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LEVELING THE PLAYING FIELD

The Evolution Of StoragePRO Management®

Though it's not always immediately apparent, evolution is all around us. The items we use are continually being improved, updated, or upgraded. Buildings are renovated. People, plants, and animals mature. Habits, lifestyles, and trends change. Technology advances. New inventions replace the obsolete or provide solutions to modern-day dilemmas. The list goes on and on.

Leveling The Playing Field

The Evolution Of StoragePRO Management®

BY ERICA SHATZER

In truth, everything either evolves or becomes archaic. Of course, there's nothing wrong with nostalgia, and history should be preserved. But when it comes to businesses, the most successful ones tend to keep pace with the present and make room for the future. They know that progress can produce profits.

A Super Example

Steve Mirabito, president of Walnut Creek, Calif.-based StoragePRO Management, Inc., points to grocery stores as a prime example of business evolution. In the mid-1900s, grocery stores were a family affair. They were owned and operated by

"moms and pops" who tended to live in the same community as their business. Marketing was simple: Provide value and friendlier customer service and people will loyally patronize the merchant. It was an easier time to stay in business. But in the early 1970s, inflation caused food prices to increase, causing radical changes to the food industry's distribution systems, along with new technologies and industry consolidation. As a result, supermarket chains started gaining momentum. Mirabito, whose grandfather opened his first grocery store in upstate New York at the beginning of the Great Depression, recalls when industry consolidation shook the food retail sector.

He was not yet a teenager when his father said, "Steve, I need help." Although Mirabito had been helping at the store since he was five years old, his father had never uttered those frightening words before. The kind of help he required didn't involve sweeping, bagging groceries, or stocking shelves. To remain competitive and relevant, he recognized the need for an extremely expensive mainframe computer for the family-owned grocery store. At that time, his father was a partner in a purchasing group among other local grocers. The group owned a

modern warehouse capable of buying in bulk and saving money. Unfortunately, most members did not appreciate the importance of acquiring a mainframe computer to automate their systems and processes.

Alas, his father's understanding of the future fell on deaf ears. The local grocers did not unite and share the cost of a computer, and eventually most shuttered their doors. "The others closed because they did not adapt to the rapidly changing business environment," says Mirabito, adding that his father's store continues to thrive, albeit under the IGA and now



Steve Mirabito, President of Walnut Creek, Calif.-based StoragePRO Management, Inc.



Left to right: Francine Cronin (Director of Human Resources), Paul Evans (VP of Finance), Steve Mirabito, David Lund (VP of Operations), Christina Rita (Chief Operating Officer)

StoragePRO Management's Mission

Displayed on an office wall of every location managed by StoragePRO Management is the company's mission statement: "We provide safe and secure storage in a convenient, clean, and professionally managed operation that exceeds our customer's expectations."

Save A Lot brands. Throughout the last 50 years, it has become much harder to remain an independent grocer.

Over the past few decades Mirabito has witnessed the consolidation of the self-storage industry, too, as most independent operators are lagging advances in systems, technology, and product design. Besides facilities evolving from first-generation single-story buildings to high-tech, multistory properties, consolidation has been occurring at a rapid pace. However, he believes the greatest challenge facing independent self-storage operators is the ability to

remain relevant with technology, building amenities, and an increasingly expensive cost of customer acquisition caused by competitive digital marketing channels. "Most independent owners do not recognize their customer acquisition cost is substantially greater than larger companies," says Mirabito, who, like his father, understands the need to proactively anticipate technological change along with unknown industry disruption.

Despite real estate being the largest asset class in the world, it has trailed other industries in the use of technology. Self-storage is no different. Already larger

operators like StoragePRO Management are using their strategic insights, predictive analytics, and proprietary systems to dominate the self-storage industry's delivery platform. Given the hefty expenses associated with digital marketing and new predictive technologies, economies of scale have become a catapult to success within the self-storage sector. That is one reason he has been laser-focused on growing his own company, StoragePRO Management.

"About 10 years ago I was faced with a dilemma. The industry was rapidly changing, and I lacked the technology, systems, and scale to properly serve the 25 properties I managed. I realized if I could not compete with 25 properties, smaller operators were facing a similar dilemma. Since quitting was not an option, I made the decision to focus on growing third-party management services for other independent owners," Mirabito says. "I do not want independent storage owners to follow the same

fate as the independent grocers." Today, StoragePRO Management manages over \$1.5 billion of assets throughout the Western United States.

The Evolution Of StoragePRO Management

One year out of college, Mirabito was exposed to the self-storage industry through his employment with The Grupe Company, a development company based in Stockton, Calif. The company was in the process of selling land to Public Storage when his boss realized that self-storage was a good business model. During his time at Grupe, he assisted in the acquisition, development, and management of 12 properties and began accumulating important industry-related information and insight from several industry veterans, including Jerry Mooney, the first self-storage consultant on the West Coast. When Mooney retired in 1990, he passed his entire business, including its database and client list, on to Mirabito and assisted him in forming the management and consulting firm Mirabito, Mooney & Associates.

While Mirabito admits that there was a moment when he considered leaving the self-storage industry, the late Tom Litton urged him to stick around because he knew the business.

In 1991, Mirabito took over management of a troubled self-storage asset with a physical occupancy rate of 85 percent but only 40 percent in terms of economic occupancy. The self-storage facility was a converted five-story concrete building. Consumers within the market area were unfamiliar with the multilevel self-storage concept. The previous management firm marketed the space based upon being the low-price leader. Mirabito hired a highly experienced former retail manager to manage the property, and they quickly raised all rents to market level. Although almost half of the customers vacated, revenue dramatically increased. The property quickly stabilized by promoting professional management and the security of a multilevel concrete building. Mirabito "quickly realized self-storage is a retail business."

That shift from a caretaker mindset to a customer service mentality has made all



A Family Atmosphere

Despite StoragePRO's growth and size, Mirabito describes the company as having a "small, humble vibe." He has built the company around his employees, putting their growth and full potential at the forefront of operations. "I care more about seeing my staff grow both personally and professionally," he says. "There's a lot of advancement opportunities within the company, but if an employee leaves, I want them to be a better person than when they arrived." Treating employees right has paid off handsomely in employee recruitment and retention.

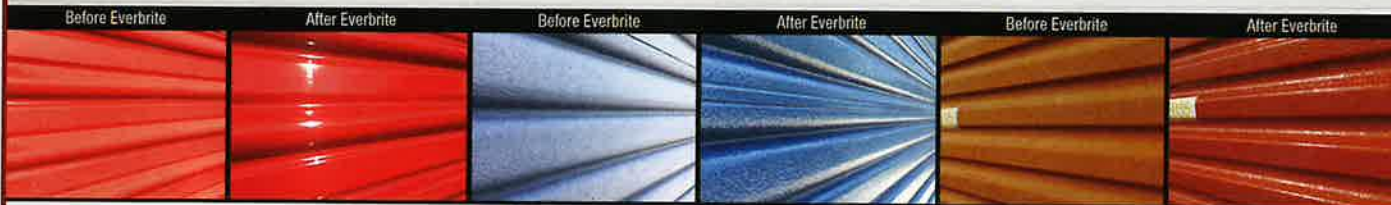
StoragePRO has been recognized as a "Top Workplace" for the past three consecutive years. To ensure his employees achieve both personal and professional success, the company offers employees world-class benefits, including paid holidays, vacation time, paid health insurance, and 401(k) retirement plans. Mirabito is a strong believer in continuous training for all company employees. Outside training coaches and services complement StoragePRO University's rigorous syllabus for new hires as well as monthly training for current employees.

Jennifer Bielawski, StoragePRO Management's director of sales and marketing, calls it a "family affair," where everyone works together to reach the same goal. She mentions that Mirabito has made fostering camaraderie a priority. One way StoragePRO Management maintains a fun work environment is through quarterly Zoom games such as Escape Room and Family Feud, along with in-person get-togethers. StoragePRO Management has resumed in-person company-wide events and will host an "all employee" meeting later this fall.

Family is important to Mirabito. Therefore, family events are an opportunity for Mirabito to meet his employees' spouses and children. Every year the company hosts a family event, such as a day at a professional baseball game or amusement park. This past summer, StoragePRO hosted a barbecue for employees and their families. "It is important for kids to be aware that their parents work hard," says Mirabito, "and there is nothing more rewarding than celebrating together."

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Left to right:
Alejandra Cano, Steve Mirabito, Samantha Diaz

the difference, and he's been running self-storage facilities like a retail business ever since. "Retail is all about detail," Mirabito says, which includes treating every customer with respect and dignity while feeling honored to have them as customers.

It's a business practice that has enabled his third-party management company to make great strides within the self-storage industry, growing its staff, services, and portfolio. StoragePRO Management now has approximately 250 employees and an executive team with decades of combined experience in every aspect of self-storage management. All the while, Mirabito has continued to develop his expertise alongside his company and team members; he has served as a board member for the California Self Storage Association (CSSA) and a planning commissioner for the city of Stockton, both of which helped him become fully immersed in the industry and real estate development. Recently, he stepped away from his Boy Scout leader duties to serve as chairman of the CSSA's Legal & Legislative Committee.

What's more, StoragePRO Management continuously ranks among the top 100 self-storage management companies. Most recently, StoragePRO Management was listed as No. 11 on the 2022 list compiled by *Inside Self-Storage*. Additionally, with 105 properties in its management portfolio, StoragePRO

Management took the No. 26 spot on *Mini-Storage Messenger's* 2022 Top Operators list.

"I've seen the whole storage industry evolve, from the era of entrepreneurial developers and operators to one of the most desired real-estate asset sectors," says Mirabito. "As a farm boy from upstate New York, I never would have dreamt to have become one of the nation's largest independent operators."

Identically Different

When compared to other third-party management companies within the industry, Mirabito says, "StoragePRO is the third-party management company that's 'identically different.' We have the same capabilities as larger public REITs but with an owner-centric approach that puts you first. We offer institutional expertise, with a family feel, where you have a voice." According to Mirabito, "Each independent owner has their unique need, and it requires we listen and work with each client individually and not as a number."

Mirabito has developed and owns 16 self-storage facilities, which enables him to provide personal owner insights to self-storage management. His owner mentality also evokes a heightened level of responsibility for each property in the StoragePRO Management portfolio. "We are responsible for achieving each owner's Total Property Potential! The store's success is our client's success, and when our clients succeed, we succeed."

At StoragePRO Management, that success includes increasing the property's value and cash flow. Numerous business elements are utilized to achieve the company's trademarked "Right-Away Results;" on average, StoragePRO clients typically see a 10.2 percent increase in net operating income (NOI) after the first year of management.

"StoragePRO continues to see strong year-over-year revenue growth and a substantial increase in our clients' asset values," says Mirabito. "Operating scale is a key factor in our growth, as we do everything in house."

Referred to as "PRO-Caliber technologies and economies of scale," the in-house services offered by StoragePRO Management include a bilingual call center, business intelligence team, a proprietary revenue management technology, digital marketing and analytics, human resources, accounting, and a skilled maintenance team. Furthermore, StoragePRO's buying power and good relationships with industry-related vendors helps maximize operations and minimize disruptions.

Self-storage is quickly moving from a physical to a digital environment. "Twenty years ago, our financial metrics were based upon gut intuition," says Mirabito. "Now, we have an entire business intelligence department that analyzes data all day, every day."

The company also prepares initial "StoragePRO Formas" for prospective third-party management owners. The proforma and reports show the systems and steps StoragePRO uses to "unleash your total property potential." Moreover, all the previously mentioned management services are accomplished with the client's financials in mind. Without compromising quality, "We pride ourselves in being smart stewards of your budget and running a tight ship on your behalf," says Mirabito. "It's the StoragePRO way."

Doing what's best for the client is the basis of the StoragePRO way.

It's Easy to Tell Us Apart from Other Storage Management Companies.

We're Identically Different.



Want better returns? StoragePRO® brings it. We've got all of the same capabilities as the other guys – PLUS a storage owner's pedigree – that's how we got our start. Today, we're America's leading independent self-storage property management company. That translates into relationships you can trust, attentiveness and active management to make you feel like you're no longer an underdog. You're *never* just another number to us. **There's BIG Storage, Then There's StoragePRO® – Scan our QR code to start your FREE Business Analysis valued at \$500!**





Leveling The Playing Field

For that reason, StoragePRO Management has three branding options available. StoragePRO clients have the choice to retain their independent brand name. Conversely, they can choose to employ the StoragePRO brand for greater name and product recognition. A co-branding option is available as well. "This is a way to utilize your name as the primary brand and have StoragePRO in a strong supporting brand role," says Mirabito. "In certain cases, co-branding can be effective depending on the context of the communication. Most of the time, co-branding works best when both brands have equal recognition."

There's one thing the company will never do: Buy a property it manages. "It boils down to fiduciary responsibility," Mirabito says. "Buying properties from property management clients, as some of our competitors do, creates an inherent conflict of interest, because it could theoretically be in the buyer's best interest for a property to underperform, thus driving the purchase price down. That's just wrong, and you should avoid any property management company that suggests otherwise."

Expanding The Brand

Instead of acquiring properties, StoragePRO Management plans to continue expanding its third-party management platform. Currently, the properties

StoragePRO Management manages are primarily located throughout the West, but Mirabito is determined to "go nationwide" with the company. Regardless of the location of a new client's property, StoragePRO Management plants a flag and will effectively grow its management presence by adding other properties over a short period of time.

While Mirabito keeps StoragePRO's doors open to new clients, he does prefer long-term clients who "want to stay in the industry." He adds, "I don't prefer merchant builders who plan to sell after lease-up." Growth for the sake of growth isn't part of his plan. Alternatively, Mirabito will remain focused on healthy business growth out of the consideration of his employees, whom he says make up a "world-class team."


Nevertheless, when looking ahead at what's to come, Mirabito is driven to defy consolidation. "Ultimately, there will be a handful of third-party management companies in the nation," he says. "And I intend to be one of them."

Remain Independent

At the end of the day, through StoragePRO Management, Mirabito is committed to keeping the playing field level for independent facility owners. He is adamant that "independents can remain competitive, but they must evolve, adapt, and band together as a group."

Even though "better mousetraps" are being built, Mirabito believes that independents can remain relevant by using cutting-edge technologies and taking advantage of scale to maximize their store's potential. Without a doubt, generational changes and our nation's inflationary pressures will dramatically change the future of self-storage. Technologies will continue to advance, and customers' expectations will continue to rise, so economies of scale will become even more vital to an independent owner's success.

Mike McCrary, StoragePRO's first management client from 1990, says, "Management cost is not a cost but a way to make more money without worrying about what was forgotten." He explains how his stores have benefitted: "StoragePRO manages other nearby storage facilities, and we're not competing against each other but sharing resources for everyone's success."

Indeed, peace of mind is worth every penny, especially when it enables you to remain independent and successful. 

Erica Shatzer is the editor of Mini-Storage Messenger, Self-Storage Now!, Self-Storage Canada, and MiniCo Publishing's annual Self-Storage Almanac.



Photos courtesy of Kenneth Huff Photography