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ISSUE

MARCH 2007

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CAR DEALERSHIPS CATCH THE CAR WASH WAVE
MIAMI CAR CARE CENTRE INC. SPRINGS TO LIFE SELF-SERVE CAR WASHES ARE THRIVING
WAGES TAKE OFF CHALLENGES OF STARTING A NEW SITE



Back to School

by Suzanne Boles

Miami Car Care Centre Inc.
springs to life from a school project

As Kenny Rogers sang: *"You've got to know when to hold 'em. Know when to fold 'em."* And like most car wash owners, Richard McKinnon holds his cards close to his chest. What he learned is that he didn't need to fold 'em.

McKinnon isn't really your average car wash owner, or entrepreneur. In fact, he fell into the business as part of a school project. McKinnon had enrolled in the general business program at Wilfrid Laurier University in Waterloo, Ontario. He needed a degree to upgrade his business management position to the director of information technologies for Accuride Steel Wheel Business Unit, a \$1.2 billion truck wheel manufacturing company in London, Ontario, where he had worked for 23 years.

One of his courses was on small businesses. A requirement for the course was to create a business plan. In the back of his mind, McKinnon had thought about owning a family-run business relating to the auto-care industry. "I've always been interested in cars and I thought it would be an interesting topic to build a business plan on, so that's what I did."

The business plan turned into a six-bay self-serve car wash in the south end of London close to

Highway 401, which McKinnon opened under the banner Miami Car Care Centre Inc. on September 2, 2004. It really wasn't something he planned on. It just came together, he admits, from academic research to reality.

A self-professed, detail-oriented person and "data driven guy," McKinnon went beyond the basics and built a rock solid business plan outlining his management team, business objectives and marketing, details on the location and facilities, financing, staffing, SWOT (Strengths, Weaknesses, Opportunities and Threats) analysis, and a detailed timeline from concept to startup.

When it comes to the hold 'em part of this story, like many car wash owners, he's reluctant to give the exact numbers, but he will tell you that his financial projections were within two percent of the actual cost. Not bad for any new startup business, especially someone with no prior experience in the industry.



Richard, with wife Wendy McKinnon, decided to open his car care business as a result of a university project. He's ready to open his second location, featuring a drive-through automatic car wash and full detailing service.

DARIN SCHINABEL

Back to School

MANAGEMENT TEAM:

Who will be involved with the operation and what experience do they have?

BUSINESS OBJECTIVES:

What are your short- and long-term goals?

MARKETING:

How will you market/advertise your business?

LOCATION:

Where will you be located? Include details about traffic flow, local population and other potential customers you can draw on for your business.

FACILITIES:

What will be located on the premises, equipment and general building specs?

FINANCING:

How much money will you be putting down yourself? Where will you get the remaining capital to start your business?

SWOT ANALYSIS:

List your Strengths, Weaknesses, Opportunities and any Threats posed.

TYPICAL TIMELINE:

A graph or chart that includes everything from when you plan to acquire the property to building construction.

OTHER ATTACHMENTS

MAY INCLUDE:

- Financial summary
- Five-year projected cash flow, income, and balance sheet statements
- Statement of net worth
- Equipment, property and building details
- Startup costs
- Traffic flow analysis
- Lot layout and building design images



BACK TO SCHOOL MEANS HOMEWORK

There's no doubt McKinnon did his homework. This included a careful analysis of the location where he planned to open the car wash. During his research, he learned that a surrounding population of 1,500 within a specific radius would support a single, self-serve wash bay. The site he had in mind had a traffic flow of about 55,000 vehicles a day, including those using the on/off ramps to Highway 401, located just a few blocks away from his proposed site. The surrounding area included single family homes, apartment buildings and townhouses with an approximate population of 80,000. These were important numbers in assessing the viability of his operation at the location he had chosen.

Beyond the written business and research, McKinnon attended the International Carwash Association Trade Show; spoke to the London Economic Development Corporation, an organization working to attract, support, grow and retain businesses in the London area, and the London Small Business Centre, an organization providing entrepreneurs with support services.

He also went to financial institutions. "The feedback I got from almost every banker I went to or everybody in the business community was an overwhelming 'Wow'! There was so much preparation and analysis done upfront that any question they had, the answer was there," says McKinnon, who carried his laptop to present a PowerPoint presentation at many of these meetings.

In particular, he credits the support he received from Brad MacDougall, then account manager at the London, Ontario branch of the Business Development Bank of Canada (BDC) to spur him on with the idea of making the academic project a business reality.

In the end, he received financing from the BDC and Scotiabank, which he says will finance equipment up to 90% through government guaranteed loan. BDC and other financial institutions will typically finance

between 65 and 70% of loans for the physical building itself. Startup cost for a car wash like his is around \$1 million, and the banks look for approximately a quarter of that, some \$250,000, from the owner/operator.

McKinnon wasn't looking at launching just any self-serve car wash. His goal was to have a state-of-the-art facility. To this end, he incorporated a design reflecting the architecture seen in Florida – where he and his wife often took their kids on memorable family trips – hence the business name Miami Car Care Centre. The outside of the building is bright with stucco, which makes it stand out from the competition and further reflects the company's brand.

USE THE BEST MANUFACTURERS

His homework also led him to quality manufacturers. He decided to go with Jim Coleman Inc., a Texas-based company, to supply his equipment. He went with Exact One for controllers in the bays and for the front bill changer, credit card combination machine. Another innovation is that customers can use credit cards to pay for their wash in addition to coins or tokens. This technology also allows him to offer fleet passes.

He went several steps further trying some innovative ideas. For example, music is pumped into the bays to create a relaxing and feel-safe atmosphere. He's just added a central vac complete with swing booms to each of his outer bays. At this point, he's experimenting with the idea. He doesn't want it to take business away from the three high-powered vacuum shampoo machines and two vacuum fragrance machines on the perimeter of his property. But if customers take to it for quick cleanups in addition to a full-car vacuum, he'll probably keep it, and maybe add more.

Having a family-owned business has also become a reality. McKinnon's wife, Wendy, who works as a controller for a medium-sized wholesale business, is the company's controller and looks after the accounting. Their son, Kevin, uses his graphic design talents to upgrade template signs provided by manufac-



Customers can use credit cards to pay for their wash in addition to coins or tokens. This technology also allows him to offer fleet passes.

turers to reflect the company's brand and creates other signage and marketing materials. His technical expertise is also put to work on a variety of projects, including looking after the computer systems and repairing equipment. Daughter Terri uses her business and HR expertise for the company. And a family friend, Ryan Wilson, is their customer service specialist, on site helping customers and doing other jobs. The building was designed by a local Fanshawe Student, Ryan Burr, and built by Rick's brother, Brian, of McKinnon Group Construction.

LESSONS TO BE LEARNED

Now nearing the end of his second year in this business, McKinnon concedes that his homework didn't tell him everything. Some things you just have to learn on the job. For example, "we went from no brand chemicals to Turtle Wax chemicals. Even though Turtle Wax are more expensive chemicals, what we observed and from the feedback we got back, the difference in quality more than made up for the cost."

If that homework assignment weren't enough, McKinnon was approached by a student at the Richard Ivey School of Business, at

the University of Western Ontario in London. Julie Harvey was referred to McKinnon by MacDougall, from the BDC, to study the potential for McKinnon to open a second location. This business case was actually used by students as an exam question this past semester at Richard Ivey. Asked if he plans to do this, he answers, "Absolutely!" He has been working hard over the last several months to put all the pieces in place for his second location in North West London, which will include a drive-through automatic and full detailing service.

McKinnon says his initial projections from the business are still on target. "The actual forecasted sales for the 2005 calendar year were 1.2% higher than forecasted 18 months in advance. The forecasting on expenses was close, but less accurate, and we reinvested more than expected back into the business in redesigning user interfaces to be simpler, using additional signage, adding new technology, such as in-bay vacuums and video surveillance. We also had to take into account interest rate increases and property tax reassessment."

The good news, he says, is all the bills are paid. "The bad news is, for a \$1 million investment, the pay cheques haven't been great so far. But then again, we didn't expect them to be yet, according to the business plan." **OCTANE**