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FEATURES



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12 The 53rd Annual Plant Design Awards Eager to serve the Newport Beach, Calif., community, CDM Cleaners built an experience-elevating plant that earned it Best Plant Design honors. Get the details on it and the year's other notable projects. Bruce Beggs

26 Top Five Mistakes to Avoid When Planning New Plant Project

When you make a mistake in a plant renovation or new build, you pay for that mistake every day thereafter with inefficient space or, worse, increased (and unnecessary) costs. *Chris White & Ed D'Elicio*

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Survey: Dry Cleaners approach 2014 with cautious optimism

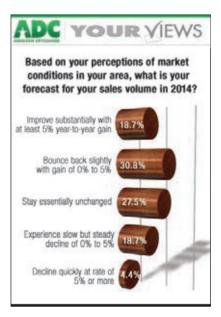
Dry cleaners are looking ahead to 2014 with some optimism, as 30.8% predict their sales volume will "bounce back slightly with gains of 0% to 5%," according to results from this month's *American Drycleaner Your Views* survey.

Nearly 19% predict their sales volume will "improve substantially with at least 5% year-to-year gain," while 27.5% forecast their sales volume to "stay essentially unchanged."

Some dry cleaners are a bit more wary with their 2014 predictions, as 18.7% believe their sales volume will "experience slow but steady decline of 0% to 5%," while 4.4% believe it will "decline quickly at a rate of 5% or more."

"The ever increasing acceptance of very casual dressing ... is fashionable and accepted in the best restaurants and at work," says one dry cleaner. "The really interesting thing you should ask is ... 'How did you do in 2013 compared to 2003?' That number is the real eye opener and shows the true nature of how bad the industry is hurting."

"As the cost of dry cleaning keeps increasing from a producer and consumer standpoint, less people will [be able to] afford or will cut back," says another. "Rents in good drycleaning



markets keep going up more than normal, with retailers chasing the markets with high per capita income ... The impact of Obamacare can't help but make the future uncertainty continue for both the dry cleaner and its customer."

"We've been holding steady with keeping most customers, but their volume is down," adds another dry cleaner. "We're still getting many referrals from existing customers and retailers we work with. I'm expecting to increase business overall."

Many dry cleaners are turning to more online initiatives to boost business.

"Next year's budget will spend ►

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more on Internet marketing, including a new website design, especially mobile, and greater functionality of customer interaction and intelligence gathering," says one dry cleaner.

Nearly 50% of cleaners who responded to the anonymous survey believe their sales volume will surpass 2013 levels this year.

"The Internet brings in customers; you can't deny it anymore," adds another. "If you're still living in the 1970s with your equipment, advertising and labor dollars, there is no sense in 'hoping for a recovery."

While some are considering raising prices, providing coupons/specials, investing in new equipment, or beefing up their overall marketing efforts, others are solely focusing on providing quality customer service.

One dry cleaner says he/she will "zeroin on quality control [and] increase training of employees." Another adds that he/she will "show up every day and try to improve our product at current prices."

While American Drycleaner's Your Views survey presents a snapshot of the trade audience's viewpoints, it should not be considered scientific. Subscribers to American Drycleaner e-mails are invited each month to participate in a brief industry survey they can complete anonymously.

The entire *American Drycleaner* audience is encouraged to participate, as a greater number of responses will help to better define owner/operator opinions and industry trends. ○



Top stories @ AmericanDrycleaner.com for the 30 days ending Dec. 15 TOP NEWS STORIES

- 1. Lapels Dry Cleaning Opens Doors to Natick, Mass., Store
- 2. DLI Contest Seeks Videos Promoting Use of Member Services
- 3. J's Tailor & Cleaners Boosts Online Presence
- 4. Maryland ZIPS Store Still 'Best' in its County, Magazine Reports
- 5. ABC Affiliates Convene for Fashion-Focused Group Meeting

TOP COLUMNS & FEATURES

- 1. Managing Drycleaner Employees by the Book
- StatShot: Northeast Sees Strong October: Utilities Cost... WEB EXCLUSIVE!
- 3. Fashionistas Mean Business
- 4. Treating Holiday Stains WEB EXCLUSIVE!

TOP STORIES @ OUR SISTER SITES

AmericanCoinOp.com:

- 1. Laundry Leases: Assets Worth Protecting
- 2. Make Owning Chain of Coin Laundries Your Goal
- 3. Seasonal Changes Bring New Customer Opportunities

AmericanLaundryNews.com:

- 1. Which Soiled-Linen Collection Method is Best?
- 2. B&C Technologies Unveils 2014 Product Line During Sales Meeting
- 3. OPL 101: Outfitting an On-Premises Laundry Room



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THE NATION'S UNEM-PLOYMENT RATE fell in November to the lowest rate in five years. Employers added 203,000 jobs, which dropped the rate to 7%, down 0.3% from the previous month, and the number of unemployed dropped to 10.9 million, all according to the Bureau of Labor Statistics.

Other economic news was also optimistic, though some warned that the numbers were boosted by sequestered government workers returning after the shutdown, as well as a late start to the holiday season.

A NEW MINIMUM WAGE of \$10.10 per hour, as proposed by Sen. Tom Harkin, D-lowa, and Rep. George Miller, D-Calif., would allow a family of three to finally live above the poverty line, something that hasn't been true since 1968. The proposal also adds an automatic increase to the minimum wage to account for inflation, helping workers to remain above the poverty line, according to the Economic Policy Institute.

THE BEIGE BOOK REPORT, issued Dec. 4 by the Board of Governors of the Federal Reserve System, described economic expansion at a modest to moderate rate in all 12 districts. Manufacturing continued to grow, with gains in the automobile and high-tech industries.

THE NATIONAL ASSOCIA-TION OF REALTORS' October report showed that pending home sales were down 0.6% from September and 1.6% from October 2012. The lower numbers were expected. savs Lawrence Yun, chief economist. "The government shutdown in the first half of last month sidelined some potential buyers. In a survey, 17% of Realtors® reported delays in October, mostly from waiting for IRS income verification."

The Mortgage Bankers Association's Weekly Mortgage Applications Survey showed lower mortgage applications, down 12.8% for the last week of November. Refinance activity was down 18%, to only 63% of the total applications. The average interest rate for a 30-year fixed mortgage was up to 4.51%.

THE HOLIDAY SEASON'S opening shopping numbers were down for the week ending Nov. 30. Spending was down 2.8%, although sales were up 2.5% from last year, according to the International Council of Shopping Centers.

CONSUMERS SHOOK OFF the federal shutdown to increase their rate of confidence in late November, according to the Surveys of Consumers from Thomson Reuters and the University of Michigan. Most gains were among upper-income households.

"Consumers expressed lingering concerns over the upcoming Congressional deadline for reaching a settlement on the federal budget and debt ceiling," says Richard Curtin, chief economist for the Surveys of Consumers. "Consumers expect the growth rate in 2014 will be far short of the economy's potential."

—Jean Teller

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PLANT DESIGN

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CLEANERS

GRAND PRIZE

Best Plant Design

CDM Cleaners

Newport Beach, Calif.

By Bruce Beggs, Editorial Director

orona Del Mar (CDM) Cleaners belongs to a family-owned business that has been serving the community of Newport Beach, Calif., since 1989. Intent on conveying a message of excellence to customers not only through superior drycleaning and laundry services but through its image, CDM designed and constructed a new store here that is integrated seamlessly into the surrounding retail community.

This new plant, which official-

ly opened in October at 1628 San Miguel, in the Harbor View Center, earned Grand Prize for Best Plant Design this year in *American Drycleaner's* 53rd Annual Plant Design Awards.

ADD SOME FLAIR. CDM Cleaners is owned by Edmond and Silva Hacatoryan, who immigrated to the United States from Istanbul, Turkey, in the early 1980s. Edmond partnered with his brother in the drycleaning business first before going into business for himself in 1992.

The Hacatoryans own three ►

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In each case, the Hacatoryans are tenants in a real estate development managed by The Irvine Company. "Irvine Company is a great partner with us, because they appreciate high quality."

It's this relationship with the mall management giant that created an opportunity for the Hacatoryans to build a new operation in the Newport Beach site that had previously been home to another dry cleaner. "They appreciated our other stores' qualifications, our quality production, and we have a great staff."

Having a large supermarket and drug store nearby helps to bring in a lot of traffic, says Arlene Hacatoryan, daughter of the owners. "We're surrounded, predominantly, by neighborhoods," she says. "The demographics are young families and senior citizens. It's very much a 'neighborhoody' area, it's not really a big-city feel at all."

CDM's goal is to give its customers an experience that is high-end, user-friendly and in tune with the environmentally conscious culture in Southern California. Besides the fact that it uses green technology in its cleaning process, it shows its love for the environment through its positive, clean, **>**

Right, from top to bottom: the ornate lobby; spotting board and hydrocarbon drycleaning machine; conveyors; and a wide view of the pressing and finishing equipment.













Edmond Hacatoryan (left) holds the ribbon for Newport Beach Mayor Keith Curry during CDM Cleaners' recent ribboncutting ceremony. Watching (from left) are Silva Hacatoryan, Arlene Hacatoryan and Tallene Hacatoryan.

contemporary lobby design, created by Arlene, a recent graduate of the USC School of Architecture.

"What is typically needed in a reception space for a dry cleaner is a reception desk, which will house a computer or whatever system we're using for itemizing," she says. "But we wanted to add a flair to it, our own stamp on it."

Residents of Newport Beach are accustomed to living "a lifestyle of luxury, so we really wanted to elevate their experiences at the dry cleaner, because it's as much a part of everyone's daily routine as going to the grocery store, getting their hair done, or going to the mall," Hacatoryan says.

She came up with basic renderings, which were then fully developed into construction drawings under her direction by Tim Bundy and Ryan Walker of Bundy Finkel Architects.

Materials in the corner space are allnatural. A floor-to-ceiling glass entry exhibits a featured wall made of reclaimed poplar wood tiles and incorporating a mirror etched with the CDM Cleaners logo. "Based on the geometries of that tile, we started tweaking the reception desk," she says. "We kind of imitated the angularity of the wood tiles and designed it so that the positioning of the customer vs. the employee ... works nicely."

Meanwhile, a custom wall covering playfully celebrates garment care iconography. Even the CDM logo is a play on the garment care symbol

for washing. "The funny thing is a lot of people think it looks like a crown, which is totally appropriate and kind of an intended pun, because Corona Del Mar means crown of the sea."

BRAWN BEHIND THE BEAUTY. The Hacatoryans called on Arthur Kajiwara Equipment Co. to install the brawn behind the beauty. The project had its challenges, says its namesake, Art Kajiwara, who's installed several drycleaning plants for the Hacatoryan family over the years.

"We did the complete install, electrical, plumbing, the build-out," he says. "We had to re-do the ceilings. Put onehour separation from the next tenant, because it's a hydrocarbon (drycleaning) machine. Brought in combustion air for the boiler room. And we put a shirt laundry as well as drycleaning in that shop. It's just a little over 1,500 square feet. Yes, it's tight, but it's workable."

The design accommodates both drycleaning and shirt laundry components. Anchoring the production is a 60-pound Frigosec hydrocarbon drycleaning machine made by Realstar, ►

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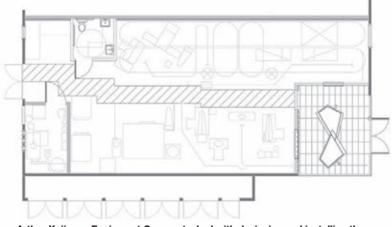
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Arthur Kajiwara Equipment Co. was tasked with designing and installing the "brawn behind the beauty" at CDM Cleaners.

USA. Kajiwara says the machine features refrigerated solvent cooling, plus an automated filter system. "The filter cleans itself automatically and flushes the pump and the solvent lines every load during the drying cycle."

Without that feature, about every 15 loads, CDM workers would have to set the equipment for cleaning. That could take as long as an hour to complete, and the machine couldn't be used during that time. "You eliminate that chore and that wasted time every 15 loads," he says.

Also, the project originally planned to be completed over a three-month period had to be finished in six weeks by the time the blueprints and permits were approved, Kajiwara says.

"When I did the design and the floor plan, every inch counted," he says. "Any deviation [from that plan during construction] would have been inches. Nothing more."

The CDM plant also utilizes UniMac laundry equipment, a Hi-Steam laundry

finisher, Forenta spotting board, Forenta drycleaning presses (featuring Qualitex press pads), two conveyors from White Conveyors, and a boiler from Parker Boiler. The modern POS system and cameras are from Fabricom and Pricom, respectively.

Edmond Hacatoryan sees the project as an investment necessary to attract the customers his business needs.

"I spent more than \$70,000 on that storefront, and I spent a huge amount of money on that back," says Hacatoryan. "Real estate is so expensive in Newport (Beach), and our rent is outrageous. To get this to work for us, we need to make every square inch workable."

United Fabricare fills CDM's packaging needs. It was Vice President and General Manager Michael Fahar who alerted CDM Cleaners to the *American Drycleaner* contest and encouraged the Hacatoryans to enter their new plant.

"God line up everything for me and my family," says Edmond Hacatoryan.

Congratulations!





Congratulations to CDM Cleaners for winning the 2014 American Drycleaner plant design award!

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Middle Village, N.Y.

or President/CEO Edward Acosta, moving his growing business was not an option, and zoning restrictions prohibited building above. So, he "legalized" the basement and reorganized the work space on the main floor, doubling his plant size to ... 1,050 square feet.

Six large support columns were removed from the basement and replaced with steel beams. Created were a supply area, a wetcleaning station, a small meeting room, and an enclosed boiler room.

"We removed the ceiling on the first floor to gain open space with a ceiling height of 11 feet," Acosta explains. "Rails were added throughout the store. ... The use of a chute to drop our clothes from the counter area to the basement was just one other creative idea that allowed for every inch of space to be used well." Also incorporated was a transport elevator that allows clothes to be brought up and down from one floor to the other.

Production equipment includes a Columbia drycleaning machine, Cissell form finisher and buffers, Hoffman-New Yorker utility presser and Wascomat wetcleaning system.

Acosta, a graduate of the Pratt Institute School of Architecture, designed the layout. Project architect was George Pader.







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SPECIAL HONORS

Outstanding Renovation

Fashion Cleaners

Omaha, Neb.

ashion Cleaners unveiled its brand-new lobby, customer drive-thru (with carside service) and employee break area at its flagship location in fall 2012. The 7,500-square-foot plant employs 33.

The remodeled entrance provides enhanced access and increased safety for customers re-entering traffic. New tile, counters and paint, along with better branding and higher ceilings, highlight the makeover. Swinging doors with window panels separate production from customer service.

A small conveyor for long, hanging items was moved up front and behind a partial wall for easier CSR access. The management office in the lobby enables the customer service director to better oversee her team. And customers appreciate the addition of a flatscreen TV and a coffee machine. The production floor—which includes equipment/systems from Union, Permac, Milnor, Sankosha, Hi-Steam, Unipress, Metalprogetti and SPOT—changed significantly with the addition of shirt laundry pressing units. It allowed all production to be handled under one roof. Large racks for household items allow organization and ease of access. The relocated bridal area has more space for supplies and packaging.

Owner Kermit Engh served as architect, with Galvin Design Studio providing interior design. \bigcirc







SPECIAL HONORS

Outstanding Reconstruction

Kona Cleaners Orange, Calif.

ona Cleaners selected this site at 821 W. Taft Ave. because it is a central point with many major freeways and connections to Orange County areas that it services with pickup and delivery, and its other five retail storefronts, according to owner Bobby Patel. Also, the building already had loading docks in place.

The 10,000-square-foot plant was built for efficiency, with the ability to handle Kona's current work plus capacity to more than double its processing.



Calif. Walls were painted bright white and floors were sealed with a bright epoxy to take advantage of high-output, low-energy lighting. Four swamp coolers and two major exhaust fans keep the plant comfortable for the staff of 20.

The production area includes two Firbimatic K4 and one Lindus GreenEarth drycleaning machines; Wascomat wetcleaning washers; moisture control dryers; Leonard Automatics steam tunnel; three Sankosha shirt finishers; pressing equipment from Unipress, Ajax, Hi-Steam and FujiStar; Parker boiler with economizer; and two rotary air compressors. There is a Metalprogetti assembly conveyor with four extract arms and autobagger, and the plant uses SPOT POS with production track at each pressing station.

Ed D'Elicio designed the plant layout. Michael Palmer, MPA Architects, provided architectural services. Wyatt Bennett was the project's equipment distributor.







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SPECIAL HONORS

Outstanding Strip Location

53

Swan Cleaners Columbus, Ohio

his honor acknowledges a homecoming of sorts. Swan Cleaners, once a tenant in a Columbus shopping center in the 1970s and '80s, left when the retail site declined in the 1990s. "With new ownership, the center has been 'reborn' and we were the first tenant to sign up to return," says Paul Gelpi, president and owner.

The 1,100-square-foot store employs three FTEs and features dedicated parking at the front door, drive-thru in-car service, a 24-hour drop box, and sameday service.

Dry cleaning and pressing as well as bulk laundry services are performed onsite. Services offered here but performed off-site include shirt laundry, alterations, shoe repair, suede/leather cleaning, and fur cleaning/storage.

The production area includes a Union drycleaning machine, Forenta pressing equipment and spotting board, White conveyor, Sears laundry equipment, Rema Dri-Vac vacuum, AquaCool cooling, and a ThermoSteam boiler.

Gelpi designed the plant layout. Gary Acker was architect, and Phil Davis oversaw interior design. E.J. Thomas Co. was the project's equipment distributor. \bigcirc







By Chris White and Ed D'Elicio

igger and newer always means better, right? Not necessarily. Building or renovating a drycleaning plant is a big decision. It requires a significant investment of time, effort and capital. Unfortunately, too many dry cleaners charge ahead in the design process without taking the time to think through what they really need and what they can afford.

When you make a mistake in a plant renovation or new build, you pay for that mistake every day thereafter with inefficient space or, worse, increased (and unnecessary) costs. So, it's imperative to do it right the first time. You can improve your chance of success if you avoid these five simple mistakes.

MISTAKE #1: FAILING TO START WITH THE END

(Photo: © iStockphoto/Devonyu)

IN MIND. The majority of dry cleaners undertake a plant renovation or new build due to the need for more volume. Their business is growing or they are planning an acquisition, and their existing facilities just can't support the increased capacity.

Many business owners unwisely undertake these major capital improvements without a business plan that accurately reflects the reasons, cost and anticipated revenues of the new or renovated plant. A well-written business plan includes not only a budget and pro forma, but also takes into account the business' current situation and sets out a staged plan for growth.

A comprehensive, well-thought-out growth plan allows designers to create a phased design plan. Phase I reflects today's situation — the amount of equipment necessary to process the current volume, with allowance for a slight increase in production. Phase II, in which headers and infrastructure have been installed, can be layered on top of Phase I. Because Phase II includes space allocated for equipment, the design becomes a "plug and play" scenario, allowing business owners to insert the next piece or pieces of equipment into their designated locations as needed until installation is complete and "build-out" has been achieved.

MISTAKE #2: SCRIMPING ON DESIGN SERVICES.

Operating and designing a drycleaning plant require two entirely different skill sets. While you know *your* drycleaning business, a good plant designer knows *the* drycleaning business. Save yourself time, trouble and money by hiring a professional. Professional plant designers bring with them a wealth of experience and expertise that will give you the optimum results for your investment.

A skilled designer can rely on photos, site plans, Skype meetings, and online document review in place of multiple onsite visits during the design process, saving you time and money.

In addition, a good designer deals not only with the client, but stays in regular communication with the general contractor, subcontractors, architects, installers, and anyone who has anything to do with the project. This collaboration and constant exchange of ideas and information is what makes a successful project.

A professional designer can also provide 2D and 3D renderings of your plant. Not only do renderings give great insight into how the space will work and flow, but they can be invaluable in securing financing. While 2D plans can be used by the contractors, installers and subcontractors during construction, when it comes to a banker or leasing agent trying to understand the project, nothing brings a design to life like full-color 3D renderings. When designing a new plant or renovating an existing plant, both 2D top-view plans and 3D renderings should be part of the design package.

MISTAKE #3: FALLING PREY TO THE 'BIGGER IS BETTER' MYTH. If you're splashing out the capital for a project like this, you should just go for broke and get the biggest plant you can afford, right? Fall prey to this mistake and you really could go broke — paying for a mortgage, utilities, and taxes on unused and unnecessary space from now until you sell the business or retire. Professional plant designers will help you determine a "just right" size for you with an analysis that includes a review of your:

- · Current market niche
- Current volume
- · Plans for the addition of new services
- Pricing
- Anticipated future volume
- ...and so on

Once all these variables have been considered, your designer will create a spreadsheet that calculates volume, required capacity, build-out specifications, and equipment type and size — from computer systems to cleaning equipment, conveyors and presses to storage. Your designer can then calculate the required square footage and optimal space configuration, meaning you won't spend more than you need to, now or later.

MISTAKE #4: FORGETTING THE THREE MOST IMPORTANT WORDS—LOCATION, LOCATION, LOCATION. There's a great building avail- ▶



A 3D floor shot of a drycleaning plant located in the West. (Photo: America's Best Cleaners)

able at an even greater price. Should you jump on it? Before you sign on the dotted line, think it through. Price isn't always the best criteria. A new plant (3,000 to 4,000 square feet) may be better located in an industrial park — not always, but usually. Any new facility should be centrally located within your market area, and it's important that the new location be near your labor pool and, if possible, public transportation.

MISTAKE #5: NOT DOING THE MATH. While you are dreaming of shiny new equipment and spacious new digs, don't forget what could be the most important factor in determining whether the time is right for a renovation or construction of a new plant — the potential return on your investment (ROI).

ROI is simply the ratio of your costs to

the benefits—future cost savings and/or profits—of a project. Put simply, you can measure ROI by asking yourself:

- 1. What are the variable costs involved in your current production and what will the variable costs be at the new facility? This includes labor, supplies, utilities, and miscellaneous expenses such as maintenance, waste removal, claims, etc.
- 2. What are your current fixed costs and how will the new facility affect/ reduce them? Fixed costs are items such as rent, insurance, distribution (travel to and from the plant for trucks/routes), and any other costs that might be improved with a new location/facility.
- 3. What is the cost (not price) of the new plant? Estimate the cost of

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the facility and equipment.

- 4. Compare your total current costs against the cost benefits of a new facility and determine the potential cost savings.
- Divide your cost savings by the cost of the new facility to determine your ROI.
- 6. An ideal ROI ranges from 20% to 40% or more.

WHAT CAN ROI REALLY MEAN? Here's an example:

Joe Dry Cleaner is planning a new build project for a 5,000- to 6,000-squarefeet building/plant. The total investment price* for the project is \$1 million:

- New building, \$500,000 (\$100,000 down payment)
- Infrastructure/design/permits/etc., \$100,000
- Equipment, \$400,000

The monthly costs* for the project are as follows:

- Mortgage (\$400,000 at 8% for 20 years), \$3,345/month
- Taxes (2% of value per year), \$833/ month
- Building liability insurance, \$1,000/ month
- Infrastructure and equipment (\$500,000 at 8% for 7 years), \$7,793/ month
- Total monthly costs: \$12,971

(* Focus on cost, not price. Price is the value placed on the total investment, while cost is what you actually spend over time. So, the question is, can you cover the cost?)

If Joe's monthly costs are now \$12,971, the new facility will have to save just about \$13,000 a month (above Joe's current costs) to break even. If you are paying, say, \$3,000 in rent for your existing space, then the new plant will have to save you the difference of \$10,000.

As an example, the savings can be split in half between increased sales and decreased costs. Therefore, one must save \$5,000 in monthly costs and increase sales so one can drop another \$5,000 to the bottom line. Of course, the more that is done in one category, the less one has to do in the other.

If each employee is equal to, say, \$2,000 per month, a savings of 2.5 employees just about gets you there. It's amazing what material handling costs a company. With the proper layout, many times employees become redundant, and can be replaced and/or retained as business grows, as the need to add more employees diminishes. Other potential savings are in utilities, claims, etc. due to increased efficiencies.

Dropping \$5,000 to the bottom line would require an additional \$8,333 in sales (gross profit of 60% after deducting 40% for variable costs would drop \$5,000 to the bottom), or, in other words, approximately \$100,000 per year. If you are grossing \$1 million and can increase business 10% over the next few years, you will have accomplished your goal.

Your return on investment occurs when you exceed those goals of decreasing costs and increasing sales described in the example, both of which are attainable.

ROI is measured on the amount of cash you invested in this project, not the overall "price" of \$1 million. Let's say you invested \$100,000 for the property in the form of a down payment and another \$50,000 on other up-front expenses. You now have

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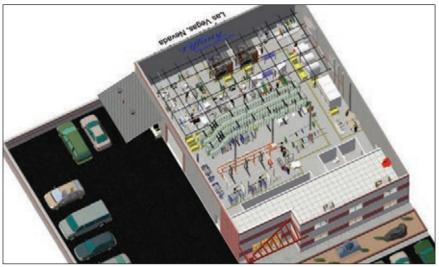
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With the second floor "peeled away" in this 3D rendering, one can peer into the virtual processing area of Tiffany Couture Cleaners in Las Vegas. (Photo: America's Best Cleaners)

a cash investment of \$150,000. A 20% to 40% ROI is considered an excellent return. So, to accomplish that, you would need to see a cash return over and above your current levels of approximately \$30,000 to \$60,000. This will be accomplished by your cost savings on the increased business in addition to the additional sales of, say, \$50,000 to \$100,000. Again, a great goal for growth!

As the economy improves and businesses look to the future, the idea of expanding your drycleaning plant, or just renovating the space you already have, can be highly attractive. Before you invest the time, money and effort needed to successfully launch a major improvement project, talk to a professional plant designer to determine what is right for your business. \bigcirc

Ed D'Elicio is the founder of independent drycleaning certification organization America's

Best Cleaners (ABC). After redesigning a number of smaller plants he owned, D'Elicio designed his first totally new plant, a 14,000-square-foot plant processing 12,000 garments per week, in 1992-93.

ABC Executive Director Chris White installed his first plant in 1992. One of his early design and build projects was for Madame Paulette's in New York City, the only dry cleaner to be voted "Best Dry Cleaner in the World" by the Robb Report (2002).

The ABC team has designed more than 100 plants across the United States, including Plant Design Award winners, that range in size from 2,000 square feet to 54,000 square feet.

ABC says it is the only drycleaning design company to use a total 3D CAD process, complementing 2D plan view designs with 3D renderings and walk-through videos to help clients better understand all design elements.

D'Elicio or White can be reached at 415-857-2378, <u>info@americasbestcleaners.com</u>.

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MANAGEMENT STRATEGIES

Do You Need a New Plant?

The annual Plant Design Awards always elicit envy and longing in the hearts and minds of dry cleaners everywhere. A shiny new plant is a compelling dream.

Obviously, there are many advantages to a well-planned new plant. Although not comprehensive, this column will examine a list of some of those advantages. There are distinct disadvantages as well, so let's consider both and then you can apply the deci-



sion logic to your specific set of circumstances.

Advantages of a New Plant

INCREASED PROFIT THROUGH

EFFICIENCY. Efficient layout and improved workflow are real advantages to professional new-plant design. The

expense savings that efficiency can achieve will help finance the plant project and increase company profitability as a whole. Don't underestimate the value of hiring a *neutral* professional to plan the design with your input. They are trained to optimize efficiency and workflow. They also have no vested interest in the equipment that you purchase to populate the plant.

DESIGNED TO SPECIFICATIONS. Old plants

To find past Management Strategies columns or share this month's with your friends, visit <u>www.americandrycleaner.com</u>. often require "make-do" solutions that accommodate the existing space, whereas new plants designed from the ground up can theoretically allow for "perfect" (at the time) dimensions. Beware of the tendency to keep a plant (new or old) layout the same for long. Business is dynamic and that dynamic status demands that change occurs regularly for optimum results.

IMPROVED LOCATION. Within the financial and zoning constraints, a new plant can provide a better location that offers a combination of improved visibility, access to the marketplace, access to a desirable labor force, lower expenses for utilities and transportation, and many additional advantages that are unique to a given site.

The closer and more visible the plant is to the target market for your product, the higher the customer traffic and motivation to utilize your services and the lower the transportation costs will be. This consideration must be weighed against the cost of occupancy of the usually higher real estate in proximity to the customers. Fast accessibility to main transportation arteries can also offset additional real estate and vehicle expense by reducing the labor factor of the transportation.

Regarding accessibility for the labor force, the drycleaning business always presents the challenge of being near



American Drycleaner extends its congratulations to the winners of our 53rd Annual Plant Design Awards!

If your company will be building a new plant, or upgrading a facility, over the next year, be sure to document your progress and enter your construction or renovation project in the 54th Annual Plant Design Awards to be presented in early 2015

Watch American Drycleaner during the latter half of 2014 for entry information and deadlines. Contact Editorial Director Bruce Beggs with any questions. We hope to see your plant in the running next year!

dpycleanep

the relatively affluent customer base that can support the service while also being accessible to the relatively non-affluent labor base that can produce and deliver the product. Again, easy access to transportation arteries and public transportation can offset the opposing considerations.

EASIER MAINTENANCE. A new plant that has been designed for ease of maintenance is much easier to keep clean and to maintain the equipment. Installing lint-removing fans and ventilation systems will help tremendously. Positioning equipment so the maintenance panels are easily accessible will reduce the time (and therefore the cost) of maintenance.

A financially well-designed plant should cost less to occupy (per piece produced) than an old one. Cubic square footage that is efficiently utilized is much less expensive than a low-ceilinged, sprawling footprint.

Selecting equipment with a strong history of dependability and low maintenance will increase the probability of lower maintenance cost, as long as the preventative maintenance logs and procedures are kept current. And if the equipment is also new, it is easier to keep it clean than to return old equipment to pristine condition. Don't underestimate the pride of "ownership" factor that applies to owners and operators as well.

Newly painted walls and epoxy floors are easier to keep clean than old surfaces that are likely to be rougher and more absorbent. State-of-the-art lighting makes the plant cleaning (and cleaning processes of the product) easier and more efficient, too. **LOWER COST OF OCCUPANCY.** If you have been renting and decide to again rent a new plant, the key to lowering the cost is in the plant selection, including all of the considerations mentioned about market proximity and facility considerations *but primarily in the negotiations* with the landlord.

If you have weighed all of the costs, loan availability, cost of funds, accessibility of capital, tax implications, increased control and appreciation issues, and determined that the best solution is to own, then the reduced expense of owning is determined by all of those factors as well as the physical plant design considerations.

A financially well-designed plant should cost less to occupy (per piece produced) than an old one. Cubic square footage that is efficiently utilized is much less expensive than a low-ceilinged, sprawling footprint. The flexible conveyors that can be configured into towers provide for extremely efficient assembly, bagging, cubic storage and distribution sorting. The same is true of equipment designed for a minimal footprint space.

Open space with minimal supporting walls and posts is much more flexible (and therefore less costly per produced piece) than the same space cut up into small sections by either walls or supports.

Disadvantages of a New Plant

Compared to the advantages, the list of disadvantages of acquiring a new plant is much shorter, but weighty.

FINANCIAL IMPACT. At least in the short term, there will be a substantial financial outlay to acquire a new plant, whether you choose to own or to rent it. The cost of moving the equipment that will be utilized in the new

location, and the cost of replacing what will no longer be used and/or supplementing the current equipment, is quite substantial. This is true regardless of your company size. because it is relative to your volume.

Design costs are a critical aspect of making the plant pay for itself. Extensive permits are necessary, regardless of ownership, as is compliance with new regulations from which you may have been exempt in the old location due to grandfather clauses. Some of these new regulations are anticipated, and some are surprises.

A recent example was the requirement of installation of "visually impaired" bumper strips that had to be installed around the building and drive-thru to prevent the disabled from walking into customer traffic. A standard panel of the bright yellow "bumps" (perhaps 2 by 3 feet) cost in excess of \$100

each, and a large number of them was required to cover the mandated space.

Even with extensive and detailed cost estimates, experience shows that owners are always surprised by the costs and usually greatly underestimate the financial impact of a move.

DISRUPTION. A plant move is extremely disruptive of operations, if only for the duration of the actual plant move itself.

DIVERSION OF FOCUS. Even without major new projects, running a profitable cleaning company is a full-time job. Adding a major new project, especially one as extensive as a new plant, always requires significant attention, and a new plant project goes on for a relatively long time.

The amount of detail required and



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the amount of contemplation, planning and input from the owner and managers usually results in slippage in current operations, so beware and plan to avoid the negative impact. This may indicate that a temporary

Compared to the advantages, the list of disadvantages of acquiring a new plant is much shorter, but weighty.

project manager is in order to minimize the operational impact. Momentum in the current operation is probably the reason for the new plant, so the last thing you want (or can afford) is for that momentum to fade.

TENDENCY TO NEGLECT THE CURRENT PLANT. Delaying maintenance on the current plant

(Photo: © iStockphoto/mwellis)

is often justified because the "new plant is coming online." This is a fallacy because the new plant, although immediate in your mind, is a future occurrence. Meanwhile, efficiency in the old plant is critical to making a profit and delivering your promise to your customers. Broken or malfunctioning equipment is costly in added labor.

Before making your decision whether you *need* a new plant to accommodate your growth and other requirements, carefully consider if you can replicate the advantages of a new plant in your current location with strategic and judicious improvements and redesign. \bigcirc

Diana Vollmer is managing director at Methods for Management (MfM) Inc., which has served the drycleaning and laundry industries with affordable management expertise for improved profitability since 1953. For assistance with plant decisions or budgets, Vollmer can be reached at dvollmer@ mfmi.com, 415-577-6544.

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SPOTTING TIPS

Little Things Add Up to Prosperity

A nother year in the books, and opportunity lies ahead. Instead of lamenting the "business climate" or the "pie getting smaller," take the time to examine where you are and where you want to go in 2014.

Far too many owner/operators cling to poor-performing parts of their business plan. One is an approach to stain removal that contains only one or two chemical tools. Would you trust an auto repair shop that only owned



Martin Young

one screwdriver and one pair of pliers?

Moving beyond surviving week to week to prospering for the coming year will require moving beyond imitating your competition's advertising strategy. There is a technical side to the cleaning industry. Let us take a look

at the minimum standards for effective cleaning in a successful drycleaning operation.

YOU CANNOT CLEAN CLOTHES IN DIRTY

SOLVENT. The problem comes when solvent degradation occurs in conjunction with cost-cutting. In an attempt to reduce overhead, solvent levels in the base tanks are reduced. The amount of NVR is concentrated in this lower volume of solvent.

Owners increase the period be-

tween filter changes, postpone spinning disks, reduce the amount of filter powder, and eliminate drycleaning detergent. This detergent is necessary to reduce static, handle moisture, and condition fibers; it is not optional. These reductions further increase the ratio of NVR to solvent.

The strainer on the solvent pump is cleaned less often. This reduces the flow of solvent to the wheel, resulting in less solvent exposure to the garments.

The color of your solvent in any base tank should be no darker than the amber color of beer. It should take, absolutely, no longer than 90 seconds to fill the wheel from empty to overflow (60 seconds is much better). Poor solvent maintenance will lead to poor cleaning and stain removal. Items could even be in worse condition after processing, with redeposition and streaks. If your solvent is darker than beer and/or it takes longer than 90 seconds to fill the wheel, don't hesitate—take action now.

NOT ENOUGH CHEMICAL TOOLS. I continue to been amazed, but saddened, that "professional" cleaners have only one or two chemical tools in their plant. Far too many "sorry" tags are used as a crutch.

I have repeatedly pointed out

that stains break down under different approaches. Using a POG on a watersoluble stain will have only limited results. Pre-mixed chemical tools, specifically formulated for plant stains (tannin) and animal stains (protein), can be purchased at a minimal cost. The most efficient way to remove a stain is with the chemical tool formulated specifically for that stain.

Even a reliable POG will need a little help on things like acrylic nail polish. Adding amyl acetate to any POG will enhance the removal of a chemically soluble stain. Removing an insoluble stain (carbon) requires lubrication and increased mechanical action. This lubrication can be provided by a good "Oily" Type Paint Remover.

EXCELLENT SUPPLEMENT. Wet cleaning is an excellent supplement to dry cleaning. The chemistry has been refined to a high level of efficiency, with a limited amount of risk.

The dedicated equipment available allows for productivity that rivals dry cleaning on up to 80% of items coming into your cleaners. But, by controlling water temperature, detergent pH, mechanical action and the drying process, wet cleaning can even be done in a 5-gallon bucket. Wetcleaning detergents and surfactants allow the cleaner to safely handle those undesirable stains and large water-soluble stains, even in a home washer. If you are not using wet cleaning to some degree, you are doing yourself a disservice.

KNOWLEDGE IS POWER. I have found that too many cleaners possess little knowledge of fibers, fabrics, dyes, trim and construction. The attitude of "scoop up the garments, stuff the wheel and push the button" is

standard in many plants. This presents a greater risk of a claim than is prudent. Taking advantage of training offered locally by an industry association is much more cost-effective. Formal training of cleaners, spotters, finishers and customer service representatives will reduce the risk of claims and enhance the quality of the finished garment returned to the customer. A professional must know more about the subject of cleaning garments than the customer does.

We refer to our business operations as a drycleaning system. A system is an inter-related group of processes working together to achieve an objective. Any reduction in the effectiveness of one of these processes negatively impacts the outcome.

Proper solvent maintenance produces clean garments. Using the chemical tool specifically formulated to remove the stain produces faster, safer, more cost-effective removal. Using the chemical system designed for wet cleaning allows greater flexibility in removing water-soluble stains. Employee training reduces potential claims and adds consistent quality.

It is not a single point that increases success. It is the little things that add up to prosperity.

There is no better time than now to make your business a destination. The investment is in attitude and time, not money. Replace old, stagnant habits with new ones that add stability and profitability to your business model. \bigcirc

Martin L. Young Jr. has been an industry consultant and trainer for almost 20 years, and a member of various stakeholder groups on environmental issues. He grew up in his parents' plant in Concord, N.C., Young Cleaners, which he operates to this day. Contact him by phone at 704-786-3011, e-mail mayoung@vnet.net.

OTHER SIDE OF THE COUNTER

Notes from the Edge (of the Counter)

like to start each of my columns with a pithy saying. This one comes from a focus group I conducted recently. I had asked how one can provide excellent customer service and one of the group members offered this wonderful statement:

"Acknowledge your mistakes. Everyone makes mistakes, and it's OK to make a mistake. But if you make the same mistake over and over,



Carolyn Nankervis

it's a habit."

That got me thinking about habits. First off, not all habits are bad. Remembering to call the customer by name is a habit. Thanking a customer for his/her business is a habit. Asking about spots and stains is a habit. Smiling, being pleasant, well groomed,

in uniform...they are all habits.

How did we get good habits? Easy. Someone told us we were doing the right thing. And then we did it over and over again.

I have a great example of a customer transaction that was all about habit. The shopper had come to the cleaners to pick up his clothing but an item was not ready. I'll let the shopper take the story from here.

Laura greeted me by saying, "Good morning. Your name?" As soon as I told Laura my name, she started to find my items. She informed me that only one item was ready. "I'm sorry, Ken," she said. She explained that they had to launder the other item again, and that it will be ready tomorrow after 3.

When I returned the next day, in the morning, Laura said, "Ken, how are you today?" I was impressed that she remembered my name.

She said, "Everything is ready to go this time. You won't be needing to make another trip."

She was very upbeat and friendly the whole time. Her positive attitude and friendly approach made what could have been a bad situation OK.

Mistakes happen. It is how the CSR handles these mistakes that make all the difference in the world. Laura is excellent.

On the flip side, I have seen customer service problems that could have been resolved simply with prompt communication. While no one wants to be the bearer of bad news, it's a bad habit to avoid any confrontation with customers. In the next two events, if the CSR had done what they said they would do, both *might* have been great customer service experiences.

In the first instance, a shopper dropped off a blanket for cleaning. When he returned the next day, the counter person couldn't locate the blanket. Eventually it was found, but it hadn't been cleaned. The shopper was told to come back the next day, and the blanket would be ready. When the shopper returned the following day, the blanket still wasn't ready. Here's what the shopper wrote:

Jordan looked for the blanket for quite a while and finally looked in the bin of blankets. He returned to the register, apologized for the inconvenience and promised it would be ready 11 a.m. tomorrow, because he would clean it himself. He also said that he would compensate me for the trouble. I left the store.

On the next day, Sunday, Beth was standing at the register when I walked in the store. She greeted me with, "How are you? How may I help you?" I told Beth that I was there to pick up my blanket. She asked for my last name, then asked for my first name. She typed something in the computer, turned around and picked up my blanket off the ground in the left corner. She brought it over and rested it on the bottom of the clothes rack.

I unzipped the blanket bag and took a brief look, without taking the blanket out. I said thanks and Beth said, "Thanks, have a nice day." Even though Jordan said I would be, I was not compensated for my multiple visits to the store.

In case you lost count, the shopper visited the store *four times* to pick up his blanket. And the CSR at the final pickup didn't know anything about it.

The second instance involved a case where a CSR had attributed a shopper's



I have seen customer service problems that could have been resolved simply with prompt communication. While no one wants to be the bearer of bad news, it's a bad habit to avoid any confrontation with customers.



(Photo: © iStockphoto/elenaleonova)

debit card number to another customer with a similar name. The shopper falsely believed her identity was stolen. She was told that she would be contacted by the business manager to straighten out the situation. The store manager did not call the customer as she had promised. The business manager was not told of the situation, and you can guess the rest of the story. Here is the final text we received from the shopper after we asked her what has transpired.

It is still ongoing. Don't really want money from them. Had to cancel our debit card and order a new one. Their business manager still has not contacted me, and they will not give me her number. Will be reporting this to the BBB (Better Business Bureau) at my bank's suggestion.

If you thought this was the end, wait ... there is more! The owner became involved. Here is my e-mail communication with the owner in which I asked about calling the shopper:

"She thanked me for the phone call and

for the apology for all of the hassle (despite the fact it was all brought on by herself). I also apologized for the fact that my business manager did not get right back to her, but as I mentioned yesterday my AD manager failed to convey it to the business manager on Monday when she saw her (I have since sent a note to not wait on customer issues but rather make a phone call or send an e-mail immediately) and then the business manager was out yesterday and today with bronchitis.

Reading this has probably made you tired and cranky. Pity the poor customers. A good habit to reinforce is to "overcommunicate" with your customers when issues arise. If you don't, they will always fill in the blanks with the worst possible scenario. And no one wins. \bigcirc

Carolyn B. Nankervis is president of MarketWise Consulting Group, Appleton, Wis. A former director of marketing, sports writer, radio announcer and TV producer, she is a frequent speaker on customer service and marketing topics. She can be reached at <u>carolyn.nankervis@marketwi.com</u>, 920-735-4970.

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When the Taxman Comes

ost dry cleaners wonder if they are paying too much in taxes. Few are willing to study the tax codes or the changes that come out every year, so most rely on accountants. But what happens if your accountant is too conservative or uninformed? Here are answers to some common questions that should provide food for thought for the current tax season:



Howard Scott

Q: What is this talk about a home office deduction?

The home office deduction has been around for 35 years, but the recent expansion in the interpretation has made it an attractive write-off for small-businesspeople. In previous years, the home office had to be your principal

place of business. Now the IRS allows a home office deduction for a business owner who conducts substantial administrative activities at home, even if he/she has an office at a separate work location. In other words, the dry cleaner who works out of a business location, but uses a room at home to do paperwork, can now deduct those proportionate costs of that room, if he/ she complies with the following:

- Must use that room exclusively and regularly for work.
- Must do the majority of paperwork in the home office.

The deduction allows the owner to deduct all direct and proportionate expenses associated with the home office space. If 20% of house space is devoted to the home office, then the owner can deduct 20% of the mortgage, repair bills, upkeep, insurance, utilities, and depreciation on the property. These days, with an average house costing \$300,000, it would not be hard to come up with a substantial home expense.

If it costs \$25,000 to maintain your home (including depreciation), and you use 15% of the space for a home office, then you will wind up with a \$3,750 home office deduction. Your business profits will be reduced by \$3,750, and your company will save a minimum of \$1,350 in taxes.

Furthermore, if you have a home office and store material or equipment in a garage or basement, you can include that space in your deduction even if the space isn't used exclusively and regularly for your business. You can also deduct all mileage from home office to workplace, at 55 cents per mile. Make four trips a day at 5 miles a trip five days a week, and that's 5,200 miles, or a \$2,860 deduction.

To find past columns from Howard Scott or share this month's with your colleagues, visit <u>www.americandrycleaner.com</u>.

Those are added features of the expanded ruling.

Q: What if I've never taken a home office deduction before?

With the changing business environment, many small-businesspeople who have never taken the home office deduction now do so. It is no longer the red flag it used to be. Consult with your accountant. Change a guest bedroom into a home office. Rearrange your daily schedule to do all paperwork at home. Make sure you can justify the home-office usage.

Q: What are the tax implications of filing as a Schedule C proprietorship, Subchapter S, or a C corporation?

A Schedule C—sole proprietor taxes everything that is left from expenses as income. A Subchapter S corporation allows all profit, loss and credits to flow through to the shareholders. A C corporation is taxed at a different rate (less than \$50,000 profit at 15%, \$50,000 to \$75,000 at 25%, \$75,000 to \$100,000 at 34%, more than

The home office deduction "is no longer the red flag it used to be."

\$100,000 at 39%), after your salary is deducted as an expense. Otherwise, they all follow a revenue minus expenses equals profit formula. So it is strictly a numbers cruncher calculation—where will you pay the least taxes? Generally, unless you're earning in excess of \$75,000 profit, the tax differences will be minimal.





Both the C corporation and the Subchapter S offer more protection against liability. That's the main reason owners choose to incorporate. The disadvantage is extra paperwork and cost. One alternative is to remain a Schedule C sole proprietorship and purchase liability insurance.

Q: Should I take full use of my Section 179?

Section 179 allows the dry cleaner to deduct in full up to \$250,000 of capital purchases for a tax year. Otherwise, the cost of the equipment would be depreciated over five to 10 years.

If you've spent \$100,000 to upgrade equipment and your profits are higher than they usually are, you might expense the full \$100,000 as a Section 179 expense. If you expect the next several years to earn substantial profits. you might depreciate over time. It is a guess of what future profits will be compared to this year's results.

O: *What effect is there if I have to* pay my own health insurance?

If you are incorporated, your full health insurance is deducted from revenue. If a proprietorship or partnership, you can deduct 100% of the cost of health insurance from income on vour 1040.

One way a sole proprietor (Schedule C filer) can receive the full write-off benefit now is to employ his spouse, pay her a small salary (\$50 a week), and grant her health insurance as a benefit. Because she is entitled to family coverage (Code 213), her health insurance includes you and the children.

O: How much will the changes in Social Security affect me, what with Medicare going up to 3.8% and the Social Security reduction ending?

Since the temporary payroll cut has been eliminated, you can expect to have 2% more Social Security withdrawn from your paycheck. Or, if you're self-employed, your Social Security/Medicare burden will go from 13.3% to 15.3%. As for Medicare increasing to 3.8%, that's only for single taxpayers earning more than \$400,000 (married, more than \$450,000).

Q: Will the new 20% capital gains affect me if I sell stock?

It's still 15% for most of us. The 20% capital gains is only for those earning more than \$400,000, including stock gain. But if you sell your business this year, you will most likely pay a higher capital gains tax.

Q: Is it really necessary to send in estimates?

Our tax system is set up for employed workers to have a portion of their weekly paycheck taken out every week and deposited in a tax fund. But the system is not set up to do that for business owners. So, business owners must send in quarterly or monthly estimates to cover their expected profit tax liability.

If enough isn't put into the system, the IRS penalizes you with a surcharge. Generally, it might run 8% of what you owe. But the bigger problem is getting behind, and not being able to catch up. So it is vitally important to anticipate your profits and pay the appropriate taxes in the form of estimates.

Q: What happens if the IRS catches me cheating?

You are committing fraud, and could go to jail. As a general rule, if you are audited and found that you have overstated expenses, you will be required to make up the difference plus pay penalty and interest. But if you are found to have underreported income, this is a clear statement that you are trying to defraud the government. You could face serious consequences, even jail time. Having insufficient records is not an excuse.

You must keep track of all inflow and outflow. Under-reporting skews figures and waves a red flag. My advice is to keep records, maintain honest figures, and sleep well at night. \bigcirc

Information in this article is provided for educational and reference purposes only. It is not intended to provide specific advice or individual recommendations. Consult an attorney or tax adviser for advice regarding your particular situation.

Howard Scott is a longtime industry writer and drycleaning consultant, and an H&R Block tax preparer specializing in small businesses. He welcomes questions and comments, and can be reached by writing Howard Scott, Dancing Hill, Pembroke, MA 02359, by calling 781-293-9027 or via e-mail at dancinghill@gmail.com.



YOUR MONEY

Who's Advising You?

Today's fast-paced world places heavy demands on your time. Managing your personal finances is one more brick in that heavy load. That's why many business owners and professionals look to a financial adviser for guidance.

Financial advisers, like people in general, come in all shapes and sizes. In many companies, people we used to call stockbrokers are now called financial consultants, or some other euphemistic



term. If you're getting financial advice from an employee of a stock brokerage, you need to keep yourself keenly aware that your adviser receives a commission based on your trading activity.

Bill Lynott

For most investors who feel the need for financial guid-

ance, a better choice may be a Certified Financial Planner (CFP). Professional financial planners have no incentive to get you to do a lot of buying and selling. They charge an annual fee based on the size of your investment portfolio, typically 1% to 1.5%. For that flat fee, their job is simply to manage your investments in a way that will bring you the best possible return.

Presumably, a full-time financial professional will make sound investment decisions. Still, that charge of up to 1.5%, especially if the planner is putting all or most of your money into mutual funds, which have an annual fee of their own, could cause your investing costs to eat up much of a good return.

These are a few of the reasons why I believe most investors are better advised to take the time to learn the basics of financial management so that they can make their own financial decisions. While you may never achieve the level of knowledge of a full-time professional, no one is going to be as concerned about your money as you are.

If you still feel the need to look to someone else to help with your investments, you should be aware of some of the signs that the advice you're getting is not in your best interests.

WHAT KIND OF LIFE INSURANCE DO YOU

HAVE? For example, if your adviser is in the insurance business and tries to sell you a whole life insurance policy, you may need a different adviser. In most cases, your best bet would be simple term insurance, at a cost of as much as 80% less than whole life. If your adviser tells you that a life insurance policy with a cash value is a sound financial investment, I believe that you need a new adviser. In such a case, be sure to get a second opinion from a professional who is not in the insurance business.

WATCH THOSE RETIREMENT ACCOUNTS. If you have a tax-deferred retirement

account, don't let anyone tell you to put taxfavored instruments such as municipal bonds in it. Since everything in conventional IRAs, and 401(k) accounts is tax-deferred (you owe no taxes until you begin withdrawals after retirement), it makes no sense to buy tax-favored instruments into such an account. This is where you want investments likely to generate large returns where they will be sheltered from taxes until you retire.

ALL MUTUAL FUNDS AREN'T ALIKE. B-class shares in a fund carry a deferred sales charge. While it may have sounded tempting when your adviser told you that you pay no sales fee when you buy such a fund, you'll be hit with as much as a 5% deferred sales charge when you sell it.

If you sell the fund within the first year, you'll pay as much as 5% of the funds value. Sell it in the second year and the fee may be 4%, and so on until the sales charge runs out, typically about five years. When you pile a hefty annual management fee on top of these charges, it will be difficult for you to make out well, but the person who sold you the funds will be doing just fine. **SAVING FOR COLLEGE?** We all want our children to have the benefit of a college education, that's why the new college savings plans are so popular. Whether you should be saving for your kids' college depends on your overall financial situation. Maxing out all of your retirement account deposits should be your first goal. It doesn't take much imagination to realize that if you haven't provided adequate income for yourself in retirement, you'll be a burden on your children, probably for the rest of your life.

Even if you depend on an adviser to help with your finances, your only sure protection is a working knowledge of personal financial management. Once you develop that knowledge, why pay someone else to look after your money?

Information in this article is provided for educational and reference purposes only. It is not intended to provide specific advice or individual recommendations. Consult an accountant or tax adviser for advice regarding your particular situation.

Bill Lynott is a freelance writer whose work appears in leading trade publications and newspapers, as well as consumer magazines including Reader's Digest and Family Circle. Visit his website at <u>www.</u> <u>blynott.com</u> or e-mail blynott@comcast.net.



UPCOMING EVENTS

SDA releases lineup of Cleaners Showcase speakers

The Southwest Drycleaners Association (SDA) has released its lineup of educational content for its Cleaners Showcase, scheduled for April 25-27 at the Fort Worth (Texas) Convention Center.

On the April 26 agenda are Mary Scalco, Drycleaning & Laundry Institute, *DLI Updates and National Industry Developments*; Doug Ewert, Men's Warehouse, *Fashion Trends and the Outlook of the Clothing Industry*; Brian Wallace, Coin Laundry Association, *National Trends and Opportunities*; and Trudy Adams, Cleaner's Supply, *Proven Customer Service Practices*.

The April 27 agenda includes James Peuster, The Route Pro, *Competing and Winning in the Delivery Marketplace*; David Heath, Texas Coin Laundry Association, *Marketing on a Budget*; and Chad Barton, *How to Become the 'Most Liked Cleaners in Your Market*.

"We are pleased to present the most comprehensive member education sequence in my memory," says SDA President Mike Nesbit.

For more show information, visit <u>www.sda-dryclean.com</u>.

CALENDAR

Jan. 16-19 Drycleaning & Laundry Institute and National Cleaners Association Five-Star Brainstorming winter conference. To be held in Cancun, Mexico. Call 800-638-2627 (DLI) or 800-888-1622 (NCA).

Feb. 9-10 Independent Textile Rental Association (ITRA) 2014 Mid Year Training Conference. To be held in Kansas City, Mo. Call 706-637-6552.

April 25-27 Southwest Drycleaners Association Cleaners Showcase Trade Show. To be held in Fort Worth, Texas. Call 512-873-8195.

April 30-May 3 Textile Care Allied Trades Association Annual Management and Educational Conference. To be held in Naples, Fla. Call 973-244-1790 to learn more.

May 14-15 Coin Laundry Association Excellence in Laundry Conference. To be held in Key Largo, Fla. Call 630-953-7920.

June 20-22 South Eastern Fabricare Association Southern Drycleaners and Launderers Show. To be held in Jacksonville, Fla. Call 877-707-7332.

August 22-24 California Cleaners Association Fabricare 2014 trade show and convention. To be held in Long Beach, Calif. Call 916-239-4070.

Oct. 3-6 EXPOdetergo International. To be held in Milan, Italy. Visit <u>www.expo</u> <u>detergo.com</u>.

Oct. 18-19, 2014 Pennsylvania and Delaware Cleaners Association Drycleaning & Laundry EXPO. To be held in Atlantic City, N.J. Call 215-830-8495.

Post notices of your organization's events on AmericanDrycleaner.com

EDUCATION & TRAINING CALENDAR

Basic Spotting 101. NCA course, to be held Jan. 12 in Bronx, N.Y. Call 212-967-3002 or e-mail ncaiclean@aol.com.

Avoiding Claims: What You Need to Know About Fabrics & Stain Removal. NCA course, to be held Feb. 9 in Hartford, Conn. Call 212-967-3002 or e-mail ncaiclean@aol.com.

Basic Pressing & Finishing. NCA course, to be held Feb. 22-23 in Bronx, N.Y. Call 212-967-3002 or e-mail ncaiclean@aol.com.

DEC Certification. Two-day NCA course, to be held Feb. 22 and March 1 at a location to be announced. Call 212-967-3002 or e-mail ncaiclean@aol.com.

Introduction to Drycleaning. DLI course, to be held Feb. 24-28 in Laurel, Md. Call 800-638-2627 or visit <u>www.dlionline.org</u>.

Advanced Drycleaning. DLI course, to be held March 3-14 in Laurel, Md. Call 800-638-2627 or visit <u>www.dlionline.org</u>.

Radical Drycleaning/Stain Removal. NCA course, to be held March 10-14 in Northvale, N.J. Call 212-967-3002 or e-mail ncaiclean@aol.com.

Advanced Stain Removal and Intensive Bleaching. NCA course, to be held March 23 in Bronx, N.Y. Call 212-967-3002 or e-mail ncaiclean@aol.com.

DEC Certification. Two-day NCA course, to be held March 23 and March 30 in Nanuet, N.Y. Call 212-967-3002 or e-mail ncaiclean@aol.com.



DLI, Methods for Management forge new cleaners peer group

Small-business consultancy Methods for Management (MfM) has teamed with the Drycleaning & Laundry Institute (DLI) to form a new peer group for dry cleaners across the United States and Canada.

The peer group met for the first time recently at Tower Cleaners in Kansas City, Mo. Owners Larry Ross and Dale Berlau invited the group to tour their plant, and MfM Managing Director Diana Vollmer led the group through a plant critique.

The group then discussed their ex-



Methods for Management and the Drycleaning & Laundry Institute's new peer group recently met for the first time in Kansas City, Mo., for a plant tour and to discuss best industry practices.

perience of the plant tour and noted what procedures worked well for productivity.

Other activities during the peer meeting included a presentation by Vollmer titled *Emerge from This Economy More Profitable Than Ever*, in which she discussed best practices dry cleaners can make in a cutback economy, and a "Best Ideas" roundtable, during which attendees shared the most "innovative and successful change" they made to their business in the past quarter, MfM reports.

The group also visited Halls Department Store at the Country Club Plaza to experience how dry cleaners partner with specialty retailers.

Attendees included Russ Baich and

Shanna Soehn of Classic Cleaners in Red Deer, Alberta; Morgan McGhie of David's Drvcleaners in Savannah, Ga.; Nimesh Vakharia of Great American Cleaners in El Cerrito, Calif.: Don Saccol of Monarch Cleaners in Altoona. Pa.: Neal Thuente of Victoria Cleaners in Des Moines, Iowa: and Jeff Rehr of VIP Cleaners in St. Louis. Mo.

"Attending the DLI/ MfM Bureau Meeting gave me much needed insight into my personal drycleaning business and the drycleaning industry as a whole," says McGhie. "I walked away with a new sense of focus and thought process of how to approach and improve our operations. I have already implemented a few new changes with great results. We are looking forward to the next meeting."

MfM/DLI peer group meetings for 2014 will be:

- Jan. 6-7, hosted by Great American Cleaners in El Cerrito, Calif.
- April 10-11, hosted by VIP Cleaners in St. Louis, Mo.
- July 10-11, hosted by Classic Cleaners in Red Deer, Alberta.
- Oct. 9-10, hosted by Victoria Cleaners in Des Moines, Iowa.

J's Tailor & Cleaners boosts online presence

In an effort to boost its local online presence, Dallas-based J's Tailor & Cleaners has forged a partnership with BizIQ, a web optimization firm specializing in local search engine marketing, the company reports.

The partnership will allow J's Tailor & Cleaners to improve its online search visibility and create an extensive virtual presence for customers seeking drycleaning and tailoring services online in the local area, the company says.

Through BizIQ's services, J's Tailor & Cleaners adds that it will offer optimized web content and a "robust new website interface," as well as "offer users a recurring source of relevant information through its blog."

"Our decades of experience as a high-

quality, professional drycleaning and tailor service has taken our business further than we ever thought possible," says Jay Ahn, owner of J's Tailor & Cleaners. "Now, it's time to take the next step in sustaining our business. We're recreating and refining our web presence in order to reach more customers in our service area."

J's Tailor & Cleaners has been providing drycleaning and alteration services in the greater Dallas area since 1991, the company says, specializing in providing pickup and delivery dry cleaning, tailoring and alterations, as well as stain removal and washing services.

New French perc regulations focus for Jet Expo show

Adapting to French regulations requiring perchloroethylene (perc) phase-out in urban areas was the focus for the recently wrapped Jet Expo show, according to the International Committee of Textile Care (CINET), one of the show's partners.

"With the French regulations on the horizon, Jet Expo focused wholly on alternative cleaning systems this year," says CINET. "Wet cleaning was amongst the most encountered alternatives at the Jet Expo, especially because in France it is subsidized by Aquabonus."

Companies such as Electrolux, Miele, Concord Textile, Seitz and Text'Eau all featured demonstrations of wetcleaning systems and finishing processes, adds CINET.

Two new solvents, KTex and Arcaclean, were also highlighted during the show. Produced by Bardahl and ▶ marketed by French distributor Romera, KTex is a halogen-free solvent, says CINET, and can be used in Class AIII machines. Regarding Arcaclean, CINET says, "[it] will be introduced into the market early next year in the Ilsa C2 machine."

Both solvents are currently tested and certified by the French research institute CTTN, the organization adds.

The shift in focus toward alternative cleaning methods is a result of the new French regulation, Arret 2345, which calls for the phase-out of perc in urban areas, according to CINET.

"Where located in these areas, perc cleaning machines will have to be replaced with other cleaning systems before 2022," says CINET. "Dry cleaners will also have to meet the concentration limit of 1,250 μ g/m3, which will eventually be lowered to 250 μ g/m3."

Supplier EJ Thomas consolidates warehouses into Ohio facility

Full-line drycleaning supplier EJ Thomas has consolidated its warehousing operations, the company reports. In spring 2013, the distributor moved its Indianapolis operation into a new 35,000-square-foot facility in Fairfield, Ohio, which also serves the company's Cincinnati and Louisville markets.

Company President Randy Zimmerman explains that customers see improved service and have a larger variety of products to serve them from the combined warehouse.

"By combining the two warehouses, we are better able to concentrate our resources



EJ Thomas' consolidated warehouse in Fairfield, Ohio, serves the supplier's Indianapolis, Cincinnati and Louisville markets.

in our inventory as well as delivery and customer service functions," Zimmerman says. "It allows us to stock a much wider variety of products, while simultaneously reducing back orders and other operational issues. Additionally, EJ Thomas continues to deliver into the Indianapolis area daily."

MW Cleaners shows customer appreciation through shirt giveaway

MW Cleaners, a chain of 35 dry cleaners in the Houston area, has given away 32,000 vouchers for free shirts as part of its customer appreciation program called "The Shirt Off Our Back," the company reports.

"We've had a huge response," says MW Cleaners President Michael Nesbit. "It's a big deal."

Shirt volume at MW Cleaners is up about 17% since the program began, he adds.

The program, which started last January, offers customers who launder a shirt 20 times at MW Cleaners a \$50 gift cer-

tificate for a free shirt or other merchandise from retailer The Men's Wearhouse, of which MW Cleaners is a division, the company says.

MW Cleaners plans to continue the free-shirt program. But if the company decides to discontinue the program, it will allow everyone already participating at least an additional year to meet their next 20 shirts to receive a voucher, Nesbit says.

A valid e-mail address is the only requirement for participation, and there is no registration or fee required other than the cost of cleaning shirts, according to the company. The \$50 voucher makes the cleaning costs virtually free, says Nesbit.

"Many people ask how we are able to do this," he says. "It is because of our business relationship with The Men's Wearhouse."

Maryland ZIPS store still 'best' in its county, magazine reports

ZIPS Dry Cleaners in Columbia, Md., was recently named the best dry cleaner in Howard County for the third consecutive year, the company reports.

Published annually by *Howard Magazine*, the "Best of Howard County" contest invites readers to nominate their favorite businesses and community members, says ZIPS Dry Cleaners.

"It feels great to be listed along with some of the top businesses in the region," says store owner John Rusnak. "We have a wonderful staff and our customers trust us to take care of an important element of their day-to-day lives. We love what we do."

New model for brand: 'bizzieboxes' now central focus, stand-alone option

Based on feedback from the marketplace as well as customers, the drycleaning concept bizzie is introducing a new model based solely on locker-based delivery for dry cleaning and laundry.

"After talking to literally dozens and dozens of established dry cleaners, it was apparent that there is substantial demand for adding lockers as a supplement to existing business lines," says Greg Longe, bizzie president. "Every single prospect we talked to saw the value and opportunity in the concept. Many of those were already well-established in their route business and didn't want to introduce a new brand name in their marketplace."

As a result, the franchisor is now offering the option of adding lockers as a stand-alone option, as well as adding route service, where desired, as part of the 1-800-DryClean brand.

"What we learned was that the 1-800-DryClean brand had substantial value and name recognition across America," Longe says. "Our goal is to build the drycleaning industry from the inside out, and offering efficient options just made the most sense.

"We are moving forward with promotion of the 'bizziebox' along with an established and proven concept for routes, which gives progressive dry cleaners the ability to add one or both components to their business," says Longe. "And we have created the option of providing financing for those business owners who need the assistance." \bigcirc 2014 RATES: One- to five-time rate: \$2.00 per word, **boldface** \$2.10 per word. Minimum charge: \$25.00 per ad. Call or write for our three- and 12-time rates. If box number is used, add cost of 5 words. Display classified rates are available on request. All major credit cards are accepted. **PAYMENT FOR CLASSIFIED ADS:** Must accompany order. **DEADLINE:** Ads must be received by the 1st of the preceding month. For example, for a June ad, the closing date is May 1st.

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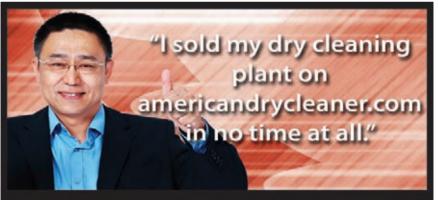
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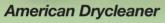
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Boa...

Continued from page 64

filter cartridges, still bottoms and powder residues. In about three years, AAD has gone from servicing the Southern California area to more than 2,500 dry cleaners in the western states, including Colorado, New Mexico, Nevada and Hawaii.

50 YEARS AGO. While some cleaners use coupons and promotions to attract business, Seymour and Larry Lane of Soundview Cleaners, Bronx, N.Y., have taken an unorthodox approach, recently displaying a live, 8-foot boa constrictor named Cecil in the store's front window "We're thoroughly sold on the idea of using live animals to draw attention to our store," report the co-owners. The tactic worked, as Cecil attracted an estimated 5,000 viewers during his two-week stay. Other animals that have checked in to Soundview Cleaners include baby chicks and rabbits. The Lane brothers plan on hosting a monkey as their next attraction. ... Whirlpool Corp. is starting the new year off by settling into a bigger facility, as the company is on track to complete an estimated \$10 million plant expansion and major modernization project. Included in the expansion is a new 280,000-square-foot parts distribution center at its LaPorte, Ind., division. ... More than 1,700 dry cleaners flocked to Chicago to attend the recent three-day Illinois State Drycleaners Association convention. Talks and panel discussions covered topics from selling to saving, featuring speakers Dr. Dorothy Lyle, Richard V. Anderson of Wyandotte Chemical Corp., and Mike O'Neill, director of the Michigan Institute of Drycleaning, among others.

75 YEARS AGO. Final preparations are well under way in Dallas, set to play host to the 1939 convention of the National Association of Dyers & Cleaners (NADC). Roughly 1,500 cleaners from Canada and all over the United States are expected to attend the four-day convention, as more than 80 of the industry's manufacturers of drycleaning equipment and supplies will be exhibiting. ... Victor L. Keys, executive secretary, Ohio State Association of Dyers & Cleaners, has taken a visual approach

by implementing sound-slide films of the drycleaning process for consumer education. "Few people outside the industry know the enormous amount of handcraftsmanship that goes into a properly cleaned



January 1964

and finished garment," says Keys. The finished film has a running time of 32 minutes, containing 82 separate pictures synchronized with a sound record produced in the studios of radio station WHKC. Association members in more than 30 cities in Ohio are now showing Keys' film. ... A new year brings a handful of new fabrics cleaners and dyers can expect to see, among them crepe fabrics made entirely of Celanese varn. Unlike many crepe fabrics that shrink during the wetcleaning process, the boil-off shrinkage in crepe made of Celanese yarn is relatively small, and little tentering is necessary to produce a 39-inch fabric. Bottom line-expect to see little shrinkage when treating future fabrics. \bigcirc - Compiled by Carlo Calma

WRINKLE IN TIME

Bronx Boa Constrictor Big Draw

10 YEARS AGO. And the grand prize winner is ... Jones Cleaners, Fresno, Calif., in American Drvcleaner's 43rd annual Plant Design Awards. The 7,500-square-foot plant also drew praise from local business leaders. snagging Fresno's Orchid Award for aesthetically pleasing commercial architecture for the building's stucco design. The plant is able to churn out \$30,000 in volume every week, utilizing radio-frequency identification (RFID) chips on garments processed for efficiency and organization, as well as cutting labor costs. ... ASN Laundry Group has kicked the new year off with the grand opening of its Roselle, N.J., facility, which will serve as its regional sales office, warehouse and service center. ... Evidence indicates that occupational exposure to perchloroethylene (perc) does not cause cancer in humans, according to a report by epidemiologist Dr. Kenneth Mundt published in the International Archives of Occupational and Environmental Health, and sponsored by the Halogenated Solvents Industry Alliance (HSIA). Mundt analyzed information from 44 separate studies of cancer incidence in drycleaning and other workers exposed to perc, and found that of 17 cancer sites surveyed, there was no evidence of a link between five cancers-breast, prostate, skin, brain

and digestive tract—and exposure to perc. He adds that it is "unlikely" that perc exposure can cause cancer in five additional sites: the oral cavity, liver, pancreas, cervix and lung. Evidence was insufficient as to whether occupational perc exposure can cause other types of cancer.

25 YEARS AGO. Mary Scalco, supervisor of the Textile Testing Laboratory at the International Fabricare Institute (IFI), is on the case regarding the recent trend of button breakage problems many dry cleaners and launderers are reporting during the care process. "The increase in imports may play a role in the escalating dilemma. Although this problem is generally the fault of the manufacturer, it is usually very difficult for the dry cleaner to convince customers [to] take the garment back to the retailer ..." Scalco suggests removing "questionable" buttons, like those made of rhinestones or beads, before the care process, or to replace missing buttons. ... AAD Disposal Co. is on a continued growth path, as the California-based recycler of hazardous waste for dry cleaners is now servicing areas of greater Chicago and Salt Lake City. Founded in 1985, the company provides pick-up, recycling and disposal of hazardous drycleaning waste, including products such as spent \blacktriangleright 63

CASE STUDY No. 4 SMART PEOPLE SAVE MONEY

A Bachelors of Science, Engineering graduate, Bobby Patel of CSULB, learned well from his alma matter. The central plant at this campus has (10) ten 6.3MMbtu water heaters with economizers running the last 18 years flawlessly at 84-85% efficiency. When he started talking with Parker Boiler when build-



Pictured above left to right are Bobby Patel, Owner of Kona Cleaners, Lydia Manriquez and Jose Grande

ing a large central plant for his Kona Cleaners chain, CRDN franchise, Parker Boiler suggested some upgrades including a stack economizer to either preheat feed water or in this installati on to heat 100% of his laundry water needs. This was a new plant, but calculated fuel savings is \$4,200 per year based on 2,500 hour operation. This does not include any anticipated utility rebates. Contact your local Parker Boiler representative or Parker Boiler for your custom payback analysis.



Pictured above is California State University, Long Beach's central plant. 63,000,000 BTU's of low emmisions, high efficiency heating.



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