

Ancillary Items, carwash items you can't function without!

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You ever go to the doctor and he says you're Ok but we need to do a little tweaking on those ancillary items? You know the ones that are like liver, kidneys, prostate, heart, lungs? I can assure you if your doc said that to you, you probably would be pretty shaky! Well let's put this scenario in the language of your car wash. Sure there are items we buy that are sold as ancillary but the truth is those items are a necessity, if not you wouldn't buy them, right?

Ancillary items are critical to your operation because they are necessary to operate efficiently, economically and profitably. If they don't they become a luxury! To categorize a list of these items they would probably fall into the following categories.

1. Items that manage revenues: Cash registers, customer interface items, computers, and counters.
2. Items that manage operations: Security and surveillance, cameras, monitoring equipment for chemicals and water, software and training systems...
3. Revenue generators (those not required for the wash process). Items such as vacuums, vending machines, signage, other services (detailing, windshield repair, food items)
4. Environmental: Water treatment, reclamation, energy efficient lighting, insulated doors, and heating systems.

What happens to all of us, when we go to build a car wash, is we become so overwhelmed with the intensity of the project we overlook the importance of what we refer to as the minor players. Let's take a look at how and when these minor players/ ancillary items come into play.

Assuming we are building a ground up car wash your first exposure to ancillary items occurs on your first visit to the city engineer and planning offices.

After announcing that you are thinking of building a car wash you will be bombarded by a number of questions. Many of these questions will become requirements before you can obtain approval and build your car wash. Remember when it comes to car washes, every city department plays a role, has an agenda and a wish list. As a result it is not hard to understand that some questions are "fishing trips", some will become a requirement, others are "I can't believe that they fell for that one" and finally there will be very legitimate items you will want to incorporate so that obtain your approvals. Bottom line some of those items we thought of as ancillary become a necessity. A helpful hint, any time you go before a governing body have your car wash representative in tow. Their input will be incredibly helpful and save you a lot of heartache going forward...

Most communities are very aware of commercial car washes and the impact they have on the city and the city services. As a result most will look for some sort of commercial quid quo pro. One way that a community deals with the stress and strain on their budgets and services is to impose “impact fees”. These fees can be daunting to say the least. Recently I have heard of fees in excess of \$250,000 to connect into the water and sanitary system.

After the initial shock you ask there must be a way to minimize this? Fortunately there are a number of companies that specialize in water recycling or reclamation systems. Generally, depending upon the severity and size, these systems are commercially available in the \$25-60,000 price ranges. The use of one of these should cut your impact fee by 2/3, lower your water and sewer costs, allow you to operate in times of drought, and you will be looked upon within the community as a “green” neighbor. There are a number of good systems out there that specialize in car wash, generally you can find more information through the internet or through your car wash provider. For your benefit I am including a partial list of suppliers in this area. Please note that this list is only partial, neither the publisher nor I make any claims as to warranty or performance.

Whether you are building a “ground up”, operating or purchasing an existing wash most ancillary items play a role. The example of the water recycling is way easier if we are a ground up but let’s assume we are facing an existing situation where water and sewer were going through the roof or drought conditions prevail. Would the addition of water recycling be worth while? The answer is so site specific, but if you are in an area where the investment will pay for itself in 3 to 5 years the answer is probably yes. Most of the other ancillary opportunities are in a similar boat. If they add to your business and pay for themselves in less than five years, go for it!

As mentioned there are number revenue generators that are not part of the wash process but are integral to the overall success formula of your business. Depending upon the type of car wash you build the ancillary items will vary. In most cases you can always add coin or credit activated vacuum cleaners. These simple devices are the unsung heroes of car wash sites. They always report to work, pay for themselves in less than a year and are available to your customers 24/7. What wondrous machines they are. Other ancillary revenue generators, not requiring labor, are vending machines, signage, and displayed merchandise. These items use your commercial space to generate additional profits. If your car wash is attended there are numerous other services that will help drive business and enhance your customer’s experience. In the food category there are “food carts”, Espresso, and vended products. In non –food items like dent less body and windshield repair, express detailing, gasoline, quick lube, and countless other related services. Bottom line ancillary revenue services are great as long as they add profit without complicating and or compromising margins.

There have evolved a number of new twists in the car wash offering, The latest, and certainly one attracting a lot of attention, is the “express exterior” concept. Here the

customer enters the property, drives into an area where there are a number of automatic tellers. Once the customer enters either cash or credit they proceed to the wash. Generally these “express exterior” washes are tunnels (with conveyor). The customer enters the tunnel (they may or may not be an attendant) and is pulled through a series of wash, rinse and drying arches. Once the wash is completed the customer can proceed to a free vacuum area or exit the site. Express exteriors have really benefited from technology. In their case without the availability of computer cash management and control systems they wouldn't have become as an attractive business offering. In addition the development of new vacuum technology, secure vending, remote diagnostics, security, and off site management oversight has really been a benefit and in fact a necessity.

We have only singled out the “express exterior” wash but the fact is that every wash type can benefit from and in many cases need these ancillary products. Take as an example the in bay or rollover car wash. There are so many of these units are in the market place that ancillary products can provide a competitive advantage. If you were to survey motorists who use this type of wash one area for improvement in wash quality is wheels/tires and a better job of getting rid of bugs. Voila, now there are ancillary products that attack this area, “Hub Scrub” and “Bug Blaster”. They do meet our criteria of adding value while improving the bottom line. Are they a necessity? You bet!

As we look further into the ancillary category we realize that every wash needs and every operator must look at their business always asking the question “what can I do to better tomorrow than I am today” If this is your philosophy then you will always be exploring the ancillary avenue for ways to improve. As a rule of thumb I would only add ancillary items if they meet these general criteria.

1. Is the additional item one that can be depreciated and capitalized?
2. Does the product add value for my customers?
3. By adding this product does it enable me to manage more effectively?
4. Will the product pay for itself in less than 5 years/
5. Do I gain a competitive advantage by incorporating this item?
6. Will the addition of this item help insure my future business?

I am sure that you can add lots to my list, bottom line there is so much to learn about in the ancillary field you'll need to dedicate some time, choose the right provider, ask for assistance and don't leave them until last!