

cents

Due Diligence Checklist for Buying a Laundromat



Preliminary Assessment



MARKET RESEARCH

Aspect		Notes
<input type="checkbox"/>	Area demographics <i>Population, income levels, renter vs. homeowner percentages</i>	
<input type="checkbox"/>	Competitor analysis <i>Number of laundromats in the vicinity, services offered</i>	
<input type="checkbox"/>	Growth potential <i>Residential or commercial developments</i>	

BUSINESS LOCATION

Aspect		Notes
<input type="checkbox"/>	Visibility and accessibility of the laundromat	
<input type="checkbox"/>	Foot traffic in the area	
<input type="checkbox"/>	Parking availability	

Business Financials

INCOME STATEMENTS

Aspect	Notes
<input type="checkbox"/> Review income & expense statements for at least 2-3 years	
<input type="checkbox"/> Assess seasonal fluctuations in revenue	

TAX RETURNS

Aspect	Notes
<input type="checkbox"/> Verify the business's reported earning with official tax documents	

UTILITY BILLS

Aspect	Notes
<input type="checkbox"/> Analyze monthly costs for water, electricity, gas, and other utilities for the past 12-24 months	

ACCOUNTS PAYABLE AND RECEIVABLE

Aspect	Notes
<input type="checkbox"/> Check for outstanding debts or overdue payments	

EQUIPMENT LEASE OR LOAN AGREEMENTS

Aspect	Notes
<input type="checkbox"/> Review terms for leased or financed equipment	

Equipment & Inventory

EQUIPMENT CONDITION

Aspect		Notes
<input type="checkbox"/>	Inspect washers, dryers, coin machines, and other operational equipment	
<input type="checkbox"/>	Note the age and maintenance history	
<input type="checkbox"/>	Identify warranties or service contracts in place	

SUPPLIES

Aspect		Notes
<input type="checkbox"/>	Inventory detergents, vending machine items, and other consumables	

PLUMBING & INFRASTRUCTURE

Aspect		Notes
<input type="checkbox"/>	Evaluate the state of the plumbing, drainage, and ventilation systems	

Operations & Management

STAFF

Aspect	Notes
<input type="checkbox"/> Review employee contracts, schedules, and payroll records	
<input type="checkbox"/> Understand employee turnover rates	

PROCESSES

Aspect	Notes
<input type="checkbox"/> Understand existing procedures for maintenance, cleaning, and customer service	

TECHNOLOGY

Aspect	Notes
<input type="checkbox"/> Assess the use of POS systems, card payment integrations, or mobile apps	

SERVICE OFFERINGS

Aspect	Notes
<input type="checkbox"/> List all services offered (wash-and-fold, dry cleaning, vending machines, etc.)	
<input type="checkbox"/> Evaluate customer demand for these services	

Legal & Regulatory

PERMITS & LICENSES

Aspect	Notes
<input type="checkbox"/> Verify business licenses, health permits, and occupancy certificates	

LEASE AGREEMENT

Aspect	Notes
<input type="checkbox"/> Review the terms of the property lease and verify landlord permissions for business operation	

ENVIRONMENTAL REGULATIONS

Aspect	Notes
<input type="checkbox"/> Check for compliance with wastewater disposal and chemical usage regulations	

ZONING LAWS

Aspect	Notes
<input type="checkbox"/> Ensure the property is zoned appropriately for a laundromat	

LITIGATION

Aspect	Notes
<input type="checkbox"/> Investigate any past or ongoing lawsuits involving the business	

Customer & Market Analysis

CUSTOMER BASE

Aspect		Notes
<input type="checkbox"/>	Review customer demographics and satisfaction	
<input type="checkbox"/>	Evaluate loyalty programs or repeat customer rates	

REPUTATION

Aspect		Notes
<input type="checkbox"/>	Analyze online reviews and social media presence	

PRICING STRATEGY

Aspect		Notes
<input type="checkbox"/>	Compare service pricing with competitors in the area	

Transition Planning

OWNER TRAINING

Aspect	Notes
<input type="checkbox"/> Determine if the current owner is willing to train the buyer during the transition	

SUPPLIER RELATIONSHIPS

Aspect	Notes
<input type="checkbox"/> Identify key suppliers and assess current contracts or agreements	

MARKETING

Aspect	Notes
<input type="checkbox"/> Review existing marketing efforts and opportunities for improvement	

BUSINESS RECORDS

Aspect	Notes
<input type="checkbox"/> Secure copies of all operational and procedural manuals	

Valuation & Financing

BUSINESS VALUATION

Aspect	Notes
<input type="checkbox"/> Appraise the laundromat's worth based on financials, equipment, and goodwill	

Methods for Valuing

<u>Utility Usage Method</u>	<u>The Coin Count Method</u>	<u>The Document Method</u>
$(\# \text{ Gallons Use by Machine \#1}) \times (\text{Average Turns Per Day}) \times (\text{Vend Price})$ = Monthly Income of Machine #1	Collect coins over a series of weeks	Request forms like business taxes and bank deposit statements

FINANCING OPTIONS

Aspect	Notes
<input type="checkbox"/> Explore financing through banks, SBA loans, or private lenders	

BREAK-EVEN ANALYSIS

Aspect	Notes
<input type="checkbox"/> Project the time to recover the initial investment	