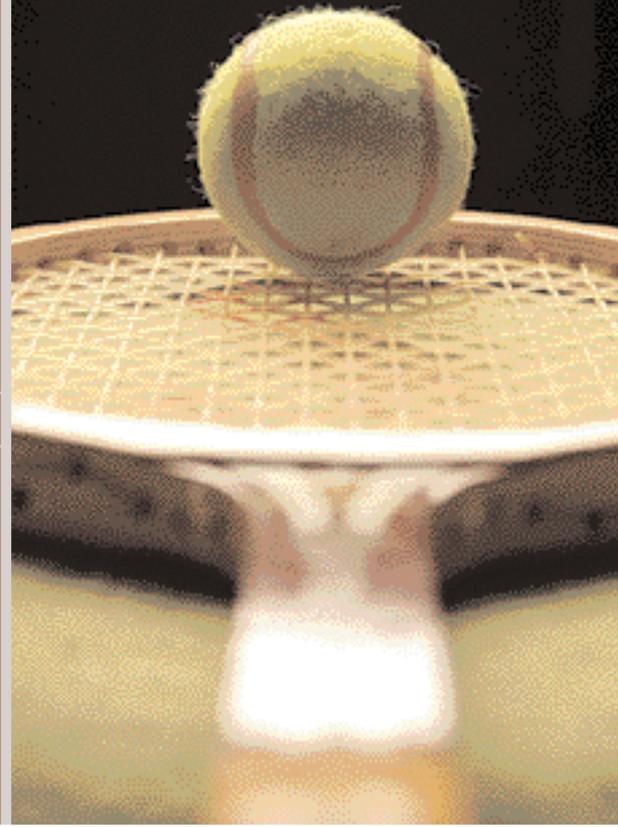


Serving Up Ancillaries

MAKING THE MOST OF COMPETITION

By Gregory A. Call

It was a World Team Tennis match in Anaheim, Calif., about 1980. At 45, Rod Laver was playing one of the last matches of his career against Guillermo Vilas, a man half his age. Though Vilas expected to have an advantage because of his speed and Laver's years, Laver used ancillary moves to defeat his opponent, differentiate himself and become a standout in his profession. Self-storage operators—regardless of the location or age of their facilities—should use the same tactic.



In a day and age when unit options, retail products and truck rentals are the norm for self-storage operations, facilities tend to all look the same to consumers. It's *differentiation* that sets a site above the competition, and amenities are the key. In an aggressive business landscape, you need to build your ancillary products and services and make the market aware of your offerings. This article discusses some items that can take your company to the next level.

Swings and Strokes

Ancillaries are add-ons that benefit customers. They can include simple things like fresh popcorn, a complimentary beverage, a place for the kids to play, a room for customers to conduct meetings, shipping/receiving services, Internet access, and fax/photocopy services. All these add up to a comprehensive package that sets you apart from the facility down the street.

Every market is unique and will respond to different products. But here are some tactics to try:

- Provide extra lighting, shelving and carpeting for individual units for a fee.
- In addition to offering truck rental and a wide array of packing products—corrugated and plastic boxes, moving bundles, peanut pack, tape—consider a package deal that includes a truck with all the necessary moving materials already inside.
- Offer packing and shipping services including U.S. Postal Service, UPS, DHL, P.O. boxes, etc. A USPS store only requires about 100 square feet of space and can add 100 visits to your site per day from potential customers.
- In more affluent markets, wine storage can be very profitable if a business plan and budget are successfully implemented.
- Vault storage, a special high-security option, can also be profitable if the customer base has a need to store valuable collections such as art and antiques.

What Do You Win?

So what does the addition of ancillaries mean to a storage business? The exercise is only worthwhile if profit is realized and risk mitigated. You serve a product and, hopefully, the market volleys with more revenue. Let's take a look at potential returns:

- Unit lighting, shelving and carpeting are profit centers yielding 100 percent on cost.
- Boxes and related products also carry a 100 percent mark-up.
- Good truck-rental contracts with operators like U-Haul, Budget and Penske provide storage partners a commission of 16 percent to 24 percent of gross revenue.
- Packing and shipping services can yield \$12,000 to \$50,000 in annual profit. A USPS contract station can produce \$25,000 to \$200,000 per year. P.O. boxes add between \$3,600 and \$10,000 annually.
- Annual revenue on 10,000 square feet of wine storage is approximately \$50,000.

Take It to the Net

Ancillary products and services are essential to remaining viable and profitable in a competitive self-storage environment. Every operator should do what he can to make his facility newer, better and different from others. Gone are the days when you can sit idly by and watch rents and occupancy miraculously rise. Give some thought to what your market is asking of you. Take your business to the net and shoot a winner! 🏆

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