



EASTERN
FUNDING

THE BUSINESS OF LAUNDRY **A GUIDEBOOK**

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GETTING INTO THE LAUNDRY BUSINESS

So you want to get into the coin-op laundromat business?

So you want to become the next owner/operator of your friendly neighborhood laundromat? Getting into the coin-op business can be very rewarding, but opening one successfully might require you be a little creative with your business. Take what you thought you knew about laundromat enterprising to the cleaners.

Coin-op creativity

It's a surprisingly exciting time to be in the business. Facilities where people used to sit and wait for their drying laundry under popping and sparking florescent lamps have received a facelift. To be successful in the business, you've got to turn "that laundromat" into "The Wash."

"The industry is now getting a facelift," President and CEO of the Coin Laundry Association, Brian Wallace, told Entrepreneur. "There's a trend toward coin laundries being more comfortable for the customer."

Today, many urban-dwellers' time is crunched. Personal and professional duties are being blended – and with them – so are habits and hangouts. The rise of Starbucks is a perfect example. Students can get coffee while they study. Professionals can conduct business meetings while caffeinating for the rest of the workday. Laundromats are adapting too: Many now include snack bars or video games. Some – like New York's Wash House – serve gourmet grilled cheese in addition to being a drop-off dry cleaning service.

"Our coffee shop is a bar, cafe and a laundromat," Lee Kerzner, native New Yorker and owner of the New York Wash House, told CNN Money. "It's a winning formula. The response from the local community has been amazing. We're doing more laundry than we ever expected and selling out of coffee."

The trend isn't just going strong in America either. Only last year, a similar laundromat business plan took off in Montreal.

Chaz Desousa is the co-owner of Le Petit Bas Perdu: in English, "The Little Lost Netherlands," the Montreal Gazette reported.

"The laundromat had to be super-clean and well-functioning, but I wanted it to be homey and welcoming, and fun and quirky," Desousa said. "With the café up front, people don't mind waiting around ... until their clothes are washed and dried."

Keep in mind that most successful laundromats will require a staff – if only part time. General housekeeping, basic maintenance and custodial duties are an everyday occurrence. This can be one reason why running a hybrid business from the same location can not only maximize your real estate and investment, but also make it far more successful.

Introducing the hybrid business: Take what you thought you knew about laundromats to the cleaners.

Location evaluation

Coming up with a winning business plan will count for nothing without giving it the opportunity to grow. Your laundromat doesn't necessarily need a Main Street address to achieve success. Everyone needs to do their laundry, so just thoroughly connecting with the community can be enough.

Being within a mile or two of working-class neighborhoods could mean prosperity for most simple coin-op businesses. According to HK Laundry, another proven tip is to place your business near multifamily housing. Typically, these models are structured so that only one family – the residents located in the basement – will have easy access to a washing machine. The other three will need to do their laundry elsewhere, and can be a gold mine.

For hybrid business models, placing your bakery/dry cleaners or delicatessen/laundromat in a highly trafficked area can spell success. If potential customers are already hanging out in the area – why not give them multiple reasons to hang out in your store(s)? If you're ready to invest but aren't sure which direction to take your foundationally laundry-based investment, ask yourself what people might need, where they may need it and if it could pair well with the standard one- to two-hour laundromat down time.

Check out EasternFunding for more useful tips on marketing your small business.

Old url: <http://blog.easternfunding.com/so-you-want-to-get-into-the-coin-op-laundromat-business>



5 reasons why you're ready to start your own laundry business

The laundry industry is one of the most robust and stable in the country. These services are always in demand, and most individual businesses are around for decades in one location.

This makes laundry the perfect industry for entrepreneurs and fledgling business owners. It is often a smart investment, and it can be a fun, rewarding experience. Even so, starting your own laundry business isn't a decision you can make rashly. You have to know you are ready for the task at hand – a lot goes into running your own company.

Here are five signs that you are ready to start your own laundry business:

1. You've got the desire

The first sign is that you want to become part of the laundry industry. You can't "kind of" want to own a business. You have to be fully committed to the process, from the beginning all the way through to the end. Truly great entrepreneurs love their job, and they love the challenge of branching out and building something on their own. This passion is the best way to survive as a business owner. Once you've got that, you can move on to actually starting your own venture.

2. You've got the idea

After the passion comes the idea. You can't build a business without a plan, and that starts here. Figure out:

- What type of laundry business you want – There is the self-service laundromat, the wash/dry/fold laundromat, the dry cleaner, the commercial laundry service and more.
- Where you want to own and operate – Location matters. Check out our list of the elements that impact a laundry's value for more information. Location can mean lower costs and more customers – or the exact opposite.
- What your brand is – Decide what you want to call your business, how you want to be marketed and other vital brand information.

Know as much as possible before moving forward with laundry business ownership.

3. You've got the finances

Of course, money matters when it comes to business ownership. You can't buy or build without sound personal finances first. Make sure your new venture won't negatively impact your own savings. Look into affordable business financing first, and figure out how much collateral you'll have to put up. If you've got the money to invest – and risk – then you're ready to take your first step.

4. You're happy with your own job

This is an important sign – personal happiness with your current job. While you obviously want to branch out and try something new, this doesn't always mean you actively hate your job. Becoming an entrepreneur because you're angry at your boss is a bad place to start from. In this scenario, you would be motivated by anger and unhappiness – not passion and desire. The former are more likely to fade quicker than the latter, and that could leave you right back where you started.

5. You've got the team

The final sign that you are ready is that you've already built your team. A business owner, especially a first-time entrepreneur, can't do it alone. They need to work with:

- Lenders
- Brokers
- Real estate agents
- Bankers
- Lawyers

You should also pair up with a fellow business owner, preferably one in the laundry industry. This person will serve as your mentor, offering advice and guidance on how the business works and what you need to do to be successful. By having the right team in place, you'll be more likely to succeed – and you won't be trying to find your way in the dark.

Once you've seen these signs, you'll be that much closer to owning your own laundry business.

*5 reasons why
you're ready to
start your own
laundry business*

A beginner's guide to your laundromat's business valuation

Do you know how much your laundromat is worth? Believe it or not, having a clear answer to this question can be very important, whether you are about to sell your business or if you simply want to know.

You may also be asking: “What is a business valuation?” At its core, a business valuation is simply the fair value of your laundromat given the current economic environment. While an estimate, it carries quite a bit of weight if you can support how you got to it. Speak to industry friends, insiders, distributors and even competitors to get an idea of how they value laundries. Every market has its own nuances, and there is no cookie-cutter method or math for a store’s worth.

That said, there are some basic approaches you can use, and a business valuation is vital for a business owner in several key instances, including:

- **Before a sale** – Having an up-to-date, accurate valuation of your laundromat will help ensure you get the best possible price when you do sell.
- **During a major change** – You will want to know the exact value of your laundromat when you sell, decide to alter your business model, introduce new services (like commercial accounts) or undergo any other type of change.
- **Ahead of a major decision** – A business valuation will shed light on your current financial situation. That information can then be used to make other intelligent choices, say if you’d like to expand or use the store’s equity to complete a new project.

The types of business valuation

It can be incredibly beneficial to know a few details regarding business valuations, should you want one completed for your laundromat. At Eastern, we’ve written internal white papers that we use as a guideline for establishing approximate values.

There are three main types of business valuations. Each involve different methods of comparison that can impact that final value. According to Inc. magazine contributor Mike Handelsman, each one has merits depending on the type of business you operate.

The three types include:

1. Asset approach – Like this sounds, an asset-based valuation approach analyzes your laundromat’s existing assets to determine its value. Handelsman explained that this method can be overly simple. It is also not prevalent in the industry for existing stores because it overlooks other components of a business that can factor into value (like market share, community goodwill, etc.). It can be used for establishing value for new store projects and is often used for certain sales and liquidations. A key point for laundry owners to consider is that some assets aren’t visible to the naked eye. In markets with high impact fees, there is definite value in the cost, already paid, for those fees.

2. Income approach – The second approach is called the income approach, according to CPA and advisory firm Carr, Riggs and Ingram. As explained by CRI, this method requires valuers to look at your business through the lens of future income, net income and cash flows, among other elements.

This can be looked at two ways: gross income and net income. This method requires valuers to analyze your business through the lens of future income, net income and cash flows, among other elements.

- **Gross revenue** – You may say: “Why would I value a business based on gross revenue? I care about cash flow and income.” Well, the main reason would be to support or bolster a valuation based on net income. It can tell you how efficient you are. It can help as a comparison tool, because you may not know your competitors’ expenses, but you might have a very good idea of what they gross. We use a multiple of weekly revenue to get an approximate value. Our experience at Eastern is that on average stores, we’ve financed sale prices of approximately 70 weeks revenue. Smaller, lower volume stores with old machines could sell for 50 to 60 weeks, but this could escalate as high as 90 weeks on larger high-volume stores.

“A business owner is inclined to place a higher value on their store than a potential buyer. You’ll need to know how to back up YOUR valuation.”

- **Net income** – A valuation on net income is far more common for valuing stores. Often expressed as a multiple of “earnings before interest, taxes, depreciation and amortization,” or EBITDA, values as a multiple of EBITDA range from three times to five times the annual earnings. Larger stores with newer equipment tend to sell for higher multiples than smaller stores with older machines. In some markets, laundries are commonly valued as a higher multiple of monthly net income. Either way, you are taking the cash flow of the store and translating into a manner that owners and investors within a given area expect to see. While the value you come up using both of these approaches may not match exactly, there should not be a dramatic difference between the numbers you come up with.

3. Market approach – The third approach is the least formal and is tied to what experts in a given market “know” about area trends and store values. Some markets place a high premium on store size, others may key more on the verifiable cash flow or costs as a percentage of income. Either way, the discounts or premiums on the value of your store are affected by the interests of others in your market.

How to improve your current value

Say you want to upgrade your existing business value – what can you do? Whether for a sale or simply to improve your laundromat, it is worth it to explore a few of the available options to boost your value, because all stores values can be affected by potential “discounts” and “premiums.”

The most common discounts/premium factors for laundries include:

- **Premise lease** – The premium is the long remaining term and is cost PSF low, while the discount is short term, no options and a cost PSF high.
- **Equipment** – The premium is new equipment, while the discount is older equipment.
- **Competition** – The premium is best in the market, with limited competition threat, while the discount is heavy competition.
- **Locations’ size** – The premium is a larger store in a dense area, while the discount would be a smaller store.
- **Net income** – The premium is high profit with stable expenses, while the discount is a low-profit store
- **Miscellaneous** – The premium is impact fees, while the discount is weak demographics.

If you have machines older than 10 years and the potential to enjoy efficiency savings, it may be time to re-tool. If there are less than 10 years remaining on your lease and you’d like to re-sell the store, maybe the landlord will negotiate an extension today. Regardless of the size of your store, there is always something that can be done to improve cost efficiency, freshen up the look and make sure the customer experience is high quality.

Most importantly, you should look for a way to set your laundromat apart. Look to the industry association and make connections to figure ways to develop new methods to become more efficient or to implement another creative idea. This will make your laundromat more valuable than the similar laundromat down the street.

Overall, keeping a running valuation for your store or stores is a good idea because you’ll never know when a major life event, opportunity or situation will arise that will require you to act on that value.

Old url: <http://blog.easternfunding.com/small-business-management/a-beginners-guide-to-your-laundromats-business>

“Set your laundromat apart in order to increase its value.”



An in-depth look into how your location affects your business' value

How does your market factor in to your laundry's value? In our previous article, we mentioned how the market can affect your coin laundry business.

Certain aspects included:

- Parking
- Public transportation
- Nearby housing or businesses

However, the market's influence can go beyond these basic elements. The market can also include a number of financial elements, from utility bills to zoning regulations, tax laws and legal requirements.

Here is an in-depth look at how your market will affect your laundry business' value:

Know your local expenses

The main way your market influences your coin laundry's value is through costs. A simple example is your monthly utility bills – a store in one location could have lower water bills than a store in another location. Without taking any other factors into consideration, the location with the lower utility bills is already more valuable.

“The costs could be lower – or higher – in one location over another.”

This is especially true in the New York area. Water bills are typically higher there than in other parts of the country, which means New York-based coin laundries have to find other ways to increase value. Another example is the San Diego market. Here, sewer fees for businesses are relatively low. This means San Diego already has a leg up on other markets, especially for a sewer-reliant business like a coin laundry.

Your utility bills will vary depending on location. So, before you acquire a new coin laundry or invest in your first, make sure you know the local expenses. These costs could emphasize the right choice over the wrong one.

Know your local laws

In addition to local costs are your legal requirements. One is zoning laws, which greatly affect all types of businesses.

Zoning laws impact:

- Where you can build a business
- What you can do in that business

While you may have found a location that is perfect for a new coin laundry, the zoning law could forbid that type of business on that land. This can make it a lot more difficult to buy and open new laundries in certain locations. In many cases, it is more viable to acquire an existing business than navigate zoning laws and other legal requirements when opening a brand-new store.

Either way, though, make sure you know your legal requirements before making any significant decisions with your laundry business.

“The costs could be lower – or higher – in one location over another.”

Know your impact fees

The third important consideration regarding your market is impact fees. Impact fees are defined as payments to local governments for offering new or expanded public capital improvements. In relation to laundry businesses, some of the most common “capital improvements” are sewer and water services.

Impact fees make sense from a city standpoint – they are used to offset the costs of creating new public works facilities just for your business. From your perspective, however, impact fees are something you may want to avoid. For instance, if you want to expand to a new location, but it has high impact fees, you may be better off looking for a different site.

No matter your choice, understanding how impact fees will play into your overall costs is a substantial way that the market affects your business’ value: Lower fees, and the more valuable your laundry may be to the right investor.

Learn how zoning laws affect value. Complying with local legal requirements will impact your business.

Make the market a top priority

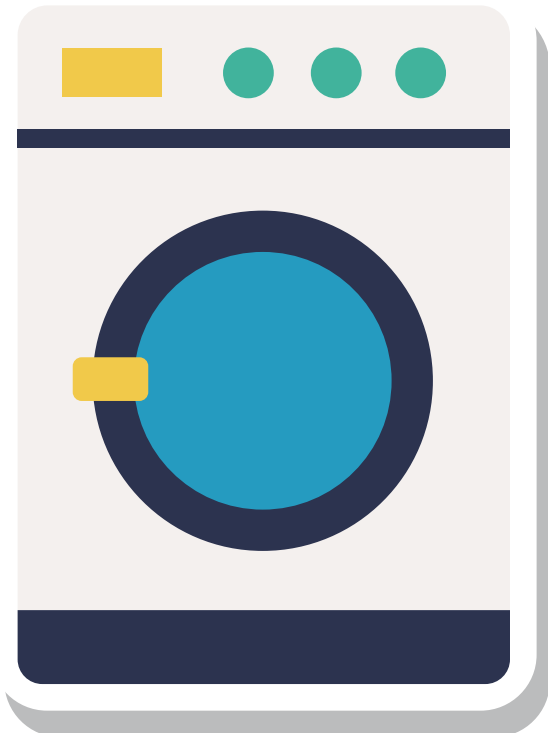
Whether you are acquiring another coin laundry, starting your own business for the first time or finding a site to expand your existing operations, the market is one of the most important factors to consider.

To recap, keep in mind:

- Utility bills
- Zoning laws
- Impact fees

A city ordinance, a lack of public works, a certain fee or another cost altogether may not seem like a breaking point for a location, but these elements can sway the value of a laundry business.

***Complying
with local legal
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business.***



IF YOU'RE ACQUIRING AN EXISTING LAUNDRY

4 steps toward improving your odds of getting a loan

The financing stage of a laundry startup may feel like the most overwhelming step at times. However, nerves don't have to be a part of this process – in fact, some smart planning will make your search of quality laundry business or equipment financing a whole lot easier.

Here are four effective tips to improve your odds of getting a business loan:

1. Focus on yourself

The first step is to take a look at yourself as a business owner. Lenders will look at your personal character, your entrepreneurial experience and your financing history. While your new business is important, what you've done in the past matters. Of course, this also includes your credit history – both professional and personal. Make sure there are no errors in your credit report, and if you have a bad score, spend some time getting that number a bit higher.

2. Gather all the facts

The more information, the better – at least from a lender's perspective. In your search of financing, lenders will want to know every detail about your business. Your odds of landing financing will increase if you give it to them.

Frequently requested details include:

- Profit and Loss Statements
- Utility Bills – Gas, Water, Electric (three months)
- Personal and Business Bank Statements
- Personal and Business Tax Returns
- Copy of premises lease or deed

Unfortunately, many business owners get in their own way at this time by holding back business information that is requested by their lenders.

3. Mitigate risk

Risk management is the name of the game in lending, but many business owners forget that when applying for financing. For example, too many are interested in “thinking outside the box” and “getting creative” in their pursuit of a loan. This can backfire.

The better option is to be perfectly ordinary, but focus on executing the loan proposal extremely well. This means demonstrating profitability, minimizing a dependence on debt and showing a strong supply as well as demand. Lenders want to see just how secure and safe your laundry business is.

4. A quality business

Perhaps the most important tip is to make sure your business is in tip-top shape. What this means is quality. Begin with a business in a good location. Also focus on creating a strong customer base, excellent growth potential and other key factors behind successful companies.

These traits are what lenders are looking for. The loan is an investment, after all, and they want to make sure they are investing in a stable, prosperous business.

STARTING FROM SCRATCH

4 things to look for when deciding where to open a laundromat

As is the case with many customer-facing businesses, it's crucial that laundromat startups consider the area in which they want to operate before they take any further steps. Sometimes a location may seem ideal in a few aspects, but others are so suboptimal that they negate the benefits of opening in that area. Here are a few things that every laundromat owner should consider before signing the lease to buy a location:

1. Nearby population

Different laundromats will have varying operating costs. Some may be able to survive serving small towns. Others may need proximity to bustling residential areas or commercial centers. This is why it's so important to look at the needs of the laundromat in the context of the customer base – entrepreneurs can only afford to open up shop in areas with enough people to sustain their businesses.

Digging deeper, population size isn't the only metric laundromat owners should be looking at. Demographic factors such as affluence and age also tend to influence where customers go to do their laundry.

2. Parking

There is nothing more frustrating than going to a laundromat and being unable to find a spot. Entrepreneurs should try to offer as many parking spots as needed to accommodate all of the washer and dryer units available for use in the laundromat, preferably via a nearby lot. However, this may change based on the location as well – some areas, such as Boston, are easily accessible with public transportation, so parking isn't as important.

3. Exposure

Where is the laundromat located in relation to where people are coming from? Visibility is important for both marketing purposes and when simply trying to find the place. Ideally, entrepreneurs want to be easily accessible to customers, and the closer they are to major traffic centers, apartment complexes or other heavily trafficked areas, the better their visibility will be.

4. Fees

Another crucial thing that laundromat owners will need to take into account are fees attached to where the business is established. In some cities, the municipal costs of hooking up water and sewage lines may be prohibitive. Owners should try to calculate these fees – along with impact fees, tap-on fees and wastewater fees – before settling on one location. To get started, owners should contact the local water authority to determine fee schedules.

As is the case with many customer-facing businesses, it's crucial that laundromat startups consider the area in which they want to operate before they take any further steps.

YOU'VE MADE UP YOUR MIND

Bookkeeping 101: Money management for the laundry business

Bookkeeping doesn't exactly rank high on the list of fun things to do as a business owner. However, accurate bookkeeping is a must for any entrepreneur and small business, and it is incredibly important for those who want to grow their ventures in the near future.

The benefits of bookkeeping include:

- Improved organization
- Financial predictions
- Tax compliance
- Accurate spending
- More financial awareness

In the laundry industry, it is vital to know about profits, revenue, expenses and other related elements. You want to be able to plan ahead and ensure your business remains solvent, and bookkeeping is the first step toward accomplishing that goal.

Here are a few tips for how you can improve your business' bookkeeping:

1. Manage your time

Bookkeeping can be a time-consuming process. You want to dedicate the right amount of effort, but you don't want it to interfere with your other duties or become an undesirable chore.

That is why the first step toward better bookkeeping is time management. For starters, set aside a block of time each week to look over your books. You may only need an hour or two, but creating a set schedule will help you remain focused and ensure you don't let this task slip by.

2. Get the right tools

Bookkeeping can be made a whole lot easier with the right tools in place. Technology today is designed with bookkeeping in mind, like software and mobile applications that allow you to check in remotely.

Gone are the days of bookkeeping with paper and pencil. Tools like QuickBooks or cloud computing can help you out with your accounting needs. Give a few options a trial run when you are getting started, and don't be afraid to try out new technology that may give you an edge.

3. Organize your records

You won't be able to perform accurate accounting for your laundry business without the right records. One key money-management tip is organization.

*“Let bookkeeping
make other aspects
of your business
easier.”*

You can begin by tracking down all related financial documents. Then, store these in one easy-to-access location. Naturally, online is better, since you can view these files from various devices and at any time. Keep items in neatly labeled folders and make sure you hang on to all business receipts, invoices and other expense documents for later review.

4. Ensure tax compliance

Tax season can be one of the most frustrating times of year for a small-business owner. To make matters more confusing, there are many additional deadlines for business taxes in addition to the April deadline for personal taxes.

Therefore, take note of all related tax deadlines for your business. You may also want to create a separate fund just to deposit future taxes into. A little bit throughout the year can ensure you have enough to pay taxes and won't have to find other ways to come up with that money. Non-compliance with the IRS and the Department of Labor can be a major headache for a business owner.

5. Plan ahead

Planning ahead should be a key part of your bookkeeping efforts. Your expenses are one item that should be on your mind – track upcoming purchases, payroll costs and other factors that will impact your business.

Knowing what's coming around the corner will naturally help you prepare, plus it will also give you time to research loans and other financing options, if needed. It is also beneficial to create a detailed calendar of your business expenses, even looking as far as a few years into the future. The last thing you want is to have a major cost creep up on you.

All in all, good bookkeeping is the foundation of strong money management for a small business.

How to position your laundromat for long-term success

What does it take to create a successful laundry business with longevity? Starting a company is one thing, turning it into a premier operation for decades is a whole different problem altogether.

However, many laundry owners are doing just that. Members of the laundry and linen industry are feeling more secure about their jobs, with many staying in one place for 10 years or more, according to a recent survey conducted by American Laundry News. This brings up the question: How can you ensure your business is still thriving a decade or more down the line?

Laundries create secure positions

In the American Laundry News Your Views survey, respondents painted a picture of a strong, successful industry. For example, 77 percent noted that they had been in their current position for at least 10 years. Slightly more than 12 percent haven't changed jobs in at least five years.

This translates into feelings about job security, as well. The study found that 63 percent believe they are in a "highly secure" position. Almost 23 percent reported feeling "somewhat secure." Nobody reported being highly insecure with their current positions.

***“Members of the
laundry industry
are secure about
their roles.”***

Many respondents told American Laundry News that they loved their jobs, while others called the industry stressful. Some pointed to a desire to constantly cut costs as an ongoing problem, while others were optimistic about new trends and technology. So far, it appears that the biggest challenge to a successful business is the manager and employee relationship. For instance, more than 26 percent of the survey group's managers felt that it was difficult to handle worker discipline, training, hiring and firing.

In addition, other challenges included:

- Improving customer service
- Ensuring profitable facilities
- Balancing to-do lists
- Working with outdated equipment
- Managing family

Overall, the American Laundry News survey is a good snapshot of the laundry industry. With these obstacles – and benefits – in mind, here are a few ways to keep your business strong for years to come:

1. Plan ahead

Perhaps the most important step is to plan ahead. You won't be able to maintain success without a clear direction. Plan for all important elements, from your yearly finances to your hiring and equipment needs. As you plan, set goals for your business. Focus on both long-term and short-term benchmarks. Then, evaluate what you'll need to accomplish those goals. Also look over your expenses and your income to see if there are areas where you can save money and increase your profits.

2. Improve customer service

Naturally, you won't have a business without customers. So, improving customer service should definitely be on your list as you grow your company. Start with the simple day-to-day experience. Walk through your stores to see how a customer would feel. Find out where there should be changes, like with new equipment, a redesigned layout or an updated marketing campaign. If you have a customer service department, make sure your employees are well-trained and prepared for a variety of different complaints.

3. Embrace risks

Believe it or not, but the best business owners are the ones who know when to take risks. You can be a bit of a risk-taker in your laundromat as well. This can be as simple as understanding your exposures – a new competitor, a fluctuating stock market – and taking steps to balance safety with potential. Always figure out what is the downside to any risk. This will make it clearer whether or not you should move forward in that direction, or regroup and take another route.

Creating a long-lasting business can be tricky. However, as your business grows, remember to balance the pros and cons of the industry in order to maintain success.



Why Wi-Fi is a must in your laundromat

What's one of the most effective ways to attract customers to your business? No, it's not speedy service or low prices – it is free Wi-Fi.

Internet access is one of the biggest selling points for customers today, especially in the laundry industry. Think about it – your clientele are loading up your machines and then waiting. Providing them a free, easy way to hop online could be the all the motivation they need to swing by your store instead of a competitor.

Survey says customers love Wi-Fi

If you're looking for more reasons why Wi-Fi is important for your business, look no further than a recent survey conducted by Bredin Research and sponsored by Comcast Business.

The survey, which polled a number of Main-Street style businesses, found that Wi-Fi is just as beneficial in-store as magazines, candy or water. Furthermore, 79 percent of the businesses surveyed noted that Wi-Fi brought in more customers and kept them happier while they waited. Another 65 percent attributed repeat business to Wi-Fi.

Free Internet is also beneficial for your business because it can:

- Increase your brand awareness
- Help you remain competitive
- Improve hospitality

Wi-Fi is free advertising

Another key reason why Wi-Fi is a smart move for your business is because of advertising. If you are looking for a cost-effective way to promote your business, simply offering free Internet in your laundromat could be the solution.

For example, many businesses that offer Wi-Fi sync the Internet with social media, according to the IT Pro Portal. Users would have to log in using their social media accounts, like Facebook. Doing so would give your business an instant "like."

In addition, offering Wi-Fi is also a way to encourage customer-generated advertising. This perk is likely to create some favorable relationships, and those customers could easily spread the word on social media. That doesn't factor in the instant "like" if you link social media to your Wi-Fi. Many social media sites, like Twitter, Instagram and Foursquare, have location features as well. This means a user who posts from your laundromat will have your business name appear on their post.

Wi-Fi is free information

IT Pro Portal noted one other way that Wi-Fi is important for your business: information. Allowing users to log on to your Internet while doing their laundry means they provide instant data that you can use.

For instance, their log-on time will tell you when they entered your store to do laundry. As a result, you can track your peak business hours and learn if you need to adjust your operations accordingly. Next, this data will tell you how long customers stayed in your store. No consumer behavior information is bad information, and you can benefit from knowing what people are doing inside your laundromat.

Wi-Fi gives back to your customers

A little customer appreciation can go a long way. With Wi-Fi in your stores, you have a speedy, effective strategy to show you care about your customers, all in a way that has a solid return on investment.

Look back to the Comcast Business survey – customers wanted Wi-Fi more than they wanted candy. That's a pretty serious statement, and it speaks to the popularity and prominence of the Internet. Having a way to stay connected is a great way to remain productive, and it can turn an hour or two at the laundromat into a much more enjoyable experience.

“Given the challenges that small businesses face in today’s uncertain economy, we are encouraged that technologies like Wi-Fi will help sustain growth.” explained Bill Stemper, president of Comcast Business.

Think about these factors when considering a commercial loan.

Now that you've decided to pursue opening a new venture or rehabbing your existing business, you realize you require additional capital to turn this goal into a reality. Before contacting a lending source you ask yourself, "what are the biggest factors to consider when applying for a commercial loan?"Factors_in_Commercial_Lending.png

Most borrowers list:

- Rate
- Loan Amount
- Term
- Borrower (Assessing themselves and the project)

However, we suggest thinking B.L.T.-Borrower, Loan Amount, and Term. The smart borrower understands the most important component in the loan process is getting approved for what you need and making sure the payments are supported by the cash flow of the business. Therefore, remember B.L.T.

B: Borrower - You are the important piece in this formula and you understand your project better than anyone. Since you will be the one paying back the loan, make sure you are comfortable with the project and the process. Read the fine print and trust your lender.

L: Loan Amount - Make sure not to over-extend or under-estimate the project needs. Once you've targeted the amount you require, the loan can be structured to fit the cash flow and maximize the return on your investment.

T: Term - The correct term will help structure the loan payments to fit the cash flow. Longer term will reduce the monthly payments, and with most loans, there are no prepayment penalties so any excess available cash can be put toward reducing the principal balance.

Now we finally come to rate.

Everyone thinks shaving even a quarter of a point is a huge win. However, if you cannot satisfy BLT you may find that the perceived savings actually saddled you with a loan that doesn't fit the project.

For example, the difference between 6% and 6.25% for a loan amount of \$100,000 and a 60 month term is less than \$12/month.

Don't get distracted and potentially move on a loan that doesn't fit your project. Focus on what is really important, ensuring that you're comfortable with the process, the fine print, the loan amount and term that fit your business's cash flow and ultimately your business's needs.

“what are the biggest factors to consider when applying for a commercial loan?”

NOW THAT YOUR LAUNDROMAT IS UP & RUNNING

Take money management tasks seriously

Whether an individual runs a laundromat or dry cleaners, it is important to earn a sufficient level of revenue and allocate it correctly. There are many reasons to keep in mind bookkeeping and ensure that money isn't misplaced or otherwise removed without documentation.

How bookkeeping makes work easier

There are a number of ways that having a proper bookkeeping strategy can help cut down on errors and ensure that the business has all of its bases covered when trying to get funds allocated

- **Accurate expense information** – Having the right information on when revenue came in, or where it was transferred to can be helpful when it is necessary to check on an error or answer a question. This can be one of the most useful tools for a business.
- **Makes tax issues less stressful** – When tax season rolls around, many businesses may have complicated returns that need to be filed. Any information that is missing could make the process even more difficult, and it also may open a business up to penalties from the state or government.

Strong bookkeeping can detect issues

Having documentation that funds were put in different accounts, or if they are supposed to be put toward a project can be quite necessary. Revenue can come from multiple areas, and without having the paper trail, there is a more significant chance that something can go wrong.

- **Prevent funds from being lost** – Making financial records can help an owner discover if they misplaced revenue, or over allocated it to an account, and knowing early on can help lessen the chance of unneeded stress later.
- **Detect if money was stolen** – Strong financial documents will also improve the chances of knowing if any money was taken from the business' revenue without permission. This can be vital, especially if there turns out to be an internal problem at the business that the owner will have to deal with.

There are many options that an owner has to ensure that they are keeping their finances in order, but there are times where they will need to look to other areas in order to help ensure that goals are met. Speaking with a representative at Eastern Funding can provide business owners with several options when trying to make the business run more smoothly, especially when extra financing is needed.

There are many reasons to keep in mind bookkeeping and ensure that money isn't misplaced or otherwise removed without documentation.

THINKING OF REFINANCING?

4 steps to refinance a laundromat (Infographic)

Your laundry business doesn't have to be set in stone. You have ways to leverage your existing business, either and use some of the equity you've built up to invest back into your business.

This latter option can be perfect for many laundromat business owners. Even if you have a wealth of savings and other financing options, refinancing your current laundromat can help you pay for equipment upgrades, store improvements or other renovations. The bottom line is to think like your laundromat is a tool – use it to help pay for new expenses.

With that said, though, you do need to complete a few simple steps before you can take money from your existing business to invest back into other areas of your laundromat. See next page for four steps to refinance your laundromat:

1. Get your documents in order

The first step is to get your documents in order. As you refinance, you'll have to work closely with your lender to determine the value of your business, in order to get an accurate picture of how much you'll receive via refinancing.

Beforehand, gather these documents:

- Financial/cash flow statements
- Tax returns
- Invoices
- Utility bills
- Inventory
- List of your equipment and machines
- Lease

By bringing these relevant documents, you'll be able to expedite the refinancing process and ensure you get the most equity possible out of your existing business.

2. Estimate the project's cost

If you're using your equity to finance another project within your business, like buying new equipment or renovating the store, the second step is to estimate the project's cost.

It is incredibly important that you have the right amount of funds for your goals. You don't want to go into refinancing thinking you'll have one amount only to find out you'll get another. Furthermore, knowing the cost of the project will help you negotiate refinancing terms with your lender. The cost of the project, and what you'll use the equity for, both factor in.

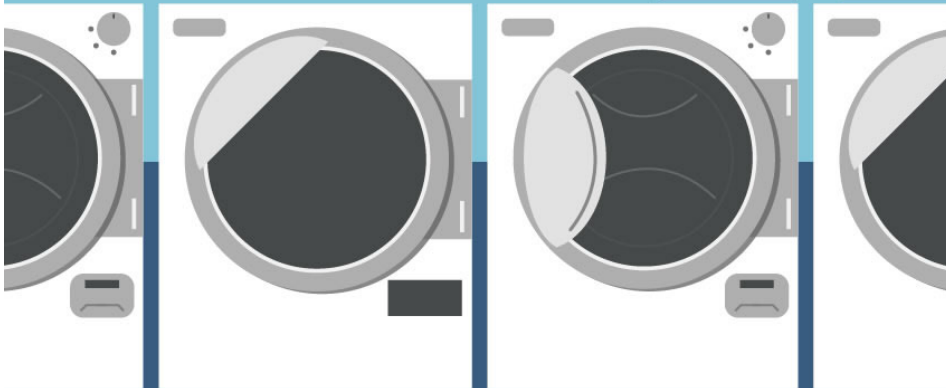
Items to bring to the table include:

- Vendor agreements
- Project estimates from contractors
- Sales orders/invoices

As a business owner, you have a number of viable options to finance projects and grow your laundromat. Even so, keep refinancing in mind.

4 STEPS TO REFINANCE A LAUNDROMAT

Laundromat owners are all too familiar with financing projects on their own. But the necessary funds may be harder to come by when it comes to large-scale improvements such as replacing machines or expanding your laundromat. In these cases, refinancing is a great option that allows you to take money from your existing laundry business and use it to help pay for new expenses.



1

Get your documents in order to help your lender determine the value of your laundromat. Some documents that are required are a cash flow statement (profit and loss statement), utility bills, tax returns, list of inventory (including machines and equipment), and a copy of the premises lease or deed for the laundry business.



2

Estimate the cost of the project, which will help prepare you for the laundromat refinancing process. Typically, lenders will want to know what the proceeds are being used for. Collect estimates, payoff letters, purchase agreements or sales orders to present to the lender upon applying for a loan.



3

Apply for financing. Complete the finance company's credit application, provide the requested financial information, and then submit that information along with the additional documentation listed in the previous steps. Once you have submitted



4

Receive your funds! Once your loan has been approved and all of the necessary legal documents are executed, your loan will be funded.

Then, you can accurately illustrate how much you need to spend to complete the project, and your lender will know what the refinancing will be used for.

3. Apply for financing

The next step is a big one: applying for financing. It is at this time you'll share all the information you've gathered in the previous steps, especially your financial data. You'll also have to fill out the credit application itself.

Do your homework before you get to this stage, so you are confident in your laundry business's credit history. Once you apply, it is up to the lender to review the refinancing application and determine whether or not to move forward. Make sure you share an accurate and complete picture of your laundromat.

4. Receive your funds

The last step is the best step: receiving your funds! After your lender approves your refinancing application, you fill out the appropriate paperwork and sign your name, the funds taken from your existing business equity will be given to you.

It is at this time that you can begin your next laundry project. As a business owner, you have a number of viable options to finance projects and grow your laundromat. Even so, keep refinancing in mind. This can be a smart way to use the existing equity you've already built to turn your current business into something bigger and better. You can also lock in more favorable financing terms and set yourself up for the future.

So, remember these steps as you move forward with your laundromat refinancing.

NEED A LOAN?

How to prepare your laundromat for a loan

It is always smart to be prepared. Whether you are studying for a test or growing your laundromat, the more knowledge you have, the better off you'll be.

This certainly applies to financing. Owners of new laundromats can get ahead of themselves from time to time, focused more about the service rather than keeping the financial side of the business organized. If you skipped a few steps – but now want to pursue a loan – then you should go back and make sure your laundromat has its details in order.

Here is what you can do to prepare for a loan application:

Decide what you need

Not all loans are created equal. If you want to get the best for your laundromat, you'll have to first figure out what you need.

According to the U.S. Small Business Administration, you should ask yourself a couple of questions, including:

- Are you borrowing to mitigate risk or grow your business?
- What is your current loan history?
- What will you use the capital for?
- What is the current laundromat market?
- How successful is your business?

Asking these questions can help you narrow down the type of loan you want and whether or not you are a good candidate for this type of financing.

Gather all relevant materials

A prepared borrower is often considered more favorable in the eyes of lenders. If you want to have the best chance to get an ideal loan, you should consider taking a few preliminary steps.

For starters, you need to know your credit history. Any lender will check on their end, so look first for problems. If you find any issues, take the appropriate corrective measures. Then, you should gather any materials that highlight your laundromat's history and indicate your ability to repay the loan. A profile of your business is helpful, as are related financial documents.

Here are a few items that are necessary to have prepared:

- Profit and Loss Statement for your laundromat business
- Utility Bills up to 12 months
- Business and personal tax returns (most recent)
- Business and personal bank statements (3 months)
- A copy of your premises lease or deed

Overall, your goal should be to position your laundromat as a strong, stable company and yourself as a responsible borrower.

“Don't be unprepared when you apply for a loan.”

TIME FOR YOUR NEXT STORE?

How to finance your next laundry business acquisition

Have you already built your laundry business from the ground up? Are you now ready to buy another business and continue to grow your company?

If so, then you could be ready for acquisition financing. You don't have to go it alone as you strive toward your expansion dreams, and investing in another business can actually be a more cost-effective, intelligent way to go.

Here is what you need to know about acquisition financing and how to grow your laundry business well into the future:

What is acquisition financing?

To begin, it helps to learn a little bit about acquisition financing. Unlike startup capital or another type of funding, acquisition financing is designed for the sole purpose of purchasing another business.

In most cases, your current company will have restricted cash flow, if not just for the simple fact you have steady monthly income and expenses. This can make it tricky to expand, even if it is the right move for your business. This is where acquisition financing comes into play.

Like other types of financing, this version commonly occurs in the form of a loan or line of credit, and it can be an ideal strategy to turn a business from one single store into multiple ones.

The key elements behind acquisition financing

While acquisition financing is a viable source of funding for business owners, there are steps you can take to facilitate the process.

Here are a few tips:

1. Prepare your own capital

Laundry owners will be expected to provide a certain amount of capital in addition to the loan or line of credit. This typically falls within the 20 percent to 50 percent range. Therefore, it may be beneficial for you to ask around for aid from family, friends or even investors. This will help offset some of the risk of putting up your own funds early on in the process.

2. Ask about seller financing

Another key component of acquisition financing is seller financing. Here, the seller of the business can actually pitch in during the funding phase, perhaps because he or she wants to ensure the deal goes through or for any beneficial tax breaks. Since it is the seller involved, they could be more willing to work on low rates, favorable terms

“Business success can help you land financing.”

and other perks. Sometimes, simply having seller financing makes the deal – and your business – more attractive to lenders.

3. Highlight business success

In nearly all cases, you will be buying a like-minded laundry business. It is because of this that your previous experience – and success – comes into play. In order to ensure financing, and get favorable terms, you'll want to highlight your skills and profits from your existing laundry business. Use all your positive anecdotes and statistics to show lenders and investors you are for real – and you can do great things with this new business.

Get as much information as possible

The final step is to come prepared. Learn everything you can about your own business, the one you want to acquire and the financing you'll need to make it all happen.

That way, you'll be ready for anything. Many times, lenders ask for detailed financial information before giving out a loan. It will be the case here. So, know the important facts from your own business – cash flow, revenue, profits, expenses and so on – and be ready to share. Also make sure your proposition is viable. Prove that buying this business is a smart decision, and show that through facts.

With that said and done, you'll be well on your way toward acquiring your next laundry business.



TIME TO SELL?

Selling your laundromat? Here's how to get the best deal

Selling a business rarely means the end of the road. In fact, you could be selling to get the equity you need to open a bigger, better coin laundry – or you could be selling for succession planning or any other number of reasons.

No matter your motives, though, selling a laundry business requires a careful roadmap. Your company is unique, and those quirks and perks will all factor in during this process.

So then, how do you begin? Here is what you need to know:

Get your documents in order

Naturally the big question surrounding any sale is one of price. What do you think you can sell your laundromat for?

This is why your first step should be getting all your documents in order, since these will help back up your asking price. Items you need to gather include:

- Books and records
- Utility bills
- Tax returns
- Inventory (including machines and equipment)
- Cash flow, revenue and profits
- Lease

All of these are factors in your selling price – high-quality machines fetch higher prices, as does a coin laundry with excellent cash flow, for example – so the more you know, the better off you'll be moving forward.

Clean up shop

The quality and condition of your coin laundry will also come into play before selling. With that in mind, your next step should be an assessment of your actual operations.

Machines play a big role here. You'll want to make sure everything is in good working order, and you'll also want to factor in overall quality when deciding on an asking price. Also on the table is the general condition of your laundromat, from the walls to the floor and ceiling.

All in all, clean up your business before selling. Not only will this increase the sales price, but it will be more attractive to potential buyers and help you sell quicker.

Broker or no broker?

The third important consideration is whether or not you need a broker to help sell your coin laundry.

Your financial documents play a big role in a sale.

This decision comes down to several factors:

- **Cost** – Brokers come with fees, so only use a broker if you are comfortable with the price
- **Success rate** – Brokers aren't sure bets, so make sure you choose one who has a history of closing deals
- **Time** – Selling a business is time-consuming. Bringing in a broker will help you focus on your own business while someone else handles the details.

Sum up your business

With these foundational elements in place, you will be ready to interact with potential buyers.

The first step now is to create a summary of your business, or an “advertisement” of sorts. Here, you'll compile all those documents you gathered earlier, including any elements of your coin laundry that could be attractive to buyers. The goal is to have a broad overview of your business so an interested party quickly knows if the company is right for them.

As you continue working closely with potential buyers, have as much in writing as possible.

What to look for in a buyer

Finally, you'll want to begin talking to prospective buyers. Begin by keeping an open mind – the person you think is best suited for the role may not be in reality. So, don't customize your marketing and advertising to one specific niche. Get the word out as broad as possible, then narrow down candidates.

The most important trait of the right buyer is financial solvency. You need a buyer who can handle the costs, from buying the business to operating it. You certainly don't want a buyer whose finances will cause the deal to fall through.

Important considerations at this time include:

- Financing
- Proof of purchase
- Contract
- Confidentiality agreement
- Personal financial statement

All of these elements will ensure you are working with serious buyers who can afford your laundry business – and that should the deal fall apart, the proceedings stay private. Keep these steps in mind as you work toward your closing date.

Eastern Funding can also help finance your buyer. Download our free acquisition checklist for your buyer!

*“Make sure your
laundromat is
appealing to
buyers.”*

Zombie Laundries. Is Yours One?

Signs Your Store is a Zombie Laundry.

- Machines are old and are eating away your profitability potential
- Dated and unappealing store fronts
- Poorly lit and dirty interiors
- Failure to adapt to new trends and technologies in marketing
- Unresponsive to changing demographics and customer tastes

According to the [Coin Laundry Association](#), there are about 35,000 coin laundries in the United States. While the industry is vibrant and profitable for most owners, many stores are simply zombie stores. These zombie stores are rolling along, almost lifeless, even if they are profitable. In other words, they are unengaging, inefficient and generally foregoing growth and profit.

What's the Cure?

Now that your eyes have been opened to the zombie-like state of your coin laundry, how do you cure what ails your business? Sell it? That's not always a cure. Even if you decide to sell, an old store will probably have a low valuation. An upgraded store will have a higher valuation and is more likely to sell for a higher price, potentially providing a much higher profit.

You can approach the problem from many angles and in stages but perhaps tackling all angles simultaneously is the best way.

1. Throw out the old machines and replace them with new ones.

Your old machines are eating the flesh of your profits. By replacing them with newer, advanced and more efficient machines you can generate savings on electricity and water. It also gives you the selling point of being more environmentally friendly. Even more, it gives you great news to announce to your community: "Faster, Newer Machines!"

By the way, putting new panels on old machines is not the same as re-tooling. As the old adage says, it is like "putting lipstick on a pig". Though it may be tempting to just "facelift" your old machines, there are simply too many benefits you'll miss out on by not replacing your equipment.

2. Give your store a facelift.

That 1980's faded beige stucco storefront is unlikely to attract today's laundry customers. [Store design is important to its profitability](#). Add new signage and clear the window views so that the inside can easily be seen from the outside.

To complement those new, more efficient machines, you should improve the interior of your store as well. Better signage, easily seen and with clearer instructions are always a plus.

Brighter and more energy efficient lighting is a must. Consider LED lighting. As the price decreases and their performance gets better, LED lighting can provide additional reductions in your energy usage.

3. Know your demographics and adapt.

One of the reasons your store may be considered a zombie store is it just doesn't cater to the demographic of the surrounding community. With the changing demographic profiles of cities and towns across the country, some business owners are caught flat-footed in responding to an ever changing market.

*zāmbē - A person
(or thing) who
is or appears
lifeless, apathetic,
or completely
unresponsive to
their surroundings.*

For example, if the local neighborhood has an increasing number of a particular foreign language speaking residents, it may be wise to translate some instructional and price signs into that language.

Another example is payment systems. As your customer base gets younger and more tech savvy, you may want to add other payment options – card, mobile payments and other methods. The goal is to adapt to your customers' lives so that doing laundry at your store becomes a seamless part of their activities.

4. Re-tool your marketing.

That ¼ page ad in the weekly coupon circular is not inexpensive, plus your target market may not even open that circular. In order to quickly reach those you want to reach and more, try new channels and media. Facebook, Instagram and other social media outlets are easy to use and allow you to connect to a large number of people for little or no cost. Even a well-designed website can give you a presence on the web which can translate into much greater visibility for your business.

Conclusion

You can turn your zombie store into a glistening, gleaming potential pot of gold with straight forward and simple steps. The alternative to revitalizing your store is to let the zombie wander aimlessly, barely responding to new markets, new technologies and new opportunities for growth. Which would you rather?



About Eastern Funding LLC

Eastern Funding is a leading commercial lender to small and medium sized businesses nationwide. The company funds laundromats, dry cleaners, grocery/deli and convenience stores, specialty vehicles and other businesses. Its offering includes funding to buy a business, startup capital, equipment loans, and commercial real estate financing. With an unwavering commitment to building rock-solid customer relationships, Eastern Funding offers financing that's fast, hassle-free and designed to help entrepreneurs grow their businesses.

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