

ADDING PROFITS

Expanding Your Business With Records Storage

By Chris Spisto

You didn't get to where you are in the self-storage industry by chance; you worked hard, did your homework, planned ahead, and made all the right decisions to guarantee your success.

Now you're at it again, looking to grow and make even more money by expanding into the highly profitable records management business.

Smart move. Records management is one of those industries that has crept into our lives, will never go away, and has become (and will continue to be) a huge concern for businesses. So, if you think about it, that's great news for you. But, the industry does need some understanding before you can efficiently and profitably run a record center facility.

That is the reason for writing this article; it is a brief and general synopsis that offers some tips for those of you who are interested in record storage, but aren't sure how or where to begin. The goal is to bring this concept down to where you can say, "What's the big deal? I can do this!" With a few simple steps, you can get started storing, servicing, and billing your customers in the profitable business of records management.

Estimating Space Requirements

The first thing you will need to do is make an initial analysis of the volume of records that you expect to store and manage, which will allow you to formulate the design of your record center facility space. This estimate should include existing storage and take into account future growth. For records yet to be boxed, stored, and managed for customers, it's best to allot 1.5 cubic feet per file drawer for a letter-size filing cabinet and 2.0 cubic feet for a legal-size cabinet.

Also bear in mind that generally more boxes will be added to your facility than will be destroyed, due to all the new rules enacted that may affect organizations. Today, business, as well as the processes and information that drive business, must become more auditable, transparent, and comply in a more regulated environment (longer retention periods, lawsuits, acquisitions, mergers, etc.). As a result, some record center facilities have experienced growth as high as 15 to 20 percent each year.



Additional Work Areas

Space should be set aside for the following (these can be combined depending on the size of your facility): administrative tasks such as record keeping, scheduling, and tracking of records; records processing such as sorting re-files, marking containers, etc.; a reference area for customers to review records and for you and your employees to research files; and a staging area, because records cannot always be shelved immediately when they are received from your customers.

Racking, Shelving, And Storage

When storing boxes, you will need racking. You can rack as you go, or rack out a certain percentage of your facility.

The ideal record center location scheme is one that maximizes space, improves operational productivity, is simple to understand, and flexible enough for future growth. There are many designs with regard to mapping your facility. However, this needs to be a personal decision depending on how you would like to accomplish the racking/shelving and pulling of records.

Most shelving can handle a large number of containers per shelf. And, most configurations can be seven to nine containers wide, two to three containers high, and three to four containers deep, per shelf. Therefore, a standard pallet rack can have more than 72 boxes on one shelf. Being able to identify specifically where one box is on that shelf can save you a lot of time.

Do you want to increase income at your self-storage facility? Records storage can be a highly profitable add-on business.

Your shelving typically has three components:

- Section
(upright beam between shelves)
- Shelf Number
(bottom being shelf number one)
- Shelf Position (left to right)

Steel shelving units with open steel shelves is the recommended equipment for adequate fire protection and structural stability. The recommended storage box for use is a corrugated cardboard box in which the interior is approximately one cubic foot and typically measures 15 inches by 12 inches by 10 inches.

Automation Requirements

To enhance productivity and offer timely and efficient service, record center software combined with bar coding is highly recommended. These automation tools will eliminate many manual tasks, as well as provide reliability and accuracy.

Charging For Storage

Racking is broken down into sections and bar coded with individual location stickers. Typically, a single location will hold nine boxes stacked three high and three deep. Each barcode location sticker is assigned in your software to an associated box size, one cube, two cubes, three cubes, etc.

Each new account is given barcodes to be placed on the boxes. Barcodes are either assigned to the account prior to being released or when a work order is created to pick up those boxes. When the account returns its boxes with the barcodes applied, the boxes are placed on the shelving. As you place each box, it is scanned to the location (scan the location barcode first, then the box barcode). When the scanner is downloaded, the software system knows whose box it is by the box barcode and its size from the location barcode.

Establishing Pricing

In record center software, you can establish pricing. You can set up service and storage

prices for each account, or you may use a standard default. For now, we'll focus on storage rates.

When establishing storage rates, you can give a rate per box or a price per cubic foot. With the latter, the system will calculate a price per box (i.e., 25 cents multiplied by 1.2 cubic feet equals 30 cents). When you run your invoice at the end of the month, your software will tally how many boxes each account has by counting box barcodes. The system will know how big the box is and it will then multiply the number of boxes by their size to calculate your total storage charge.

Your storage charges are all completely automated and all you did was scan boxes to the shelf. Not to mention, when a customer calls you for a box, you know exactly where it is to be found by the location number.

Charging For Services

When storing boxes, one expectation is that, upon request, a box or individual file will be delivered. You can accomplish this via your own vehicle(s) or a courier. In the long term, your own vehicle is probably far more profitable and marketable than using a third party, due to associated confidentiality and security issues; but, this may not be necessary when you first start.

When a box is requested, you should charge to pull the box from the shelf and for the delivery. If the customer wants the delivery expedited, you also should charge a "rush" cost. If the individual wants a box picked up, charge for the pick up and the re-file (to put the box back on the shelf). All these service charges can be set up in your software on an account-by-account basis or as a standard default.

With every service requested from a customer, you create a work order, select an account number, and add the delivery items. You print the work order and provide it to the driver or courier. Then, the customer signs upon receipt and your service is complete. You can even collect electronic signatures, just like UPS® or FedEx®.

By placing a box on the work order, you have told the system that the box is now "out." It knows to bill for delivery, as well as a pull for this box on that account. At the end of the billing cycle, the system

FSSA
FLORIDA SELF STORAGE ASSOCIATION
Presents

FSSA
21ST CENTURY
SELF STORAGE
EXPO

Monday, April 13 - Wednesday April 15

ROSEN SHINGLE CREEK
ORLANDO

Developers' Seminar
General Session with Keynote Speaker
Educational Tracks and Round Tables
Cocktail Reception
Expo Showcasing Vendor Exhibits

Sponsors:

U.S. Access
PhoneSmart
MiniCo

For Details, Visit www.floridassa.org, or call 941-377-2838

ties the service completed to the associated rate and invoices the customer.

The same applies to a pick up: A work order is generated, boxes are picked up and scanned into location, the system now indicates that these boxes are "in" and charges for the pick up and the re-file. At the end of the billing cycle, everything ties back to invoices. You have complete automation. Services multiplied by your account rate equals your service total.


Ancillary Profit Sources

Storage and service are your record center facility basics. However, there are many other profit streams available to you in the records management business.

For example, your customer base will need to purchase boxes. Therefore, it would be wise to offer this item for purchase and simply add the cost to your work order. Some customers may also want you to complete data entry on each box, so you have an inventory of what they have in storage. You can then sell them a report of their inventory. You can complete inventorying projects for your customers and catalog the contents of their boxes. There is one thing to keep in mind: Bill the customer for every service that you provide. Service means revenue and can total up to 60 percent of your profits.

No Degree Required

Records management has been made easy by the advent of barcode technology, scanners, and sophisticated software. If you can scan boxes to shelving and deliver them to the customer, you can master the fundamentals of this industry.

As time goes by, you may want to become a more sophisticated operation and offer Web access and other services. But, in the beginning, the most important thing is to set up the system correctly from the get-go. Attend a training class, learn your software, and do it right the first time. Then, sit back and watch your inventories grow—as well as your profits! 

Chris Spisto is the Marketing Communications and PR Director of Irvine, California-based O'Neil Software.



Back Issues of
Mini-Storage
Messenger
Still Available!

Our supplies of these past issues of *Mini Storage Messenger* are running out, but there is still time to order your copies today.

Don't miss out on a single issue of the information resource you rely on for self-storage industry news and information.

Order now!

Call today to order back issues for **\$7.95 each**
602-678-3012

*While supplies last.
U.S. shipping addresses only.
Non-U.S. residents, please visit www.ministoragemessenger.com for more information.


MiniCo
PUBLISHING

The Original Voice of the Self-Storage Industry 800-352-4636 / www.minico.com