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A CONCEPT **GOOD ENOUGH** TO

franchise

*Car wash operators discover a
new way of doing business*

by Suzanne Boles

*Laura-Lee Normandeau
and Geoff Baker,
Easywash, Vancouver, BC*

When you think of franchising opportunities, names like Tim Hortons, McDonald's, Nutri-Lawn, Mister Transmission, and Maaco come to mind. But...Easywash Inc. car wash?

The fact is, there are approximately 76,000 franchise operations in Canada with over one million Canadians employed in the franchise industry. But independently-owned, standalone car washes are not included in these numbers...yet. Two companies are planning to change that.

Launched about four years ago in North Vancouver, BC by Geoff Baker, company president, and his partner, Laura-Lee Normandeau, Easywash wanted to franchise from the get-go, despite the fact that car wash franchising is virtually unheard of in Canada.

Baker and Normandeau are not alone. Mike Black and his partner, Bill Barber, co-owners of Valet Car Washes and Mississauga Kar Kare Centres in Ontario, are in the process of franchising their business.

CAR WASH FRANCHISING COMMON SOUTH OF THE BORDER

The concept isn't new in the US, but the success rate hasn't been outstanding. In fact, one of the biggest players south of the border – Rápido Rabbit – founded in 2004 as a national franchisor of exterior-only tunnel car washes featuring a \$3, three-minute exterior car wash with free self-serve vacuums – filed for bankruptcy in September 2005.

Franchising a car wash business isn't easy, says Bruce Arnett Sr., CEO of Carnett's Car Washes, based in Atlanta, Georgia. Arnett and his best friend, Joe Blank, along with Arnett's wife, Dee, and their two sons, Bruce Jr. and Brett, have been running their company since

1987 and have franchised their car wash operations in Georgia.

Accountability and motivation to create a standard culture across the board are key. "We have spent hundreds of thousands of dollars with different consultants and researchers over the years getting to the position that proves when we put up a (car wash), the (employees and franchisees) are very motivated because they feel part of the business. So learning how to build that team is basic in trying to do something that could be replicated across the country. And that is a major challenge."

CANADIAN CAR WASH FRANCHISING

Black is venturing into the franchise business after a successful run in the independent car wash business here in Canada. He's also got his pulse on the industry after serving as president of the Canadian Carwash Association and as a board member of the International Carwash Association, including one year as the organization's president.

Black says there are several reasons Canada hasn't seen franchising in this industry before now. One is the dominance by oil companies in the industry, leading to saturation of the car wash market in many areas of the country. Money is another factor. Land costs are high, so a large financial investment is needed, but there's a lack of financing opportunities for the car wash business here in Canada.

Despite this, Black says he and his partner decided it was time to franchise because of a change in the business climate.

"We're starting to see car washing attracting more private investors lately who are looking for a turnkey operation, but they



don't necessarily have the time or the desire to do the homework that's needed to operate one."

Black's company also sells car wash equipment, so this is a win-win situation because the company gets to use its own equipment to set up franchise operations. They're already moving ahead with their plans, with their first franchise model site currently under construction in Kitchener, Ontario and slated to open sometime this spring.

The second player about to franchise is Easywash. It will be Canada's first car wash launched as a potential franchise concept first, instead of as an independent car wash which later decides to franchise. Baker says the idea came when he and Normandeau wanted to have their truck washed. Easier said than done. They had to drive about 14 km across town in Vancouver to find a car wash. Then

Franchising is not for the faint of heart, he concedes. The investment can be staggering.

"It takes a great deal of money to expand," he says. "These car washes are capital-intensive." Being a regional, family-owned busi-



“We looked at the marketplace and we knew there were no other franchises in Canada.”

Baker, “We’re not starting Easywash to be a small business. We want to be a large business with a well-known brand.”

it turned out the machine was broken and didn’t do a good job of washing the vehicle, so they had to get a refund.

“We realized that we spent two hours of our day just to get the truck washed,” he says. “So like most inventions or developments, (Easywash) came from a need. For us that was the immediate need to get a truck wash.”

Almost four years later and Baker is just about ready to debut his new franchise operation. If you think it’s a big risk, bear in mind that he currently has over 400 would-be investors lining up to get in on the action once the franchise is up and running.

Asked why he decided to open a franchise in Canada when there isn’t one other operation here, he replies, “That’s exactly why.”

“We looked at the marketplace and we knew there were no other franchises in Canada. There are a couple who are trying, but they don’t have what we call an identifiable brand. The brand isn’t clear. It’s not concise. They don’t have a strong marketing message.”

ECO-FRIENDLY FRANCHISE

That’s where Easywash has focused its efforts. First, there’s Easywash’s environmentally friendly branding. Easywash will have a Leadership in Energy and Environmental design (LEED) designation, focusing on the building structure. It requires that each site recycle 70% of its building waste. It also takes into account things like heating, ventilation and lighting. Baker estimates that the cost for the certification will add another 10% to the construction price tag, but says, “We believe that marketing and the environmental benefits far outweigh the cost.”

The eco-friendly concept also spills over into the actual car washing process. The model site, currently under construction, includes its own water well. Price for drilling was \$15,000-\$18,000, and that doesn’t include the equipment to pump the water. But they won’t need to rely on Greater Vancouver Regional District water, and Baker estimates this will save \$2,000 to \$3,000 a month in water and sewage costs.

As well as focusing on the green benefits for consumers, there’s the Easywash brand recognition. The franchise will feature an express wash for \$5, including taxes. “It’s the lowest priced car wash in our marketplace,” says Baker.

Like Arnett in the US, Baker says setting up his franchise operation is a huge challenge. They’ve raised \$1.25 million from 60 shareholders, but are still looking for an additional \$650,000 to help with construction of the model site. Since the initial business model is based on franchising, the focus has been on assembling a franchise system, including operation manuals, advertising policies and procedures, an extensive training program. They will have a real estate department focused solely on finding sites for the car washes and a financial department to help put together the franchise deals. All of this takes time and money. But, says

BENEFITS TO THE FRANCHISEE

So what are the benefits to the franchisee? There are two main ones:

- Buying into a franchise means help with setting up the physical operation and assistance in choosing a site based on demographic research.
- You get a full training package with information on running the operation, marketing materials and ongoing support.

But franchising comes with a hefty price tag. Baker’s franchises will cost somewhere between \$1 million and \$2.5 million. He feels, though, the payback will be quick and the investment probably less than what you’d pay if you were starting your own car wash from scratch.

“Franchising is an excellent way to grow your brand,” says Mike Black. “Outside of the oil companies there is no brand of car wash in Canada. It’s probably the last segment of the automotive industry that has not been franchised.”

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