



# SINGING A DIFFERENT TUNE

## Former Music Industry Executive Takes Entrepreneurial Plunge

by Bob Nieman

**E**arlier this year, Art Jaeger opened two new self-service laundries from the ground up, and he recently signed the lease on his third store, slated to open next spring.

Such a flurry of business activity would leave many entrepreneurs gasping for a little breathing room.

But such things are indeed relative.

For Jaeger, three new, large-format laundromats in less than a year is more of a downshift in his professional life, an opportunity for more “free time.”

Then again, Jaeger spent 25 years in the music industry, where he would often juggle 20 to 30 projects at one time, with 21 vice presidents reporting directly to him.

“It ran the gamut from public relations and press to business affairs, legal and accounting,” said Jaeger, who is a former Arthur Andersen CPA who got into the music business when an accounting client offered him a position with its English record company. “I went off and ended up with a 25-year odyssey in the music industry. From there, I went to MCA Universal and then finally to Capitol Records as executive vice president.”

Over the years, Jaeger has had the privilege of working with recording artists such as U2, Bonnie Raitt, Bob Marley and Robert Palmer.

“It’s a great business and great fun,” added Jaeger, who met his wife, Eve, while working in England.

However, a few years ago, he saw the industry begin to change, from the consolidations to the increased downloading of songs to the type of music that was out there.

“It was all changing,” he said. “I had been involved in what I now consider to be the golden age of the music industry—the ’70s, ’80s and ’90s. You had a real chance to develop artists. If U2 came along today, I don’t think anybody would pay attention to them. The business is moving away from singer/songwriters to producer-driven records. With that change and the consolidation of the industry, I thought it was a good moment to become a bit more entrepreneurial.”

Since then, Jaeger has been involved in a number of Internet company startups, as well as the creation of an 18,000-square-foot entertainment center in Hollywood, which features comedy, music, dancing and community events.

But he was looking for something different. "What I like best in the world was being a small-business owner, running my own business, being part of the community, developing something," he said.

So he wrote down a list of criteria that his next business venture would require.

"I wanted a business I would be able to fund without having to do a big investment tour," he explained. "I wanted to have a flexible time schedule. I didn't want to be committed to be anywhere at any one moment in time. I wanted to do it without a pyramid structure of employees. I wanted something with an acceptable return on investment and low risk."



*Above:* Santa Fe Lavanderia's 125-pound-capacity frontloader, which is kept busy, vends for \$9.99, including injected detergent.

*Left:* The laundry's video and redemption games, which rival a true arcade in number and variety, keep Jaeger's customers and their children occupied while they wait for their clothes to wash and dry.

*Below:* Owner Art Jaeger and his wife, Eve, whom he met in England while working in the music industry.



It didn't take the coin laundry industry long to jump to the top of Jaeger's short list. And he totally immersed himself into learning the business, from surfing the CLA's Web site to attending the Clean Show. Jaeger quickly discovered who the major distributors in his area were and visited more than 200 coin laundries before deciding on his plan of action.

*Opposite page, top:* A comfortable, Southwestern feel permeates the laundry, from the warm, ornate flooring to the wrought iron accents. Jaeger sourced most of the store's materials himself.



Sparklean Laundry Systems' Van Merrill has proven invaluable in helping Jaeger make his self-service laundry vision a reality.

His next step was to find suitable locations for his laundromats. "I basically looked for an area that had more than a 70 percent Hispanic population, more than 70 percent apartment dwellers, more than 70 percent families, household densities of at least 3.5 per household and income levels between \$10,000 and \$25,000," he explained. "I also was looking at parking, access, a competitor analysis and competitive lease terms."

With these items in mind, Jaeger targeted Los Angeles' San Fernando Valley as a market that had the demographics, density, income levels and apartment percentages that worked best for his business model.

The next phase was building the two stores. Construction work took about four months for each laundry, with the first one—a 5,000-square-foot facility in Arleta—opening in May, and the second, a 3,000-square-foot store in North Hills opening its doors in July.

"At the first store, after we started building, we found that we didn't have enough electrical service, because we had so many machines," he said. "We had to work with the city to bring in two new telephone-pole-driven, 600-amp transformers."

As with all facets of his coin laundry business, Jaeger was extremely hands on during the construction phase, choosing to source all of his own wall treatments, floor treatments, colors and fixtures—from the faux painting on the walls to the wrought iron accents, which give his stores that Southwestern flavor.

That uniform look and feel was crucial to the business plan, as both laundries are named Santa Fe Lavanderia, a brand in which Jaeger hopes to grow.

"I thought it was extremely important to brand the laundries, make people understand what to expect," he said. "If I were to tell you that a Subway was opening across the street, you would immediately know what it looked like, what products it would serve, what level of standards it would be achieving. And your comfort level would be there."



Folding space is not an issue at the spacious Santa Fe Lavanderia.

"When I picked the name Santa Fe Lavanderia, I had a lot of people at the time asking me what the name meant," he added. "This is where my years of marketing really helped, because it doesn't mean anything until I make it mean something. However, it is a comfortable name. It works in both Hispanic and Anglo markets. And it conjures up the kind of image and décor I've created."

Santa Fe Lavanderias are built to target families, according to Jaeger, from their design to their amenities. The stores feature a lot of large equipment, including a whopping 125-pound washer at the Arleta store.



A very popular ancillary profit center has been Jaeger's 4,000-gallon water system. He sells his customers purified water in bulk, for 20 cents per gallon.



Santa Fe's stacked dryers vend for 25 cents for 15 minutes. Jaeger also has six 75-pounders that cost 60 cents for 15 minutes.

The store features six toploaders to accommodate customers with smaller loads.

"The first part of my marketing plan is our spacious size, the number of washers and dryers, the size of the machines, the large sitting areas, the bright décor and the children's areas," Jaeger said. "I have billboards on top of my buildings, and top positions on the marquee signs. Plus, all of my interior signage is bilingual."

In addition, Santa Fe Lavanderias are run on card systems, which, Jaeger pointed out, enables him to easily run a number of popular pricing and loyalty programs. In addition, he has begun a direct mail campaign to further get the word out about his relatively new self-service laundry business.

"When you're doing this, you have to have a message that you're telling people," he explained. "It can't just be, 'Hi, I'm here.' It's got to be something that motivates them to come in."

And once they come in, Jaeger is ready for them.

"You can't do all of this advertising and then have people walk through the door and not deliver A-1 service," he said. "You cannot let any part of this fall down. If you're going to make the effort to get people through the door, you better make sure the store looks great, the attendants know exactly how to treat the customers, all of your equipment is in operating condition and your prices are fair. A rude attendant can ruin everything else that you've just done."

Jaeger can't afford to be lax, as both of his stores, located in strip malls, are based in extremely competitive marketplaces. The Arleta laundry has six other stores within one and a half miles, while the North Hills location is battling it out with four other coin laundries within a half-mile.

To further help him compete, Jaeger sells purified water at the Santa Fe Lavanderia in Arleta. "We have a 4,000-gallon per day, reverse-osmosis water system," he noted. "This service appeals to the same demographic as the laundry. Out here, it appears

that, culturally, the Hispanic population is used to buying purified water in bulk. They come in with four or five five-gallon jugs and fill them up at 20 cents to 25 cents a gallon."

He also boosts business by selling logoed laundry bags, providing a wide variety of vended snacks and beverages specifically aimed at his target market, and offering satellite television programming and several arcade options to take some of the drudgery out of the laundering process. What's more, he has secured a couple of commercial accounts at a retirement home and a moving company, simply through positive word-of-mouth promotion.

While everything has gone relatively smoothly for Jaeger, he admits that the maintenance aspect of running a self-service laundry did surprise him a bit.

"In my 25 years of experience, what I am not is a mechanic," said Jaeger, who has attended service schools to get himself up to speed. "At the end of the day, this is a very equipment-intensive business. I've learned how to do a lot of repairs. I've had to do a little more of the maintenance than I originally thought I would do. But I get satisfaction out of it.

"I'm motivated to keep learning," he added. "I really delved into this, right to the matter of understanding how to service the machines. I really enjoy learning new things and new businesses. I know a lot of people who just know one thing. When you're a small-business owner, all of a sudden you're doing everything."

Jaeger will be doing even more come next April when his third laundry opens for business. And although his original vision was of a three-store chain, he can picture growing his business beyond a mere trio of laundromats.

"The way to build a chain is on a grassroots basis, starting from the bottom up," he explained. "Can I envision at a point in time adding a new store every year for the next five years? Yes. It's totally possible. But each one has to stand on its own. You don't want to add overhead costs and other non-revenue factors in without the revenue ahead of time to do that."





## Equipment Mix

Santa Fe Lavanderia • Arleta, Calif.

- 6 Whirlpool toploaders . . . . . \$1.19
- 16 Continental Girbau 20-pound Aurora frontloaders . . . . . \$1.79
- 21 Continental Girbau 30-pound frontloaders . . . . . \$2.39
- 9 Continental Girbau 40-pound frontloaders . . . . . \$3.39
- 4 Continental Girbau 75-pound frontloaders . . . . . \$5.69
- 1 Continental Girbau 125-pound frontloader . . . . . \$9.99  
(includes injected detergent)
- 27 Continental Girbau stacked dryers . . . . . 15 min./25¢
- 6 Continental Girbau 75-pound dryers . . . . . 15 min./60¢
- 2 Hamilton Engineering EVO 99 water heaters
- 1 Standard Change-Makers BCX-1000R changer
- 30 R&B Wire Products Model 100E58 laundry carts  
Custom built benches/tables and folding tables.
- 1 Vend-Rite 12-column Soap Center . . . . . .60¢
- Royal Vendors—Model 650, 10-select  
soda vending machine with a live display
- Crane National SnackCenter 2 Model 168 snack vending machine
- Arcade: Ms. Pacman, Space Invaders, Soccer, Marvel vs. Capcom,  
Street Fighter, Metal Slug, Multicade, The Shadow pinball,  
15 product racks, Fortune Teller Scale, Clean Sweep Crane,  
two children's rides
- 5 27-inch televisions (satellite programming from Dish Network  
with Latin package and Kids and Education package, DVD movies)
- 12- by 7-foot children's defined area, TV with DVD and  
special programming, two rides (swan and truck) and a playhouse
- E&E security remote surveillance system
- Card Concepts POS system
- 4,000-gallon, reverse-osmosis purified water system
- Distributor: Sparklean Laundry Systems, Inc.,  
Santa Fe Springs, Calif., (562) 942-1771



*Top:* Both of Jaeger's laundromats, which were built from the ground up in about four months, are located in strip malls.  
*Center:* The store's card system has been a huge hit with customers.  
*Bottom:* Santa Fe Lavanderia features a children's area, complete with kiddie rides, a playhouse and special television programming.