

“I’ll Double My Laundry Income!”

by John Cottrell

If I only had a roll of quarters for every time I’ve heard that statement from apartment owners interested in purchasing their own machines. After further research, they usually come to realize that the “agitation” of owning their own might be more than they think.

A large part of our new business comes from owners and managers who are tired of owning their own machines, and dealing with the hassles that go with it.

Their intention was noble going in: “Own my own and collect 100% of the money”. Based on a typical 50% split with a service provider, they thought they were going to double their money.

Of course, you could run to the local market and use a Coinstar machine... but are you really willing to give up 8½ percent of your income to them?

As sweet as that arrangement sounds, that is just not the case. Let’s take a look at an example, based on a 30 unit property with three washers, three dryers and a gross income of \$340 per month over a five year period (average machine life):

- **Purchase Price** - BANG! Right off the bat you are paying (or worse, financing) \$4,500 (“turn-key”) for three new sets of energy-efficient equipment. Even on a month-to-month agreement, a laundry service provider will install machines with NO up front cost to you!
- **Service** - All right...you do get a three to five year warranty on the parts, and 30 to 90 days labor. That’s great! Well, at least until the labor warranty is over. Labor for a typical service call is \$75. Based on one service call per machine, per year (a conservative estimate), your service costs will drain \$2,250 out of our pocket over the five year term.
- **Overloading/Vandalism** - Sure, you have great residents...the type that would never cram as much laundry as they physically could in a washer priced at \$1.00 or more. When the machines are misused and/or vandalized, you: 1) have to determine which parts are needed, find and replace them, and 2) lose the income stream while the machines are down. Laundry service providers dispatch factory trained technicians who have fully-stocked trucks to make repairs on the spot. They can also repair minor vandalism the same day, and usually replace a vandalized machine (beyond repair) within a day or two at the most.
- **Time, Time, Time** - It is one of the few things in life we wish we could bottle up and save. *“Un-Scientific” 13-day study with the help of friends and family:* Wrapping a roll of quarters and writing your bank account number on it takes an average of one minute and 22 seconds. You could add a little extra time to wash your fingers afterwards...unless you simply lick them clean like my son did!
With 34 rolls of quarters each month, you are looking at nearly 47 minutes. AND...that doesn’t factor the time waiting in line at the bank to turn in the quarters.
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- **Residents’ Happiness** - Let’s face it...your residents are the main stream of income at your property. If the laundry equipment breaks down, and is out of service for more than a day or two, the residents could get frustrated and look for somewhere else to do their laundry. This will directly affect your future income.
Additionally, residents could carry their frustrations to areas other than just the laundry facilities. If this becomes a factor in their desire to leave the property, you could be facing the additional expenses associated with re-renting a unit.
Dependable service providers repair machines within 24 hours, pay refunds directly to the residents, deal with damaged clothes claims, and provide insurance covering the equipment they install. (Often times, laundry room upgrades such as paint, tile flooring, lighting, counter tops, etc., can be provided at no cost to the apartment owner.)
- **Bottom Line** - Although there are some advantages to owning your own machines, the amount of money you gain may not be worth what you ultimately could be losing. If you own your own in

our example, and things go smoothly for the entire five year term...you would gain an extra \$170 per month x 60 months = \$10,200. Subtract the \$6,750 (equipment and service costs) and you are left with a "net gain" of \$3,450. Divide that by 60 months and **you have gained just \$57.50 per month**. Oh by the way...that does not deduct for the value of your time dealing with all of the laundry related issues and duties outlined in this article.

And...if you did use Coinstar, your gain goes down from \$57.50 to a whopping \$28.60 per month! That will buy you a bag of chips, a few music downloads for the ipod, and one ticket to a movie (with a small drink and popcorn of course!)

You just may want consider spending your time on other important things...like purchasing more apartment buildings!

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