



EYES WIDE OPEN— SIZING UP UPGRADES

Trying too hard to save a nickel sometimes can backfire on launderers...big time!

By Sam Garofalo

Have you heard about the newest greatest idea in our industry? A man from California came up with an awesome idea using present technology, it will make you millions! You take big chunks of coal, put it into a tunnel press, add 6 ounces of his magic liquid with heat and make diamonds! Scientifically it actually has some merit. However, as with most ideas, when it gets to the marketing phase, they fail to tell you that you would have to keep the constant heat and pressure on the coal for a few thousand years. This tactic is making lemon out of lemonade! Does this kind of thing really happen in our industry? You have product that decomposes at 115° F, so you market the fact that your product saves a fortune in utilities! They don't tell you that the product decomposes at 115° F. If a vendor suggests that the conditions for the use of a product

are too restrictive, start asking questions. Restrictive conditions are a warning that you'll probably have sporadic quality issues. The washing operation requires wiggle room, no two days are alike.

If it sounds too good to be true it usually is! So, why would you believe that you can wash fabric without any water, chemicals or heat? Of course new technology has brought significant reductions in utilities, chemical and production costs, but as the number crunching gets tighter, the potential for disaster increases.

PURSUE TECH PRUDENTLY

In 60 years, I've seen and heard a lot of marketing presentations! As a kid, I can remember walking around my father's office as someone was giving him a pitch. My dad used to tell me to listen and after the salesperson left he would tell me if it was a good idea or not. Most of his thumbs-up or thumbs-down decisions were based more on the presenter than the product! I remember back in the '70s hearing about a new kind of starch from Mexico made from fish scales that was 3

cents cheaper than corn starch. It sounded good, so we bought it. Everything was fine until an attorney, who was a shirt customer complained that he smelled like fish when he started to sweat! Many times smart people get wrapped up in the wishful thinking of people who present the "be all end all product" with a superior marketing scheme. In his book, *Zero to One*, Peter Thiel describes new "technology" as zero to one. He also described "Zero to N" as new existing technology cheapened and copied as "globalization." His explanation is simple, if the Far East copies some of our new technology, puts a spin on and doesn't have to develop any technology, they just need to be able to copy it and make it cheaper. The true benefit to humanity however is technological advancement. In short, creative technology must be more lucrative than just painting an object a different color. So if you're going to invest don't buy a knockoff!

New technology must meet certain criteria. First and foremost, it must be really new and inventive. Second, it must be proven in the field. Every plant is different, the machinery, people, water conditions, everything! When you're making a decision that will cost your company tens of thousands of dollars, there's only one thing worse than "no information" and that's "bad information."

COST SAVINGS GONE AWRY

Lets' apply this paradigm to the laundry industry. The desire to be the first with the best can be incredibly good. But it can also be incredibly bad, as witnessed by the steel skeletons of pipe dreams that I've seen littering the parking lots of more laundries than I care to admit. Overzealous salesmanship is the bane of every laundry. The simple reality is that the people who come up with this stuff know that it's hard to compete against a nonexistent claim.

The paradigm today is to squeeze every vendor out of every penny, "It's good business!" You and your vendors are the same. You both have families to feed, kids to educate and mortgages to pay.

THE SKY'S THE LIMIT

G.A. Braun was recently appointed as the exclusive laundry equipment supplier for the Pacific Northwest's largest hotel project, the new Hyatt Regency Convention Hotel in Seattle, Washington. A 45 story, 1264 room property with 10500 square feet of meeting and ballroom space, spanning almost a city block and will process approximately 12 million pounds of laundry annually.

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With that in mind, don't forget: Your vendors know that you're going to try to squeeze them and they have their own options to play.

As a consultant, many times my job is to troubleshoot for lost profits, linen damage and production issues, just to find that the cause started as a cost-saving measure that went very wrong! Case in point; about 20 years ago the owners of a large healthcare laundry called me because they couldn't figure out why they weren't meeting their profit projections. All of their customers were COG (customer-owned goods) and the sheets were a 60/40 poly cotton so they knew that they would last. In their efforts to save

I quickly realized that the uniform gray appearance was not in the hairnets. It was lint! During a preliminary examination of the washroom, we observed that the two 66 ounce-per-minute bleach pumps ran all but 10 seconds of the 90 second transfer time! It was suggested that the chemical rep may want to get there ASAP. Just in case some of you are speculating as to the name of the chemical supplier, they left the business some 15 years ago.

A burn test of a sheet showed that the poly/cotton fabric was heavily oxidized polyester. It was almost devoid of any cotton. Lint was scooped from the top of one of the ironer gear covers and burned,

of the labor and cost involved in the processing 120 extra sheets was going down the drain along with the cotton that was vacating the sheets. Then comes the finger pointing, the owners started trash talking the chemical rep who was blaming his boss, but the reality is, the owners were just as responsible as the chemical guy!

Why would we squeeze the chemical company out of pennies by holding them to clean pounds delivered or a cost cap, when we will have to spend more for linen replacement! You say, hey we're COG what do we care? This kind of thinking is flawed and will lead to bigger problems down the road. It will lead to more poor decisions. I can't tell you how many times I've driven into the parking lot of a laundry where \$100s of thousands of dollars in poor decisions were made by laundry owners who tried too hard to save a nickel.

“ HISTORICALLY, TRSA HAS DOCUMENTED ACCEPTED OPERATIONAL COSTS. THESE STATISTICS CAN SERVE AS A GUIDELINE, SO THAT OWNERS CAN SAFELY MAKE INFORMED DECISIONS. ”

money, they put the chemical company's feet to the fire with an unrealistic cost cap. The chemical company didn't want to lose the business and bought into it. They were living the dream ... life was awesome ... or was it? The dream turned into a nightmare when the chemical company, which also has to make a profit, threw in a clause where the laundry had to buy their own bleach and that cost would not be part of the cost cap. The chemical company technician—faced with meeting the new lower parameters—reduced the surfactants and alkalis which are the most expensive chemistry and (shockingly) the chemical company jacked up the bleach. Surprise!

After a short pre-investigation meeting, I started back to the plant. On the way to the washroom, I noticed that all of the women on the ironers had hairnets on.

showing that the content of the lint was 100% cotton. The supervisor was asked to pull 30 dozen new sheets from one of the hospitals and wash them under a light soil “no” bleach formula, basically “a hose and go.”

The next afternoon the two partners, the chemical company rep and I took two high-top carts that weighed about the same and placed the 30 dozen (360) new sheets into one cart and weighed them. We then took 30 dozen that had been in service and placed them into the other cart. The in-service sheets were so light that it took over 120 additional sheets to equal the same weight as the new ones. It took a few minutes for them to come out of denial and realize what was happening. Shock and amazement came over the faces of the owners and the chemical tech when they fully realized that the all

QUESTION EVERYTHING

This article needs to end on a positive note! There's hope. ...There's great technology out there. Rarely in my 60-plus years in this industry have I seen a bad decision made when the powers that be did their due diligence. Negotiating with vendors is an art, but it must be reasonable. Historically, TRSA has documented accepted operational costs. These statistics can serve as a guideline, so that owners can safely make informed decisions. Ironically, almost every marketing scheme can be fully assessed by applying simple common sense, asking the right questions and thinking outside the box.

The point of all of this is simple. When do we go too far to save a penny? The answer is easy, when it costs you a dime!

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