An Investor’s Guide To Coin Laundries
About the Author

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Preface

With many people facing economic uncertainty, one investment remains clear: the coin laundry industry. Estimated at more than 50,000 coin laundries worldwide, savvy investors are tapping into the potential profits of this recession-resistant industry.

With more than 50 years of experience in helping investors just like you get started in the coin laundry market, we at Alliance Laundry Systems are proud to bring you this Investor’s Guide to Coin Laundries. Taking data and industry knowledge, we’ve created a road map to help you succeed.

Just as with any other business investment, there is never a guarantee of success. This investor’s guide does not come with any guarantees. However, it does provide industry knowledge of successful vended laundries that can help you decide if this is a new business you want to pursue. We encourage you to seek out advice and information from multiple sources before you finalize your decision. After all, it is your money.

We’ve created this guide to help you and others like you begin the journey to coin laundry ownership and financial independence. Within these pages, we’ve answered some of the basic and most common questions asked by new investors. At the end of it, you will have a general understanding of the industry and what it will take to operate a successful business. We also recommend that you not only use the information contained in this book, but use other resources such as the Coin Laundry Association and your equipment distributor — the most important partner and most valuable resource you will ever have — to help guide you through the exciting and financially rewarding industry of coin laundry ownership.
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Chapter 1
Short Answers to the Most Common Questions

The coin laundry business may not seem like the most glamorous one in the world. However, it is a mature industry with stable revenues and very good profitability that does not require a huge time commitment from the owner. Those benefits make it a very attractive business to consider.

In this first chapter, we will ask and answer some of the questions we hear all the time. You probably have some of the same questions in your mind right now so let’s address them first. The answers are short and we will expand on them and many others throughout the book in greater detail.

Once you open a laundry, do they pretty much run themselves?

Definitely not — however, time required of the owner may be as little as four-five hours per week. Many owners will hire an attendant to open and close, keep the store clean and assist customers with their questions. This helps a lot with customer retention, too.

How much of my time does a coin laundry require?

Unlike many other businesses such as a restaurant, a coin laundry is not a 90 hour per week job. At a minimum, the owner needs to spend time collecting the money and paying the bills. Some owners may spend as little as three hours per week at their store and employ an attendant for keeping the store clean, assisting customers and notifying a service company if any repairs are needed. Other owners choose to do many of these tasks themselves. As you learn more about the business from your distributor, they can tell you which activities should remain with you and which can be done by others in your employ.

How much does it cost to open a laundry?

There is no single answer of course. This will depend on the size of the location, equipment mix, how much construction work is involved, cost of lease, etc. What is more important is determining the optimal size of the store for the market demographics. The local expertise of your authorized distributor can be invaluable.
How much money do I need?

Great question and the answer depends on the size and cost to build your new coin laundry. Typically the investor will put about 30 percent into the initial costs of construction and equipment and finance the balance. Banks and finance companies look for that kind of “skin in the game” for any new business. You should also have additional cash available that could be used while your new laundry ramps up its customer base and gross revenue until you have reached your initial breakeven point.

Is a lease better than a promissory note?

My personal preference is a promissory note where I have the full title to the equipment and can start depreciation for taxes. Plus, there is typically no prepayment penalty so as my business ramps up, I can pay off existing debt faster. An equipment lease will usually not offer one or both of those.

How much money can I expect to make per month/per year?

As in any business venture there is always inherent risk involved. Profit is influenced by variables such as utility costs, location, vend price, equipment mix, etc. However, your distributor and other local experts can provide you with guidance and assistance in developing proforma financial analyses before you invest in a vended laundry.

How much money will I make?

Lots! That’s what you wanted to hear, right? The actual answer is that with any investment, there is never any guarantee and we won’t make one here either. However, there have been many surveys in industry trade magazines of actual owners and the range reported is typically 18-28 percent. But do your homework first by yourself and with your authorized distributor. Location, demographics, store size, product mix and competition are primary areas to focus on.

How do I find a good location?

Your local authorized distributor is your best resource in finding a suitable location for your vended laundry. Their years of experience in your area can guide you in
determining a good location for your investment. In addition, each of our distributors have access to our demographic research data, which can further aid in securing a location that is right for you.

**How do I know this location is good?**

There are no guarantees and at the end of the day, you have to make a decision. Try to get as many opinions as possible so that your decision is an informed one. That would include a demographic analysis, discussions with your distributor, banker or Alliance Laundry Systems Financial Services, local business leaders and other trusted advisors. Spend time studying soon-to-be competitors from an end-user perspective — why do people go to those stores now and what would your store have to do to attract them and retain them?

**How do I know where to locate my store?**

This is an area where a good distributor can be invaluable. Many times, they already have some potential locations that meet their criteria for a good store. Ideally, a high percentage of renters is desirable. And larger average family size equals a need for larger capacity equipment not found in the home. Also look at all of the competitors — why would their current customers move their business to your new store? What makes you different and more desirable? Can the location generate the revenue you need to cover your costs? You may like a particular AAA location but the rent could be a deal breaker.

**How often will I need to purchase new machines?**

There is no single answer, but if you select true commercial quality machines in the beginning, and also follow the periodic maintenance recommendations, then averages of 7-10 years for small capacity units and 12-15 years for tumblers and washer-extractors are indeed possible.

**How many large capacity washers and dryers do I need?**

Typically, more of your net profit will come from the washers than from your dryers. When designing your store, you want as many washers as is feasible. Determining the
proper number of dryers is a mathematical ratio of washer capacity. I like a 1-1 ratio in pounds of capacity. And remember that perhaps 65-75 percent of your total revenue may happen from Friday through Sunday. The most common “in hindsight” comment I hear from new store owners is that they did not put in enough dryer capacity and so had bottlenecks during peak periods which drove away customers. It’s much easier to add in more dryers before the store is built than after the store is opened. As a side note, some commercial dryers will dry an average load faster than others. Ask your distributor for any performance testing they may have. For best throughput, you want a fast cycle washer and dryer during your peak traffic periods.

**Should I select a coin or card payment system?**

Each vending option has its own strengths and weaknesses and requires more discussion. A coin system is usually less expensive but your vends are typically priced in 25 cent increments. A card system allows pricing in penny increments which is a great benefit and competitive advantage. If current competition uses cards and can price in penny increments, you probably should too. Card stores do better if they are attended as customers may have questions, especially in their first visit. The majority of unattended stores use coin vending. Great topic of discussion with your distributor!

**Why does this store have to be so big?**

It doesn’t. Some rural areas may only support a store of less than 1,000 square feet while other areas require larger stores to even be noticed by potential customers. Store size, location and design is an art and definitely an area where the distributor’s local expertise is invaluable.

**How can I learn more?**

Keep reading . . .
Chapter 2
Why Coin Laundries?

We’ve all seen the commercials on TV late at night, some man in a slick suit telling us that we can get rich quick by following his plan. Most of these investments rarely ever work. But, this is one time, where if you follow the plan, you can enjoy a profitable and secure investment.

It’s a question that has been asked over and over again. Why a coin laundry? What makes it such a sound business opportunity? It’s simple really. It can provide you with financial security, a strong return on investment and freedom.

Making You Money – Low Overhead and an All Cash Business

Unlike investing in a 401(k) or in real estate, the coin laundry industry is going to be continuously solid. After all, people need clean clothes. Even during an economic downturn, coin laundries are thriving and generally recession-resistant. With repeat business, low labor costs and an all cash business, there is a high return on investment.

Consider this. According to a 2008 presentation by the Coin Laundry Association, while 401(k)’s and other investments were down over a three year time period between 2005 and 2008, coin laundry values were up 20 percent annually. Now that is bang for your buck!

And when other industries and businesses are facing layoffs and reporting record losses, the coin laundry industry isn’t usually one of them. Instead many coin laundry owners are enjoying pre-tax profits between 25- and 30-percent, sharing an annual sales volume of nearly $5 billion industry-wide. Every year there are hundreds of new coin laundries being opened up by investors who want a piece of the pie provided by coin laundries and that profitability isn’t expected to change significantly either. Industry forecasters are projecting continued growth as society continues to change and population grows. Coin laundries are expected to play a greater role in providing a way for people to reduce time spent doing laundry, reduce a household’s environmental footprint and save them money on utilities as costs rise.

According to AHAM, the Association of Home Appliance Manufacturers, sales of home laundry equipment were down 6.8 percent in its 2008 report. That is a piece of the pie that savvy coin laundry owners are marketing to by highlighting the benefits of utilizing a laundromat to clean clothes.
Enjoying the Rapid Return on Investment

There are many businesses out there that take years to break even. With owning a restaurant, for example, it could be a minimum of five years before you actually see a profit. But with a coin laundry, the overhead is lower and hitting your breakeven point comes a lot faster, meaning you will see a faster return on your investment and begin to enjoy the profits.

To calculate your breakeven point, take your fixed monthly costs divided by percentage of utilities and this will give you the sales you need to generate each month in order to breakeven.

Examples of fixed monthly expenses are rent or mortgage, labor if your laundry is attended, insurance, trash collection, etc. From this breakeven point, you would then need to deduct your variable expenses. These expenses include cost for utilities such as water, sewer and natural gas. They are considered variable as they are only incurred when your machines are in operation and generating revenue. In fairness, there are still utility costs associated with heating and cooling your store so one may argue that these specific utility costs should be counted as a fixed expense but I think you get the picture. We will get into a much more detailed discussion of the various costs of operating a vended laundry in future chapters.

Before finalizing your decision to open a new vended laundry, I recommend that you create a “ProForma”. Your regional distributor, financial advisor and/or finance source can help with this.

By definition a ProForma is: indicating hypothetical financial figures based on previous business operations for estimate purposes: a ProForma balance sheet.

The ProForma would typically include estimates of all associated fixed and variable costs of the business. It would also include estimates of monthly gross revenue.

For gross revenues, a common term in the coin laundry industry is “turns per day” (TPD). TPD refers to the number of cycles (turns) that each of your machines will average each day. It is not uncommon for a coin laundry to make 65% to 75% of their revenue from Friday through Sunday. Weekends are a busy time as many of their customers are not at work. Monday through Thursday are generally slower days in a laundry. Thus, the TPD calculation would adjust for this by taking the total number
of cycles in a full week and dividing that number by 7.

There are no guarantees to what your specific store’s turns per day will be. This is dependent on a number of factors. These include availability of other competitive laundries in the area, demographics of your trade area (more to follow in a later chapter), available capacity of your store, your ability to attract and retain customers, etc. Remember that in most areas, coin laundries already exist to serve the needs of the community. The majority of your potential customers are not sitting at home NOT doing laundry. Rather they are going to one of your competitors. Your success will be based on how many of those customers will now select your store as their favorite. Depending largely on demographics, we have seen regional TPD estimates of 3–7 with the norm being closer to 3.7. Areas with the highest turns per day are in heavily populated areas with a high renter concentration like many parts of New York City. Your consultant/distributor can provide their opinion based on their knowledge of other stores currently operating. We always recommend that you develop your ProForma using several different TPD calculations. And you should also do a ProForma that calculates the minimum TPD you need to breakeven.

With any new business, they have to ramp up their base of customers. We have devoted an entire chapter to this. On average, a new coin laundry may take 12–24 months to establish a base of customers who had been going somewhere else but now choose your store as the one they frequently use every week or month. The ProForma and financial estimates must take this into account. The TPD during your first year should account for growth in Year Two and beyond. Some investors like to break this down even further with monthly projections during the first two years. This is smart business thinking. It may take several months for your new laundry to reach the breakeven point and you want to make sure you have adequate cash reserves to pay all of your bills during ramp up.

Like all good investments, owning a coin laundry will not only create you a cash
profit, but there is increased value in ownership. Let’s say you own your coin laundry for 10 years. To calculate the worth of your business over time, take the debt service paid in year 10, earnings in year 10 and add them together. Take that amount times three and you will have the cash value of your laundromat. In owning any business, an investment over time, along with proper management and continued growth yields a higher equity and owning a laundry is no different. As you would expect, there are several other ways to value a business prior to selling it. This is just one example.

**Freedom of Ownership**

According to a CNN report, in 2001, the average American worker put in 1,978 hours — up from 1,942 hours in 1990. That’s time away from your family, and time that you are prevented from doing hobbies and activities that bring you pleasure. Wouldn’t it be great to have the flexibility to enjoy the life you want? Wouldn’t it be great to have the flexibility to take vacation when you wished rather than when the boss said you could? By owning and operating a coin laundry, you also have the freedom of time. This is not a business where you have to work a lot of hours to enjoy a return on your investment. Most can be operated on a part-time basis. It’s easy-to-run. Many coin laundry owners spend the bulk of their time doing some light cleaning, preventative maintenance of equipment and/or cash collection.

As we continue through the different chapters we’ll be delving deeper into how you can enjoy the financial and time freedom afforded to owners of coin laundries.
Chapter 3
History Of The Coin Laundry Industry – Learning From The Past To Grow In The Future

The jury is still out exactly on how or why people started paying other people to clean their clothing. Some joked that it all started when early civilization gave up wearing fur and started processing their own fabrics. What we do know, according to historical documents is that one of the first reported pay-for-laundry service in North America has roots dating back to the Gold Rush. It was in the 1850s when a wise entrepreneur saw an opportunity to help busy miners by washing, drying and returning their clothing cleaned and ready-to-wear.

Since the early days of washing clothes by pounding them on rocks or rubbing them with abrasive sands, the laundry industry as a whole has seen a lot of changes. In the late 1800s, the Huebsch family immigrated to the United States and started a laundry service in the Midwest. In 1907, some Huebsch family members opened a manufacturing facility in Milwaukee, Wisconsin, USA to build and sell commercial laundry equipment. In 1908, the Barlow and Seelig Company (which later became Speed Queen Company) began manufacturing wringer washers for household use. Also in 1908, the very first electric washer was introduced to consumers by the Hurley Machine Company in Chicago, IL. Invented by Alva J. Fisher, the company dubbed the machine “Thor”. Using a drum-style machine design, the washer featured a wooden tub and turned 8 revolutions before reversing direction.

By 1940, more than 60 percent of the homes that had electricity also owned an electric washing machine. While that number seems high for the times, it really wasn’t. For those who wanted to purchase their own washer it was expensive. Even during the Post World War II era when the economy was booming, many people continued to rely on other methods of doing their laundry, including the old crank style wringer washer,
washboards, wash and fold services, and of course, the laundromat.

In 1934, in Fort Worth, TX, one of the very first laundromats was opened. It used attendants to operate the business with limited hours of operation. It wasn’t until the 1940s that the first 24/7 store opened and it was Nelson Puett that is credited with opening the first unattended, 24-hour store in Austin, Texas, USA.\(^2\)

The cultural acceptance of the laundromat began to hit its stride during the 1950s. Along with consumer use growing, so did its convenience with the addition of the first auto clothes dryer, the first of which was manufactured by Speed Queen, but in 1954, it was Huebsch who brought a new way to dry, with the invention of the first commercial tumble dryer. This larger dryer allowed laundromat users to dry bigger loads as well as household items including bedspreads and curtains. But to stay relevant, it wasn’t only technology that had to keep up with the desires of consumers, but the laundries themselves.

Coin laundry owners started to take notice that if they wanted their businesses to grow, they needed to develop ways to retain existing customers while attracting new ones. During the 1960s, they started looking for ways to market to customers, from décor to cleanliness to the right equipment mix that would not only make them a profit, but meet the demands of consumers. Coin laundry owners began looking for new ways to reach out to their customers.

One thing that has always been part of the coin laundry business is through-put, meaning how many loads of laundry can you turn over in the shortest amount of time possible. In the 1980s, manufacturers developed the first set of stack dryers which made it an optimum piece of equipment for coin laundry owners. More dryers meant faster through-put, which meant more income and greater efficiency for laundromat users too. It easily reduced the amount of time they spent doing laundry each wash day.
By the 1990s though, that’s when a real revolution began to change how we look at laundromats. Rather than rehabbing existing laundries, there was an increase in owner/operators opening up new store fronts. With the help of manufacturers like Huebsch, Speed Queen and others, manufacturers offered their own financing to owners and operators. These entrepreneurs were able to take advantage of competitive available financing, making it easier for them to provide a larger store with even greater laundry capacity. To fill these store fronts, it wasn’t only laundry equipment taking up the square footage, but add-on businesses like car washes, dry cleaners, internet cafes, and coffee shops.

There was also a significant increase in the number of households where both parents worked outside the home. These dual-income families found themselves with more total income but less free time to enjoy it. As a result, coin laundries became a much more attractive way of doing the weekly task of laundry. Think about it — doing a family average of 8 loads per week at home can take 8 to 15 hours to accomplish. But taking a week’s worth of laundry to the local laundromat meant the task could be completed in about an hour a week. The attraction to these families was an extra 7 to 14 hours each week to do more exciting things.

And it’s not stopping there. As consumers become more demanding for additional services that are technologically- and environmentally-advanced, coin laundry owners and laundry manufacturers are developing ways to make doing laundry even easier. From software interfaces that allow store owners to set up, monitor and audit equipment, to coin-less machines; as well as those laundries going green in order to protect the earth, the look and feel of the original laundromat is adapting to meet this changing market. What the laundromat of the future will look like and the services they offer 50 years from now is anyone’s guess, but the reality is, there is always going to be a need for a coin laundry. As long as owner/operators, along with manufacturer’s change with the times, the future of coin laundry is bright.

1 http://www.allwashingmachinerreviews.com/antique-washing-machine.htm
2 American Coin-Op, 04/28/2008
Chapter 4
Building Your Team Of Consultants: The Role Of The Distributor

Once you have decided that a laundromat is a business you may be interested in pursuing, an equally important decision is selecting the best distributor that you feel can work closely with you through the process. In the early days of the coin laundry industry, the role of the commercial laundry distributor was simply to sell you washers and dryers, but today they are a far more valuable asset to both the manufacturer and the coin laundry owner/operator. With years of knowledge and experience in their arsenal of tools, today’s distributors are working with laundromat owners as consultants rather than just equipment dealers.

When investigating opening a coin laundry, the first step should be a call to your local authorized equipment distributor. These companies are going to serve as your partners in owning and operating a laundromat. The distributor can assist with business plan development, financing if needed, determining the proper location, choosing the right equipment mix, setting the vend price, developing a comprehensive marketing plan, and serve as a connection between laundry owners and the manufacturer should any equipment concerns arise. But even with all the experience, it still comes down to a matter of selecting the person that has the time, patience and expertise to help you with this new venture.

Before choosing a distributor, it is always a wise idea to do some research. Some of the key things you are going to want to look for include:

- **Distributor reputation.** Look at both their personal and professional reputation. Talk with existing and past customers to learn what their opinion is of the equipment distributor. This will give you an idea if the company is one that is knowledgeable and respectable. Also look at the length of time they’ve been a distributor for the equipment manufacturer(s) they work with. If they bounce from one company to another, the likelihood is there may have been other issues along the way and would need further investigation.
• **Examine record of success.** This one is important. A distributor needs to be able to put their money where their proverbial mouth is. Find out what the distributor’s record of success is. How many stores have they helped to open? What is the profitability of those locations? How long have those locations been in business? How long did it take for that laundry to begin making a profit?

• **Financial stability.** Not only is it important that a distributor is a strong business partner with extensive knowledge of their territory, it’s important they know how to manage their bottom line as well. How long they have been in business is also important. A distributor that has been in business a long time and is financially solvent is more likely to be around for the long-term.

• **Additional services offered.** Does the distributor offer additional services like parts, education, equipment servicing and financing? Is there extra equipment and parts on hand to help out with emergency repairs and equipment replacement if needed?

Once a list of distributors has been created, there are some things that potential coin laundry owners want to bring with them to that first initial meeting. You will want to bring a list of needs and goals. Within that list, you want to highlight what your expectations are for your financial success and what your expectations are from your distributor partner. Also develop a list of questions to ask your distributor representative. Below is just a sample of the more common ones:

1. Do you assist with financing? If so, can you walk me through the financing process? How do you help with obtaining financing?

2. What is your role in the construction process?

3. How is your relationship with the manufacturer you work with?

4. Tell me about your parts and service department?

5. Do you provide education on preventative equipment maintenance and basic repairs?

6. How many coin laundries are you currently working with?

7. What is your process? Do you help in developing a marketing plan, developing the equipment mix, etc.?

8. What is your experience in lease negotiation?
9. Tell me about a time where equipment was delayed from the manufacturer, how did you handle it?

10. Tell me about the building codes issues that we might run into that could delay our opening?

11. What are the hours of your service department?

12. Tell me about a time one of your laundry partners had an equipment emergency and how was it resolved?

13. Can I get a tour of your service department? Do you have warranty parts on hand in case of an emergency?

14. Could you provide me with a list of current and past customers that you’ve worked with?

These questions might sound like those asked during a job interview, but that is what you are doing, hiring a business partner. And how they answer these questions will help determine which one to hire.

After that first meeting, the ball is in the court of the distributor. Armed with your goals and business objectives, they will come back to you with a proposal containing ideas for site locations, a cash flow analysis, a proposed mix of equipment, and some will even provide potential design options at this point.

Owning a coin laundry is a major investment. Its success depends a lot on the choices made including the location, the equipment mix, the vend price and so much more. The most important choice however, comes down to who you hire as a distributor. As a partner they will guide store owners in making the right decision when it comes to all the other choices.

For a complete listing of commercial laundry distributors in your area, we recommend contacting us, the manufacturer. We would be very happy to get one of our authorized distributors in touch with you.
Chapter 5
The Power Of Leverage

So you’ve decided opening a coin laundry is for you. You’ve done the due diligence of investigating the industry and partnering with a reputable distributor. Now it’s time for the real work to begin.

For many investors, the cost of opening a coin laundry is often one they can not finance on their own and need to gain financial assistance from outside sources. You will rely on the business to generate enough revenue and profit to cover your fixed and variable costs as well as to pay off the debt from the financial sources you have borrowed money from. You are leveraging your capital. Leverage, if done in the proper ratio, is certainly not a bad thing. Consider the purchase of a home. The actual cost of the home may be $250,000 but you only have $50,000 of cash to put into the deal. You would then go to your local bank and apply for their financing on the balance of $200,000 that you would repay through your normal income/revenue. In this example, you have leveraged your $50,000 to obtain a home valued at $250,000. In order to secure the needed business loans, there are some steps you will need to complete.

Step 1: Defining the legal structure of your business

There are eight classifications your business can fall under. Before deciding on which structure is best for you, we strongly recommend consulting an attorney who specializes in business law. They will be able to go deeper into the classifications than the description of each below, as well as help you in following the proper procedures in establishing the formation of your business. For tips on hiring the right attorney, there is a section in Chapter 7 that will provide you with a guideline.

Sole Proprietorship

This is one of the oldest and most common forms of business ownership. In a sole proprietorship, a single business owner assumes all the benefits and risks of running the company. With a sole proprietorship, there is also no legal distinction between assets and liabilities of a business and the owners.

General Partnership

A general partnership is an unincorporated business with two or more co-owners. All of the owners take an active and generally equal part in managing the business and
are jointly liable for any obligations of the business. They are also bound by any actions of the other owners.

**Limited Partnership**

In a limited partnership, the business structure combines the features of a limited company. Sometimes used as a tax shelter, there isn’t a legal entity separate and distinct from the businesses owners. In most limited partnerships, it contains at least one full partner and at least one limited partner. It’s the general partners that control and manage the partnership and are still jointly responsible for the business’s debts and obligations. In this partnership, the limited partner does not control or participate in the management of the business and are only liable up to the sum of money they invested. With a limited partnership, both parties — general partners and limited partners — benefit from any profits, capital gains, investments credits, etc.

**Limited Liability Partnership**

Similar to a limited partnership, with a limited liability partnership, no partner involved is liable for any negligent acts of any of the other partners.

**Limited Liability, Limited Partnership**

With this type of classification, the partnership agreement makes it so that no partner is personally responsible for any damages that may arise out of the acts of the other partners in the business.

**Limited Liability Companies**

Limited liability companies or LLC’s are a relatively new type of business structure. It combines limited personal liability with the single taxation found in a partnership or sole-proprietorship. The profits and tax benefits are split with the partners or any stockholders. The tax return for an LLC is generally filed with the tax authorities only. This is for the purpose of information and each shareholder files their own tax returns.

**C Corporation**

A C Corporation or C Corp is an economic system in which goods and services are exchanged for one another on the basis of perceived worth. Every one of these businesses will require some form of investment and a sufficient amount of customers that the product or service can be provided for or sold to on a consistent basis.
S Corporation
A type of business structure in which the company’s income passes through its stockholders in proportion to the investment made. It is taxed at a personal income tax rate as well. S corporations are allowed only one type of stock with a limited about of stockholders.

Step 2: Finding a Lender
Once you’ve established which classification your laundromat will fall under, you will need to begin searching out funding options, of which there are four types. There is a private lender, a leasing company, suppliers and lending institutions, each with their own pros and cons.

Private Lender
A private lender is exactly that. It could be a family member, a business partner or even investors. Keep in mind that a private lender might want more say in how you operate your business.

Lending Institutions
A lending institution is an organization such as a bank, credit union or finance company that makes loans. They will look at both your credit rating and business plan with greater scrutiny.

Leasing Company
A leasing company will purchase the equipment you require and lease or rent it to you. For the most part, the lease, like an automobile lease, will be done at a fixed rate and for a specified time period. At the end of the lease, you can choose to purchase the equipment or lease new equipment.

Suppliers
Some laundry manufacturers and even some distributors offer financing, but only if you are purchasing their equipment. There are cases that they might even finance everything including things like leasehold improvements or utility impact fees. The terms will be decided by the manufacturer. A benefit to working with Supplier Financing is that those involved in the credit decision are very familiar with the type of business you want to open. This knowledge and the experience to evaluate
potential cash flow of the specific business may allow you to finance more than a traditional lending establishment would approve a loan for.

**Step 3: Putting together your business plan**

There are many different ways to put a business plan together. Some are lengthy, some are short and to the point. All include an:

- executive summary
- company description that focuses on your start-up plans, what your classification will be, the business history, your vision, values and mission.
- description of your product or service, focusing on the benefits
- strategic plan for implementation which has goals and tools of measurement.
- financial analysis which includes projected costs, a cash flow analysis, a ProForma, the break-even point and another that will demonstrate financial solvency.

**Creating your vision**

In the excitement of starting your own business, it’s not uncommon to get ahead of yourself. However, before you start deciding on the equipment mix, research the demographics, determine a location, and you will want to outline what your vision and values are for your business.

A vision statement is a picture of what your company will be in the future. It serves as a framework for any strategic planning. When you write your vision statement, you want to ask yourself a simple question: “Where do we want to go?” Keep in mind that while the vision statement will not tell you or anyone else exactly how you are going to get there, it does set the direction for writing your business plan.

Your values are what support your vision statement. They are your core beliefs. This will allow for your business partners, your lender and any employees to know what the priorities and goals are for your company.

**Develop your budget**

It’s often that the budget is confused with the actual business plan. It is a component of the business plan and one of the key essential pieces. Within this section of your plan you will want not only to create a budget but demonstrate financial forecasting. You
need to have a clear picture of the industry, your potential customers, competitor’s and even market conditions — otherwise the numbers won’t reflect the reality of your world.

Get to know your customers
As we progress in the book, you will see it mentioned time and again. You need to know your customers! Not only the demographics that define them, but what it is they want and need. Don’t be afraid to ask them. The information you gather will help to build a business plan that will speak to them and help increase your rate of success.

Know that there will be risks
When you are writing a business plan, it’s important to have an understanding of the risks involved in opening your laundromat, as well as know how you will manage them. Your business plan should contain any challenges that you might face.

Be flexible
It’s important to be flexible, allowing for unexpected changes within your business plan. Leave some room for change and adaptation throughout it. This might force you to leave behind business practices that have worked well before, but you might learn something new in the process.

Set goals
There is a lot of hard work, blood, sweat and tears when you own your own business. Within your business plan, there should be clear, well defined goals that go way beyond job satisfaction. These goals should be realistic, attainable and have a time frame for accomplishing them.

Additional Input
A second and third set of eyes can go a long way in writting your business plan. Take a draft to some of your business associates. Take into account their advice as they have experiences you may not have. They will be able to point out any holes in your plan or any areas that you may have missed. Extra opinions can only strengthen your business plan. Your distributor or lender should be able to provide you with a copy of a good business plan and there are many examples on the internet.
FAQs

You’ve established your business classification, written a brilliant business plan and went out to look for financing. While these sections give you an overview and tips of what will be expected as you go through the process of opening a coin laundry, below are some commonly asked questions.

How much will a typical coin laundry cost to open?

It can range anywhere from $100,000 to $900,000 depending upon the size, the equipment list, ancillary services and so much more.

How much will I need for a down payment?

Most financial institutions will want to see that you are putting at least 30% of your own money into the cost of a new business. This gives them peace of mind that you will work hard to make the business successful. This equity stake may include equipment downpayments, partial or total construction costs, etc.

What information do I need to provide a lender?

Any lender will want to know about you, your business and your goals. They will look at your credit, your assets and liabilities, your financial history and stability and many of the options will require a business plan that covers all of this information, along with financial projections.

Should I get pre-qualified for a loan?

YES! After you’ve written your business plan and started talking with lenders, if you can, get pre-qualified. Just like buying a home, this will show any property owners that you might lease from or any real estate brokers that you are serious and that the coin laundry opening can be accomplished. And you definitely want to complete this step before signing other financial documents like a building lease or equipment contract. The distributor can help you with this process, especially if they offer supplier based financing.

What if I need help writing a business plan?

You can start with the internet. There are companies listed that will help you write your business plan for a fee. There are also some free services that will aid you along the way including your local chamber of commerce, the Small Business Association (www.sba.gov) or S.C.O.R.E, the Senior Core of Retired Executives (www.score.org).
What could prevent me from getting the financing I need?

There are three things that could hinder your financing. Not being prepared to assume the responsibility of business ownership, a poor credit rating making you a risky investment or a poorly prepared or non-existent business plan.

Can I reapply for financing if I'm first turned down?

Yes, you can. You might have to do some repair work to your credit report or make some changes to your business plan. Also, there might be factors that are out of your control such as a lender whose asset-to-loan ratio is out of balance or the lender is restricting the amount of loans they take on. If that is the case, try another lender. Many times the lender may offer suggestions that would help you qualify. One example may be to add a new business partner or family member. Another may be to set your sights on a smaller laundromat for your first store.

What are some of the common terminologies I will come across when writing a business plan for my coin laundry:

Turns per day

Refers to the number of cycles (turns) that each of your machines will average each day. This will typically vary during a seven day week with Friday through Sunday being the busiest times. Calculate turns per day using total machine cycles for an entire week divided by total number of machines and divide that number by seven (days of the week).

Cash flow projection

An estimate of the time and amounts of cash inflows and outflows over a specific time period. The cash flow projection will show if your business needs to borrow money, how much, when and how you will repay the loan.

ProForma

A ProForma is a hypothetical financial projection document based on previous business operations for estimate purposes: a ProForma balance sheet. The common objective of a ProForma financial statement gives an idea of how the actual financial statement will look if any underlying assumptions hold true. The ProForma is generated based on assumptions. You should list all assumptions made in your initial ProForma. This will be very helpful after your business has opened. If your actual revenues and
profits are significantly different from those in the initial ProForma, the first place to look for answers to explain the variances is found in the assumptions. Because you are dealing with assumptions, I recommend that you create several different ProFormas, each with a slightly different set of assumptions. For example, one ProForma may assume 5 turns per day and another may only assume 3 turns per day and still another may calculate the numbers of customers and thus, turns per day you need at a minimum to reach a breakeven point.

**Washer capacity**

Washer capacity is the amount or poundage of laundry that it can process during a load. With a washer, this is measured in dry weight. The actual amount of pounds of fabrics that can physically fit inside of a washer can vary depending on the density and weight of the laundry load.

**Utility usage**

The projected amount of utilities a coin laundry will consume. This includes electricity, gas, water and sewer. Your authorized distributor can provide you with the approximate amount of utilities that are consumed during a cycle for each machine type and capacity. This calculation is also very important when designing your store so that you will have enough gas and water pressure along with drain line capacity to support your store during peak periods.

**Costs per turn**

The costs associated with each turn of the equipment within a laundromat. These costs include utilities, maintenance, depreciation, etc.

**Break-even point**

The point at which a business will generate enough revenue and margin to cover all fixed and variable costs of the operation.

**Equipment mix**

The various types and sizes of washers and dryers included in a coin laundry.

**Vend price**

The amount it costs a customer to either wash or dry a load of clothing.
Chapter 6
What Is A Good Location?
The Art Of Demographic Analysis

There is an art to owning a successful laundromat and the paint used to draw the most magnificent pictures is demographics. Demographics tell us who people are far beyond their age and gender. Demographics can tell us a population’s buying habits, the things they enjoy purchasing, their wealth, etc. Demographics can be dissected and molded into many different shapes, each revealing something more about the person or persons we are looking at.

As a coin laundry owner, you will use demographics to help determine the location of your store front, the size of it, how to market to your customers, the types and amount of equipment you should offer, even how to decorate and design it. As we progress throughout this chapter, there are portions that may seem repetitive, but that is the art of demographic analysis.

Using Demographics to Determine Location

In determining the location of your coin laundry, there is generally an abundant amount of information and factors that need to come together in order for the situation to be ideal. When you are first looking, drive around town, find sites that you think would be good. Get out and look at them. What are the characteristics of that site? Some of the things you want to look at include:

Parking

Is there adequate parking? What is the condition of the parking lot? Is it easy to enter and exit? What is the egress physically like? Is there enough lighting for customers who would come later in the evening?

The Building

If you aren’t building a new structure, then you are going to want to have someone look at the building itself. Does it meet current building

Traffic Congestion

Too much traffic on the road outside a potential site can be a bad thing, making it harder for customers to get in and out of your coin laundry. Check with your local city government for traffic counts on the roads surrounding the locations you are looking at.
codes? What sort of modifications would need to be made to suit your business? What is the floor made of? Is the wiring new or old? Is the plumbing sufficient enough to handle the laundry capacity of your store? Are utility connections already at the building and are they of the correct voltage, pressure, etc., you will need for your store? A distributor, architect and city engineer are good sources. This is part of your due diligence. The last thing you want is to sign a lease, secure financing and then find out during construction that a new larger water line must be brought to your site at your expense, expense of which can run into the tens of thousands of dollars.

Other Businesses

Are the other store fronts around you clean and well lit or are they run down? Talk with the local business owners, what kind of traffic do they receive? How long have they been in business? What are those other businesses? Would they be complementary to your coin laundry? Would their foot traffic and customer base add to yours? One ideal location may be near a high-volume supermarket. Many laundromat users maximize time by grocery shopping between loads.

Utility Hookups

If you are looking at an existing site, what are the utility hookups like? Will they support your equipment or would you have to invest in upgrades? What is that cost? Could you recoup that investment? Some cities and towns may impose unique fees sometimes called Sewer Access Charges (SAC fees) for new businesses. This is typically a one-time charge that can easily run into tens of thousands of dollars.

The Competition

How far away is the next laundromat? What sort of traffic do they generate? What does the store look like? Is it clean? How is their parking lot? Is the location well lit? Would you be serving the same geographic and demographic market? In my opinion,
one of the best ways to learn about your competition is to visit their stores as a customer. Take in some laundry, use the machines, understand their vend prices. While your clothes are being washed, you will have time to really study their store and hopefully identify some weaknesses that you can capitalize on in your design. It’s good to visit during slow days and busy ones too. Remember that your potential customers are using those stores today or perhaps an apartment common area laundry room. Why would those people want to visit your new store instead and just as importantly, what would make them regular customers of your store?

The Neighborhood Itself

In addition to what businesses are near you, who else is in the neighborhood? Are there lots of apartments? Duplexes? Single family homes? Is the neighborhood run down or well maintained? What kind of cars do you see parked in the driveways or parking lots of the complex? Is it filled with families or singles? Is there a mix? Is the neighborhood made up of white-collar workers or blue-collar workers? Is there a park near by? Are there schools near your location? All of these things will factor into the decision of the site location.

Once you’ve made a list of sites that meet the physical requirements of the location, your next step is to cross reference that information with the demographics of the potential customers in the neighborhood. While the physical site might be ideal, if there aren’t any consumers to support you then the location would be moot.

Using Demographics to Define Your Customers

One of the greatest mistakes any coin laundry owner can make is by believing in the “If you build it, they will come” philosophy. Unlike in the movie, “Field of Dreams”, just
because you build a coin laundry on a site that looks ideal, doesn’t mean that customers will come to you. Even if your store is cleaner, bigger, brighter, boasting the latest technologies, coin laundry users may not drive to you, they may go some place closer. This is why demographic data is so important.

Demographics are the physical characteristics of a population. These characteristics include age, sex, marital status, family size, education, geographic location, ethnicity, and occupation. For years, demographers have used this information to develop advertising campaigns and messaging that has helped major retailers determine the viability of a location. They dissect it, breaking it down into its purest form in order to determine whether or not the business decision being made is one that will be viable.

When opening coin laundries, it is no different. Your distributor can provide you with a detailed demographic analysis of a potential laundry site. You need to make this a requirement and it is money well spent. The demographics will show you whether or not the right customers are available that will be coming through your doors. It will also help you in determining other things like the right equipment mix and the vend price.

To make sure you have the right equipment mix and vend price to more accurately estimate your potential income, you’re going to want to look at the average pounds washed rather than the average amount of money spent doing laundry. Most distributors will work with you on determining what the average household in the neighborhood you are looking at spends per week on laundry. There are many different formulas available, therefore, with all the variables like what defines the average laundry user, inflation, competitors, etc. We suggest using the average number of pounds

### Draw Distance

Where you draw your customers from depends on where you are building your store. Whether it’s in an urban location, the suburbs or the country, customers are only willing to travel just so far. Keep this in mind:

**Urban areas**  
½ mile

**Suburban areas**  
up to 3 miles

**Rural areas**  
up to 10 miles

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1. Draw Distance

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½ mile

**Suburban areas**  
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**Rural areas**  
up to 10 miles
Too Much Information

With more than 300 tables of data available through the U.S. Census Bureau, go to the master list first and read the descriptions of each table, choosing those that you feel would be most beneficial to you. For census information: www.census.gov

per load. On average, laundromat users, use approximately 24 pounds of washer capacity per week. Keep in mind this is washer capacity and not the number of pounds per load as most will overstuff a washer.

We suggest also that you work with your distributor on forecasting your market revenue. Again, all of this data is obtained from getting information from the U.S. Census Department.

The DREAM Coin Laundry Location – Pulling it All Together

There are many dream locations for coin laundries to open up and the demographics you pull will help you determine the right spot. From family neighborhoods to shopping centers to college campuses, there are proper environments that make each a feasible location.

Family Neighborhoods

A neighborhood with large families and lots of children, combined with lots of renters who are low to middle income make an ideal family neighborhood location. When looking at the census data for this kind of location, you’re going to want to look at the projected birth rate. You want that number to be higher than average. That means there are lots of young families who are still having children (and generating more laundry to wash).

In 2008, the average American birth rate is 14.02. You can find a break down by region at www.cdc.gov.

College Towns

Any city with a university, whether it’s small or large can be an ideal site, especially near campus and
Washer Capacity

Washer capacity is the average weight of a load. If you are doing 11 pounds of laundry, you will want to look at getting washers that have a capacity of 13 to 15 pounds. You will mix up washers of varying sizes and vend prices in order to meet your financial goals.

Myth-nomer

Apartments don’t always equal customers. Do some research on what laundry services the neighborhood apartments offer. Look at how much equipment they have available for tenants, their vend price, and location of the laundry rooms.

off-campus housing. Before you decide on a location for universities, you want to look and see if there is already a coin laundry in the area. What are the vend prices? Is it clean? What ancillary items do they offer? It’s also a good idea to check out the university’s laundry facilities. Some offer laundry on each floor at a lower rate for students, but is it really enough? Another deciding factor that should be considered is how many students actually live on campus in the dormitories or in off-campus housing surrounding the university itself. A bunch of students who live at home with mom doing laundry could impede your profits.

Shopping Centers

A shopping center can be a gold mine for coin laundry owners. Again, look at the demographics of the neighborhood. Just like in the family neighborhood, you are going to want to look for a location with large families surrounded by lots of rental properties in a middle to low income neighborhood. And as we said before, if there is a grocery store as an anchor it could be a great built-in draw. However, the rent per square foot may be higher in a shopping center. There may also be Common Area Maintenance (CAM) fees that are paid to the landlord every month. One great benefit of a shopping center location is that many customers are already visiting the area and a lot of parking is usually available.

There is one simple thing that will make your laundromat successful: Location. By combining demographic analysis along with market research, you’ll be well on your way to determining a site that will help you achieve your financial goals.

1 Coin Laundries: Road to Financial Independence, by Emerson G. Higdon, page 18
2 http://www.cdc.gov/nchs/
Lease Negotiations

If you aren’t buying the property or building your laundromat is going into, the most important document you will be working with is the lease. This legal agreement allows you to occupy and define the business space, but to protect yourself and your business, it’s imperative that you have the right lease. It comes down to more than just negotiating the terms, but understanding what terms and clauses are contained inside the document as well.

Anatomy of a Lease

Before you start to get down to business, it makes good sense to learn and understand the anatomy of a lease. There are many different types of leases and within each of them there could be negative clauses that could affect your plans. It’s important that you familiarize yourself with the components and kinds of leases out there. Below is a break down and definition of the different leases you could be asked to look at:

Gross Lease

A lease arrangement in which the tenant (the lessee) pays only a fixed fee or rent and the owner (the lessor) is responsible for the associated general expenses such as insurance, maintenance, and taxes. In case of property leases, the lessor may also pay for garbage collection, security, and utilities.¹

Modified Gross Lease

A type of real estate lease whereby the tenant begins to pay more of the property’s expenses as time goes on.

Expense Stop Lease

This lease represents a cap on the operating expenses that a landlord or tenant will pay. This type of provision is often included in a lease or addendum and agreed upon by involved parties. The provision may require the renter to pay certain fees up to a certain level and then anything beyond that ceiling will be covered by the landlord.
Graduated Lease

A type of long-term lease characterized by variable payments which are adjusted from time to time in order to reflect current value. Payment amounts can also be tied to an economic benchmark rate, such as the consumer price index.

Net Lease

A lease arrangement in which a tenant (the lessee) pays not only the rental but is also responsible for the associated general expenses. In case of property leases, the lessee may pay for garbage collection, security, and utilities. In case of equipment lease, the lessee pays all maintenance, operating, repair costs associated with the use of leased equipment plus insurance and taxes. A capital lease is a net lease whereas an operating lease is not.

Percentage Lease

A commercial lease in which the rental amount is computed as a certain percentage of the sales generated at the leased property.

There may be an option where you can negotiate the type of lease that would work best for you and your business. If this is a possibility, it’s strongly recommended that you use your business plan to guide you. What type will fit best into your plan, your budget and your goals? Once you know the kind of lease you will be utilizing, you need to understand what the lease makes up. The most common clauses and line items include:

Option to Renew

This is a provision in a contract under which the buyer, lessee, or obligor has the choice to renew or reinstate the ended-contract for an additional term.

Use of Premises

The terms in the lease where the lessor designates what the commercial space can be utilized such as: a dentist’s office, a coin laundry, a book store. It’s important to make sure when you are looking at this particular clause that it doesn’t bind the lessee into a specific business, instead, it should have a broader definition of permitted uses.

Leasehold Improvements

This section of the lease covers improvements performed on the property such as additions, alterations, remodeling, or renovations. For accounting purposes, all
leasehold improvements are capitalized (recorded as an asset with a corresponding liability) and amortized over the remaining life of the lease term or the life of the improvement (whichever is shorter). Upon termination of the lease, such improvements normally become the property of the owner (lessor) without any cost or obligation.¹

**Surrender of Premises**

This covers the abandonment or premature termination of a lease by the tenant or with the consent of the landlord. There are two types of surrender. The first is where the tenant signs a written surrender agreement, while the second happens when both the tenant and the landlord show that the lease has ended. For example, the tenant leaves and the landlord reoccupies the space.

**Utilities & Municipal Services**

Under this section, it will be laid out and defined who is responsible for any utility costs of the property. It covers everything from water and sewer to garbage and snow removal.

**Sidewalk, Street & Window Advertising**

Everything from window to building signage is highlighted in this section. It covers the do’s and don’t’s of what is acceptable not only by city code, but by the landlord. Many get specific about things like color and font, how long the light can be on, the brightness of a sign, size of promotional window displays, etc. It’s often this way to protect the integrity of a neighborhood or to hold a cohesive look throughout a strip shopping mall.

**Assignment of Lease**

Under this clause, details of subletting are defined. Assignment of a lease is where the original tenant transfers his or her rights to a sub-tenant to use the lease property. Keep in mind that in most cases, the assignor or original tenant is still liable under the original lease terms unless released by the landlord.

**Sale of Premises**

Should the landlord decide to sell the commercial space, this section of the lease will lay out the terms of what the sale will mean for the tenant. These terms are generally negotiated into the sale of the premises. You want to make certain that the terms laid out in this section are designed to benefit you and do not leave you open to another lease negotiation with the new landlords.

¹ Lease definitions found on www.businessdictionary.com
**Contingency Clause**

Most commercial leases contain a contingency clause to offset any potential and unexpected economic hardships. To offset any risk, lease negotiations should include a contingency clause to ensure that those involved aren’t held to obligations that aren’t economically feasible.

**Right of First Refusal**

This provides the tenant with the option to decide whether or not to purchase an asset before anyone else. If it is refused, then it can be sold to another party but can not be done before the right of first refusal is completed.

**The Art of Lease Negotiation**

As you begin to look at property and you’ve found a location to meet the needs of your coin laundry, it’s time for the lease negotiation. There is a very distinct and subtle dance that takes a basic understanding of what is covered in the lease. As we covered some of the more common lease terms above, it’s now time to focus on making sure you get what you want out of your lease. Just like a dance, there are steps that need to be followed.

**Step One**

Prior to meeting with your potential new landlord, you’re going to want to do some research on them or the rental company. Find out what their needs are. Are they looking for a long-term, reliable business to anchor their location? Are they looking for a tenant with greater stability? Generally, we find that many landlords really like to have leases with laundromats. This is because our industry is a mature one with proven staying power in good times and bad. Laundries like long term leases and so do landlords.

**Step Two**

Schedule a meeting and sell them on your business. Take along your business plan, a ProForma, a utility usage report, the design of the laundry and how you will be utilizing the space. Show them why having a coin laundry as a tenant is not only good for them, but the surrounding businesses as well.
Step Three

Hire a lease or real estate attorney to review the lease. Make sure you are fully aware of the terms and what they mean to your business. It’s at this point you can prepare to negotiate additional terms. A typical lease for a coin laundry may be for an initial ten year term with two five year renewals. When building your store, you will be paying for leasehold improvements to turn an empty building shell into a vended laundry. It will take time to recoup that investment as well as to ramp up your customer base and business. You need the peace of mind that you will not be forced to vacate the location just when things are getting good. By the same token, a long term lease will legally bind you to long term payments. Because of this, we highly recommend you have an expert in this field on your side.

Step Four

The negotiation. This is where you will present the additional clauses you’d like included and work out the final language of the contract. Again, this is when your attorney will play a pivotal role. Some of the clauses to consider adding include:

- A construction period clause. Since your business won’t be generating revenue during this time, look at negotiating a rent-free construction period. Make sure to include a time limit on this.

- Renewal option clause. While this is standard, make sure you look at the terms. You are negotiating for a long-term contract, not a year-to-year. This will lower the risk of you being forced to move and be put out of business by the landlord.

- Cancellation option. Again, this is standard in most lease terms, but you’re going to want to pay close attention to this clause as well as the Assignment of Lease clause. If you are planning on closing your doors and subletting the space, you want the Assignment of Lease clause to be as general as possible.

Just like buying a house, you can’t be too emotionally involved in the process of lease negotiation. If the landlord isn’t giving you the terms that will best meet your business objectives and are coin laundry friendly, be prepared to walk away and begin the process over. And again, before you sign any lease, we suggest having a lease attorney or real estate attorney look over the terms so that you understand what is laid out before you, giving you the option to develop additional clauses to protect yourself.
6 Tips for Choosing an Attorney

1. Referrals
Ask friends, family, even business associates who they have used. Find out about their experiences with the attorney. Pay attention to what they are saying. Listen to both the positive and negative, this will give you a well rounded viewpoint.

2. Fees
When choosing an attorney, cost often becomes a deciding factor of who you choose as each tends to charge a different fee rate. Keep in mind however that sometimes you get what you pay for. Balancing service with the budget you have to spend on attorney fees, as well as the knowledge and experience the attorney has will all play a factor. Does the attorney offer a flat fee or will you be billed by the hour? You might not be able to afford the most expensive attorney, but consider maybe just hiring an hour or two of their time.

3. Area of Practice
You are going to want to pick an attorney who not only understands your business but is specialized in the art of leases. As your business presents unique opportunities, choose an attorney who will take the time to understand your business and legal knowledge is only good if it can help your bottom line.

4. Know what it is you want
Before you first meet with a potential attorney, figure out what it is you want them to help you with. Is it to go over the lease and explain the terms or do you want their input on additional terms that could be added to help protect you and your business?

5. Contrast and Compare
Just like going to the doctor, there are times when you are going to want a second opinion and this is one of them. Make sure that you meet with at least two attorneys. Get their viewpoints on what they can offer you. Listen to them and choose the one who makes you feel most comfortable and will provide you with the protection you are looking for.
6. Be prepared

In addition to knowing what it is that you want, go into the attorney’s office prepared. Prepare a list of questions about their experience, ask them for a few referrals of people they’ve helped, double check their credentials. Bring along a copy of your potential lease as well and any other information they might need. Be open and honest with them.

Choosing the right attorney to be your ally throughout the lease process is the best way to assure that you and your business are protected. By hiring one with successful experience in lease negotiation, you will be on the right track to ensuring the success of your coin laundry.
Chapter 8
**The Mix That Is Right For You:**
**Understanding Your Customer’s Equipment Needs**

There is a delicate balance that needs to be made when deciding on the proper equipment mix for your coin laundry. If the equipment mix for your store isn’t just right, it can impact your profit potential as well as not meet the needs of your customers. With several considerations affecting the equipment mix, taking them all into consideration is equally important.

These include having enough equipment in your store to handle your busiest days with minimal customer waiting periods, having the right mix of machine capacities to attract customers in your demographics, and of course not buying more equipment than you and your store can support. This is also where your distributor partner will play a big role in guiding you through the equipment selection process.

**How much equipment can you afford to purchase**

Your financing will play a big role in just how much and what kind of equipment you can purchase. This is why making sure you have a solid business plan in place is so important when looking for financing as discussed in a previous chapter. If you do not achieve the maximum amount of capital you need to purchase the equipment, you could be limited on what you actually can purchase.

The cost of the equipment is not just for the machines. Other factors are the cost for things like freight and sales tax for the initial purchase, and installation costs. Many owners will wisely budget for a small inventory of spare parts and for preventive maintenance expense too. Just like with a vehicle or a house, taking care of your equipment can maximize its revenue producing life and that’s what it’s all about. It’s not uncommon for us to hear about pick up trucks running for 100,000 to 200,000 miles or for the washers and dryers we manufacture still running strong for 15 to 20 years. The common denominator is preventive maintenance.

**The Coin Laundry Space**

Space is a limited commodity and how you plan to use it will greatly affect your
equipment. If you are planning on ancillary services like drop off, wash and fold, sitting areas, an internet café, etc., you are reducing the amount of space you have for coin laundry equipment. And within the store, you need adequate room for your customers to move from entrance to washer to dryer to folding to exit.

There are also the equipment specifications to consider. You’re going to want to consider the flooring requirements, the base mounting specifications, the sewer connections, water lines and sizes, maintenance access, air supply, venting, gas supply, voltage, amperage and phase requirements. All of this will play a role in your total initial expense and ultimately, what you purchase.

**Demographics**

In Chapter 6 we talked a lot about how to use demographics. When looking at the equipment you will again go back to your demographics to see who is living in the area you are serving. Are there young families? Are they working professionals? Is there a good deal of single family homes? All of these will play a role in equipment choice. For an area with a lot of single family homes rather than apartments and rental properties, a focus on larger capacity washers and tumblers might be a better way to go as that demographic tends to utilize coin laundry services for larger items like bedding and curtains. Working professionals spend a lot of time at their workplace and laundries offering a drop off service can be extremely attractive allowing these people to spend more of their limited free time with their families, even if they have a home style washer and dryer at home. If your customer base has a lot of senior citizens or students, the average amount of laundry they do every one to two weeks is smaller so having more smaller capacity washers is what they need and will seek out.

Does your potential customer base have an average or above average number of people per household? In many areas, the apartment may have extended family living together. These people may be doing over 200 hundred pounds of laundry with every trip. What they want and need is something they can’t get at home – that is large capacity washers that can handle up to 80 pounds of clothes in each cycle at an affordable price.

All coin laundries typically offer a variety of washer and dryer capacities to attract a
variety of customer households. But determining the optimum amount of each capacity is an important discussion to have with your authorized distributor.

In addition to using the demographic information you have, start doing additional customer research. We suggest going right to the source: The CUSTOMER! Look at developing a consumer survey to find out what things are important to them. Some questions to consider include:

- How important are “really” clean clothes to you?
- When it comes to using a laundromat, what is important to you?
- Do you prefer front load washers or top load washers?
- How many loads of laundry would you say you do each trip to the laundromat?
- When it comes to convenience, what would make the laundromat more convenient for you?
- What water temperature do you use most? Hot? Cold? Warm?
- How many loads would you say you wash in hot/cold/warm water?
- What is your favorite thing about doing laundry in a laundromat?
- What is your least favorite thing about doing laundry in a laundromat?
- What would make you want to use the laundromat more to do your laundry?
- If you owned the laundromat, what sort of services would you offer?

The best way to attract a customer is by providing them with what they want. While we know you can’t be everything to everybody, making sure you have the equipment in your store to meet their needs will go a long way in developing customer loyalty. The Coin Laundry Association conducts end user surveys asking many of these questions to discover why people go to a particular coin laundry. A copy of this information can be obtained through the Coin Laundry Association or your product distributor. Historically, the number one factor is “having enough high capacity machines available when you need them”. It’s interesting that “price” did not even make the Top 5.

**Water usage and energy efficiency**

All laundry owners want to “be green”. For some this means conserving our natural
resources. For others, being green means saving money on utility expenses to add more “green” to the bottom line. To help control your costs and environmental impact, one way is through the equipment you choose. There is a lot of debate between top load versus front load washers, both with their own pros and cons. Depending on the washer, a front load washer can use as little as 1 gallon of water per pound of clothing, while the average top load washer uses around 2-3 gallons per pound. With rising energy costs, there has been a definite trend in this industry to use more frontload washers. However, many new and old stores alike still offer topload washers to satisfy their customers’ preferences. As a manufacturer, we are unique in that we manufacture the broadest product line in the industry including topload and front load washers in all of the capacities you need to meet customer preference and demand and to maximize your profitability.

Water is a critical part of the cleaning process along with chemical action (detergent) and mechanical action. With all washers, they leave the factory with a default water level setting. However, for your specific situation and customer, this setting may use more or less water than you need. As the leading manufacturer of commercial laundry equipment worldwide, we know this and have designed our models with flexibility in programming. Not all manufacturers give you this flexibility or if they do, it is limited. Some of our models offer up to 30 different water levels which allow you to find that specific balance to minimize your water usage and expense while meeting customer expectations.

The washers you choose will also affect the energy efficiency and operating cost of your dryers. Again, water is used during the cleaning process, and this water must be removed by the end of the process. In the washer, after the clothes have been cleaned they go into a spin cycle to remove some of the water before the clothes are placed in a dryer. The dryer uses a heat source (commonly natural gas) to evaporate any remaining water in the laundry load.

When meeting with your distributor, ask what options are available with washer extractor G-force. G-force refers to the spin speed of the washers in terms of gravity. The higher the G-force of a washer, the greater the amount of water removed from clothing, making them faster and easier to dry. Machines with an optional higher G-force will save you time and utility expense during the drying part of the laundry
process. The initial cost is higher but depending on the customer traffic of your store, can deliver a payback with the first few years of operation. Your distributor can help you estimate this payback for your specific situation so that you can make an informed decision.

While most manufacturers list the G-force on their product specs, some still choose the traditional method of Revolutions Per Minute (RPM). To calculate the G-force on your own, it is rather easy. Below is a simple formula:

\[
\text{G-force} = (\text{RPM})^2 \times \text{drum diameter in inches/70,396}
\]

In addition to the water used and the speed of water extraction, another costly expense that could affect your equipment mix is the use of hot water. According to one source, a consumer will choose to use the hot water wash cycle 34 percent of the time, opting for warm water wash cycles 53 percent of the time and cold wash cycles only 13 percent of the time.1

To help control hot water costs, you will want to find out from your distributor what the average hot water use is per cycle. Once you’ve determined that, look for a water heating system with an ENERGY STAR® or similar efficiency type rating. Consider setting the hot setting at a lower temperature and encouraging the use of cold water washes. Many of our washer models give you the flexibility to charge less for a cold water wash and more for a hot water wash. This shares the benefit with your customers and everybody wins.

There is a lot that goes into making sure your coin laundry has all of the right equipment and it can often be an overwhelming process. This is where your distributor partner will play a large role in helping you determine what equipment you need and how much of what sizes and kinds. Helping you meet your projected income, keep costs under control and meet the needs of your customers can appear to be a daunting task and that is why all through this book we stress finding the right distributor to counsel you through this process.

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1 Coin Laundries: Road to Financial Independence, Emerson G. Higdon, page 135
Front load washers versus Top load washers – The Debate!

Doing laundry is a necessity of life. And with so many variables the coin laundry owner faces — utility costs, meeting customer’s needs, larger capacity or smaller capacity — determining which type of washers to buy is difficult. Having all available information on front load washers compared to top load washers can make determining your product mix easier. With this information you can learn which washer style will meet your business objectives while satisfying the needs of your customers.

The Cost Comparison

When faced with the decision of purchasing a higher-priced item, it’s not uncommon to look at what meets our needs. With washers, a front load washer can cost up to 43 percent more than a traditional top load washer. Addressing this price difference is often one of the biggest decisions you as a coin laundry owner could face. But keep in mind, you need to weigh which issues are important to you. If it’s lower utility costs, you can often re-coup the initial extra expense through the savings you’ll have in energy and water costs. However, if the cost of lots of front load washers is still too steep for you, there are top load washers on the market that offer water saving features.

Energy Issues

The Earth has limited resources, and as these resources become strained costs go up including gas, water and other utilities. With ever-increasing energy consumption and water standards, laundry manufacturers are continuously improving their equipment to meet them.

Generally, top load washers consume significantly more water than front load washers. Up to 55 percent more depending on the brand and model. It’s because of this difference in water and energy that you see more coin laundry owners being attracted to front load washers. As the standards continue to change, it will become harder for the conventional top load washer to meet the requirements without significant enhancements. And as those changes are made, it will make the cost benefit of a top load washer much less significant.

Is it Clean?

Like the proverbial chicken and egg, when experts are asked which machine gets clothing cleaner — the front load washer or the top load washer — the answer is
debatable. Front load washers are thought to clean better, particularly on stains; they are also gentler on fabric than top load washers.

However, when you compare item-to-item, it will depend on what is being washed. While top load washers may be perceived to clean certain articles better than front load washers, one of the cleaning benefits to the front load washer is its lack of an agitator. Without the agitator, front load washers can clean bulkier items, like comforters, better.

Many front load washers offer higher spin speeds compared to a top load washer. The higher the spin speed, or G-force, the more water is removed and the less time that is required to dry.

Ultimately, however, the ability to clean clothing comes down to the perception of the person using the washer. If the user puts in the right type and amount of detergent and chemicals and is not over-filling the machine, at the end of the day, front load washer or top load washer, their clothing will get clean.

**Ease of Use**

Sure, a washer can be energy efficient and get clothing clean, but is it user-friendly? Can it handle human error?

On some level, all washers are forgiving. They offer optional features like prewash or longer wash times or extra rinse cycles for customers with heavily soiled loads. Some come with an automatic balancing system to keep the machine working during unbalanced loads, but what about other issues such as ergonomics and the forgotten sock?

This is where top load washers have the advantage. From an ergonomic perspective, it is easier to use as compared to a similar capacity front loading washer. There is no bending or stooping to load and unload a top load washer, creating less strain on the back and knees.

To make the front load washer more user-friendly in this area, we manufacture optional bases and pedestals that raise the washer off the floor to a more user-friendly height. This also gives the appearance to the end customer of a larger capacity machine which can help you justify your vend pricing.
As for the forgotten sock, if you use a competitor’s front load washer you might be out of luck, especially if the washer has already finished filling with water. Once the front load washer has completed filling, many cannot be opened again until the cycle is complete. As a side note, many of our (Alliance Laundry Systems) washers now include a feature where your washer may be paused at the beginning of the cycle to allow the customer to add that forgotten sock. But with a top load washer, you simply lift the lid, throw the sock in, close it and the cycle continues.

A Future for Washers

Where your customers used to drive the demand, government regulations on energy and water usage now play a bigger role. There are some in the coin laundry industry that feel these new regulations will continue to push the market toward more water efficient washers. But our industry has always been conscious of energy costs as they are a significant percentage of the expense to run a laundry. Many studies have shown that on a price per pound basis, the energy costs of using a vended laundry compared to washing at home produce significant savings. One reason is that coin laundry customers tend to fully load the machines to get the best value for the vend price. And machines in a coin laundry are designed for energy conservation as a top concern. But again, your model selection should focus on what your potential customers want to use so that you keep them coming back to your store and that may include topload washers or smaller capacity frontload washers.

There are a lot more things to consider when selecting the equipment for your store and your distributor has the answers. Many of these differences are found in the flexibility you get from the various microprocessor controls. Make sure the models you select have the features that can not only help you succeed today, but give you the additional features to succeed in the future in the event that the competitive climate changes.
Designing Your Coin Laundry:

Once you’ve chosen your distributor partner, selected your location, and bought the property or signed a lease, the fun part really begins — Designing Your Coin Laundry. The design, layout, and ancillary items you choose will all be part of the ingredients that aid in making your coin laundry successful. As exciting as this part can be, it can also be stressful.

Building a coin laundry is like building a house. There is a lot of work that goes into it and you want to make sure everything is done right so when opening day rolls around you aren’t met with any unexpected surprises.

Your design team will consist of you, your distributor, a local contractor and potentially an architect. Together you will work on designing a coin laundry that will meet the needs of your business plan, ensure that building codes are met, have equipment that is installed properly and have all of the little details to make your store a showplace that customers will want to visit again and again. They will also make sure you have all the appropriate permits and zoning information you’ll need.

These experts will work to bring the vision in your head to reality. When you bring them together, make sure you are specific on what you want for the store. Do you plan on having drop off laundry? Is there a carwash attached? Are you going to provide wireless internet access? Will you have an ancillary business inside the laundromat? What about colors? Seating? Lighting? Security features?

All of this will play a role in the design of your coin laundry. As we said, it’s like building a house, just as much work goes into the design of both. When you are looking at the design, keep in mind that you want to build your store with your future customers in mind. You want them to feel like it’s “their” laundromat. Providing them with an environment that they find comfortable will not only attract them, but keep them coming back.
Why do I use a laundromat?

- 58 percent – no laundry at home
- 27 percent – I can get my laundry done quicker
- 9 percent – Machines are always broken at my apartment
- 6 percent – Too busy at my apartment laundry
- 5 percent – The coin laundry is cleaner

Source: CLA Profile 2004 – Multiple responses allowed

How you use available space is important and there are endless possibilities on how you can maximize it. My recommendation is to start at the same place that customers would start — outside of the store — and follow the same path they will follow throughout their laundry process.

When looking at the CAD drawings and blue prints, some of the things to really study include:

**Curb appeal**

Start at the street that your building is located on. Do you have an external sign? For those customers who like to come later in the night, look to make sure you have ample exterior lighting planned.

**Where possible, have a sign on the front of your building that clearly identifies your business as a laundry.**

Most newer stores have a lot of windows in the front. This not only lets people see that you are a laundry but also provides a level of peace of mind and security for your customers inside. This wall of windows is also a good place for special signs advertising special promotions or other things about your business, perhaps things that your competition does not offer. Examples can be as simple as “Air Conditioned” to “Largest Capacity Washers In Town”. Or perhaps you have your own version of a frequent flyer program where the 12th wash is free or special discounts on typically slower days like Tuesday. The possibilities are endless! Plan for parking as well. It’s recommended to have one space per
every 50 square feet you build. There may be zoning requirements in your area requiring a minimum number of spaces too. As your customers are carrying a lot of laundry, make sure the distance from parking to the door is as short as possible. It’s amazing how many people will visit a convenience store instead of a supermarket when they only need to buy a few food items. The convenience store is usually more expensive. The difference is that you can usually park your car closer to the store and get in and out quicker. That is the convenience of convenience stores! A vended laundry customer is no different and they may be carrying several hundred pounds of laundry to your store.

And just like designing a house, it’s all about the curb appeal.

Take some time and money to invest in landscaping or other items to make the outside as attractive as the inside, creating a warm and welcome first impression.

Now consider the doors.

We recommend extra wide doors or double doors for people carrying large laundry baskets or bags. There are quite a few stores that have installed doors that open automatically. They are a little more expensive but make a great first and last impression and may be one of those little things a customer remembers that makes your store their new “home”. It is not uncommon for a store to have doors that lock and unlock automatically at specific times of the day, especially if the store is not attended.

The aisles and traffic flow

From the front door, the customer will go to the washers, load the clothes into the machine(s) and then they may go to a change or card machine to get the coins or smart card credits to start the washers.

Customers do not enjoy being crowded in a laundry.

There should be plenty of room to load and unload your machines or to move around the store with laundry carts. For main aisle space we recommend 8 to 10 unobstructed feet and for side aisles, 5 feet.
ADA compliance

In the United States of America, laundries and other businesses must be made accessible to people with disabilities such as those in a wheelchair. And not every coin laundry is easily accessible for people with disabilities. While minimum compliance with the Americans with Disabilities Act is mandatory, some stores will go beyond the minimum to attract more customers. Examples may include incorporating additional features like lower folding tables that are easy for wheelchairs to get under. Perhaps a few front load washers that are not raised up on platforms, or a store attendant trained to offer assistance at all times. Some stores may add a ramp into their coin laundry making it easier for elderly and wheelchair bound customers to get inside, with doorways wide enough for wheelchairs, etc.

Location of the equipment

Many owners like to showcase the largest washers in the front of the store. This is done for several reasons. One is so that potential customers driving by your new location will see that you have plenty of available capacity — something they may not have at the store they are currently using. Another reason is for customer convenience. Customers bringing in very large amounts of laundry need only walk the shortest distance when arriving at your store. Stack tumblers are designed to be built into a wall with only the front panels exposed. Place them against the walls. And make sure there is enough space for service behind washers and tumblers. Your authorized distributor, through their partnership with us, can develop two dimensional, and three dimensional drawings as well as blueprint-style architectural plans at little to no expense. We also can create a virtual tour of a prospective store which is a great way to “see your store” before the first shovel hits the ground.

Consider major retailers like Wal-Mart.

Part of the company’s strategy is to get customers to look at other items, building sales along the way. One of their most purchased items advertised and on sale is milk. Next time you go to your local Wal-Mart, look at the location of milk and many other advertised items. They are usually in the back of the store where customers have to walk past a lot of other items to get to the milk. This increases opportunity for impulse buying. You want to do the same thing with your laundromat to promote
other services you may offer such as drop off laundry, internet access, gaming, etc.

**HVAC/Utility And Other Requirements**

We briefly covered the utility requirements in other chapters, specifically plumbing requirements, electricity needs, etc. But there is space that is often not in view where you need to plan for in your design. Space uses may include a separate utility room for a boiler, a locked storage area, air conditioning and heating, an office for you to pay bills, count money, etc.

**Room for folding tables**

Once a customer has washed their laundry, most use carts to move things to the dryer and from there to the folding tables. The folding tables are usually located directly across from the drying tumblers. For every three stack tumblers you should include 1 table with enough storage for the cart to store underneath. This will be one of the most congested areas of traffic in your laundry and large aisles are very important.

**Beneath your feet**

What’s beneath your customer’s feet is important. You also want your floor to be durable enough to last a long time. Because we are dealing with water, carpeting should automatically be ruled out. It’s hard to move carts on carpet and would need to be replaced often. Some great flooring options include vinyl, finished concrete and ceramic tile. Vinyl is easy to clean and the least expensive, whereas concrete will be the most durable but least attractive. For a good mix of the two, ceramic tile can be ideal and with all the various color options available you can really warm up the interior of your coin laundry with it.

**Lights!!!**

While at home, many like soft lighting, but in a coin laundry, brighter looks cleaner. You can provide that cozier lighting with soft light versus harsh lights, but you want to make sure to avoid shadows as they can look like stains. And again, we can’t stress this enough, LOTS of lighting outside to provide a safe and secure environment for your customers.
The walls

There is an endless color pallet when it comes to paint. Just like home, your customers want it to be cozy and welcoming. Consider using bold colors for accent walls. And don’t forget to repaint every few years to keep it looking fresh and new. It’s also an inexpensive way to give your store a makeover from time-to-time as well.

There are not many people I have met in my life who truly enjoying doing laundry week after week. For most it is a task that they want to complete as fast as possible. You can make this task more enjoyable by providing plenty of available capacity in a store that is clean and fresh. Some stores will even use air fresheners in their ducting to mask any odors. People may not always remember the name of the store or the brand of equipment that they used but they will tell their friends about “that store that is always clean and smells so good” and they will remember how to get there.

Amenities

When looking at the store layout, there are so many things to consider, including the amenities you want to provide. Everything from a children’s play area to drop off service, a sitting area and vending machines will take up space. You want to make sure you’ve included these into your design.

In addition to providing washers and dryers for laundry, there are some owners who wish to add additional ways to generate income or even enhance the laundromat experience through various optional amenities. Below is a list of ideas that you might want to consider when designing your coin laundry:

Coffee shop or mini-café

This is a great way to generate additional revenue. There are two options if you are including a coffee shop or mini-café. The first is by renting out the space to a tenant to run the business. They would pay you rent, manage the café and have the expense of food costs. If you choose to take this on yourself, realize the added time to your plate to operate it might not be worth the expense. With someone else leasing the space, you can not only collect rent but perhaps a
small percentage of their sales as well. Or you can simply add vending machines for beverages and/or snacks. Typically a route operator will provide these at no expense to you and pay you a commission each month.

**Wi-fi service**

For many coin laundry owners that offer wi-fi service, they tend to absorb this cost. With the creation of smart phones, laptop computers, i-Pads and other mobile technology, customers enjoy being able to surf the Internet wherever they are and the laundromat is no exception. For those without a laptop or mobile device, there are coin laundries that provide a bank of desktop computers, charging a flat rate per half hour of usage. This helps offset the cost of the equipment and provides the opportunity for customers to be in your store longer.

**Tanning beds**

Within some demographic areas, providing tanning beds is a way to generate additional revenue, especially if you have an attended laundry. Your employees can clean the beds in between use. You can also sell tanning lotions and after sunning products as well. Keep in mind there is also the added cost of bulbs and utilities.

**Red Box**

More and more people are turning to the Red Box and other vended DVDs to rent their movies. It costs less than the video store, you’re not waiting for your movie to arrive in the mail. With little work, providing a DVD vending machine like the Red Box can create additional revenue by movie rental.

**Automated Carwash**

An automated carwash is one of the most complimentary businesses to owning and operating a coin laundry. Both deliver “clean” results and use water and chemicals. It aids in generating awareness of your laundromat with the amount of drive-thru traffic it provides and offers you a good deal of additional income.

**Drop Off Laundry**

In a later chapter we’ll go more in depth into what it takes to provide drop-off laundry
services, but for those laundries looking for ways to create additional income, offering drop off laundry allows those busy customers the opportunity to stay on the move while you launder their clothing. It can be a great profit center and expand the reach of your customer base into other demographics.

Security. Last but certainly not least is to protect your investment when you are not there. The cost of security systems has dropped dramatically over the years and in my opinion, this is not a luxury but rather a necessity. A visible security system will deter vandalism and theft. Your customers will feel safer and so will you. I recommend a system that you can monitor over the internet. This also lets you see how busy your store is at certain times of the day. And this can save you money too!

We have heard several stories of a customer filing a lawsuit against a store owner claiming that because of neglect, the person slipped in the store and hurt themselves. While some claims may be legitimate, many are not and footage from security cameras saved the owner from expensive insurance claims. Speaking of insurance, many companies offer large discounts to businesses with security systems installed. Check with your insurance agent to find out specifically what they offer and which systems give you the best discounts.

Personally, designing a new vended laundry is a great deal of fun, second only to depositing profits at the bank. You want a store that has its own personality, uses floor space efficiently, and becomes a destination location for current and future customers. After all, they are the ones who will pay your bills indirectly — design your store with their needs and wants in mind.

Some other things to consider when designing and building your store include any future expansion you might wish to do, security and outdoor signage. The list is long, just like with building a house. There’s the roof to the floor and everything in between, including the sinks. Take your time, rely on your distributor, consult with other experts, design for your customers, and plan, plan, plan! If you do, beginning on opening day, your coin laundry will not only operate efficiently but will look good and attract more customers.
Cash versus Smart Cards: The Pros And Cons

The average American is using it less and less, cash that is. With consumers now able to pay bills online, use debit or credit card machines at the gas pump, at grocery stores, at retail stores, the question becomes, cash or card? For vended laundry owners it’s a question of what you feel is best for you and your business. There are pro’s and con’s to using either payment method.

When the vended laundry industry began, washers and dryers were equipped to accept coins for payment. And a majority of stores still use coins today. However, there has been a growing trend to use alternate payment systems. Therefore, you really do need some research and some thinking before deciding on using a cashless system in your coin laundry. After all, if your customers won’t use it, there isn’t much point in investing in it. So, let’s start with the basics.

Most of these card operated laundries have a system installed that accepts a special card. At the laundromat, the end customer can add value to that card and only redeem that value at the laundry. For the purposes of this guide, let’s refer to them as smart cards.

A smart card is similar in size and look to a credit card. It comes equipped with a magnetic strip or computer chip that activates the laundry equipment when the user inserts the card into a card reader that’s been installed on the washer or dryer. Using a card value center, your customers would add value to their cards using cash, a credit card or a debit card.

A relatively easy concept, this is one laundry technology where your demographic and competitive information may play a major role in your decision.

Smart cards and the competitive advantage

One of the most common reasons a card system is selected is because it allows the owner to price the washers and dryers in one penny increments. This reason can be a rather significant competitive advantage. Most laundries using coins for vending in North America accept quarters as the smallest coin amount.
For example, let’s assume that your washer has a vend price of eight quarters ($2.00 US) to start the machine. Now let’s assume that a nearby competitor is using a card system and to try to take away some of your customers, he prices similar capacity machines at $1.95 US. Since your machines can only be priced in quarter coin increments, you have a dilemma. Do you decrease your vend price to $1.75 US (over 10%) or keep your prices where they are or hope that not too many customers start going to his store? It is a difficult decision.

In an earlier chapter, we cited statistics that vend price is not one of the top 5 reasons why people surveyed said they visit a particular laundromat. But price is still in the top ten. A card system may add considerable expense initially to a new laundry but it just may be an investment worth making. Discuss this with your distributor partner.

The ability to set a vend price in smaller increments can give you more revenue flexibility too. Many newer stores are charging more for a hot or warm wash and less for a cold wash. This not only conserves energy but conserves your energy expense too. Our machines are designed to allow this in both coin and card vended systems.

One drawback to a card system is that your customers have to be trained how to use your system during their first visit. The systems are quite easy to use and some even offer video and audio to guide your customers through the process. Another drawback is that there are customers out there that refuse to accept and embrace new technologies. These customers will probably stay at a coin operated laundry — that is what they are comfortable with. You have to accept that you cannot please 100% of the people, 100% of the time. Thankfully, the percentage of these people is shrinking every year. Consider starting a customer-training program where you or your staff can work with customers one-on-one to educate them on how to use smart card. I would not recommend a card payment system for a store that will not be attended.

**Other benefits of card payment systems**

As the owner, you need to dedicate your time each week to collecting money. With a coin system, you collect from every machine and there are a lot of coins. With
an installed card system, this task is much faster. All of the money is collected from a single source — the machine your customers use to add value to their cards. And this is paper money, not coins, taking less of your time not only to collect but also to count. Some store owners have estimated this saves them 40 hours per year or more.

As more and more businesses are looking to build customer loyalty, coin laundry owners are continually looking for ways to attract and retain customers. Using smart cards to offer in-store promotions is just one way you can develop a customer loyalty program.

With smart cards, it allows you to develop promotions such as adding bonus dollars when a certain dollar value is added or even a free wash cycle on the machine for the 10th load washed by that customer. Tapping into the marketing potential of the cards depends on the ability of your customers to accept them, but the potential marketing options are endless.

They also allow you to run promotions during off-peak store times, lowering the vend price during those hours when customer usage is slow in order to increase turns during those times. However, we do manufacture machines that give you flexibility to offer these promotions with a coin operated system too.

**Smart cards and safety first**

One of the other big benefits to using a cashless operating system is in the improved safety within your coin laundry. With any business, there is always the possibility of theft or vandalism. Machines built specifically for a laundromat environment use more metal and steel, especially in the area where the coin vaults are located. But there are criminals out there who may still try to break into your machines. The possibilities of this are minimized in stores that are attended with security systems installed. With coin operated units, a criminal may damage several machines until they figure out that the effort is just not worth it. But now you have to repair the damage they caused. In stores with a card payment system, there is no money in the machines and so there is no reason to damage them. And typically, the card value stations are built directly into a secured wall making theft very difficult. And some have the option of only allowing collections from the rear of the unit, behind the secured wall and out of sight of any customers.
These are just a few of the benefits for using a card payment system technology, but in order to make an informed decision you really need to look at both sides of the coin, so to speak.

**Smart cards and the investment**

Whether you are converting your existing equipment to cashless or purchasing smart card-ready washers and dryers, smart cards are a rather significant investment. With a new large store, the additional expense may be $40,000 US or more. In addition, you have to purchase smart cards to either give or sell to your customers. And as user cards become damaged or lost, the owner will usually provide a replacement card at no cost to the customer to keep them coming to his or her store.

**Other considerations**

With smart cards, customers “prepay” their laundry expenses giving you the revenue now instead of when they actually use your machines. And there is usually a balance remaining on their cards. This encourages them to return to your store for cleaning their laundry which is of course a good thing. This balance is referred to as “float”, the time period between when consumers spend money to add value to their cards (incoming revenue to you) and when they use the washers and dryers (outgoing expense in utility costs). We recommend that you not only track revenue from value being prepaid on cards but also actual machine cycles using our audit features. This will help you estimate the size of the “float” in your business. Depending on the size of your store, this will vary. We suggest working with your distributor to determine an average amount for this as it can easily range from a few hundred to a few thousand dollars.

**Credit and debit cards**

Over the last few years, there have been new systems introduced to our industry that allow your customers to use an actual credit or debit card to pay for their laundry.
This can be very convenient and worth investigating. But remember that credit card companies charge you a fee when processing payments which will impact your profitability. And depending on your specific demographics, the percentage of potential customers with credit cards in your area may not be as high as you need to reach your ProForma projections.

Whether you choose to use a card payment system or coin, new technologies are helping laundry owners look at new ways of doing business every day. From building customer loyalty to increasing safety, to offering unique promotions, the possibilities are endless.
Chapter 11
To Attend Or Not To Attend, That Is The Question

Whether you have an attended or unattended laundry, there are going to be both positive and negative aspects to it. Personally, if it were my store, I would always have a laundry attendant for all the positives listed above. But that is a decision that only you can make. Should you decide to go with an attended laundry, there are some basic human resources principles you can apply to make sure that your laundry attendant is successful and vested in your business.

In most cases, when someone decides to go with an attended laundry, they start looking to hire right away. This is one of the more common mistakes. You even see it in businesses when they look to add a position. Before you start looking for that new employee, there is some ground work that must be completed first.

The Employee Manual

An employee manual or handbook is a tool used to house all of the information that will be relevant not only to you, but to the worker you hire. This will contain a job description, benefits information and so much more. Below is just a quick overview of content suggestions, and even some samples of each:

Job description

A job description is pretty basic. It tells the employee what is expected of them regarding their day-to-day tasks. By laying it out clearly and completely, you will attract people who want to do the job, and also provide the framework for your employee to be successful.

Pros
- Someone to keep an eye on your store
- Fix equipment
- Help keep the laundry clean
- Allows you to manage less of the day-to-day and more of the business
- Address customer concerns in a timely fashion and allow you to sell other services such as drop off laundry

Cons
- Employee theft
- Abuse of sick time
- Not doing his or her job
- Unreliability
- Takes up more of your time
- Overhead in wages
A sample of a job description for a coin laundry attendant could be:

**JOB TITLE:** Laundry Attendant  
**CLASS:** Non-Exempt  
**REPORTS TO:** Laundry Owner  
**STATUS:** Part-time

This is an hourly position, on a part-time basis of approximately 30 hours per week, working as a coin laundry attendant at the ABC Coin Laundry located at xxxxxxxxx

**Accountabilities**

1. Functions as a coin laundry attendant as required  
2. Help in routine maintenance duties  
3. Aid in record keeping and other office routines  
4. Keep the laundry clean at all times  
5. Service and train customers, address customer complaints, etc.  
6. Other duties as may be required by the Coin Laundry Owner

**Required Training And Experience**

Must be 18 years or older. Possess a high school degree or equivalent.

**Nature Of Work**

Provide customer service and routine maintenance at the ABC Coin Laundry. The job may require work shifts ranging from morning to evening hours, as well as weekends. Other duties may require clean up or office help.

**Physical Demands**

The physical demands described here are representative of those that must be met by an employee to successfully perform the essential functions of this job. Reasonable accommodations may be made to enable individuals to perform the essential functions. While performing the duties of this job, the employee is frequently required to stand, use hands to control tools or controls, climb or balance; stoop, kneel, crouch, talk and hear. The employee is also required to sit and reach with hands and arms. The employee may be required to occasionally lift up to 50 pounds.

**Vacation Schedule**

A great bonus to any employee is the vacation schedule. In most areas this is not required but does help you retain good employees who will look out for your best interests when you are not at the store. Depending on your preference, the industry
standard is generally one week of paid vacation after one year of service. Some employers will ask that employees accrue their one week of vacation time, others will allow employees to start using banked time after 90 days. Don’t forget to add additional time to this section based on years of service.

**Sick Time**

Let’s face it, people get sick and need time off in order to get well. It’s important to detail what your sick policy is going to be. Some companies provide a number of sick days, others a point system and others provide nothing. There are a few progressive companies out there who do not provide a number of days, but just pay for sick time off. It will come down to trust with you and your employee as to how you write this section.

**Paid-time Off (PTO)**

PTO is one of those extremely optional sections. PTO is additional days that can be taken by employees and used however they wish.

**Benefits**

One reason many people choose to work for a business is because of the benefits. Health insurance, disability, term life, vision and dental are the big areas that some employers cover when offering benefits to their employees. Many employers pay a portion of the premiums and share the cost with employees. There are many different plans out there available to small business owners. Consult your local chamber of commerce or business network for a listing, and in some cases by being a group or chamber member, you can participate in their plan, providing you a discount in employee health coverage.

**Salary/Pay Schedule**

What you pay your employee is important, as well as when you pay them. Whether it’s hourly or salary, the reason a person works is to make money. Consider including a bonus plan that your employee(s) can participate in. This will also help to create greater performance incentives. Also include employee reviews in this section. Tying raises to performance is another great way to maximize the return on investment in hiring a laundry room attendant.
Vision, Mission and Values

This is your business, you have goals you want to achieve and they are tied to your vision, mission and value statement(s). It’s important to your continued success that employees know, understand and share these with you.

Leave of Absence/FMLA

There might be a time when an employee needs to be away from work for an extended period of time. Detailing what that is, including funeral leave, maternity leave, etc. is important to cover.

In the United States of America, it’s also important that you include information on the Family Medical Leave Act or FMLA. The Family Medical Leave Act was created to give employees the ability to take reasonable unpaid time off from work for certain medical and family reasons. For comprehensive information on this visit http://www.dol.gov/dol/topic/benefits-leave/fmla.htm. Depending on your country, there may be other laws with regard to employees. Consult with a professional to make sure that you abide by these laws. Once again, your distributor, who is an established business, may be able to answer many of these questions.

Termination Policy

In the event that you might have to let an employee go, you will need to define the process you will take. Many countries and states are “at-will”, meaning you can terminate an employee for any reason.

Sexual Harassment Policy

This is rather self-explanatory, but a sexual harassment policy is designed to provide employees a safe working environment, free from retaliation. It also protects you in the event that something should happen. It’s recommended that there is a zero-tolerance policy in place to keep it simple for everyone.

Sign off sheet

It is important that your employee read and understand and accept your rules. By providing a sign-off sheet in the back of your employee handbook, you protect yourself from disgruntled employees who say that they were not aware that they violated one of your rules or policies included in the book.
The Who’s, What’s, When’s, Where’s

Once you’ve clearly defined the position and have your employee manual drafted, it’s time to start looking for laundry room attendants. Between your local paper, internet employment web sites, college job boards and referrals from family and friends, there are many different avenues you can use to spread the message about the positions you have available.

With this new job listing, you might get lots of applications. As the pile starts to grow, you will begin to sort through all of the information you’ve been given. But how do you decide on which candidates should make it through to the interview?

Well, first, who actually completed their application in full? There will be times that candidates skip over sections of the application or leave out addresses or dates blank. This is a good sign that the person is not detail oriented and may not complete a task thoroughly.

When possible, I would look for a candidate that lives in the same community as your customers. They can relate to issues facing the neighborhood, spread the word about your business to family and friends, and they may even be a current laundromat customer.

How is the grammar and spelling on the application? Poor use of these could signal that the candidate has a hard time communicating. While the job of an attendant does not require much if any writing, they do need to be excellent communicators with your customers.

It’s also smart to avoid the job hoppers. Look for candidates who have at least two years of experience at their current job. If there are short bursts of employment with short times of service, this candidate might not be likely to stick around in the position for long. As the cost to hiring someone is rather expensive, you want to look for potential employees who will be a longer-term investment.

Interviewing 101

Once you’ve scheduled the interviews with the candidates you feel are the best prospects, you want to prepare for the interview itself. There are lots of verbal and non-verbal cues to consider during this initial meeting. Some positive non-verbal cues to look for include: eye contact, smiling, sitting up straight, appropriate dress, a firm handshake.

There are also some simple non-verbal cues that will tell you if someone is lying to you or maybe not giving you a complete answer to your questions. For example,
some candidates may do what is referred to as the “eye rub”. This is where they avoid eye contact by rubbing their eyes. Another non-verbal cue that someone may be lying is contradictory head nodding. This is where the candidate is saying no, but their head is moving up and down yes.

It’s important to pay attention to what candidates aren’t saying, just as much as it is to listen to what they are telling you. And don’t be afraid to ask probing questions to answers either. Are they really listening to what you are asking and giving good answers? Remember, their job in part is to answer questions from your customers and giving correct and well thought-out answers. In truth, knowing what to ask during an interview is difficult for many business owners. Below is a list of potential interview questions to help you determine who the best candidate for your coin laundry might be:

• Tell me about yourself.
• What are your strengths?
• What are your weaknesses?
• Why do you want this job?
• Give me an example of a time that you felt you went above and beyond the call of duty at work.
• Can you describe a time when your work was criticized? How did you feel, what did you do?
• Have you ever been on a team where someone was not pulling their own weight? How did you handle it?
• Tell me about a time when you had to give someone difficult feedback. How did you handle it?
• What’s the most difficult decision you’ve made in the last two years and how did you come to that decision?
• How would you describe your work style?
• What would be your ideal working situation?

It’s important to avoid personal questions when interviewing. That includes asking a potential candidate if they are married, if they have children, etc. Keep it to business and the job you want them to do.
You’re Hired!

Now that you’ve hired your laundry room attendant it’s time to train them. Create a checklist of activities that need to be completed each day. Take time to go through each task with them, showing them how to do them and then have them complete the task. This will demonstrate that they understand what is expected of them and they are doing things the way you want them done. Only experience will tell you if you have an honest employee or not. I would make sure that my attendant is aware that I have a security system in the store (which is also for their safety and peace of mind). And I would subtly let them know that the washers and dryers have audit features that keep track of how many times a machine was used during the day and how much money should be in the machines. But of course, do this tactfully so that your new employee does not feel like you are telling them you feel they will not be honest.

If you are considering having your laundry room attendant do preventative maintenance on the equipment, as well as fix minor repairs, it might be wise to send them to any service training offered by your distributor. This will provide them with more hands-on education and the ability to see first hand the more common repairs that need to be made.

There are common laundry questions that customers ask all the time. And there are many resources available on the internet and from your distributor with answers to these. One example are questions on how to remove certain stains. When answering those questions, train your attendant to remind the customer that “there is no guarantee that this solution will work on your particular item or that it will not damage the item but my recommendation is ...” Many of the laundry detergent manufacturers have this information available. One example is at http://www.stain-removal-101.com/stain-removal-guide.html

In addition to training, it’s important to continue to motivate your employees. This will go a long way in providing employee retention. Some simple ways to reward them for a job well done is:

• a cash bonus during a month when sales were up
• an extra vacation day for any sick days not used
• profit sharing
• a gift card to the movie theatre, their favorite restaurant, grocery store or gas station for going above and beyond
• free food. Buying lunch goes a long way
• a handwritten thank you note
• allow them to do their laundry for free

Everyone wants to feel appreciated and respected for the work they do. By treating your employees as “partners” and empowering them to do the right thing in order to grow your business, you’ll create a long lasting partnership that will serve to enhance your bottom line.

**Going for no attendant**

If you opt to have an unattended laundry, there are things you can do to protect your business and prevent yourself from overworking yourself in your new business. In terms of safety, consider installing security cameras and a silent alarm system. If you are concerned about taking money to the bank, ask a friend to meet you before taking deposits out to your car and have them follow you to the bank to make sure you and your money arrive securely. Or you can contract with an armored car service to retrieve money at your store from your safe. In reality, most small business owners handle this task themselves. But it is a good idea not to develop a routine.

Just like it was suggested for the laundry attendant, create a check list of tasks you need to do each day or week or month, include preventative maintenance, cleaning, deposits and restocking products you may vend in your store like detergent, fabric softener, laundry bags and so on. It’s also recommended that you take service classes from the distributor too if you’re going to be doing any of the simple and more basic repairs to your equipment. If not, your distributor will have a network of trained service professionals that can handle the most simple repairs to the most complicated.

And schedule days off. If there are a few days during the week that aren’t peak times for your coin laundry, make those light work days, maybe go in for the deposit and a quick cleaning to allow you to enjoy the flexibility owning a coin laundry can provide.

A laundromat is a revenue producing business and does require time and effort to maximize profitability. But it is somewhat unique in that it does not require a tremendous amount of long hours on your part — as long as you have good employees in the store when you are not!
Additional Revenue Opportunities

There are many great ideas on how you can supplement and grow the income of your coin laundry. In a previous chapter we talked about some of the ideas including a car wash, a DVD rental box, and even a tanning salon. But for those laundries that are attended, one of the easiest ways for coin laundry owners to capitalize on untapped income potential, is by providing a wash, dry and fold service.

Drop off laundry service or “wash, dry, fold” as it is commonly known, has been around since the beginning of time. Basically, people are willing to pay someone else to do their laundry for them. It is a true service industry business. This willingness is what developed the drycleaning industry.

With the ability to boost your revenue with no significant additional investment required, wash-dry-fold is a fairly basic business opportunity that through proper management and customer service, can grow as much as you want it to.

Tapping into the Wash-Dry-Fold Market

With very little additional overhead in supplies (a few hundred dollars a month), you can open up a wash-dry-fold service. Wash-Dry-Fold or Drop Off laundry services are more labor intensive but for stores that already employ a laundry attendant, it is typical that these personnel can do the work in the normal course of their day. If your Drop Off business grows to the point where you need more employees, the incremental revenue can justify the additional personnel expense.

Some of the basic equipment you will need includes plastic bags to place clothing in after folding, service slips with customer numbers that can be torn off, hangers for shirts and dresses, starch, irons and ironing board; and space dedicated to dropping off and picking up laundry. Shelving can be built on site or purchased. Some stores add conveyor systems similar to what you will see in a drycleaner. I would not recommend investing in a conveyor system at the beginning. Wait until your business has ramped up to determine if this would make you more efficient. However, when designing the space for this service at your laundry, keep this in mind should you want to expand in the future.

Once you’ve got that in place, it’s time to start targeting potential customers. Unlike
your coin laundry user, the wash-dry-fold customer is generally higher income, white collar and busy. They may also be further out of your demographic area, living in high-end apartments and working in offices.

Targeting these individuals can be fairly simple. Below are some ideas to identify potential wash-dry-fold customers and get them to visit your location:

• **Human resources.** Many companies are looking for ways to provide added benefits and services to employees. Over the years, dry cleaning pick up and delivery has been one of them, but as fabrics are changing and people are dressing less formal at work, there is an opportunity for wash-dry-fold services. In one of my favorite examples, the ambitious laundry owner met with a growing large company whose employees typically worked well beyond an 8 AM to 5 PM workday. The H.R. department agreed to give the laundry an exclusive to have their delivery van in the company parking lot and to promote this service through an internal newsletter to their employees as a “benefit”. However, H.R. determined that the van would be in the lot from 7:00 to 7:30 AM and again at night beginning at 6:00 PM. This gave their employees a reason to get to work early and stay late, at least on laundry day.

Because pick-up and delivery might not be in your budget, consider offering companies with larger employee-bases, an opportunity to use your services at a discounted rate. Getting enough employees to take advantage of it will offset the cost of the discount provided. Offer to assist the company in the cost of advertising flyers or other things to help promote this new benefit.

Fortune magazine published their list of the “Top 100 Companies To Work For” a few years ago. Of those, almost one third offered on-site day care as an employee benefit. Laundry pick up and delivery could be touted as another employee benefit and best of all, it costs the company nothing!

• **Direct mail.** You don’t necessarily need a fancy direct-mail piece, but rather a simple flyer. What will be important is getting the addresses of those living in the apartment buildings you wish to target. As many apartments offer their own laundry equipment, you are going to want to focus on the time-saving benefits of wash-dry-fold laundry services. Many rental units have hook-ups in the
apartment for home style laundry equipment. But for an average family of four doing 8 loads per week, that equates to 10-12 hours spent doing laundry. Drop off may be a little more expensive but what is the value of saving this many hours to spend with family instead of a washer and dryer? Who wouldn’t want to do a week’s worth of laundry in 10 minutes?

- **Chamber of Commerce.** A chamber of commerce is only as valuable as the benefits that its members have available. Providing group insurance, lobbying, and discounts on services that businesses find of value are part of what attracts smaller businesses to a chamber. Consider adding your service to the mix. Join the chamber; work with the executive director and marketing director to provide a discounted rate for your services to chamber members. Perhaps you give them their first wash-dry-fold free to get them into your store to experience the convenience and quality that you deliver.

When targeting business people, be creative; show them the value and the benefit of your service. It’s the language they speak and the language they know best.

Two of the greatest benefits you can offer are available capacity allowing a week’s worth of laundry to be done quickly and larger capacity machines than a person would have in their homes. Consider putting an ad in the local paper a few times per year with special pricing on larger items like comforters and bedding, sleeping bags, rugs and draperies.

**Ahhhh! Perfection**

Besides the convenience of wash-dry-fold, the one thing that can make or break your sales is the customer experience. From the time they drop off their laundry to how it looks when they pick it up, and every step along the way, it all matters to your customer. A single bad experience and they will walk out the door and never look back.

This is where training is most important. Before you open your doors to a wash-dry-fold service, it’s imperative that you develop and implement a multi-tiered training program for any employee in your laundry.

- **Dress code.** Imagine if you walked into a business and the receptionist was dressed in a stained shirt, hair a mess, and looked unprofessional? How would you
react? Would you proceed or turn around, walking right out the door?

The first impression you make on anybody is a visual one. It’s important that your employees are the vision of perfection when a customer comes in, greeting them with a clean shirt that is free from lettering, other than a uniform top with your laundry name on it, pressed pants, hair neatly done, minimal jewelry for both men and women, and definitely no facial piercings. It’s all about looking professional; after all, you’re doing their laundry. If your attendant looks sloppy, the impression they could be giving is that the service you provide will be sloppy too!

• **The greeting.** Have you ever walked up to the register at the store or up to a clerk to ask a question and been greeted with a harsh “What?”? Sounds funny, but it does happen.

How your employees greet your customers is as important as how they look. Consider developing a standard greeting that employees can use, as well as a list of questions you’ll need answered in order to complete the order including: when the customer would like to pick up their laundry, are any of the items stained and if so, what kind of stain and where, etc. All of this will go along way into providing that beneficial and good customer service experience your consumers are looking for each and every time they enter your doors.

• **Stain-detectives.** Even when you know what kind of stain you are faced with, there will be times when you don’t. Knowing how to properly treat stains is **hugely important** when providing a wash-dry-fold service. The worst thing you can do is return an item of clothing that wasn’t treated properly for stain removal.

Work with your distributor to see if there is any training provided in this area and send all employees through it. It’s also wise to put together a procedure book covering the more common stains.

Some stains just can’t be removed. When a stain doesn’t come out, even after a few different attempts; make sure you make a note of it and how it was treated for your customer. This will lessen the impact of returning a stained item. And make sure you make consumers aware that some stains cannot be removed. Many laundries will have a disclaimer posted in the store and on the customer receipt.
• **Folding and stacking.** This is where perfection matters most. With military precision, pants, shirts, socks, undergarments, dress shirts, dresses all need to be folded or hung properly and uniformly. Customers will not appreciate getting their laundry back in a large and wrinkled pile.

Consider using shirt boards for uniformly folding shirts. Jeans and pants look best if they are folded in half, then the legs folded up to the waistband, the rise tucked in and the legs folded one more time. It’s how most of them come from the store.

Socks should be paired and folded without the tops being tucked into each other so they are as flat as possible and undergarments folded in thirds. Once everything is looking new and fresh, wrap them in plastic to protect them. It also makes it easier to unpack and put away.

When you put them back in the laundry basket or bag, stack them neatly.

When it comes to wash-dry-fold, consistency matters. No matter who is working, each employee should be doing everything the same way. Take time to spot check work, making sure everything is done uniformly. If only one employee is doing it right, you might be out of luck and risk losing customers if he or she goes on vacation or leaves your business for other opportunities. By providing each employee with the same training, you’ll be setting yourself up for success.

**Commercial opportunities**

Commercial laundry is different than wash-dry-fold or drop-off laundry. In most cases this will require you to provide fast turn around, consistency and usually pick up and deliver as commercial accounts are generally other businesses who produce lots of laundry themselves.

Some commercial account ideas that might provide additional income include:

• **Salons and spas.** This account might require you to make a few trips per day as they go through towels, sheets and even robes at fairly fast rates. One way to help position you when trying to sell your commercial laundry services to a salon is by highlighting the cost savings. They wouldn’t have to invest in equipment and staff time would be spent servicing clients (generating revenue) and not washing towels. There would also be a cost savings in utilites as well.
• **Sports teams.** Schools are looking for ways to reduce their costs. One area they could look at cutting expenses is through outsourcing their laundry services. This reduces overhead in staffing, equipment and utilities. Consider working with your distributor to develop a cost savings analysis to present to the school board.

• **Hotels, Motels and Inns.** When it comes to hospitality, a great deal of money is spent in the laundry department. Again, provide them with a cost analysis. Your store with its larger capacity machines can wash their towels, bedding, even larger items like curtains, comforters, blankets and table linens if there is a restaurant onsite.

• **Restaurants.** Many restaurants do not invest in their own laundry equipment, instead using a linen company. However, there are some restaurants that choose to not rent linens but purchase their own. This is a prime opportunity to position commercial laundry services.

Whether you choose to provide just wash-dry-fold services or add on commercial accounts as well, it’s important to look at what impact these services will have on your bottom line. If it’s going to enhance it and bring in additional income it might just be the second wise investment you made, the first being opening a coin laundry.
Chapter 13
The Big Day: We Are Open For Business!

It’s finally here. There’s nervous excitement building as you prepare to open your doors and have new customers come in to enjoy their laundry experience in your coin laundry. Then the negative thoughts start. What if there are no customers? What happens if the equipment malfunctions? What happens if the water heater breaks? What happens? What happens? What happens?

All of these “what ifs” can be overwhelming come opening day, but there are some things you can do to make sure that those doubts are put aside. The number one thing is to be prepared and let the countdown begin!

Six months before opening

To help ensure you will have customers in your store on opening day, there are a few things you’re going to want to do ahead of time.

• Create an advertising/public relations plan. There are many great resources to help you develop a strategic and integrated marketing plan. If it is in your budget, consider hiring an independent marketing company. They can handle everything from development of your store logo to the creation of a media plan that encompasses all of your radio and television advertising, along with a public relations plan that will compliment your advertising and develop ways to incorporate social media into getting the message out of your new store. If hiring an agency is out of your budget, consider turning to freelance experts in your area. Hiring an independent graphic artist and public relations expert is often more cost effective, but will require you to be more hands on in your approach to making sure your store will have a consistent message.

• Determine if you will offer special discounted pricing or coupons to promote your store and attract new customers. While some may only offer discounts on the day of the grand opening, I believe that discounts should be offered for at least the first 3 weeks. After all, not everyone attending your grand opening may need to do their laundry on that day — give them a reason to visit your store again (and again and again).

Doing these six months before the grand opening gives you plenty of time to
make changes to any of the things proposed including the graphic layout of print ads and logo design, as well as make sure deadlines are met with the advertising venues you choose to partner with.

In chapter 14, we’ll be going into more depth on how advertising and public relations can work together in not only growing your business, but helping to retain the customers you attract in the beginning.

- If possible, place signs in the windows in the front of your store that announces a new laundry is coming soon. Change this sign when your opening is one month away to alert the community that the new business “will be open in less than 30 days — mark your calendar.”

- Plan your open house. A great way to celebrate and bring traffic into your business is by planning and hosting an open house. You have built a beautiful store but the only way to gain a new customer is to get them inside your doors for the first time. Some items for your open house event may include:

  **Joining your local chamber of commerce.** They can provide you with a mailing list of chamber members to invite to your open house, as well as a ribbon cutting. Most include a photo of the event with the story in their newsletter and in the local newspaper.

  **Invite local politicians.** You are opening a new business, generating more income through taxes for the city, you are enhancing the services in a local neighborhood, you are even aiding in the creation of jobs if you are hiring attendants and providing drop-off and commercial laundry services. Send them a letter detailing these highlights, follow up with their staff about them attending. It will also help to generate additional press.

  **Develop an invitation list.** Besides politicians, there are others who have aided in helping you with the opening. You are going to want to

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<th>Sample list of invitees</th>
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<td>Mayor</td>
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<td>Chamber president</td>
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<td>State Senator and Legislator</td>
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<td>Family</td>
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<td>Friends</td>
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<tr>
<td>Vendors (Plumber, contractor, electrician, etc.)</td>
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<tr>
<td>Businesses that you are prospecting as commercial customers</td>
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<tr>
<td>Managers of surrounding businesses in your area</td>
</tr>
<tr>
<td>Distributor</td>
</tr>
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make sure you invite your distributor, your contractor, your attorneys, family and friends as a way to say thank you to them.

**Hire a caterer.** Food is a great way to bring people in. It can be something elaborate like hors d’oeuvres or as simple as hamburgers and hotdogs. This is where your demographics will play a role. If you are opening a coin laundry in a high-end neighborhood, then going more upscale for your open house will be ideal. If it is a family neighborhood, then food and activities should be geared towards families. Choose food that matches the ethnicity of prospective customers. Some new owners view this as an unnecessary expense, figuring that they can do this themselves. While that may be the case, it is more important for you to spend your time meeting and establishing a relationship with potential customers than to prepare and serve sandwiches.

**Plan activities.** Consider what sort of in-store promotions you will offer that day as well as other activities that your guests can enjoy. This is your opening day and your open house; it’s a party for you, your customers and all of those that helped you along the way.

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**Grand Opening Event Ideas**

**Music** Every city has a local city or school band that can attract a crowd. This can help increase traffic and awareness with a built-in audience.

**Raffle** There is nothing more exciting than the chance to win. Consider partnering with a local travel agent or other business to plan a cross promotion where together you split the costs of the prize.

**Mini-fair for kids** Based on your demographics, a mini-fair for kids could be a great way to attract the neighborhood families. Games like ring toss and pin the tail on the donkey are oldies but goodies in the United States. Face painters, clowns and balloon artists are also favorites among kids. Perhaps a coloring contest for children can get their parents into your store to not only submit their entry but to return two weeks later to check your bulletin board to find out if their child won a prize.

**Balloon-pop for prizes** Using a cork board, fill balloons with prizes including free washes, etc. that can be redeemed. Fill the balloons with air, put them on the cork board and using darts or pins, allow customers to take a shot to win.

**What is your fortune** There are companies who will customize messages on fortune cookies that you can serve at your grand opening. This is another great way for you to give away prizes.
Big draws may often include a prize wheel or other giveaways like a free wash or dry coupon or special discounted prices for your services. Any of these ideas should be included in your advertising.

**One month before you open**

It’s now only one month before you open and there are still lots of things to do. This is the time when you want to start tying up loose ends and scheduling last minute inspections and deliveries.

• **In-store signage.** If you haven’t already sent your signage to the printer, now is the time to make sure it is graphically the way you want it, make sure the spelling is correct and schedule a date when the items will be ready for pick up.

• **Equipment delivery and installation.** If all of your equipment isn’t already in place, you want to work with your distributor to track when it will be arriving and installed. If it’s in, start doing test loads to make sure equipment is operating properly and that you and your employees can train customers how to use them.

• **Schedule the walk through with your building inspector.** Many cities require that you obtain an inspection and permits before you can open your store to the public. The last thing you want to do is have your opening delayed because there are things that need to be corrected in order to meet codes.

• **Send out your invitations.** Those guests that you are inviting need about a four week lead time in order to get your event on their calendars. This includes scheduling the ribbon cutting with the chamber and/or local politicians and dignitaries.

• **Start advertising.** Whether it’s in the newspaper or on the radio, now is the time to have a frequent advertising schedule begin. This will help create top-of-mind awareness with the community. Write and submit your press release. More details are found at the end of the next chapter.

• **Canvas the neighborhood.** Print up some flyers and go door-to-door talking with the neighbors letting them know when you are opening and invite them to the
grand opening. This personalized approach will go a long way in ingratiating yourself and your business with your potential customers.

One week before you open

Now is when the nerves really start. It’s only one week before your opening day. You’ve fixed any concerns by the building inspector, your equipment is installed and working, you’ve been generating excitement from the neighborhood, the chamber is all set, you’ve heard back from those you’ve invited and your party is shaping up. One week before you open you’re going to want to:

• **Review your checklist.** Make sure everything on it is done or will be by the deadline.

• **Confirm the time with the caterer** of when you want them to arrive and begin setting up.

• **Host a trial run.** Invite friends and family for a night of free laundry. This will help you to make sure everything runs smoothly the day you officially open and provide employees with an opportunity to get their feet wet and you the chance to correct any potential customer service issues. Friends and family are far more forgiving than new customers when mistakes occur. Some owners prefer to unofficially open their store for business (called a soft opening) for 2–4 weeks before the big grand opening event. This is a matter of personal preference.

• **Thoroughly clean your store.** Again, one of those common sense things. You want your equipment shining and ready to go.

• **Put up window signage.** You’ve been creating buzz through the advertising and public relations plan you have in place. You’ve been meeting with the neighborhood, to further generate excitement, a week before you open, put up your window signage, providing another notice to people passing by that you are opening in the next week, inviting them in to do their laundry.
• **Go over the opening day plan with your employees.** You are going to be busy that day and your employees will be the additional help you need. They need to know everything you do including what time your vendors are arriving, the time of the ribbon cutting, when the doors officially open, what specials you are offering that day for customers and so on.

The day of your open house

It’s finally the day. You’re excited, but now is not the time to be nervous. The morning of the open house, you should do a final walk through before you open the doors. Make sure the grounds are clean, the store is clean, television and lights are turned on, radio if you have it.

As your vendors start to arrive, you’ll be busy directing them where you want them to be. Once things are set up and you are ready to open officially, open the doors, greet the public, the politicians, thanking everyone who has helped you along the way and most of all, enjoy it because as of today, you are officially in business as a coin laundry owner.

Congratulations!
A Guide To Generating New Customers And Retaining The Ones You Have

There is nothing more important to any business than generating new customers and retaining current ones. Without them, all businesses will fail. There are a lot of things that go into it; from advertising and public relations to a comprehensive customer service plan. Covered briefly in other chapters, all of these ideas will be covered in-depth throughout this chapter. We recommend that each section, while written separately, should be implemented and worked together in order to ensure success.

The role of advertising

Advertising is everywhere. It’s in newspapers, magazines, on the radio, comes at us as we drive down the highway on billboards, on television, and on the internet. No matter where we are, businesses are competing for our time, our attention and our money.

Radio Advertising

Depending on your market, radio can be a relatively inexpensive investment, especially for the frequency it takes to break through the clutter. Even on a limited budget, radio can be highly effective if scheduled right.

Allowing you to target your demographic through the choice of radio station format, some of the pitfalls to avoid include buying what’s called a 24-hour rotator. While most of the time your ads are semi-spread throughout the day, when the stations advertising schedule is full, your ads are more likely to end up in the overnight flight schedule.

Buying peak time can be costly but allows you to target the best parts of the day when you have a limited budget. Also look at the days you are buying. When are your customers most likely to be listening to the radio station?

Another way to build frequency on the radio is to sponsor the news or sports announcements. Your business name and tag line is usually said at the top of the announcement and at the end, as well as mentioned in promotions throughout the day. This form of sponsorship is great once listeners know who your business is and what you do.
When first buying radio, the best way to use your budget is by buying heavy in a shorter time frame. For example: Week one you run 15 ads on Wednesday and 15 ads on Thursday from 6 a.m. to 7 p.m. During that time frame your name and commercials will be very noticeable, making it seem like you own the air waves. Then you repeat the same schedule the following week.

Radio also offers flexibility. Let’s say you decide that you want to offer a special for the upcoming weekend. With radio, the shorter lead time allows you not only to be able to change your ad copy quickly but add extra commercials to your schedule if you desire. With radio the thing to remember is frequency is best!

**Print Advertising**

In most cases, the print advertising you will be spending money on is your local newspapers or weekly shoppers. Before deciding on which one to buy, try and canvas your neighborhood to determine which one they are reading most. There are some customers who do not purchase the local newspaper, opting for the free community newspaper. In most cases, the investment to purchase ad space is often less on a cost per person basis, but the risk that people are actually reading it is greater because it is free and delivered to every home.

With print advertising you want your ad to stand out. Color costs more but often jumps out from the normally black and white pages. Size matters too. If your ad is too small there is a chance that it will get eaten up by the content on the rest of the page.

Just like the radio station and its format, you can purchase ad space in the various sections of the paper. You can put your ad in sports, the lifestyle section, etc. Sunday is the most read newspaper, but also the most heavily advertised. On this day you are going to be competing with all of the inserts too.

Some of the best forms of print advertising are testimonials. Whether it’s a customer who likes a service you provided or one that just enjoys how safe they feel in your coin laundry, testimonial ads speak loudly to potential customers.

When it comes to print advertising, depending on the paper and the day of the week, size matters. Too small of an ad and you might get missed. And a full-page is expensive. Look at when you plan to offer in-store promotions and try to build a print schedule around that, reinforcing your messaging with other forms of advertising.
Direct mail

While not used as much as it has been in the past, direct mail is still a viable option for directly speaking to your customers. Arriving in their mailbox, it’s important to be creative to get them to open it and read your message instead of just throwing it away.

Buying a direct mail list is probably one of the most strategic things you can do. This again is where you want to rely on your demographics. Using that data you can direct a list company to develop a mailing list that targets those people directly.

With about a 10 percent return on investment, direct mail is most effective when there is a highly desirable call to action. For example, “free washes” are more likely to get someone through your door as compared to “call us for more information”.

If developing your own direct mail piece isn’t something you want to do, investigate what types of direct to home coupons are provided in your area. Chances are you get them in your mailbox at home too. The cost is more effective and again, getting you into the hands of potential customers. Here too, a strong call to action is needed in order to drive traffic and throughput into your coin laundry.

Technology-based advertising

There are so many ways that technology can aid in marketing your coin laundry. From banner ads to e-blasts to SMS blasts, you have the ability now more than ever to reach consumers in a timely fashion.

If you are using equipment that allows for variable vend prices, consider working with a company to generate a text-based (SMS) phone list where you can send a text message announcing special pricing during slower times of the day. This is a great way to build loyalty among your current customers as you can ask them to sign up to receive these specials.

E-blasts can be used the same way. You can either purchase an e-mail list, as well as ask current customers to sign up. You can use this rather inexpensive way of direct advertising to let customers know about specials that are coming up and changes made to your coin laundry they might find of interest. Consider making it more of a newsletter format where you can put laundry tips in as well.

Banner advertising isn’t necessarily going to drive traffic to your store. Sites like Yahoo
allow advertisers to post banner ads in just their demographic area. This is more for click through if you have a website. If you don’t have one, then doing a banner ad on a website might not be the best use of your advertising dollars.

**Television advertising**

Depending on your coin laundry, showing it off on T.V. might be a great way to generate awareness. If you decide to try television advertising, rather than buying network, consider buying a flight schedule through your local cable television company. Using your demographics, target channels that your customers are more likely to be watching based on their shows. And whether you go with network or cable advertising, those companies generally provide ad production for free or a minimal cost and in most cases look just as good as if you hired a production company to do it for you.

According to advertising experts Al Ries and Jack Trout, authors of “Positioning: The Battle for Your Mind,” consumer’s brains are wired like card files. In each of these categories, there are generally three products or services that spring to mind when asked about it. This is top-of-mind awareness. To achieve it, no matter what your advertising mix is going to be, your message must be consistent, and must be heard or seen frequently in order to break through the clutter.

**Public Relations: Beyond the Press Release**

The first thing people think of when you talk about public relations is writing a press release in order to gain media coverage, but it is much more than that. Over the years public relations has taken on a far more strategic role. Encompassing everything from dealing with the media to consumer relations, public relations is a strategic approach to understanding and communicating effectively with the public you serve.

**Public relations and your customer**

Public relations can be a great way to build your customer retention program. This can encompass your customer service program, developing initiatives that speak directly to them. For example, providing a stain management program where you aid them in helping figure out how to get their laundry cleaner, saving them money from replacing clothing may gain you many fans. Birthdays are a big deal for a lot of people — a simple handwritten card in the mail and a coupon for a free day of wash on their birthday would go far in helping build loyalty and word of mouth advertising.
Some companies go as far as developing helping hands programs where they partner customers together to help each other out. Perhaps you have an older customer who needs help carrying laundry into their home. Partnering them with another customer or an employee to help them out with this is a great way to show you not only want to clean their clothing but want to be a part of their lives as well.

The truth is, no matter how much advertising you do, if your customers do not have a good experience with you, you risk losing more than just that one customer. Using public relations to develop a strong customer service program will not only aid in helping create a good experience for your customers, but it will also help lessen the effects if they do not.

A strong customer relations program should nurture your customer relationships, encourage them to buy again, expand your relationship by cross-selling and up-selling, identify customers who are at risk of leaving and continually deliver on the quality of your services you provide.

**Public relations and the community**

Being a great corporate citizen in your community goes a long way in generating awareness. More and more businesses are getting involved in community outreach. They are sponsoring events, hosting educational programming, lending a helping hand to those in need. Developing a community relations program that includes joining and participating in service clubs, ways you can aid during disasters, etc., serves to help position you as a business that believes in helping the community you are in grow and thrive.

**Social media**

Social media is a skill that falls under the heading of public relations. Building a Facebook page gives you a platform to talk directly to your customers and fans. With all the various features on your business page, you can provide them with laundry tips, immediate notice of what events are happening in your coin laundry, and share other information that you feel they might find of value. Publicize events through pictures of them under the photo section (with their permission of course). Facebook allows for dialog as well between you and your customers.

While it’s a free service, Facebook requires an investment of time. You will need to
monitor it for pictures that might be offensive, fan posts that might not be appropriate, and provide timely feedback to any questions that are asked of you.

Another great way to generate awareness through social media is through the creation of a Twitter account. Again, you will need to monitor Twitter for any comments or posts about your business, but like SMS advertising, Twitter allows you to tweet specials in an immediate fashion to your followers.

Public Relations and the media

A press release is a great way to alert the media to an event you are having but it’s not a guarantee that it will run in the paper. There are other ways to generate favorable media coverage about your business. Some ways include:

- **Media relations.** This is where you develop a story that might be of interest to readers and contact the local reporter and talk to them about it. In most cases of coin laundry it will either be the lifestyle editor or the business editor. When pitching them, you will want to make sure your story idea is fleshed out and sticks to the facts.

- **Photos and cut lines.** For many businesses this is an easy way to gain coverage as most photos and cut lines are used to fill space left over from advertising. If you host an event or maybe one of your customers did something spectacular, take a picture and write a caption to send in to the local paper. Again, there is no guarantee if it will run or when it will run for that matter.

- **Press releases.** If you choose to use press releases, make sure they are timely to what is going on in your current market place. Take a cue from other industries. Don’t talk about lawn mowers in the middle of winter. Press releases should also be short and factual. These are teasers to a bigger story. A new employee hire press release is also a great way to gain coverage. These can be sent out to your local paper, chamber and business magazines. Consider a “Customer Of The Month” program for your store. Send a picture of your winner receiving their prize to the local paper.

Public relations can be a great way to reinforce the messaging you create through your advertising. When partnered together, these two areas can work as a force creating name awareness, building loyalty with your current customers and attracting new ones to your store.
Elements of a Good News Story – What is Newsworthy?

**Timeliness**

One of the most important characteristics of a news story is timing. If you can connect your story to events in the news, you have a better chance of being published or broadcast. Search for ways to connect your story to events in the news.

**Prominence**

Names make news. If you are having an event at your center, invite local dignitaries, such as the mayor. By including the names and photos of important community leaders, you increase the likelihood of publication.

**Significance**

Who will be affected by your news? For example, if your store specializes in Drop Off Laundry services, your press release could start with “It is estimated that the average family of four spends 8 hours of their free time each week doing laundry at home.” The press release could then explain how using a laundry service could “preserve” that free time to spend doing more fun activities with family while also preserving utilities and “being green” as a laundry has more energy efficient machines that are used.

**Uniqueness**

What sets your story apart from another? Human interest stories are best when they arouse emotions. Reunions, special birthdays or anniversaries, fulfilled Heart’s Desires are all good opportunities to strike an emotional cord with readers.

**How to Write a Press Release**

Press releases are short documents used to call attention of the media to an event or newsworthy happening at your center. They can be more powerful than advertising, and are free.

**Some pointers to follow**

Make your point quickly. Reporters and editors get a lot of press releases, so you must hook them with the first paragraph. This style, called the inverted pyramid, puts the most important information first.

Include the basics. Remember who, what, why, where, when and how. If you are sending a release out before an event, consider using the Media Alert format, which
simply outlines the facts, and does not require interviewing or quotes.

Keep it short. Any press release longer than two pages, is probably too long. Try to keep it to one page if possible, or use the Media Alert format.

Keep your press release jargon free. Acronyms such as CLA and BTU are industry specific — spell them out.

Make sure you include a contact person and phone number that is easily accessible. If you are on the road making sales calls, it might make sense to have someone who is at the center be the point of contact.

Include a dateline for your release. Example, City, State, July 29, 2009 –

Use 1.5 line spacing in your release, use 5 Space indent and center the ### at the bottom of the release to indicate the end of the release.

Run spell check on your release, and ask an objective person to read it over for errors and omissions.

Remember deadlines. Daily publications and television have frequent deadlines that require a two-three week lead time, while monthly magazines close their editorial comment several months in advance.

Pitch interesting and relatable stories. If you are pitching a story about Family Time, you could talk about the amount of time it takes an average customer to do their laundry at home. It has been estimated that the average family does 8 loads of laundry per week which calculates to over 8 hours per week of time not devoted to family. Your story could focus on “What would you do with 8 extra hours every week?”

Don’t overwhelm the media with press releases. Choose the stories that you will pitch wisely. If you constantly send them press releases, they will stop reading them. You want to make them think that when they receive something from you, it is important news.

Follow-up. It is good to follow-up a few days after you send a news release. This is an opportunity to pitch your story again and answer any questions they may have.

You can find examples of press releases/media alerts to help you on Marketing Communication portal’s public relations page.
Chapter 15
Protecting Your Investment

Opening a coin laundry is a big investment. Even before opening your doors for the first time, it’s important to develop a plan to protect it. Everything from insurance to preventative maintenance is important to making sure your investment is safe and continues to grow.

Preventative maintenance

Your equipment

Far too often, the benefits of preventative maintenance are overlooked. To keep your laundry equipment working at an optimum level, it’s important that you keep your machines maintained. Below is a suggested preventative maintenance schedule that will help aid in keeping your equipment in tip-top shape.

For your washers

Monthly

It’s recommended that you inspect the rubber hoses on the back of your washers every month. Look for cracks, blisters, corroded fittings and leaks. If any of these are detected the hoses can be replaced. Should problems with the hoses go unnoticed, they could lose their structure over time. To be on the safe side, most manufacturers recommend replacing the rubber hoses every five years.

Bi-monthly

Over time, there can be a build up of debris where your water hoses are connected to your washers. This is especially true if you have water that is very hard with a high concentration of minerals like calcium and limestone. I recommend that when your machines are first installed, use a stopwatch to time how long it takes to fill each machine capacity. Then every few months, use your stopwatch to time the fill times again. Be aware that in some areas, the water pressure from the utility company may fluctuate. But if the fill times are significantly longer, that may indicate that hard water particles may be clogging the screens in your hoses. If that is the case, turn off the water, unscrew the fill hoses and clean the screens.
Annually

Over time, the building foundation may settle. To prevent washers from walking on their own, rear self-leveling legs on topload washers (which are not bolted to the floor) should be reset annually. To adjust them simply tilt the washer forward onto its front legs and set it back down. The legs should automatically self-adjust.

For your dryers

Daily

The biggest enemy to any dryer is lint!!! Lint build-up is often the leading cause of dryer failures and can dramatically increase energy consumption. It is important to clean the lint filters per the manufacturer’s recommendations.

Bi-Monthly

The type of venting duct and the length of the vent run used will determine how often it needs to be cleaned.

With your washers and dryers, we have published preventative maintenance guides that are available at no charge from your authorized product distributor.

In addition to implementing a preventative maintenance schedule for your equipment, set aside money to begin saving for equipment improvements and updates. Whether it’s for larger repairs or for buying new equipment, preplanning for these kinds of events will help protect your investment and reduce the impact to your bottom line if you have created a fund in advance.

Protecting the building

What good is having coin laundry equipment if you don’t have a well maintained building to house it in? Customers like things kept clean and in good working order and this applies to your building inside and out. Many of the preventative maintenance techniques you employ for protecting your home are ones you would do at your coin laundry, including:
Roofing

Roofing issues can creep up over time. To extend the life of your roof, make sure gutters are cleaned twice a year if applicable. Keeping the roof free from debris build up will prevent water from backing up under shingles and the creation of ice dams for those in harsher winter climates. Inspect your roof from time to time to look for any signs of weakness or potential problems down the road. It is more economical to maintain a roof compared to the cost of replacing it.

Parking lot

Your customers will come in all shapes, sizes and ages. To help prevent accidents from happening in your parking lot, you want to keep it in good condition. If you have an asphalt parking lot, look to do maintenance on it annually. This includes laying down a fresh layer of tar and repainting parking lines.

If you’ve opted for concrete, look for cracking and potholes. You will want to seal and fill these as quickly as possible to prevent further damage from spreading.

Windows

As glass heats up, it expands. When it cools, it contracts. As time goes by, the seal around the windows may start to crack and wear. To help prevent moisture from coming in or your heat or air from going out, inspect the windows annually. If you see that the seals are damaged, contact a local window manufacturer to have them make the repairs.

HVAC

Just like in your house, before winter hits and you need to turn on your heating, have your local HVAC company come out and do an inspection on your heating unit and perform annual maintenance. Don’t forget furnace filters either. These should be changed every 90 days depending on your climate and the make and model of your heating unit. The same goes for your air conditioning. Before summer hits, have the same company come out and inspect your central air. Many of these companies offer maintenance agreements where inspections are automatically included.

Insurance Policy

So many times, people in general, will try to save on insurance. Most look at it as an “if” it happens when in reality insurance is for “when” it happens. This is one expense
where more is better. This business is your investment so make sure that your coverage is adequate.

You should work with a reputable commercial insurance agent who can provide you with all of the coverage you might need including:

**Personal Liability Umbrella**

This is a commercial liability policy to protect you from lawsuits. It will help pay for your defense costs, as well as any damages awarded by the courts.

**Business Operating Policy**

This covers your property including the building and the machines. It gives you your first layer of liability protection. Determine if you want to be covered at replacement cost or current cash value. Equipment depreciates over time and if it needs to be replaced because of an accident, you could end up dipping into your cash reserves if you only have coverage for the cash value.

**Workmen’s Compensation**

If you are going to have an attended laundry, you are going to need a workmen’s compensation policy. This is required by law in many states. Your insurance agent can help educate you on specific levels of coverage required for your business.

**Buy/Sell Agreement**

If you are in business with a non-relative, a buy/sell agreement provides you with peace of mind in the unfortunate event that something would happen to you or your business partner. Basically, this is where the business takes a life insurance or similar policy out on each partner, making the other the beneficiary, leaving behind enough income to buy-out the deceased partner.

Your deductible can vary widely depending upon the amount of risk you are willing to take. Keep in mind that the higher the deductible the lower the premium. However, no matter which way you opt to go, make sure you have the amount of your deductible stashed in a savings account, ready for when you need it.

No one I have ever met truly enjoys buying insurance policies. However, for the times we have needed them, it may have made the difference between keeping the doors open or closing the store. Protecting your investment means investing in your peace of mind.
What Did We Miss?

While this book provides you with a great start to learning about the coin laundry industry, it is by no means the only source of information that you should rely on. To make sure you are well rounded and knowledgeable in your business approach, we can not stress enough how important it is to put together the right team of people.

Your distributor, your attorney, your insurance agent, your lender and your accountant can all work together to help provide you with the knowledge you need to succeed. Together, this team of experts will guide you through each area of their own personal expertise.

Because you will be working with them for a long time, it is extremely important that you hire the right team. They should have experience, personalities and work styles that mesh well with your own.

We hope this book has provided you with a foundation to develop the framework for getting started in the coin laundry industry, but one source is never enough to provide success. As you continue to move through the process of investigating opening a coin laundry, do your due diligence. Read industry publications, look for other books on owning and operating a coin laundry, books on marketing and human resources, etc. And as you develop questions, bring them to your team of experts. Together, you can build a plan that is the right fit for you and your goals!

Other Resources

- Coin Laundry Association; www.coinlaundry.org
- Environmental Protection Agency; www.epa.gov
- Clean Show, www.cleanshow.com
- Your local Chamber of Commerce
- Your state’s Department of Workforce Development
- SCORE (Senior Core of Retired Executives)
- American Bar Association, www.americanbar.org
- American Coin-Op, www.americancoinop.com
- U.S. Census, www.census.gov
- “Happiness is Owning a Laundromat” by Sally Collins
• “Coin Laundries – Road to Financial Independence: A Complete Guide to Starting and Operating a Profitable Self-Service Laundries” by Emerson G. Higdon
• “How to Write a Business Plan” by Mike McKeever
• “Social Media Marketing: Strategies for Engaging in Facebook, Twitter and Other Social Media” by Liana Evans
• “The New Rules of Marketing and PR: How to Use Social Media, Blogs, News Releases, Online Video, and Viral Marketing to Reach Buyers Directly,” by David Meerman Scott
• “How to Develop a Strategic Marketing Plan — A Step by Step Guide,” by Norton Paley
• “Human Resources Kit for Dummies” by Harold Messmer