

---

# BUSINESS PLAN

---





## The EXECUTIVE SUMMARY

### 1.0 Summary

This business plan has been prepared to obtain supplemental financing in the amount of \$400,000 and to lay out a plan of operation for the Mr. SudZ Laundry Services operation. Mr. SudZ Laundry will begin operations in January of 2015.

The Mr. SudZ brand name is owned by a privately held limited liability corporation that operates under the name Mr. SudZ, LLC.

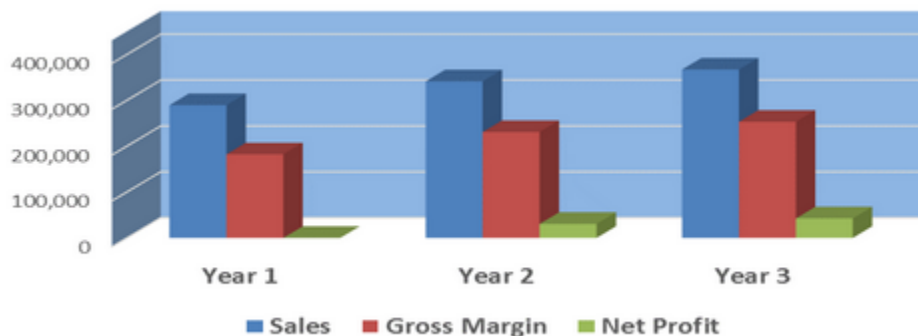
Our Laundromats will operate in and around high traffic areas located in low-to-mid income high rental districts in [REDACTED]. Our primary market will consist of households with an average income of less than \$35,000 per year and an average household size of 3 individuals. The market area will have a minimum population size of 30,000 residents within a 3 mile radius of the laundry facility, with a rental occupancy of 50 to 70 percent.

Revenue will be primarily generated through the use of our laundry facilities to wash and dry clothing. Additional revenue streams will include:

- Vending Machine Income
- Wash and Fold Services: Both consumer and business-to-business

**Note:** The below chart contains the following financial assumptions:

- Average customer spend of \$12.00 per visit
- Average vending income of \$600.00 per month
- Projected revenue increases for years 2 and 3 are based on increased turn rates of .5 turns per year and a 3% adjustment for inflation
- These projections do not include any expected wash & fold services revenue





## **1.1 Objectives**

### **Short Term (One Year)**

- Establish a repeat base of 800-1000 customers per week

### **Long Term (2-5 Years)**

- Establish a wash and fold operation that will include consumer drop off/pick-up and business-to-business services with area businesses i.e. nursing homes, restaurants, etc...
- Open and operate a second Laundromat location

## **1.2 Mission**

Clean, Safe, Convenient and Neighborhood Friendly

## **1.3 Keys to Success**

1. Providing a clean, safe, and convenient environment for our customer
2. Keeping equipment in good operating condition
3. Maintaining a repeat customer base



# Expense and Revenue Projections

Expenses		3 TPD	4 TPD	5 TPD
Lease		4,200	4,200	4,200
Utilities		3,661	3,661	3,771
Water		-	-	-
Gas		-	-	-
Electric		-	-	-
Internet		60	60	62
Cable		60	60	64
Phone		35	35	37
Wages		4,775	4,775	5,066
Miscellaneous/Operating Costs		183	183	194
Maintenance/Repairs		366	366	377
Payroll Taxes		707	707	750
Insurance		366	366	388
Advertising		549	549	582
Security		100	100	106
Accounting/Legal		50	50	53
Tax Escrow		450	450	477
Vending Costs		75	75	80
<b>Total Operating Expenses</b>		<b>15,637</b>	<b>15,637</b>	<b>16,334</b>
Financing (84 mo. on \$350K @ 6.5%) <sup>1</sup>		5,940	5,940	5,940
Equipment Replacement <sup>1</sup>		300	300	318
<b>Total Monthly Expenses</b>		<b>21,877</b>	<b>21,877</b>	<b>22,592</b>

Store Operating Hours	Hours	#Empl	Rate	Wages
		3	10	32,130
8 Days Closed	120	1	11	11,781
357 Days in Operation	5355	1	12.5	13,388
Hour Per Emp	1071			57,299
Owner Salary			4,166.67	50,000
Total Wages				107,299
				8,942

Load	Mix	Rate Per	LBs Per	Tot LBs
TL	0	1.75	12	0
FL	6	2.50	20	120
FL	6	3.50	30	180
FL	12	4.50	40	480
FL	6	6.50	60	360
FL	2	8.00	80	160
	<b>32</b>			<b>1300</b>

TPD	Breakeven	TPD	TPD	TPD
	3.28	4.00	5.00	5.50
	-	-	-	-
	15	15	15	15
	21	21	21	21
	54	54	54	54
	39	39	39	39
	16	16	16	16
\$ Per Turn	145	145	145	145
\$ Per Day	475	580	725	798
\$ Per Week	3,328	4,060	5,075	5,583
\$ Per Month	14,451	17,632	22,040	24,244
Dryer (1.5 : 1)	7,226	8,816	11,020	12,122
Vending	200	200	200	1,184
Per Month	21,877	26,648	33,260	37,550
Washer	173,416	211,584	264,480	290,928
Dryer (1.5 : 1)	86,708	105,792	132,240	145,464
Vending	2,400	2,400	2,400	14,208
Gross Income	262,524	319,776	399,120	450,600
Expenses	(262,524)	(266,752)	(271,104)	(271,104)
Net Profit	0	53,024	128,016	179,496

Turns				
Per Day	3	4.50	5.00	5.50
Per Week	23	28	35	39
Per Month	100	122	152	167
Per Year	1,196	1,459	1,824	2,006

Customers				
Per Day	40	48	60	66
Per Week	277	338	423	465
Per Month	1,109	1,353	1,692	1,861
Per Year	13,310	16,240	20,300	22,330

	Sun	Mon	Tue	Wed	Thu	Fri	Sat
Turns	6	2	2	2	2	3	6
Hours	3.85	1.1	1.65	1.65	1.65	1.65	3.85



## **The COMPANY**

### **2.0 Company Ownership**

The Mr. SudZ brand name is owned by a privately held limited liability corporation that operates under the name Mr. SudZ, LLC. The founder, [REDACTED] will be Mr. SudZ, LLC's majority owner. There are currently no minority owners.

### **2.1 Start -Up Summary**

Start-up funding will cover the cost of site renovation, equipment, setup, and furnishings. The funding will also cover 60 days operating expense (rent, salaries, and utilities).

The Mr. SudZ start-up plan will be broken into three phases:

#### **Phase 1** – Company formation and funding

- Complete the paperwork and legal requirements to establish the Mr. SudZ limited liability corporation.
- Identify the ideal location for establishing operations
- Once the corporation has been formed, the process of raising investment capital will begin. Mr. SudZ, LLC will seek out both public and private funding.

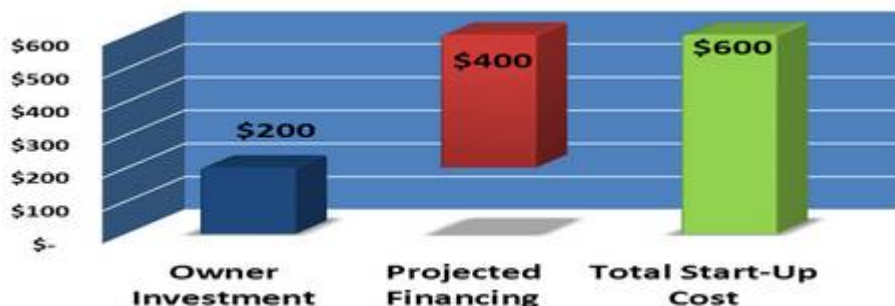
#### **Phase 2** – Site Development

This phase will require significant capital and as a result, it cannot be started until phase one has been successfully completed.

#### **Phase 3** – Grand Opening

The Mr. SudZ's grand opening will follow the launch of its marketing plan and promotions which will include special offers and local flyer advertising.

### **Graph: Startup Summary**





**Table: Startup Summary**

Items	Total Cost
<b><u>Expense</u></b>	
Shipping, Installation, Misc. parts (~7% of equipment)	14,000
Web Development & Hosting	3,000
Promotions and Advertising	1,000
Misc. Items and other Shipping Installation Costs	7,000
<b>Total Start-Up Expense</b>	<b>\$ 25,000</b>
<b><u>Assets</u></b>	
On Hand Cash Reserve	10,000
Prepaid Rent (3,600 sq. ft. at 14.00 per)	4,200
Prepaid Legal	2,500
Prepaid Insurance	2,500
Washers	179,588
Dryers	76,506
Equipment Build Out	81,945
Site Renovation	175,261
Security System	1,000
Computers, Routers, Storage, Printer, etc...	6,500
Fish Aquariums System	4,500
Entertainment System	4,500
Vending	9,000
Signage, Tables, Chairs, Carts	17,000
<b>Total Start-Up Assets</b>	<b>\$ 575,000</b>
<b>Total Start-Up Cost</b>	<b>\$ 600,000</b>



## **The OPPORTUNITY ANALYSIS**

### **3.0 Industry Summary**

The coin-operated laundries & drycleaners industry is expected to reach \$3.5 billion by 2015. This expected growth will be primarily driven by improving the economic conditions, service innovations and higher rental occupancy rates. Rising population and consumers' penchant for convenience will also have a positive influence on the market. (Global Industry Analysts)

### **3.1 Segment Analysis (Dry Cleaners and Laundries)**

The self-service coin operated laundry market is comprised of two distinct segments. The first is coin-op laundries, and the second is represented by coin-operated machines located in apartment housing. (Coin Laundry Association)

The self-service laundry market's primary customer base consists of an estimated 86 million people living in rental housing, as of the 2000 U.S. Census. A secondary customer base consists of the non-rental population, which uses coin laundries only occasionally.

Key 2010 segment trends:

- There has been a steady growth in rental demand over the last 5 years. This growth is expected to continue for the foreseeable future.
- Apartment rental makes up 30 percent of [REDACTED]'s housing units

### **3.2 Competition Summary**

The Mr. SudZ direct competition includes other Laundromats operating within a three mile radius.

According to the 2010 census data:

- There are a total of 27 coin-op Laundromats in the [REDACTED] metropolitan area. Serving a population of 651,439



### **3.3 Competitive Analysis**

The Mr. SudZ primary competition includes retail operations that fall into one of the following categories:

#### **1. Coin-op Laundromats operating within a three mile radius**

- All Wash Laundromat - 2.09 Miles
- Hausman Laundry - 2.58 Miles
- Superior Coin Laundry & Tanning - 2.92 Miles
- No other coin-op Laundromat within 5 miles

#### **2. Apartment Laundries**

Apartment complexes with onsite facilities

#### **3. Wash & Fold Operations**

These operations wash and fold clothing as a consumer drop off service, but are not normally large enough for a self-server operation.

- Adams Cleaners and Laundry - .5 Miles

### **3.4 Competitive Advantage**

Location, Location, Location

### **3.5 Environmental Analysis**

#### **Strengths**

- Location and Convenience

#### **Weakness**

- High cost of entry into the industry

#### **Opportunity**

- Building and retaining a loyal customer base in an underserved market

#### **Threats**

- New competitors opening in or near our primary market.





## **The MARKET STRATEGY AND PLAN**

### **4.0 Market Summary**

Mr. SudZ will setup Laundromat operations in the [REDACTED] Town Center shopping plaza, located at 539 Door St. in [REDACTED]. The primary market will encompass the 43604 zip code area and will focus on the high rental occupancy in this area.

### **4.1 Market Analysis**

#### **a. Market Area Population**

Based on 2014 estimates, 66.1 percent of the households in the 43604 target market have a household income of less than \$35,000 per year. Industry analysis suggest that 50 percent of these households use Laundromat facilities. Our marketing campaign will focus on 50 percent (14,552) of this population. Conservatively, our intent is to establish a minimum weekly repeatable base of 800-1000 customers.

**Table: Market Analysis** (based on 2014 estimates)

<b>Radius</b>	<b>Population</b>	<b>% Rental</b>	<b>Projected Customers</b>	<b>Projected % of Market</b>	<b>Target Customer Base</b>
1 Mile	12,210	69.7%	8,510	80%	6,808
2 Mile	53,717	59.4%	31,908	15%	4,786
3 Mile	113,765	52.0%	59,158	5%	2,958

### **4.2 Service Description**

Mr. SudZ revenue will be primarily generated through the use of its laundry facilities to wash and dry clothing. Additional revenue streams will include:

- Vending machine income
- Wash and Fold Services: customer drop-offs/pick-ups and business-to-business services



### **4.3 Pricing**

Mr. SudZ will employ a competition based pricing strategy.

#### **Table: Washer Pricing**

<b>Load Type</b>	<b>Machine Mix</b>	<b>Rate Per Load Type</b>	<b>Capacity Per Load (lbs.)</b>	<b>Total Load Capacity</b>
Front Load	6	\$ 2.50	20	120
Front Load	6	\$ 3.50	38	180
Front Load	12	\$ 4.50	45	480
Front Load	6	\$ 6.50	60	360
Front Load	2	\$ 8.00	80	160
<b>Washer Capacity</b>	<b>32</b>			<b>1,300</b>

### **4.4 Promotion**

Our logo (top of page) and slogan will be displayed on all our product wrapping, promotional material, and delivery vehicle.

#### **a. Website and Electronic Media**

- The Website will be used to inform customers of:
  - Location
  - Hours of operation
  - Specials
  - Washing tips
- Mr. SudZ will utilize all available electronic media methods to reach its customer base. i.e. Facebook, twitter

#### **b. Kickoff Promotion**

The Mr. SudZ kickoff promotion will consist of a Mr. SudZ pictured postcard mailing campaign which will be directed at the 43604 zip code area. The post card will contain a picture of the laundry facility, the location, and the hours of operations. We plan to evaluate the effectiveness of this advertising vehicle for future use by rewarding customers who returns the postcard with a free wash valued at \$3.75.

## The MANAGEMENT & OPERATIONS

### 5.0 Management Team and Staff

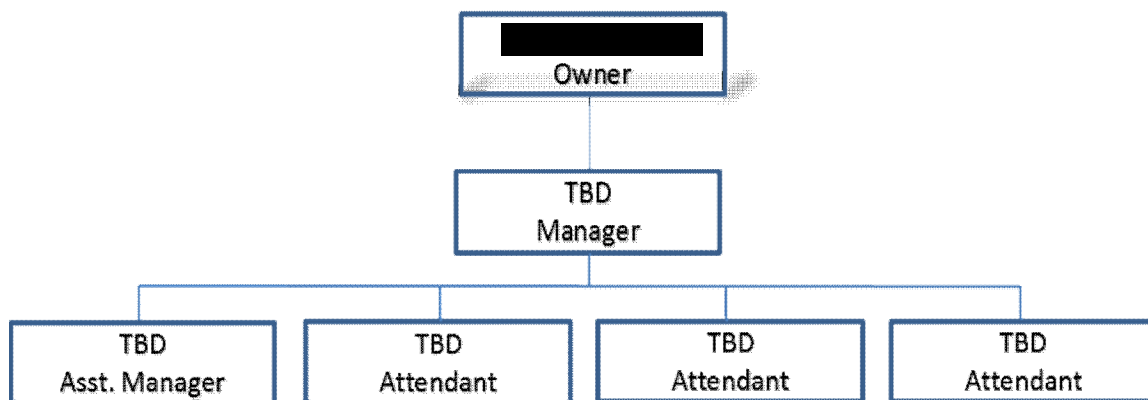
Staff will consist of:

- Owner/Manager: [REDACTED]
- 1 Manager
- 1 Assistant Manager
- 3 Attendants

Outside Consultants/Contractors:

- Accounting Services
- Attorney Services
- Janitorial Services
- Saltwater Aquarium Specialist
- Network/Wireless Specialist

### Chart: Organization



### 5.1 Owner Compensation

- [REDACTED] will receive a yearly salary of \$50,000

### 5.2 Research and Development

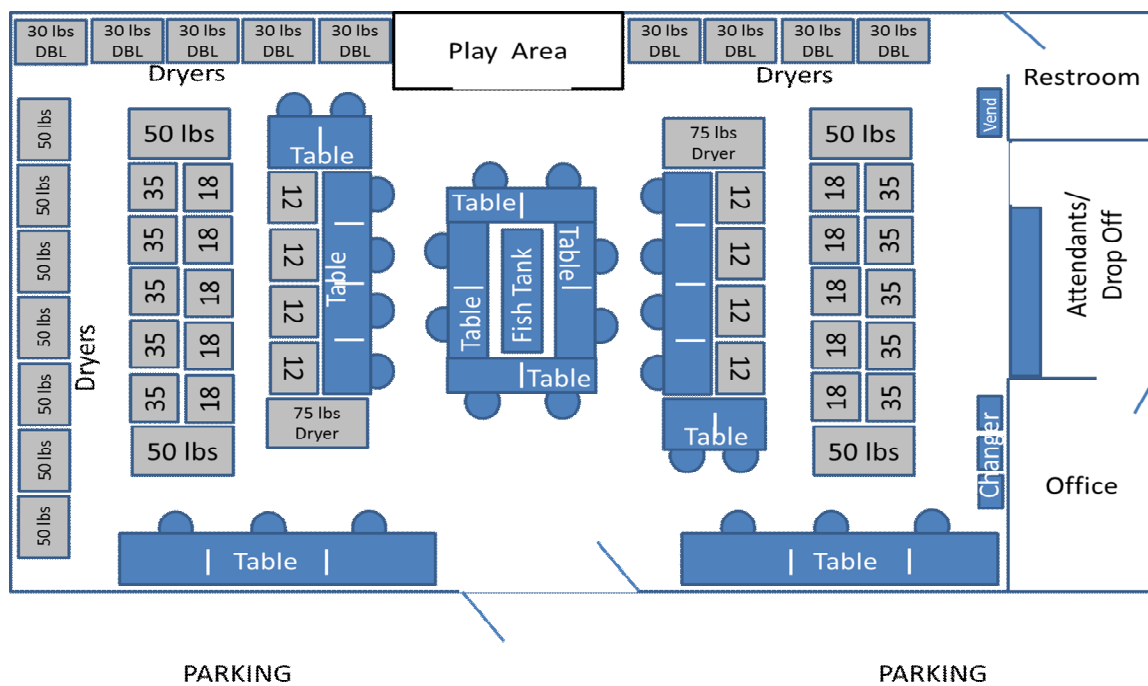
- Owner [REDACTED] has spent 2013/14 consulting with other laundry owners and vendors. Information obtain through this research will be used to further develop the Mr. SudZ service offering
- We plan to survey customers in our target market to determine how our facilities and service offerings can be tailored to better serve our community.

## 5.3 Facilities Description

- The Mr. SudZ Laundromat will require between 2,500 and 3,000 sq. ft. of operating space. This space will provide comfort and convenience for up to 26 customers, while supporting 32 washers and 27 dryers.

The entire store will be decorated in the Mr. SudZ color scheme of soft blues and greys. The location will have tiled floors with plenty of windows throughout. A saltwater fish aquarium will be the center piece of the primary folding area. There will be 40 inch TVs located throughout the location, as well as abstract art work and plants to enhance the atmosphere.

### Diagram: Facility





## **5.4 Facility Operations**

- Hours of operation:
  - 0700 – 09:00 PM Monday – Sunday
  - Last wash at 0800 PM
  - Doors will auto unlock/lock at 0700 AM and 0800 PM respectively
- This will be a non-coin operated facility. All payments will be made through the Mr. SudZ issued debit card system
  - A card dispensing system that will accepted cash, debit, or credit cards
  - This will provide Mr. SudZ with the ability to better manage the sites operations
  - **Note:** Customer training and acceptance will be required
- Free WIFI
- Security cameras will be placed throughout the facility
- Facility will be air conditioned
- Vending
  - Soap dispensers
  - Snack
  - Soft drinks
  - Video games
- Signage throughout in both English and Spanish

## **5.5 Commercial Laundry Distributors**

The Mr. SudZ will focus on a limited number of distributors which can provide the following services:

- Commercial Laundry Equipment Distributors
- Local Equipment Maintenance
- Training
- Demographic Support
- Site Reviews/Analysis



## The FINANCIAL ANALYSIS & PROJECTIONS

### 6.0 Sales Forecast Summary

Sales are generated through three primary revenue streams - washer Sales 66%, dryer sales 33%, and vending sales 1%.

- Washer sales are based on the number of turns per day (one complete cycle of all 32 washers) multiplied by the rate per turn. The required number of turns per day to breakeven year one is expected to be 3.28 at a rate of \$145.00 per turn.
- Dryer sales revenue is calculated at 50% of the total washer revenue.

**Table: Sales Forecast**

Unit Sales	Year 1	Year 2	Year 3
<b>Washers 66% of Sales</b>			
20 lbs.	17,619	21,888	27,360
30 lbs.	24,667	30,643	38,304
40 lbs.	63,430	78,797	98,496
60 lbs.	45,810	56,909	71,136
80 lbs.	18,794	23,347	29,184
<b>Total Washer</b>	<b>173,416</b>	<b>211,584</b>	<b>264,480</b>
<b>Dryers 33% of Sales<sup>1</sup></b>	<b>86,708</b>	<b>105,792</b>	<b>132,240</b>
<b>Vending 1% of Sales</b>	<b>2,400</b>	<b>2,400</b>	<b>2,400</b>
<b>Total Units Sales</b>	<b><u>262,524</u></b>	<b><u>319,776</u></b>	<b><u>399,120</u></b>

Note: 1. Dryer revenue is calculated at 50% of total washer revenue



## **6.1 Projected Profit & Loss Summary**

The Mr. SudZ sale projections are in line with national projections for similarly sized and equipped Laundromats. Mr. SudZ is projecting a very conservative ROI of 5% by the end of its second year of operations.

**Table: Profit and Loss**

	<b><u>Year 1</u></b>	<b><u>Year 2</u></b>	<b><u>Year 3</u></b>
<b>Gross Sales</b>	262,524	319,776	399,120
Direct Cost of Sales (wages)	57,300	59,017	60,790
Other Costs	0.00	0.00	0.00
Total Cost of Sales	57,300	59,017	60,790
<b>Gross Margins</b>	<b>\$205,224</b>	<b>\$260,759</b>	<b>\$338,330</b>
Expenses			
Rent	50,400	50,400	50,400
Utilities	43,932	45,250	46,607
Loan (principal)	46,651	49,775	53,109
Insurance	4,392	4,524	4,659
Payroll Taxes	8,484	8,739	9,001
Tax Escrow	5,400	5,562	5,729
Maintenance/Repairs	4,395	4,524	4,659
Advertising	6,588	6,786	6,989
Security	1,200	1,236	1,273
Accounting/Legal	600	618	637
Equipment Replacement	3,600	3,708	3,819
Misc./Vending/Operating Supplies	4,956	5,105	5,258
<b>Total Operating Expenses</b>	<b>\$180,598</b>	<b>\$186,227</b>	<b>\$192,140</b>
Profit Before Interest and Taxes	24,629	74,532	146,190
Less Interest Expense	24,626	21,502	18,169
Less Taxes Incurred @ 32%	0	23,850	46,781
<b>Net Profit</b>	<b>\$ 0.00</b>	<b>\$29,180</b>	<b>\$81,240</b>
<b>ROI %</b>	<b>0%</b>	<b>5.0%</b>	<b>13.5%</b>



## **6.2 Projected Personnel Costs Summary**

The Mr. SudZ personnel costs are based on 5,355 total hours of laundry operations per year. These hours are divided into 2 shifts per day with an average of 1 person per shift.

**Table: Hours and Wages**

<b>Per Store</b>	<b>Manager (1)</b>	<b>Asst. Mngr. (1)</b>	<b>Attendants (3)</b>
Hours per Month	1071	1071	3213
Hourly Rate	12.50	11.00	10.00

**Table: Personnel Costs**

<b>#</b>	<b>Staff</b>	<b>Year 1</b>	<b>Year 2</b>	<b>Year 3</b>
1	Manager	13,388	13,789	14,202
1	Asst. Manager	11,781	12,134	12,498
3	Attendants	32,130	33,094	34,087
	<b>Total Wages</b>	<b>\$57,300</b>	<b>\$59,017</b>	<b>\$60,787</b>

## **6.3 Projected Breakeven Analysis**

A monthly average of 21,877, 22,229, and 22,592 sales respectively is required for the Mr. SudZ to break even in each of its first three years of operations.

**Table: Breakeven**

<b>Monthly</b>	<b>Year 1</b>	<b>Year 2</b>	<b>Year 3</b>
# Turns to Breakeven	100	122	152
\$ Breakeven Revenue	\$21,877	\$22,229	\$22,592
<b>Assumptions</b>			
Average Spend per Visit	\$12.00	\$12.00	\$12.00
Projected Total Yearly Expense	\$262,524	\$266,752	\$271,104

Note: Breakeven is calculated by multiplying required Turn-Per-Year by an average spend per customer of \$12.00





## 6.4 Projected Balance Sheet

**Table: Balance Sheet**

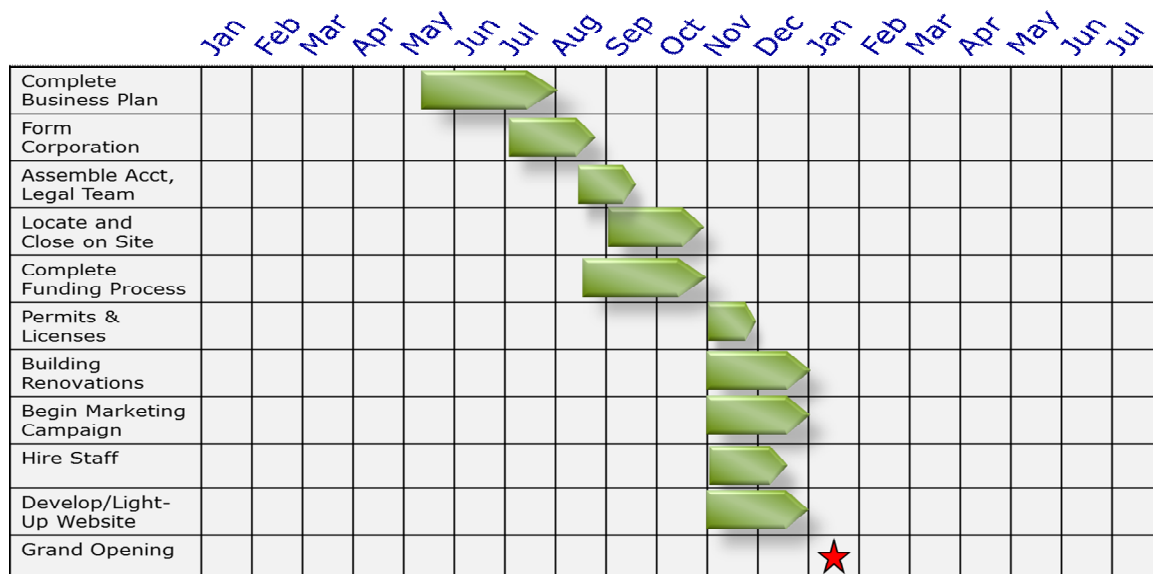
<b>Assets:</b>	<b>Year 1</b>	<b>Year 2</b>	<b>Year 3</b>
On Hand Cash Reserve	10,000		
Prepaid Rent	4,200		
Prepaid Legal & Accounting	2,500		
Prepaid Insurance	2,500		
Washers	179,588		
Dryers	76,506		
Equipment Build Out	81,945		
Site Renovation	175,261		
Security System	1,000		
Computers, Routers, Printer, etc...	6,500		
Fish Aquariums System	4,500		
Entertainment System	4,500		
Vending	9,000		
Signage, Tables, Chairs, Carts	17,000		
Accumulated Depreciation	-0		
<b>Total Assets</b>	<b><u>\$575,000</u></b>		
<b>Liabilities &amp; Owner Equity</b>	<b>Year 1</b>		
<b>Liabilities</b>			
Accrued Expense Payable	0		
Notes Payable	0		
Accrued Interest	0		
Long Term Liabilities	<u>400,000</u>		
<b>Total Liabilities</b>	<b>\$400,000</b>		
<b>Owner Equity</b>			
Paid-In Capital	175,000		
Retained Earnings	0		
<b>Total Owner Equity</b>	<b>175,000</b>		
<b>Total Liabilities and OE</b>	<b>400,000</b>		
<b>Net Worth</b>	<b><u>\$575,000</u></b>		

## The Funding Request & Exit Strategy

### 7.0 Funding Request

This plan is intended to obtain supplemental financing in the amount of \$250,000. The Mr. SudZ, LLC, will invest \$150,000 for a total investment of \$400,000. This funding will cover the cost of site preparation and startup.

### 7.1 Key Milestones/Start-Up Timeline



**Note:** The above schedule is based on a brand new store. Some task will change if a existing store is purchased

### 7.2 Exit Strategy

Over the first three years of operations, Mr. SudZ's management will fine tune its laundry service offerings and increase the number of turns per day on its laundry equipment. This successful business will be sold for a profit at the end of 10 years.



## The Appendix

### Exhibit A – Equipment & Distributor List

Items	Unit	Qty.	Cost	Total Cost
<b><u>Washers</u></b>				
Front Load	20 lbs.	6	1,795	10,770
Front Load	30 lbs.	6	4,475	26,850
Front Load	40 lbs.	12	5,895	70,740
Front Load	60 lbs.	6	7,995	47,970
Front Load	80 lbs.	2	11,629	23,258
				<b>179,588</b>
<b><u>Dryers</u></b>				
Double Stack	30 lbs.	6	5,255	31,530
Double Stack	45 lbs.	6	6,306	37,836
Front Load	75 lbs.	2	3,570	7,140
				<b>76,506</b>
<b><u>Other</u></b>				
Security System				1,000
Vending (Soap Dispenser (2), Snacks, Drink, Games (2))				9,000
Aquariums Equipment and Fish				4,500
Computers & Wireless Equipment				6,500
Entertainment System (Televisions (6), Speakers, Mounting Equipment				4,500
Signage, Tables, Chairs, Carts				17,000
				<b>\$25,500</b>

### Table: Distributors

Supplier	Contact	Phone	Website
Great Lakes (Dexter, Washcom)	Tom Misser	(973)575-1019	<a href="http://www.greatlakeslaundry.com/">http://www.greatlakeslaundry.com/</a>
Speed Queen	Art Roy	(406)238-7800	
Hildreth's (Maytag)	Tim Jackson	(740)502-2895	<a href="http://www.hildrethnet.net/">http://www.hildrethnet.net/</a>
M&L (Huebsch)	Ray Salmons	(330)592-7675	<a href="http://www.m-lsupply.com/">http://www.m-lsupply.com/</a>
Teeter's Products (Dexter)	Al Jess	(937)368-2376	<a href="http://www.teetersproducts.com/">http://www.teetersproducts.com/</a>



## **Exhibit B – Job Descriptions**

### **Laundry Attendant**

- **Job Summary and Mission**

Responsible customer service is a major component of this position along with maintaining Mr. SudZ's clean and sanitation standards.

- **Key Duties All Attendants**

- Assists customer with machines and/or posted instructions regarding equipment operation
- Maintains cleanliness and sanitation including all equipment, clean lint traps, tables, floors, windows, and Restrooms, etc.
- Removes clothes from equipment
- Gives instructions to customer in clothes preparation, for example weighing, sorting, fog-spraying spots, and removing perishable buttons
- Weighs, calculates cost, and launders clothing for customers requiring complete services

### **Manager/Assistant**

Job purpose of Laundry manager is to coordinates the work efforts of the Laundromat. Oversees productivity of other laundry associates, conducts weekly inventories; other duties as assigned by management

- **Knowledge, Skills and Abilities:**

- Laundry experience (desirable)
- Customer service experience (1 year)
- Demonstrated ability to understand and implement written and verbal instruction
- Effective oral communication skills. Bi-Lingual: Spanish (desirable)
- Experience in directing the work of others

- **Education:** High School or Equivalent

- **Required Knowledge, Skills and Abilities:**

- Ability to act with a customer first attitude and deliver customer service that meets or exceeds customer expectations.
- Maintains professional appearance at all times, clean and well groomed as per standards.