

Laundromat Business

The laundromat is a self-service establishment where customers can wash and dry their clothing on industrial-sized equipment designed to withstand heavy loads and frequent use.

A laundromat is a relatively simple business to run since there is no inventory to worry about, the machinery is simple to maintain, and labor expenses are minimal. Being able to count on a consistent flow of consumers throughout the year makes it a dependable source of income.

I've used the opportunity screening methodology to determine what this kind of business would entail below:

	Attractiveness	
	High Potential	Low Potential
Market		X
Harvest		X
Competitiveness	X	
Management	X	
Fatal		X

At this moment, at least in our country, the market for such a business is not very developed because most homes already have washing machines and there are no such things as regulations made by building owners or administrators in order to prohibit the use of such appliances. However, with the boom in real estate that is happening right now and development of the city (e.g: student dorms, growing business) there is certainly room for new practices that will serve as a ramp up for laundromats.

In terms of profits that can be generated, considering the initial investment in such a business and the environment, harvest can be considered pretty low, statistics showing that this kind of businesses are returning on average somewhere around 10-15% of total investment each year.

Exactly the investment mentioned above and the fact that the market is not very developed are the basis for a huge advantage regarding competitiveness. There are only few other players in the our country and there is still plenty of room for profits.

Still, the maintenance and management of such facilities doesn't represent a hard thing to do as the market already reached maturity and there are a lot of solution for automating this kind of business.

Last but not least, in terms of failure probability I think that the number of outcomes that should be considered as fatal for the business is very small. This is because in the worst case scenario you will be forced to close the facility and sell all your equipment, but this means that you will recover most of the initial investment.