

Lessons Required for the Laundry Business of Tomorrow

By: Doug Story

There are those of us that remember a time in when anyone with the will, determination and spirit to do “Hard Work” could succeed in most aspects of the “laundry business”. I’ve had many “old timers” in the business describe working out of the back of a pickup, taking work home or to local coin ops in order to get the orders out to their customers. There are many great stories about how the founders of these start-ups used unconventional, innovative and Herculean efforts to satisfy the customers and keep the business going.

Many of these start-up organizations have now evolved into some of the best and most well known operations in the industry. This is truly a testimonial to the “roots” of our industry where many hard working factory workers decided they could build a better life by picking up his former co-worker’s uniforms or facilities’ linens and make a living from this effort by charging for the service. The U.S. laundry business was started and developed in America’s “working man” culture where anyone who wanted to, could start the business and make a good living.

Many who were on the ending cusp of “those days” remember them with fondness but as technology developed and the world suddenly grew smaller in the competitive and market perspective it is not hard to see that the days of the “seat of the pants” start-up laundry business as well as the fully operational laundry business has changed. The “seat of the pants” start-up operation is going to have to have more sophistication in technology, innovation and delivery in order to compete in the market of the future. If done properly these efforts could actually have an advantage over the larger more “historic” operations that occupy various niches of today’s laundry market.

I’m not saying that the days of selling linens or other laundered items from the back of truck or working through issues with pure will-power and force are going

to be eliminated. I’m just saying that start-ups, for-profit and OPL (on premise laundry) laundry operations of today are going to have to deliver product to their current customers while at the same time looking to the future in order to grow and survive. Every part of a laundry operation will have to be continuously evaluated from management to technology to make sure it is contributing to the overall operations of the facility and the people employed there.

There is no crystal ball that can tell us what the future will be like but there are trends and technologies in development that we can extrapolate from to give us an idea of what is coming and what is needed for the future of our laundry market. I will attempt to discuss some of these trends and technologies (some serious, some kind of silly) as a small heads-up for you as you take on the challenges of managing your operations in these turbulent times.

The Future... In business decision management: Today’s business is moving fast and the markets and products of the future are going to move even faster! With this kind movement and change, both start-up and established laundry operation managers will have to systematically and continuously evaluate the internal, external and strategic factors that will affect the growth and profitability of the operations. In the past, many managers would look at these exercises as unnecessary

or “trendy” when in reality these exercises can aid the management team in keeping track of the laundry markets they serve. However, things are changing so fast we no longer have the luxury of being able to “work hard” through our mistakes and still make a profit or keep the customer happy. A mis step in the analysis of the market and how you respond to the market could be fatal for the operation; for-profit operations will suffer reduced profit and the non-profit operations (OPL, etc) could be replaced by a for profit operation.

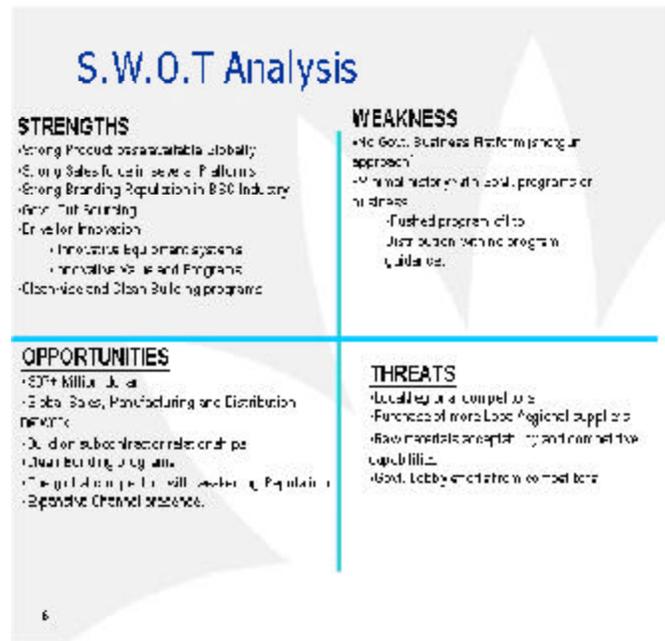
Thomas Wheelen and J. David Hunger have published a book, “Strategic Management and Business Policy 11th edition” and several concepts in this book are possible methods companies can use as part of their continuous analysis of the markets they serve. The concepts and ideas they discuss in this book should not be considered as new but in current and future markets the importance of management using these ideas or similar methods of corporate and market analysis will be critical to the survival of the company. In the past, these processes were implemented only once or twice a year. For the markets of the future, analysis of this type will have to be performed on a continuous basis. I will touch briefly on the tools found in Wheelen and Hunger’s book that can be used as part of your corporate planning programs.

Many of you have seen the SWOT (Strength, Weakness, Opportunity, Threats) analysis as illustrated in Figure 1. This is used by many in the process of analyzing the company in relation to the business and the markets.

In a nutshell the Strengths and Weaknesses are a review of the internal capabilities of the company as they relate to the markets the company is doing business in or where the company wants to do business. Most individuals start this analysis with the questions, “What are the strengths and weaknesses within the company that will aid in doing business; and what processes or resources (or lack there of) will impede the ability to do business?”

I can’t think of too many Powerpoint presentations

that have not had a SWOT analysis included in the presentation. Unfortunately the SWOT analysis is not an adequate exercise for management to use as they start their continuous market analysis efforts.



Actually the SWOT analysis is one of the finishing points of an extensive qualitative and quantitative analytical process that looks at the external, internal and strategic factors within the company and markets the laundry operation serves. Figure 2 is an example of the Internal factor analysis (Strengths and Weaknesses on the SWOT diagram).

Internal factor analysis:

This is the process where you identify the strengths and weaknesses within your own organization and rank them as to their level of importance and how well you have dealt with those factors as demonstrated in Fig. 2. (Columns numbers are from left to right on the figure)

- Column 1 is the strength and weaknesses identified by management team.
- Column 2 is a weight ranking from 1.0 (most important) to 0.0 (not important). The weight is based on the probable impact on the company or the operation’s strategic position. It is important

that these weights total to 1.0.

- Column 3 is the rating. This rating is assigned to each factor from 5.0 (Outstanding) to 1.0 (Poor), based on how the company or management has responded to taking action on that particular factor.
- Column 4 is the weighted score. This is calculated by multiplying the weight in column 2 by the rating in column 3 to obtain what is called the factor's weighted score.
- Column 5 is for noting why this factor was selected and why/how it was weighted (column 2) and rated (column 3) numbers were determined.
- Finally, add the weighted scores (Column 4) for all the internal factors in order to determine the total weighted score for the operation. This score indicates how well the organization/team is responding to current and expected internal factors within your operation. **The total weighted score for the average company is 3.0.**

IFAs (Internal Factors Analysis)

| Internal Factors | Weight | Rating | Weighted Score | Comments |
|---|-------------|--------|----------------|--|
| Strengths | | | | |
| Technology | 0.20 | 5.0 | 1.0 | Latest tunnel washer and folder technology that increases output per Dph. |
| Well Trained room and laundry personnel | 0.20 | 3.0 | .6 | Personnel have been working with this for a long time and know how to get the work done efficiently using the new technology. |
| Monthly minor sales trends | 0.10 | 3.0 | 0.3 | Room's inventory structure sales rate is very accurate and aids in production planning in the laundry. |
| Weaknesses | | | | |
| Seasonal computer | 0.10 | 2.0 | 0.2 | Facility has difficulty handling increased seasonal and event work. |
| Technology Driers | 0.10 | 2.0 | 0.2 | Driers can't keep up with the Tunnels or the folders. Tunnel on fire, Finishing waiting for work to process. |
| Develop new services, features, and functions | 0.20 | 4.0 | 0.8 | Laundry needs to make sure the facility is "rocking the boat" and most efficient customer service. |
| No Direct Customer and user interface | 0.10 | 3.0 | 0.3 | Needs to talk with end users more about trends and then base to guide product development. Must get the customer's opinion of our operation. |
| Total Scores: | 1.00 | | 3.1 | |

Figure 2
*Factors listed are just filler examples taken from OPLs and For Profit entities.

External factor analysis (EFA):

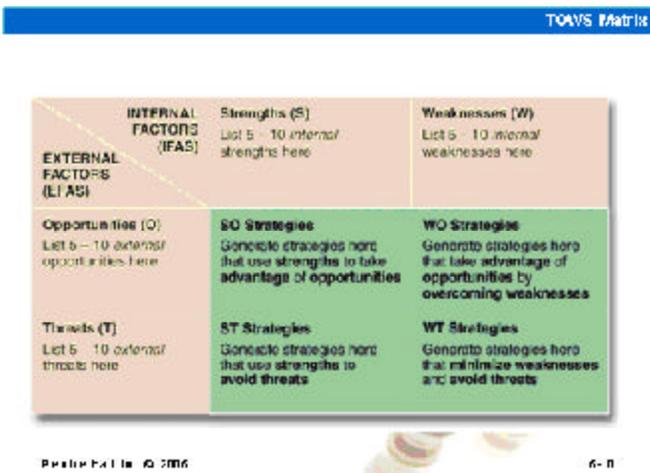
This is the process to analyze and then organize the external factors in the market into the Opportunities and Threats categories that the organization/company will encounter. After identification one can use the same analysis procedures as outlined for the Internal Factor analysis. When this analysis is complete add the weighted scores (Column 4) for all the external factors in order to determine the total weighted score for the operation. This score indicates how well the organization/team is responding to current and expected external factors that are being encountered by your organization or operation in the market place. **The total weighted score for the average company is 3.0.**

EFA (External Factors Analysis)

| External Factors | Weight | Rating | Weighted Score | Comments |
|--|-------------|--------|----------------|--|
| Opportunities | | | | |
| Energy Prices are higher | 0.20 | 5.0 | 1.0 | OPL can service the laundry with savings in fuel charges etc. |
| Commercial laundry brought in | 0.20 | 3.0 | .6 | Well trained personnel will be available for reoperation. |
| Green issues favor reusables | 0.10 | 3.0 | 0.3 | Reusables versus landfill disposable sheets, gowns, etc. |
| Threats | | | | |
| Regulatory issues with wastewater system | 0.10 | 2.0 | 0.2 | Drought can add pressure on our ability to produce and grow our operation. |
| Consolidation of local laundry into a national chain | 0.10 | 2.0 | 0.2 | Local laundry has been bought by a very strong and rich national chain laundry operator. |
| National laundry offering value to corporate mgmt to eliminate CPL | 0.20 | 4.0 | 0.8 | National chain working to eliminate CPL and replace their work with keywork service. |
| Energy prices and raw materials | 0.10 | 3.0 | 0.3 | Energy and raw material prices continue to climb causing our cost to skyrocket. |
| Total Scores | 1.00 | | 3.1 | |

Figure 3
*Factors listed are just filler examples taken from OPLs and For Profit entities.

After the team has completed the EFA and IFA work the next step is to take the highest scoring factors from each chart and place them in what is called a TOWS analysis matrix (Figure 4). This matrix will aid in developing strategies for the organization, both against and for the factors that identified. Included is a picture of the matrix with its functions as illustrated in Wheelen’s book followed by an example of how the matrix can be used by incorporating some of the laundry issues as used in Figures 3 and 4.



TOWS analysis matrix (as illustrated in Wheelen’s Book) -

| | Strengths | Weaknesses |
|--|---------------|---------------|
| Internal Factors (Internal Factors) | ST Strategy | WT Strategy |
| Opportunities | SO Strategies | WO Strategies |
| Threats | ST Strategies | WT Strategies |

This just touches the surface of this type of work but it is easily found in Wheelen’s book or through a Google search for each of these matrixes and other similar tools to start analyzing the business environment within and

outside the organization or company. Companies, organizations and departments (such as the laundry dept within a hospital or hospitality facility) that quickly understand these changing markets and can adapt their resources to these markets will be the organizations that survive and profit in the markets of the future.

The Future.... Knowledge Assets:

In the future, the old saying about “People being our most important asset” will finally be demonstrated and realized in the market. Currently, there are many cases where this concept has turned out to be platitudes thrown out by many managers that were true until the market takes a tumble and then the “most important asset” becomes a statistic on the nightly news as the unemployment rate climbs. Technology is the great equalizer and in many cases three or four individuals can get together, start a company and through outsourcing build an organization that has all the efficiencies of the largest organizations in the market. The secret to success for the small or the large organization will be in how they handle the “Knowledge Assets” within their organization otherwise known as “their people”.

In my global travels I ran across the following slide in a business presentation:

Culture/People Are Competitive Adv.



This slide was included in a presentation to a MBA class while they were on the international business exchange portion of their program. This slide was

presented to the class by a Chinese executive manager of the China region for an American company. This Chinese executive showed this slide as part of his presentation as to how he and other Chinese executives believe the future of their country's business is going to evolve into something more than just being the globe's "dirty" manufacturing hub. The research that generated this data was attributed to another American company, General Electric.

A point of caution, I find it scary that China and India seem to have discovered this and are working to push Knowledge Assets (people) and culture as the core concepts needed for the sustainability of their business operations. I find it very interesting that the "low price kings", China, is planning on evolving to a people and culture business strategy. I have not seen much of this within the American Academic or Business environment. Many books have been written about how to best create the kind of environment that would be perfect for developing employees, but I don't think anyone in the U.S. has risen to the top in promoting the development of a sustainable Knowledge Asset environment. Many believe that it is going to take a radical redesign or redirection of how American business, Accounting, and Human Resource functions deal with the people and culture aspects of business.

...the formula for weighing technology's impact on your operations should not be just the replacement or elimination of personnel....

The technology should actually contribute to making your personnel and your operation more efficient...

The Future...Technology

Ok, this is the part that all of you have been waiting for. Technology is a wonderful thing but in many cases all of us fall into the trap of believing that we can solve all problems with some sort of technology. Remember,

going from the flat wooden shovel to the steel shovel was a jump in technology but its primary objective was to make the employee much more efficient in how they dug the ditch for the highway or basement for the house. In other words, the formula for weighing technology's impact on your operations should not be just the replacement or elimination of personnel, the technology should actually contribute to making your personnel and your operation more efficient with a large bias towards enhancing the long term sustainability of the business in the market and in the community where the business resides.

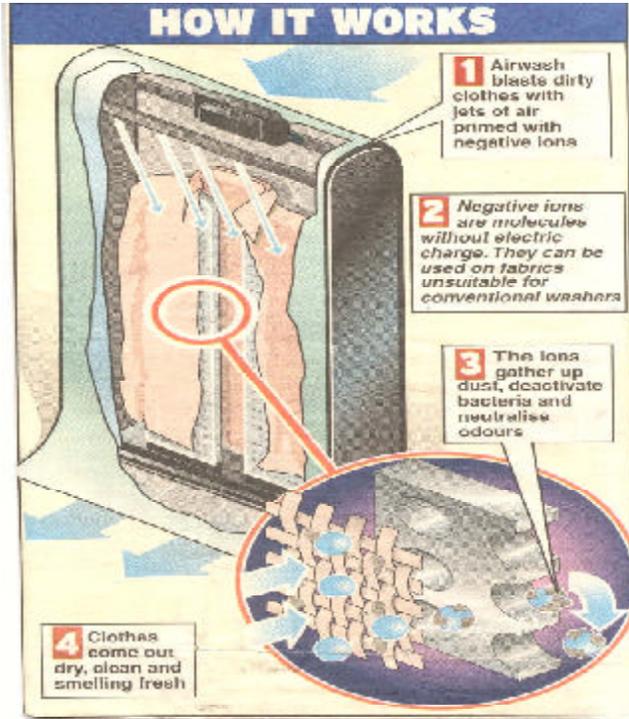
Some of the following "innovations for the future" are still on the drawing board or in the process of being launched into various markets. In that respect the reader may not find extreme detail or the name of the company that is launching the program.

Waterless processing:

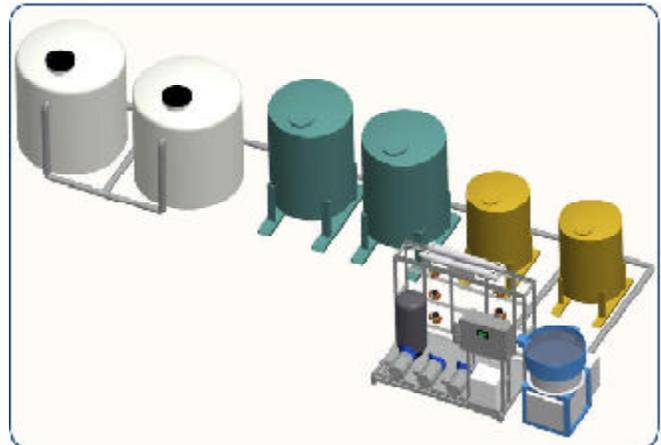
In Europe: There is a technology being evaluated that eliminates all water from the washers. The researchers are using specialized polymer based pellets that have been treated with "specialized chemicals" that are designed to absorb the oils and soils from the fabrics while in a waterless environment. Basically, you placed the clothes in a washer like piece of equipment (a standard washer can be converted to this process) add the pellets, allow the unit to run for a set period of time and then pull out the fabrics cleaned and ready to go to finishing. *THOT... I wonder how you keep the pellets from falling all over the place... what is the ratio of pellets to fabric, could be a problem in a 400lb wheel... The bugs are still being worked out of this one. Although, all the preliminary research says that this process does in fact work.*

Cleaning with Air:

Singapore researchers are still working on cleaning with air and the process has now moved from the theoretical to the launch stages of an operational unit.



process. Water is introduced to the system, used in the wash process and then cleaned via filtration, stored and then reused again. All the soils separated from the water are shipped to a land fill or waste site for disposal or incineration for energy.



Let the Good Vibrations roll: Dateline Japan and Taiwan: Researchers are continuing to build and experiment with processes that use high frequency waves to clean fabrics with minimal or zero water used in the process. In some of the developments, the fabrics have to be slightly moist for the best results.

Water reduction: Washers are now available (I believe issues will dictate that all washers will be required to perform this function) that have built in storage tanks that can be used to store one or more rinses for use in the Pre-flush or Break function of the wash cycle. This allows for a significant reduction in the amount of water used in the facility. One of the best benefits of this type of technology is that it can be retrofitted to most any washer.

Water Conservation Trends:

The Zero effluent plant: As communities grow and demand builds for sources of clean water, pressure will be placed on laundry operations (and other water using facilities as well) to become zero effluent operations. This means that the facility will only bring in water that it needs to replenish water that is been lost due to evaporation or spillage. There are many types of systems that have been developed for this process. At this time, they are very expensive and in many cases not of the best reliability but as public concern builds on this issue more and more facilities will be driven by local codes to adapt this



Sanyo's new washing machine, the Aqua AWD-AQ1, can clean your clothes without water. Oxygen in the air is converted to ozone and is sprayed on clothing inside

the drum. Ozone has a strong oxidation action, which either destroys or disassembles the cell walls of bacteria. The machine also has a “normal” washing cycle that uses water recycled from the rinse cycle and ozone together, leading to a big reduction in water use when compared to more conventional machines. Water that has been used for rinsing is stored inside a tank, where ozone micro bubbles are injected to purify the water. This water is again used either for the next washing or as dehumidification water when drying clothes; this whole process only uses 50 liters from wash to dry, while using new water requires 80 liters.

This machine has several other cycles to vanquish dirt from clothes, like the “Zero Detergent Course” that washes out light dirt with ozone-injected water, “Ozone Steam Course” which eliminates bacteria and odors during drying by using steam that has ozone, and “Mold Guard,” which prevents against the outbreak of black mold in the drum by using ozone water. Also available is “Shelf Dry,” which can dry delicate clothing, stuffed animals, and shoes. It’s scheduled for release in stores in March, for a hefty 262,500 Yen, or US \$2,200. You can find this washer at ::Gizmodo and ::Far EastGizmos.



THOT: How longer will it be before we have 100 lb – 800 lb washers that wash and dry fabrics in one self-contained unit?

Quick Dry technology:

Microwave dryers: We have heard the possibility of the creation of microwave dryers for a long time however there are many involved with the microwave development areas that are still very concerned as to the possibilities/viability of commercial microwave dryers. There are

still many issues that have to be addressed with this technology, such as, arcing due to metallic materials that are inadvertently left in a pocket or that are part of the item of clothing. Arcing in a microwave dryer would cause extensive damage to the fabric. At this time research is continuing to be conducted on this technology and it appears the first microwave dryers will be small “home style” units that will have sensors to detect any metallic items within the fabric. The latest consensus of many is that microwave dryers will overcome the challenges and become a reality as our society continues to evaluate and build operational systems to be more efficient. For Microwave dryers, this would mean changes in operational procedures and in the types of fabrics/fabric accessories used in our operations. Microwave dryers will require the development of fabrics, chemicals and procedures specifically designed for the technology. Other than the small “home style” unit the jury is still out on this technology.

Chemical and Fabrics of the Future:

Fabric manufacturers (see Microwaves) are continuing to change the fabrics and materials they introduce to the market. The fabrics of the future will be designed using genetics and special treatments to be stain resistant, stain repulsive and wrinkle resistant. The result of this technology will be reduced water usage, chemicals and process temperatures. In many cases, these new fabric types will be processed at temperatures approaching room temperature with no chemical other than starch being needed.

Chemicals and chemical delivery systems: There are many systems being developed as we speak for the markets of the future but one of the most interesting systems (as seen below) is designed to deliver specialized chemical formulations that are so “performance enhanced” that on average one 10lb container of this material is equal to three (3) 5 gallon pails of product. The system is designed to be an “off the floor plug and dispense” unit that will make the chemical usage aspects of laundry operations as easy and as safe as they have ever been. THOT... As a chemist this one is very

interesting to me. I wonder what the impact on “Green” is going to be as a result of the reductions in chemical volume, packaging mass and shipping this system claims it is capable of delivering?

Green Technology:



Soap Nuts shown above

Soap Nuts are the shells of a seed from trees grown throughout India and Nepal. These shells give a soapy substance when they come in contact with water (the seeds are discarded) about 1kg (2.2lbs) of the nuts can wash 100 loads. Simply place 6-8 shells into the cloth bag as shown above and throw them in your washing machine – these will last about 3-4 washes. Your wash will come out clean, but without a smell, so if you like the scent of clean clothes just add a few drops of essential oil to the wash beforehand. Soap Nuts can also be used for other things as well, like washing windows, cars or pets. When the shells have been used to their full extent just throw them in the compost pile.

See www.naturoli.com *THOT... Is this a new “non-petroleum” based chemistry that we can replicate to take our laundry chemistry away from petroleum dependence?*

This is a very interesting time for those of us involved in the Laundry business, the economy and environmental issues will be driving our business and those of us that do not keep up will be left behind by those companies and operations that do. Keep an eye on your market, the trends, keep your Knowledge Assets and your organization will be ready for the future.

About the Author: Doug Story

He is a Biology/Chemistry graduate of Western Carolina University in Cullowhee, North Carolina and an MBA from Loyola University in Chicago, Illinois. For over 30 years (25 years in the Laundry Industry) he has worked in a career that has crossed many boundaries within today’s business organizational structure. From Research Chemist to Global Marketing and Portfolio management, this diversity of experience has allowed Doug to develop a unique 4 D view of how organizations and their employees must work to accomplish the strategies and objectives of the business. He has written many articles for various laundry trade journals and recently published a book about Technical Sales and Service call, “The Blood of Soldiers makes the General Great! Preparing for the Business wars to come”.

Doug believes: “The laundry business has a great future but it will be our responsibility to make sure the business keeps up with the changes that can satisfy the needs of the customer, the employees and the business”

Doug is married has 4 wonderful women in his life 3 daughters; Amber, Morgen, Brooke and his wife Joette and currently resides in Wisconsin.

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