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Learn how these first-time owners are leveraging technology and training to surpass projections in a hyper-competitive market from a flex-serve wash, complete with free vacs, on a property that's barely half an acre.



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Complete Car Wash And Management System



1



SONNY'S Point-of-Sale

Real-Time Multi-Site Cloud-Based Management, Reporting, Backup, & Updates!

2



SONNY'S Tunnel Controller

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3



SONNY'S Pay Station

Custom Branding, Plug & Play Maintenance, Built-in Security Door, & Enhanced Club Sales!

4



SONNY'S Digital Menu

Upsell Packages, Club Plans, Promotions, & Schedule Menu Rotations - Managed for you From the Cloud!



5



NEW TBG300 Tire Seal Applicator & Wheel Brushes

Lower Clearance & Wider Range with Fewer Bearings and Grease Points!

7

New Wash Materials

Barber Pole Brush™ steps up your branding with swirling visual effect. Mix and match color options - over 100 combinations! Durable material cleans great and is long lasting.



8



MicroPlush™ mitter material holds more water and soap for improved wash quality while remaining quiet on the vehicle. This heavy duty material is long lasting and maintains a great appearance car after car.



6

Double Drop Vacuum Boom

New boom accommodates dual drop systems for increased volume. Boom has longer arms to easily reach cargo areas.



9

Redesigned Central Vacuum System!



Redesigned separator features 6" inlet/outlet to accommodate either 6" or 4" trunk lines.

Doors and hardware upgraded to all stainless for improved appearance and performance.



By **Anthony Analetto**,
President, SONNY'S The CarWash Factory

What's YOUR NPS?

So you think you're doing a good job keeping up with the Joneses: You've added sheets of foamed detergents, protectants, and waxes. You're hitting them with a sizzling LED light show. You think you're doing it all right with a consistent wash, consistent service times, and a dazzling experience—but are you really delivering a top-notch visit? If not, is the competition doing something to sway your loyal customers? If you don't know the answer to these questions, don't panic: the good news is that there's a reliable and consistent way to measure whether your customers are truly loyal—and you'll be surprised by just how important it can be.

Calculate Your NPS Score

Many of our readers might recall my prior recommendation to serve up a single-question customer survey on your website and to ask your on-site customers the same thing:

On a scale of 1-10, how likely are you to recommend us to your friends?

I'll admit that I didn't invent this. I stumbled

upon this concept, called the Net Promoter Score (NPS), years ago. I find it extremely effective at measuring customer loyalty at a car wash.

To measure customer loyalty, simply break your single-question survey responses into three groups: first, you have promoters with a score of 9-10. These are your loyal enthusiasts, and they fuel growth. Next are passives with a score of 7 or 8. These customers are susceptible to poaching by your competitors.

Finally, detractors with a score of 0 to 6 are unhappy and can damage your wash with negative word-of-mouth or online reviews.

Calculating NPS scores is quick and easy: just take the percentage of customers who are promoters and subtract the percentage who are detractors. For example, if you have 100 responses and 50% are promoters with a score of 9 or 10, 20% are passives with a score of 7 or 8, and 30% are detractors with a score of 6 or less, your NPS would be 20.

50% promoters - 30% detractors = 20

I've read that the majority of businesses average an NPS score of 5 to 10, and extremely strong brands such as Apple and Harley Davidson score between 50 and 80. Personally, I believe that a score under 30 should raise a red flag for any car wash. Regardless, unless your NPS score comes in at 100 (meaning all of your customers would recommend you to their friends and family), there's still room to improve. Unfortunately, improving your NPS score can be a lot harder than installing a new pay wax to keep up with the Joneses. It demands a systematic approach to elevating your customer's experience. To get you started, I've listed the three areas I feel you need to address in order of importance.

Priority #1: Destroy Indifference

Attitudes are contagious. Enthusiasm is infectious. This is the phenomenon that drives the success of any business—and it starts at the top. Think back to the grand opening of your first wash. Chances are, you labored over every detail. Uniforms, signage, and wash packages were carefully crafted. Package names, price points, and service

offerings to bundle incremental value were debated. The air was filled with enthusiasm and you were eager to earn the business of each customer. That energy flowed from you to your staff and everybody worked with a sense of urgency and purpose. If a customer wasn't happy with the wash, your staff would have gone out of their way to fix the problem. But does that energy still exist today? If enthusiasm is allowed to subside, indifference—which is dangerously infectious—takes its place. If you're not already doing it, invest as many hours each week as you can in surveying customers. Thank them, ask them for recommendations to improve your service, and listen. Have no doubt that your employees will watch your every move and model their behavior based on your enthusiasm. Talk to your staff about your customer comments and ask them if they've heard similar things—both good and bad. Take advantage of this free and easy tactic to keep indifference from creeping into your business and watch your NPS score (and profits) soar.

Priority #2: Sweat the Small Stuff

Some days I wish it was enough to deliver a clean, dry, shiny car at a good value. Unfortunately, I've been in the business long enough to know that this will only result in a customer rating of 7 or 8—leaving me with a passive customer who is likely to leave for a competitor. What's worse is if that passive customer has a better experience at a competitor but continues to use my wash because it's more convenient. I may earn their business temporarily, but these detractors are not likely to recommend me to their friends or family and might even negatively promote my wash within the community ("I only use it because it's close to me."). Provided that you're delivering quality service and your staff enthusiastically engages with customers, the path from detractor to promoter is relatively straightforward.

When I say, "sweat the small stuff", I mean examine every frustration a customer might experience on your site. Are your menus and monthly programs easy to understand? Do you provide confirmation to customers that they're getting the services they paid for? There are many small details you may need to address, but if you're looking for a place to begin, start with something simple like the trash. Whether you're a self-serve or an express-exterior with free vacuum stations, a customer must never encounter a waste receptacle more than half full. I recommend

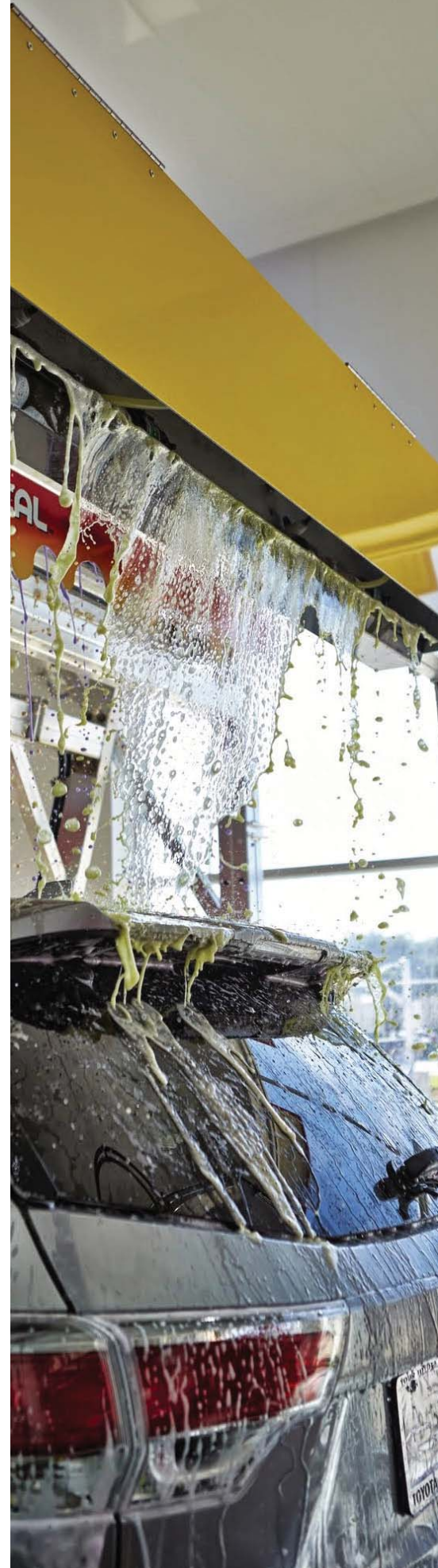
that you shoot for—and train for—never exceeding a quarter full. This is critical. You may have to add staff, negotiate for multiple dumpster pickups, or invest in additional receptacles to hit this requirement, but in my experience, it is one of the most cited frustrations customers have outside of the tunnel. There will be some abusers that view your facilities as a dumpster, but you have to clean up after them meticulously to keep your loyal customer base coming back. Evaluate your landscaping, paint, bathrooms, driveways, and lobbies. Your ability to keep all areas of your wash spotlessly maintained works like a powerful force field against customer attrition.

Priority #3: Make it Emotional

I recently heard one operator describe his tunnel as an automated endorphin-producing machine. Think about that for a minute: Cars change. Climate conditions change. Water quality changes. You likely spend considerable time evaluating, upgrading, and tweaking your detergent and wash equipment to deliver the best possible product, but are those priorities alone enough to succeed in today's evolving market?

The reason I referenced both Apple and Harley Davidson as two businesses with an exceptionally high NPS is because they demonstrate a focus on constantly improving the experience for the promoters of their brands. You may not have to create the next iPhone, but when was the last time you repainted your building, resurfaced your driveway, rebranded your signage and logo, or even just replaced the cloth? Advancements in chemistry and application technology, combined with the dropping prices of LED lighting, have made creating a dazzling experience inside the tunnel attainable for all—but that's just keeping up with the Joneses. Your ability to destroy indifference, sweat the small stuff, and deliver an emotional customer experience just might produce the sort of measurable customer loyalty you can take all the way to the bank.

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Hustle YOUR Unfair Share



By **Anthony Analetto**,
President, SONNY'S The CarWash Factory

"Things may come to those who wait, but only the things left by those who hustle."

Anyone hoping to take in their unfair share of business during the upcoming busy winter season would be wise to let this quote from Abraham Lincoln guide them to success. Pause for a second, however, before you start hustling to get your car wash ready for the season.

If the depth of your preparation begins and ends with doing the required maintenance to make sure your wash doesn't shut down on a busy Saturday, my guess is that you'll only find yourself with the things left by those that truly hustle. Getting your unfair share of a market doesn't happen by only delivering clean, dry, and shiny – that's your customer's base expectation.

When you look to invest in your business before the busy season, evaluate your options in terms of the value that an improvement will deliver to your customers. Ask yourself what it is about your car wash that customers value

most. Then honestly admit to yourself what inefficient or ineffective procedures detract from your ability to deliver that value.

Price and wash quality are important, of course, but not always what your customers are most willing to pay for. Consider your customer experience, your wash quality, and your expenses to make this holiday season a success.

Elevate Customer Experience

First, before the busy season begins, make sure the basics are in order. Your site must be clean and well maintained with paved surfaces in good repair, attractive and trimmed landscaping, well-groomed employees in uniform, and freshly painted buildings.

Next, get creative. Your ability to elevate your customer's experience when visiting your wash can be a competitive advantage more powerful than wash quality or even price. Your investment this season might be in digital marketing and social media, a new loyalty

program, or something more tangible like vacuum booms to make it easier for customers to service their vehicles. Not sure where to begin? Here are a couple ideas to help get you started.

Hours of operation and promotion: Is your car wash consistently available when your customers want to wash? Perhaps you've had the same hours or offered the same early bird and happy hour promotions for years. Are you sure those times still fit your customer's schedules? Some operators have captured large car counts during hours they were previously closed. Look at your reports and demographic trends in your market. A change in hours, or the timing of hourly promotions, may be the perfect investment to grow your business this season.

Show Customers Some Love: I truly believe that a customer can sense if you genuinely love and value their business. Demonstrate that and you'll garner loyalty and higher ticket averages.

But how exactly do you demonstrate love at a car wash? Start with policies. Rewash guarantees, free vacuums, customer satisfaction surveys, towel exchange programs, custom air fresheners—the possibilities are endless. I've known operators that give out snow cones on hot summer days and others that hand out dog treats to customers' pets. I personally stay clear of anything ingestible (seems like a potential liability), but some operators swear by these tactics.

Once you've decided on the policies you'd like to invest in, hire a marketing company to help promote them across your site. Too often I'll see a wash with perks such as a "48-hour Rain Guarantee" hide it on the bottom of the menu like it's a disclaimer they hope nobody will notice. That's a mistake. Tell customers about your great programs to let them know you love them! And once your signage is in order, make sure your staff knows it's their job to make customers feel loved as well. Customers must be greeted with a smile and sent off with a smile. If that isn't happening, then you have to reevaluate your training procedures and hiring practices until it is.

Training: It's difficult for managers to focus on improving customer service if they're constantly struggling to keep up with the day to day operation of the wash. As you develop a training plan to improve the positive interactions between your staff and customers, don't forget to address ways of expanding your manager's ability to maintain the wash more efficiently. By offering training in basic repair skills, they have a much better chance of fixing problems quickly during an emergency. What else can deliver a better customer experience than being open for business when they expect you to be?

Improve Wash Quality & Consistency

Pick a slow Tuesday. Run a subcompact, an SUV, and a pickup truck through each of your wash packages. Don't prep. Don't wipe. Now, honestly list all the deficiencies in descending order of how visible they are to a customer. Also get inside a car and evaluate your customer's experience riding through the tunnel.

Next, increase the chain speed to where it would have to be to process your busiest day—the kind we all dream about—and list all areas missed for each vehicle profile again.

Compare the lists. Evaluate the cost of options to either retrofit, supplement, or replace any part of the wash process that isn't up to snuff. Rank each project in terms of your cost and the value you expect it will deliver to your customer's satisfaction. Enhancing custom-

er value begins with delivering a consistently clean, dry, shiny product. Without that foundation, everything else will be an uphill battle.

Reduce Variable Expenses

There are plenty of solutions from every equipment supplier to prep, wash, and dry a car online at almost any chain speed. Before exploring ways to reduce your variable expenses, first, eliminate labor from the wash process. Once you're finished, look to reduce your consumption of the other variable expenses that eat into your profits. Documentation is crucial. Whether you keep a notebook, enter values into a spreadsheet, or get reports from your tunnel controller, make sure you have a system to easily compare year-to-year and month-to-month periods that can highlight spikes in variable expenses. Once you have a clear way to monitor the impact of your activities on controlling variable expenses, you're ready to begin improving your business.

Electric: First consider programs to turn off any electrical appliance when not in use. Next explore the use of VFDs for components such as high-pressure pumps and hydraulic power packs that normally operate at full Hertz and give off lots of bypass, the VFD will allow you to eliminate the bypass and extra load on the system — but don't stop there. Evaluate the estimated saving by replacing older compressors, motors, pumps, and heaters, with that of newer, more energy-efficient designs. Also, calculate the potential savings of upgrading to LED lighting before replacing your next metal halide or other lighting fixture.

Water: For the most part, water reclamation has become a standard practice in our industry, but there remains room for many locations to reduce overall water consumption. Eighty percent water reclamation is a reality and RO reject water can be recaptured for use in the wash process. Also, on the fresh water side of the operation, look into incorporating check valves and sizing nozzles and replacing worn ones for maximum efficiency.

Detergent: As with electrical settings, accurate tuning of your controller for efficient equipment activation can deliver handsome savings on detergent. Whereas most equipment today arrives with check valves and properly sized nozzles, excessive detergent consumption can often occur as nozzles gradually suffer from wear and small leaks occur. Review your preventative maintenance routines and documentation to make sure you're on top of this aspect of your wash. Replacement of nozzles when worn can literally save many locations tens of thousands of dollars each year.

Summary

I'd like to wrap this article up with a quote from Peter Drucker, one of my all-time favorites. "Efficiency is doing things right; effectiveness is doing the right things." I hope you found something in this article to help you decide the most effective investments you can make to hustle your unfair share of the business this season.

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Leveraging Millennials for Success



By **Anthony Analetto**,
President, SONNY'S The CarWash Factory

Last month, I wrote about the \$15/hour minimum wage movement. From the comments I received, it seems I struck a nerve. The requirement to reduce labor through automation and leverage technology to retain customers was accepted as a matter of fact. Improving the efficiency of labor, however, has generated commiserating letters from operators struggling to staff their washes, let alone improve efficiency.

In response to those struggling, I'd like to address the flipside of the minimum wage issue, which is how to attract, train, and motivate the workforce willing to work at the minimum wage.

I've written about Millennials before, but seeing as this group overtook Baby Boomers as the nation's largest living generation in 2015, it warrants another look. Millennials are defined as those born from 1981 to 1997 who fill the ranks of minimum wage job seekers.

Current predictions forecast that they will make up 75% of the workforce in less than 10 years. If you haven't honed the management skills to put this generation to work at \$7.25/hour, I predict the road to a \$15/hour minimum wage in many markets over the next decade will be a rocky one.

This is the generation that has grown up watching companies which didn't exist 10 years ago skyrocket to dominate our minds, wallets, and the global economy based solely on their ability to entertain us through a little computer screen in our pocket. After hearing grumblings from seasoned car wash veterans that this younger generation doesn't understand the value of "hard work," I came to realize those operators might need to reevaluate what they see as valuable in order to fully leverage these employees.

From what I've witnessed, the millennial generation of workers understands and

believes in the value of delivering a customer experience in a way that is completely alien to many seasoned car wash veterans. Rather than butt heads with this new workforce, I have come up with five rules to cultivate those qualities.

Rule 1: State Your Purpose

Is your mission statement hanging prominently on your wall for staff to see? If not, you just failed the first rule in leveraging Millennials for success.

Read any book on managing this generation, which I suggest you do, and the underlying theme is that Millennials are looking for "a sense of purpose." Every car wash has a purpose. It's your job to state why you're in business, loud and clear, for all to see.

I've seen car wash mission statements focused on cultivating customer loyalty, preserving the environment, and even ensuring all customers leave with a smile on their faces. Establish your mission statement, post it prominently, and ingrain it into everything you do. Take this

first step in connecting your wash's higher purpose with your Millennial's desire to have one and your road to success will be much less bumpy.

Rule 2: Recognize Achievement

Trying to drop a few pounds, I recently bought myself a fitness tracker. It was nice getting a new electronic trophy with instant gratification for every little improvement. The app would then automatically analyze trends and offer additional trophies for small improvements in my activity. Why do I mention this? Because the concept of getting a trophy for minor achievements may be a new experience for someone in my generation, but Millennials have been raised on this concept—and expect it. Use it to your advantage.

Set your goals high, develop clear attainable milestones, and recognize accomplishments. Measurable stats such as best day, best week, best month, for anything ranging from car counts to average ticket work well for this purpose. Recognize milestone achievements and your millennial staff will thank you while working harder to grow your business.

Rule 3: Solicit New Ideas

You've likely perfected many processes at your wash. You often just need a physical body to perform those processes consistently. If that's the case, I highly suggest you look to automate those functions.

In general, people are horrible at performing routine tasks consistently over extended periods of time. What's different is that past generations seemed more willing to struggle through tedious routines waiting for things to change as they advanced in their careers. This new generation seems much less inclined to wait around for things to change, they just move on.

I'll admit, not every wheel needs to be reinvented, but actively encouraging Millennial staff to try keeps them engaged with their job and sometimes really does produce a better

wheel. Point them in the right direction, clearly define the outcome you expect, outline the solutions you're aware of, and ask them to research the best method to accomplish what your tasks.

Empowering millennial employees to identify solutions to tackle tasks with the least effort and lowest investment can produce phenomenal results. Try it. From what I've experienced, attempting to force this group to do something without first giving them the opportunity to find an easier way to do it ends in resistance from them and frustration for you.

Rule 4: Give Them Control

Most of us have built our businesses from the ground up. We love them and care for them. It's easy to convince ourselves that, "If you want something done right, you have to do it yourself." But that isn't always the case.

Technology is evolving at an accelerated pace. New ways of accomplishing old tasks are popping up faster than anyone can keep track of. What's more, before you've finished deciding upon a particular technology to use, several better options will already be available. Whereas this can be frustrating for someone who still remembers how to use a rotary telephone, for a Millennial, it's second nature. Their entire adult life has been spent searching for, demanding, and adopting new technologies to get better results with less effort. Whether it's social media, web development, customer management software, sign printing, or nearly anything that involves a computer, telling them to "do it this way because I said so" is missing an opportunity.

Give your millennial staff a little more control. Chances are they'll find solutions that could save you money, grow your business, or both.

Rule 5: Train

Although formal training is fundamental to cultivating higher quality and faster production from any member of your team, it's more important than ever to address soft skills with younger employees. Thankfully, this doesn't

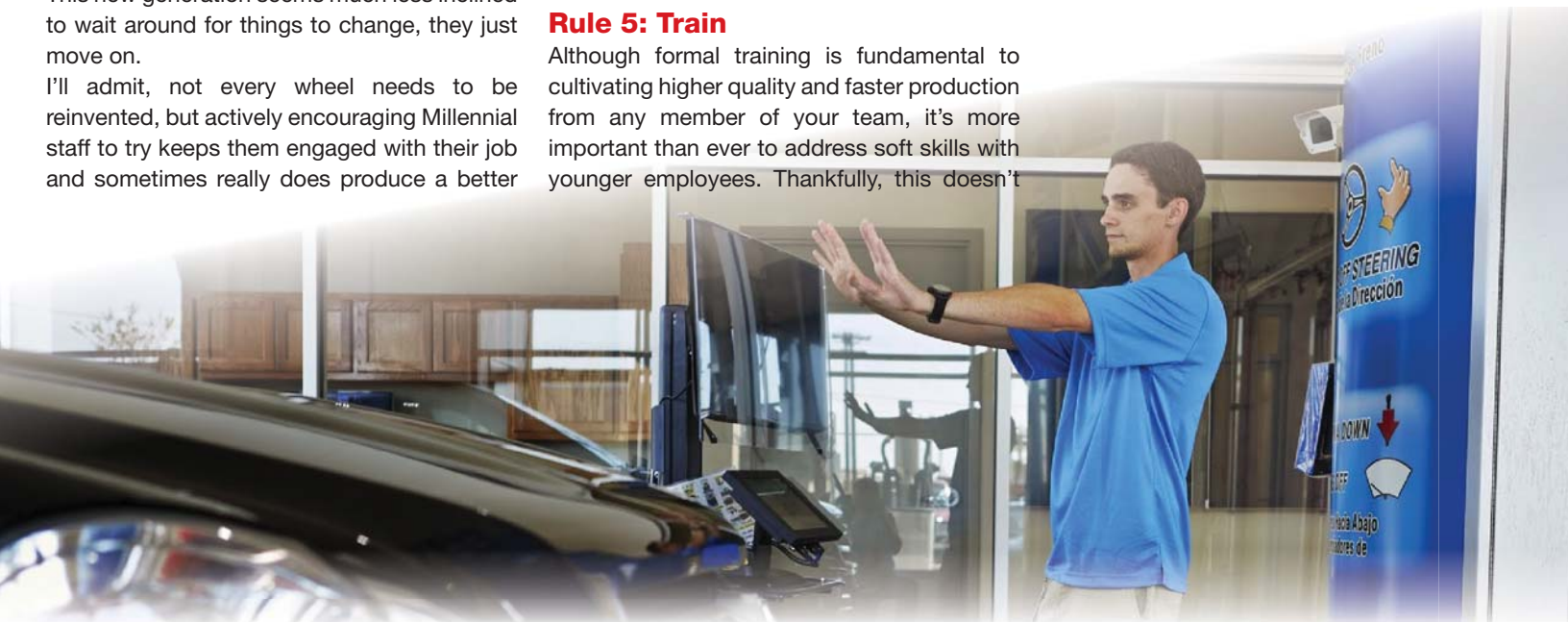
require a tremendous amount of time.

With new managers, I simply give copies of some of my favorite books such as "The One Minute Manager" and "Raving Fans." A few weeks later we chat about those books and I give them another set to read. In no time at all, their interactions with staff, customers, and even vendors are transformed. Simple, short conversations can be powerful for making any employee feel valued and strengthen ties with your business. But with this generation, it's an expectation.

Speaking with colleagues struggling to manage the growing number of millennial staff, I've heard every complaint imaginable. The stereotype that they're lazy with an unearned sense of entitlement is just that, a stereotype.

For years, a dear family friend and car wash operator would only call with problems. He detailed what was wrong and exactly what must be done by everyone to correct it. Years later, his son, now in charge of the washes, calls to discuss what's going right and to brainstorm ideas to make things even better. Sure, you may have to update your management style to get the most out of this young workforce, but isn't that what success is all about?

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What will it Cost?

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Scary MATH



By **Anthony Analetto**,
President, SONNY'S The CarWash Factory



What the \$15/hour Minimum Wage Movement Means to You

I finally did it. Ever since reading a news story a few months back regarding California's passing a law to raise the minimum wage to \$15 per hour by 2022, I had been planning to sit down and calculate what the impact means to hand washes, a full-serves, and even express-exterior tunnels. Be forewarned that the following paragraphs contain some gruesome figures. What's worse, although California may have been the first to sign the minimum wage hike into law, a quick search online shows that the trend seems to be gaining traction across the country. As of January 1, 2015, 29 states, plus the District of Columbia, had already set their minimum wage above the federal hourly rate of \$7.25 level. That said, let's take a look at the numbers that should motivate any sane car wash operator to pay close attention to this potential threat to their livelihood.

Calculate Your Fully Burdened Labor Costs

It's ironic that California, the state infatuated with hand car wash tunnels, is the first to legislate them into extinction. The math may be scary, but it's pretty straight forward. Let's start by calculating the fully burdened wage of a \$15 per hour employee. Every business incurs additional costs such as taxes, benefits, and supplies that roll together into the actual burdened cost of labor.

First, each full time employee is paid to work 2,080 hours per year, which is equal to 40 hours per week times 52 weeks. Now you have to subtract any paid time off from that total. On average, often after a year of continuous employment, most car wash operators will give about 10 days which equates to 80 hours of paid leave to retain their best talent. So now the full-time employee paid to work 2,080 hours per year will only deliver 2,000 hours of labor. If I read correctly however, it looks like the California law will also mandate a minimum of 6 paid sick days. So, you may have planned to give 10 days of vacation, but now can only give 4 days due to this new requirement. Sadly, this penalizes your truly dedicated staff that are rarely sick, but these types of regulations are becoming increasingly common and must be accounted for when calculating your fully burdened labor costs.

Next, insurance, taxes, and other payroll expenses vary from state to state, but average about 20%. So 2,080 hours multiplied by \$15 will result in \$31,200 which then has to be "burdened" or multiplied by 20% for a total labor cost of \$37,440. Now just divide \$37,440, with is your actual cost, by 2,000 hours of actual labor, resulting in a fully burdened minimum hourly rate of \$18.72. Multiply that by 8 hours and each employee costs you \$150 per day. In reality, you'll have managers and veteran staff who

are paid more than the minimum, but that number is painful enough for the following example.

Validate Your Existing Business Model

If Benjamin Franklin were still alive today, it's likely his famous quote, "In this world nothing can be said to be certain, except death and taxes," might have also included increases to the minimum wage. Face it; Congress initially set the wage at 25 cents per hour in 1938. It's not a mystery that it will go up over time. The only mystery is why a business fails to plan accordingly for the inevitable. Like it or not, California's move to increase the minimum wage is likely to create national momentum for other states to follow. Whether it happens in 5 years, or in 15 years, every business owner, in every state, must have a clear understanding of the impact of a \$15 minimum wage on their operation. For the California hand wash example, I'll estimate that the average business employs 20 people per day. At \$150 per person for 8 hours, labor costs \$3,000 just to open the doors. That means if you charge \$20 for a full-service wash, you'll have to wash 150 cars just to pay your labor. Now add in all your fixed and variable expenses, stand back, and decide if your existing business model meets your investment requirements. If you are in California, you have some decisions to make quickly. If you are located elsewhere,

the clock is ticking. You have between 5 and 15 years to implement the necessary changes in each of the following categories.

Reduce Your Labor Requirement

Using labor to wash, rinse, dry, or shine the exterior of a vehicle is a fool's errand. For brevity, I'll assume that you long ago fully automated the wash process. Here I'd like to bring up some other areas where updating your use of technology can shave precious minutes from daily tasks. Can customers sign up for a wash club from your pay station, manage payments on your website? Have you automated your preventive maintenance program? Dig deep to identify ways to leverage technology to automate both your service and customer interaction. Then research funding options to make them happen. For the hand wash example above with 20 people, I'd estimate about \$400,000 to convert to an automated tunnel. Ignoring loan fees for simplicity, if you continue the full-serve but eliminate 6 staff from the wash process, you'd save \$900 per day (6 X \$150) and pay back the investment in 445 days (\$400,000 / \$900). If you instead convert to an express-exterior tunnel and eliminate 18 staff, keeping just one to guide on with a second for safety, you'll get a daily savings of \$2,700 (18 x \$150). At that rate, the \$400,000 investment to convert the site is paid off in only 148 days (\$400,000 / \$2,700).

Improve Your Labor Efficiency

Improving labor efficiency starts with making smarter hiring decisions. Evaluate your recruitment activities. Are you receiving a flow of applications from your website from potential candidates? Have you established interviewing procedures to identify candidates with a strong work ethic and a personality that lets them work well with customers and colleagues? You may need to increase the amount you spend on employment advertising. You may need to get additional training for yourself or your manager to become better interviewers. Whatever you do, make sure you've got the procedures in place to only allow the best talent you can find walk on to your property. Once you're hiring effective staff, evaluate your training programs to ensure they work accurately, safely, and leave your employees with a smile on their faces for customers to see. Combine that with proactive policies to retain your best talent and you might find that you don't mind paying \$15 an hour to a dedicated team that contributes value to your business.

Improve Customer Retention

Do you currently track vehicles and leverage a loyalty program to incentivize a future wash with coupons printed on the receipt? Are you leveraging a towel exchange program so customers have an added reason to come back to your wash? What about social media; are you engaging customers online, building a base of positive reviews, and managing your online reputation? When faced with increasing labor costs, it's natural to first look at automation. Once you're done with that however, don't forget the other side of the profit equation. When faced with escalating costs that are outside of your control, investments to acquire and retain customers may be the better path in the long term.

Increase Average Ticket

Notice that I didn't simply say raise prices. Instead, focus on moving people to higher wash packages and increasing your average ticket. You might evaluate additional pay waxes or other services in your top package to increase its conversion, price, or both. You might look at updating your menu, or even investing in some of the new digital options coming out that allow you to easily test different menus to identify the most effective design. Retail prices, like the minimum wage, both go up over time, but it's a lot less scary to raise the price of your base wash once 80% of your customers are picking a higher service level. Now that's the kind of math that helps me sleep at night.

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Bowing OUT Gracefully



By **Anthony Analetto**,
President, SONNY'S The CarWash Factory

I've heard it said that "every exit is an entry somewhere else", but that doesn't make creating your strategic exit plan any easier. Whether you have a vague plan of someday selling to the highest bidder, handing over your car wash legacy to your family, or selling one car wash simply to finance the construction of several more, you must have a plan for the succession or transfer of ownership of the business you've worked so hard to build. So where should you start? Let's take a look.

Knowing your EBITDA will give you a general idea of how an investor will begin to determine a price at which it makes sense for them to buy your business. EBITDA, which stands for Earnings Before Interest, Taxes, Depreciation, and Amortization, is certainly a mouthful, but really very simple to understand. Basically subtract expenses from revenue, excluding interest and taxes, without depreciation and amortization (what you pay for tangible and intangible assets) and the remaining number is your EBITDA. This number provides a potential investor a rough idea of your car wash's profitability as well as its ability to pay back interest or debts. Although an investor will never rely solely on EBITDA to value your property, it can serve as an advertisement that screams out "this wash merits close examination!" Basically,

it's an important number to know that you must take into consideration – whether you're planning to sell or not.

The Impact of Cost on EBITDA

First, making the right business choices, cutting unprofitable expenses, or expanding sales, can significantly impact your EBITDA. Start with what we'll refer to as "ghost" expenses. These small, seemingly trivial but recurring costs can start to add up quickly. Whether it's \$10 per month for an online directory listing that no one has ever clicked or \$30 per month for a cable hookup on a TV that currently runs a looped video promoting your wash, it's common for many washes we encounter to have \$300 or more in "ghost" expenses that are repeatedly paid month after month. Here's where the math begins to matter. $\$300 \times 12 \text{ months} = \$3,600$ per year. If an investor is willing to pay 6 times EBITDA, those "ghost" expenses will cost you $\$3,600 \times 6$ – meaning a \$21,600 reduction in the selling price.

Once you've eliminated "ghost" expenses, turn your attention to staying on top of any preventive maintenance (PM) that can artificially increase your chemical, water, or electrical consumption. Whether it's nozzles that are wasting detergent, a poorly timed rinse that's wasting water, or incorrectly timed

blower activation that's wasting electricity, like "ghost" expenses, these can add up quickly. Again, it's common to see \$500 or more in wasted chemical, water, and electric costs per month. It may seem odd to think of PM when trying to maximize the selling price of your wash, but it's not. $\$500 \times 12 \text{ months} = \$6,000$ per year. At a 6 times EBITDA selling price, you just lost \$36,000!

The next step to understanding how to best present your car wash's EBITDA isn't related to cutting costs, but instead how to present them more accurately. You may, for example, work from home and have additional utility, travel, and other expenses to maintain that home office. The salaries you pay yourself, or other key members of your management team may be higher than what the new owner anticipates paying, or if they operate other car washes, may already have some functions on their payroll. The buyer would add these expenses back into the value of your car wash to calculate an adjusted EBITDA referred to as a "field" EBITDA. Your real-estate brokers' understanding of the special considerations at a car wash is critical to make sure the field EBITDA accurately reflects your business. At the same time, your effort to categorize these items separately on your financial statements, can save time and improve accuracy. For most car washes,

it's not uncommon to see \$3,000 or more in monthly expenses that may be eliminated from your "field" EBITDA. Bearing in mind that $\$3,000 \times 12 \text{ months} = \$36,000$. At six times EBITDA, it can represent a \$216,000 difference in the value of your wash.

The Value of Predictable Revenue

Making money washing cars is as predictable as the weather. Everything you can do to demonstrate predictable revenue, regardless of the weather, will help make your property more attractive to potential investors. One way to do this is by developing a strong base of fleet accounts. Keep accurate books. Your effort to show consistent revenue generated from this segment helps demonstrate predictable revenue which in turn lowers risk. It's also a good idea to broaden your definition of what constitutes a fleet account when keeping your books. Obviously, the car rental agency, dealership, or police department qualify for this distinction, but what about smaller organizations? You may have worked out a deal with several local businesses or other groups that provide their employees or members with a discount code at your wash. Provided you track this separately, and accurately, this too can show a consistent revenue stream.

Monthly wash clubs can also help make your wash stand out in the market place. These programs allow customers to pay a recurring monthly fee in exchange for unlimited

washes. Being able to show a predictable sum of money deposited to your account each month, rain or shine, can do wonders for increasing the attractiveness of your car wash to a potential investor.

A Loyal Customer Base

You may know how many washes you sell each month, but do you know how many individual customers you have? Can you pinpoint how often they wash and what packages they purchased over an extended period of time? Normally when a car wash evaluates a POS system to track customers by license plate, club card, RFID tag, or other, the return on investment calculations are based on potential revenue generation. There's more to the story. Whatever detail you can provide that demonstrates a loyal customer base will facilitate the sale of your business at a higher amount when you ultimately decide to exit the industry. If you're able to match that customer, and their wash history, to an email address, or mailing address, you are now selling a customer base, in addition to selling your car wash. Even if you're not tracking your customers, don't be discouraged. Keeping careful track of how many loyalty club members can also be significant. This doesn't have to be complicated. Imagine, for example, that you distribute a simple punch card that gives the tenth wash free. Every time you print a box of cards, keep a ledger with the amount you printed. Every time someone redeems

a card, keep the monthly total in the same ledger. Now you'll be able to say "we have X thousand loyalty cards in circulation and average X wash redemptions per month." Wouldn't that information make you feel more comfortable when buying a business?

Here's the kicker; whether you're looking to sell your car wash in the next 2 months, or retire in the next 30 years, every action I outlined above will increase the profitability of your wash in the meantime. Make more money every day until you decide to bow out gracefully – that's what I call a strategic exit plan.

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Fore!



By **Anthony Analetto**,
President, SONNY'S The CarWash Factory

Leveraging Technology to Monitor Your Business

I'm only an average golfer. I love the game however, and play whenever I can. So what does golf have to do with washing cars? Recently, I had the privilege of playing with a group of friends at Pebble Beach. Naturally, I would check in at my washes periodically from my smart phone to see where we stood for the day. While playing, one friend, who is an electrician by trade, asked me why I kept checking my phone. I told him I was watching cars go through my tunnel back in Florida. I ran him through the daily counts, labor usage, average per car, etc. He was astounded! Not so much that this kind of technology exists, but that the car wash industry had so completely embraced it. It was his next question that caused me to pause. He asked, "Does every car wash have this type of technology in place?" The truth is that everything is evolving so quickly, I'm never completely confident that I'm leveraging the latest and greatest to grow my business, let alone answer for the industry as a whole. So I decided to start a list. Below is my first pass at reviewing the best practices to use technology for success as a car wash operator. I look forward to the flood

of emails I'm expecting from all of you with other suggestions to include. That said, let's take a look.

Monitor Your Online Presence

To start things off, I may as well dive into the technology I'm least familiar with, but is arguably one of the most important areas to master; online marketing. Take out your smartphone. Search the name of the town your wash is in, the state, and the word "best car wash." If you aren't looking at a little map with the name of your wash, your hours of operation, and a link for directions to your property, you have a huge problem. Try some other searches your customers might make such as "city state car wash coupons." Better yet, try "city state worst car wash" and make sure you're not looking at your business. Read your online reviews. Creating engaging social media campaigns, location-based online advertising, email, and responsive mobile websites, are not optional technology for a car wash. Does that mean you need to be an expert in this area? Absolutely not. Does it mean you may have to hire a marketing agency to help you be competitive? Absolutely yes. After that, you just have to periodically search

for your wash to make sure everything is still working. I'd also recommend going to [google.com/alerts](https://www.google.com/alerts) where you can set it up to have an email sent to you anytime the name of your wash appears online. Both tasks I'm happy to say can be done from a golf cart anywhere in the world.

Monitor Cameras

Investing in a high quality camera system to monitor all areas of your facility will improve customer satisfaction, employee productivity, and safety. Start at the tunnel entrance. A surface level video must be recorded for all vehicles before entering the wash to identify any pre-existing damage. This takes away the guesswork of "did we damage the car?" Not only will you save on damage claims, you will also ensure customers who didn't know their car was already scratched under the layer of dirt will leave satisfied with your service.

The next mandatory set of cameras must record all employee interactions with customers. Depending on your layout this could include greeters, guide-on attendants, cashiers, as well as all vacuum and aftercare areas. Monitor the cameras often. Watch

Ward



Thinking

for employees doing things correctly. When you see positive behaviors, call your staff and praise them for it. Periodic calls to thank an employee for smiling while talking to a customer on camera will improve customer service and satisfaction and make it stick, even when you're not there. Also keep all areas of the tunnel and back room under surveillance for safety. If I know my staff is scheduled to perform an afterhours maintenance, I'll check before they start to make sure ladders are in a safe place, and that they did proper lockout and tag out procedures. A quick phone call to let your staff know that you confirmed on the cameras that proper procedures were followed is another powerful tool to let them know you are concerned about their safety.

Monitor Chemistry & Maintenance

The average car wash produces a lot of data that you can leverage to monitor your operation. The logic is straightforward. Each car you wash should consume a known quantity of chemistry, water, and electricity. Whether you use too much, or too little, both are a problem. Too much chemical consumed could indicate worn nozzles that destroy profits, whereas too little can be caused by a clogged injector that will ruin customer satisfaction. This is nothing new, and most operators will compare monthly invoices to car counts using a spreadsheet to identify issues. But why wait? There are systems hitting the market that will be able to

monitor consumption, compare to established quantities per car, alert you in real-time of potential issues, and notify you if equipment is reaching its life expectancy. Soon you can be sitting in your golf cart and receive a text notification that the kilowatt consumption at one of your locations spiked, indicating a potential motor failure. Now that's leveraging technology!

Monitor Car Counts and Sales

Does your daily wash volume match the anticipated car count for the amount of precipitation and day of the week? Do you have access to live reporting on your cars per hour, cars per man hour, sales by department, commissions, and other labor percentages? Most car washes have some level of reporting, and those built within the last decade often have advanced visibility into the vital statistics to ensure the business is running properly. The latest POS systems from all of the manufacturers, however, are leveraging technology to add valuable bells and whistles at an alarming rate. Some now track incidents to identify patterns and resolutions. Others can interact directly with your club member's social media accounts. And all of the systems continue to streamline the customer experience at automated greeters and your entire property. For many years purchasing a car wash management system was a onetime investment that was expected to last

decades. Now I find myself monitoring the latest advancements and news to see what's next, deciding when it might make sense to upgrade. Fortunately I can do that research in between holes from a golf cart as well.

Monitor Your Future

Less than ten years ago I had a cell phone that did one thing, it made phone calls. Today I have live access to all the information known to humankind in my pocket. Technology is evolving so quickly, and impacts so many areas of your business; it's a full-time job to make sure you're using the latest and greatest to take your unfair share of the business in your market. I look forward to your messages on other ideas I didn't address and will feature them in future articles. So far, the only thing I know for certain is that if you can't control your business and customer experience from any spot on the planet, even in a golf-cart, then you're not leveraging technology to monitor your business.

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Coloring Outside the LINES

Best Practices in Site Selection



By **Anthony Analetto**,
President, SONNY'S The CarWash Factory

With real estate prices soaring, and the car wash industry booming, some have resorted to buying properties that wouldn't have been considered even just a few years ago due to cost considerations. While it's one thing for a newcomer to the industry to build in a location with questionable traits, it's another thing entirely when we see industry veterans, some with several existing locations, breaking standard site selection rules.

These folks appear to be coloring outside the lines when it comes to finding wash sites. Granted, some are posting record numbers, but is this the type of gamble for you? Well, before you pick an alternative site, you should be familiar with what the rules are before you break any of them.

Most industry experts agree that site selection is the single biggest decision you'll make regarding the success of your car wash. I

have seen operators make money in spite of themselves when they have chosen a great location. Conversely, I have seen great operators believe that their marketing and management skill can overcome a poor location struggle to stay alive. The fact is that part of selecting a winning site relies on understanding that particular market. Experience and intuition play a role as well. Regardless, before you consider an alternative site for your next car wash project, you must know what criteria contribute most heavily to a car wash's success. So, what are they? Let's take a look.

1. Traffic should exceed 25K cars per day in a 24 hour period. That's the bare minimum. When looking at a particular location always remember that not all traffic is created equal. Several conditions should be discounted from the raw number of cars. First is commuter

traffic. Employees on their way to and from work stop less often for a car wash than local residents and should be discounted. Also, too much traffic during peak hours isn't always a good thing. If the road you're considering get so congested during rush hour that it's stop-and-go driving, discount that traffic as well. Few people will pull off the road and further delay their drive so eliminate them. Also, when looking at a property on a divided highway, or without a nearby turning lane, only consider the traffic on your side of the street.

2. The property must be visible from a distance and easy accessible with enough time to slow and make a safe turn into the property. Ideally there is a deceleration lane. In a perfect world, your proposed property is on the right hand side after a stop light with the road bending to the left. Businesses on the inside of a curve

have limited visibility from either direction. That might be sufficient for a destination franchise, but car washes are often an impulse buy and visibility is critical.

3. Whether it's a street sign or a building sign, zoning rules must allow you to prominently promote your brand and service. Don't immediately be discouraged if a monument sign or a pole sign isn't an option in a particular municipality. I've seen creative uses of building signs and even architectural enhancements to overcome this. That said, never make assumptions. Confirm with reasonable certainty that you will be able to effectively promote your business to customers driving by with sufficient time to slow down and pull in. If that isn't available, I'd recommend moving on to another piece of land.

4. Traffic speed shouldn't exceed 45 mph in front of the ingress. Speed matters. Not too fast, not too slow. Too fast and potential customers will zip past never realizing your wash is there. Too congested and frustrated drivers, eager to get through the traffic, seldom pull in for a car wash. Are there exceptions? Of course. Stop lights and signs can create intermittent traffic conditions that work well even if the posted speed limit is over 45 mph. That said, it is rare for a car wash to perform well without a flow of traffic moving by at a reasonable speed.

5. Population density should exceed 50K in a three mile radius. It's not only the raw number that matters. Look for markets with high occupancy rates, meaning, the market isn't saturated with unoccupied units available for rent or sale. Mixed residential with some apartment inventory, not just single family homes, is preferable. Apartment complexes rarely allow driveway washing and can positively impact overall volume. Some locations in rural communities, or markets not saturated with other washes, have found success with just 35K of population densities in a three mile radius. That said, don't look below 50K unless you have the experience and intuition to back it up.

6. Look for markets with a working population with at least 55% of the total population being between the ages of 25 to 55. Simple logic here, as a general rule, employed people have more disposable income than retirees and students.

7. Ideally 50% of your proposed market should make over \$50K household income per year. This is critical for a full or flex serve,

though the higher income level is somewhat relaxed for an express-exterior wash. Even with an express wash however, rarely will you find success in a market where 50% or more of the market is below \$35K annual household income.

8. Total population and income should be projected to grow over the next five years within a 3-mile radius of the property you're considering. Enter a market too early and you may fail before it takes off. Buy too late and the cost of the land may not fit your investment objective. Review census data to see if the population is growing. Visit the city planner's office to see which, if any land areas have been plotted for retail development. You're looking for opportunities to get in before land prices surge that have sufficient traffic to support your businesses during that growth. Sometimes you'll see a wash doing a great business in a growing market and think they got lucky and timed it just right. Don't be fooled. Too often I've seen new washes build prematurely, only to finally find success on the second or third owner. Do your homework and don't let this happen to you.

9. Car washing should be a permit-able use for the property before you invest money. If it's not, be prepared to spend tens, or even hundreds of thousands of dollars to get an exception made, with no guarantee that you'll have anything to show for it. Sometimes a great site is worth fighting for, and if successful, it will be practically impossible for a competitor to enter the market. That process isn't for the faint of heart, and most investors would do well to stick with land that is zoned for car washing.

10. Required utilities should be available before you make an offer. This includes the presence of a two inch water main and sewer connection without an exorbitant impact fee. Three-phase electricity must also be available. Don't assume. I've had to help operators size diesel generators mid construction because they assumed that the 3-phase transformer they saw on the other side of the street meant it was available where they were building. That kind of drama wastes time, and money, so do your homework first.

11. Seek a property that has no direct competition within three miles of the wash. Don't only look at existing sites, check with planning and zoning for your town, and neighboring towns, for new car wash permits that have been applied for. Also consider in-

bay, self-serve, and c-store rollovers that may not be a direct competitor, but can be easily converted to a tunnel wash. Traffic patterns, intersections, and other market criteria such as population density and income lead many investors to dismiss the three mile rule of thumb. I won't deny that many are finding mutual success operating much closer than the traditional guideline. Call me old fashioned, but I still don't think I'd build less than 3 miles from a direct competitor.

If you find sites with all of these characteristics you should fare well, provided you deliver a consistent quality product, good value, and a positive customer experience. If you're going to color outside the lines on the rules of thumb I outlined above, then you'd better make sure you know what you're doing. Let common sense prevail. Business is about making a sound return on your investment. As the market heats up and land is harder to find it's easy to cut corners. Don't fall prey to this tendency. Rely upon good, sound, business practice and common sense before moving forward on a property for your next car wash project.

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What's It
WORTH
to you?



By **Anthony Analetto**,
President, SONNY'S The CarWash Factory

What's it worth to you? Ever hear that expression? As a kid, did you trade marbles, or maybe baseball cards? If so, you may have asked the question yourself to a friend when he said he wanted your prized rookie baseball card or perfect "Cat's Eye" marble. "What's it worth to you?" You would then usually try to negotiate the most value you could for your prized possession. So how does this relate to car washing? Let's take a look.

Last week, I was speaking to a multi-unit operator about the upcoming ICA trade show in Nashville. Most of his washes are within driving distance to the convention center, so I asked how many of his managers would be attending the show. I was taken aback by his response. He wasn't sure if he would send any of them. He was focused on the costs of doing so – room and board, travel, opportunity cost of having them away from the washes for a couple days – rather than any of the potential benefits. Had I asked him, "what's it worth to you?" he wouldn't have had the slightest idea. He's not alone. Nearly all car wash owners/

operators train their people to some extent, and many invest significant resources to do so. And yet, they generally don't have any idea whether they're getting any real, transferrable business value from training. The return on teaching new employees the specifics of their jobs, maintenance procedures, and repair troubleshooting are relatively easy to quantify and measure – downtime and poor customer service cost money. But most operators struggle to gauge the return on investment in areas such as leadership, communication, performance management, or lean operations. Truth be told, it's difficult to measure. You could survey customers on their satisfaction before and after training investments, or track profits, but the effort involved is high and in most cases, correlation does not indicate causation. So what's the answer? Easy, just rephrase the question.

Early in my career, whenever I asked myself what it was "worth" to send select managers to trade shows or other trainings, by the time I added up the costs, I almost always

concluded it wasn't worth it. Fortunately, an industry mentor taught me a different way to think about it. He told me to ask myself, "what's it worth to give your managers pride of ownership?" The words sunk in. I certainly had valued employees who consistently demonstrated pride of ownership in my business. They were the kids that worked as long as it took to make emergency repairs without complaint. These were the staff members that worked independently to learn my business inside and out. They were the guys I trusted to do the right things when I wasn't there. I knew exactly what these employees were worth; they were absolutely priceless, and rare. If sending a couple managers to a trade show or other training event could instill pride of ownership in my business for even a fraction of those that attended, then the investment was well worth it. Armed with that insight, it's easy to start planning ways to cultivate pride of ownership amongst your staff, and few investments will pay off more handsomely.

Schedule Formal Weekly Meetings

In the car wash industry, the word formal can mean very different things to different folks. I know some operators who hold their weekly meetings in a boardroom complete with projector and white board. Another had the entire management team meet every Wednesday night at a local steakhouse for dinner. Regardless of which venue or setting



you choose, there are two non-negotiable rules that must be followed. The first is that any meeting must be scheduled at least a week in advance. Important events are always scheduled and this simple act establishes its importance. The second is that you must have a formal agenda in place and communicated before the meeting begins. It doesn't have to be complicated.

Usually there are three sections to any effective meeting agenda. First, each manager will review the reports and numbers from their location on a simple "green, yellow, red" scale, for "on track, of concern, and off track," respectively. Ideally you've established key performance indicators (KPIs), and the manager details actions being taken to correct any that are in the red. Second, open the floor for the meeting attendees to suggest additional agenda items or quickly outline issues they are having that they'd like feedback from the group to help them solve. Some of these conversations will create action items or tasks that have to be completed by an established date. Third, review the action items from the previous week to confirm all were completed or are on track. That's all there is to it. One note of caution; never lose sight of the fact that the purpose of this meeting is to cultivate a shared sense of ownership in the success of the business. Everyone who attends should leave with a feeling that he's a part of something bigger than himself. When issues come up that cause conflict, the facilitator (usually the owner) must get the group back on track and re-focused on the shared vision or goal.

Reward Top Performers with Offsite Training

Salary and bonuses are of course a vital incentive to cultivate and retain top performing staff, but they're not everything, especially for employees who demonstrate pride of ownership in their work. Your tangible feedback that their efforts are recognized and valued can have a powerful impact on elevating performance, and nothing does this more effectively than investing in their continued professional development. Sending top performers to offsite training does more than improve their knowledge and skills; it elevates their status within your team, and makes them role models for other team members. Car wash-specific training is of course valuable, but it's not the only option. Consider courses in customer service, staff management, and even computer skills if they are compiling reports. You may be surprised to learn that these courses are prevalent and affordable in many markets, and most importantly, they are a powerful tool to cultivate pride of ownership from your staff.

Send Top Performers to Trade Shows

Sending your top performers to an industry tradeshow can cultivate knowledge, enthusiasm, prestige, and pride of ownership better and faster than nearly any other investment that you can make directly in your staff members. Don't send anyone to a trade show however – you included – without a plan and specific goals. Generate a list of booths and seminars you want them to attend, people

they should meet with, and information to bring back. Work with them to include things that they believe would be valuable, as well. Remember, your goal is to make them feel ownership of the process and your business. Personally, I like to keep it simple. Whenever I send one of my managers to a tradeshow, I instruct them to bring back no less than five ideas they found on the tradeshow floor to improve our business. They then have to identify "the one thing" from the five that they feel would have the biggest impact and write a plan to implement it. It's a beautiful thing when your staff not only feels pride of ownership, but also acts like owners planning ways to make your business more successful.

So now we're back to where we started. Ask yourself again "what's it worth" to send select managers to trade shows or other trainings? "What's it worth" to hold formal weekly meetings? Whether it's a prized rookie baseball card, a perfect "Cat's Eye" marble, or investing in developing the staff in your business, it's amazing how much easier it is to invest wisely once you know what something is worth to you.

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Don't **BITE** the HAND *that feeds you.*



By **Anthony Analetto**,
President, SONNY'S The CarWash Factory

I'm sure you've all heard the expression before, "don't bite the hand that feeds you."

Hopefully, you are in a position where your business is strong enough that it affords you a nice living. You are able to pay yourself a weekly salary and also take home a healthy share of the profits. But are you taking too much and starving the business for cash? When it comes to your business, are you biting the giving hand? What do I mean by that? Let's take a look.

Keep Up with Technology

I sometimes think it's fortunate that I'm an absentee owner. Each time I visit my properties, I can look at the business objectively from a customer's perspective. On a recent visit, the sluggish response of the pay stations was nothing short of painful. I told a colleague that I felt it was time to replace the entire system -- three lanes at two locations -- and he was surprised. I explained that one location was already 10 years old and that in my mind, they were past their useful life. This particular colleague remained unconvinced that investing hundreds of thousands of dollars to replace a working POS system and gated entry made sense. That's the point of this article.

I'm lucky. I'm constantly visiting washes across the country and attending trade shows. I'm continually interacting with the latest car wash technology. I liken it to

cell phones. A new model comes out; you visit the store, and realize that the value of the improved experience outweighs the investment. You buy a new phone and your life improves. Faster and easier is valuable. How old is your cell phone? How old is your home computer? Chances are it's newer than some of the technology at your wash. If you recognize the value of faster and easier for your personal gadgets, don't underestimate the impact it can have on making your customer's experience at the wash more enjoyable.

Consumer's expectations are evolving. If you don't believe me, look at the advertising for any new car. Things such as the ease of use of the navigation and entertainment system are emphasized over old-school bullet points like reliability and even performance. Before buying your next luxury gadget, take a closer look at the technology powering your business. The design of the user interface your customers use to buy your service and use monthly passes and other loyalty benefits across multiple locations may become as important as wash quality over time.

Expand Your Worldview

I hinted at this one above. I'll admit, just as local news often seems more urgent than some catastrophe on the other side of the planet, it's easy to let issues going on at our own washes, or in our own markets, dominate our attention. You can't afford to

let that happen. You've got to get out there. Attend trade shows both inside and outside your market to get a new perspective or two. Take road trips to visit exciting washes and learn from what they are doing. Just like the technology aspect of our industry, innovations in both wash technology and customer experience are developing at a blistering pace. You've got to touch and feel what's happening out there to appreciate just how quickly our industry is changing. Just over 10 years ago people were debating if the express-exterior, gated entry, free-vacuum model was a fad. Today, that model accounts for the vast majority of new washes being built and \$10 ticket averages at these washes are becoming the rule, not the exception. It's about entertainment and experience. Do you take advantage of the latest chemistry and equipment technology to deliver a superior product that surpasses customer expectations? Do you leverage LEDs to deliver a light show that provides such an incredible experience that customers are lining up to pay \$20 or more for an exterior wash? If you aren't, and instead are investing in your own hobbies and interests outside the business, don't be surprised if a competitor takes that as an invitation to enter your market.

Upgrade Your Investment

Almost everyone understands that upgrades made to their houses will improve the value of the investment they've made in their property. Even if they have no intention to sell, they'll

upgrade bathrooms, kitchens, and more based on the logic that it will improve the potential resale value of the property while simultaneously letting them enjoy the value of the upgrade. Sound logic. So why is it that so many car washes only seem to go on the market once the property is in such disrepair that the value of the business is barely higher than the value of the dirt it sits on? Just like a residential property, a car wash must be continuously upgraded to maintain its value.

Don't confuse upgrades with having enough equipment, in good working order, to deliver a consistently clean, dry, shiny car. I'll assume you already meet that basic requirement at your peak wash volume. What I'm referring to are the upgrades that either add to, or dramatically improve upon the customer experience at your wash. They don't need to be in the tunnel. Building enhancements, canopies, signage, and landscaping can do wonders to attract and retain new customers. Inside the tunnel, consider some of the new premium wax applicators and chemistry available to elevate customer experience. In the back room, evaluate the return on investment of some of the new chemical proportioning and dispensing systems, or look to improve your finished product by introducing a spot-free final rinse.

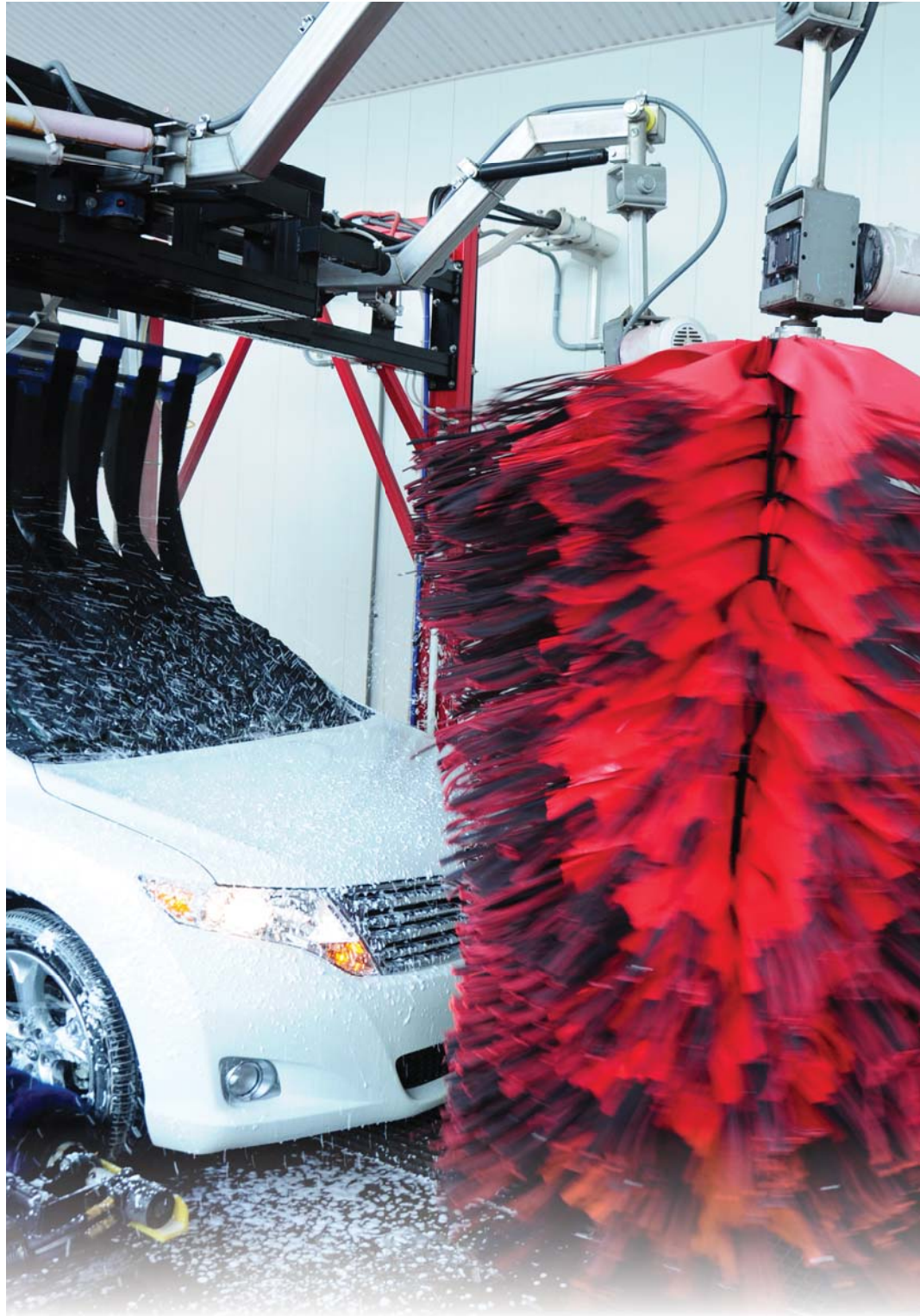
The opportunities are endless. Whatever you do, before looking to remodel the kitchen in your home for the third time, make sure you've identified at least one opportunity to upgrade the business that feeds you.

Leverage Your Strengths

I started this article by saying that I hoped you were in a position where your business is strong enough that it affords you a nice living. Many owners and operators are. As is the case in any industry, some are not. If you find yourself in a position where your car wash business is providing you with a healthy share of its profits, I want to let you in on a secret; you're good at this. You've demonstrated a knack for picking locations and providing a consistent quality service that your customers value. It's possible that you're looking to build, or have already built multiple locations. Don't let that success lull you into thinking that your business is a permanent cash cow. Plain and simple, it isn't. Running a successful car wash business demands that you keep up with technology, monitor new trends, and constantly upgrade the value you deliver to your customers.

To me, an entrepreneur upgrading their lifestyle from the rewards of their effort is a noble pursuit. There is nothing wrong with enjoying the fruits of your labor, just make sure to first take care of the hand that feeds you.

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Let **FISH SWIM** & Car Washers **Wash**



By **Anthony Analetto**,
President, SONNY'S The CarWash Factory

I struggled with the title for this one. I started with, "Do What You Do Best and Leverage the Rest." That seemed too boring. Next, I tried "Penny Wise and Time Foolish." That didn't seem to cover all aspects of this somewhat complicated opportunity. I wanted something that would really grab your attention because this one is responsible for a lot of missed growth. I'm talking about knowing when it makes sense to hire an expert in their field to help grow your business.

What if I told you to pay the asking price for land on your next project, without trying to negotiate? Would you call me a fool? What if I told you this was a lesson shared to me from a dear colleague in our industry who has built more car washes from the ground up than any other operator I know? He explained that if he negotiates a great deal on the purchase price, he typically has to agree to a fast close. Car wash permitting can be a long and unpredictable process. Today, provided the asking price is reasonable for the predicted revenue, he offers the asking price with some conditions. He'll sign a contract that stipulates that the closing is contingent upon the issuance of permits from the municipality. He then hires an architect and a legal team

to expedite permitting with the city, and he invests a significant amount of money on land he doesn't actually own yet. Seem crazy? As my friend explains, he'd have to spend that money anyway, but after having experienced unanticipated permitting delays that exceeded a year, he's learned that managing the carrying costs on land isn't his expertise. He focuses on what he does best, which is getting a property permitted for a car wash, and he lets the broker do what brokers do best, which is managing the carrying costs of real estate while waiting for a sale. In his words, "it's a win-win for all. I may pay more for the piece of dirt, but more often than not I spend less overall than if I had to carry the land. More importantly, it lets me focus on making the right decisions instead of cutting corners because I'm not worried about bleeding money on a vacant lot that I can't develop."

Before applying this theory to other areas of the wash, I'll admit to being as guilty as the next guy at believing I can be an expert at everything. Fortunately, age, wisdom, and mentoring from colleagues like the one above have afforded me the ability to know when to let fish swim and car washers wash. I'll share a humbling story. Several years ago,

we purchased a very expensive CNC machine for the factory. It is extremely flexible, and its capabilities over and above our current machines would significantly increase our capacity. We purchased the machine the only way we knew how – as a standalone machine. It took us over a year to design, cut, and program all of the fixtures and parts that we needed to run the machine at capacity. Fast forward to this year. We are bringing another similar machine online, and after talking to a good friend of the company, we paid the machine tool supplier to have the fixtures and robot cell designed, programmed, and integrated prior to delivery. They have now developed all of the programs, custom work holding solutions, and integration that we need to be able to run the machine at capacity from day 1. Our engineers will go to their facility for training next month on a fully functional machine and return to work two days later. The machine will be dismantled, shipped, installed, and will deliver the full value we need as soon as it hits the floor. It's difficult to know when it makes more sense to pay for expertise, and when it's prudent to do things yourself. Each car wash operator represents a different set of skills. That said, here are a few areas to consider bringing in outside help for.

Landscaping

You've got staff. You've got downtime. You've got a lawnmower, a weed whacker, and a leaf blower. Add them together and you've got a landscaping service. Right? Not really. Curb appeal is a major factor in attracting and retaining customers. Your staff might do a fantastic job keeping things tidy, but it's unlikely many of them will have a green thumb for pruning, pulling weeds, plant selection, and re-mulching. This is definitely an area where

you might want to let a landscaper landscape while you focus on washing cars.

HR & Payroll

Outsourcing payroll lessens the time you or your management spend on calculating tax obligations and preparing checks. Regulations change constantly, and the penalties for noncompliance are steep. Leveraging outsourced payroll services alleviates your need to know the latest filing deadlines, deposit requirements, or keeping on top of software versions and updates to your payroll system. Unless you have a background in accounting, letting a payroll company take care of payroll may be the right move to let you and your staff focus on washing cars.

Marketing

Simply relying on passersby to turn onto your lot is not a business generation strategy. Every wash needs a marketing plan in place and the wherewithal to execute it. If you feel like running out of the room when someone starts talking about inbound versus outbound marketing strategy, then it might be time to consider hiring a marketing agency. Just because you may not want to weigh the search engine advantages of launching a responsive website against the investment you'll have to make, doesn't mean you can put it on the back burner. Our industry is filled with some very savvy marketers. If you're not one of them you owe it to the growth of your business to hire an agency that can get the job done.

Installation and Upgrades

Every operator must master preventive maintenance and troubleshooting to survive in this industry. When it comes to installation and system upgrades however, sometimes it's best to contract a local specialist. It kills me to

visit a location struggling to produce a clean car, only to find out a brush is rotating in the wrong direction.

Environmental

The other night I was pumping gas at a beautiful c-store with a car wash. Anyone in the gas business knows that it's not uncommon for water to seep into the tanks after a heavy rain. Gas floats over water, so it's a relatively simple process to pump the water from under the gas into barrels and have them hauled away by a company specializing in hazardous waste. Let's just say that the owner was alarmed to learn that his staff may have forgotten the barrel part of the equation, mistakenly pumping the hazardous mixture directly into the sewer, in plain sight of anyone driving by. Let's just say that this owner has since contracted a company specializing in waste management to maintain his tanks.

I always feel good when I can help someone else learn the valuable lesson I was taught – to hire expertise when it makes sense to avoid risk and capitalize on opportunity. Don't learn this lesson the hard way. Look at your business now and take out a pen. Write down all the opportunities you see. Chances are one or more of the items on that list are standing between you and serious growth.

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Christmas *in February*



By **Anthony Analetto**,
President, SONNY'S The CarWash Factory

Ho, Ho, Ho, and Merry Christmas. That's right, I'm writing about Christmas in February. Why? Because last December, right before the holidays, I was on the phone with multiple operators, each talking about holiday marketing plans, asking what I thought was most effective for promoting gift-card sales. I hate to be blunt, but the time to plan your holiday marketing isn't three weeks before the big day, actually, it's now, in February, months before. Like most things in life, there's more to it than meets the eye. Effective holiday marketing is about much more than throwing on a Santa hat and selling gift cards. Put yourself in your customer's shoes. Pretend you've decided to give a gift card to a loved one. Picture yourself in front of the gift-card display rack at your favorite grocery store. There are a lot of safe bets from national franchises to choose from. If you're still in doubt, you can simply opt for a cash card. What in the world would inspire you to risk going to a local store, especially one selling a service rather than a durable good, and buy a holiday gift card to give to a friend or loved one? The answer is, and here's what I hope is the "ah-ha" moment in this article, that any customer so bold as to buy a gift card for your car wash is a raving fan of your business. They love you so much, that they want to use the holidays to tell their friends and family how great your wash is. They trust the consistency of your product. They anticipate the recipient of the card loving your service as much as they do and being appreciative of the gift. I'm sorry, but if your holiday gift card sales are lagging, it's unlikely that a different incentive, sign, or email blast alone will fix the

problem. Your opportunity is to evaluate what you're doing to cultivate customer loyalty over the next 10 months. Don't fall into the trap of thinking that delivering a clean, dry, shiny car is enough to develop repeat business. Like most worthwhile endeavors, creating loyal customers takes hard work. Let's take a look.

Get Your Staff on the Same Page

Step one in creating brand loyalty is putting your customer's satisfaction first. So, for example, when a regular customer who washes every week with your base package, comes in with an exceptionally dirty car, and after the wash, complains that the wheels are still dirty, you can't afford to have your staff tell them that next time he should pick the higher package with extra wheel cleaning. You and I know that there won't be a next time and that you've just lost a repeat customer, and potentially their friends, for life. Imagine if instead, your staff thanked the customer for their repeat business, explained how in addition to providing a better shine and protecting their vehicle that the top wash package also included additional wheel cleaning, and then gave the customer a free top wash so that they could try it and see the difference. That single gesture would likely commit that weekly customer to your wash, for years to come, with a higher average ticket, and possibly a holiday gift-card sale to boot. Getting staff to recognize repeat customers and make the right decisions demands training. Even more important, it demands that you make your expectation to put your customer's satisfaction known and lead by example. Unless you plan to live at the wash, you must empower staff to handle situations in a way

that builds repeat business with processes and procedures in place to avoid abuse. Sound like hard work? It absolutely is, but the payoff is huge.

Be Consistent Above All Else

Developing a base of loyal customers that may eventually buy holiday gift cards demands delivering an absolutely consistent experience. Notice I didn't say a consistent quality wash, but experience. That means a predictable wait time, predictable amenities, and predictable staff interaction, in addition to a consistent wash quality. True excellence cannot be a hit or miss thing. It may not happen overnight, but your ability to execute this step will form the foundation of your customer retention program. Identify Your Loyal Customers

It's hard to build repeat business if you don't know who your regular customers are and what they value most. Some of your best managers and employees will know some of your best customers, but that isn't reliable enough for our purposes. That leads us to automation in some form, and the options are endless. I don't have space in this column to review the pros and cons of RFID tags, license plate tracking, VIP cards, club member decals, or any of the other tools readily available. Any of them can do the job, that isn't the problem. Many locations even have some form of a tracking system already available, underutilized, or forgotten about. The problem is that tracking customers and collecting data requires relentless training and management. Make the decision to get this done and you'll have a foundation from which to build customer loyalty while increasing the revenue and value of your business.

Keep it Personal

The very definition of a repeat customer is someone whom you get to know. If you've ever gone up to a service counter, and an employee greets you by name, you know how powerful that can be. If they remember a personal detail about you, whether it's a favorite beverage you frequently order, or the type of car you're bringing in for service, you have a powerful competitive advantage that's very difficult to beat. I hear many owner/operators of express-exterior locations with pay stations comment that it's difficult to make a personal connection with customers with this wash format. In answer to this dilemma, I'd like to take the opportunity to repeat one of my favorite phrases; "the harder you work, the luckier you get." I've seen some express operators keep everything from slushies to dog biscuits next to the guide-on attendant who hands them out while thanking customers for their business. Others hand out cards that prompt customers to take an online survey. Basically, where there's a will, there's a way.

Stay in Contact

Like the tools available to track customers, the options to stay in contact are plentiful, and cheap. We often tend to think about staying in contact with customers in terms of sending things to them with an incentive to visit our wash. A coupon for example, whether sent via email, mail, or social media, is still a coupon. Don't limit yourself. Remember the fourth step to keep it personal. Today's technology may make it easy to send out thousands of coupons at the push of button, but it also gives you ways to stay in contact indirectly that are equally valuable. Let followers on social media know about the latest equipment or chemical changes you've made and how excited you are at the results. Write blog posts about your latest charity activities. Basically, find a way to get personal with your customers, deliver a consistent overall experience, and stay in contact over the next 10 months and don't be surprised if both customer loyalty, and as a consequence, your holiday gift-card sales skyrocket this year.

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Enhancement Group Revolution



By **Anthony Analetto**,
President, SONNY'S The CarWash Factory

Sit down and ask yourself “how exactly do I stack up?” Are you keeping up with the Joneses? I don’t mean in your local community, I mean overall, how do your rate compared to your peers? Are you at the top, middle, or perhaps the bottom end of the industry as it relates to volume, revenue, labor costs, and profits?

Do you really want to know? Let’s start off the New Year on an honest foot and admit “hell yeah, I want to know!” Fortunately, there’s a new trend gaining traction that will not only satisfy your curiosity, but help grow your business, and even lower your operating costs. What is this magic? Let’s take a look.

What is an Enhancement Group?

Imagine this. Ten or so car wash operators from different markets get together once per quarter, four times per year, to open their books, pick each other’s businesses apart, and share ideas to solve problems and capitalize on opportunities; basically to enhance their operations. That’s right; open your books, your ledgers, your controllers, and let other industry veterans rip them apart. Some of you may have reflexively cringed while reading that last line. For many, that’s information you wouldn’t share with a close family member, let alone a complete stranger. But that’s exactly

what a growing number of operators are doing with phenomenal results. It’s not just about learning how you stack up, it’s about supercharging your business. If you’re not yet part of an enhancement group, or haven’t even heard of the concept, you’re poised to be at a disadvantage to competitors in your market who are. If that last line made you cringe more deeply than the idea of opening your books to a complete stranger, then you’re an ideal candidate to create, or join, an enhancement group. It’s easier than it sounds.

Identify potential members

You’re looking to join forces with the biggest and “baddest” group of similar operators you can assemble. Don’t be shy here. If you have a wash generating positive cash flow, you have as much credibility as the next guy. Chances are you’ve already started to form a list of colleagues you’ve met in the industry for a potential enhancement group while reading this article. If not, no worries. Create a spreadsheet that includes the wash name, owner name, contact info, wash format, and other site criteria that you believe are relevant. You’re looking for members facing similar challenges and opportunities. Granted, many operators, especially those with multiple locations, blur the lines of the various wash

formats. That said, it’s unlikely an operator with five hand washes, committed to opening five more, would pair well with someone running five express-exterior tunnels committed to opening five more. Let common sense prevail and head out to some trade shows including those outside your region. Attend networking events, trade business cards, and make some friends. There’s no minimum number to start, but 10 seems to be the maximum for a productive group. Once you’ve identified several like-minded candidates you feel you could sit in a room with for an entire day discussing the inner workings of your business, move onto the next step.

Create an agenda

Enhancement groups are more formal affairs. I know many operators who get together once a year with colleagues in the industry to do something fun. Hunting trips, fishing trips, ski trips, golf trips, and any other trips with industry friends are great, and are bound to reveal useful ideas relevant to business, but they are not enhancement group meetings. A typical meeting will last two days. The first day may actually be a fun activity or even just dinner, but the next day is a structured business meeting. The meeting should have an agenda that’s shared ahead of time and commented upon by all members before



arriving. One member should be tasked with keeping minutes or notes from the meeting, writing up a summary of all discussions held, and sending a copy to all members afterwards. The first item on each meeting's agenda should be to review the minutes from the previous meeting, followed by relevant topics decided ahead of time to discuss. What's relevant varies and depends upon the members of the group, but general topics include insurance, staffing, working with local municipalities, service quality, construction, advertising, menu design, maintenance issues, equipment upgrades, chemistry, facility maintenance, and dealing with weather issues such as drought or snow removal to name a few.

If this is the first meeting you're organizing for an unsuspecting group of fellow operators you'll still want to create a proposed agenda that you can discuss when inviting them. Fun is fun and business is business. Enhancement groups are about business, and adhering to some standard conventions sets the tone for a more productive use of everyone's time.

Be transparent

To me, this is the foundation of a successful enhancement group. All operators that are part of groups that have helped one another grow with astronomical success have shared their numbers with complete transparency. It's not just about discovering where they rank; it's about discovering the impact of their past programs and being confident in the potential payoff of trying new things. When I previously discussed identifying several "like-minded" candidates for your group based on business similarities, this takes it to another level. You must also feel confident that you can share confidential information confidentially. I know one group that brings a shredder to the meetings. Friends are friends but business is business. That group happens to be the best of friends, but to this day, everyone brings a set of

their financials for all members to use during the meeting and all documents are shredded at the end.

Be a good host

Hosting of the enhancement group will normally rotate from member to member. If you're the host, most groups will have equitable practices to share expenses, but make sure you're a good host. Some washes may have an office space with a projector and seating for the group to work in a professional environment, but most don't. Be prepared to rent a conference room at the local hotel where other members are staying, and where you should have negotiated a discount for their stay. Also, don't be afraid to take it on the road. Once your group is established, you can engage your suppliers, insurance agents, estate planners, and others, to host your events and even prepare personalized presentations on almost any topic that could benefit the group.

Summary

If you made it past the part about opening your books and read this far, you've recognized the whole truly is greater than the sum of its parts as it relates to an enhancement group's ability to mentor one another on individual areas of expertise - but is it right for you? It's definitely not for everyone. Play with the idea. If you do go down the path of creating or joining an enhancement group, once the books have been opened for all to see, your enhancement group will become a close knit family. Those that treat one another as such tend to see an impact on their business that is nothing short of magical.

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Step 3

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CarWash Controls

Step 4

12,000 Parts with \$12 million in inventory to keep your business running.

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