

Starting Your  
**Self-Storage Business from Scratch:**  
————— **A Can-Do Approach**



## A lending case study of Erika Lasee, Owner of Ridgefield Mini Storage

After owning and operating a bustling yoga studio business for several years, Erika Lasee and her husband Graham decided that with two young children they needed a better work/life balance. The Lasees had heard of others who had opened successful self-storage facilities, so they decided to explore their options. Starting with a basic understanding of the industry and competitive research, Erika was determined that there was a need for a storage business in the region where they lived. Ready to move forward, she contracted a feasibility expert to conduct a study and help with her decision process.

### Financing Hits and Misses

After identifying a potential location, the next step was determining financing. Coming from a family of entrepreneurs, Erika was familiar with the Small Business Administration (SBA) and looked into what an SBA loan would require. She also met with local business associations and local banks to gather information and assess all potential funding options. Through those contacts, Erika regularly relied on advice from a local business advisor and mentor at the Washington State Business Association, a partner with the SBA.

At one point, Erika had secured a loan approval from a well-known commercial bank, but it turned out that a miscalculation nixed the deal. "I didn't have confidence in that bank after that," says Erika. Erika was aware that she was young for someone in the business but knew the self-storage industry was evolving. "Other banks asked me to find a cosigner or additional investors, but that was never in our vision for the business."

During an online search, Erika discovered Live Oak Bank and contacted them directly. "The team at Live Oak was great from the get-go," says Erika. "They were clear about what we needed to do. Other banks couldn't help us based on my background and available capital to start our business." Live Oak provided a team of experts versed in the self-storage industry who offered advice from initiating financing options to opening day strategies and operational know-how. "We weren't conventional investors in this industry. They looked beyond our age and assets, and took interest in our organizational skills, business plan and previous experience," says Erika.

### The Nuts and Bolts of Securing Financing

As with many entrepreneurs when the idea strikes, Erika was ready to move fast to get her storage business up and running. "It's always surprising how time-consuming it can be to gather the details and paperwork required to complete the application and approvals," says Erika. "I'd recommend that anyone starting this process take the time to prepare in advance of entering the financing process."

Working with Live Oak helped her along the way by establishing timelines and expectations for approvals. "The team had the right mix of expertise to fill in the gaps in our industry knowledge," says Erika. "And Live Oak always met the milestones on the schedule we had established from the beginning."

Over the course of her loan Erika was assigned a designated member advisor for each step of the process. Utilizing an SBA loan allowed them to bring her initial investment down to 10 percent rather than the 20-30 percent often required using a conventional loan. One lesson learned in the process was how local zoning regulations (industrial vs. commercial) can affect rates and down payments. "Another advisor was on hand to help with the specifics of the construction process — a critical stage for anyone entering the business for the first time," says Erika.

### Be Prepared for Financing

Learn about cash flow lending models with longer terms, competitive rates and no balloons or financial covenants. Live Oak Bank uses an online portal to streamline the loan process and offers live updates and access to your loan progress at any time.

#### What you need to get started:

- Description of spending/use of proceeds
- Current profit/loss statement and balance sheet dated within 90 days
- Your business and personal tax returns from the past three years
- Personal financial statement
- Rent roll and management reports for an existing facility or feasibility study for new construction
- Business plan and resume



One clear advantage of working with Live Oak Bank was the detail of their expertise. “We were happy to find that the bank isn’t only a lender or a resource to locate locks and doors, but a real partner and consultant to bounce ideas around with that helped us move forward,” says Erika.

## Opening the Doors

Planning is essential to navigating the financing and construction stages of any new business, but it doesn’t end there. Another set of challenges await to direct the hands-on efforts required to actually open the doors to a new facility such as Ridgefield Mini Storage. Erika was already at an advantage from her previous experience and exploring legacy storage businesses that often relied on outdated front-office processes and technology. “I wanted to launch with all the contemporary conveniences of online rental tools and autopay options, but with a personal customer-focused touch that would attract the broadest base of customers,” says Erika.

In addition to initial marketing efforts that include a robust website, use of Google AdWords and a presence on Facebook and Instagram, Erika is considering adding staff for marketing and sales by leveraging talents of local university business students. Other plans include local print advertising, fliers and posters. “We also want to be part of the community,” says Erika. “I’m involved with the local schools, booster clubs and business associations to get the word out.”

## Future Prospects

“We’re keeping our eyes open for future opportunities and have attended a few industry expos to learn and pick up new ideas,” says Erika. Thinking about the long game has always been a part of Erika’s strategy along with learning from others in the business. “We are always looking at potential future expansion with ideas for nearby towns, a satellite location or considering adjacent land options,” says Erika. Those goals and plans include establishing relationships with the city planners and possibly working with Live Oak Bank as an ongoing partner.

## Business Plan Essentials

Use the following key areas to build your plan for success.

- Mission statement
- Executive overview
- Ownership structure (sole proprietorship, partnership, etc.)
- Competitive analysis/SWOT (strengths, weaknesses, opportunities and threats)
- Demographic analysis
- Financial plans and projections
- Real estate (purchase, lease, build, and/or tenant improvements)
- Construction/conversion logistics
- Licensing and permits
- Financing details such as cash flow projections
- Automation systems
- Management/staffing
- Facility offerings (units, parking, vehicle storage, etc.)
- Front-end offerings such as packing products
- Contingency plans
- Marketing plan
- Future plans

