

**WANT TO BUY A LAUNDROMAT BUT DON'T KNOW WHERE TO START?
TRYING TO FIND AND/OR EVALUATE A COIN LAUNDRY?
THIS ARTICLE WILL HELP YOU GET THE LAUNDROMAT EDUCATION
YOU NEED TO MAKE AN INFORMED BUYING DECISION!**

Whether you're looking to make a career change, would like a part-time business to supplement your current income, or just looking for a new investment opportunity, a coin laundry may be the answer to what you have been searching for. A Laundromat business has several fundamental advantages over other small businesses.

- If run properly, a Laundry mat should only require 5 to 15 hours a week of your time. Don't waste your time getting a second job, instead own a part-time business and a Launderette is truly one that can be run part-time.
- The coin laundry business is NOT labor intensive so you won't have a lot of employees to manage. Even a fully attended store will rarely require more than one staff member working at a time.
- There is no selling involved in a self service laundry, so you won't need a sales staff. Customers will simply come into your store to use your equipment, but if you want to provide a vending machine that sells soap and fabric softener you are more than welcome too.
- A Laundromat is a service-based business that fulfills a basic necessity in life, and is therefore recession resistant. In fact, even during these tough economic times, nationally, most coin laundries are washing more clothes than last year according to "*American Coin-Op Magazine*".
- In the laundry business the customers supply their own labor. They load the machines and fold the clothes.
- The customers also pay in advance with all cash! There are no "checks in the mail" or Account Receivables.
- A Laundromat is a real, brick and mortar business, in a mature industry with annual sales of over \$3.4 Billion dollars, reducing your risk.

Laundromats are simple businesses and can be run with no experience. But don't be fooled by their simplicity. Take the time to educate yourself about this business before you jump in and put your hard earned money on the table.

When you go out to look at a Laundromat for sale, don't get caught up by how the store looks. The first thing to understand is the numbers. Remember this is an all cash business. You will need to verify the seller's claim of reported income and carefully examine all the expenses. This will tell you how much money the store is making and give you some idea as to its value.

Here's a tip: The value of a coin laundry has nothing to do with the seller's asking price. It is irrelevant! The value of a Laundromat, as with any business, is a multiple of its net income. In the self-service laundry business, the average multiple is between 4 and 5.5 times the yearly net income. There are several factors that go into determining the multiplier. They include the lease, equipment, competition, demographics, and amenities, just to name a few.

A Laundromat for sale is easy to find, because there are over 35,000 nationwide. Simply look in the "business for sale" section of any newspaper or on a dozen or so web sites listing

businesses for sale and you will have no problem finding a listing. But be forewarned, finding a good one to buy can be very challenging. Most Laundromats are very profitable businesses and can generate excellent returns for the owner. Unfortunately, many of the stores for sale tend to be the under-performing ones, so you need to be very careful during your due diligence.

Laundromats are highly sought after businesses because of their ease of management and all cash nature. This means that the good ones go fast, so you'll need to have a strategy when you go out looking for a store.

Beware of verifying the income of the business by observing the coin collections. A popular way to verify the seller's claim of reported income is to watch the collections for a period of time, usually a month or two. While it is important to watch the collections of a potential store, the real reason to do so may surprise you. The purpose is not to verify the gross income of the business.

This method of income verification is not reliable. All too often, a seller will "salt" (add coins to) the washer and dryer collections boxes in an attempt to deceive the buyer into thinking that the store is making more money than it really does.

The reason to watch the collections is to determine the usage percentage of each of the various machine types. This information will be used when you do a water or gas analysis. Both a water analysis and a gas analysis are far more accurate than coin collections when you want to determine the gross income from the wash and dry portion of the business.

As far as the expenses are concerned, make sure that you account for all of the operating expenses of the business. Often times, sellers will conveniently forget some of the expenses of the business. A big one to watch out for is the under-reporting of the cost of labor to clean the store. Don't be fooled if the seller claims to "clean the store himself". Whether he does the job himself or hires it out, cleaning the coin laundry is a business expense that needs to be accounted for. Find out how many hours he cleans and then assume you will need to hire someone to fill that position once you take over. Then deduct that expense from the income of the business.

Another expense that is commonly miss-represented is the cost of repairs. It is perfectly acceptable to add any costs to have the machines maintained back into the expenses for the business. If the seller fixes the machines himself, then find out what it would cost to hire a repairman to do the repairs and deduct those costs from the profit of the business. In both cases, the owner of the business is performing a job within the business and should be paid accordingly for the work performed.

Making sure that the income and expenses are accurate when buying a Laundromat is very important, because a small mistake can cost you a bundle! If you over estimate the income by just \$500 a month and under estimate the expenses by \$500 a month, the difference in net monthly income would be \$1,000. And while it would hurt to be earning \$1,000 less each month from your business, it would hurt a whole lot more when you buy it, because that \$1,000 mistake would translate into you paying \$50,000 or more too much for the business.

To learn more about analysing a coin laundry business, get access to a one-hour informational tele-seminar. The class walks you through the numbers of a typical Laundromat and explains how you can achieve better than average returns with your own Laundromat business.