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## MINI STORAGE MANAGEMENT

**D**o you believe that ***ALL MANAGEMENT COMPANIES ARE CREATED EQUAL?*** The variance in profitability of facilities in the same marketplace is unequivocal proof that they are not. When you turn your asset over to a management company to operate, your fiscal exposure as an owner does not change. Therefore, it is critical that you retain a company who will manage your asset as you would manage your asset. **Sterling Management Services** has built its reputation by looking out for the best interest of its clients. Our “fiduciary” approach to mini storage management has set Sterling apart from the masses.

**S**terling Management Services offers full service management as summarized in the attached outline; however, we can customize a program to address your specific needs by singling out specific services you are interested in.

When choosing our full service management, Sterling handles all aspects of the project: operations, policy/procedures, hiring, training, on-site supervision, and repairs; additionally, Sterling Management handles A/R, A/P, GL functions including P&L and Balance Sheets, and budgeting.

# STERLING MANAGEMENT SERVICES

## DESCRIPTION OF FACILITY MANAGEMENT

When Sterling assumes responsibility for a Mini Storage facility, it first completes an in-depth Marketing Analysis of the competition. This analysis includes a Rate Survey and a recommended rate by unit size of the subject facility. Once the rates have been established, Sterling then produces an Operating Budget, Management Plan, and Marketing Plan for ownership approval. Once approved, Sterling then assumes full day-to-day management responsibilities of the site.

Mini Storage daily operations will be supervised by Sterling Management Services. Sterling will hire, train, and supervise staff for the day-to-day operations of the facility. Sterling will be in constant contact with on-site personnel via personal site visits, telephone and fax. On-site personnel must report and fax daily deposits and computer printouts evidencing income and bank verified deposits slips. Weekly reporting is required that summarizes these daily deposits and facility activity (move-in, move-out, marketing statistics). Monthly reporting and "closing" of the facility activity for the month must be performed, totals in the computer system reset, and reports sent to Sterling. Sterling can also retrieve this data via modem.

Sterling's supervisory staff will perform on-site audits no less than monthly. The available inventory is reconciled to the facility computer (i.e., units with locks on them match rented units in the computer, vacant units match the computer, etc.). Petty cash and change funds are verified, and a general audit of the daily deposits are reviewed. A facility inspection is also performed to review maintenance levels, security procedures, and needed repairs.

Marketing goals and results will be reviewed with the on-site manager. Plans are adjusted based upon input from the managers as to what is working and what is not. New objectives are established or existing ones fine-tuned to achieve maximum results. Rates are reviewed quarterly following the completion of the quarterly rate survey by the on-site personnel. This provides the opportunity to either increase rates or offer additional services to remain on the cutting edge of service versus price in the marketplace.

Accounting will be performed by Sterling's corporate staff utilizing a double entry accounting system. Financials will be published monthly on an accrual basis, with the general ledger reconciled to the on-site Accounts Receivable software. The following reports will be published:

- Balance Sheet
- Profit & Loss Statement (monthly and year-to-date)
- Trial Balance
- General Ledger
- General Journal Entry Summary
- Deposit Register
- Check Register
- Bank Reconciliation
- Facility Reports (tied to General Ledger)

Careful budgeting, planning, and staff supervision and motivation is critical to achieving pro forma goals; however, the financials become the ultimate measure of performance.

# STERLING MANAGEMENT SERVICES

## OUR MANAGEMENT FEE INCLUDES:

**FINANCIAL MANAGEMENT** including A/P, A/R, Payroll, and Monthly Operating Statements Balance Sheet, Profit/Loss Statement, General Ledger, Aged Accounts Receivable, Rent Rolls, Monthly Disbursements Journal, Monthly Cash Receipts Journal.

**AUDIT** of the General Ledger to on-site reports, and thorough financial audit each month of on-site records.

**CASH MANAGEMENT AND FINANCIAL ANALYSIS** including cash flow projections.

**MORTGAGE, TAX, AND INSURANCE** payments including creation of impounds. SMS will competitively shop insurance rates and coverage for a nominal fee.

**PAYROLL FUNCTIONS** including timecards audit, disbursements, tax deposits, Quarterly & Annual Payroll Reporting, and preparation of W-2's administration through Paychex.

**BUDGET PREPARATION** including comparison analysis.

**MARKET ANALYSIS** updated quarterly to determine rate competitiveness and/or increases.

**ADVERTISING** placement through SMS's agency and monitoring of results.

**VENDOR AND SUBCONTRACTOR** negotiations including competitive bidding and supervision of repairs. Improvements in excess of \$500 will be billed at a nominal cost.

**EDD OR LABOR BOARD** representation (additional fee may apply).

**ON SITE SUPERVISION** including employee relations, telephone support, and all aspects of day-to-day operations.

**STAFFING** including Interviewing, Selection, Hiring, Firing, Training, and on-going supervision of facility personnel.

**TRAINING** (Initial and On-Going) of all personnel in: Sales Skills, Telephone Techniques; Customer Service; Collection and Skip Tracing; Legal Procedures; Office Administration; Facility Maintenance and Repairs; Lien Sale Policy and Procedures; Marketing and Facility Promotion.

**FACILITY AUDITS** include financial review outlined above, and inspection of grounds, administrative compliance, and maintenance.

**ADMINISTRATIVE** includes design of all leases and other administrative forms used in the day-to-day operation of the facility.

# STERLING'S FEE SCHEDULE

## MANAGEMENT FEE:

This fee includes all items listed on the foregoing pages but, in simple terms, Sterling acts as owner in handling all aspects of the business operation. Our standard three-year agreement contains an attractive "honeymoon clause" that allows either party to cancel, without penalty, any time during the first 90 days.

**Stabilized Facility** – Sterling's full service fee for operations management is 6% or \$2,500 per month minimum, whichever is greater.

**New Facility** (zero occupancy or still in fill-up mode at takeover):

- ◆ 6% or \$3,500 per month minimum, whichever is greater

## START-UP FEE:

This is a one-time fee for all of the pre-management time involved to open the doors for business or to assume operation of an existing site. The fee includes the marketing analysis needed to prepare the below described Business Plan, manager recruiting, interviewing, hiring, training, and placement on-site and/or existing staff re-training to SMS policies and procedures, and installation of Sterling's operating forms and procedures (manuals valued at \$1,780).

**Stabilized Facility** - \$6,000

**New Facility** - \$8000 – this includes office set-up, operating software configuration and installation, pre-marketing efforts, and up to 3 hours consulting during the development stage.

In addition to the foregoing, SMS Start-Up fees include the preparation of a Business Plan.

### [Sterling's Business Plan](#)

- ▶ **Operational Plan** – *identifies basic operating philosophy, staffing patterns and outlines procedural setup needed.*
- ▶ **Marketing Plan** – *in-depth marketing plan to achieve income goals established in pro forma.*
- ▶ **Competition Analysis and Rate Survey** – *competition analysis and survey used to arrive at recommended rates.*
- ▶ **One Year Pro forma Detail** – *detailed by month*
- ▶ **Cash Flow Projection** – *first year cash flow estimate.*