

How a Recession May Impact the Carwash Industry

The mergers and acquisitions playbook is changing the carwash industry
by Lanese Barnett



This time a year ago, the carwash industry was in a mega-growth period. This was built off of multi-year trends in which consumers continued to embrace professional carwashing services (particularly express exterior carwashes), historically low interest rates and strong private equity involvement. All of which created an abundance of available capital to fuel growth.

As we move further into 2023, some economists are projecting the U.S. economy to dip into a recession by mid-year. Regardless of whether this will be a hard or soft landing, there are some considerations as to how a recession may impact the carwash industry.

Consumer Demand Resiliency?

Inflation and higher interest rates have continued to weaken consumers' discretionary spending power. The consumer price index rose 7.1% for the year, ending November 2022, meaning the cost of just about everything has increased in the last year. The big question for many operators is whether consumers will consider carwashing expendable and therefore, reduce frequency or discontinue memberships. As we have seen since Q3 2022, retail customers may continue to pull back on expenditures, so protecting monthly plans and giving customers every reason to keep their membership is absolutely key.

While not immune to the effects of economic volatility, the carwash industry fortunately has a proven track record of durability. During the 2008 economic meltdown, the industry experienced modest declines and recovered more quickly than many consumer sectors. Following the acute impacts at the start of the COVID-19 pandemic, the carwash industry continued to expand with the steady rise of the subscription model and the benefits and stability of recurring revenue.

Entering 2023, we may look back at this time as a period where only the fittest continued to thrive. Strong operators with great customer service and solid operations that provide convenience and high perceived value will continue to perform well. On the flip side, the cost of not doing so will be significant. In other words, performance gaps in 2023 will be more likely to manifest as noticeable financial gaps than in recent history.

The Private Equity Playbook is Changing

Many private equity groups who were already in the carwash space are now taking a more cautious approach as it relates to their growth trajectory. Before, private equity groups had an attractive credit facility that enabled rapid-pace acquisitions. Post transaction, they could sell acquired real property to a real estate partner, such as a real estate investment trust, and deploy the funds to fuel continued acquisitions.

(Continued on page 3)

Letter from the Editor

Spring 2023

TABLE OF CONTENTS

How a Recession May Impact the Carwash
 Industry Cover
 Letter from the Editor 2
 Technology Integration 5
 First Steps to Mastering Off-Site
 Management 7
 Bright Lighting Insights 10
 Preventative Maintenance Plans Ensure
 Equipment Optimization 12
 Heartland Carwashes in the News 14

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 Kristen Corbisiero 16

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Dear Members,
 The Heartland Carwash Association has been working hard behind the scenes to improve the Association for you, our valued members.
 First and foremost, on April 1, we welcomed Laurie Plemons as HCA Executive Director. She will be responsible for maintaining and securing memberships, increasing revenue, organizing and coordinating the Product Show, as well as general management responsibilities. Laurie joins the HCA from the Mid-Atlantic Carwash Association (MCA), where she serves as Executive Director. She successfully manages membership and vendor development efforts for the MCA, and comes to the HCA with 20+ years of experience in conference planning and membership database management. She also brings over 15 years of experience working with non-profit organizations. Drop Laurie an email and say hello! Laurie@heartlandcarwash.org



Laurie Plemons
 HCA Executive Director

We are thrilled to announce the dates and new location of the next Product Show, taking place on September 17-18, 2024, at the Mid-America Center in Council Bluffs, Iowa. Centrally located 15 minutes southeast of Omaha, Nebraska, the Mid-America Center is touted as the Heartland's Premier convention and entertainment center. Mark your calendars, and stay tuned for details!

Last, but certainly not least, we will be updating our website to include enhanced online payment capabilities for member and vendor communications. Need to reach us? We've updated to a new toll-free number! Drop us a line anytime, we'd love to hear from you: 1-833-HRTLAND.

This issue is packed with lighting ideas, maintenance tips, technology integration, and tips to master off-site management. What topics would you like covered in future issues? Send me your ideas, I love hearing from our members.

Happy Washing,

Kristen Corbisiero

Kristen Corbisiero
 Managing Editor
 kcorbisiero@heartlandcarwash.org
 518-635-0375

Connect with us!

@heartlandcarwashassociation

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With a significant amount of dry powder needing to be deployed in the market, this strategy could be used repetitively. Even more, by mixing in self-generated greenfield development, private equity groups would “blend down” high acquisition multiples the increased demand created — all financed with “almost free” capital.

However, there is an inverse relationship between real estate value and the cap (capitalization) rate — meaning as the cap rate goes up, the real estate value goes down. In the last year, the cost of debt has nearly doubled, with interest rates rising from 3.75% to the current rate of about 7%, decreasing the potential return on investment (ROI) buyers could expect.

So, as cap rates tick higher and the cost of borrowing increases, this previous playbook is no longer the most effective go-forward strategy for private equity firms. In short, a three-year ROI is now closer to a five- to six-year ROI, and the capital constraint has the firms vacillating over which investments to make in this industry or even other spaces.

That said, many private equity-backed carwash platforms are still growing. According to the 2022 Top 50 U.S. Conveyor Chain List, published by Professional Carwashing & Detailing magazine, there are significantly more chains with triple-digit store counts. But, they have become more cautious buyers that are taking a more conservative approach to growth. Even the most aggressive platforms are canceling some deals that would have previously moved very quickly.

Protecting and Maximizing Value

Even with tighter capital constraints and lowered valuation multiples, there are still plenty of buyers out there for carwash owners looking to sell. In fact, investors who have been eyeing the space for years are now making an entrance. For example, Alimentation Couche-Tard, the Canada-based parent of convenience store chain Circle K®, recently announced its intention to acquire True Blue Car Wash, marking a significant shift in the potential buyer pool.

Owners will need to have a deeper understanding and present

an effective portrayal of their carwashes’ value in today’s market. Following an exceptional period of record high multiples, today’s valuations can more accurately be described as a normalization rather than a decline. Also, owners can expect buyers to perform stronger due diligence and care more about clean books and records to ensure the investment can produce returns in this tighter capital market.

Unusual weather events sweeping the U.S. have created further disruption to valuations, leaving buyers uncertain how much to attribute a reduction in cash flow to weather versus a weaker consumer and economy. In light of this, many institutional buyers are holding on to their dry powder to see how the second half of 2023 shapes out.

So, how do you protect the value of a carwash business? According to Metro Express Carwash Owner Bill Martin, “The fundamentals of success remain the same as they have always been. Focus on your people, product, process, and place and strive for excellence throughout every aspect of your operations.” Focusing on the details of the operations and looking at ways to create greater efficiencies and reduce spending can really add up. Strong carwash operators with solid operations and good customer service who don’t let customers, and especially monthly plan members, slip away unnoticed will benefit from cash flow now and are making an investment in their future value.

With growing innovation in the space, new companies have emerged that offer operators greater tools and resources to help, too. Retention Express, for example, is a white-labeled customer experience service provider that helps operators manage off-site customer communication (i.e., all email, phone, social media, membership management, etc., within all POS systems for operators) on behalf of the carwash with the goal of strengthening brand and customer loyalty.

With every customer interaction documented, operators receive immediate and actionable insight to help prevent issues before they erode revenue or customer satisfaction by not quickly correcting them. In tougher times, keeping a low churn rate is as important as gaining new customers.

(Continued on page 4)

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(Continued from page 3)

Especially in challenging labor markets, trained staff that handles all inbound communication traffic can also provide tremendous value with prompt and professional customer support while capturing measurable customer behavior and sentiment data.

More and more carwash operators are also relying on technology to help manage their consumer experience. For example, leading providers offer branded mobile apps for carwashes that can act as a consumer CRM to manage plans more easily and effectively. Some can even work with a carwash company's sales, marketing and operations teams by empowering them with robust tools that boost memberships, reduce churn and grow sales.

For smaller carwash operators, following a similar playbook to the bigger platforms and growing with capital efficiency is smart.

As the cost of capital continues to rise, both acquisitions and greenfield development are more expensive, which means the stakes are higher to have a well-performing asset that is making money quickly. Trusted professional carwash advisors with both investment banking and carwash operations experience can provide tailored guidance on how to efficiently fund growth, often through alternative lending providers and access to private credit markets.

Conclusion

The carwash industry has a proven track record of durability. The convenience and quality of the express exterior carwash have helped fuel the multi-decade secular consumer spending trend on "services" over "things," with 77% of the market share preferring a "do-it-for-me" service. Additionally, while the industry has experienced an increased rate of consolidation in recent years, it is still highly fragmented, with the top 10 express carwash brands controlling only about 12% of the express carwash market, according to industry estimates. This, coupled with multiple levers for growth — from greenfield development, acquisitions or conversions — make the industry a highly attractive space for the foreseeable future.

Private markets are shying away from placing a premium on revenue growth as the leading performance metric and shifting their interest to building sustainable, solid business operations. Carwash operators who focus on creating and maintaining strong operations with reliable cash flow will help protect their business' long-term value.

This article was originally published in Professional Carwashing and Detailing magazine. To view this article, with photos, please visit: <https://www.carwash.com/how-a-recession-may-impact-the-carwash-industry/>

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Technology Integration

Technology Prioritization and selection are critical in generating consistent service, scale and efficiencies to your business.

by Christian Seem

Technology has become a driving factor in growth for business — no matter the industry. With a seemingly unlimited number of potential partners, assets and resources available, it is critical to maintain focus in finding those that will deliver the most impact both near, mid and long term. Through many trials, and a clear articulation of priorities, I've found the key to driving that streamlined, sophisticated operation is by integrating the right technology into your business at the right time. When modern, advanced systems and traditional processes work harmoniously together, business synergies truly thrive, producing more intentional and efficient results overall.

Using the Right Tools

Growing into a pair of shoes is much more comfortable than growing out of them, and the same can be said about the technological resources your business utilizes. It's important to adopt the appropriate tools for your business, and to shop smart by investing in platforms that support your company's needs today, while simultaneously providing clear direction and understanding of your organization's intended future growth.

When considering which technology platforms to invest in, we rely on multipurpose platforms configured to grow with our brands and platform. One example is the human resource information system (HRIS), from team members onboarding to their acknowledgment of the brand's employee handbook and safety expectations, the HRIS eliminates the need for paper and allows us to capture everything digitally. It is also powered by a streamlined single sign-on both at a platform level and at each individual brand in our network.

When it comes to training and development, choosing a learning management system (LMS) that offers multiple ways to engage teams while managing learning modules at individual employee and brand level is crucial. In our company's LMS, the platform's main hub features a "town square" that includes video chat and podcast capabilities for local brand communication. It also offers an open forum to "Ask the Expert" where any team member can get their question answered quickly on virtually any topic ranging from operations to maintenance.

In addition, each brand has its own landing page to filter content to the end user in order to only interact with the most relevant information. Within each brand's individual page, there is team member recognition, career road maps and trajectory, and a job opening system (JOS) that lists employment opportunities across each of our brands and its respective departments. This

is a critical development opportunity for the teams and offers opportunities to consistently promote from within, keeping our talent within the Spotless Brands family.

All these tools are also developed and structured to ensure that our teams understand the processes and what they look like, which delivers a long-term consistency of operations throughout all locations and/or brands, with guest loyalty and experience in mind.

Consistency is Key

The ultimate goal in a multi-unit operation is creating a consistent experience for guests. Whether you operate multiple locations under one flag, or oversee several different brands within a broader portfolio, it's important to exceed our guests' expectations during each visit. At our company, we keep the processes clean and consistent as we continue to expand via cloud-based site auditing tools that are both web- and app-based for a seamless experience for the end users.



By utilizing these mobile device-friendly tools across all brands, we are able to track anything and everything; for example, computer maintenance management systems (CMMSs) monitor and manage inventory, which helps the financial department in keeping inventory at an appropriate level and not overstocking. When we know what inventory is currently on the shelf, the team avoids unnecessary purchases of parts that we already have in stock.

We can set retail order points (ROPs) on key products, so we aren't falling below minimum thresholds needed on those parts and products. With the use of QR codes in the CMMS platform, our productivity increases as we can track the mean time between equipment failure, granting the opportunity to proactively replace and repair parts as well as avoiding safety issues and operational interruptions.

Additionally, these tools contain historical and trend reporting data to show performance at each location, which adds efficiency and speed in our decision making as to when equipment should be replaced based on usage history. For instance, we know when a specific belt is approaching 700,000 cars and will proactively place an order and schedule its replacement to avoid any down time. This ensures a consistent experience for our guests and our team members.

(Continued on page 6)

(Continued from page 5)

Just as well, the integrated inspection process in our CMMS grants team members a faster way to immediately flag materials or areas of concern in the system until it is properly repaired or replaced.

To ensure a high sense of urgency around a consistent guest experience, a customer relationship management (CRM) platform has been a top priority for our company. The CRM database holds extensive in-house analytics, monitors competitive data sets, and assists with predictive analysis for current and future success. It's another essential multi-platform, user-friendly tool to track business initiatives, with widespread capabilities to create, record and monitor impact and performance.

This tool is critical in managing and optimizing relations between current and potential guests as well as supporting our sales management efforts. Better understanding equals better guest service, which results in a direct increase in sales.

By taking advantage of the information found on the CRM, we integrated a third-party contact center to take care of the common questions asked by guests to allow our on-site team members and managers to focus on those present at the wash. An integrated contact center creates a complementary dashboard for leadership teams to act in real time. This gives brands visibility to trending services within the database, what calls are coming in and how many of them, common inquiries, etc. Not to mention, this third-party center is available 24/7/365, ensuring our guests' concerns are addressed in real time. We engage guests the way they want to engage with us, whether that is via phone, web chat, text chat, email, etc. This goes far in maintaining a consistent experience.

With the help of these cutting-edge tools, our carwash brands are able to continue to produce a top-notch experience that's delivering on what our guests are accustomed to, building consistency and increasing consumer loyalty with each wash.

Adjusting the Change and Creating a Fit

Technological advancements — or any system change in a business — can be overwhelming. It's inevitable that not everyone will be on board for such a major operational revamp, which is why the implementation process is paramount to rolling out a strong, brand-wide transformation. When it comes to delivering new technology, thorough education and training is necessary for team members to understand why the change is imperative to the company's success, and the reasoning behind the organization's decision.

During the process, consider developing a strategic roadmap three to six months out. This allows decision makers to weigh the outcomes of this possible platform/tool use. Does it bring a good ROI? Is it efficient to use for employees and customers? Will it allow us to reach our goals? This detailed planning can help businesses avoid any unnecessary system-wide alterations. All the technological resources and digital tools in the world mean nothing unless they clearly add value and time. Time for your employees to interact with their customers and team more meaningfully. Value in how they provide a consistent base for employees and customers and offer room for your operations to grow and succeed.

This article was originally published in Professional Carwashing and Detailing magazine. To view this article, with photos, please visit: <https://www.carwash.com/technology-integration/>



Five Steps to Mastering Off-Site Management

by David Begin and Matt Brunk



When I started in the carwash industry in the early 2000s, an ownership group with five to 10 carwashes was considered a large operation. A few groups had 30-100 washes and were considered “rock stars” in the industry. With the advent of technology and available capital, many ownership groups now control hundreds of washes, and a few aspire for that magical 1,000 location goal. The business model of the exterior express carwash allows for operational processes that allow chains to operate at a high level. But, not every carwash chain achieves this goal.

For us managers who chose to operate our washes without defined processes and procedures and just “wing it,” our day comprised of physically showing up on-site, pointing out everything that needed attention (and usually not commenting on anything that was going well), leaving to go to the next site, only to come back in a day or two to do it all over again. I refer to this poorly defined management process as “sandcastle” management.

Remember when you went to the beach and made a sandcastle? Later, when you returned to admire your work, you saw that the forces of the waves erased all of your efforts and no trace of your sandcastle existed. Managing without clearly defined processes, procedures, training programs and audit procedures is a losing battle in getting the team to operate the wash in the way you intended. Inconsistent operations is the main reason carwashes fail to reach their potential. Customers, employees and investors become disillusioned, membership and car counts start declining, maintenance gets deferred, and the downward spiral starts. As a sales mentor of mine once told me, “If you are going to own a business, you might as well make as much money as you can.”

As you already know, the more carwashes you own and/or supervise, the less practical this “sandcastle” management technique becomes. It only takes three to five washes before managers become overwhelmed with keeping all the balls in the air. Today, many carwash chains are geographically spread out so managers cannot regularly visit all sites. In order to keep your washes operating at a consistently high level, managers must develop competencies and techniques to support remote management. Today’s customers expect a carwash to provide a consistently high level of wash quality, processing speeds and customer service. If not, there are always other choices nearby. Establishing

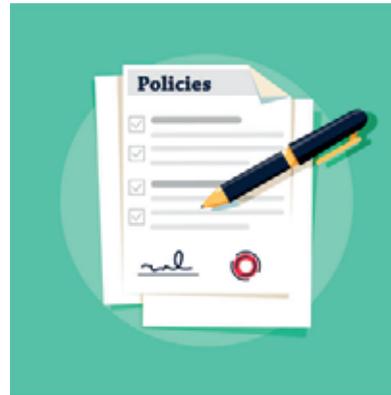
and executing good operational standards and holding the management team to those standards is the only way to leverage off-site management.

Establishing and reinforcing a structured approach to carwash operations is what managers should focus on. Structured policies and procedures give the site teams the information and boundaries needed to conduct day-to-day operations and a reference on what to do when unique issues arise.

What makes us unique?

To set up your structure, the leadership team must start by deciding how they want the organization to run by deciding the standards. These operational standards will give you a base line for all of the processes and procedures you will manage as an off-site leader. Once the management team has established the standards, it should set up the structure using these five steps to mastering off-site management.

1. Document Policies and Procedures



After spending the time making all these thoughtful and insightful decisions, documenting these policies and procedures will let the team know what you were thinking. It sounds simple, but I am surprised how many carwashes do not have clearly defined policies and procedures. Having written policies, processes and procedures for running the car-

wash is invaluable because it provides the resource everyone uses for training employees and for day-to-day reference. Off-site managers should have detailed knowledge of the organization’s policies and

procedures and incorporate them into a “playbook,” or policy manual, for use by the sites. Business process documentation is key for effective off-site management.

2. Implement Effective Training Systems

Managers must provide site teams with proper training systems and programs. Well-trained teams are key to providing consistently high customer service. Technology has provided many different tools to structure training programs and we recommend managers use a learning management system (LMS). Using an LMS, managers can document all the policies, procedures, processes and any other employee training needed.



(Continued on page 8)

(Continued from page 7)

The most important advantage of an LMS tool is managers can train your team in an organized, timely manner.

Employees have a clear picture of the training program and managers can monitor the progress of employees as they train. Also, most LMSs can be used as a mobile learning tool. Employees can conduct their training anytime on a computer, tablet or mobile phone. LMSs now incorporate RFID tags that can be put next to equipment and areas to allow employees to train on that specific equipment or area.

Using mobile learning to introduce employees to their carwash training program can be a game-changer to build a high performing carwash company, especially if you haven't utilized this type of technology in the past. Most employees want to do their job correctly and get frustrated if the carwash training program is haphazard or non-existent. An LMS also tracks the progress of employee training, allowing you to manage the managers.

3. Manage the Managers



To manage the site management, you need to set and communicate clear expectations, follow up on those expectations, and conduct weekly operations calls. Expectations are different from policies, procedures and processes. Although policies and procedures are important to run the carwash, they do not set expectations. Instead, think of expectations as the goals for the organization, which must be consistently communicated in order to be effective. For example, a guideline or procedure for loaders is that they are required to point to the neutral sign when loading a vehicle. However, the expectation is that we always treat the customer with kindness and respect.

Managers should always have consistent discussions about management expectations. Site management teams should never have to guess about what the expectations are. Good employees want to know if they are meeting or exceeding the expectations. Always use your operational meetings to review how the team is executing on expectations. If managers are not meeting your expectations, work with them on ways to improve.

In an article published by the Harvard Business Review, Dr. Raghuram Krishnamoorthy writes about "being in the game without be-

ing on the field." According to Krishnamoorthy, "A present leader generates better organizational outcomes and increased employee engagement in a virtual environment. Presence entails being approachable, visible, mindful, and having frequent individual and team check-ins, as well as being a valuable resource to employees in assisting them to accomplish their tasks."¹ For us, the biggest takeaways from the Krishnamoorthy article are being present, frequently checking in and giving employees the resources they need. I would argue one of the most important recurring tasks you should complete is weekly operations meetings with site managers. These meetings are vital to remotely managing your team.

Let's address the components you should discuss in every operational meeting. You can categorize these anyway you would like or bundle them together. However, a best practice is to include in each meeting: recognition; follow up on the last meeting's action items; overall site performance; staffing and training needs and issues; major maintenance and repair items; open discussion; and create the action item list for the current week.

Once the policies, training and management expectations have been set, the off-site manager must set a plan to audit these policies, procedures and processes to ensure compliance.

4. Audit Regularly



A critical role of the off-site leader is to audit that the work is getting completed as expected. It is imperative to check that the site management team completes all tasks and processes in accordance with your company's policies and procedures. The managers should have everything needed to effectively operate the carwash, but you must ensure they use the tools you have provided.

So, what is auditing and why is it crucial for leaders? Auditing is a formal examination or inspection of statements, accounts, facilities or records used to evaluate or improve the functions of a business or organization. For carwash purposes, auditing is an examination of the facility and its records to evaluate compliance with standards and improve the operational excellence of the carwash. The adage "trust, but verify" should be on your mind throughout the process of auditing. It is vital to the organization's success that a carwash site complies with business goals, policies and standards.

Auditing various aspects of the carwash operations will allow the managers to change the trajectories and behaviors of site per-

sonnel. The outcomes are meant to improve the site and hold the site team accountable. A list of things that need to be audited includes maintenance, chemicals, safety, wash quality, cash control, club membership data, financial statements and payroll. An excellent tool for you to utilize in your auditing process could be conducting physical site inspections and covering these items with each site manager.

There are three steps to auditing, including:

- Set up an auditing schedule for what you are going to audit and when you plan to audit them.
- Look for any deviations from your standard procedures.
- Address any issues you find that fall outside your standards.
- Keep in mind any exceptional situations like short staffing, supply chain issues or any other outliers.
- Determine if the policies, procedures or processes you created failed the site or if the managers are not providing the proper tools and training to the team.
- Address the issue by revamping the documentation or work with the site management to change the team's behavior.
- Many of these audits can be performed remotely. However, some audits must be conducted on-site so leaders can see what is and is not occurring at the site.

5. Manage Tasks



Have you ever walked into an office and all you see are sticky notes on someone's desk or screen? It happens all the time, and it might even be you. I think we can all agree that isn't the best way to manage the tasks you need to do regularly. You and your site managers must manage your tasks well if you want to master off-site leadership.

Whether you are an owner, managing partner or operations manager, you need to understand the tasks you need to accomplish throughout the week, month and year.

Accomplishing all of your tasks is crucial to the successful operation of the carwash. These tasks can usually be placed into categories according to the type of task that needs to be handled. Those categories include on-site, off-site, recurring and on-time tasks.

There are several ways to manage tasks that need to be done periodically. Though there are different ways of tracking and managing recurring tasks, one consistent way to set up recurring tasks is to schedule them into an online task management

system and set a reminder to the person or team that needs to be informed that a task is due. Reminding your team about upcoming tasks when they are due goes a long way in ensuring recurring tasks are completed, whether you do them on-site or off-site.

Some carwash companies have dedicated efforts to helping the entire team manage to-do lists more effectively. If you need some help managing your irregular tasks, whether on-site or off-site, there are technology companies, such as Asana, Basecamp, ClickUp and Monday.com, that specialize in task management solutions. These systems allow you to input tasks, take notes, set due dates, assign personnel, track progress and send notifications when tasks are due, completed or not completed. As a result, these companies are helping millions of people and teams stay on track with task lists. If you want to master off-site management, managing tasks is critical.

Regardless of your role within your organization, if you are leading the site management teams, you have your work cut out for you if you want your carwash to be profitable. There are many steps that need to be taken to run a thriving carwash. However, if you follow these five steps, you can give yourself and your carwash every competitive advantage.

You might see carwash operations are running smoother, creating gaps in your schedule that allow you to work on some of those projects you have been wanting to address. Remember that off-site management means just that, being off-site. Try to schedule your meetings, inspections, audits and tasks in a way that allows you to remotely manage the managers. Whether you have several sites or just one, these steps will keep you ahead of the curve.

This article was originally published in Professional Carwashing and Detailing magazine. To view this article, with photos, please visit: <https://www.carwash.com/5-steps-to-mastering-off-site-management/>



Bright Lighting Insights

by Rich DiPaolo



For many years, operators have employed LEDs in their tunnels and bays, resulting in safer, brighter and more cost-effective lighting. Operators report that the typical return on investment is 50%-plus after switching from metal halides or fluorescent fixtures to LEDs. In addition to savings through LEDs, some operators are also using the power of sunlight to pad their wallets.

Here Comes the Sun

What are the three primary reasons an operator should consider solar panels on his or her carwash? According to Ned Browning, owner of Darien, LLC, the leading benefits of solar power include:

- **Financial:** Operators can transform an expense into an asset and reduce overall monthly operating costs.
- **Business:** Green features, such as solar panels, attract more customers to a carwash.
- **Environment:** Reducing traditional electricity consumption with solar power not only lowers energy bills, but it also coincides with other programs carwashes are implementing, such as environmentally friendly chemicals and water recycling.

In addition, Browning adds that solar panels are ideal for all carwashes and roof types, due to advanced technology, design and installation. "Some of the limitations of the past are not limitations today," he says. "Contact your local certified solar installer for a free consultation to discuss all of your options."

And, when it comes to solar power, many U.S. states, counties and towns are also beaming at the potential of this renewable energy source. In fact, even the federal government is shining a light on some incentives.

"On the national scale, there is the federal income tax credit, which is currently valued this year at 26% of the project's cost. In 2023, the tax credit drops to 22% and, in 2024, it drops again to 10% of the cost of the project. There are also federal grants

available, which could help cover up to 25% of the project's cost," educates Browning, adding many states, local jurisdictions and some utility companies offer their own incentives via tax credits, grants, property tax exemptions and low interest loans.

The upfront costs to install solar panels will depend on the carwash's current energy usage as well as the available roof and/or ground space. However, these initial costs can return back to your bottom line in a relatively short period of time.

"Carwashes investing in solar can be cash positive in year one or have an ROI as low as three to five years," states Browning.

Of course, this renewable energy can be used to power energy-saving equipment throughout a carwash, such as LEDs.

LED Savings

Michael Call, owner of Mile High LED Systems, estimates that at least 95% of new builds are installing LEDs over metal halides and fluorescent fixtures. Therefore, the questions surrounding carwash lighting these days include where to install LEDs, which ones and what colors? As for the remaining estimated 5% still using traditional lighting on new builds, Call warns that they're just "throwing money away." But, why?

Let's consider a carwash that is using metal halide lighting. A switch to LEDs will save this operator 80% or more in power costs, according to Call. As a result, many operators are using that savings and investing by installing more LED lighting on-site to make the carwash safer and more attractive.

Erin Noonan, director of marketing for G&G Industrial Lighting, offers a concise cost analysis. Using an energy-savings calculator and a hypothetical four bay self-serve carwash, she computes some interesting findings.

"Many self-serve carwashes have not made the transition to LEDs," notes Noonan. "These washes are using 175-watt metal halide wall-pack fixtures inside the bay and typically they have two of these fixtures — one on both adjacent walls. If you were to take those four bays with two fixtures in each and switch to LEDs, you go from using 175 watts per lamp, down to 80 watts per fixture. So, hypothetically, if you were to run your lights for 16 hours a day, seven days a week — at a national average of 10 cents per kilowatt hour — you would save 4,426 kilowatt hours over the course of the year, which saves you \$500 in energy costs alone."

Noonan notes savings add up over time as well since typical metal halide fixtures last on average for 10,000 hours, while LEDs average 100,000 hours. This means operators using metal halide lighting will replace the fixtures approximately every year to year and a half versus as infrequently as every 10 years with LEDs.

"You have to replace these \$25-\$30 metal halide lights, which is an extra \$160 every year and a half that you're not spending and

replacing your LEDs. So, for every one fixture that you have, you would spend \$1,067 in lamp replacements compared to \$0 over the course of an LED's usable life," remarks Noonan.

LED opportunity costs

In addition to labor, maintenance and replacement costs, Call factors in what he refers to as the "opportunity cost." When lighting is dim, absent or out, customers will not feel safe at your wash and ultimately, not patronize it. This loss of business is regarded as a missed opportunity.

"The opportunity cost is absolutely a big deal," asserts Call. "Typically, when an operator switches to LEDs, it increases nighttime business by 20% to 30%."

While operators are using the savings derived from LEDs to install more LEDs, Call warns not to go overboard, particularly on the exterior of the wash; in fact, doing so could be illegal. Known as being dark sky compliant, exterior LEDs need to be properly positioned without emitting wasteful light upwards.

"The nation is trying to eliminate light pollution," notes Call. "You can't have fixtures sending light up into the atmosphere anymore. Frankly, as carwash operators, we don't want that either because that's wasteful. Dark sky compliance means manufacturers must produce exterior LEDs that only send the light where you want it to be, which is towards the ground or where people are walking."

When working with your distributor or LED manufacturer, you should be mindful of being dark sky compliant and cognizant of any local lighting codes. These codes might include light bleed requirements off the property, any minimum or maximum light allowances in your parking and driveway areas, etc.

While there are typically restrictions on exterior lighting, interior lighting, such as in a tunnel, is where LED manufacturers and operators can shine and be a bit bolder and more creative.

LED incentives and installation

Similar to solar power, many locales and companies are rewarding businesses for using less energy with LEDs. The Design-Lights Consortium (DLC) is "a non-profit organization whose mission is to achieve energy optimization by enabling control-

lability with a focus on quality, people and the environment," as stated on www.designlights.org.

"When an LED is DLC-certified, this means it has gone through testing and an approval process, and a lot of utility providers will recognize it and offer incentives," states Noonan. "The incentive will depend on variables like the type of LED, the state and so on, but a lot of the utility providers will pay you back anywhere from \$40 to \$80 per fixture if you upgrade to LED."

In addition to savings realized in lower maintenance needs and rebate incentives, operators can also build ROI as early as during installation. The first step to installation savings is at procurement. Experts advise to never purchase LEDs from big-box or online stores. Instead, there are several LED manufacturers that specialize in the carwash market, including the companies we interviewed for this article, that are skilled at manufacturing LEDs specifically for the carwash environment.

"There are certain nuances in installation that operators should be mindful of," explains Call, "especially when we start talking about unconventional locations that carwash operators are looking to place LEDs, such as on vacuum arches."

Discuss your lighting plan with your equipment supplier as well as your LED consultant. Certain components, such as mounting brackets as an example, can add to the cost of installation and they may or may not be needed with some LEDs in the market.

"LED manufacturers in this industry are working hard to make installation and maintenance as easy and seamless as possible," concludes Noonan. "With today's LEDs, you are not spending days or weeks with an electrical contractor wiring and installing. We are making these lights as plug and play as possible and this adds to the savings of reduced installation, maintenance as well as downtime."

Many operators are seeing the light when it comes to the potential of solar energy and LEDs. As always, consult with the experts in the field when installing panels and light fixtures, and then, let the savings illuminate.

This article was originally published in Professional Carwashing and Detailing magazine. To view this article, with photos, please visit: <https://www.carwash.com/bright-lighting-insights/>



Preventative Maintenance Plans Ensure Equipment Optimization

The importance of catching equipment problems before it becomes an emergency

by Frank Donaldson

Preventive maintenance is the routine inspection, upkeep and/or repair of equipment to keep it operating at optimal output, preventing costly downtime from unexpected failure. It's a common-sense premise that every carwash operator should adopt.

The old adage holds true, "If you take care of your stuff, it'll take care of you." This assertion prevails for most everything in our lives. If you monitor and change the oil, wiper blades, tires and other critical components on your vehicle in a timely fashion, you significantly reduce the chance of them failing and thereby creating an inconvenient or even dangerous situation. And, of course, the same holds true for our body and personal health.

Carwash equipment, like any other machinery, requires maintenance to continue to operate effectively and efficiently. A preventive maintenance plan is one of the most important and valuable service offerings a carwash operator should consider. Temporary carwash shutdowns resulting from equipment issues are frustrating, financially detrimental and often preventable.

Preventative Maintenance Pros

Preventive maintenance plans give operators peace of mind via regularly scheduled visits by a qualified and experienced service professional to inspect equipment and troubleshoot, fine-tune and address any obvious or potential issues. As changes in the equipment can be subtle over time, having a preventive maintenance visit monthly or quarterly by a trained set of eyes and ears can pick up on fluctuations and failures that may otherwise go unnoticed by the carwash operator.

Many equipment problems can be caught early and fixed in a timely manner by having routine visits. While most service crews keep an impressive array of parts on their vehicles, sometimes allowing repairs to be made on the spot, preventive maintenance also allows time to get needed components before it becomes an emergency. The current and potentially ongoing manufacturing and supply chain disruptions create challenges for making last-minute repairs.

Having a preventive maintenance plan in place from day one of the carwash can reduce downtime and increase equipment lifespan. One particularly astute wash operator in Virginia experienced less than an hour of downtime in the first year of operation because of a preventive maintenance plan. "I came into this industry with absolutely no carwash experience, so having a preventive maintenance plan was critical for me," states Liz Tilbury, general manager of Splash2o Express Car Wash in Virginia Beach, Virginia. "There is no way we would have experienced the success we have without it."

"What's terrific for me and my continuing education in this industry is getting to follow the service techs around during our monthly inspections, watching everything they do and learning what I should look for and be aware of," Tilbury continues. "These techs are teaching me and are so very generous with their time and knowledge. What's especially helpful is that the same company

built our wash, so these folks know the facility and its idiosyncrasies extremely well. We've just got one wash at this point, but we are planning more, and having a preventive maintenance plan is atop our priority list."

Seasonal Plans

Some service companies offer options that can be customized based on the equipment package and volume of the carwash. For example, one preventive maintenance option may be semi-annual tune-ups conducted in spring and fall, as these seasons lead to a busy time for most carwashes.

With spring comes warm temperatures and pollen, and depending on the geographic area, preparation for spring can start as early as February. An expert service technician may address the following areas during a spring carwash inspection and tune-up.

Tunnel Equipment

- Inspect and grease equipment bearings.
- Inspect conveyors to ensure sprockets, chains and pushers are in good repair. Also check the correlator, conveyor guide rails, decking, take-up and drive sections. Ensure that you clean your trench and that no debris from the winter months has negatively impacted your conveyor or reclaim system. Be aware of road salt, leaves, sticks, trash from the site and even debris from pickup truck beds.
- Most operators may want to have reclaim tanks pumped and cleaned.
- Inspect all hoses (water, air, hydraulic and chemical) for leaks, especially after a cold winter.
- Inspect air system (air compressors, regulators, valves and cylinders).
- Inspect cloth.
- Inspect and clean vacuum systems (filters and dirt pans).
- Check and adjust the chemical delivery system and applicators.

Self-Serve and In-Bay Equipment

- Inspect and grease equipment bearings.
- Inspect the in-bay automatic and self-serve equipment booms and hoses for any water, air or chemical leaks.
- Check and adjust the chemical delivery system and applicators.
- Check guide rails.
- Inspect proximity switches, targets and photo eyes to make sure they are reading and appropriately adjusted.
- Inspect air system (air compressors, regulators, valves and cylinders).
- Inspect cloth where applicable.

In the fall, planning begins for cold weather and a high-volume time for most washes. The aforementioned tune-up tips can and should be applied to the fall tune-up, with the following additional tips for winter preparation.

(Continued on page 14)

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(Continued from page 12)

Tunnel, In-Bay and Self-Serve Equipment

- Check that the tunnel, building and site lighting are in good repair for the shorter and darker winter days ahead.
- Make sure wind curtains, doors and door actuators function correctly. The goal should be to keep the wind and cold freezing temperatures out of the bay.
- Make sure that exposed water lines are insulated as well as protected.
- Prepare and plan for icy weather and the safety of customers and crew.
- Know the dynamics of your property related to sun angles, cold spots, wind direction and tendencies for water and ice accumulation.
- Make sure all drains are open and unobstructed.
- Make sure bay heaters are working and in good repair.
- Make sure floor heat is working properly.
- Check and make sure all weep systems are working, cutting off and on as intended.
- Have additional tarping/covering for exposed conveyor trenches to help reduce heat loss and freezing.

“I’m a huge proponent of preventive maintenance plans, because it’s a lot less expensive to detect potential problems and repair machinery as you go rather than having a component break unexpectedly and shut down your wash,” concurs Tyler Mooney, vice president of operations for Caliber Car Wash — a chain with more than 50 existing and planned locations across the Southeast and Mid-Atlantic. “Every piece of equipment at every carwash we have is inspected regularly via our multiple preventive maintenance plans, and it’s worth every penny.”

“One case in particular comes to mind,” Mooney continues. “During a preventive maintenance visit, the service technician discovered cylinders and shocks on brushes that were mounted slightly off of spec, causing untimely wear on the component. That discovery and adjustment were critical to avoiding a more time-consuming and expensive repair or replacement.”

Just like the vehicles it cleans, carwash equipment performs best when it receives regular tune-ups. Connect with your service provider and determine what preventive maintenance program works best to optimize your operation.

This article was originally published in Professional Carwashing and Detailing magazine. To view this article, with photos, please visit: <https://www.carwash.com/preventative-maintenance/>

Heartland Carwashes in the News

The Heartland Carwash Association wants to feature news happening at the carwashes in our nine-state region.

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Email our Managing Editor at: kcorbisiero@heartlandcarwash.org. We can’t wait to read about you in the HCA newsletter!

Iowa

Ankeny, Waukee, Grimes & Johnston – Matthews Real Estate Investment Services, a commercial real estate investment services and technology firm, completed the off-market portfolio sale of four express Shine Shop Car Wash facilities in these cities, according to www.carwash.com

Iowa City – Casey’s has recently acquired five DeliMart stores here, according to www.cstore-decisions.com.

Missouri

Columbia – The family-owned Club Car Wash opened four stores, reaching new cities in Arkansas, Illinois, Oklahoma, and Nebraska, according to www.carwash.com.

Minnesota

Baxter, Grand Rapids – ZIPS Car Wash announced in a press release its expansion in this state with two locations here, according to www.carwash.com.

Nebraska

Lincoln – A search for nearby carwashes leads to over 20 hits in a 10-mile radius from downtown, according to www.journalstar.com. With all the new carwashes, however, experts say the market is still underserved, added the article.

Omaha – New carwashes are bubbling up all over metro area, according to www.omaha.com. Nineteen new stand-alone carwashes have opened here since 2016, added the article.

Omaha – Culver’s, Rocket Car Wash planned at site of future Gretna Hy-Vee, according to www.omaha.com

Wisconsin

West Bend – Tommy’s Express Car Wash opened its fifth location in this state on Washington Street, according to www.gmtoday.com.



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