

Manager Compensation

By Christina Rita

For self-storage facility owners, determining compensation packages for their facility managers involves an equation whose factors include but go well beyond monetary compensation.

Facility owners should keep in mind all the factors that constitute compensation for their managers and think of compensation as an investment in their employees and thereby in their companies.

The Paycheck

Payroll is typically a company's single biggest line-item expense. In self-storage, managers' wages and salaries vary widely by state. Facility owners should track hourly wages and salaries in the states where they do business to determine competitive pay for managers.

For example, ZipRecruiter reports that as of Aug. 8, 2022, the national average salary for self-storage managers is \$31,755 or about \$15.27 an hour. The low end is \$19,500 and the high end is \$47,000. Hawaii pays the highest average at \$33,974 or \$16.33 an hour. Louisiana pays the lowest average at \$22,307 or \$10.72 an hour.

Facility owners need to review and understand how their compensation packages, including base pay and all other kinds of compensation, compare to their competition. They should periodically conduct companywide wage analyses based on the cost of living in the counties where their employees live to ensure they are paying their employees the going rates. Companies that can retain and develop their employees from within can help control employee-recruitment costs.

Facility owners also should remember that other self-storage companies are not their only competitors for recruiting and retaining employees. Self-storage companies are looking for employees comparable to retail employees at fast-food restaurants, big box stores such as Target and other retailers.



The U.S. Bureau of Labor Statistics reports that median pay for retail sales workers in 2021 was \$29,180 a year, or \$14.03 an hour. The median salary at Target is \$35,516, or \$17.07 an hour, according to career data company Zippia. Target offers employees benefits that may include medical, vision and dental insurance, and a 401(k) plan, according to the company. It provides all its U.S. employees access to virtual health care through the CirrusMD app, and a free health platform called Grokker. It also offers employees paid vacation, paid family leave, education assistance and other benefits.

Benefits and Bonuses

Employee benefits are an increasingly important part of compensation and many job seekers are expecting them. These ancillary benefits and wellness perks are the proof many candidates see as the company's commitment and investment into their wellbeing and will aid in keeping them engaged, productive and committed.

By providing employees with three options for health insurance, they will empower employees to pick the plan that is best for them. To be competitive, employers should plan on covering most, if not all, of the cost for the employee's policy.

Dental and Vision insurance are typically paid by the employees. By providing a centralized source for options, however, they will have access to benefits they might not seek out themselves. Finally, regular payroll deductions for these items are convenient for employees and ensures continued coverage.

Basic Life and Accidental Death and Dismemberment (AD&D) should be paid by the employer. Giving employees the option to "buy up" to higher coverage levels is another option employers can provide.

With any type of insurance, the employer should be prepared to answer employee questions about coverage and help them navigate and process claims.

While sick leave is mandatory, Paid Time Off (PTO) allows employees to have access to paid vacation and personal days. Employees accrue time off for time worked and give them the flexibility they seek.

Retirement/401(k) Plan: A 5% match and immediate vesting schedule are generous and provide a roadmap for a future after their tenure at the facility.

Along with hourly wages or salaries, owners should consider paying new managers hiring and retention bonuses. Both serve as incentives to attract and keep good employees. Retention bonuses, which owners usually pay within 90 days of hiring, are especially helpful for attracting and retaining facility managers in complex markets where owners struggle to find attractive candidates. Robust bonus programs are an important part of overall compensation and should grow from increased revenue generation and net operating income at facilities. As facilities' revenue and net operating income increase, owners should increase managers' bonuses.

Facility owners also can benefit from paying current employees referral bonuses for recommending new hires. Referral bonuses act both as an incentive for current employees to help bring competent new employees to the company and as a benefit to the company of increasing the likelihood of finding new, talented employees.

Training

Self-storage owners would do well to think of employee training as another essential element in the benefits package. This is because training not only improves managers' competency, but it also keeps them engaged in their jobs. Proper training increases the likelihood that owners will retain both on-site and off-site managers. This increases the likelihood that managers will keep their jobs—and all the compensation those jobs offer—and will have the added benefit of keeping employee-recruiting costs down.

Technology

Technology is big and growing piece of the training component. Independent owners want to automate. A prime example is online rentals. Using this technology frees up the manager to do other day to day tasks at the facility. The current all-time high occupancies mean many customers are moving in and out of facilities, which increases the burdens on managers. Technology can ease those burdens.

On-site vs. Off-Site Managers



Facility owners are well advised to make a comparative analysis of compensation for on-site and off-site facility managers. Some companies provide reduced rent for their managers or entirely compensate rent for an on-site apartment at the storage facility, which is usually a one- or two-bedroom apartment. This compensation is often offset by a slightly lower hourly wage compared to managers who live off-site. Compensated rent usually prompts managers to stay with the company longer because their residence and employment are tied together.

Countering the ‘Great Resignation’

With the current labor shortage— also known as the “Great Resignation” —self-storage owners should always work to recruit new employees, no matter how well staffed their facilities are. Facility owners should understand that when they are understaffed, their teams are under greater stress and could lack a healthy work-life balance. In these circumstances, employees are more likely now to decide the stress outweighs the job’s value and move on to better opportunities.

Facility owners should look to hire people who can grow in their new roles but who are not necessarily completely prepared on their first day in the new job. In years past, most companies required experienced employees with college education. Now it has become more important that the new hire can develop into the position the employer is looking for.

The prior norm of companies frowning on job hoppers who moved from position to position has been supplanted by companies’ efforts to better understand what their prospective employees are looking for in their careers. Practical considerations take on more importance in the current inflationary economy, as well. Higher fuel prices and the need to travel to and from work, for example, factor into compensation. Ideally, managers would live less than a 30-minute drive from work.

All these factors make investing in training crucial so owners can avoid facing such a big labor shortage that they cannot take care of the employees they already have. Taking care of their current employees will help companies attract and retain new employees.

Compensation as Investment

Attracting and retaining competent, dependable, and loyal employees by investing in them pays quantifiable, ongoing dividends. All the elements of a compensation package constitute that investment.

The dollar amount of an employee's paycheck is one piece of a facility owner's strategy to invest in their employees' future by training them properly, enabling them to develop their skills and keeping them wanting to work at the company.

Self-storage owners should also emphasize keeping open lines of communication with their employees. Many independent owners in years past probably did not communicate as often or as effectively with their employees and they do now. In the past, owners would tend to hire employees and then give them little attention. The employees would stay stagnant, the owners would let them go, and then the owners would repeat the cycle of recruiting and trying to retain new employees, a time-consuming and expensive process. Companies offered no training and did not send employees to self-storage trade shows to help them grow in their jobs. Difficult labor market conditions are reversing this trend.

All this should lead self-storage companies to focus on empowering their employees to learn about the industry and where the future is. When someone is looking for a job, they are looking to see how the job will help them in three or five years and what skills they are going to learn. Again, this approach means companies are investing in their employees.

Pitfalls to Avoid

While they are making these investments, facility owners should keep common pitfalls in mind and avoid them. In today's market, employees are looking at the complete package.

As counties and states increase minimum wages, it is important that owners look at their existing employees' wages. Are they compliant with not only state regulations but also county requirements? Self-storage owners must have a structure for pay increases to ensure fairness, and a reliable performance review process will help owners ensure this fairness.



Accurate job descriptions are also particularly important to retain talent. No facility owner wants to hear an employee say the job is not what they thought it was going to be. Align the employee bonus plan with the company's goals.

Some self-storage facility owners are exceptionally good at determining the best ways to compensate their managers. They take all these considerations into account and systematically build their compensation packages. Other facility owners are still struggling to find the right formula. Those owners that have a structured approach that includes robust training programs tend to have more success with employee retention.

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