

PROFESSIONAL. PROUD.

Pros and Cons of Converting Your Conveyer to an Express Wash

Panelists:
 Jim Mulholland
 Katie Pierce
 Doug Reick

PLEASE SILENCE ALL CELL PHONES AND PAGERS AT THIS TIME. THANK YOU.




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Jim Mulholland – Busy Bee Car Wash

- Family business established in 1969
- Started working at 10 years of age
- 1983 started working full time in the family business
- 1991 took over managing operations
- Currently has 3 locations:
 - 1 traditional full serve with Express pay terminal lane
 - 1 Exterior express converted from a full serve
 - 1 just completed Flex serve with free vacuums and express pay terminal

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Primary Reasons for Converting Busy Bee Car Wash

- Insurance
 - Carrier wanted licensed drivers over 21 years
- Need for less Key employees
 - Cashiers and Drivers represented 25% of the total payroll
- Less dependence on superstar management team
- Ease of operations
 - less pressure on management team needing to find Key car wash staff
 - for ownership because management is easier to find and train
 - for staff because training is easier to learn and execute
 - for the customer as they are part of the management team as they are able to tip (compensate) service provider directly

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Kati Pierce – Autowash Express

- Equipment Distributorship
- Owner of 1 Flex Serve Wash
- Added Express in 2004 (Lowered price of exterior wash and added Free Vacuums)
- Maintained Offline services of Full Service option & Express Detail

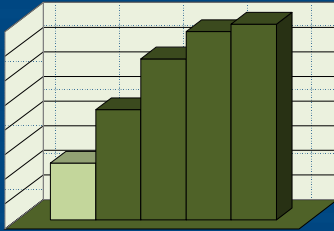
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Conversion Impact at Autowash Express

AutoWash Express Volume Growth Before & After Conversion to Express



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Doug Rieck - Manahawkin Magic Wash

- Entered industry in 1983 with full service conveyor with 4 bays of self service & Laundromat at same site
- Location is now an Express/Flex service with 4 bays of self service, Laundromat, detail shop
- Two additional locations with self-serve bays and in-bay automatics

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Reasons for Converting Manahawkin Magic Wash From Full Service

- Growing Disenchantment with full service model
- Rising labor costs
- Struggle with in attracting & keeping employees
- Rising cost of full service car wash is cutting market share
- Increasing competition

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Cost Savings to Manahawkin Magic Wash

- 45% decrease in payroll expenses from 2005 to 2006
- Additional 6% decrease in payroll expenses from 2006 to 2007
- Average savings of \$133,000 per year
- Employer payroll tax savings of \$12,375 per year
- Workman's comp Savings of \$2,583 a year

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Volume Impact to Manahawkin Magic Wash

- 2005 - Converted in October
- 2006 - 14% volume decline*
 - 2006 decline was typical at two other car washes
 - Weather
 - gas prices
 - new full service opening up a mile away
- 2007 - 11% volume increase
 - 2007 two other car washes were
 - Flat
 - Weather
 - Gas prices

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Pros and Cons

- Pros
 - Less Staff
 - Lifestyle
 - Increased Volume
 - Increased profitability
 - Insurance (lower costs, fewer restrictions)
 - Customer controls automobile
 - Adopting to changing model
 - Meet and exceed customer expectations
- Cons
 - Big Change! (customers don't generally deal well with change)
 - Change in customer base
 - Change in car wash environment
 - Investment

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Things to consider...

- Cost
- Equipment
- Location/ Competition
- Models/ Services
- Transition Time
- Marketing

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Costs to Consider

Necessary Investment is dependent on what you start with!

- Computers
- Equipment
- Land/ Redesign
- Marketing
- Signage
- Downtime
- Start-up costs
- Budget overrun

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Equipment

- Need to provide a high quality automated wash with little to no preparation
 - Good Wraps
 - Multiple passes on "problem areas"
 - Spot free rinse
 - Good air dryers
- Length of conveyor will determine top chain speed and amount of equipment
- Tire shine/ wheel cleaners necessary to provide upgraded packages

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Location/ Competition

- Review offerings in 3 – 5 mile radius
- Look at all services related to car washing
- What types of washes are in the area?
- What services do they provide?
- Do other locations have the opportunity to convert?

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Models/ Services

- Need to provide low cost, high quality exterior wash at or below the market price
- What other options are you going to provide?
 - Full Service
 - Vacuums – free or charge
 - Detailing
- Every service can be a profit center, but needs to be able to support itself

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Transition Time... how long does conversion take?

- Two parts to transition
 - construction
 - customer base

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Construction Transition

- Plans – complete assessment of necessary changes
- Permits
- Allow for realistic timeline (Dependent on amount of work needed)
- Budget for business to be closed
- Make any possible changes while business is open

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Customer Transition

- Average of 6 – 9 months
- Can take up to 1 year
- Average full service customer comes in once yearly
- Need to market – customers need to know what you are providing!

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Marketing

- A MUST! You need to notify both existing customers and potential customers that your services have changed
- Suggested budget of \$10 - \$25K to be spent of 3 months
- Must promote the low price and high quality of service
- Need to promote prior to construction – helps with the overall transition time

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Onsite Marketing

- Signage
 - Promote low cost and high quality
 - One time investment
 - Low cost, high impact!
- Pay Stations
 - Standard customer expectation
 - Adds to the overall experience
 - Need to provide clear and concise information
 - Has to provide continuity with signage, menu, messaging
 - Part of the experience

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Pros and Cons

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| <ul style="list-style-type: none"> • Pros <ul style="list-style-type: none"> • Less Staff • Lifestyle • Increased Volume • Increased profitability • Insurance (lower costs, fewer restrictions) • Customer controls automobile • Adopting to changing model • Meet and exceed customer expectations | <ul style="list-style-type: none"> • Cons <ul style="list-style-type: none"> • Big Change! (customers don't generally deal well with change) • Change in customer base • Change in car wash environment • Investment |
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Questions?

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