RETOOL, RENERGIZE, REINVEST
JASON ARROW - LA'S NEWEST MULTI-LAUNDRY OWNER

OCTOBER 2016 • By Haley Jorgensen

Jason Arrow purchased and fully renovated his first dilapidated vended laundry in 2013. Three years later, he owns five re-tooled Los Angeles stores, three of which are located on the same bustling thoroughfare — Pico Blvd. The Laundry Lounge, Western Laundry and Launderland — "the trio on Pico" — tout high-efficiency Continental Girbau washers and dryers boasting 5-7 turns per day.

Jason Arrow's vended laundries feature energy-efficient Continental Girbau equipment.

Low utility costs, strong customer turnover, and an ESD electronic card system contribute to solid profitability and ease of management. "I'm always looking for new opportunities," said Arrow, a full-time firefighter. "Not a lot of people like to take over problem stores that are falling apart," he said. "I'll take those any day of the week."

A Broker Partner & Arrow's First Acquisition

Arrow acquired his first store with a relatively small, $250,000 investment. He fixed it up and immediately flipped it in order to purchase and retool larger stores requiring a greater capital outlay. "He began with a 1,500-square-foot laundry and graduated to bigger stores," said David Dang, of Elite Business Investments (Elite), in Valley Village, Calif. "We educated him on the business and he caught on quickly."

Determining a Laundry's Potential Viability

Qualifying an existing laundry is easier if you work with an experienced broker or distributor, according to Arrow. He's partnered with Dang since the get-go. A 30-year vended laundry veteran, Dang works alongside his wife and business partner, Carol, and a team of laundry experts, to bring vended laundry owners, sellers and buyers together. Elite specializes in brokering and renovating existing laundries.

In all of Arrow's laundry acquisitions, Dang qualified store viability and negotiated leases prior to the sale. He also recommended laundry equipment, card systems and cosmetic upgrades, while overseeing much of the installation and construction.

"David held my hand through the process and was involved in everything related to vended laundry renovation and operation," said Arrow. Additionally, through the guidance of Elite, Continental Girbau West (CG West), in Santa Fe Springs, Calif., provided the high-efficiency Continental laundry equipment, which ultimately gleaned lower store overhead costs and catapulted revenue. CG West provides ongoing technical service and training to Arrow, as needed.

All of Arrow's Continental laundries are fully attended, deliver full-service wash/dry/fold and attract customers with free WIFI, vending machines, friendly staff and several HD TVs. Customers, who appreciate a daily free dry, use loyalty cards to operate equipment.

CONTINENTAL GIRBAU INC.®
2500 State Road 44 • Oshkosh, WI 54904
920-231-8222 • Fax 920-231-4666
800-256-1073 • www.cgilaundry.com

Key Viability Factors & Replacement Equipment

Competition, population density, lease details and parking are critical considerations for vended laundry investors, according to Arrow. His three Continental vended laundries are located 7 miles apart, yet serve extremely different clientele. "The biggest thing I look for is density, income spread and the break-even point," said Arrow. Launderland is located in an area where a family's average income is $25,000. At the end of the street, Laundry Lounge sits where a family's average income is $1 million.

Each laundry touts a Continental equipment mix to suit its size and clientele, including 25- to 75-pound capacity washers; 30- to 45-pound capacity stack dryers; and 75-pound capacity single-pocket dryers. When it comes to retooling a laundry, Arrow first evaluates the condition and efficiency of the laundry equipment. "It's not worth it in California to keep inefficient equipment," said Arrow. "Our water costs are too high and restrictions keep tightening. You'll pay more in water costs than you will in new, high-efficiency equipment."

Packed with green-engrained features, the Continental washers offer a sump-less design — saving up to 3 gallons of water per fill. A Continental exclusive AquaFall system further lowers water usage and improves wash quality by releasing water through holes in the drum lifters for better saturation and rinsing. Finally, an AquaMixer system, a hot- and cold-water mixer, reaches precise bath temperatures for optimum temperature management and lower hot water usage.

"At Laundry Lounge, I doubled my gross income and cut water usage in half just by replacing the existing equipment," said Arrow. Utility costs gobbled 30 percent of revenue prior to the retooling. Now, thanks to the Continental washers and dryers, utilities make up only 15-17 percent of revenue. "The machines are efficient, easy to use and simple to maintain," Arrow added. "Customers like them and I get great service from CG West."

ProfitPlus® & Serial Communication

The washers also feature the new ProfitPlus® Control, which works seamlessly with card technology and offers more owner programmability and washing options to Arrow's customers. Customers choose from three cycle options: HOT, for whites; WARM for colorfast and permanent press items; and COLD for colors. Additionally, they can select an EXTRA WASH, EXTRA RINSE, DELICATE CYCLE or SUPERWASH for more washing customization. Meanwhile, each cycle is individually modifiable by Arrow so he can program G-force extract, mechanical action, wash temperature by degree, water levels and wash/rinse/extract time in each phase. The control's flexibility allows multi-level vend pricing on the same machine depending on the wash program selected, time of day, or day of the week.

Making it Work with a Full-Time Firefighting Job

Continental's serial communication and the ESD card system allow Arrow to manage the laundries from a smartphone or computer, via the internet. He can reissue loyalty cards, run specials, change vend prices, program machines and refund customers remotely. "Flexibility in my business model is important," he said. "I can process credits and refunds and keep people happy. That's one of the biggest perks."

"I track overall income and the breakdown of machine usage," Arrow added. The 20s, 40s and 55s are the most popular washers. At his larger, 4,000-4,500-square-foot laundries (Laundry Lounge and Launderland), machines turn an average 10-11 times per day on weekends.

Investor Advice

For investors looking to get into the business, Arrow recommends talking to owners of small and large stores. "Figure out the time you have and know it will take more time than you think," he said. "There's also risk to go along with it and water is always an issue. Gather information and connect with people who understand the business and neighborhood, and know how to analyze the numbers to determine a store's viability. Knowledge is power. Learn before you move forward. It's exciting and anyone can get into it."

For more information, contact Elite Business Investments at 818-787-8881.

To find out more about Continental Girbau vended laundry equipment, visit www.cgilaundry.com or call 800-256-1073.

At Jason Arrow's 4,000-4,500-square-foot laundries, machines turn 10-11 times daily on weekends.