

IS A TURNKEY LAUNDROMAT RIGHT FOR YOU?



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Five key factors to consider

At the age of 12, I started helping out at our family's laundry equipment distribution company. Now, after having worked there full-time nearly 30 years, I have learned a lot about what it takes to run a successful vended Laundromat. I find the process of transforming Laundromats into something new intriguing. I consider customers partners, and I support them through all of the stages of planning, building and growing their operations.

Some distributors take their role of assisting customers even further by completing the design and construction so that an investor can step in to acquire the business once the Laundromat is ready to open. This concept is known as a turnkey Laundromat.

Distributors take different approaches to this model: some will build the entire Laundromat and find an investor once the construction is complete, while others will identify a potential investor and then facilitate construction.

If you are thinking about investing in a turnkey Laundromat, here are five key considerations to help you determine if this concept is right for you.

HANDS-OFF ROLE IN PLANNING, CONSTRUCTION

With the turnkey concept, the distributor is responsible for coordinating everything required for the Laundromat to open. No two stores are exactly the same, so the needs are different when building out and planning each one. Distributors will manage everything from providing professional design services to determining the layout, color and lighting, as well as identifying the right equipment mix.

The turnkey Laundromat allows the investor to have a hands-off role before they take on running the day-to-day operation. This ultimately provides the investor with more time to focus on other responsibilities they may have, such as running an existing Laundromat or continuing another job.

One of my customers owns a Laundromat in a strip mall. When the business next door went under, they bought the building in order to expand. My customer asked me to organize the remodel to turn the entire building into a Laundromat that had the same branding, look and feel of the existing business. By developing this turnkey model, it did not divert attention from the existing Laundromat while remodeling the new space.

TAKING ADVANTAGE OF EXPERIENCE, EXPERTISE

With their extensive knowledge of equipment and running successful businesses, the best distributors can be used as a trusted source to develop a turnkey Laundromat. ▶



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Before moving forward with developing a turnkey Laundromat for an investor, a distributor will evaluate the location, studying the market and pulling demographics to determine the potential customer base and its needs. Additionally, by studying the market, they evaluate the competition in the area and can make recommendations on how to set their customer's business apart, such as offering additional services like wash-dry-fold, or extending business operating hours.

Distributors can recommend the right mix of washers and dryers. They understand the value of investing in industry-leading equipment built for optimal performance. This investment improves efficiency, ultimately helping to reduce overall utility costs and boost the bottom line.

Additionally, many distributors have mastered the design elements associated with opening a Laundromat and realize their importance. Customers want the store to be clean, and they

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want to feel comfortable and safe. Adding elements such as security cameras, TVs and seating areas will ensure a pleasant atmosphere for everyone.

GETTING INVOLVED IN PLANNING, DESIGN

As mentioned, there are some instances when a distributor will complete the entire build of a turnkey Laundromat and will look for an investor once the business is ready to open. If an investor acquires this type of turnkey Laundromat, they may not have the opportunity to be involved in some of the conversations surrounding the

equipment, design and layout of the store.

In other cases, a distributor and investor will team up early on in the process, and the investor will be involved throughout the build and design. This approach allows the Laundromat owner to review plans and provide approval at each step.

If an investor wants to have a say in the equipment, location, design and layout of his/her future Laundromat but does not want to coordinate the actual build and construction, partnering with a distributor early on is the right approach.

BENEFITS OF INCREMENTAL UPDATES

Many investors get started in the industry by acquiring an existing Laundromat that is run-down or closed and needs to be retooled. Some customers will depend on their distributors for the turnkey model in these situations if they want someone with knowledge and experience to handle making all of the necessary

updates at once.

However, some distributors argue that store owners will have more time to learn the needs of their specific demographics if they make incremental updates instead of making changes all at once. Over time, they are able to factor in customers' needs, as well as identify if additional services would bring more profit to the business. This may include determining future equipment needs based on which machines have the most usage, offering ancillary services, or providing amenities such as a children's play area, Wi-Fi or TVs.

Two of my customers were initially looking to purchase a Laundromat that had a lot of competition in the area, so we worked together early on to find the right location. The store we found was equipped with residential washers and dryers that needed to be replaced. The investors saw a benefit in updating the equipment incrementally, and their business profited. In less than a year, they've enjoyed much success and recently purchased a second Laundromat.

DEVELOP AN UNDERSTANDING OF THE BUSINESS

If a store owner chooses to move forward with a turnkey Laundromat developed by a distributor, it is still important for the owner to develop a deep understanding of their equipment and customer base, so they are prepared to run the business. Some investors may feel more prepared to run the operation if they work with their distributor early on, rather than stepping in to acquire the business once it is ready to open.

Whether an investor chooses to move forward with a turnkey Laundromat or not, a distributor should educate store owners on their equipment and its capabilities. Understanding the technology helps a store owner get the most out of their washers and dryers to improve the user experience by working efficiently and providing the option to easily customize cycles. Additionally, the equipment technology helps with the overall business operation by tracking revenue, usage and maintenance needs.

Investors that have gone on to become successful multi-store owners were involved throughout the early planning of their businesses and were dedicated to understanding their customers' needs. By getting customer feedback, they are able to implement it in their existing business and also use it when making future Laundromat investments.

If considering working with a distributor on a turnkey Laundromat, think through these considerations to determine if it is the best approach for you. No matter what you decide, a world-class distributor will work with you as a trusted partner throughout every step of opening and running your laundry business. **ACO**

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