

INVEST IN LAUNDROMAT – CASE STUDY



Adrian Najera
Mi Lavanderia
830 Summit Street
Elgin, IL 60120



Although employed as an electrical sales engineer when the Great Recession hit, Adrian Najera knew that the best long-term strategy for job and income security was to invest in a business that he could own, build and profit from. He originally thought about pursuing real estate, but in looking at other business plans and learning more about the vended laundry business, he discovered that opening a laundromat with the right equipment distributor was the ideal option. Since Adrian had no prior experience owning a business, he liked the fact that he could lean on a team to partner with that would guide him through the process of opening and running a laundromat – which is what led him to Speed Queen®.

In May of 2009, at the height of the recession, Adrian opened Mi Lavanderia – which had previously been a different laundromat business – in Elgin, Illinois. He recalls that he couldn't have done it without the support of his equipment manufacturer and distributor. Adrian knew that launching his own business would take a great leap of faith. Not only was the general economy in shambles, but the laundromat he acquired was in foreclosure and equipped with outdated machines, many of which didn't work at all. Additionally, Adrian had no prior laundry experience, no existing customer base and he was competing with the three largest laundromats in Elgin – all of which were within a half-mile radius of his store. It seemed like an impossible combination; however, he discovered that it was possible with the support of the right distribution partner; the most efficient, reliable and advanced equipment; an open-minded and creative approach to driving revenue; and a whole lot of hard work. He watched as his laundromat overcame all of these obstacles to become a successful, profitable business.

FINDING THE RIGHT PARTNER

Because he was a newcomer to the coin laundry business, Adrian needed a distributor who would do more than just sell him equipment. He needed an industry partner who could provide expert advice, guide him through financing, recommend the right equipment mix and provide post-sale service and support. He found that partner in Speed Queen distributor Coin-O-Matic.

Given the economic conditions in 2009, it was unrealistic to gut the store and completely refurbish it before reopening for business. In fact, it took Adrian five years to totally reoutfit his store with 32 new Speed Queen washers and 40 Speed Queen dryers. He worked with Coin-O-Matic to strategically stagger his investment in a mix of machines, ranging from standard top-loaders all the way to 100-pound models.

Coin-O-Matic also partnered Adrian with Speed Queen Financial Services (SQFS), the company's in-house finance operation, to provide him the specific loan terms and conditions that would work for his particular store.

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“With SQFS, there is much less paperwork and hassle than working with a bank,” Adrian says.

Perhaps even more importantly, SQFS specialists understand the laundry industry, the life cycle of a store, and the process and timeline for building a laundry business, which was invaluable to a newcomer to the laundry industry.

The new equipment not only generates more revenue for the business, it also saves money. Since upgrading to efficient Speed Queen washers, Adrian’s water bill is approximately \$200 less per month than it was when he started. He uses the Speed Queen Quantum™ Gold advanced control system to tailor selections, such as pre-wash, and apply automatic discounts. For example, the first 13 minutes of dry times are free, and he offers early bird specials for morning customers and additional discounts on Wednesdays and Thursdays to drive store traffic on his slower days.

GENERATING NEW REVENUE STREAMS

During the five years he spent renovating the laundromat, Adrian needed to continuously increase his daily cash flow in order to successfully operate his store and build his customer base. Finding a way to generate sales outside of machine operation was critical to keeping his store viable during those early years. He started by selling drinks and snacks, detergents and softeners, but that wasn’t enough. It was Adrian’s grandfather who suggested he also sell frozen popsicles, as they were popular among Adrian’s friends and family, many of whom visited his laundromat. Adrian checked with the City of Elgin, as every municipality has its own regulations, and he found that as long as the treats were non-dairy, he could sell them without a food license. They are extremely popular and sell well all year round.

“I have to maximize profits on every square foot of space available in my store,” Adrian says. “The chest freezer where I store the popsicles is only three-feet by two-feet, and it generates more income than the arcade games.”

About a year after the store opened, Adrian noticed an Avon catalog someone had left behind on a folding table and thought, “many of my customers are women, maybe we can also sell cosmetics.” Soon Adrian’s mom, who is also his business partner, became an Avon representative, and Adrian became a Mary Kay and Jafra representative. Three months later, the store was selling an average of \$1,000 per month in cosmetics, and Adrian had earned the nickname “Prince of Jafra.”

It was a customer who suggested yet another very profitable revenue stream – international calling cards. She commented that with Elgin’s large Latino population, there was undoubtedly a demand for those who wanted to call their family members who weren’t in the U.S. Adrian began offering the cards and, within a few months, the store was selling \$2,300 worth of calling cards per month. When card sales began to decline in

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2013, Adrian became an authorized cell phone dealer. His carrier offers international calling and now his store customers can purchase a phone, a plan and make their monthly payments all through the store.

Offering these extra services to his customer base added value to Adrian's laundry operation, gave him extra streams of revenue and kept his clientele coming back.

A BRIGHT FUTURE

Mi Lavanderia is now six-and-a-half years old. Adrian saw a return on his investment in three years and had completely overhauled his store by year five. He has a growing customer base and is attracting new clientele through social media and marketing to local businesses and community groups. He acknowledges that he was a rookie when he started and knows that Coin-O-Matic and Speed Queen are true partners in his accomplishment.

“They were with me every step of the way,” Adrian says.

He is looking forward to continuing his successful relationship with Coin-O-Matic and Speed Queen as he looks for the right property to open his next store.

For more information about profitable business investment opportunities with Speed Queen, please call **800-590-8872** or visit **www.investinlaundromats.com**.

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