All right.
Quick break to tell you about another podcast that we're interested in right now, HubSpot just launched a Shark Tank rewatch podcast called Another Bite.
Every week, the hosts relive the latest and greatest pitches from Shark Tank, from Squatty Potty to the Mench on a Bench to Ring Doorbell, and they break down why these pitches were winners or losers, and each company's go-to-market strategy, branding, pricing, valuation, everything.
Basically all the things you want to know about how to survive the tank and scale your company on your own.
If you want to give it a listen, you can find Another Bite on whatever podcast app you listen to, like Apple or Spotify or whatever you're using right now.
All right.
Back to the show.
Okay, sweet.
What's up, everybody?
We're here with special guest, Nick Huber.
You are known as, what is it, Sweaty Startup on Twitter?
It is.
I appreciate you guys' work.
Thanks for having me.
Why is that your Twitter handle?
Because I'm all about a different type of entrepreneurship, I guess.
I've talked to Sam a little bit about it, but I think you can gain a lot by looking up from your computer screen, and if you get out and work a little bit with your hands and see people's eyes and interact with the world around you, there's a pretty big opportunity, and I'm living proof of that, and a lot of people that I know are on similar journeys, so that's kind of what I pitch, because not many people talk about that.
A lot of people talk about the cool ideas out in San Francisco, but not very many people talk about moving boxes up spiral staircases, and that's how I started when I was 22.
Oh, okay.
You're coming out hot already with the like, you know, you pansies who are just typing away at your computer, go do some real work.
No, I do talk down upon that kind of entrepreneurship, but mainly it's because those folks are a lot smarter than I am, so I understand that this is not for everybody, and there's a hundred ways to win.
I mean, that's the beautiful thing about entrepreneurship, there's thousands of ways to do this stuff.
So tell people in short words, what do you do, and then we'll ask you much questions.
So I'm in the self-storage business right now, we buy mom and pop self-storage facilities and operate them.
If we rewind a little bit, that all started because in 2011, when I was 22, we started a pick up and delivery student storage company while we were undergrads in Ithaca, New York.
Basically, when the students went home for the summer, we would drive around and pick

up their stuff, started out in our cars and then in vans, and when they went home, we'd store it, and over the summer, we'd put it in a warehouse and then deliver it back to them wherever they moved next year.
So basically out of state and international students relied on us to help them move between semesters, and our career kind of went from there.
But now you, how big is your, you have a miniature, one day, large empire, what's the, can you give people the size now?
Can you brag about yourself so we look more legit?
Yeah.
I'm still pretty small.
I mean, we have about $10 million for the self-storage.
We have a little over 1,000 units, over 100,000 square feet, but actually 250,000 square feet, eight facilities in about six different states.
How much money do you make?
I don't know anything about self-storage.
I don't know if I should be impressed by all those numbers you just said.
I don't know what that's.
You asked the wrong question, Sean, you have to ask like, like the cap rate or something.
I mean, you got to, you got to ask, you got to ask it differently.
Well, I guess, give me a sense.
Like, you know, is this, is this something where, you know, there's three, three stages I'll talk about, right?
Like you bought yourself a job.
So it's like, instead of getting a job, I have a business that ends up paying me maybe a hundred, 200k a year of profits at the end of the year.
But I get to like run my own show.
I don't have to, you know, have a boss and wear a tie to work.
And then there's like the next stage where it's like, well, I built up either assets or profits that are, you know, made me a millionaire, a single digit multi-millionaire.
And then you have like the 10 million plus range where it's like, oh, I've actually built sort of a mini empire here.
Which of those buckets has your, your self-storage startup taken you to?
And was it, was it one step at a time or did you jump straight to one of those?
Yeah.
First two years we were in bucket number one, we had jobs for ourselves.
By year three, which was about 2014, 15, we started to make in 250 grand a year each, my partner and I. 2016, we had a half a million dollars set aside that we developed our first self-storage facility with and did a big cash out refi in 2019 and now we're going and reinvesting all those, all that profit into, into bigger and bigger buckets.
So I'd say we're somewhere between two and three.
But yeah, I'm fairly early in the journey.
I love it.
How old are you?

You're 32.
I'm 30.
You're, you're, we're all the similar age.
And by the way, Sean, he, Nick ran track and field at Cornell.
He was a lot better than I was.
Okay.
Is this, is this your next race partner?
I don't know what happened with that other guy that he like, I was going to race him and I was fit.
He would have beat me a little bit, but I could have ran probably 22 eight, which is like not bad for a 31 year old.
That's good.
That's good.
You to beat me.
This guy, he's 40 years old.
His name's Tyrone.
He's, he's bad ass.
He's 40 years old though.
So I thought I'd crush him.
He could still probably run 21 eight.
So he would have, he would have beat me, but Nick and I, I think I might be able to beat you now, but you back then would have crushed me.
I was a little bit, I was good at every decent at everything.
So I did the cathalon, which is 10 events and they add the scores all together.
And it's also kind of a, the, if you could character my life into, into a couple words, it's like choosing the path of least resistance.
Nobody did the cathalon.
There's about 300 people in the country that did it.
So I was top 10 in the country at one point doing that one thing.
I'm all about choosing your competition.
And if they're really good and really fast, go somewhere else.
And Sean, did you hear how Nick and I became friends?
I was doing a Twitter live video session and he like asked a question and I was like, Hey, I keep seeing your picture all over.
Just want to call me.
And he just called me and we did a 45 minute call live and that's how we became friends.
That's amazing.
Yeah.
Unfortunately, I had to, I said too much about the structure of my investments.
Actually we had to delete it, but yeah, that was fun.
Thanks for having me on that.
So, so describe.
Okay.

So I don't know shit about self storage aside from the fact that when I was 20 maybe I read this book that really got me hooked into real estate and I was like, what I'll say two millimeters away from just going down that path, it was a book called Confessions of a Real Estate Entrepreneur.
I don't know if it is a popular book in the real estate world or if it was some random ass book that I picked up, but this guy basically just walked through a bunch of deals that he did and one of them was a self storage deal.
Actually, two or three of them were in the book and it seemed fascinating, right?
It seemed like a great business to be in.
And so describe to me like I like to think about different businesses like sort of like a business in a box and it's like, okay, well, let's take a restaurant.
I now know how roughly the restaurant industry works where let's take like for fast casual restaurants, it might cost half a million to a million dollars to build one.
You know, you took part of that down payment part of it as a loan.
It'll generate let's say a million dollars a year in revenue, 30% that goes to food, 30% of that goes to labor, you know, you're left at the end of the whole thing with 10-15% and that's like what winning looks like and you need to do that multiple times in order to build a kind of multimillion dollar portfolio.
So describe to me like the business in a box of self storage.
So I know there's some variants to try to just kind of like go for averages and rules of thumb and somebody will come to pick later, but who cares?
We're trying to get people a picture.
Let's say you're going to buy a million dollar property, a piece of self storage that's worth a million bucks.
You can count on that generating between 60 and $100,000 a year in net operating income, which is before you pay your debt service and your depreciation and so on.
And then another, you know, 20 or 30 goes to debt service and the rest is what you have left as a real estate entrepreneur.
So it's very simple.
The bank finances about 75% of it.
You only need to come up with about 25% of the cash to buy it, but then, you know, the real power of real estate is in the tax advantages and the slow amortization on that loan as you pay it down and just the economies of scale as you grow and get more assets that really make it kind of special.
But what we do that's kind of unique is we buy these self storage facilities that are in small town America owned by 65 year olds who literally keep paper ledgers handwritten ledgers and have never accepted a credit card or check and we come in and we automate the facility, make it so we can run it without a full time manager and find a better yield.
We can find better yield by going to these small towns because not a lot of investors can kind of automate these facilities.
Are you just using some off the shelf software for that?
Yeah.
60 bucks a month for an average facility size.

Yeah.
What's that software called?
It's called easy storage solutions.
So I know a little bit about that space because I was looking at investing in a company called open unit.
Have you looked at them?
Yeah.
They're awesome too.
I mean, it's a very competitive space and it keeps getting cheaper every year.
The features keep getting better.
I wouldn't recommend an entrepreneur try to compete with easy storage, site link or open unit.
There's a lot of really good ones.
And they're all owned by the same company, right?
Like they all got rolled up?
Not necessarily.
The ones we use are out of Salt Lake City, a team of about 80 folks.
They got several thousand units though that they help manage.
They do a lot of accounting services.
They sell insurance.
There's a lot of good subsidiary businesses off of that.
But site link is the big one.
That was the big one that, you know, 2005 was dominant, was the only software.
They're the old guard now, more expensive than anybody else and not as good.
How much do you buy your average unit or your average storage business for?
We buy the small ones.
Yeah.
If you're looking at one in Austin, Texas, you're going to spend 10 million bucks to buy it.
We buy these little 30,000 square foot properties in Shippenville, Pennsylvania or Newfield, New York and we'll pay between, you know, our average deal is about 2 million bucks, 1.5 and 2 million bucks to buy a storage facility.
And how much, what type of multiple is that?
It was generating an eight cap usually is what we're buying them on.
So eight and a half percent, eight to eight and a half percent yield on that overall cost.
So if we're spending a million bucks, that's $85,000 a year net operating income.
So 2 million is 170 grand a year.
What's your cash on cash return though?
Because the cap rate is, that's a little, is that misleading to go just by the cap rate when you have debt?
Yeah, it is.
After you pay your debt service, you got to, you know, the cash in the bank is what really matters.

We target 15 to 20 percent cash on cash yield on the money that we deploy.
Which is phenomenal.
Yeah, it's good, especially considering that a lot of real estate entrepreneurs pay absolutely no tax and the money keeps piling up in the check-in count.
It's wild because bonus depreciation, we can count 30 percent of our purchase price against our profit year one as a tax write-off.
And it's pretty spectacular what that can do for you when you wake up at the end of the year and you got 500 grand in your checking account, but you technically lost $200,000 that year.
But do you have any employees on site?
Not on site, no.
We have some stay-at-home employees, a couple actually that I've never met, that two of them live in outside of Chicago that we're friends with my business partner growing up.
They stay at home and hang out with their kids and answer phones and, you know, let people in their units.
A customer pulls up to one of our units, there's a number to call.
They call in, rent the unit instantly, pay online and get their lock right away.
But don't you need like, do you just have connections in other, every town where you just have a security or the police know who you are or something in case of you need a man on the call?
Yeah, cleaning contracts.
Yeah, we get little cleaning contractors who bill us $30 an hour to go every Monday to do the checklist.
Yeah, we do have the police, you know, to call if somebody breaks in, but that's pretty rare honestly.
But if the cleaning service sees anything, they're like, hey, Nick, it looks like there's a homeless guy sleeping here just so you know.
Yeah, they show up and they, their checklist, we got a pretty regimented where they show up, they take photos, we look at it all.
I mean, we see security camera footage every morning of all the motion in and out of all the facilities.
So, we can keep an eye on it from afar.
Because that's the one reason why I wouldn't want to go in this industry is because I wouldn't want to, and this sounds elitist, but like, I'll be real.
I don't want to deal with like people who work in a storage unit facility, right?
Like that.
Like if you have to have, if you have to have like two or three hundred of those employees, it's like a freaking pain in the neck, you know, it's like having 200 waiters work for you.
Like I was a waiter, you know, waiters like love to party and not show up and I will say I came from a business that was logistically the one we started with the pickup and delivery storage was the most logistical challenging business that I can think of.
We had to be on time, we were, they were expecting Uber type service with their boxes being picked

up and delivered.
And now we're in self storage where the worst thing that could happen is the latch doesn't quite open.
There's no plumbing.
There's no HVAC.
There's no real problems.
Nobody's living here, right?
So nothing's ever an emergency.
It's pretty easy to manage.
How often are you working?
I mean, you're making this sound like the easiest thing ever.
Yeah.
I work about 30 to 40 hours a week and play golf and hang out the best life ever.
That sounds kind of awesome.
What are we doing?
Yeah.
I'm playing the game on hard mode, it sounds like.
No, I think the first three years of our careers, I mean, we were literally working with our hands carrying boxes to kind of finance and bootstrap the growth of our company just as a small tech entrepreneur is writing the code, right?
How did you find your deals just on Yelp?
We cold call a lot of self storage owners.
We get a hold of these 65 year olds and hopefully catch one at the right time who the winters coming and they want to go to Florida, man, they're tired of the New York or the Pennsylvania winters and the business is a lot more stressful for them than it is for us because they're taking cash, they're going to the banks, they're doing all the stuff that is not fun.
They want to get out of it and we are there ready to make them an offer when they make that decision.
This seems like, like we've had people in the podcast, I forget who do we have, Sean.
We've had a few storage folks.
It seems like it's gotten way more competitive in the last decade.
Yeah, that's what I was going to ask as well.
So self-story, I'm in a totally different asset class than all these Class A three-story climate controlled self-storage facilities that you see in major cities.
Those things traded a five cap, right?
I'm buying out of eight, eight and a half cap.
So yeah, I'm a little bit nervous about self storage industry as a whole because of all the oversupply.
I mean, when COVID hit, rates got crushed in a lot of major cities.
It's like anything, right?
When something sounds really sexy and really easy, a lot of investors flock to it.
But you're paying back your equity into the business within, what, two and a half years or something like that?

So the real powerful thing about this is it's all valued based on how much money the thing makes.
So we're spending a million dollars to buy a facility that makes 80 grand, but we raise rents, we decrease costs, and all of a sudden it's 120 grand and the bank thinks it's worth more money now.
So you should go back to the bank and say, hey, this thing I bought for a million bucks is now worth 1.5 and then they'll lend 75% of that 1.5.
You get all your initial cash back that you put into that property in the first 18 months in and you get to just go dump it into another property.
You're personally guaranteeing these loans though.
I am.
Yeah.
It's not like housing where there's a lot of regulations and options to do helox and everything like that to get out of personally guaranteeing these things.
How do you think about your safety net?
Because your name might be on, I don't know how many, let's just call it five properties right now where if the property goes under or goes in the red, you still need to make your payments and you've now refied out, yes, you took the money out, but you reinvested that and so you're still on the hook for all these different buildings.
So how do you design your safety net?
Yeah, everybody thinks real estate's awesome until your property's worth less than what you refied out at and that's why everybody went broke.
Everybody who was over leveraged went broke in 2009, 2010.
So we're really careful.
We need a lot of cash reserves more than we should probably.
What do most people do and what do you do percentage wise for that?
We're about to deploy two million bucks and buy about 10 million worth of storage over the next 12 months and we're going to keep a million in reserve while we do that because we want to have that money available if things change and there's some opportunities and we want to have that so that we're not on that list of folks who made their first million before 30 and lost it before they were 35, right?
All right.
A quick message from our sponsor.
I was thinking about the shortest day of the year earlier and while we technically have the same amount of time as every other day of the year, the lack of daylight makes it feel so much shorter, which is exactly the same kind of feeling as working with disconnected tools.
Our work days, the same length as always, but before you know it, we spent three hours just fixing something that was supposed to be automated.
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Learn how HubSpot can help you grow your business at HubSpot.com.
So when you started the business, you had a traditional moving business.
You said that was horrible, but you said it allowed you to bootstrap the storage company.
How much capital did you start this with?
Yeah, that was the best, I mean, it was horrible work, but it was the best thing that ever happened to me.
It was my life, and I think more people should consider doing it, and I'm going to talk to you guys about that, I'm sure, but yeah, I was in my dorm, I had a 1999 Cadillac Deville sitting in the parking lot that I drove that I bought from my grandma, I had a huge trunk and I used that car to go pick up the boxes, stored the stuff in my room over the summer.
In the first year, me and Danny made seven or eight grand with no expenses at all, and we used that seven or eight grand to buy a $1,500 cargo van into Lisa's space and to get a bunch of flyers and to go do some marketing.
The next year, we made 120 grand, and the year after that, we made half million, the year after that, we made 1.2, and the year after that, it was 2.5, and then 2.5, and then almost three, so kind of over time, and we don't have any debt at all in the business we never have.
And you've never taken any investment from an external investor yet?
No, we own 50-50, and this thing spits off half a million a year for us, and we don't do a whole lot, we automated it, so that's what's allowed us to kind of build that real state portfolio now.
I love it.
So then you started with half a million to build a real state portfolio?
That we put in half a million, we had a little bit extra, right?
We had 250 grand extra as a safety net, but yeah, that's the thing about real estate, everybody wants to get into real estate, but the cold hard truth about real estate is you better have some money to get into real estate.
You can't just go do it, you gotta be able to personally guarantee the loans, you gotta have some assets that's collateral, and you gotta have some cash.
We have a lot of internet folks listening, like me and Sean, Sean maybe more than me, but still me are the stereotype to Silicon Valley internet folks, which I embrace, because it's true, and we have a lot of those listeners, though we do champion small businesses and we do champion not sexy stuff.
What opportunities are you seeing pop up in the space that you think that some of the entrepreneurs and some of the internet based software based folks should exploit?
Yeah, I mean, the way that I feel about business is that six months after you start a business, you're not going to be doing said thing anyway, so it doesn't matter if you hate scrubbing toilets or painting walls or doing any of this stuff.
You're going to be hiring, managing, firing, training, delegating and doing it at all, everything that takes to run a business, and I'm all about picking your competition.
Who would you rather compete against, a bunch of brilliant Stanford grads or the guy here in Athens, Georgia on the corner who makes $300,000 a year and hasn't uses a fax machine and writes checks and doesn't answer the phone and runs his business basically like it's

1985.
But when you're going through this process, and I hear you on that, if you're a wannabe entrepreneur listening to this podcast and you're like, a lot of people are like, wow, so my parents own a produce brokerage where they basically buy a million dollars of onions and they sell that millions of dollars of onions to Walmart for $1.1 million.
And they do, their business probably does 10 million in revenue, very tiny margins, but all done through fax machines and checks and no cell phones, no computers, things like that.
And so-
Those are the businesses of the target.
That's a beautiful opportunity in my opinion.
Yeah.
And so, but still, even, even I grew up around that, I'm like, you know, everyone's using technology when it's definitely not the case.
So where are there any examples of processes in your business that need to be automated that aren't or need to be more efficient that aren't that I would know about?
Yeah.
So I'll give you, like I bought a house when you buy, did you buy your house?
Do you guys own your homes?
Did you have to get your vendors and things like your lawn care, your, you had to take care of all the, how was it dealing with those people, right?
Half of them didn't answer the phones.
You make 10 calls for lawn care companies and you can get maybe one or two to show up.
Their lead time is three weeks.
I was trying to build a fence out back and it took me, took me like 10 hours of work just to get a contractor to come out and bid my fence and my backyard to build it.
They're all undercharging.
They're not raising their prices enough and they're all so busy.
They're running around like chickens with their heads cut off instead of kind of putting systems in place and raising their prices and scaling businesses.
They're not, they're not business people.
They're not entrepreneurs.
They're not people who study business.
They are just people who built themselves a job.
So which opportunities are you referring to specifically?
Home services.
Yeah.
People are spending a ton of money in home services, painting, cleaning, maintaining, um, washing, doing all the stuff in your home that, um, like if you want to charge double what the nearest competitor in town is charging, but you have your first on Google, you're going to answer the phone.
You're going to provide online bids instantly to do the work.
You can convert 30% of your leads instead of 70 or 80 and you can make really good money

doing this stuff and business is all about momentum.
So you start out doing some of the work yourself the year after that, you're delegating even more.
You're making more profit.
Five years down the road, um, you have 750 grants sitting in the checking account.
You can build a, build a self-storage facility with, right?
That's how kind of, that's how it works.
Who are some other people that are like you that have done a sweaty startups that, that people should either follow on Twitter or that you can give us the kind of their, their one minute story about what they did.
That's a slightly different path than you.
Yeah.
That's the thing.
Nobody shares this stuff.
The people who have done this stuff are 65 years old and they're playing golf every day at their country clubs and they're the wealthy people in our towns.
They're not the ones getting articles written about them.
They're not the ones on social media.
This is a message that is not, um, widely distributed by any means.
I can't, I mean, Andrew does it, right?
Wilkinson.
Uh, yeah, but he doesn't do these types of businesses.
So he buys, he buys internet businesses that are already profitable.
I would say that's the opposite of a sweaty startup.
I think his, his goal is not to sweat.
And yeah, Andrew, who's our great friend.
So I say this with love.
He, uh, he doesn't want to do any of this shit.
He wants software.
He wants.
Right.
He's not trying to break the fingernail.
Yeah.
But similar mentality is you, but he, he, he wants, uh, some boring software company.
Similar in the sense that he's like, look, the fundamentals of these businesses just make sense.
And why are you guys all chasing these unicorns when like there's a bunch of business models that just make sense that are profitable, um, and Hey, like, why is everyone forgotten about profitable and durable and like simple businesses, um, although of a different style.
So okay.
So I don't think Andrew has ever lifted a box in his life though, I guess Brent B shore, Brent B shore is the, uh, version of Andrew on, on, you know, he's by, he's rolling up roofing companies and plumbing companies.

I mean, if you got no money, no cash and no resources, you're going to start a cleaning company, right?
But, but if you, if you have some money, if you had some management experience, you have a team, um, you can buy plumbing companies, roofing companies, HVC companies that are doing 200 grand a year and you can roll them up and scale them up to be doing a million dollars a year, pretty relatively risk free if you do it right.
You know who did, who did this quite well and who we're friends with is Brian Scudamore, the founder of 1-800-GOT-JUNK, um, his business.
I don't know exactly how the revenues counted because it's like a franchise at this point, but it's like a 400, 500 million dollar a year company.
Yeah.
There's massive versions of it and there's a good friend of mine in DC who runs a pooper scooper business that does 550 grand a year in sales at 40% margin and he works three hours a week scooping poop out of people's yards, makes a quarter million dollars a year, um, like, because nobody wants to scoop poop.
It's scooping up people's dog poop.
Yeah.
It's a pooper scooper business where they show up and they charge you monthly fees to walk in and, uh, scoop the poop.
I mean, pest controls and other excellent one where you show up with an unskilled employee, spray some liquid, um, it for 14 minutes and charge $200 a month for that.
Right.
I mean, these businesses that are not sexy and tech entrepreneurs are never going to go after, but if you look up from your computer screen at our everyday world, there's businesses that are making phenomenal money and, um, honestly aren't very good at business.
Right.
And so you're going to say something about Cornell.
Yeah.
So you went to Cornell.
So I assume you're a pretty smart dude.
Yeah.
I, I got in because I could run track.
I had probably the lowest SAT scores at Cornell, but I got out.
So I guess I'm smart.
What was your SAT score?
What did you graduate?
What was your GPA?
Uh, my GPA was like 3.2.
I, I took a, I took a joke major though.
I mean, the engineering and sciences are on a whole new level, but I think my SAT score was, um, 11, 11, 10 or something like that.
This is on the 1600s.
ACT was 2,300.

Okay.
All right.
No, wait.
ACT was 23.
Sorry.
23.
Yeah.
23 on ACT.
That's super low.
Um, I think it's in the, like only the fifth percentile in the United States.
I went to a high school with 83 people and in Spanish class and English class, we paid poker instead of studies.
Never took a book.
So you, you went to Cornell where you're going to be surrounded by a bunch of people who got like, you know, 1500 on their SATs and take this shit super seriously.
And we're like trying to fast track to banking, consulting, uh, you know, that sort of thing.
And so, um, what, what was that like when you were there at that time?
Did you realize like, I'm not like these people, I'm going to do something different or were you also trying to play that game at that time?
That's a tough question.
I mean, we knew we had a ton of opportunity costs leaving Cornell.
I mean, when I told my dad, I was going to be starting a moving company.
He goes, are you kidding me?
You just told me your buddy is going to get paid 120 grand a year to go work in Manhattan and you're going to buy a $1,500 cargo van and move boxes around.
He's like, what the hell did I send you to the Ivy League for?
Um, but I don't know.
We just got excited about it.
We saw that cash on our bed after we ran around and worked our butt off for a week and a half.
And then we said, all right, what do we have to do to make this worth it?
So instead of just keeping it really small and starting just doing the next year at Cornell only, we said, all right, we need to take some risk here and get after this.
So we convinced a friend at IU to open a branch there.
We convinced a friend of Illinois and we said, if we don't get 300 customers and do over a hundred thousand revenue, we're wrapping this thing up and we're going to go get jobs.
Um, and, and we just got after it and we had a blowout year and then another blowout year and our friends made fun of us early on that we were moving, you know, they made fun of our van because it was a 1998 windowless van that we were driving around college campus and, and, uh, but then, you know, five years later we're out earning, um, you know, all of our friends.
So it's, it's, and we did it virtually risk free.
No decision did we look at and say, if this decision goes wrong, we're going to be broke or we're going to waste three years or, you know, we, we're not going to get funded or

we're not going to have an exit.
And you know, most, most people I know who go into real estate have a similar path where they start with a kind of operating, uh, operating business that's giving them cashflow and then eventually they buy the land or they buy the building and then they operate inside of it.
Now they're getting the sort of double dip where they own the real estate and they own the business inside the real estate.
And, uh, what I've seen is that a lot of them just say like, fuck this whole operational thing.
I'm just going to own the real estate.
I'll just be a developer and, uh, I'll lease it to the next kid who wants to run self-storage and manage customers and do all this.
Um, is that the path you're going down?
Yeah, definitely.
I mean, we do manage, we self-manage just because we're good at it and it's, and it's low stress and we can wrap it in technology and with three employees, we can manage $10 million worth of self-storage, but our goal is to own the real estate, um, and let the real estate work for us.
And over the next 20 years, just grow that portfolio so that, yeah, we're making a couple million bucks a year by not doing a whole lot.
And so, so you said you have three employees managing how many facilities is that?
Uh, oh, well, they're, they work at our other company too.
So I guess if you would say self-storage portfolio only, it's about two full-time employees worth, um, all year, so about a hundred, how many facilities, eight facilities worth about 10 million.
Wow.
So each person can manage about four facilities.
So an individual employee can manage four facilities and the rest you're doing is contractors to come clean, uh, and do, do any of that stuff.
Those are not people on your payroll that you have to manage.
And that's only, and that's only $300 a month on average per facility to do the onsite stuff.
Um, yeah, we're buying, we're buying these buildings who, from people, sometimes they have an office with a full-time person in that building and we are replacing, like we have a facility in Ithaca, New York, it's 51,000 square feet and we have no full-time manager, $300 a month in payroll.
The guy down the street has the exact same amount of square feet, the exact same amount of revenue and annual basis and they have a full-time employee, almost two full-time employees working retail hours in an office right there.
But what did it take, what did it take to do that?
Did you, how much equipment did you have to purchase in order to automate that whole thing?
$60 a month on easy storage solutions and a $15,000 automated gate and keypad and about a $6,000 security system so that we can look at the hallways and look at the driveways

and make sure that, yeah, people aren't sleeping in our units and there's not a big couch left outside of a unit and so on.
And then, but like in that, can you take a credit card payment right there?
Yeah, oh yeah, they sign up, they pay right on the line and they get a text message with their unit number.
Right in their unit, like five minutes after they look at our facility, they have a unit, they've signed the lease and everything is done.
But don't they, and you said you needed a gate, security cameras, don't you also need like automated doors for each unit?
No, no, they're just normal storage units that you slide open.
We put a free lock right inside and they go to their unit number, open the door and a lock is waiting for them right inside the unit.
And they lock it with their own combo and then they manage that themselves.
So let's just take, okay, so on one side, door number one is traditional.
The guy across the street from you who's not doing it your way, he might be paying a total of what like $50,000 a year, something like that to kind of manage that property or more, do you think?
Mm-hmm.
Yeah, 80 grand a year.
80 grand.
Retail hours.
So one employee can't work retail hours all year.
That's, you know, that's way more than 40 hours.
Right, so okay, so 80 grand a year and then you're replacing that with essentially nobody or a quarter of an employee, let's say, because one person's managing four and then you're putting in certain technology software to automate this thing, your whole software stack plus contractors to do the cleanings and anything else, you know, all those miscellaneous services.
What do you think you're adding up to or do you probably know?
What are you adding up to and when you replace that?
Yeah, about 20, 25 grand a year.
25 grand.
Okay, great.
So yeah, their expense ratios, maybe 50 or 60% of revenue.
Our expense ratio is 35% of total sales.
So if we have a facility that does 500 grand a year in revenue, you know, our competitor may be making 250 grand in net operating income, we're making 350 grand in net operating income.
And could you sell like a training system to like the other self storage operators that are not selling right now that says, hey, here's how you can reduce your expense ratio by, you know, 50%.
You do these five steps and I will be with you on the phone and to kind of explain to you how this works.
Like you get all your time back, you get money, you get more money to the bottom line.
I mean, if you ever tried to teach your grandma how to use anything that makes her life more

efficient on a computer, I mean, these people don't want to do it.
They've been doing it one way the whole, the whole time.
They want to see people.
They want to shake their hands.
They want to have a signed lease.
We're buying these things from 65 year olds.
But there's another path of, and this is what Sean's getting at is how, if Sean wants to buy this to get into storage units.
No, that's not where I'm getting at.
I'm just thinking like, you know, there's only going to be so many that you're going to be able to buy or want to buy when you'll be limited by cash and how much the sellers want to sell.
And so it sounds like your, your secret sauce is, you know, there's just a normal blocking tackling of doing a real estate business that you're doing well, right?
Like getting money, getting financing, building up credit, you know, watching your books and doing your taxes smartly.
And then there's this other side, which is you're actually able to operate each facility at cheaper, which means that you're buying it when it's valued at 100 grand a profit.
But to you, you know, within a year, there's going to be at 180.
If I just do my normal playbook, right?
And so I was just wondering, these things are worth more to us than they are to anybody else when we buy them.
Exactly.
So that's the secret of real estate is when, when you, when you get more value out of the thing than the next buyer, then you're always going to be able to bid in a sort of smart way.
Um, and so, yeah, real estate is ripe for disruption.
I mean, you guys wouldn't, you wouldn't believe the amount of money that's made by people who do not wrap their businesses in technology.
Like a, the tech mindset allowed us to, yeah, we have a competitive advantage.
We're going to scale it up and we're going to do really well for our sales.
There's hundreds of other real estate asset classes.
I mean, why do we stop to check into a hotel by talking to somebody there when I can go to an Airbnb five years ago and instantly check myself in and go right to my bed.
I hate that.
I think five years from now, 10 years from now, somebody's going to make a ton of money by totally automating hotels.
Why the heck do you need that check-in process when we have the technology to do all of it on our phones?
Can we, let's go down this path, keep, keep riffing on that.
What else have you noticed?
Um, like, you know, show them I don't know anything about this.
Yeah.

Hotels, hotels are valued at, hotels are valued at the same way.
You buy a $5 million hotel, it's going to be valued at a seven or an eight cap.
So it's going to make 70,000 times five and revenue.
But if you can cut the expenses, boom, you instantly just made a huge competitive advantage.
So while it's a five or six cap for the other person buying it, you can get a lot better cash on cash returns.
You could scale up a business like that very quickly.
Um, and, and you know, then all you got to do is worry about staffing the cleaning hotel has to staff 24 hours a day there.
So what's 24 hours a day times 20 bucks an hour, 15 bucks an hour at the front staff, you can save 70% of that when you're buying boutique or small motels or hotels at the moment when every, everyone's going out of business, somebody's going to make a lot of money doing that.
Yeah.
And a lot of people are able to convert these kind of crappy motels that are, they're pretty bad as motels, but they could be pretty great as Airbnb's.
And you know, if they're generating X dollars, because you know, their occupancy rate is 75% or whatever per month now, they're going to be valued at that price.
But if you know, oh, if I list this on Airbnb and I can charge a little bit more per night because I have now a vintage looking Airbnb, um, then, you know, this is worth more to me than it is to them.
And, uh, and you can go scoop a lot of these kind of like distressed or, or just sort of like, um, misused properties and use them, um, as Airbnb's, uh, in a small town, America has a ton of 10, 20, 30 bed hotels that are ran by families that the next generation is not going to want to take over.
Right.
And somebody's got to do something with them.
Um, particularly Indian families.
Sean are like crushing the motel industry in middle America that they own like 70% or something like that of motels.
I don't know too much about Indian culture, but what's the Patels?
Yeah.
Well, it's just like one of the like five, it's like Smith, right?
It's like one of the five common last names of Indian people.
There was like, um, an article about like the Patel clan.
Maybe there's one Patel clan.
I don't know.
Like one group, one large extended family, uh, I was reading about them that they just crushed Dunkin Donuts, like they just own 80% of them.
And then they also own most the motels, uh, like a large percentage of the motels.
Uh, and the problem was, is that the children were like, I don't want to do this.
You know, I'm, you sent me to Stanford, like, you know, it's like the same, it's like the whole immigrant, uh, cycle of like, you know, you come here, poor, hardworking and driven.

And then your kids get saw because you sent them to Stanford because you succeeded so well.
So I, it's like an interesting problem, uh, or an interesting opportunity.
I think I agree with you, Nick.
Yeah.
The immigrants, I think they have an advantage because they can say, Hey, come over to the United States.
We'll get you the green card to work here.
If you run this pizza restaurant or this Chinese restaurant, but we're gonna own 50%.
Like you're just going to do a lot of the work and own a small amount of it, kind of like a mini franchise system where they bring in family members to, to help grow an empire over time.
Here, I'll bring you, you want to read what, what, what's this say?
I'll bring you.
You just shared us a link.
I'm not sure if this is the guy you're talking about, but I have to tell.
Yeah.
It kind of goes over a story of like coming to the United States at 1985, like $20 in his pocket and then, uh, building up like a little empire around hotels.
Yeah.
Motels and Dunkin Donuts.
So one of the things that happened was, uh, so Patel is not actually one family.
It's just again, it's like the last name Smith, but it is like a race of people, um, that are all like from a certain part of India.
Uh, and what ends up happening is that they're financing these for each other.
So they're, they found a model that works.
They tell the other people like, Hey, this motel thing works.
And then they, uh, provided, they basically became a community bank for each other.
Uh, it was what I understand where, where they provided financing.
And I think Jewish people do this really well too, where, uh, Jewish people do a great job of funding other Jewish entrepreneurs and business owners.
And so the, the whole sort of, um, the whole society or the whole race will, will do better over time and because they have this great culture of paying it forward.
Have you ever heard of this, Nick and Sean?
I used to have this good buddy.
Um, it was, I dated.
This girl in Nashville is my, my girlfriend in Nashville at the time.
She had a good friend and he, and she worked for him and he ran a locksmith business in Nashville and he was from Israel.
And the whole stick was they convinced their Israeli buddies to come here and they go, yeah, I got a locksmith job for you.
I have no idea why Israelis and locksmiths, but it's like all of the locksmiths in, in Nashville.

And I think even throughout the country are Israeli immigrants and they come and they just crush the locksmith industry and they do it by they, this guy, I won't say his name, but I knew him and he was like, yeah, so here's all I do is I create 10 different websites.
I call it like Smith locksmith.
I call it, uh, expert locksmith, lock ABC locksmith, a, a, a locksmith, like, and, and I rank on Yelp for all of them.
And no matter who they call, they go to my call, my service and on the phone, I just see like, yeah, you know, like, you know, maybe a $300, does that sound good to you?
You know, they just make up prices and then they deploy their, their coworker out there and they own the whole Nashville locksmith.
They own number one through 10 guys got like 10 shirts in his truck.
So he gets out.
He's like, oh, who am I today?
Oh, I'm expert locksmith.
Let me put that one on and head inside and like their businesses will be like ABC locksmith or a plus locks because they always wanted to, uh, yeah, I got a funny story like that too.
I was when we were in the early days of starting our self storage, our student storage business.
We weren't sure if it was going to work.
So we were putting a lot of other irons in the fire and Bloomington, Indiana has always been a town I wanted to move or live in because it's awesome.
I put up a little lawn, uh, the lawn squad.
So my business was called storage squad.
I put up the lawn squad in Bloomington, Indiana, a little Google, my business location and a website.
Um, and I didn't really do much with it for about three years and then my brother got into IU went to IU and he, and I'm like, Andrew, I've been getting a lot of calls for lawn care in Indiana.
Do you want to start answering him and go make some money and, um, you fast forward three years and now he's a full-time landscaping business in Bloomington, Indiana.
He works 30 hours a week for 27 weeks a year, clears about a hundred grand and then plays golf and fishes all winter long and, um, living the dream.
There's some like overworked person right now listening to this who's just like saying fuck to themselves, like at their, at their desk or in the car.
I'm telling you, if, if tech entrepreneurs, if tech entrepreneurs who, who knew how to wrap these small businesses in technology, whether it be SEO, content marketing, you know, software to do the bidding, um, I mean, just look up from your computer screen at the world around you and there are opportunities galore everywhere that just, it's incredibly inefficient.
The problem is, is that in San Francisco and in New York where a lot of the, these folks who, uh, whatever we call them techies, I don't know, whatever you want to call them, there aren't local, sir.
You don't need local, sir.

You don't, you don't need a lawn care.
You don't need like, and people don't, everyone rents like, you know, that is not, that's not, that is not true at all.
That is not true at all.
There are tons of people who keep the city clean, maintained, but I'm saying that a renter, uh, I haven't had a lawn in 10 years.
Like what I'm saying is like you have in these cities that you're referring to, most of these people, they don't know this is actually a major opportunity because they're like, they, they forget how, how many, how most of America has a lawn.
They forget that most people own a home or that you need plumbing help every once in a while.
You know, that's what I'm saying.
They forget that the, the, the plumber walking into the law offices on the 54th floor in New York city are making more money than the lawyers while they're there.
That's the, that's the pull quote for the episode.
My, uh, my father-in-law owns a moving business.
He, uh, and it's very, very, very successful.
They've got a house.
My father-in-law, they got a house in the Hamptons, they got a house here and they got a house here.
They're very, they crushed it.
Immigrants knocked it out the park and all they do is commercial moving and high school dropout type of situation.
And so no, I feel you.
And I think you guys looked under the hood, if you guys looked under the hood at how these businesses actually did business, how they build, how they communicated amongst their teams, how they communicated with customers, um, you, you would, your, your head would explode when you see how much money they make at the end of the year with those methods.
I mean, that's what we did when we, when we launched our student storage business, there were 20 other companies doing exactly what we were doing.
And part of me and Danny were like, Hey, are we going to try this?
And he goes, well, let's look at all the other competitors and see what we think they're doing.
So we had their customers asked a ton of questions about how they did business.
And really soon we realized that every, every time they'd say, Oh, this is how we do business.
We'd be like, Oh my gosh, really?
That's how you guys do it.
You really haul around clipboards.
And when Google sheets is a thing now and you can get a tablet with LTE where you can live update this stuff and you've got to send in a check and we got to sign up by mail sometimes.
And that's, that's real.
Okay.

So what's a, uh, tell me, teach me a brother, which, okay, you got the storage unit business on lockdown.
What, what, what, where should I look at?
You said home services specifically.
What does that mean?
Yeah.
Home services are the people who clean your carpet, clean your driveway, install shelves in your closets.
These are the people, anything physical that you need done where you need a person to show up to your house, whether it be pool service, cleaning anything, like, you know, putting together anything, building anything, fixing a pipe, fixing, I mean, 20 years ago, everybody knew how to do everything at their house.
They're outsourcing everything now to companies because nobody knows how to do any of this stuff.
So your business works because you started with the moving boxes in a truck and then you're like, okay, we'll have a storage facility that we'll run.
And then you're like, okay, I'm going to own the building for the real.
You became, you got into the real estate game.
That's why your business is actually great.
Now you go and try to do this with painting and with, uh, shelving and with lawn care.
You're never going to be able to do the real estate side of things.
You're only going to be in the service business, um, for as long as you can.
Now that, that business might be profitable, but it'll stay sweaty, right?
It's not going to be, um, I guess what you're saying is the systems, your cash and the systems that these guys operate with are totally under optimized, whether it's labor, um, or it's marketing or customer service, right?
And what you're saying is you can make them more profitable and you don't have to do the service.
You can hire and train people to do these dumb services.
Uh, they're not that hard to learn.
You can, you know, the pest control guy can learn this in a month, how to do this and serve a certain area, but they'll never get the real estate side, which I think is a pretty big difference between your success and what somebody going into these spaces might, might achieve.
Business is all about momentum though, right?
I mean, I think about the wealthiest people that I know, um, they all started really small.
They all started really low risk.
I mean, you guys know a different subset of the population.
You know, people who went big and hit it big and one, um, I know people who started selling t-shirts out of the back of his truck and he got a, an artist to draw caricatures on those t-shirts.
Um, and then he made a deal with the NBA that when Michael Jordan and Larry Bird won the NBA title, they got to put those shirts on of his, um, and then he sold that business

to Haynes for three or four million bucks, started buying planet fitnesses with his three or four million bucks.
And then when planet fitness went public, he, he was worth 150 million dollars.
Business is all about momentum, right?
Who is doing when you're 21, 22, 25, um, is not going to be the same thing that you're doing 10, 20 years from now.
Who's that person?
Oh, I can't say his name.
I don't think, but you can look it up.
If you, if you search the, those, those caricature, yeah, the, the, you know what I'm talking about?
Those shirts with all those, you know, like where Larry Bird had a huge nose.
Yeah, exactly.
Exactly.
Yeah.
The, um, I think you're right that business is about momentum, but business is also about leverage.
I think really, really ultimately it's about leverage and, um, you're trying to get enough momentum so that you're leveraging the different things that can be leveraged, right?
Like Silicon Valley, people leverage code, right?
It's like, Oh, you have to, every day you have to go, you know, trim someone's lawn.
You know, I wrote this program once that like fixes this bug on their computer and, uh, now I sleep and people just keep using that product and it just works for me.
It's my server does the work.
I don't even need a human, right?
So that's the leverage that they get or Sam, right?
Sam does media.
It's like, I write one thing, I write one email one day and I can have a million people read it.
They'll print and deliver newspapers, so he's got, you know, media plus software, uh, as his leverage, uh, capital is leverage.
And so there's all these, I think really what you're really what business is all about.
If you really want to make money is figuring out a point of leverage, um, that makes sense.
Now it's true that when you're operating, momentum is what feeds you, right?
And as your momentum dies, your business basically dies.
And so I think there's some blend of the two where you'd have to find a point of leverage if you're going to go into these kind of sweaty startup spaces and figure out, okay, how am I going to use either software, capital, media, or, you know, how am I going to use one of these levers to make this business worth a lot more with less work, um, or reach more people with the same amount of money or the same amount of, uh, employees?
Um, I think that's, that's what you've done well as you found leverage where you're, you're using technology so that one person can operate force, self-storage facilities.
And then that lets you double the NOI, which lets you buy things and make profits and lets

you refi them out quickly because you're able to like increase the value so quickly.
That's your, that's the real secret to your model.
Yeah.
I just think it's a little bit about risk too.
Like if you want to, if your goal and what you want in life, if you want, uh, to, to make it big, if you want to be, uh, you know, to continue to do bigger and better and scalable things and become a 10, 20, 30 millionaire, um, obviously a lawn care company is not the place to start, but if your goal is to make 250 grand a year and work 20 hours a week and, and, um, and that can make you happy, then, you know, I think the lowest risk way to get there is to compete with the folks who are making that kind of money and don't know what the hell they're doing.
Yeah.
Let me wrap up by asking you a question, which this question is going to sound disrespectful because, but I've not, I don't necessarily believe it, but I want to get, get at it and hear what you think, uh, which like you're talking about doing these things, um, and not working a lot.
You're talking about, again, it's going to sound rude, but I don't actually think it, like, you're relatively meaningless stuff.
Like, you know, you're not making something that is potentially going to change the world or potentially is not going to save a life.
How do you, it's not, it's not like, how do you stay motivated when you're just like, what's the point, man?
This is just financial arbitrage.
Again, I'm not saying I believe this, but this is like the devil's advocate of like someone would say, it's like, you know, like you're not like solving cancer.
You're not.
It's also a little bit like low creativity, right?
So it's a little innovation in that sense.
Yeah.
It's tackling and blocking.
And at some point it's not rewarding, right?
And what do you want to do and who do you want to affect?
Yeah.
Like how are you finding meaning, uh, and, and a lot of this or excitement or joy.
I mean, like getting rich and providing for your family is a good answer, but is there more?
Well, I think rich, unfortunately money is power.
Unfortunately money is power and money wealth is that's the, that's when you can start doing things that are fun.
Like that's when I can start the sweaty startup podcast and all of a sudden I have a half a million people that have heard this message about changing their life for the better because I see too many people work in a hundred hour weeks, driving an hour each way into town to work for corporate America that have already been through a divorce and are not, you know,

that's, that's what the majority of my buddies that I care so much about are spending their time doing.
They can't get together for bachelor parties.
They can't get together for golf trips.
They can't see their kids.
They can't see their wives.
So then this whole journey for you is definitely not that you give a shit about, um, storage business.
I don't give a crap about lawns or painting or cleaning.
I give a crap about living the life that I want to live with the people who matter to me and making memories with those people.
And if you ask me the, the quickest and easiest way to make that happen and everybody wants to do what they want to do, they want to work on what they're passionate about.
They're mixing what they love to do and how to provide.
I like to divide those things.
I like to make the money in the most efficient way to make money and then do whatever I want to do in my free time that is rewarding to me, affects people in a positive way, allows me to make memories with people who matter to me.
And honestly, when you start making good money in these service businesses, you're in a lot better position to change the world and you're in a lot better position to then take a big shot.
You're like, look at me.
I'm just a Southern guy who scored not much on his SAT and I'm sitting here on a podcast with you two guys and I have a Twitter, 20,000 people on Twitter following me and you know, it's just the doors open.
The doors open when you get out, you learn something, you master something, you make a little bit of money.
So what's your end game here?
Do you have a goal?
The end game, I want to build a big real estate portfolio that I can hand off to my kids.
I want to, and then I want to spend my time doing exactly what I want to do every day.
That's my goal.
I don't want to spend a single day doing something that I don't want to be doing.
I mean, I love working.
I thrive on progress when I wake up in the morning and I'm achieving things, I sleep better at night when I feel like I'm moving things forward.
But I don't want ever to have to do things because somebody else told me that that's what they want me to do.
Maybe that day, those days where you're like, you're doing exactly what you want.
What would that be?
Yeah.
I mean, me and my business partner sat down three weeks ago and we said, look, all we have to do is buy a couple more storage facilities and we're going to be making a half million

dollars a year and we can pay another employee and if we deploy all this money, we'll be making a million dollars a year each and we can do absolutely nothing.
We can do nothing.
Right.
That's a pretty good spot to be in where you have an opportunity to either keep growing and going after.
Let's say you got to that point.
What would you do with your time then?
Exactly what I'm doing now and I'd probably start another business and I'd probably get excited about something else.
I think I'm too much of a person who thrives off of accomplishment to sit back and have fun on vacation all day, but I'm just going to get to work on solving some bigger problems now.
I've carried a lot of boxes up upstairs.
So now I get to attack some things that matter to me and maybe even take a big shot at a bigger company.
I'm only 30.
What's something that matters to you or what's a big shot you would be interested in taking?
Right now what I'm really excited about is getting this small business message out to a lot of really smart people.
It's taken a lot of my energy, but I think there's some other asset classes in real state that are pretty exciting that have a ton of innovation.
I think I'm in an old man game at 30 years old.
It's hotels.
Like we said, it's industrial real estate.
There's boutique.
There's all kinds of little niche like animal crematoriums that can be a real estate play.
There's all these little really cool things that can be a play in real estate that 65, 70 year olds are the only ones who make the calls in these things and they don't care about slack.
They don't care about animal crematorium like you get ashes from your dog.
People will pay $300 to $500 to take their dog in to get cremated and get an earn of their dog so they can remember their pet.
That's a lie.
I'll do that.
Yeah, it makes a ton of sense.
And you make a little business that is like a drive through.
This sounds crazy, but it's a 1,000 square foot piece of real estate and you put a pretty low skilled staff in there or you pay an operator to operate it and you own the real estate and they're cropping up all over the place.
You learn something new every day when you listen to this podcast.
Funeral homes and actually cemeteries are a really good asset class.
Cemeteries are profitable businesses whether you know that or not.

Many of them are owned by cities and municipalities, but they can be very profitable.
You have cold storage for like distributors, you have little pieces, last mile industrial warehouse space that, you know, there's a big shortage in our cities of this last mile industrial delivery space.
Real estate is really fascinating to me and I love it and I'm sure that I'll stay in my entire life, but yeah, it's cool.
Awesome.
I think this was a dope episode.
People are going to like this a lot.
You want to let them plug themselves here.
Where should people find more about what you're talking about?
Yeah, they can email me.
They can make at sweaty startup.com.
They can follow me on Twitter at sweaty startup.
They can listen to the sweaty startup podcast.
I interact pretty small community.
This is not sexy stuff that excites a lot of people.
So I have two or 3,000 people that we listen to each of my podcast episodes and I'm very active on Twitter at sweaty startup.
Awesome.
Thanks, Nick.
Yeah, thank you.
I appreciate everything you guys do.
Cool.
Thank you.