHATEVER.

There are Three Kinds of People: Those Who Can Count and Those Who Can't

When Bob called me from the road (not me, the other Bob) and told me he wanted a newsletter "There are three kinds of people...", I cracked up! I thought it was so funny and yet so timely. You see we delve into numbers every day, management summaries reveal a lot! Further, we analyze results from phone-call to visit conversions and phone shops as well. It still amazes me that our industry still looks at numbers such as cancelled payment or reversed charges, see them climb, and still don't know what that means. Or, we'll analyze phone shops for an owner and hear a severe lack of sales effort, score below 50% (out of 100) and we get excuses. And we've heard "The 10 people who came by last week but never rented were just shopping for rates." WHAT?!



Many of you know a part of our story - 85% of the managers we called in the 4th quarter of 2008 told us the price of unit, never asked our name and just assumed we'd visit their store. Or the \$15,000 in theft we uncovered in less than 2 hours of an audit. Or the hundreds of thousands of dollars in value lost we found as a result of non-standard rates. These are just some of our stories. Let me give you some ideas as we delve into specific metrics and measures...

1. Convert as many renters as possible to credit/debit and get away from cash. Why? To exponentially decrease delinquencies and theft!
2. You need to be converting no less than 35-40% of all callers to visits. The average is around 30%; be better than average.
3. You need to be converting no less than 90-93% of all site visits to renters. I'm giving folks the benefit of the doubt here but we have clients who convert over 95% because they know what to do when someone walks in the door.
4. You need to have one objective audit each year (yes, even the management companies whom we have a lot of respect for need to be audited). Why? If I come into your home I'll find things that you wouldn't see yourself. The same is true about your business.
5. Your staff needs about 45-60 minutes of formalized training every 60 days. Every leader I know is a reader, attempting to grow themselves! Every baseball, football, basketball, and soccer player I know spends countless hours training and retraining.
6. Stop giving away locks (it's an enticement for some to take cash from unknowing tenants). Bonus folks on a profit percentage bases of merchandise sales and watch that line item skyrocket. For instance, 50% of the profit on a sale of a box sounds better than a 10% of merchandise sales.
7. You need you look at your management summary reports at least once a week to spot trends in the numbers. Analyze, analyze, analyze. Just because you were verbally "told" doesn't make the end results correct. Know what the numbers mean.
8. Make your bonus plans simple. If you need an MBA to read a bonus plan then you will frustrate everyone on your staff.

9. Do a true head count...it doesn't take 5 people to operate an 800 unit store!

There's more you need to look at, and we want you to keep a balanced scorecard, but make it balanced! Take a hard look at the measures you use to determine the effectiveness of your business and chuck the rest. Count the things that matter.

May I Use the Bathroom? The Costly Effects of Control

Some leaders get it, others don't. Want to create a larger, more profitable business? Two things: Create systems that are duplicatable (I just don't mean the look of your store -- but how things are accomplished - read the "eMyth"). The second is give up control of activities which only increase the number of work hours, make busy but unproductive work, and smacks in the face of trust (read "**Developing the Leaders Around You**"). What we're not saying is don't watch the details, what we're saying is if you've hired someone to do a job, give them the tools to do the job, put in business controls, know what your own monthly management summaries say, establish clearly defined goals and get out of the way!



We know there are some who will read this and suggest to us sacrificing time away from your family or healthy activities is just a part of life...and that 65 hours per week and the 'hand-holding' of managers is necessary. What if we told you of someone we know personally who managed up to 60 stores and had a life (meaning he put in his 40 - 45 hours per week and had time with his family)? Would you say he was lying or just smart with his time? Let me stop and say this...call me if you want to know more.

Following are **TRUE stories** about over-control!

1) A District Manager would not allow their staff to accept partial payment without first contacting them. The DM could not be reached, the Manager could not accept partial payment so instead of collecting 85% of a \$600.00 bill, the tenant's unit was auctioned off for \$30.00. In the world of quality we call this the cost of non-conformance, my CPA calls this stupid.

2) One friend wrote me "I had a DM who would not allow his managers to waive any fees, not even \$1. This DM had 10 stores, so every time a customer came in asking for a fee to be waived the response was "I am not allowed to waive fees. I will tell my DM and they will decide." The managers then would try to call him on his phone. With 10 stores you can imagine the number of times the phone rang. Sometimes he answered, sometimes he didn't. Not only did the DM waste his time answering his phone (when he did answer), but the manager spent time trying to reach him and the customer was left out in the cold. Bad service all the way around! That guy was a control freak. Needless to say he didn't make it long."

3) An area supervisor caught a manager stealing; the manager was taking payments, then deleting payments and issuing credits. The area supervisors' knee-jerk reaction was to punish the entire management team, turn off the managers' legitimate ability to delete payments (among other day-to-day functions) and forced the managers to contact her to make even the most inane, ridiculous adjustments. She spent an inordinate amount of time on 'small picture' stuff and the managers got the message that they could not be trusted.

Here's what overbearing controlling people do to your business:

1. Increases turnover - YUP! You hired the manager to do a job but you won't let them. They'll walk.

2. Consumes your thinking - When this happens, it limits your creativity. Secondly, you fall into the trap of self-talk and the Pygmalion effect (self-fulfilling prophecy)...your thoughts control your actions which control your words which all controls your time.
3. Consumes your time - Want an unhappy personal life, work IN your business vs. ON your business.
4. Increases stress - Your heart is pounding, you're not sure if a task will be completed because if it's not the world will end.
5. Creates dependency - If you have a 2-year old, that's fine. If you're working with adults, that's not fine.
6. Say the WRONG things - Have you ever heard someone say "I'll give them enough rope to hang themselves?" Get them coaching and counseling or just get rid of them (sorry to be so blatant about this but this is cruel, inhuman and sick).

Want a quick laugh at the effects of control? Watch the movie "Office Space." Want to **keep more money** at the end of the month and **have a life**? Call us at 877-839-5142 and we'll discuss **tools and processes which actually work** to decrease your time and improve your business.

Just in Time for the Holidays! How to Steal

When is it time to steal from the owner? When he has his back turned!



Think about it? The holidays are just around the corner and just because we have uncovered theft in our audit practice, we'll ignore the facts and guide you thru some approaches to put some extra coin in your pocket.

- 1) Locks for Lots program - The easiest is to sell "free" locks to unsuspecting renters. Try this: Your boss tells you to give a free lock to new renters...BUT, don't tell the renter! Here's what you do: When the person comes in to rent, show the listed price of a lock but only charge them 50%! Give them the lock and give your wallet a much needed expansion. Of course you could do this with boxes, too!
- 2) Storage for Buddies program - C'mon, you know this one, don't you? Your friend needs a unit, have them pay you cash, don't enter their name into computer (in other words, keep it a vacant unit), take the cash! Need more? See our free locks section above.
- 3) Cash for Prorate: Credit for Rent program - One of my favorites is this: Convince your renter that if they pay cash for the remainder of the month, you can give them a deal! But in order to rent with you and receive 'a deal' they need to use a credit/debit card for month two and beyond. This is really good. Can you imagine putting \$50 plus bucks in your pocket once, twice, maybe three times each month!?
- 4) Reverse Payment program. Oh man we have found a lot of free money there with this! A tenant comes in pays you cash. What you do is 'run a credit' card but reverse the payment. No one knows, no one will check the bank deposits. You could walk away with thousands.
- 5) Don't Tell Don't Tell program. Here's what you do...make friends with your DM. Talk football, talk volleyball, the high cost of cellular service, anything that would distract them from looking into the details.
- 6) Lease a Unit program. When someone moves out, release that same unit to a new tenant BUT don't 'move' the old tenant out and don't 'move' the new tenant in until the last day of the month. Take the cash.
- 7) Cut the Locks program. Here's a wonderful idea: Right before an auction, cut the lock, move the things you can resale (TVs, DVD players, heirloom furniture, etc.) to your own unit and then resale it yourself.
- 8) Waive the Fees program. The owner says "if you need to waive the application fee to rent, go ahead and waive it." But, you know better. For cash paying customers, take the cash and forget waiving the fee...just waive that cash right into your wallet.



Man o' man...there's more! Think about this. The owner probably has way too much money in the bank so they won't miss it. The store itself is probably worth millions. But whatever you do don't tell the owner about this newsletter and write us at igotoverontheowner@gotover.com and give us ideas on how you got over on those mean, mean owners.