

## **It Might As Well Just Rain!**

### ***What I Didn't Learn in School but Did from Uncle Bill***

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The elections are behind us the fed is going to inch up interest rates, so, Mr. Bernanke how much does all this political, social, economic gymnastics affect car washes? Very little!

During the 40+ years I've been a participant in the car wash industry, I've witnessed countless boom times as well as countless moments of "Where is payroll coming from?" Through all of this, I must say we are and have been very fortunate. Car washing is almost recession-proof! Now that is a big "almost". Let me explain. You know the old story. If you are laid off, it's a depression, if it's your neighbor, it's a recession!

When I first decided to make car washing my career, I remember sitting with my Uncle Bill pondering my choices. Now Uncle Bill was a Princeton University trained economist as well as one of my early mentors. I remember asking, "Bill, you could have done anything! Great education, great connections, and you chose to be a car washer. Why?" Without missing a beat he replied, "You know, there are many choices in life. I figured I could be a big fish in a little pond or a little fish in a big pond. For me the choice was simple, I chose to be a car washer, a big fish in a little pond." Bill never had any regrets, maybe some anxious moments but no regrets. His vision for our industry is still current, still unfolding.

Like my Uncle Bill I chose a similar path, undergraduate studies as an economist, graduate work, teaching small business management and marketing and, like my uncle, I chose to be a car washer.

Now, thinking back on both my career path as well as my uncle's, I believe there was another message behind those early words of wisdom. I believe Bill saw clearly the

opportunity and challenge of being his own boss as well as being a pioneer in the growing and exciting car wash business. I'm sure our education saved us from making some wrong choices, but when the buck stops with you, you can't help to make some mistakes, it goes with the territory.

The more I studied, the more I learned that the socio-economic, political format of the day is not under my control. As citizens we are part of the global economy but as car washers we live, work and prosper in a three-mile world. You can study, theorize, apply reason and statistics and just about any discipline you can imagine, and you're still going to come up scratching your head looking for an answer.

The simple truth of our very complex economic models is that they are emotionless and based on history. Every day we break the mold and new models are formed. Markets are made up of buyers with wants, needs, and expectations. Every decision made is done with logic, emotion. And a little Kentucky wind age! As long as emotion plays a role and we deal with the public, finding the right model, one that works will be doggone near impossible.

There is an old story about a man who had a very successful hot dog stand. He paid all the bills, grew his business, and eventually sent his son to college. Business was booming customers came from miles to buy their snacks and hot dogs. One day his son came home from college and said to his dad, "Dad, don't you know there is a big economic downturn? People are losing their jobs. Businesses are closing. You have to be more cautious, cut back on inventory, and slow down on the marketing." "Well," Dad thought, "my son is pretty smart, he goes to college, I'd better listen." Well, sure enough, Dad cut back on supplies, became more careful of marketing and inventory expenses and in general became very conservative. Not long after he made these changes he noticed his business slowed, eventually to the point where he wasn't meeting his expenses. Shortly thereafter he closed, fulfilling the prophecy of his son. The moral is you can't stand in front of a moving snowball. You get out of the way and let it grow or you try to stop it and let it break apart. The son's economic teacher might

have been right but what he didn't know was that buyers and sellers emotion were fueling the success not economic logic.

As I said early on, car washing is almost recession-proof. In my visits around the country, the impact of the economy varies. If you are a full-service car washer in a market that has been hit by major layoffs, you may feel some impact. If you are a petroleum company with car washes, you'll probably find the impact on sales will have a correlation to gasoline volume. If you are a self-serve or stand-alone automatic, you may be affected. The good news is you may be affected positively.

First, last and foremost, car washing is a relatively elastic business. The elasticity is driven by many factors, weather being the key driver. How you run your business and what you do to react to market and weather conditions is the difference between being profitable and really successful. The story of the hot dog vendor is real. Believe strongly that you will fail and chances are you will! If you plan properly, execute strategies; establish meaningful realistic goals you are headed in the right direction.

As you have seen and read in other articles the matching of real estate, building and equipment to the type and size of the revenue stream is really important. Not long ago I wrote an article "25 Questions to ask you Vendor" I believe that if you are working with the right suppliers and other professionals the only rain you'll experience will be weather driven not economic. Good financial planning as Uncle Bill used to say is almost as simple as "saving for a rainy day"