



# On the Contrary

## *New Owners Follow Their Instincts with Upscale Store in Inner City Market*

When business partners Brian Holland and Tyrone Akins decided on opening an upscale laundromat that served Starbucks coffee and had the feel of an internet café in the heart of Philadelphia's inner city, they got a lot of advice.

In addition to the many solid suggestions the newcomers received, more than a few within the industry mentioned that perhaps their business model was too ambitious or maybe just a little too nice for the neighborhood.

"One of the most common comments we heard was, 'This is gorgeous. I hope they don't tear this place up,'" said Akins, who, along with Holland,

opened The Laundry Café last April. "There was this negative spin on things, and we took the other approach. We said, 'If we build something that is upscale and beautiful for them and they see us keeping it up, they'll also help keep it up.' And that's exactly what they're doing. They're cleaning up after each other, asking if they can mop up their own spills. They want to take that responsibility."

"We took a contrarian view," Holland added. "And our customers have proven that, once you given them something they value and appreciate, and they see that they're respected and appreciated, they respond in kind. We see people

cleaning up inside the store, picking up trash outside the store, helping us put the laundry carts back where they belong. They don't have to do that, and we don't even invite them to do that – but they do because they appreciate the fact that we're investing heavily in this community.”

Both Holland and Akins were in sales and marketing in the pharmaceutical industry for a couple of decades before teaming up on The Laundry Café. In fact, the two met while working together at Johnson & Johnson.

“I couldn't have chosen a better partner for a lot of reasons,” Holland said. “From a business standpoint, it was helpful that both of us had been with Fortune 100 companies; these companies believe in what they call a credo, which defines how you treat customers, but also how you treat shareholders and employees. And we really were aligned on how to go about business because of that exposure and that immersion in corporate America.”

“Just knowing Brian in business, the time we spent together eliminated any trust issues, because we had gone through some significant challenges together,” Akins noted. “We also had some great victories together. In either one of those scenarios, there was never an issue of trust. I'd trust him with my life, and he has proven that as my business partner as well.”

The owners were able to bring their corporate thinking to an industry that they admittedly knew very little about. Fortunately, some of the principles and market research tactics proved helpful as they did their due diligence.

“To gain a foothold, we read voraciously,” Holland explained. “We scoured the information on CLA's website, ‘The Gold Book’ and boards on *PlanetLaundry.com*. We also have an outstanding distributor, and we leaned on them heavily for information and guidance. We were doing some things that were divergently different than what the industry had seen in the past. And we trusted our instincts as businesspeople in Big Pharma to apply that to this industry. We were not whimsical at all. We believe in doing the background research. We went about it systematically, methodically and from a corporate perspective, rather than, ‘If you build it, they will come.’”

So, what led a couple of successful pharmaceutical executives to the self-service laundry industry in the first place?

“If you look at the vended laundry business, there are several attributes that really make it attractive,” Holland





said. “One is that you don’t necessarily need a huge physical plant or a large headcount. Plus, you don’t have accounts receivable.”

Akins pointed out that they both liked the fact that laundries are relatively recession-resistant.

When looking for the perfect location for The Laundry Café, Holland and Akins knew they needed a site with the proper population density and diversity to sustain and grow their business. They also were in search of a destination location, where customers would normally flock, even if there wasn’t a laundromat there.

They ended up choosing a 9,200-square-foot storefront (although they currently only use 7,200 square feet for the business) that used to be a women’s clothing retailer. The store, located in a large strip mall, is directly across the street from the second largest ShopRite supermarket in Philadelphia.

“We also wanted a location where we could serve the community,” Holland explained. “We knew all along that our business model would be one of reciprocity, where customers come to us but we also serve the community. We wanted to make sure that we were in an area that was under-served, an area that really did have some unmet needs.”

According to the owners, their store’s neighborhood truly is a melting pot, with large numbers of Hispanic, African-American, Cambodian, Vietnamese and Haitian customers.

“They’re all our customers,” Holland said. “We treat them all as special as we would treat our own families. And here’s

one of those points where we took the contrarian long view. We built a laundry center that anyone – my wife or your mother – might want to visit, rather than another utilitarian laundromat that targets an audience of low-income renters. By going upscale, we believe we were able to expand the market. We wanted to prove that, if you build a better laundromat, you expand the pie instead of dividing it.”

The owners are making sure they get their fair share of that pie through a strong marketing program that focuses heavily upon online promotion – the vast majority of which is thanks to Akins’ seasoned expertise in market research and marketing strategies.

“We recognized very quickly that this was an opportunity for us to get a fast start in an industry that was not as tech savvy as possibly is could be,” Holland noted. “We really blew out the web component and our online presence – Facebook, Twitter, Foursquare, MerchantCircle, Yelp and so on.”

In addition to The Laundry Café’s dynamic website (*TheLaundryCafe.com*), Akins created a couple of YouTube clips to serve as a “virtual tour” of their laundry for prospective customers.

Beyond a tech-savvy marketing approach, the two first-time laundry owners have attempted to set their store apart from the crowd in a number of other ways as well. From curbside service that helps customers load and unload their laundry to massage chairs in the entranceway to Starbucks coffee available on site, it’s easy to see that Holland and

Akins weren't content with opening just another laundry.

What's more, the 24-hour, card-operated store also features computer stations, where students can do homework, and customers can pay bills online, update their resumes or conduct job searches.

"When you put a laundromat and Starbucks coffee in the same facility, prospective customers start to think, 'Maybe this is a different kind of place,'" Holland said.

"When you look at our customers, they look like the folks we knew growing up," Akins added. "Brian and I wanted to make sure we could actually invest in a business that would bring some of the amenities of the suburbs into the city. That's why we've upscaled almost every aspect of The Laundry Café."

From the beginning, the two entrepreneurs – who employ between nine and 13 part- and full-time attendants at any one time – built their business plan with the expectation that there would be a commerce component and a community component. So, 20 percent of the store's footprint is dedicated to monthly community programs.

"We've done everything from giving away school supplies, to showing customers how to buy their first home, to how to start their first business, to hosting a Halloween party," Holland explained. "We partner with experts in the field, such as Wells Fargo or Coldwell Banker, to provide the content, and we provide the space and the audience. In fact, we recently held a successful program with blood pressure and cholesterol screening on site.

"Again, a little bit of contrarian thinking: why does a laundromat have to be just a laundromat? Why can't it be other things that serve the community? We want to give back to the community in a way that is meaningful and defined by the unmet needs of the community."

Holland and Akins have an aggressive game plan to open eight to 12 Laundry Cafés in the Philadelphia market.

"After that, we'd like to start looking outside Philadelphia in different states," Akins said. "We feel it's a viable option for us."

"We've heard so many times that economies of scale don't work in this industry," Holland continued. "We're not sure we accept that yet. We believe, at the very least, we can create a regional chain. We're interested in Baltimore, D.C., Newark and New York. But we also believe that this model could work just as well in L.A. or Chicago or Birmingham or Orlando. We believe there is no lack of places to build sites."



## Equipment Mix

The Laundry Café | Philadelphia

16	Huebsch 20-pound frontloaders .....	\$3.09
24	Huebsch 30-pound frontloaders .....	\$4.49
18	Huebsch 60-pound frontloaders .....	\$7.99
8	Huebsch 80-pound frontloaders .....	\$9.99
10	Huebsch 30-pound stack dryers	
24	Huebsch 45-pound stack dryers	
8	Huebsch 75-pound dryers	
1	ESD card system	
1	Rowe International bill changer	
	• R&B Wire Products laundry carts	
1	Vend-Rite Vision Vendor (snacks, drinks and laundry products)	
2	32-inch flat-screen televisions	
4	46-inch flat-screen televisions	
1	70-inch flat-screen television	
	• WiFi access	
	• Computer stations	
	• Commercial Starbucks coffee machine	
	• Wash-dry-fold service: ....99 cents per pound; 10-pound minimum	
	• Drop-off drycleaning service	

Distributor: Metropolitan Laundry Machinery  
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