



FIRST ELEPHANT **A New Co-Branding Enterprise** **in the German Self Storage Market**

We all know that to succeed in business today, you need to be flexible and have good planning and organisational skills.

Many people start a business thinking that they'll turn on their computers or open their doors and start making money - only to find that making money in a business is much more difficult than they thought and that it is a very competitive world out there.

Competition is rife and there is always somebody trying to get a fair slice of any tasty cake.

To maintain a successful business 'you can't sit back on your laurels' – or to put it more bluntly, simply end up being satisfied with your achievements without continuously making an effort to improve.

One forward looking businessman who fully recognises this important element is Christian Lohmann – co-founder and managing partner of FIRST ELEPHANT SELF STORAGE GmbH (Germany). Previously, Christian was engaged as COO by the Secur Self Storage Group, operating 8 facilities. On 01.01.2015, for EUR 66 million, 5 properties were successfully sold to Shurgard. Since then, the other 3 properties are also operated by Shurgard.

Since 2011, Christian Lohmann has also been the vice chairman of the German self storage association – Verband Deutscher Selfstorage Unternehmen e.V. (VDS).

First Elephant was founded in April 2015 in Germany. The strategy is simple – form an alliance with like-minded creative and forward-thinking entrepreneurs, who on the one hand already operate their own successful facilities and, on the other, are willing to engage in pioneering co-branding and cooperation via the means of a joint alliance.

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The founders of First Elephant are: Christian Lohmann – formerly SECUR Self Storage; Andreas Kluxen - Citilager Self Storage; Roland Tubbesing – Zeitlager Self Storage; Cay Cruse – Freiraum24 Self Storage; and, Thomas Fischer – Zeitlager Self Storage. Between them they boast more than 40 years of concentrated self storage industry expertise and are all operators of established, successful self storage companies in Germany.

But, when you put five successful independent CEOs and alpha leaders together the first big challenge was to reconcile all the 'occasional' different opinions. Happily, in part due to a joint positive long-term aim, these challenges have been solved, by a not insignificant number of strategic meetings and a few Gin and Tonics!

It was also a hurdle to find the right overall concept and the pricing model. Here the founders had to engage fully in dialogues with investors and potential partners.

But these testing times are far outweighed by the advantages that development of the group have now achieved.

The First Elephant Group has set itself the target to provide investors and operators access to a maximum percentage of





the growth potential in the German Self Storage market. With 6 locations established in April, First Elephant had already united 9 locations by August operating out of Berlin, Dresden, Hamburg, Kassel, Landshut, Lübeck and Munich. Of these, there are 2 new self-storage facilities scheduled to open in October and December, and a further additional one will come on track in the first quarter of 2016.

Compared to the rest of Europe the self storage market in Germany is still very underdeveloped. Much as a result of high construction costs and land prices, the building of new facilities is really only feasible for a few select companies.

At the same time, however, there are lots of owners of properties, mainly in smaller cities, who want to implement self storage concepts but are lacking the 'know how' and the ways in which to realise their ideas.

The First Elephant group provide development, operations, management, and license expertise solutions.

This flexible approach opens the German self storage market to small, medium and large companies, as well as institutional investors and owners of properties who want to convert an existing building.

Innovative concepts such as unmanned facilities etc., allow for the implementation of self storage concepts in downtown locations and smaller cities.

First Elephant foresees that with advancing technology, the establishment of unmanned self storage facilities will lead to a growth spurt. One of the major cost drivers is generally always the cost of staff. Group services, managed by employing specialists, allow for resources from the group members' side to be released resulting in:

any time accessibility to a central 'key experts' hotline; a central enquiry hotline, extended to longer than the usual office hours, and a central online booking software and e commerce service.

Such arrangements can help to enable the operation of facilities with less staff or even without staff, ultimately leading to a significant growth of small self storage facilities in small and

even smaller cities, as well as in expensive central downtown locations. First Elephant invests in this type of technology so that all group members will profit from innovations which they themselves may not be able to realise due to the high investment costs of 'go-it-alone' operations.

In addition to the above, other advantages of group cooperation are indeed numerous:

- Higher visibility on the Internet
- Professional appearance in social networks
- Joint press work (PR)
- Access to innovative products
- Group Membership facilitates access to investors and banks
- Increasing of the market's perception of the individual company
- Increased speed and efficiency in new developments which individual and small operators often can't implement alone
- Increased coverage and more business customers through Key Account Management
- Cost savings through joint purchasing and sales
- Improving (internal) operations through standardisation of services and products
- Assistance in preparation of business plans
- Assistance in financing discussions with banks
- Project development and development of turnkey self storage property
- Risk minimisation in the construction or renovation phase
- Reduction of construction costs through joint purchasing
- Optimisation of interior fittings
- Standardisation and recognition of products boosts confidence and quality awareness on the consumer side
- Any time accessibility on central key experts hotline
- Key account management for commercial customers.

And finally, during our interviews about the First Elephant project, we could not help asking as to how the name 'First Elephant' was decided upon.

Christian kindly summed it up by explaining: "Elephants are herd animals and usually live in groups. They are led by experienced and strong animals which by their knowledge gathered over many years and their long memory, they know all about the essential requirements for survival and promulgation, feeding areas and water courses as well as the danger areas to avoid! Elephants have an intelligent mind and a keen social behaviour which benefits the young, the old and even any injured herd members. This evolutionary strategy has been proved to be successful for more than sixty million years and is still a successful formula today. Such a strategy should also serve as a role for the

FIRST ELEPHANT SELF STORAGE model!"

We couldn't have explained it better Christian!

There is a lot more we could tell you about First Elephant but that we will save for another time when 'the herd' has expanded further and roamed to yet more interesting areas.

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