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Manatee storage owner learning to run a 'smarter' business

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MANATEE — The cell phone on Steve Wilson's desk rings. It appears he will let it go to voice mail. But then he checks the number. "Excuse me," Wilson says. "I need to take this."

Wilson hits the talk button and immediately gets down to discussing business. On the other end is the maintenance supervisor for Hide-Away Storage who wants to go over landscaping bills and other operation costs with Wilson, the company's chief executive officer.

"That'll save us about \$1,000 in tree trimming right there," Wilson says.

These types of conversations are common for the businessman these days. Given the economic conditions, Wilson is doing all he can to save money at his self-storage company, based in Manatee County. In some cases, that meant having to lay off employees. In other cases, it meant looking at cost-saving measures as tedious as switching the exterior lights at all 10 of his storage facilities in Bradenton, Ellenton, Sarasota, St. Petersburg, Fort Myers and Naples.

"This is not a fun way to run a business," Wilson said. "It's much more fun to generate more revenue."

Like many business owners in this recession, Wilson has watched Hide-Away Storage's gross revenue shrink over the past couple years. "In '06, '05, we were headed toward revenue of about \$15 million," Wilson said.

Last year, gross revenue was \$8.9 million. "We've been very badly hurt," he said.

The storage industry has been one of the fastest-growing industries in commercial real estate during the past 35 years, according to the Self Storage Association. The trade association, based in Arlington, Va., estimates there are 46,000 self-storage companies in the United States with total sales of more than \$22 billion in 2009.

But the industry has almost grown too fast for its own good.

From 2004-05, the storage industry was saturated with company start-ups. There were 6,034 new storage facilities built that year, Self Storage Association data show. The excessive inventory has hit the self-storage industry particularly hard given the sharp decline in demand because of slow housing sales. Last April, the industry saw one of its

worst months when nationwide self-storage rentals declined 30 percent, according to UBS Investment Research.

“Nationwide, our industry has probably lost about 8 to 10 percent in occupancies on average,” said Tracy Taylor, chairman of the Self Storage Association. Taylor estimates 40 percent to 60 percent of the self-storage business relies on clients who are moving from one residence to another.

“Florida has been one of the hardest-hit markets in the country in terms of self storage, simply because of the loss of jobs and the economy was overheated,” said Taylor, who has owned and operated 60 self-storage properties from Texas to New Jersey. “Florida is one of the markets that’s going to be the last to come out of the recession self-storage wise.”

New business model

Given all this, Wilson knew he needed a new business approach for Hide-Away — something that could not only generate more revenue, but keep operation costs down.

So Hide-Away is introducing a new business model: a 24-hour kiosk at all of its 10 facilities that will allow customers to rent a storage facility any time of the day.

The kiosk is equipped with an ATM-like machine that lets customers choose the type of storage facility they need, pay for it, receive an access code to the facility and a key for their storage space, all in a matter of minutes.

“That is going to save us money because you don’t have to hire people to work late hours or on Sundays when we are closed,” Wilson said. “Yet we can still rent storage spaces after regular hours.”

Next month, Hide-Away will open a new storage facility on Fruitville Road that will be solely operated by a 24-hour kiosk. The 24-hour kiosks already have been installed at Hide-Away facilities in Ellenton and Bradenton. Those facilities will maintain a manager on site during regular business hours.

“This is a whole different venture for us and I believe it may be the future of self storage,” Wilson said.

Travis Lawhorne, president of Accountable Management and Realty, doesn’t see it becoming an industry trend — at least not for clients of his Lutz-based storage management and consulting firm. Lawhorne doesn’t believe there is enough demand for late-night rentals to support the investment of 24/7 kiosks.

“It’s about a \$20,000 investment,” Lawhorne said. “I don’t see the value of spending 20-grand to accept a few payments at 10 at night.”

But Bradenton resident Ida Edwards says she likes the idea of anytime-access to storage or rentals. Edwards used a 24/7 kiosk at a Hide-Away facility at 8400 Cortez



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Hide-Away Storage’s 24-hour automated kiosk is similar in appearance to an ATM, and allows customers to rent out space after regular business hours, eliminating the need for an on-duty manager to work extended hours or on Sundays.*

Road to rent storage space after hours. The late-night hour was a more convenient time for her and her husband to move their belongings.

“It was great,” Edwards said. “It took all my information, spit out the key and gave me a code to enter. I would use it again.”

Cost-saving moves

Self-storage facilities began introducing the 24-hour kiosks about five years ago, says Taylor, with the Self Storage Association. “It saves you labor because you don’t have to have an onsite manager,” Taylor said. “You can actually operate some of the smaller facilities without an onsite manager.”

The 24-hour kiosks at Hide-Away’s Bradenton and Ellenton locations have been a help during regular business hours, too, as Wilson had to lay off six managers among six storage facilities. Many storage facilities are having to do as Hide-Away has done: Go from two on-site managers to one.

“The kiosk helps do some of the work while that manager might be serving another customer,” Taylor said.

Due to the recession, Wilson has downsized his staff from about 70 employees three years ago to 45. From 2008 to 2009, revenue declined \$1.1 million, but Hide-Away saved \$1.4 million in operation expenses. Now, Wilson is looking for other areas to cut costs — and that includes going green.



PAUL VIDELA/pvidela@bradenton.com
Steve Wilson, right, chief executive officer of Hide-Away Storage, holds a large, 65-watt compact fluorescent bulb, which will soon replace hundreds of 275-watt metal halide bulbs in fixtures throughout Hide-Away’s 10 storage facilities. It’s one step in an overall energy-savings plan. On the ladder at left is Jimmy Langead, of Goodson Electric of Palmetto, which is helping to rewire the existing light fixtures to accommodate the compact bulbs.

much stronger.”

Hide-Away Storage is in the process of converting exterior lights from metal halide bulbs to compact fluorescent lights at all 10 locations. Wilson estimates the changeover will save him about \$40 a bulb per year. With about 40 bulbs at each Hide-Away facility, Wilson will save about 75 percent on his lighting costs.

In another measure to reduce energy consumption, Hide-Away will participate in a

Florida Power & Light program in which a special heat-reflecting coating will be put on the roofs of its air-conditioned storage buildings. Wilson hopes to save about 20 percent on annual air-conditioning costs.

“Our business has just shrunk,” Wilson said. “But I’m proud that we are running our business smarter. That means our business is just that

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