

Gelomb Group

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FOR THE ELITE OF THE DRYCLEANING INDUSTRY

Stay On Course

*“Staying ahead
of the competition”*



**BY
DENNIS MCCRORY**

Drycleaners are desperate for short-term solutions to their companies financial problems, which is understandable in this economic climate. But that desperation has a real chance of leading you off course.

While the U.S. economy continues to create troubled waters, drycleaners are learning to navigate their ships through these

dire straits by finding marketing solutions that address current needs, yet still contribute to long-term brand identity.

When times are tough, there's a tendency to panic; and given the severity of what we're going through now, it's not surprising what some drycleaners are resorting to. One of the first and most prevalent tactics that many cleaners try is an aggressive price cut. While I do advocate short-term discounting to encourage new customers and reward existing customers, it would be foolish to permanently lower all of your prices across the board. This has never been shown to build long-term customer loyalty. In fact, it has just the opposite effect. Customers are least loyal to the "dollar" cleaners. As soon as a competitor offers a lower price these customers

jump ship.

Although discounts prompt a temporary boost in sales, frequent price cuts can alter consumers perceptions of the brand's quality and the product's overall value, and can therefore cannibalize future sales.

The key word here is frequent. Many drycleaners tend to think that frequent is 2 to 4 times a year. It's not. As a former drycleaner and a professional marketer, I can safely say, that offering price incentives every three months or less, to the same groups of people, is not considered frequent. This coupled with the fact that the average consumer only sees one out of every seven advertisements you direct towards them, makes it even less likely that you're overplaying the discount card.

Other experts agree that discounting may be unavoidable in this economy and consumers have come to expect it. "I challenge the idea that temporary price reductions are a bad thing for brands," says Andy Bateman, CEO of Interbrand

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of Interbrand New York, a global branding company that has worked with clients such as BMW, GE and Samsung. "If it allows you to retain market share and come out of this with a bigger footprint, then it's worth doing." He contends that discounts are part of overall marketing and won't damage the brand if the company is clear in communicating its brand value beyond lower prices. He says, "You need to present and preserve your long-term strategy even in the face of discounting and market the whole enchilada."

Add Value

Improve your customer service by investing in training for employees who work directly with customers. Work hard to retain your current customers by investing more time in relationship marketing. Think about moves that might prove to be profitable long after the economy mends. Promotions that relate to both your customers' needs and your brand identity will add value to your brand and to your bottom line. When consumers are watching their wallets, they're reconsidering every purchase decision they make, so drycleaners should be working on customer acquisition strategies as well as customer rewards. The Golomb

Group has developed marketing programs that accomplish both of these goals, simultaneously.

Some tactics created to foster loyalty during a recession can last well beyond their intended expiration dates, and with great effects. As *Ad Age* marketing magazine recently reported, both American Airlines and United Airlines started their frequent flier programs to



induce customer loyalty during the recession in the early 80s. These programs are now a staple of the airline industry. Promotions and tactics set in motion today might have the same advantageous sticking power.

Tough economic times offer opportunities to increase your brand awareness and market share, because other, weaker businesses begin to contract and advertise less. Whereas, businesses that increase their marketing during a recession invariably expand their footprint and

surpass their competition in the long run.

Set Your Course

Marketing during this recession might seem like uncharted waters, but successful drycleaners have already been through similar situations. This one's just super-sized. Shifts in consumer behavior and adjusted financial expectations are part of the new economic reality. Drycleaners should be asking themselves: "Where do we stand? What are our chances for growth? What will success look like in this new economic reality?"

To chart a course to success in this economic climate, drycleaners must be confident that their compasses are accurate and their goals are clear. Remember that the moves you're making now – even actions prompted by pure self-preservation – will affect what your company looks like when it emerges from this recession.

The wind shifts all the time when you're sailing and you have to tack many different ways, so it's crucial that you keep the buoy you're heading toward in your sights. Whatever happens, just keep heading toward that goal. ♦

So Now What?



BY ED ROTH

Many of you have not seen this type of business decline in the last 10 or 20 years. Some of you may have never seen anything like this in your lifetime as a cleaner. I saw something similar in 1969 when wash and wear and double knits were all the rage. Instead

of being despondent, you must gather up all the resources possible and stay positive.

First of all, many of the finest and best cleaners are down as much as 30%. The reasons are varied, but most encircle the decline in the economy and job market. One cleaner lost his best customer: a \$1,000 a week customer! A phone call to the house revealed that he was the top CEO of one of the biggest banks that went bust. The simple answer: he lost his job. This cleaner thought the recession wouldn't reach him. He was mistaken.

Sam Walton, the founder of Wal-Mart, used to visit all of his stores. He kept a little pad. In it, he would write anything good he saw. Good ideas, good service, and any-

thing positive. His loyal assistant, who was always by his side, asked him why he didn't write any of the bad things he saw: poor service, poor management, poor packaging, etc. His reply was that he didn't want to spend any of his valuable time on anything negative. His outlook was to only look for the positive. In this article, I will try to only consider positive ways to deal with the downturn in our businesses. Again, I want to thank my fellow dry cleaning friends who share some of their strategies so that we can help each other.

First of all, take a look at your costs. It might be from your P & L statement or just from your little notebook of costs. If you don't have such a list, make one. You need to know the costs of production. As Sid Tuchman has always said, "You can't manage what you can't measure." Rearrange your list of costs from largest to smallest. Don't dwell on the smallest costs. Start from the top of the list (your greatest weekly or monthly costs) and work down. It is senseless to spend any time trying to reduce the costs of post-it notes.

The biggest expense is usually payroll for the staff. This is a difficult problem that has many possible solutions depending on the make-up of your staff. One cleaner found that the last time he had this volume was 10 years ago, and his staff then was half of what it is now. It should be obvious that if piece counts are down, then payroll should be reduced, and positions should be eliminated. Several owners fired the weak links in their staff. Several others reduced hours across the board. A few others had situations where an employee was fired, the other employees came to him and said they'd rather cut all their hours, proportionately, and have no one fired. That's fine too if all employees agree. A few owners cut the payroll of the managerial staff including themselves. Others cut some medical matching money.

It's not okay to be Mr. Nice Guy and let your payroll soar or remain the same when you have 30% less production. It will drive you out of business waiting for the turnaround. You, as owner, will probably be suffering the greatest loss in salary. You are not a "not for profit" business. Tough times require tough decisions.

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to time, so keep posted!

So Now What? (Continued from page 3)

A few years ago, I had four counter people. They doubled as baggers, inspectors, and taggers. One of my best was going to school to become a teacher. She was leaving in September. I regretted the day because I knew there was no way I could replace her easily as she worked for me about 10 years. I put off replacing her and training someone new. She left on September 1st and something amazing happened. The same amount of work was finished, tagged, bagged, and racked by the three remaining workers without skipping a beat. How did that happen? Why is it that every day for the past 40 years the last order in the basket got tagged at 6:45 P.M. Whether it was the busiest week of the year, or the slowest, the last order was always tagged at 6:45. How could that happen? For 40 years. The amount of work somehow fills the time with the amount of help. I never replaced that 4th counter person.

I had met Kenny the Cleaner (Kenny Davis) at a Golomb Group Seminar several years ago. He is a discOUNTER and does about 5 times as much volume as I do. In his presentation he told us the number of workers on his staff. He obviously lied to us, as he had only one more staff person than me. I raised my hand to question his numbers, because I was angry with disbelief. He said to the group: "You wouldn't believe how fast people work when they know they have to finish it. There's no time for phone calls, or lolly gagging, or idle chatter." Kenny was right. He wasn't lying about the number of his staff. He talked about how quickly people can be made to move from one spot to another.

I spoke to my friend Bob today. He apologized for his angry tone and then explained what just happened. One of his best customers came in yesterday and needed a blouse done for the same day. It had fancy buttons. An incorrect decision was made not to remove the fancy buttons. The blouse was done. Cleaned, pressed, examined, and bagged. Just as the last counter person bagged the blouse, she decided to take one last look. Three of the buttons were missing, and two were broken. First of all, the buttons should have

been removed. Second, third and fourth, was; what the heck happened to the presser, and inspectors numbered one, two, and three. The buttons were right on the front and as clear as day, missing. Bob looked around and saw three hourly workers just standing around doing nothing. He doesn't want to fire anyone, and his reward is that everyone figures that someone else will find the mistake, so they slack off. It's a funny thing, but the less work, creates less dedication and a less serious attitude among workers. If they have some idea that they might lose their job, there's a whole different work ethic. My friend Bob is very proud that he hasn't laid anyone off. I think it's a bad business decision. Dennis used to tell the story of a restaurant in Chicago that fired a waiter every week. It was amazing to see how dedicated and hard working all the waiters were because they knew someone would be fired each week. It's time to cut your staff. If people fear that business is bad and their job depends on their dedication and production numbers, they behave much differently than if they feel the owner is a nice guy and won't make any cuts. It's amazing to see the response when someone is let go. If you need advice on strategies, call us. Don't be a hero. Be a responsible entrepreneur. You will not regret it.

I learned a long time ago that people do not like to do business with a slow or failing store.

After payroll, the next largest cost is usually the rent. At first thought, you'd think that there was nothing you can do about that cost, but you'd be wrong. Three cleaners I know, including myself, contacted our landlords, and in each case the landlord was very amenable to a reduction of rent. Amazing, but true! Landlords are not dumb. They know about the business downturn. Many of them are even human beings. One of my friends was sorry that he didn't ask for a bigger reduction, since his landlord was so quick to comply with his request for a \$2000 reduction. "Darn it", he said, "I should have asked for a \$4000 reduction." He plans to call his landlord, again, in 6 months. My own landlord let me pay only half the rent for January and February. She said, "let's see how it goes and we'll revisit the

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Top 10 Things Your Driver Won't Tell You



BY JAMES PEUSTER

In the February issue of the Readers Digest, I could hardly digest what I read. Sure, some of the articles about the 13 things your dry cleaner won't tell were actually true or quite comical;

many continued to represent how the consumer actually thinks of us incorrectly or inadvertently. Their website (www.rd.com) actually had 5 more things and I became reminded of a recent article I wrote about, concerning route drivers by the numbers. After visiting a dozen more operators, I decided to contribute to the 13 things your driver won't tell you, but they actually tell me. Sure, I earn their trust, but when they dump their garbage on me, I often have to expose their sins or share with the owner something that may actually hinder the driver's performance or, unfortunately, may cost them their job.

Well, my purpose of this article is actually to be protective of the owner/company and you may need to hire a private detective (or us) to find out or expose your driver's faults or lies. "You want the truth? You can't handle the truth." (Jack Nicholson in *A Few Good Men* or Ed Robinson at a DLI Meeting). Ok, without further ado, here is the Top 10 Things Your Driver Won't Ever Tell You. (These are in no particular order and will not include running over a dog and, well you know the rest.)

"I have a depth perception problem."

Ok, I have heard this a dozen times or so and have personally witnessed vans bumping into houses, knocking over a stack of logs, 6 mail boxes tapped and a few incidences in which the driver will attempt to turn the van and scrape a

nearby parked car or some other non-moving item. Not sure if there is an eye exam available for drivers, but make sure to ask the applicant, especially if they wear glasses, if there is an issue about driving. I see so many vans with nice wraps damaged by scrapes and dents.

"The Quality Is Great."

I think every driver takes it personally when "their" customers clothes have a spot or are brought back for a redo. Let the driver know up front that we strive for perfection, but their job is to be the buffer and the solution to when, not if, there is a quality issue. The driver and or route management also needs to thank production periodically.

"Sure I speed and treat stop signs like yield signs."

Most of the time, the driver is in a hurry because of his own reasons or if the plant is calling him about a time of arrival to the plant. As for the latter, having a manager yell at the driver about running late is not a good idea. I am not saying that speeding is great, but quite often the driver feels pressured to return to the plant on a timely basis. The worst person to call the driver is a tag-in person. Do not allow this. It only frustrates the driver and create a situation for mis-deliveries or a ticket.

"My Family Rides With Me All The Time."

Since we really can't, nor want, to install secret cameras in the van to monitor what goes on once the driver leaves the plant, we actually are at the integrity of the driver for not allowing for this to happen. However, many owners tell me this occurs. It is easy for them to pick up a kid at school or wife for lunch and have them in the van for company. This creates so many issues, but I find it amazing how many times I hear this happens.

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Diane West

Winner, Stan Golomb Marketing & Management Scholarship

St. Louis Park, MN



Diane West is a young lady who had been working as a cleaner and manager at Executive Cleaners in Gulfport, Mississippi, until Hurricane Katrina wiped out the business. Since businesses were slow to revive, Diane decided to join her best friend who had moved to Minnesota (or as Diane likes to tell it..MinneSNOWta). She visited some cleaners and soon was hired by Dave Colehour, owner of Best Cleaners.

Although Diane had worked, since she was 19, in several cleaners as a counter person and cleaner, she settled in as the Quality Assurance person at Best. That was a new title for me, so Diane went on to tell me of her duties. The short answer is that Diane inspects each piece. The long answer is how she does it.

To understand her job we should know more about Best Cleaners. The name reflects their mission. Dave Colehour, his two sons, Robert and David, and the entire staff strive to have their name reflect their passion, their quality, their commitment to community,

their dedication to the well being of their employees, and in general, their goal to be the best. Dave and his staff have certainly succeeded in this effort, which, as we know, never ends. Best Cleaners consists of two plants and two dry stores. Shirts are done at one plant and the dry cleaning at the other. Diane works at the plant where the dry cleaning production is done.

About 800 pieces are inspected by Diane each day. She does the obvious things like looking for stains, pressing mistakes, and checking all buttons. Besides the obvious, Diane does some really unique things. For all pants or items with zippers, Diane tests each zipper to make sure it works. For pants, oftentimes the zippers get stuck in the cleaning cycle in a position that makes it difficult to zip up once the article is on the customer. How many times have you encountered this situation at 6 A.M.? She makes sure the zipper is unstuck and working. She has a seam ripper and removes those white threads that had attached the label when the garment was new. She then goes to the back of the pants and buttons both back buttons for women's slacks and buttons the one back button for men's slacks. Of course, any missing buttons are matched and replaced. A small plier is always by her side to bend back any hook that might have bent out of shape in cleaning. She has two depillers. One is always charging while the other is being used. This makes sure there is always a depiller ready. "It takes years off a garments look to have so many

pins. When I finish with inspecting a garment it will look as close to new as possible, and as close to wearable as when the client brought it in, if not better."

At her station are two lint brushes, a lint lifter and a fur brush, that is used on cashmere and angora to gently remove fuzz from those fabrics. She has a steam iron nearby for small pressing touch ups. Butterflies are used on any garment that can be buttoned, including coats and jackets. Collar Styx are used on polo shirts to keep the collar from rolling. These collar Styx are removed before cleaning by the CSR's when the garment is brought back for its next cleaning. If you've never seen this item, check the Cleaners Supply catalog. It's a great product that really sets a store apart from others. It's a plastic parallelogram piece that peels off and attaches to the underside of the collar of a cotton "golf" shirt. It works on other collars as well.

Detailed tags are put on a garment if it has any defect that cannot be corrected, like an old stain that cannot be removed safely. It's not just a "Sorry" tag but a detailed one describing the problem and its possible correction. Foamies are used on hangers to keep the garment in place. Diane also offered one of those useful hints that some cleaners have never seen. It's a real pain in the neck to peel each foamie from the pack and put it on each hanger. If you take a full pack of foamies stuck together from the box and place them on the pressing

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MEMBER PROFILE

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machine pad, just apply a little bit of steam and all the foamies separate themselves from the bunch and are easy to put on the hangers, like magic.

Diane also makes sure she has enough plastic shoulder-savers to attach to hangers to go under each sport jacket or blazer. She uses juvenile hangers on the children's clothes (not just bending back a regular size hanger, which looks cheesy.) Sweater bags and comforter bags are always used. Ties are carefully placed on tie boards for that professional look instead of hanging them over a strut.

Best Cleaners does not give the client a priced invoice. The customer gets a claim check that just says "2 dry cleaning pieces & 4 shirts." The CSR invoices the order later. It's Diane's responsibility to check that the garments are priced right. Any mistakes are corrected before the client ever sees the pricing.

Diane explained to me that, "Best Cleaners is not just a name. It reflects a wonderful high standard not just today, but yesterday and tomorrow as well. Everything is structured to the highest standards. The owners don't just talk the talk, they walk the walk. They are always hands on and it means a lot to us that we know they are always 100% supportive of their employees. They always encourage us to ask questions and provide input to our systems. Consistent quality is our key, and I have to make sure that our mission is followed by carefully inspecting each garment." "To remind us of our success, our manager Dan places all the VIP bags that our customers bring in from other cleaners, as they switch to Best, and hangs them on the walls around the workplace. They are our trophies. We love it. As you look around the work place and see our trophies from all over the area, it makes us so proud to work at BEST."

Diane appreciates the fact that Best Cleaners is very committed to the community. We have blanket and coat drives for the needy, and Dave supports the local Lupus Foundation. There is a quarterly newsletter that features employees' accomplishments and makes note of the employee of the month. There is also a plan where Best contributes to an employee's health insurance cost. Diane explained that "When a new worker is hired, David Colehour takes them around on his van route and shows them the community and the kinds of

clients we serve. It shows how dedicated the owners are to their employees and to the community."

"I'm a very conscientious person and I love to take 100% ownership of a job. I think of it as if my name were stamped on each outgoing order. I like challenges and like to make customers happy. One of my best days ever was after Katrina's havoc. One of my customers came in with a very sentimental military uniform. It was in a disastrous wet and mildewed state. I worked very hard and managed to restore it. It meant so much to her and her family to have it saved. She cried with tears of joy when she saw it finished. Can you imagine how that made me feel?"

As Diane spoke about her work ethic it is no wonder that she won this year's Stan Golomb Scholarship for a week at DLI (formerly IFI) for extended training. She is both honored and humbled to be the recipient of this scholarship.

Too often we take our employees for granted. We don't do this out of any fault in our personalities, or any misguided "boss" egos. And we do not do this because we think we're better than anyone else. Most of the time we are just too busy paying bills, working on marketing, trying to drum up new business, and sorting out the intricacies and problems of our own lives and families that, as employees clock in for the day, we just expect things to happen as they do each day. Surely, many of us spend the time that the "One Minute Manager" Ken Blanchard suggests, to praise our employees, buy them lunch, or just give them a pat on the back for a job well done. After you read this profile, please keep it on your desk somewhere in sight, so that you can spot it each day and remember how dedicated and important our employees are.

Please do not tell Dave, but as I wrote this article about Diane, and listened to her work habits and heard her love for theater and art, I thought that she would love working for me in New York and seeing Broadway, museums, opera, Scrabble clubs, and even the home of the New York Times Crossword Puzzle. How great is that? I've already ordered tickets to the best Broadway shows and I just know that Diane will be so wowed that she will accept a position in a minute. I just have to find a garage where she can park that horse that she'll be riding down Broadway! ♦

A Bare Bones Solution

Here's a tactic you may want to consider: Give your customers, and your company, more in 2009 by giving your customers less. Surgically trim your value proposition and reduce your costs by cutting nonessential features and benefits to customers who opt for it. Give them just what they really want at a lower price without the frills and fancy stuff. You're likely to catch your competitors flatfooted.

Let's examine why this idea – right-sizing value and price – can expand advantages all the way around, for drycleaners and customers alike. Slimming down to serve specific market niches can boost profit when your cost reductions outpace your price reductions. Although this might seem counterintuitive to most marketing strategies and not appropriate for every drycleaner, less-is-more marketing can tap previously unrealized business in many markets.

Giving customers exactly what they want at the best possible price isn't anything new, of course. Michael Porter, of Harvard Business School, wrote about it in his book "Competitive Strategy" and management professors James Anderson and James Narus called it their "naked solution."

Feedback from your counter and route sales forces, as well as customers' own comments can help you identify which service enhancements no-frills buyers are willing to forgo in return for lower prices. You might consider using a focus group of non-customers, only. They could actually become a profitable source of new business.

Because you'll be selling to your new customers at lower prices, your competitors will have difficulty understanding how you're achieving this. By the time they realize that you are offering a completely different service, to a completely different market, you will have already built a new, loyal customer base, in addition to your full-priced, deluxe-service clientele.

It's important to keep your costs of serving these no-frills customers low, by limiting the services offered at those rates and, for example, reducing the quality of

packaging being used. A huge problem, in this industry, is that many drycleaners don't apply enough discipline when granting price concessions. Encountering customer price-cut demands, usually brought on by discount competitors, they quickly acquiesce to keep the business. They give away their superior value for less compensation. It never occurs to them, to ask the customer what current benefits they're willing to sacrifice, in order to receive the lower pricing their hearts so desire. These volume-driven reactions to competition erode a drycleaner's profits and don't really increase long-term customer loyalty.

As I've said for the last couple of years, those drycleaners stuck in the middle between the market's bottom-feeders and the top-shelf competitors – and that's most players in this industry – get stuck because they haven't analyzed the marketplace wisely and identified the value-driven niches they can most profitably serve and dominate. With their outdated operations design and production methods and churn and burn attitudes towards customer acquisition, most drycleaners aren't coordinating cost reduction with perceived market value.

The trick is in knowing which of your services and amenities, particularly the ones expensive to provide, enough customers will be willing to give up in return for a lower price. But, not a price so low that it erodes your overall net profit. For example, some customers will be willing to accept a longer garment processing time in exchange for lower pricing. These garments can then be processed at off-peak times or even on off-peak days.

A precise costing system and closely controlled operations are essential to making this strategy work. Not all drycleaners possess the operations savvy to cut costs surgically, the marketing discipline to find and nurture low-price customers profitably and the management determination to orchestrate this naked solution. But for those drycleaners with that combination, the opportunities can be rewarding. ♦

SO NOW WHAT?
(Continued from page 4)

point the rent money is just “deferred” pending how things go in the economy. At least the money is still in my pocket.

As you go down your list of costs, work on each one. Be creative. Be bold. Don't be afraid.

One of the best strategies I've heard in years was given by one of my friends at a dinner meeting, just yesterday. He explained it this way. “I sat down and looked at every check that I wrote. I then spoke to each and every company or person that I wrote a check to. I said to them, “I do business with you, why don't you do business with me? Where do you spend your dry cleaning dollars and why don't you spend them with me?” He said it was amazing that the two mechanics that service his car in the nearby gas station have recently entered the elite group of his top 10%. He said that you can never tell who does dry cleaning and you will be amazed at the business you might get. This strategy has recently got him into the uniform business as one of his checks was written to a company that uses uniforms, and he convinced them to start letting him service their uniforms. The possibilities are endless. Don't be afraid to ask for the business. If you don't, someone else will?

Some stores have their route business up a little and walk-ins down. Some have the reverse. All agree that

you should make sure that you contact the houses next door and across the street from your current route customer.

Open late one night a week. Extend hours if possible. Charge more for French cuffs. If possible, start a “no frills” service that excludes tissue, collar stays, and packaging. Refine your new customer techniques. Contact old customers. Call the people with orders on the conveyor. Ask them if they need it delivered. Carry all orders out to the car. All my friends agree that the answer is to improve Service..Service.. Service.

One last thing for now: I learned a long time ago that people do not like to do business with a slow or failing store. Never ever admit to a customer that business is slow. When they ask, “How's business, Ed,” I always answer, “couldn't be better.” When they question how could that be in this economy, I tell them that “We take care of our customers.” They leave with a good feeling that they are doing business with the right place. Stay positive. Make sure your employees understand this too. ♦

Ed Roth is the owner of U.N. Cleaners in Flushing, NY. He is an active member of the Golomb Group. If you have comments or questions about Ed's articles, please contact him by e-mail: edrothun@aol.com or tel:(718) 969-0207

THE GOLOMB GROUP WELCOMES THIS MONTH'S NEW MEMBERS

Mark Hickerson
*Campus Cleaners
& Launderers*
Spirit Lake, IA

Benny Rabinowich
Mrs. Poliesther
Dry Cleaners
Hallandale Beach, FL

Al Milano
Milano French Cleaners
Monmouth Junction, NJ



TOP 10 THINGS YOUR DRIVER WON'T TELL YOU (Continued from page 5)

“I Love Using The Manifest.”

Most drivers don't realize that the manifest is truly for their benefit while being a communication piece. However, they do not like to be held accountable and I find it amazing that they fight it, cheat with it and quite often ignore the importance of fully utilizing the manifest. This is the one item that I tell owners to fire them for insubordination, if they refuse to use it.

“Nobody Can Do The Route Like I Do.”

Drivers tend to not take a vacation, stating that they are the only one who knows how to do the route. If this is true, then you have a major problem; however, most routes can be done by anyone else, as long as the manifest is kept in order and special notes are included. The bottom line is that they do not take the vacation to try to ensure their security. I recommend having a back-up plan and give a driver a day off and see how accurate their manifest is.

“Can I Please Spend More Time Selling & Less Time At The Plant?”

Too often drivers take too long at the plant and this takes away valuable selling time. Sometimes they are waiting on garments and use this as an ongoing excuse as to why they are entering the overtime. Obviously, selling is not high on many drivers lists. However, it is getting ever more critical that marketing gets pushed to the front of the line in this tough economy.

“I Hit A Mailbox, Sorry and Oh Yeah, That Scratch On The New Van I Caused It Too.”

Usually the standard response is either, I don't know how it happened or it wasn't me when a van comes back with battle scars on them. It is

only a matter of time in which our vans are going to get a scratch, dent or broken window. Just part of the war wounds we face when delivering clothes. If your van keeps coming back looking like it lost a demolition derby, then you might have a driver problem. Also, if your driver is going through tires every 4 months, that is a red flag as well.

“I Love It When James Rides With Me.”

Many projects involve me riding along with the driver and, most of the time, it is very uncomfortable for both of us.

“I Am Always Willing To Learn.”

Many drivers reach a point in which they feel like they know more than the manager, of even me: The Route Guru. Seriously, we all must grow in the positions we're in, but it amazes me that drivers feel like they are uncoachable, unmanageable, and even unapproachable when it comes to maybe learning something new. Marketing, retention and customer service is becoming more essential in which drivers must be willing to participate and change the complacency of their behavior and attitude in order to assist in providing stability insurance for the routes.

The bottom line is that your drivers are sometimes “the system” and that is not what you want to have to manage when change is necessary. ♦

James Peuster is a nationally known author, speaker, trainer, and coach who specializes in route development through Marketing, Management and Maintenance training. James has costs groups specifically designed for route costs and growth and his website is www.theroutepro.com

How To Raise Your Labor Cost Without Really Trying

By Don Desrosiers

It is the 'slow season' and that often means that plants that operate at a low profit margin during the 'busy season' are losing money now. It doesn't have to be that way, and often management is the root cause of losing money during the slow season. Now to be fair, I admit that it is possible for a plant to have insufficient volume to sustain itself year round. In those cases, additional volume will be the only remedy. More volume will be required if there simply is not enough revenue to go around to cover the fixed expenses. This is not the situation that I am referring to. I am talking about a plant where the labor cost is not directly proportional to the total piece count. There are times when a perfectly viable plant commits technical suicide when the slow season comes along.

In actuality, it probably is not possible to keep total labor directly proportional to piece count due to certain fixed labor costs that cannot be reduced relative to piece count. Classic examples of this are managers, customer service staff and office help. But production labor must be proportional to piece count. But, too often, it is not and management allows it because they need to keep the staff around for the busy season. I understand that, but I cannot endorse it because of the side effects. Let me explain.

Suppose that you have a plant that makes \$2000 per week in net profit 26 weeks per year. The other 26 weeks it breaks even. (Pardon me for over-simplifying this.)

Management allows the staff to pad the time clock and waste labor for those 26 poor weeks because they are needed for the other 26 weeks to generate that profit. Does it work? On paper, yes. In real life? Doubtful.

Let's say that the pressing staff produces 120 pieces per hour during the busy season while using 4 pressers. They all get 40 hours, as do the associated support people – the people in the cleaning room and the inspection/assembly area. The pressers average 30 pieces per hour for 40 and the plant produces, in total, 4800 pieces per week. But what happens when the total piece count drops to 3800? Do all of the drycleaning department staffers not get only 32 hours? The answer should be yes, but is probably "no." In fact, many people say that their staff still works 40 hours or nearly so. Let's go with that. That means that the pressers - in charge of their own fate – now press only 23 pieces per hour. Management allows it because "they need the hours." I understand that to a certain extent, but the problem lies in what this breeds: under-producing employees. And this leads to either overtime or additional staff members. Once the busy season hits, do all of the staff members band together to work 25% faster so that they can get the same pay as they have been getting? Not likely. Do they work longer hours at their familiar, slower, work pace and get overtime pay? Very likely. And you may react to that by adding an extra presser to "cut out overtime." Perhaps. But the real solution was to not let the staff under-produce in the first place.

"If you do what you've always done, you'll get what you've always got."

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Thanks for Asking



Would you like to double your customer retention rate?

Here's a simple way for every drycleaner who values keeping customers to do just that. Guaranteed!

Create a short, basic survey. Ask a few random questions and include an open-ended comment question at the end. Send it out to all of your customers every six months.

This works, even if you don't do anything with the information you collect. Don't believe this could be true? It's already been proven. The act of sending a simple survey to customers, regardless of what the outcome is, or what is done with the data, can enhance customers' opinions of your business.

Why? It has to do with participation. Participation turns people into believers and establishes an emotional bond. In an actual market research experiment conducted for the "Harvard Business Review," just sending a survey and asking for customer feedback had a positive impact on retention rates.

Why? Because customers felt that the company was listening to them. They felt the company cared about their opinions and demonstrated this by asking for feedback. Generally speaking, if we as consumers are involved in an endeavor, the rules of the game change. We grow more forgiving and become emotionally attached to the business. The relationship between companies and their customers evolves and becomes something new: a partnership, one in which customers are given a mechanism to contribute their ideas and, most importantly, the feeling that their ideas are actually being heard. This is the real meaning of moving beyond customer satisfaction.

However, customer satisfaction is only the first half of the equation. This is where the concept of *customer engagement* comes in. Customer engagement – not just customer satisfaction – is the brass ring that businesses must work for. In the end, customer engagement will prove to be directly proportional to a company's growth potential. The customers who become engaged in your business are the best source of a successful word-of-mouth campaign. And, if you succeed in making them feel as though they are part of the very fabric of your business, they will quickly become one of your most important strategic assets.