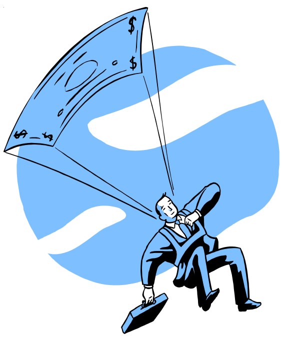
The National Portable Storage Association Newsletter

The GLOBAL container

January 2005



Association Looks at Affinity Programs

As your association continues to grow, we are looking at ways to enhance the value of your membership. One of these methods is to leverage the aggregated buying power of an association to secure items and pricing that would not be obtainable by any single member of the group. We are currently reviewing services that could provide value to a wide range of members to include:

Professional Employer Organization (PEO): PEO's specialize in human resource (HR) management. They offer businesses a wide variety of services including payroll management, employee benefit design and administration, tax filing and administration, and compliance with state and federal workplace legislation. PEO's also take responsibility for developing and administering lawful employment policies and procedures; employee recruitment and disciplinary actions; recordkeeping; and unemployment, disability and workers' compensation claims and administration.

The most attractive advantage a company gains when entering into a PEO relationship is the ability to offer employees a much wider selection of benefits, often at considerably less cost. Typically small businesses find it difficult to offer employees multiple options in terms of health care plans, insurance (life, disability, accidental death and dismemberment), savings and investment plans (401-K) and pension plans) and other employee benefits. Due to larger employee pools, PEOs can offer employees the same level and quality benefits of much larger companies.

PEOs also free up management resources that can be better directed toward enhancing productivity, sales and profitability. A study by the Small Business Administration (SBA) estimated that the average small business owner can spend up to 33% of their time handling employee related and other HR tasks. By outsourcing these areas to a PEO, you can concentrate on making your business grow.

Credit Card Processing: As you know, it's all about the volume. The more credit card transactions you process, the better rate you can achieve. We are exploring ways that association members can band together to aggregate their transactions and obtain a global association rate as opposed to a single company rate.

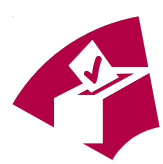
Credit & Collections: There are times when a little information on the front end can save us a lot of aggravation on the back end. Obtaining and reviewing a business or personal credit card can provide a wealth of information to assist you in making a decision as to whether or not to extend credit or conduct business with that entity. We are exploring means by which you can obtain volume discounts from credit report providers (such as Dynamar, Dun & Bradstreet, Experian) even if you are only reviewing a few reports a year.

Additionally, there are times when despite all the upfront checking an account goes to slow pay or no pay. Therefore, we are reviewing collection agencies that can help our members collect on past due accounts and still maintain a profitable relationship.

Insurance: We will continue to explore means to provide a comprehensive insurance program for our members. We maintain that underwriters do not completely understand what our members do, and therefore classify them into a higher risk category than necessary, leading to higher premiums and more premium increases.

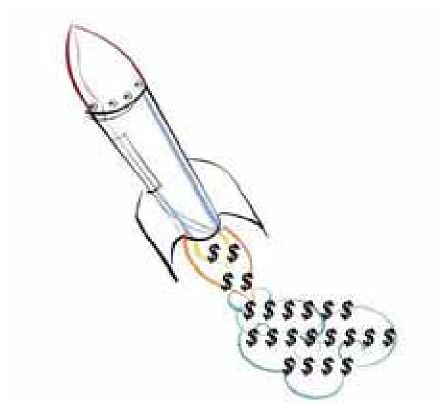
Business Enhancements: We will continue to explore means by which you can enhance or expand your business. One such program may be www.emove.com. Created by UHaul, this site assists anyone looking for storage and, based on zip code, directs them to listed suppliers. You can have your information listed free of charge, or move into more formalized programs such as their www.webselfstorage.com or even a dealership at www.uhauldealer.com.

We will keep you updated on our efforts to provide these types of service. If there are any other benefits that you would like for us to explore, please let us know. Thank you.



New Website Poll!

We have added a poll to the NPSA website. This is a quick poll where you can vote on questions such as "What time of year would you like to see NPSA host the Annual Conference and Trade Show?" or "What do you think the emphasis of 2005's conference should be?". You can then view the results and see how other members are leaning. To vote, stop by www.npsa-us.org today!



WHEN IT IS TIME TO GROW, DO YOU HAVE THE CAPITAL YOU NEED?

By Anders Norlin, Box Credit

The portable storage industry is growing, the economy is strong, rental rates and equipment prices are on the rise. To be prepared for growth, look into the possibility of obtaining capital from different sources: banks, leasing companies, State and Federal programs, as well as investors and your own untapped assets.

Growth in the portable storage industry requires capital. For each new container that goes out on hire, the capital outlay is somewhere in the range of $1,000-$3,000 depending on equipment type, company location and the improvements made to the container.

Another challenge is timing. Do you have capital available when equipment prices are low or opportunities present themselves? Take a moment and reflect on the growth of your container rental fleet during 2004. How much money would you have saved if your purchases for the year were done in January to March instead of April to August? Most likely, it was a fair amount.

This is a seasonal business. When containers are off hire during the winter and early spring, prices are lower. When containers are on hire during the late spring, summer and fall, prices are higher. Yet, most rental companies purchase equipment when they have a customer rather than when the container prices are low. Well, it is a more conservative approach to purchase when you have a customer, but what is the cost you pay for being conservative? For example, let's say you buy a container for $1,500 in January instead of $1,800 in May. Using an average interest rate of 9%, the cost of owning the $1,500 unit for the period January through April, four months, is 3% of $1,500 or $45, while your price increase was $300. Quite a difference!

Be prepared for growth and be prepared to take advantage of purchasing opportunities by contacting potential funding sources long before you have the need for capital.

Here is a list of different types of lenders:

Banks

The most obvious place to seek additional capital is from your bank. Make sure you have a relationship with them long before you need to borrow money. Meet regularly with your local branch manager; explain your business, how your company operates and how you expect to grow. If you do not already have a loan, get a small credit line. If necessary, secure it with cash and use it actively over six to nine months so that you establish a credit history.

Equipment Leasing Companies

Lease financing differs from bank financing in several ways. First of all, the financing is earmarked for specific equipment. Secondly, lease financing is typically for 100% of the equipment value while bank financing most often requires some equity participation from the borrower.

State Government Programs

Portable storage companies generate jobs, such as drivers, mechanics and administrative staff. Most states have small business financing programs for companies that create job opportunities. Check with your Secretary of State.

Federal Government Programs

The Small Business Administration (SBA) provides guarantees to your bank for up to 80% of the loan principal. In particular, the 7(a) Loan Program is suitable for portable storage companies. It provides a long term, fixed rate loan for equipment. SBA is not a lender, but if you qualify for their program, SBA will provide a guarantee to your bank. To find out more, talk to your local banker about SBA or visit www.sba.gov.

For a company that experiences rapid growth, it may be more advantageous to invite investors to provide capital rather than to borrow money. While the owner has to give up some of his share of the company, the knowledge of one or several professional investors is a complement that, in the long run, can be far more valuable than the shares the owner has given up.

Small Business Investment Companies

SBICs are investment firms licensed by the SBA to provide equity investments and long term loans to small companies. To find our more, visit www.sba.gov/inv.

Angel Investors

An angel investor is someone who invests in a business expansion either through debt or equity financing at a very early stage of growth. A typical "angel" is a wealthy individual, a supplier with interest in the growth or a customer in need of the company as a solid supplier of services.

If none of these alternatives is a way for you to find the capital you need, you can only look to your own untapped sources. The options you have for finding more money in your own backyard are often limited but here are some alternatives:

Home Equity Financing

If your home has unused equity, use it for your business as long as you invest in good equipment that generates steady income and doesn't lose its value. This is one of the better and most inexpensive ways to finance an expansion. A key question is, how many containers can you buy with this money?

Retirement Plans

Do you have money in an IRA or 401K plan? If so look into the opportunity of converting it into a loan to your company by creating a self-governed trust. To find out more, visit http://www.sterling-trust.com/ and talk to your CPA.

Friends and Family Members

As a last resort, you may want to borrow money from friends and family. Most often, this is an easy way but it has pitfalls. First of all, financial matters can be very difficult to deal with when friends and family are involved. Secondly, this category of lender is not going to scrutinize your loan proposal as thoroughly as a professional lender, which may lead to unrealistic expectations and cause conflict.

Most likely, you will approach several different sources to explore what is best suited for your situation. To be prepared for the financing process, make sure you have done your homework and can present a viable case. Here is a list of materials that you will need.

- Two years of financial statements
- Professionally prepared financial and cash flow projections
- A market, industry and company presentation
- The owner's personal financial statements
- The background and resumes of the owner and key management

Be realistic — it takes time for a lender or investor to evaluate your application. Unless you have an established relationship, it is very likely that a financing process can take six months or more. Therefore, be proactive; contact your prospective lenders and investors early so that you have the funds available when the prices are right and the equipment is available.