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LAUNDROMAT OPERATIONS

Requirement for sexual harassment training for Laundromats in California

Here's the new California law outlined below. If you have five employees and/or contractors (repairman, collectors), you're required to conduct sexual harassment training for all of your staff and contractors.

For example, you have one part time repairman, three part time cleaning/attendants and one manager. You would need to do the training, record attendance and maintain records. Most single store Laundromat stores that do fluff & fold (WDF) are likely in the category of being required to perform this training.

Key Points

Employers with at least five employees must provide:

Two hours of sexual harassment prevention training to all supervisory employees.

One hour of sexual harassment prevention training to all non-supervisory employees.

Part-time and temporary employees, plus independent contractors count toward the minimum employee count of five employees.

Training must occur within six months of the employee starting the position (and every two years thereafter).

Sexual harassment prevention training may be conducted individually or as a group. Sexual harassment prevention training may be in conjunction with other training and may be given in shorter time segments, as long as the two-hour requirement for supervisory employees and the one-hour requirement for non-supervisory employees are met.

Installing an ozone system in your Laundromat

There has been another wave of those attempting to sell ozone injection system to the Laundromat marketplace. There are claims of a new delivery system using plastic tubing delivering the ozone directly to the water. Past systems, and some still being sold, generate the ozone at or near the water heaters and injected it into water at that point and carried to the washer by the copper pipes delivering water to each washer.

Damage to the copper piping, rubber hoses and gaskets were often mentioned of unwanted side effects. The direct delivery by plastic piping may solve this problem. There are other problems, however, that make many Laundromat owners question the need or usefulness of ozone in a self-serve business.

Active ozone has a short life span and quickly returns to its natural state. It is destroyed by heat so it has no benefit in the washing process of hot water cycle selection by the customer. Cold water washing is required and in fact is why it is installed in industrial and commercial facilities that benefit from the cleaning properties but is used only in cold water washing.

In a vended Laundromat, customers don't know enough about ozone to always select cold water washes. If you have a fluff & fold (WDF) you might want to try one or two of the small ozone units on a few of your washers that are used by your attendant staff. These are true ozone units designed for home washers and cost a few hundred dollars. No big investment and a chance to see if they are a popular option to your WDF customers and staff. Here are some questions with answers:

1) Does ozone meaningfully improve cleaning?

A: Yes, it can under certain conditions, but the effects might not be observable by the average customer.

2) Will ozone allow me to use less hot water overall?

A: Not unless you control the setting for washer temperature setting. Might be useful for OPL and large Wash/Dry/Fold operations, where everything can be processed in all cold water settings.

3) Is maintenance straightforward and affordable?

A: Requires more maintenance than your washers and dryers and can be subject to costly repairs. Historically, useful life has been short compared to washers and dryers, with no significant historical data available from Laundromat installations.

Who should be doing repairs on your equipment?

During the warranty period, the best option would be to have all equipment repairs done by a staff member of your distributor or a repair person recommended in writing to you.

The current way most equipment is distributed is through a network of local dealers. In exchange for wholesale dealer pricing and often exclusive territory, they are to find and train repair people, inventory frequently needed parts, educate themselves on the product and handle customer issues including complaints.

Your distributor should be handling all contacts with the factories on your behalf. Some distributors are excellent in doing their part, others not so much. If a distributor is unwilling to perform his tasks, he shouldn't be a dealer for the product line.

On the other hand, some owners so fervently seek the lowest price they elect to ignore the reputation of the distributor, his obligations, suggestions and the use of recommended service and installation people.

If you're having terrible troubles with your equipment and your dealer is not involved, maybe you purchased from a sketchy dealer. You should keep in mind that manufacturers do not staff trained and ready to put on a plane to solve your problems with installation and repair. They count on their distributor for these services.

The Laundromat industry is a tiny business and no manufacturer makes enough money to maintain a response team ready to solve all of your equipment problems. Factories provide replacement parts and warranties, not personal service and repair labor. Yes, many factories have telephone systems to answer service questions, but this is not their main function, they are only covering for their less experienced dealers.

This is why most manufacturers sell through dealers and distributors, the ones receiving discounts on the products and making the profits on the sales. In some cases some manufacturers will sell direct at retail prices to Laundromat owners and when this happens all the duties of a dealer, distributor or manufacturer passes to them.

How to deal with problem people in your Laundromat.

It seems that manners and civil behavior is often in short supply in our society today including how some folks behave in Laundromats. This is a serious, although seldom occurring, problem that can happen in any Laundromat. Here's my advice:

- 1) Instruct your cleaning people, attendants and contract repair people to never physically engage or verbally confront anyone exhibiting behavior that could lead to violence. Your staff is not trained and they don't earn enough money to handle these situations. Instruct them to walk away without comment or attitude, even if it means leaving the premises.
- 2) Prior to a potential incident visit your local police precinct to understand their response techniques in these cases. If they are only going to ask bad people to leave, a call to the police may not be the best option because the bad ones will know you called the police and may elect to retaliate against your staff or equipment in the future. Sometimes doing nothing is the best option. Burning fires do eventually go out, and there is little sense in throwing fuel on a burning fire.
- 3) Discuss in detail the matter with a watch commander or official of the local police agency before you formulate how you will react. Planning ahead avoids silly responses in evolving situations that can become violent. Have a plan before these things happen.
- 4) The days of physically throwing people out, flashing a gun, carrying a baseball

bat or using abusive language are gone. These actions might lead, in our current world, to significant legal issues for you and may excite an elevated response in the matter at hand. Be cautious, be careful and avoid confrontation.

5) You should have video equipment that is working and that you're able to quickly make a copy for law enforcement personnel. Many people don't have cameras, don't know if they are working and can't figure out how to download a copy for the police. Be prepared and you won't be disappointed.

6) If there is violence and injury, it is a good idea to call the fire department or other agency medical assistance agency to respond to your location. If someone is injured, it is great to quickly have medical help available, and it is the right thing to do.

Can you get “free” equipment by purchasing new equipment?

"Free" has been tossed about by politicians and Laundromat sales people for too long a time. It sounds great, but is seldom achieved. In a September, 2021 Planet Laundry article this subject has been touted by someone identified as a "national consultant" and a Laundromat owner.

Sorry, but I see this more as a traditional equipment sales pitch as the Planet Laundry article leaves out some of the contrary, additional or alternative points that should be considered before accepting the information as conclusive. The following is my observations on “free” by purchasing new equipment.

Increased gross sales are possible but not always. If your business has a depressed income stream brought about by the opening of a new store within your marketing area that is bigger, better designed, with better visibility and parking, installing some new washers and dryers will have a minimum increase in your gross revenue.

Increased vend prices are possible if your current prices are way below market. If you have been at the forefront of pricing there is little room for further price increases just because your washers and dryers are a few years newer. In an urban setting with aggressive competitors operating new or near-new stores, price increases will be limited. The suggestion that up to a 20% is possible is more of a wish than a guarantee.

Utility savings is more of a magical trick than a reality. If you want to say that new equipment has made "significant progress" with regard to energy efficiency you are likely wrong if you follow the facts. By reducing water levels during cycles (less water in the tub) and reducing in frontloads the number of cycles of washes and rinses (no longer two washes and three rinses, but now one wash and two rinses) is not "significant progress" in efficiency but is a magical trick of factory sales efforts.

Reducing water levels in the tubs and reducing cycles in each wash program may reduce utility use but significant reduces the quality of the cleaning properties of your washers. Do you think your customers won't notice? Many purchasers of new washers will raise the water levels in their washers after the wave of customer complaints about water levels being too low. The factory brochure listing extremely low water use is maintained only on the paper of the brochure.

How has a ten year old Dexter dryer become more energy efficient in their latest model? What about dryer factories who elect to lower BTUs? Does this actually reduce gas use or increase the time of drying? There has been minimal to no significant increase in drying technology in the last ten years for the major manufacturers. Slower drying times brought about by lower BTUs can increase customer dissatisfaction and increase the need for additional expensive dryers.

Depreciation on new equipment really benefits those who have large incomes, including millionaires, but the regular guy operating a single Laundromat could see a limited, to non-existent, benefit.

ADA would only benefit those who are replacing equipment preventing the handicapped from using. No changes in stack dryers for at least fifteen years. Same with front load washers. All were and are considered ADA compliant.

This article is a great outline of benefits from the point of view of a salesman trying to sell you equipment and is more correctly a slanted, and perhaps a regional view from someone identified as a national Laundromat consultant.

This is not meant to say that in many cases new equipment is the right choice and answer but this decision needs a more in depth look at the benefits of buying new equipment and it's actual cost in a wider view of various regions in our Laundromat industry free from the constraints and influence of a salesman or someone who has listened too closely to the sales pitches of the factories.

Most single store owners who derive their sole income from their Laundromat will not use or need gigantic tax depreciation in the first year. Many are not claiming enough income to be paying any income tax at all on their Laundromats.

Freight costs are low in certain areas that are located close to the factories, but in other areas freight charges can be very costly.

Installation costs will also be much higher, especially if they are installed to factory standards (thicker concrete, three phase power, etc.) Typical costs of installation of stack dryers and large front load washers, without concrete and electrical changes, may cost \$300 to \$500 or more for standard installation per large machine.

Permits should be pulled if changing sizes of washers or other infrastructure modifications to concrete and electrical lines and breakers.

Personal property tax will increase, collected by counties, and will trigger a new assessment of the new equipment value.

If new washers are already in place in a completely brand new Laundromats located near your older store, do you really think a dozen large front loads will draw in a bunch of new customers in such a competitive environment?

Equipment repair costs and parts costs for the period of the warranty will be reduced. Is this significant enough to justify the costs of new equipment?

There are some advantages for "well to do owners" in locations that are not in dense urban areas. I contend financial status and competition is not universal or even typical for most Laundromat owners and new equipment is not always the correct answer.

I remain convinced that a more detailed review of region, total cost, competition and financial condition of the owner needs to be involved in any decision to purchase new equipment.

INSURANCE RELATED ADVICE

Spontaneous combustion in Laundromats

"Spontaneous combustion is the occurrence of fire without application of an apparent heat source." If a fire starts during an actual heating cycle of a dryer, this is not spontaneous combustion. It should not be classified as spontaneous combustion as it happened during a drying cycle with a heat source available. Not trying to split hairs, just explaining spontaneous combustion as I have seen it used.

I believe that few Laundromats (less than 30 out of 4,000 Laundromats in SoCal) have actual fires in their dryers that lead to sufficient damage as to require dryer replacement. More

often dryers melt, cook and crisp clothes without breaking into an active fire in my area of the country most often caused by customers who overpay for drying by purchasing too many cycles instead of opening the dryer door and checking the dryness before purchasing more time.

Are Laundromats hard to insure?

If history repeats itself, Laundromats may have some difficult times in shopping for insurance in the continuing recession. Our last big recession saw big name insurance carriers like State Farm, Allstate, Farmers and others drew back from the Laundromat market.

Despite what some critics say, the profitability of insuring Laundromats is small. During tough economic times, underwriting of business risks undergo review and guidelines are sometimes tightened. One could anticipate that many more carriers could expand their guidelines by refusing to insure 24 hour locations and imposing strict requirements to have an employee on location for all hours open.

A few sketchy operators are likely going to increase costs for all Laundromat owners by not complying with these rules. "I close for an hour late at night" is still seen as a 24 hour location by most underwriters. Once a major loss happens and the investigation reveals the owner has been tricky, new underwriting requirements emerge and insurance costs can go up for everyone.

Let's discuss what it means to be fully attended. An example would be a 7-11 store. No employee takes a break, or responds to a personal emergency and leaves the front door unlocked. In a Laundromat it's not uncommon to have an employee leave twenty minutes before their replacement employee arrives. The Laundromat worker can go pick up a lunch at a fast food restaurant without asking all customers to leave and then locking the door.

Which business do you think the underwriters think is fully attended? A fully attended Laundromat with a legal employee open from 6am to 10pm at minimum wage (and required other employee costs including workers comp) can cost at \$17.00 or more an hour. This means a monthly cost of \$8,170.00 a month just for one legal employee to be fully attended.

If all insurers were to require a full time employee, how many smaller Laundromats would be put out of business? We might see a lot of owners violating their leases and operating without insurance. Risky and sketchy.

If underwriters come to believe that Laundromat owners are lying on their applications, it can push their companies towards withdrawing from the Laundromat marketplace.

Think about being an insurance company and you offer policies on unattended self-service business with potential water on the floor, fire risks from gas dryers, large machinery used without owner supervision and often maintained by amateur owner/repairmen; is this your first choice of businesses to insure?

Let's all pull together, tell the truth on all applications, avoid sketchy behavior and keep Laundromats clean and well maintained. In this way we can help keep our insurance costs and our markets open to many carriers writing our business.

Taking care of your Laundromat as a good operator

In order to reduce insurance risks and claims, here are a few behaviors that could be dangerous and that good Laundromat operators avoid when running their business.

- 1) Replace all discolored ceiling tiles. The stain probably is from a roof or cooler leak and should be fixed, but if you wait too long and it rains again, the stained

- tiles are weakened and can collapse and injury someone standing beneath them.
- 2) Don't ever leave a door to your back rooms unlocked. Children are curious and love to explore. You don't want to hear about the injuries resulting from the rear of dryers (especially when the rear covers have been left off) or burns from water heaters and boilers. Attendants often don't lock up behind themselves.
 - 3) No floor or accessible electrical outlets should be available to your customers. Children stick their fingers into these outlets. If you want to let customers charge cell phones, put in a USB panel with the electrical plug behind the bulkhead.
 - 4) No towels on the floor in front of washers that frequently leak since it creates an observable liability claim concern. Fix the cause or put down one of the large wet floor mats like you see in restaurant kitchens. If someone slips and falls in front of a leaking washer you'll likely be expected to explain why you have an ongoing and dangerous water issue on the floor.
 - 5) Never train or have your attendants confront the homeless or any other visitor. You may be responsible for their acts and their conversations.
 - 6) Post a sign about children not being allowed to ride in laundry carts or sit on folding tables. Injuries or bruises from cart tip-overs and headers off folding tables are not infrequent.
 - 7) Never use those "white plastic" chairs in your Laundromat. They are not rated for commercial use and can collapse and cause serious injury especially to anyone above 250 pounds. Check the label of any chair and see if it is certified for commercial use.

LAUNDROMAT CONSTRUCTION

What type of doors to install in Laundromats

The type of door you have installed in your Laundromat might well prevent future problems in the operation of your store. This is particularly important if you ever intend to operate your Laundromat as a partially attended facility. In these facilities the quality, strength and material of the door is important.

From time to time a visitor (thief) might decide to break in to your back rooms to steal your money, tools and other personal property. The absolute best way to avoid most break-ins is a steel door in a steel frame. The door should open out and have been designed to prevent the hinge pins from being removed. Many Laundromats have these type of doors on the rear of their premises leading to the outside.

This is the type of door that should be installed on the room behind your changers and where you keep spare parts, tools and personal belongings. A premium build will use this type of door throughout the store except maybe on the restroom doors.

Why design the doors to open out? It is hard to kick in a door because of the strength of the frame. Pulling open an outward opening door that is properly locked and secured is extremely difficult.

The second best choice is a solid core door that opens out in all your other interior doors. Your contractor should have a supplier he uses. I use a heavy duty deadbolt (key operated on both sides) not a door handle. With a steel door, burglar attacks through the door are not as common as holes cut into the roof. Keyed interior deadbolt means the burglar must climb back out his roof penetration.

To reduce the potential of thieves cutting roof penetrations of your roof and dropping into your main office area, have your contractor build a "safe room" which is lined with

thick plywood, including the ceiling of the room, and add strips of chain link fence, welded steel or broken glass to the top of the safe room ceiling. Also install a motion sensor detection alarm feature to the safe room ceiling.

Should you install any top load washers in a new Laundromat?

The latest models of top load washers are equally energy efficient relating to water use as compared to the small front load washers. Please look at the brochures of the newer washers, especially Maytag, and you'll see amazingly low water use claimed.

There is also an ongoing demand by a portion of our population for top load washers by many customers. If mother taught them to wash in top load washers, separating whites in one washer and colored clothes in another, why would they want to put a mixture of all colors in a single washer?

In my store designs I try to include six to ten top loads and an equal amount of the 20-LB front load washers near each other and all priced the same. I've found top loads take in and equal or higher amount of money than the front loads. It seems that some people like from load washers and are willing to pay extra to use them.

A side benefit is that top load washers cost about half the price of the cheapest priced front load washers. Save money buying and make more money vending is always a nice feature.

Although top loads do not have the same length of economic use, they do complete the concept of providing a variety of washing solutions for your customers.

I cannot find an actual study showing front load washers wash better or use less water than current model front load washers and they do not require modification of plumbing or concrete foundation is required to replace top load washers with top load washers.

Top load washers have fewer issues with part costs and over-soaping issues which often plague the smaller front load washers.

Decorations of the interior of a Laundromat.

Here is my opinion on the decoration of the interior of a Laundromat. Maybe it will stimulate some thoughts. I approach this from the position that a Laundromat is a neighborhood wash facility oriented to the self-service needs of the surrounding people. Decorations should reflect the preferences of the surrounding neighborhood not as a reflection of the decorating talents and wealth of the owner. Why slap people in the face with your costly decorations of your facility when your customers live in an entirely different environment.

In an urban setting, I like a light grayish paint for three of the walls when the machines are stainless steel. This color coordinates with the look and feel of stainless. Then, depending on the accent color of the brand, I'd use that color on the entire fourth accent wall. This keeps the store from having too "hospital" a feel to it. You don't want a cold and colorless look. The same accent color can be used on the signs.

Never use contrasting paint on doors or trim to stand out. Match their color to the color of the wall they are located on. Why would you draw attention to them? Let them blend into the background and not stand out or allow construction defects to be easily seen.

In better neighborhoods, I've also used local artists to paint murals on large patches of empty walls, such as above the dryers. I try to carry through a local or local historical theme and to reflect the ethnic background of your customer base. This has been well received by customers and local newspapers. You're now an arts supporter and you sometimes get free advertising from a write up by your local newspaper.

The color of the floors should be light colored and a match to the wall colors you selected. Light colors make your store appear larger and brighter and do not draw the eye from machines to the floor. Mixing in a few colored squares should be avoided.

Always mount floor tile with a quarter turn so no long lines or grout lines are evident. Turning the tile prevents the eyes from being drawn to width variations in customer aisles or walkways. (Installers do not always install equipment in exact straight lines or aisle width varies by installation of various sized front loads next to each other.)

The overriding aspect of decorating a Laundromat is best achieved when you draw attention to the beauty of the equipment. Limit the signs to only those that are absolutely needed. Too much signage can be a distraction.

What does poundage of washers really mean?

One of the more confusing questions we've seen for many years in our business. Even the factories are confused on how to answer it.

In prior decades, women were reluctant to use washers that listed large capacity numbers on them. It was considered bad housekeeping to allow fifty pounds or more of dirty clothes to accumulate in their homes.

Large capacity washers were limited in numbers and often rated at lower capacity by factories to avoid this belief. The names rarely reflected capacity but used other names such as "rug washers."

With the adoption and popularity of European style varieties of various sized front load washers an advertising "war" emerged where various sized washers were arbitrarily sized based on marketing decisions. There is no government or industry assisting or proscribing size and pound labeling. You can label any machine any size or poundage you desire.

In an industry without standards, what would make anyone think we could train our customers to use either pounds or loads? As an example of poundage or loads, top load washers are tested using an approximate 8 pound load (think Consumers Reports as an example) and therefore tops should be designated as 8 LB washers or single loads, while Laundromat owners often see 15 pounds or more pounds pushed into top loads.

Front loads, especially those with big doors, are hard to stuff too full. As the clothes pile up inside they tumble out the door. Keep in mind that denim and towels weight more than underwear and T-shirts, but the old rule of thumb was that front loads were normally filled with fewer pounds than listed on the current washer poundage label.

A common belief was that if you could close the washer door, the clothes would be washed with the two washes and three rinses and the deep level water settings. Now with limited cycles and lowered water being put into front loads it's likely this old belief no longer holds true.

I don't believe you can ever control customer habits around how they wash or how much clothes they elect to cram into your self-service washers. With pressure filled washers, the more they put in, the less water they use, so the side benefit is lower utility cost versus undue stress on machine parts and bearings.

As for a sign, "Do not overload for best results, Can't get your clothes clean if you put in too many" Is still probably as good at changing customer habits as any. I normally remove the pound decals from my washers and replaced them with decals saying small, medium, large, etc. This labeling works better for my customers.

Changes coming in Laundromat construction issues.

There is an ongoing concern that changes may be coming to the Laundromat industry. This concern includes a belief that current political movements may involve the Laundromat business and includes a "call for no more regulation and keeping the government out of the free market."

I believe that this ship has sailed decades ago on the free and selective right of property owners to use their land as they see fit. Local zoning, master plans, impact fees, building regulations and building commission decisions or regulations impact almost every aspect of property use and high taxes take care of those who elect to keep their land in a fallow state.

In California we have the highest overall housing costs in the country. A significant portion of that cost is the increase brought about by "out of the country" Chinese, Asian, Middle East and European buyers using our housing marketplace for investment profits. Huge amounts of land and housing is being purchased by out of country investors. Our skyrocketing housing costs make these purchases profitable compared to what money invested in their own locations can provide. This uncontrolled foreign investment drives up the cost to American residents but puts huge profits in the pockets of foreign investors.

Locations for Laundromats have long been in a slow slide in many communities. There are currently no Laundromats allowed in upscale Irvine, California. All housing must have a washer and dryer available to every tenant and home owner. Some communities are moving toward what I call the Swedish model where no Laundromats are openly available to individuals in the entire country. Every property owner and Landlord must provide on-site laundry facilities limited only by a measured distance in feet from housing unit to laundry area location.

The cost of installing any type of community laundry facility will likely be too expensive for individual owners in the future with increased sewer fees, building costs, rents and fees, but our equally slow movement toward our "cradle to the grave" form of socialistic government may eventually result in increased government control and perhaps ownership of laundry facilities in depressed neighborhoods.

In the past, there were some who were advocating the installation of showers in Laundromats for use by the homeless. Will a future develop when readily available Laundromat facilities, including showers, are determined to be the health right of every person living in any neighborhood? Shots, showers or laundry are currently seen as controllable by our government. Food stamps provide food at no cost to the poor, why not laundry facilities?

I can imagine a time when our government leaders will require a developer donation of land or space as a condition of project approval to be used for building or installing community owned laundry facilities. The government's regulatory function over utilities could bring pressure on water, gas and electric companies to provide free or extremely lowered utility rates for these community laundries. These facilities will be run by non-profit groups with volunteer workers and paid government supervisors providing a health related necessity to those people identified as less fortunate.

Does our government make mistakes? Our country is currently facing an extreme housing shortage, yet we continue to generously allow an infusion of several large population blocks that will need housing. Where, and in what type of housing, are they going to live? Does anyone see traditional American leadership in the future?

Our leaders allowed our manufacturing base to move offshore, immigration to exceed housing capacity, unrestrictive foreign investment and an ever increasing movement towards a government controlled lifestyle. Does anyone believe that "free" enterprise may soon be sacrificed for the "common good?" We could use a little more pro-Laundromat advocacy on the government level and a deeper involvement of Laundromat ownership.

As much as I admire the fine work done by the CLA, an industry represented by our only industry association with 6% of Laundromat owner participation is unlikely to take a leading role in opposing the movement toward government provided services.

BUYING & SELLING A LAUNDROMAT

Common mistakes searching for a Laundromat.

I've found in my extended time observing newcomers to the Laundromat business that many potential buyers take a long walk down an analytical dead end. I've seen too many folks spend excessive time on their computers calculating their investment and too little time learning the business they're about to invest in.

Pages upon pages of excel sheet projections have been placed on my desk by people that have spent hours on paperwork and virtually no time inside Laundromats observing the operational aspects of the business.

As previously stated, we're a service industry and not a retail outlet. The other day I received a number of calls from a Wall Street investor wanting insight on a listed company that was buying up several local distributors. His questions showed to me that He had spent a considerable time developing Performa studies to assist in his financial analysis.

I asked if he has washed his clothes at a Laundromat lately. He replied not since his college days and those were decades ago. He focus was on numbers and not on the character of the business he was anxious to enter. I suggested he needed to put more time into visiting, viewing and using Laundromats before he spent the time in financial analysis. Laundromats are profitable when properly purchased but disappointments are often in the obligations and duties in operating a Laundromat not the rate of return of the investment.

I also believe most analysis is only as accurate as the knowledge, motivation and character of the preparer. It's like trusting the sales statements of someone selling a used car are accurate. I've seen puffed up Performa from sellers more frequently than truly accurate ones. Find an experienced consultant, owner or advisor willing to help you discern fantasy from reality and spend some time learning about the day to day operation of the business.

Why are profitable Laundromats actually offered for sale?

Over the years I've seen the reason for a sale of Laundromats that appear to be profitable being listed as retirement, other investments and moving to another state. Upon further investigation seldom are they actual reasons for a sale. Here's my list of the most frequent reasons I've found. Check them out before you buy.

1. Seller is aware that a new Laundromat is being planned within the market area of this Laundromat.
2. Seller is aware that Landlord is in process of selling the building and the appraisal after sale will cause property taxes to skyrocket leading to increases in net/net/net or CAM fees.
3. A major change in access or parking is planned, which will impact income.
4. Street redesign or improvement of the roadway is planned by the city or State.
5. Owner is aware that a large lawsuit will be forthcoming, and owner wants to get rid of the liability.
6. Seller is aware of issues or incidents that will result in the insurance being non-renewed or cancelled.

7. Seller is aware that Landlord will be making major improvements in the property and a Tenant contribution under terms of the lease will have to be made.
8. Owner is aware of underground water, sewer, electrical, ADA compliance issues or electrical problems.

Are there secrets in buying a Laundromat?

Not really secrets but information that most new buyers just haven't considered. There is an abundance of misleading and minimally considered "secrets" being promoted in some of the books and writings available to our industry.

Mostly these statements and suggestions come from people who have limited exposure to the business and are basing on the local results they have achieved. They then become "experts" and seek to pass on their "secrets" to newbies. They describe their success and suggest they possess "success secrets" they are willing to share for a price while actually having limited local exposure to problems and issues that are gained through decades of lessons, mistakes and observations. Nothing takes the place of experience and overcoming business obstacles.

There are many areas of the country that conduct the Laundromat business differently than in other areas. For those writers and advisors with only regional exposure and a decade or less in the business are often deficient in the variety of ways to solve Laundromat problems,

These advisors may have ideas, concepts and experiences to share, but not any real secrets. I'm concerned that not all those who claim they are qualified to offer advice don't always seem to know what they are talking about and may accidentally provide false or misleading advice to novices.

An example of this might be the Laundromat "expert" who sells a program on how to get a Laundromat for free. This may work in a few small markets where the profits are very low but never happens in an urban market that has too many potential buyers, current owners and distributors constantly searching for any site that has potential and can be obtained for free or at a very low price in order to do a complete remodel.

How do Laundromat acquisitions typically occur?

Lots of folks wonder how to buy a good Laundromat and how do acquisitions of profitable stores actually happen. Many newcomers believe the answer is found in searching online internet sites.

Some think that brokers are the best source for finding a good Laundromat. How do you suppose brokers go about getting listings? They visit owners, call them at their interior Laundromat posted phone numbers and mail solicitations to Laundromat owners. For this gathering of information they often receive a commission of 10% or more. You need to do the same in a more limited fashion. Use Google maps and locate all the Laundromats that are located within a one-half hour drive of your home or place of employment. Head out every weekend with a load of clothes and some flyers (my website has an example of a good flyer.)

If you find a store you think has potential, drop off flyers, wash a load of clothes or two and talk to some customers. Ask the people why they use this location, and ask about the location of other Laundromats that they avoid. After a few months of engaging in this search behavior your knowledge level will go way up. You'll meet owners, customers, attendants and repair people. You'll get a better picture of what the business is about and even give you a perspective if you really want to buy a Laundromat.

Having owned and operated fifty Laundromats, this is the only reliable method of finding a Laundromat that I can recommend. I believe you will discover that finding a Laundromat to buy at a fair and reasonable price is the hardest part of the business; you will never have to work harder. Operating a Laundromat is much easier than finding a good Laundromat to buy.

Do you really believe that "good Laundromat buys" are going to be listed on BizBuySell, BizBen, CraigsList or offered by a real estate broker? Not likely. I've found that at least 75% of the online offerings are filled with bogus and/or deceptive income and expense information. Most brokers have a pocket filled with the names and numbers of friends, relatives and repeat customers who are exposed to "good buys" before their listings are put on the internet. You need to find a way to be first in line for owners who might be willing to sell. It is hard work, but the results can be fantastic.

Should you buy a Laundromat from a distributor that also owns stores?

You really have to consider the market you're in. Unless you're in a major marketplace, the distributor might not make enough money to support his operations unless he also owns stores.

Some distributors in urban areas have actually sold off their own Laundromats because of time demands of distribution business versus store operations.

Despite the concerns of some, the reality is that data transmitted to factories is a minimal issue. You don't need to have exact data to find the busy and profitable stores in your location. Block access if you're concerned the IRS might one day view this information.

The information you provide to lenders, those whose business is deeply involved in Laundromats, poses a bigger risk. With these well-known lenders, someone knows your total financial condition and ability to sustain your operations or even survive any downturn.

Do you think that the recent trend of some lenders to pass along information, analyze locations and present opinions on value helps you? Do you also believe your information is not subject to being passed on to others? If you really want safety use a lender that doesn't proclaim they know the business. They're not always your friend.

Perhaps the biggest lion in the cage is the recent purchase of distributor outlets by some factories. The only reason these purchases make sense is if the factories believe they can squeeze more sales out of a territory. The factories need to move metal, sustaining relationships is not part of their business plan.

I think you should select the best equipment you think will generate sales, provide adequate service/parts and then concentrate on a proper operation of your Laundromat. Within a year of purchase, very little of what your distributor does will impact your business unless he sells another store to someone who elects to commit economic suicide by building immediately next to you.

Although some think the building of speculative Laundromats by distributors is a problem, I see newbies who think they can drive others out of business by building a big new store to be a bigger concern. Distributors know the difficulty in selling a new store near a well run ongoing operation. It's a hard sell, with even the most naive customers recognizing that extremely well run Laundromats limit potential cash flow.

Stay in your own lane, do a good job and enjoy the business.

Why can't I find a good Laundromat to buy?

Not every area has bunches of Laundromats for sale. Most of the listings for Laundromats for sale come from densely populated urban areas where too many Laundromats have been built and the newbies who bought the pipedream now want to sell to another unsuspecting buyer. Have you also noticed how many other types of businesses are not for sale on the internet? Ever see a Union 76 or a McDonalds listed on BizBen and BizBuySell? When there are a lot of one type of businesses for sale in a city or area it often means that you're in a territory that has been overbuilt and some current owners are trying to dump their mistakes.

Also, not every area has licensed real estate agents who use online advertising to list their business listings. The Multiple listing service is used in many areas by the real estate agents. Here co-op selling is done by the agents and each buyer and seller can have their own agent. Check with a local licensed real estate agent if they have any Laundromats listed on their Multiple service.

I think I can also suggest that the attitude of many owners are reflected in being a little reluctant to give 10% of their sales price to a broker who may spend only a few hours arranging some paperwork. There are a lot of owners who elect to have a "for sale by owner" sale and may use Craig's List, Ebay or their local newspaper to advertise their willingness to sell.

Finally, when you have a city or area where there is not a predatory distributor overbuilding Laundromats, you find more happy owners who are making money and are more likely to keep their business and not offer it for sale. The best way to find a good store is personal visits to all the locations that are in the area where you live or where you work. Generally, depending on traffic, this area should be 15 to 30 minutes from your home or office. Online searching is great for many items but not necessarily for Laundromats and diamond rings.

WASH-DRY-FOLD OR FLUFF & FOLD

Is Fluff & Fold a good addition to a Laundromat?

The local demographics best suited for pickup and delivery is nearly the opposite of what is ideal for a self-service facility in my opinion. Let's say you charge \$1.50 a pound for pickup and delivery services. That means a 60-LB order would cost your customer \$90.00. The same customer could do their washing in the self-service portion of your business for approximately \$10.00.

This great cost variation might therefore have limited demand in lower income neighborhoods. Review your own demographics for residential population, income level, renters, rent rates and you'll have some basis for believing the demand you'll have for pickup and delivery in your immediate area.

If you are going to be searching for business oriented washing services it is important to not only consider potential demand but the legality of operating your business. Does the City you're located in allow a pickup and delivery service in a zone allowing self-service Laundromats. Demand on delivery services in commercial areas with limited parking is frequently cited as reason commercial and industrial laundries are excluded.

Another concern would be with your landlord. If you are leasing, you need to read your lease carefully and see if the lease defines the businesses that can be operated in your facility. A space rented for a "Laundromat" does not include in most jurisdictions approval of a pickup and delivery service. A Laundromat is defined as a self-service laundry facility. Ask your landlord for a written approval to offer pickup and delivery services (which is considered a commercial laundry facility.) As your business grows, you will have more of a demand on parking (including overnight parking) for delivery

vehicles. If you're in a small shopping center, the demand on parking for your business might become a concern.

A city might also require the installation of a sampling well to determine the content of your waste water, which is frequently required for commercial and industrial laundries. Each part of the country might enforce or have different regulations but keep in mind that a right to conduct business as a Laundromat business does not mean you can always operate a dry cleaner or a commercial or industrial laundry without further approval.

A final concern would be your insurance coverage. Does your insurance carrier know you are converting your business to include pickup and delivery? It is important to put this issue to rest before you encounter an incident that might require insurance coverage. The most common issue might include automobile accidents, laundry theft and behavior of your workers when they are outside your premises. Ask your insurance agent to provide you with approval for your business expansion.

I think WASH-Dry-Fold is marketed to new owners as a potential source of huge income but seldom have I seen the negatives adequately explained.

I tell potential new owners that it is another business (beyond a Laundromat) and requires increased time and management skills well beyond a self-service Laundromat. I think only a small percentage of operators can operate fluff and fold operations and still keep another job as well. It requires a full time management plan with an onsite presence. Too much can go wrong such as the example in the original post.

I think the example of trying and then stopping this service is the rule and not the exception. I suggest the income off WDF never be considered as equal to self-service income when determining purchase price.

Should I lease out my Laundromat to someone doing Fluff & Fold?

Make sure you have a written contract or lease (especially time and provisions of your rights in case you want to terminate.)

Make sure they have their own business insurance and that you are named as "an additional insured" on their policies.

Make sure your Landlord and lease agreement allows you to sublease any portion of your facility.

The Landlord will probably also want to be named as an additional insured and should certainly be notified of this arrangement.

Specify in your contract what portions (storage rooms, heater rooms, office, etc.) they will have access to and what property and where they can store things in your facility (soap, bleach, gloves, etc.)

Let them come up with their own name for their business and not one easily confused as part of your business operation.

Specify the number of washers and dryers they may operate at any one time so as not to interfere with the use of your business by self-service customers