

Winona ORC Laundry

Feasibility Study

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Why conduct a feasibility study?

As the name implies, a business feasibility study is an analysis of the viability for a new or expanding business venture. The feasibility study helps to answer the essential question, should we proceed with the proposed project idea?

A feasible business venture is one where there is sufficient market demand for the business to generate adequate cash-flow and profits, withstand the risks it will encounter, remain viable in the long-term and meet the goals and mission of an organization

Determining early that a business venture will or will not work saves time, money and potential frustration. A feasibility study is only one step in the business venture assessment and business development process.

WORC Feasibility Study

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1.0 General Information

1.1 General Purpose

Provide research and analysis to assist Winona ORC leadership in determining whether to proceed with a specialty laundry venture.

1.2 Project Scope

The content of this study provides information that reflects the operational and financial impacts for a laundry venture .In addition, concerns or obstacles are identified along with suggested future steps offering alternatives for consideration.

1.3 Study Overview

1. Identify which laundry services offers the greatest potential, and define the geographic market
2. Identify and evaluate the competitive landscape
3. Research industry trends and profile a similar laundry service
4. Develop operational impacts and recommendations for facilities, equipment, staffing and training
5. Provide information for potential funding, marketing and business development
6. Build financial projections to include start-up costs and three years of P&L.

1.4 Process

- Meet with WORC staff and involved board members to learn of their vision and scope for this business venture
- Review and verify accuracy of all existing research, data and sources
- Research and gather additional relevant information to support the formation of a feasibility study
- Identify and conduct an on-site visit profiling and assessing the start-up of a comparable laundry service outside WORC's determined market
- Collaborate with key WORC staff in the formation of this study

1.5 Project References

- WORC staff and selective board members (with special recognition for the contributions of Todd Olson)
- NISH – Shane Woodson (National non-profit whose mission is to create employment for people with disabilities)
- General Construction Contractors
- Laundry Suppliers (various)
- Winona Health – Officer
- Nursing Home Personnel
- Genesis Development Laundry
- Other Laundry Facilities
- Environmental and Regulatory Agencies
- ALM – Association for Linen Management

1.6 Description of Proposed Laundry Venture

Winona Occupational Rehabilitation Center of Winona, Minnesota seeks to explore the viability of opening a commercial laundry with a focus in the health care and hospitality industries. The venture will be developed to annually accommodate up to three million (3,000,000) pounds of laundry.

This venture will be located and housed within WORC's current facility at 1053 East Mark Street Winona, MN.

The laundry service will be established under the existing charter and direction of the WORC Board of Directors and leadership of the Executive Director.

Many staff, clients, processes and systems currently being used by WORC will be utilized and incorporated to lend efficiencies in the operation of the laundry service

New staff positions will mostly likely be needed to properly manage and operate the laundry service. Initial training for management or key staff positions will take place by one or more means including formal education through the Association of Linen Management, various equipment or chemical suppliers, or on-site training from comparable facilities.

Approximately nine thousand (9000) square feet of existing space will be modified and remodeled to accommodate the new laundry. Equipment, product and manufacturing currently occupying the location (production floor 2) of the proposed laundry will be moved to other locations without requiring building expansion.

The initial geographic market area will be within approximately sixty (60) miles of Winona, MN.

Funding and capitalization for the new venture will come primarily from grants and gifts for the expressed utilization of funding the laundry. All or a significant portion of the funds necessary to finance the laundry is expected to be raised or pledged before launch.

The initial equipment will be predominately "good" reconditioned or used. To a lesser extent, it is expected that some new equipment will be included in the initial equipment proposal.

2.0 Executive Suitability Summary

2.1 Facilities

The space identified to accommodate the new laundry venture is approximately nine thousand (9000) square feet and referred to by the organization as Production Floor 2. The construction is that of a metal building with steel clear spans, poured concrete floor and shares a loading dock (automatic leveler) with the machining department. The space also shares a common wall with Production Floor 1 having accessibility through a ten (10) foot automatic garage door and standard pedestrian door. According to industry standards suggesting 1.2 square feet for every processed pound of laundry per shift, the nine thousand (9000) square feet is adequate to process three million one hundred (3,100,000).pounds This slightly exceeds the estimated three million (3,000,000) pound five year projection from staff and industry experts when looking at the market area.

In addition to remodeling the proposed space to accommodate the equipment and workflow, significant attention will be required to the environmental and cleanliness of the work area.

2.2 Workforce

The workforce and labor needed to efficiently manage and operate a commercial laundry requires some specialized training but no unique skills that would not exist with the current WORC workforce or be employable from our general area.

By incorporating the laundry venture as an additional profit center within the existing management and administrative structure and sharing management systems, the laundry service will require much less staffing than if a stand-alone business. In addition to leadership, specific staffing in the areas of accounting, safety, marketing, maintenance, and human resources all appear to be areas that will benefit from the co-mingling of staff.

Of special note, it appears that the needed workforce for a laundry service would lend itself well to employing numerous WORC clients with varying disabilities. Repetitive tasks in a controlled environment, both mechanical and manual shall provide both opportunities and gratifying work for clients.

2.3 Market Opportunity

Initial research has shown that in a sixty (60) mile radius of Winona, Minnesota there is approximately twenty four million (24,000,000) pounds of commercial laundry from hospitals, nursing homes, hotels*, motels* and government facilities. However, realistically a WORC laundry should consider a market size of approximately eleven million eight hundred (11,800,000) pounds in which to be competitive. Factors reducing the laundry volume from which WORC realistically has an opportunity to develop include several hospitals and hospital networks with either in-house capabilities or long-term contracts with premier laundry services.

The remaining prospects in the market are primarily smaller independent hospitals and nursing homes. This is precisely where a WORC laundry will have the greatest opportunity for business development. It is certainly plausible that over 3-5 years WORC could attract 20-30% of the remaining available market.

Opportunity for business development in the initial stages will most likely come from nursing homes, hospitality, and perhaps establishing the service as a “back-up” or contingency option for hospitals, nursing homes or other laundry businesses. To become the primary supplier for one or more hospitals will most likely require that WORC demonstrate operational reliability and execution over a period of time.

Additional opportunities exist to provide laundry services for governmental facilities such as VA medical centers. Current federal requirements would preclude a WORC laundry from contracts until additional qualifications are met.

Meetings with Winona Health’s CFO have proven to be very constructive in the initial stages. Indications are that Winona Health would “very likely” support WORC’s venture in to the laundry business once it is operationally competitive and able to demonstrate performance and quality standards.

* Only Winona hotel and motel laundry was included in this total

2.4 Competition

There are no not-for-profit laundry competitors in the WORC defined market area. Textile Care Services, Rochester, Crothall Services Group., Red Wing, and Lake Superior Laundry, Pine City are the only commercial competitors identified in a 60-70 mile radius of Winona. The only business with an obvious presence in the Winona area is Textile Care Services who are currently servicing all of Winona Health’s linens.

Each of the three identified laundry businesses is state of the art, high capacity facilities focusing almost exclusively on large hospitals, networks, or healthcare facilities generating significant volumes.

2.5 Business Development

As mentioned earlier, developing a customer base to propel a new laundry venture to profitability is likely to be somewhat of a lengthy process. A successful start-up business must invest in both raising its community image and expanding its market awareness. This will produce returns once sales contacts are made and be instrumental in the area of funds generation.

The business development strategy for Winona ORC will initially focus on obtaining 3-4 Nursing Homes customers with a combined annual volume of approximately 400,000-500,000 pounds. An ongoing coordinated sales development effort utilizing the talents of the Executive Director, Laundry Director, and Marketing Director is expected to return the necessary sales growth to reach potential. The health care industry is substantially more stable than the hospitality industry and produces a more consistent volume of laundry. For this reason, business development focus is expected to be more heavily weighted with nursing homes and hospitals. Provided appropriate capitalization, it is expected that the potential to develop a sufficient volume of laundry to reach positive cash-flow and profitability is attainable over time given market size and comparable start-ups.

2.6 Financial

As with any new business venture, great consideration must be given to the capitalization and ongoing funding of operations until the venture is self-sustaining. Expectations are that a competitive WORC laundry will require approximately one million seventy thousand (\$1,070,000.00) dollars over a 2-3 year period. A rough break-down of this funding would be 50% for equipment and supplies, 40% for building remodeling and installations, 5% to support operational cash-flow deficiencies, 4% for marketing/sales development, and 1% for staff development and training.

The primary sources for funding are anticipated to be private and public granting organizations and an agency capital campaign. WORC has already embarked on an “image improvement” and “name recognition” strategy as part of enhancing its public image. This along with professional guidance in preparing for a capital campaign and grant writing are expected to deliver the needed results. The message, timing and quality of each of these initiatives will be of vital importance.

Profile and Assessment of On-Site Visit Genesis Development Laundry April 6, 2010

Genesis Development is a private, not-for-profit rehabilitation organization providing support for people with disabilities. Rehabilitation services are provided through continuing assessments and goal setting. These goals are intended to address the needs and desires of those receiving services.

In existence since 1973, Genesis now has facilities in eleven Iowa locations: Jefferson, Storm Lake, Boone, Winterset, Vinton, Belle Plaine, Indianola, Perry, Adel, Panora and Toledo. Services are being provided to more than 1,300 people from 45 Iowa counties. Genesis staff numbers over 350 people across the state of Iowa.

In late 2006 Genesis Development started a commercial laundry in Indianola to provide work opportunities for people with disabilities in the Warren County area. This operation focuses on the laundry service needs of the healthcare and hospitality industries and has the capacity to process 3.5 million pounds of laundry per shift per year. The facility and equipment are designed to provide a state-of-the-art, high tech, energy efficient laundering process that meets the quality, processing and handling requirements of the Standards and Recommendations of the Joint Commission on Accreditation of Healthcare Organizations, American Hospital Association and the VA Hospitals.

Laundry clients include the following businesses in the hospitality and healthcare industries: Des Moines Marriott Downtown, the Boone County Hospital, Pella Regional Health Center, Mercy Park Apartments, Overton Funeral Home, One Stop Sandwich Shop and St. Thomas Church in Indianola.

Sales

In 2009 Genesis Laundry processed approximately 1.5 million pounds of laundry, slightly down from 2008 levels. Forecast for 2010 is to process 2.3 million pounds with the addition of several new business. Current sales mix is 55% hospitality and 45% healthcare and healthcare related. Brad Johnson, Operations Manager would like to see healthcare sales surpass hospitality because of the consistency that is generally associated with healthcare facilities.

Genesis customers are all within a 60 mile radius of Indianola, however Business Development Manager Ross Chambers continues to expand the territory calling on prospects as far as 100 miles from the laundry facility. Ross indicated a “typical” sales cycle in securing a new customer normally between 2-3 years. The obstacles Ross has been encountering in the development of new customers include: long-term contracts with other providers, recent upgrades or reinvestment for in-house laundry, and loyalty to in-house long term laundry employees.

Profile and Assessment of On-Site Visit Genesis Development Laundry

Start Up Financing

Carrie Wilde, Vocational Service Director provided the vision, inspiration and energy behind the Board of Director's decision to launch a laundry service. Carrie indicated that through a NISH (formerly the National Industries for the Severely Handicapped) program and financing, Genesis Development received a five (5) year "no interest" lease. The leasing program covered five hundred thousand dollars (\$500,000.00) of initial equipment purchases. We believe Genesis had an initial total investment of approximately \$1,800,000.00, of which approximately \$1,200,000 was equipment and \$560,000 building modifications.

Current Operations

After three years of full operation, Genesis is operating at approximately 55% of capacity. Essentially all of Genesis Development's initial equipment was state-of-the art "new" machines. Equipment has been kept in good working condition through a preventative maintenance program and a dependence of a "sub-contracted" maintenance technician for most normal repairs. Brad Johnson indicated that the two areas of most on-going concern for the laundry are maintenance and labor costs, both running significantly more than projected.

The use of rehab individuals for most of Genesis' operation has not been a barrier to the success of the laundry and in Brad's opinion provides a highly dependable workforce with fewer turnovers than most commercial laundries.

Past or current financial statements were not made available by Genesis. However, both Brad and Carrie indicated that at current volumes Genesis has not reached profitability on a quarterly basis. Cash flow remains uneven with some months resulting in positive cash flow.

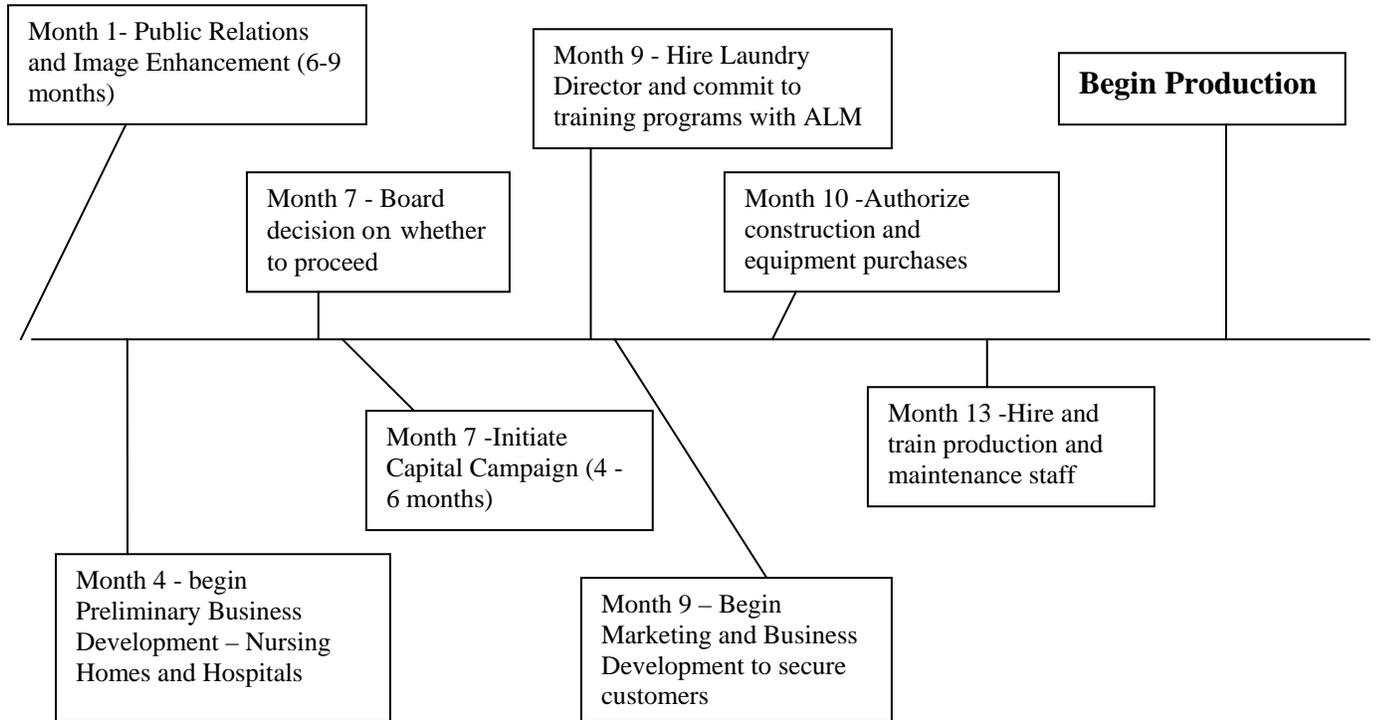
Personal Remarks

Although impressed by the modern equipment, layout, and perceived capabilities of the Operations Manager it was apparent that Genesis entered the market naïve and with a lack of preparation. Their philosophy was, "if we build it, they will come". It has not quite worked out that way. The lure of "easy money" for financing also seemed to blur their need for developing a more solid and comprehensive business plan. It appears that over time Genesis should be successful if the sales grow at a significant pace, or, if additional funding is available. The greatest concern appears to be, once the 5 year 0% interest capital lease comes to term whether they will have sufficient cash flow to service the debt.

4.0 Proposed Venture

4.1 Time Line

A realistic timeline to complete a thorough planning process and launch the laundry service is expected to be between 13-15 months. The following illustration might be considered typical in this case



4.2 Public Relations Enhancement

Focusing on enhancing the quality of services and expanding the broader community's awareness of WORC's contribution to the area will be of great importance prior to launching a new venture and seeking funding. Even with a Thirty-Six (36) year proven history of providing community based jobs and vocational training for adults with disabilities while serving corporate clients with quality services there remains a bit of an enigma as to who is WORC and what the organization does?

A strategic effort to communicate the WORC story of improving and transforming the lives of clients and client families is a message that needs to be better understood. DVD or multi-media presentations and the use of other media channels to heighten the awareness of area businesses, charitable organizations, philanthropic groups, and the community at large will provide great benefits in planting seeds for future growth and in meeting the needs to continue support of the WORC mission.

In addition, WORC is currently focusing on improving not only what it does but how it is carried out and the image portrayed. Staff has identified areas for image improvement and expanding name recognition. They include:

- Buses – Buses (with logo) are cleaned professionally on the exterior weekly in the winter and every other week in the summer. Interior cleanings are done daily. Drivers will be wearing WORC shirts and hats.
- Painting - The physical WORC building is being painted – both interior and exterior. The parking lot will be re-striped along with curbs.
- Signs - Changes in location of new handicap and visitor parking signs. There is a new sign on the street identifying WORC.
- Clean up – The flower beds in front of the building are redone. The driveway is going to be widened where the trucks drive over the curb.
- Information – Information and verbiage that is used for communication (both internal and external) is being funneled through the development for accuracy, factual information and image.
- Dress Code – Starting May 1st WORC will implement a new dress code that will work to raise the bar on business attire and focus.

4.2 Public Relations Enhancement (continued)

- Name Badges – New Name badges were implemented this year for identification and consistent image.
- Community – The Director of Development and the Executive Director have meetings at least twice a week with community members to meet and share the mission of WORC.
- Government – WORC has been active in attending rallies at the capital and in Winona on mental health and budget issues. Meeting with legislators and getting recognized for our efforts.
- Mailings – Newsletters and postcards are being sent out to a broad range of community members. A new list of names was purchased to send out information to the public about who we are and what we do. Stressing the positive impact we have in the community.

4.3 Preliminary Business Development

Before a Board of Director’s decision to proceed with a Capital Campaign for funding the laundry venture, it would be prudent to enter into a more extensive market analysis and preliminary discussions with viable health care and hospitality prospects. A Preliminary Business Development process should follow the board’s acceptance of a feasibility study. During this period the emphasis should be on building relationships and assessing each potential customer’s laundry needs and current practices.

The following table identifies hospitals, nursing homes, and local hospitality facilities noting the proximity to WORC, number of beds, and projects annual laundry tonnage. These would be the primary facilities for which preliminary contact is advised.

<u>Hospitals</u>	<u>Miles</u>	<u>Beds</u>	<u>Est. Pounds</u>
Winona Health System	1	68	750,000
Franciscan Skemp Healthcare - Arcadia	18	100	377,775
Tri-County Memorial – Whitehall	33	100	377,775
Saint Elizabeth’ Medical – Wabasha	33	174	657,329
Gundersen Lutheran	35	258	974,660
Franciscan Skemp – La Crosse	35	218	823,550
Chippewa Valley Hospital – Durand	45	83	313,553
Osseo Medical Center	47	72	271,996
Lake City Medical	51	116	438,219
Sacred Heart Eau Claire	52	206	778,216
Luther Hospital – Eau-Claire	53	172	649,773
Fairview Hospital – Red Wing	69	135	509,996
Total Poundage			6,922,843

4.3 Preliminary Business Development (continued)

Nursing Homes	Miles	Beds	Est. Pounds
Sauer Memorial Home	2	86	257,084
St Annes	2	109	325,839
Lewiston Villa	14	46	137,510
Good Shepherd – Rushford	15	75	257,084
St Michaels – Fountain City	15	40	119,574
Valley View – Houston	18	43	128,542
Murinuka Manner – Galesville	21	59	176,371
Golden Living – La Crescent	23	51	152,456
Arcadia Nursing Home	25	75	257,084
Golden Living Center – St Charles	26	55	164,414
Onalaska Care	26	55	164,414
Bethany Riverside – La Crosse	29	123	367,609
St Josephs – La Crosse	30	80	239,148
Caledonia Care	30	50	149,467
Bethany St Josephs Center	31	172	514,168
Hillview Healthcare	31	199	594,880
Mulder Healthcare – West Salem	35	99	295,945
Lake View Healthcare – West Salem	36	142	424,487
Tri-County Health – Whitehall	39	68	203,275
Trempealeau County Health – Whitehall	43	57	170,392
St Elizabeth – Wabasha	44	100	298,935
Total Poundage			5,398,678

Hospitality	Miles	Beds	Est. Pounds
Express Suites Riverport Inn	1	106	348,210
Nichols Inn	1	60	197,100
Quality Inn Winona	1	112	367,920
Holiday Inn Express	1	96	315,360
The Plaza	1	135	443,475
Days Inn – Winona	3	58	190,530
Americinn – Winona	3	45	147,825
Total Poundage			2,010,420

The estimated laundry volume in the above table is calculated using a national average formula furnished by NISH.

When contacting the target facilities within the WORC market area, specific information on each business should be gathered to determine individual strategies for continued dialogue and development.

4.3 Preliminary Business Development (continued)

Facilities with “in-house” laundry capabilities should be assessed to determine the age of equipment; staffing demographics; whether the facility is unionized; laundry volume; whether they own their own linens; desired wash frequency; other special considerations (such as laundering personal clothing); and whether they have a “back-up” or contingency plan for interruptions in service.

For facilities that currently contract out their laundry, in addition to most of the above criteria, they should also be assessed for satisfaction with current service; name of current provider; frequency of service; costs; whether a contract is in existence (if so, how long?); and any other special considerations.

4.4 Funding

Significant emphasis will need to be spent on generating funds to properly resource the proposed venture. The two main funding sources for this project are expected to be grants and a capital campaign.

A less desirable approach may be to secure low or zero interest loans. Genesis Development used such an approach (as mentioned in section 3 Profile) in financing \$500,000.00 of equipment and \$500,000 in building improvements through NISH leasing programs. NISH provided a five year zero interest leasing program for the rehab facility with the only requirement being “one” contract to provide services for a Javits-Wagner-O’Day Act (JWOD) federally approved customer through the Ability One program. Through this program the supplier is reimbursed quarterly for all interest expense associated with the lease transaction.

WORC should embark on a capital campaign with the expressed goal of bridging the gap between grant generation and the total estimated capital requirement for building remodeling, equipment purchases, and providing operating cash up to the point of attaining positive cash-flow. For a project of this magnitude it is generally recommended to secure the services of a professional fundraising organization. A typical time period from start (planning) to finish (receipt of pledges) would be expected to four (4) to six (6) months.

The WORC Director of Development has researched and identified the following granting sources

2010 Winona ORC Grant Research

Grant Name	Priorities/\$	Geographic Guidelines	Deadlines	WORC Fit	Notes
Athwin Foundation Minneapolis/St. Paul	1) Arts and Humanities 2) Education 3) Human Services 4) Environmental Enhancement 5) Organization Capacity Building Funds organizations, not programs	MN	March 1 October 1	YES	http://www.catchcod.com/funding_athwin.php Jim Storm jstormcod1@aol.com 612-379-3817
Beim Foundation Minneapolis, MN	1) Education 2) Human Services - \$1,000-\$10,000 3) Arts 4) Environment 5) Sustainable Building Design Small Capital & Equipment - up to \$15,000	MN	See website	YES	www.beimfoundation.org Applied 1/9/2010
Blandin Foundation Grand Rapids, MN	1) Economic Opportunity 2) Educational Attainment 3) Fairness and Opportunity 4) Develop diverse leaders 5) Rural Voice 6) Intercultural Competency and inclusively	Rural Minnesota	March, June, December	MAYBE	www.blandinfooundation.org Very specific guidelines on their priorities. I want to meet with this organization to learn more about their opportunities. I could see our laundry project fitting into their foundation from what I have read.
Blue Cross Foundation of MN	Kids and Communities Community with New Americans	MN	NA	NO	www.bcbsmrfoundation.org
Bush Foundation St.Paul, MN	1) Develop courageous leaders 2) Support Native Nations 3) Increase Educational Attainment (college degrees)	MN, ND, SD	NA	NO	www.bushfoundation.org Leadership Program Applications due in October

2010 Winona ORC Grant Research

Grant Name	Priorities/\$	Geographic Guidelines	Deadlines	WORC Fit	Notes
Catholic Community Foundation	1) Education 2) Social Services	St. Paul and Minneapolis MN	NA	NO	www.catholiccommunityfoundation.org
Cleary Kumm Foundation La Crosse, WI	Unknown	Based out of La Crosse, WI No geographical restrictions	ONGOING	MAYBE Unknown - need to call and find out more information	301 Sky Harbour Drive La Crosse, WI 54603 (608)783-7500 Gail Cleary - President Sandra Cleary
Coca-Cola Foundation	1) Water Stewardship 2) Healthy and Active Lifestyles 3)Community Recycling 4)Education			MAYBE	http://www.thecoca-colacompany.com/citizenship/foundation.html Online application
Dare Lambertson White and William F. White Foundation Winona, MN	Request letter \$1,000-\$5,000	Winona, MN		YES	Through Merchants Bank Contact: Terry L. Hawkings tlhawkings@merchantsbank.com
Elizabeth Callendar King Foundation Winona, MN	Request letter - funds tangible items. \$1,000-\$25,000	Winona, MN	March, June, September, December	YES	Submit request to Kent Gernander 64 E. 4 th Street PO BOX 310
Frankard Foundation Winona, MN	Predetermined giving	Winona, MN	NA	YES	Predetermined giving - no formal application process.
General Mills Foundation Minneapolis MN	1) Nutrition and Fitness 2) Arts and Culture 3) Education 4) Social Services	Twin Cities Area	NA	NO	http://www.generalmills.com/corporate/commitment/foundation.aspx
Grants.gov Governmental Grants	Hard to tell, new topics come up all the time.	National	See website	YES	Grants.gov
Headwaters Foundation for Justice MN	Social Change to Solve Issues - minority groups \$5,000-\$10,000	MN	NA	NO	http://www.headwatersfoundation.org/flash/header.html Winona ORC does not fit but they do fund advocacy groups.

2010 Winona ORC Grant Research

Grant Name	Priorities/\$	Geographic Guidelines	Deadlines	WORC Fit	Notes
Initiative Fund MN	NA	Central MN	NA	NO	www.ifound.org
Irwin Andrew Porter Foundation Minneapolis, MN	Programs and projects that inspire people to give back to the community \$500-\$30,000	Regional - Midwest	Phase 1: March 31	YES	www.iapfoundation.org
Jay and Rose Phillips Family Foundation Minneapolis, MN	Help people with the least access to resources.	Twin Cities area	NA	NO	www.phillipsfnd.org No grants being accepted in 2010. New priorities will be set for 2011.
James R. Thorpe Foundation	Youth Elderly	Minneapolis Area	NA	NO	www.jamesrthorpefoundation.org
La Crosse Community Foundation WI	Enhance the quality of life	Greater La Crosse area	January April July October	MAYBE	www.laxcommfoundation.com
Land o Lakes Foundation St. Paul, MN	Hunger Issues	20 States including MN		NOT SURE	http://www.foundation.landolakes.com/index.asp Lydia Botham 651-481-2212
Laura Jane Musser Fund Little Falls, MN	1) Rural 2) Environmental 3) Intercultural 4) Arts New programs or projects or in the planning/implementation phase	United States - every area is specific		NOT SURE	http://www.musserfund.org/
Laura Jane Musser Fund NEXT GENERATION FUND Little Falls, Mn	1) Agriculture 2) Forestry 3) Environment Up to \$20,000	United States	NA	NO	http://ljmjuniorboard.brinkster.net/

2010 Winona ORC Grant Research

Grant Name	Priorities/\$	Geographic Guidelines	Deadlines	WORC Fit	Notes
Lunda Foundation Black Rivers Falls, WI	None listed	Majority given to Black River Falls affiliated organizations	July 1	MAYBE	Carl Holmquist PO BOX 669 Black River Falls, WI 54615
McKnight Foundation MN	1) Arts 2) School 3) Environment 4) Region and Communities	Seven County Twin Cities area (Exception of affordable housing efforts)	NA	NO	www.mcknight.org
McKnight Southern Initiative Fund MN	1) Emerging Business: Biobusiness, entrepreneurs, minority owned 2) Emerging Workforce: Early Childhood Education, Career Exploration, Engaged Elders, Immigrants	Southeast MN	See website	YES SOMETIMES	www.smifoundation.org Priorities have very specific guidelines and we do not fit exactly. I would like to meet with this foundation to learn more. Possible funder for our laundry project. 2/22/2010: Met with Suzy Meneguzzo from SMIF. We do not fit into their guidelines at this time. We do, however, qualify for Picture-It-Painted Program through Valspar Corporation.
Medica Foundation	Services related to health	Midwest including MN	Unknown	MAYBE	http://www.medica.com/C4/C6/MedicaFoundationGivingGuidelin/default.aspx New guidelines will be posted March 1, 2010
Minneapolis Foundation	1) Transforming Education 2) Promoting Economic Vitality 3) Building Social Capital	Minneapolis residents	NA	NO	www.minneapolisfoundation.org
Northland Foundation MN	Target nonprofits that help low income individuals to secure and retain employment.	Northern MN	NA	NO	www.northlandfndn.org

2010 Winona ORC Grant Research

Grant Name	Priorities/\$	Geographic Guidelines	Deadlines	WORC Fit	Notes
Otto Bremer Foundation St. Paul, MN	Relieving poverty	Where Otto Bremer businesses are and Twin Cities area	NA	NO	http://www.ottobremer.org/
Pepsi Refresh Project					
Pohlad Foundation	1) Supports for education/schools 2) Supports arts 3) Capital	Mostly Twin Cities area with exception of Capital grants	June 15 for capital	MAYBE	www.pohladfamilygiving.org Could be a potential grant opportunity for capital campaigns, but have very strict guidelines.
Rochester Area Community Foundation	Focus on basic needs and on-going programs. No capital. 1) Arts and Culture 2) Community Development 3) Education 4) Human Service 5) Recreation	Greater Rochester Area	Pre-application due January 2 May 1 September 1	NOT SURE	www.rochesterarea.org
Slaggie Foundation Winona, MN	Letter stating request and purpose of organization	Winona Area	September 30	YES	Steve Slaggie 1870 Ralph Scharmer Drive Winona, MN 55987 507-452-2321
West Central MN Initiative		West Central MN		NO	
U.S. Bancorp Foundation	1) Affordable Housing 2) Economic Opportunity 3) Education 4) Arts and Culture Only where US Banks are located	24 State Banking Region, including MN	NA	NO	http://www.usbank.com/cgi_w/cfm/about/community_relations/community_relations.cfm Also have loans and lending assistant programs

2010 Winona ORC Grant Research

Grant Name	Priorities/\$	Geographic Guidelines	Deadlines	WORC Fit	Notes
St. Paul Foundation	1) Anti-racism 2) Economic development for disadvantaged individuals 3) Strong families 4) Quality education	Ramsey, Dakota, and Washington Counties	NA	Unknown - need to call foundation to find out more	www.saintpaulfoundation.org
Sundance Family Foundation Minneapolis, MN	Strengthen family through Human Services and Housing Projects \$15,000 - \$35,000	Worldwide	July 1	NO	www.sundancefamilyfoundation.org
SuperVALU Foundation	1) Hunger Relief 2) Health and Nutrition 3) Environment	MN where corporate offices are located	February 15 May 15 August 15 November 15	NOT SURE	http://www.supervalu.com/sv-webapp/community/community.jsp
Butler Family Foundation MN	General Operating Support 1) Arts and Humanities 2) Environment 3) Human Services (chemical dependency programs) 4) Philanthropy and Nonprofit Management Note: does not fund employment or vocational programs.	St. Paul/Minneapolis Area	NA	NO	www.butlerfamilyfoundation.org We could consider contacting them through their Foundation Initiative Fund or Special Projects which considers capital and endowment projects outside of general giving area.
W.K. Kellogg Foundation	1) Children Programs 2) Racial Equity 3) Strengthening Families 4) Civic engagement	United States		MAYBE	www.wkkf.org Under Strengthening families - possible topics could include our Welfare to Work program.
Wanik Foundation Arcadia, WI					

2010 Winona ORC Grant Research

<i>Grant Name</i>	<i>Priorities/\$</i>	<i>Geographic Guidelines</i>	<i>Deadlines</i>	<i>WORC Fit</i>	<i>Notes</i>
Winona Foundation	Cultural, historical, and education heritage of Winona	Winona, MN	NA	NO	www.winonafoundation.org
Winona Community Foundation	Community grants up to \$5,000	Winona, MN	Ongoing	YES	www.winonacommunityfoundation.org Smaller programs within WCF include Peoples Choice Award and Youth In Philanthropy
www.givemn.org		Minnesota	NA	NA	Like a 'facebook' for nonprofits
Xcel Foundation	1) Economic Sustainability 2) Supporting Education 3) Promoting Arts and Culture 4) Environment	Xcel Operations Including MN	April 29, 2010	YES	http://www.xcelenergy.com/Minnesota/Company/Community/Xcel%20Energy%20Foundation/Pages/Focus_Area_Grants.aspx

4.5 Facilities

The nine thousand (9000) square feet designated for the Laundry Venture will be completely housed within WORC's current facility and occupy what is referred to as Production Floor 2. Meetings with laundry specialists, suppliers and contractors have confirmed the suitability of this space to be remodeled and converted to accommodate a professional laundry service.

The essential remodeling elements include:

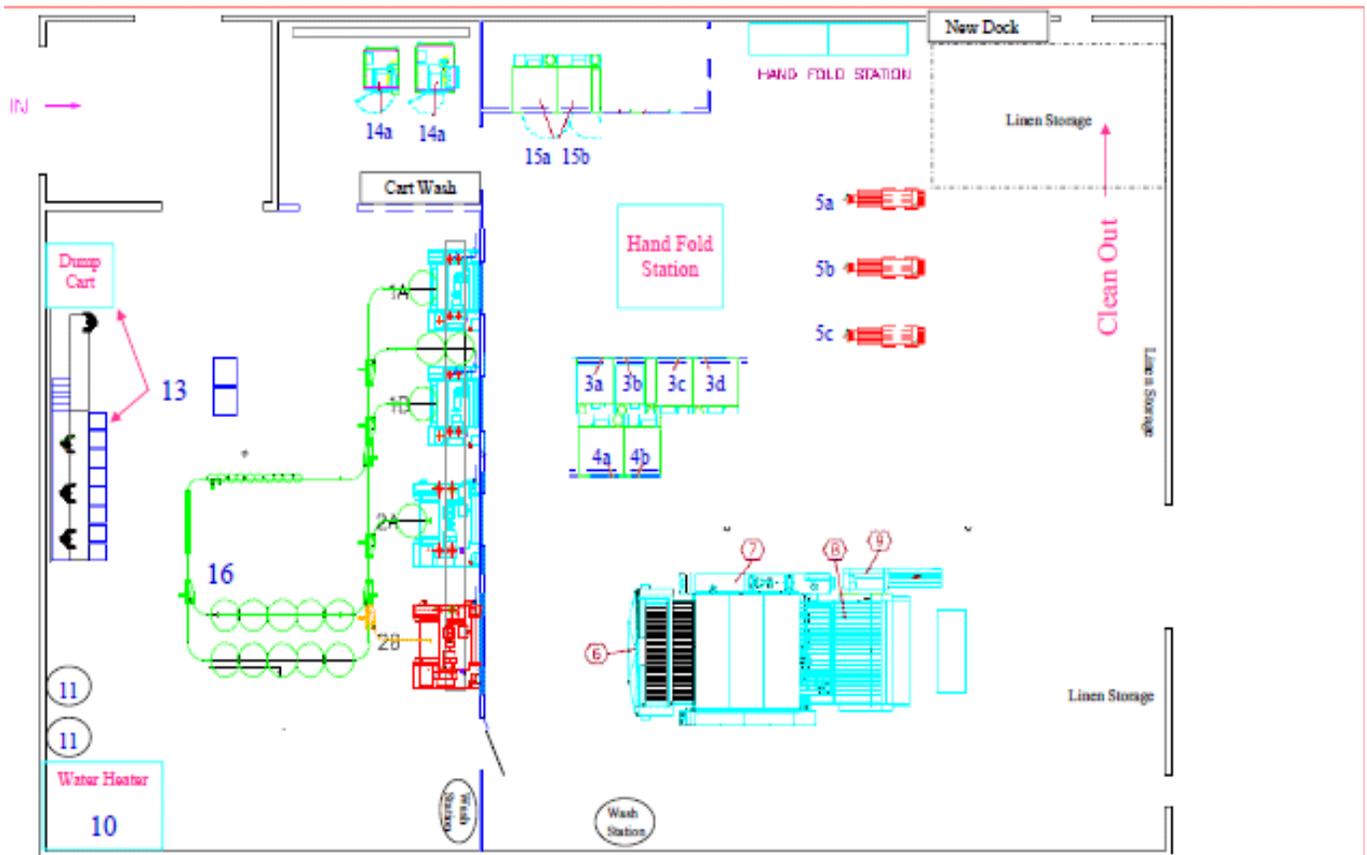
- Demolition of current interior office and mechanical room walls
- Redesign of the current loading dock to isolate the laundry and machining area
- Construction of a new loading area for outgoing "clean" laundry on the south side of the building
- Seal and replace east wall where the trash compacter currently is staged
- Complete washing and sanitizing all surfaces in the designated area
- Construction of new non-porous wall board on all interior walls
- Construction of a barrier wall separating the "dirty" and "clean" areas
- Remove and trench concrete flooring to accommodate drainage lines and water reclamation storage tanks
- Removal of current ceiling heating units
- Installing a HVAC system that properly handles air circulation, heating and cooling
- Electrical installation including lighting, hard wiring equipment and locating drop boxes

Initial remodeling estimates show that WORC can expect to invest approximately four hundred and forty six thousand dollars (\$446,000.00) in construction, plumbing, electrical, and HVAC.

General Construction of walls and doors - \$102,000.00, Scharmer Construction
HVAC - \$200,000.00 (includes spot air conditioning), Winona Heat & Vent
Electrical - \$31,250.00, Kish & Sons Electric
Plumbing - \$38,500.00, Mike Sherman Plumbing and Heating Inc.
Concrete and Flooring - \$26,250.00, CFS Contactors
Contingency Costs - \$48,000.00

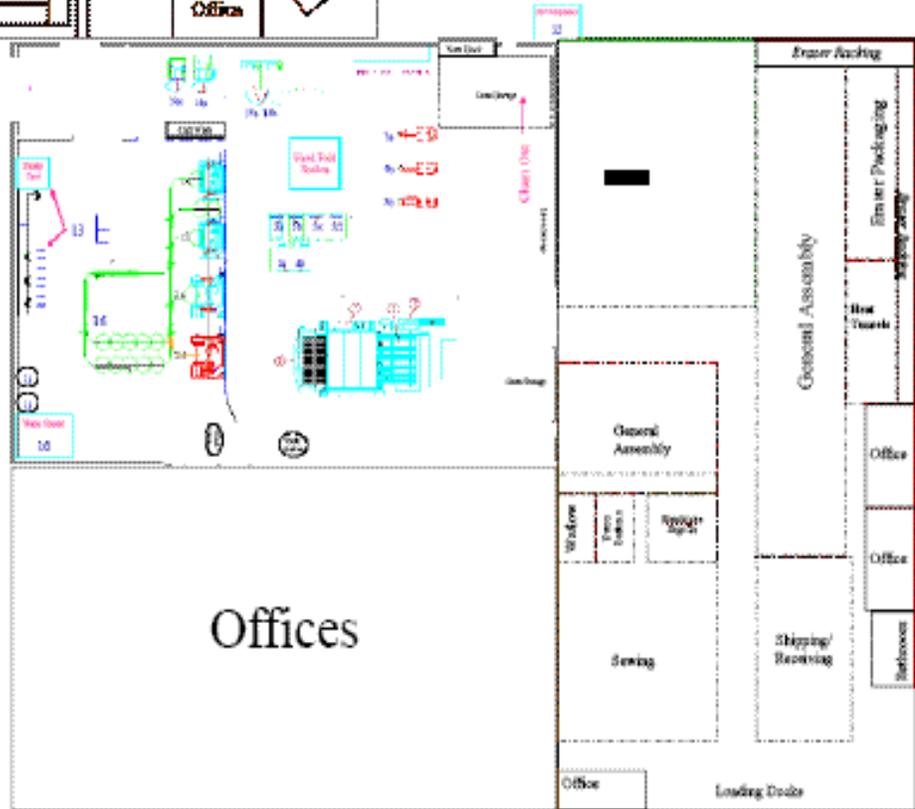
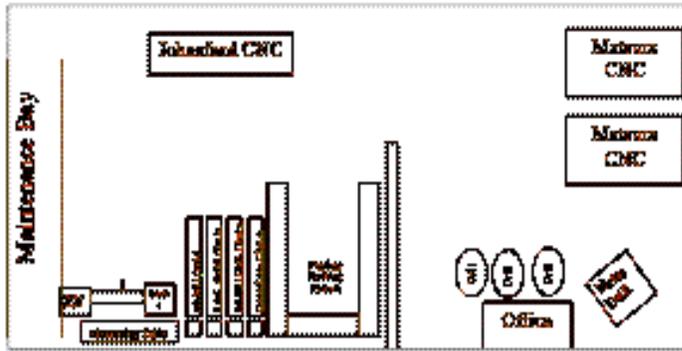
Copies of preliminary quotes are available.

The following two facility layouts illustrate preliminary depictions of new the facility.



Equipment Legend

1a	Braun 200 TSL Medicare Washer/Extractor	5a	Braun Small Piece Folder	14a	Unimac 80 lb washer/extractor
1b	Braun 200 TSL Medicare Washer/Extractor	5b	Braun Small Piece Folder	14b	Unimac 80 lb washer/extractor
2a	Braun 400 TSL Medicare Washer/Extractor	5c	Braun Small Piece Folder	15a	Unimac 80 lb gas fired dryer
2b	Future Braun 400 TSL Medicare Washer/Extractor	6	Braun Alpha Spreader/Feeder	15b	Unimac 80 lb gas fired dryer
3a	200 lb Front Load Gas Fired Dryer	7	Thermal Ironer (self contained)	16	E-Tech Monorail System
3b	200 lb Front Load Gas Fired Dryer	8	Braun Omega Folder/Cross-folder		
3c	Future 200 lb Front Load Gas Fired Dryer	9	Braun Large Piece Stacker		
3d	Future 200 lb Front Load Gas Fired Dryer	10	Direct Contact Water Heater		
4a	200 lb Front Load Gas Fired Dryer (Conditioning)	11	Water Softening Equipment		
4b	Future 200 lb Front Load Gas Fired Dryer (Conditioning)	12	Air Compressor		
		13	Sortation Table (including dump cart)		



4.6 Equipment

A commercial laundry is a relatively capital intensive venture. Purchasing higher quality manufactured equipment is strongly recommended for WORC's purposes. As a "start-up" WORC's laundering capabilities will have to compete on quality, capacity, and price.

Purchasing good late model used and remanufactured equipment from top tier manufacturers and restricting the number of brands should produce the needed results to be competitive. Intentionally keeping brands to a very few will result in developing better knowledge and mastery for operational, maintenance and repairs. This should benefit the training of operators, strengthen relationships with manufacturers for support, reduce spare parts inventory and simplify maintenance procedures. In addition, strong consideration should be given to purchase "new" one or more of the "vital" pieces of equipment. Again, this will create more incentive for the manufacturer to be involved in WORC's laundry success as well as provide WORC a longer warranty for the most used and essential equipment.

The following two pages identify the equipment and costs proposed for the laundry venture. The first spread sheet highlights the bulk of the equipment to handle everything but laundering "personals" (individual clothing items) from nursing homes.

There are three "Options" on the first page with Option #1 as the preferred.

Laundry Equipment - Capacity to handle 2,000,000 lbs per year

- * 1 shift operation
- * 6 days per week
- * Total pounds to process per shift: 6410 lbs
- * Total pounds to process per hour: 801 lbs
- * Total pounds to Washer per hour: 801 lbs
- * Total pounds to dry per hour: 481 lbs
- * Total pounds to Iron per hour: 320 lbs

			Option	Option	Option
	Cost-new	Cost - Used	No 1	No 2	No 3
<u>Washers</u> (801 lbs/hr)					
200 lb 2 Pocket Braun Pass Through	\$67,000.00	\$30,000.00	\$67,000.00	\$30,000.00	\$30,000.00
200 lb 2 Pocket Braun Pass Through	\$67,000.00	\$30,000.00	\$30,000.00	\$30,000.00	\$30,000.00
400 lb 2 Pocket Braun Pass Through	\$92,000.00	\$45,000.00	\$45,000.00	\$45,000.00	\$45,000.00
<i>Future</i> - 400 lb 2 Pocket Braun Pass Through	\$92,000.00	\$45,000.00	\$0.00	\$0.00	\$0.00
60 lb unimac washer - used (for rewash/soiled wash)	\$10,385.00				
<u>Dryers</u> Full Dry (481 lbs/hr)					
200 lb Unimac	\$9,486.00	\$3,800.00	\$9,486.00	\$3,800.00	\$3,800.00
200 lb Unimac	\$9,486.00	\$2,500.00	\$9,486.00	\$3,800.00	\$3,800.00
<i>Future</i> - 200 lb Unimac	\$9,486.00	\$3,800.00	\$0.00	\$0.00	\$0.00
<i>Future</i> - 200 lb Unimac	\$9,486.00	\$3,800.00	\$0.00	\$0.00	\$0.00
-					
<u>Dryers</u> Conditioning (320 lbs/hr)					
200 lb Unimac	\$9,486.00	\$3,800.00	\$9,486.00	\$3,800.00	\$3,800.00
<i>Future</i> - 200 lb Unimac	\$9,486.00	\$3,800.00	\$0.00	\$0.00	\$0.00
<u>Ironer</u> (320 lbs/hr)					
Ironer	\$177,000.00	\$30,000.00	\$30,000.00	\$30,000.00	\$30,000.00
Boiler systems to support Ironer	\$52,000.00	\$28,000.00	\$28,000.00	\$28,000.00	\$28,000.00
<u>Spreader Feeder</u> (320lbs/hr)	\$52,000.00	12000??	\$12,000.00	\$12,000.00	\$0.00
<u>Large Piece Folder/Crossfolder</u>	\$46,000.00	\$18,000.00	\$18,000.00	\$18,000.00	\$0.00
<i>Future</i> - Large Piece Folder/Crossfolder	\$46,000.00	\$3,000.00	\$3,000.00	\$0.00	\$0.00
<u>Stacker</u>	\$11,000.00	\$450.00	\$450.00	\$450.00	\$0.00
-					
<u>Small Piece Folders</u>					
Bruan Small Piece Folder	\$30,000.00	\$10,000.00	\$10,000.00	\$2,500.00	\$2,500.00
Bruan Small Piece Folder	\$30,000.00	\$2,500.00	\$2,500.00	\$2,500.00	\$2,500.00
Bruan Small Piece Folder	\$30,000.00	\$900.00	\$900.00	\$900.00	\$900.00
Direct contact heat system(RW Martin)	\$53,000.00	\$8,000.00			
Direct contact heat system(Kemco)	\$39,000.00		\$39,000.00	\$39,000.00	\$39,000.00
Water Softner	\$6,700.00		\$6,700.00	\$6,700.00	\$6,700.00
Sorting System	\$19,968.00	??	\$19,968.00	\$19,968.00	\$19,968.00
Monorail Material Handling Equipment	\$53,700.00	\$12,000.00	\$53,700.00	\$12,000.00	\$12,000.00
Carts	\$24,000.00	??	\$24,000.00	\$24,000.00	\$24,000.00
Air compressor	\$13,000.00		\$13,000.00	\$13,000.00	\$13,000.00
Delivery Truck		\$15,000.00			
Installation			\$50,000.00	\$50,000.00	\$50,000.00
Trucking			\$10,000.00	\$10,000.00	\$10,000.00
Total Recommended Cost			\$491,676.00	\$385,418.00	\$354,968.00

4.7 Staffing and Training

In the course of this study it has become apparent that there is three key staff positions universally recognized as “critical” if not staffed and trained to the highest standards. The first we’ll call Director of Laundry Operations with overall responsibility for the business. The other two positions are typically not recognized in the same paragraph as the chief decision maker, but in this scenario seem to require similar focus when hiring. The Maintenance Engineer and the Delivery Professional are certainly “key” to the overall success of a commercial laundry service.

The Director of Laundry Operations has full responsibility and authority to direct and manage product, processes and people within the guidelines extended by the Executive Director and governing Board. Additionally, the Director of the laundry will be responsible for industry compliance and excellence in customer and vendor relations.

A sample Director of Laundry Operations “Job Description” and “Competency Standards” posted from Duke Laundry is on the following pages. This is presented as a sample only, and may not reflect the WORC’s intentions for this position.

The Maintenance Engineer would be given the responsibility to develop, monitor and train operators on routine maintenance disciplines to ensure proper function of equipment and to report abnormalities. In addition, it is recommended that the Maintenance Engineer receive industry and manufacturer specific training to address the majority of regular mechanical repairs and servicing. A laundry facility operating six days a week with customer expectations and requirements of precise delivery dates must have equipment operational at all times. It has also been identified that WORC must develop an Emergency Contingency Plan that would allow continuous laundry processing in the event of a major equipment failure or unanticipated volume demands.

The Delivery Professional is the one person that will be the “face” of the proposed WORC commercial laundry. The job description for this individual should not be that of a truck driver, although a good driving record and driving skills are essential. This individual must possess exceptional communication skills, exhibit a can-do attitude, and be able to negotiate gracefully through difficult encounters.

The number of full-time equivalent (FTE) employees required to meet production demand in the initial stage is at best somewhat of a guess.. NISH provides standards from national surveys, however they do not take into account working with staff possessing disabilities. . Also in the mix of determining FTE staffing levels is the “type” and “mix” of laundry being processed in the sorting, washing, and finishing departments.

4.7 Staffing and Training (continued)

For the purpose of developing financial models for this feasibility study we have attained FTEs rates from two other rehabilitation laundries, compared them to national standards from NISH, and made certain assumptions of laundry mix. The outcome provided an annual production throughput of approximately seventy-eight (78,000) thousand pounds per FTE. This would indicate that at the end of year three (3) WORC direct labor force would be 26.15 FTEs.

Other commercial laundries have been successful in using staff with disabilities to operate. It appears that the repetitive and relatively simple tasks necessary to process most laundry, the skills and movements can be learned by most populations. For this reason and understanding the broad range of WORC client disabilities, there would be only a small need to employ non-client employees.

Specific Laundry Management and Skills training is available through The American Laundry and Linen College (ALLC) held at Eastern Kentucky University in Richmond, Ky. ALLC is promoted and supported by the Association for Linen Management (ALM). Programs offered include intensive classroom based programs and skill based correspondence certifications.

The on-site classroom programs are designed for both the Laundry Director and Environmental Service Professional. The next four pages are from the ALM website and outline their course offerings.

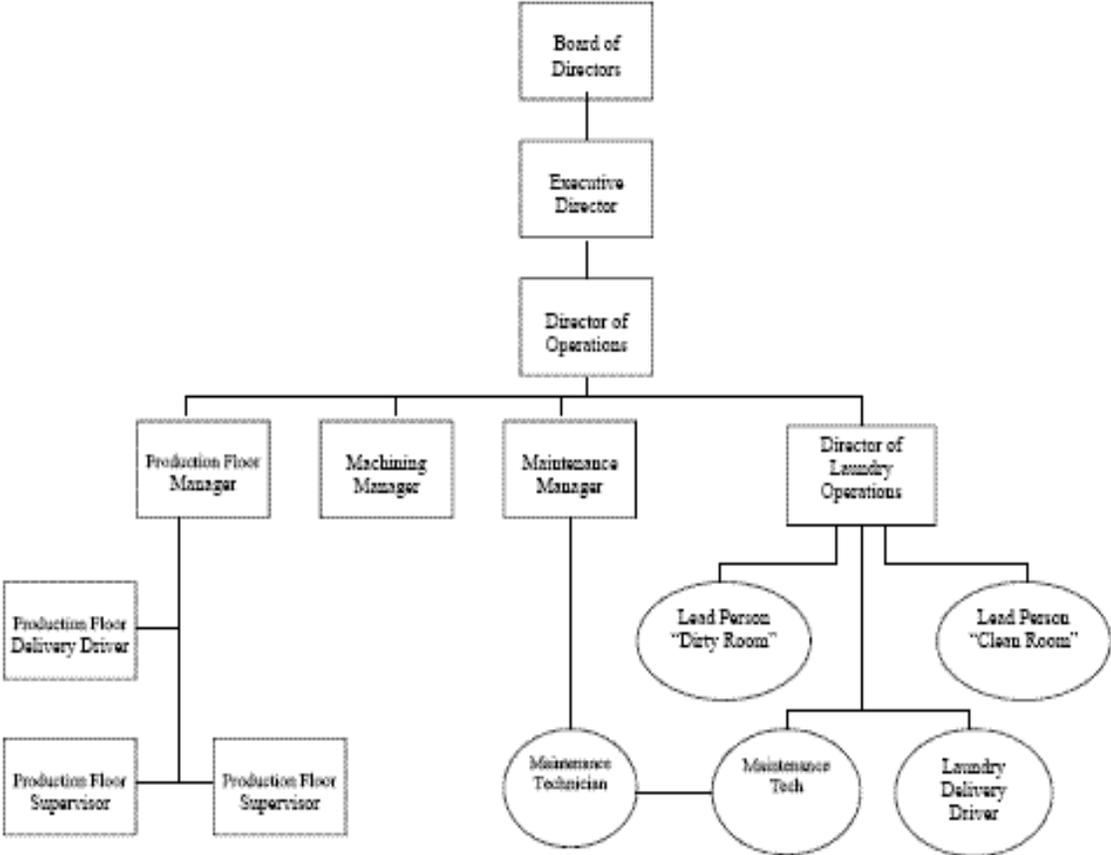
In the course of this study and from research it is expected that WORC should allocate approximately twelve thousand ((\$12,000.00) to staff training and accreditation.

Explanation of the following two charts:

Chart 1 – Provided from Staff taking a macro view of efficiency

Chart 2 – Provided from Consultant for Start-up consideration

Proposed "START-UP" Organizational Chart Submitted by Consultant



JOB DESCRIPTION
DIRECTOR OF LAUNDRY OPERATIONS

Job Code:
Level:
Job Family:

Revised Date: 04/05/01
FLSA:

OCCUPATIONAL SUMMARY

Direct the overall activities of Duke Laundry facilities through the administration of accepted policies and procedures applicable to efficient and fiscally responsible operation. Provide educational developmental leadership and instruction to department managers, supervisors and staff.

WORK PERFORMED

- Handle all situations with a sense of urgency and establish positive relationships with key personnel in customer facilities.
- Implement the ServiceMaster laundry program.
- Set and maintain the quality standard in the laundry facility.
- Promote the development of all managers, supervisors and staff.
- Accountable for compliance with all pertinent JCAHO standards and local, state and federal regulations.
- Ensures that laundry facilities and equipment are regularly inspected and maintained in optimum operating condition.
- Be knowledgeable of trends and developments in all aspects of healthcare laundry management including infection control and other related business matters.
- Maintain necessary controls to meet both customer and ServiceMaster budgets.
- Maintain open channels of communications with all customers.
- Deliver excellent customer service.

The above statements describe the general nature and level of work being performed by individuals assigned to this classification. This is not intended to be an exhaustive list of all responsibilities and duties required of personnel so classified.



alm

Association for Linen Management



Education & College

[CWT](#)

Certified Washroom
Technician

Correspondence program for frontline laundry personnel.
Request your final exam.

[CLT](#)

Certified Linen
Technician

Correspondence program for linen distribution personnel.
Request your final exam.

[CLLM](#)

Certified Laundry and
Linen Management

Correspondence program for laundry managers.
Request your final exam.

[CESM](#)

Certified
Environmental
Services Management

Correspondence program for laundry managers who will be adding
environmental services to their scope of responsibilities.
Request your final exam.

[RLLD](#)

Registered Laundry
and Linen Director

Part of ALM's American Laundry and Linen College (ALLC) held tw
yearly on the campus of Eastern Kentucky University.

[RESD](#)

Registered
Environmental
Services Management

Part of ALM's American Environmental Services College (AESC) h
annually on the campus of Eastern Kentucky University.

American Laundry and Linen College

Details on the industries only college based training and certification program for laundry directors can be found below. If additional in
is, needed contact **Linda Fairbanks**, Director of Academic Affairs.



- Details on college program, enrollment process and requirements for attendance



- Curriculum for Part I, Part II, Part III, and Environmental Services Part II



- Online and printable registration forms



- Following enrollment, visit here for details on travel plans and attendance details



Standard Textile Names ALLC Scholarship in memory of veteran employee

Standard Textile, a long time supporter of ALM's American Laundry College Scholarship Fund, has named their scholarship in memory of consultant Gary Wright.

Gary Russell Wright was tragically taken from the Standard Textile family on November 21, 2005 in a hunting accident. Gary served as sales consultant in the western and central North Carolina for 24+ years. Gary was a very active member of the North Carolina chapter and a strong supporter of ALM's's educational programs.

Gary was not only a dedicated and cherished member of the Standard Textile family, but was loved and appreciated by his customers with whom he built lasting friendships. Gary is survived by his loving wife of 33 years, Shirley, one son, one daughter, one law, four grandchildren, two brothers and stepfather.

Certificate Programs

Certified Washroom Technician Certificate Program (CWT)

This correspondence course is designed to educate frontline laundry personnel in the primary factors that impact laundry operations. This program will:

- ~ Increase awareness of the overall broad effect that washroom chemistry can have on overall costs.
- ~ List the factors that influence cleaning

Certified Linen Technician Certificate Program (CLT)

An effective laundry operation entails a great deal more than producing a clean product. While this is a critical component of the operation, inappropriate product selection, poor inventory management, a poor distribution system, and poor lines of communication will rapidly overshadow a perfectly

- ~ Discuss appropriate wash formulas to meet specific needs
- ~ Address water quality and how to affect change
- ~ Examine the results that chemical changes can provide
- ~ Describe the use of heat to achieve the best possible results
- ~ Review optimal work flow procedures
- ~ Explain wash formula operations
- ~ Analyze problematic stains and potential remedies

clean and pressed linen product.
 This program content provides:

- ~ Cost analysis
- ~ Strategies for working with a linen management committee
- ~ Goals, implementation guidelines, and procedures for linen usage
- ~ Analysis of various linen distribution systems
- ~ Guidelines for establishing linen standards
- ~ Key components to ensure a successful linen management program

Requirements: There are no prerequisites for participation in this correspondence program

Requirements: There are no prerequisites for participation in this correspondence program.

This course is available in both English and Spanish.

ALM Member Rate \$75

ALM Member Rate \$75

Non-Member Rate \$110

Non-Member Rate \$110

Printable order form / fax order to 859-624-3580

Printable order form/ fax order to 859-624-3580

On-line order form

On-line order form

Correspondence Certification Programs

Certified Laundry & Linen
 Management
 Certification Program (CLLM)

Certified Environment Service
 Management Certification
 Program (CESM)

The CLLM is a tool to equip individuals who are being groomed for a management or leadership position, for managers who want to increase their level of competency, or employees who desire to enhance their

The CESM is ALM's newest addition to our educational portfolio. This program is designed for individuals who are familiar with laundry/linen management and will be adding environmental services to their scope of responsibilities, personnel

understanding of both management skills and industry specifics. Participants have 12 months to complete the correspondence program.

seeking advancement into the environmental services area, or seeking to enhance their level of competency in the environmental services arena.

This correspondence program includes:

- ~ Techniques for optimal employee recruitment and retention
- ~ The manager's role in financial management
- ~ The character and composition of textiles
- ~ Laundry and linen equipment utilization
- ~ Equipment specifications and selection
- ~ Equipment maintenance and safety
- ~ The proper use of chemicals to achieve desired results
- ~ The wash process
- ~ The impact of production standards, development and analysis
- ~ Optimal linen management methods, systems and practice
- ~ Basic microbiology for laundry managers

This program will cover:

- ~ Policy and procedure writing, staff recruitment and retention, communication and negotiation skills, counseling and problem solving
- ~ The budgetary process and the manager's role
- ~ Staffing principles, methods and standards
- ~ Methods, equipment, management and regulations associated with institutional pest control.
- ~ The components in a housekeeping infection control program
- ~ A thorough surface maintenance program
- ~ Interior design fundamentals, the process and basic considerations
- ~ Workable landscaping plans.

Requirements: A high school diploma or G.E.D is a prerequisite for this program. Continuing education is required to maintain CLLM certification.

Requirements: A high school diploma or G.E.D is a prerequisite for this program. Continuing education is required to maintain CESM certification.

ALM Member rates:
\$375 + \$20 S/H in USA
Non-Member rates:
\$495 + \$20 S/H in USA

ALM Member rates:
\$375 + \$20 S/H in USA
Non-Member rates:
\$495 + \$20 S/H in USA

For International rates

For International rates

contact:
kwerner@almnet.org

contact:
kwerner@almnet.org

Printable order form/ fax
order to 859-624-3580

Printable order form/ fax
order to 859-624-3580

Online order form (USA
orders only)

Online order form (USA
orders only)

American Laundry & Linen College American Environmental Services College

• **ALLC on-line registration**

• **Print form & submit with
payment**

Registered Laundry and
Linen Director (RLLD)

Registered Environmental
Services Director (RESD)

This intensive, in-depth program is a three-part series of ALM's educational offerings held on the campus of Eastern Kentucky University in Richmond, Kentucky (20 miles south of Lexington, KY). Each part of the College series is designed to develop leadership, management, and either laundry/linen or environmental services industry-specific skills available only in this setting.

The college convenes twice yearly, in the spring and fall. Each part in the series requires one week to complete, for a total of three weeks of instruction. Upon completion of all three parts, the student receives the designation of RLLD or RESD.

Partial list of College Curriculum:

Laundry Equipment
Washroom Chemistry
Linen Par Levels
Infection Control
Customer Satisfaction
Safety and Chemical
Hazards
Interior Design

Linen Basics
Linen Specifications
Plant Layout and
Equipment Specifications
Production Standards
and Interpretation
Personnel Interviewing,
Labor Relations
Commercial Pest Control
Conflict Resolution and
Cultural Diversity

Requirements: A high school diploma or G.E.D. is a prerequisite for participation in this program. While not required, it is suggested that participants have previous hands-on experience in laundry and/or

housekeeping services or have completed the CLLM program. Continuing education is required to maintain RLLD or RESD certification.

ALM Member Rate: \$1,795 discounted early registration (approx. 3 weeks out)

ALM Member Rate: \$2,360 regular registration

Non-Member Rate: \$1,950 discounted early registration (approx. 3 weeks out)

Non-Member Rate: \$2,520 regular registration

[Printable order form](#)/ fax order to 859-624-3580

[Register on-line](#) to attend ALLC

College Scholarship Program

The deadline for next year's Scholarship opportunities for ALM's American Laundry and Linen College and the American Environmental Services College is December 31st. Opportunities are available for both full and partial scholarships to assist in covering *registration* fees. Applicants must submit both the application form and an essay to be reviewed by the ALM Educational Affairs Committee. Scholarships will be awarded by February and will be applicable for college enrollment for the next three sessions.

We wish to take this opportunity to thank ALM Scholarship Sponsors! ALM Associate members interested in participating in this exceptional program are encourage to contact the [Director for Academic Affairs](#) for details.

Click [here](#) to download an ALLC Scholarship application in PDF format.

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Download Free Adobe Acrobat (PDF File) Reader Here:



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[ALM Return policy](#)

Association for Linen Management
(formerly NAILM)
2161 Lexington Road, Suite 2
Richmond, Kentucky 40475
859-624-0177 Fax: 859-624-3580 1-800-669-0863
[ALM Website privacy policy](#)

4.8 Sales/Business Development

The first task for this new venture is to identify which commercial laundry market is the most viable for WORC. The normal options to consider include are governmental, educational, hospitality, and/or healthcare organizations.

- Government – Prisons, jails, other correctional facilities and the military
- Educational – Universities, colleges and private learning facilities
- Hospitality – Hotels, resorts, country clubs, restaurants, spas and health clubs
- Health care – hospitals, nursing homes, assisted living facilities, retirement facilities

Laundry operations are usually focused on only one of these areas as they each have nuances and challenges specific to their type of business. With the assistance of NISH and WORC Director of Operations, research has pointed to two plausible market segments, Healthcare and Hospitality. Following is a partial list of specific considerations for both.

Health Care Laundry Operations

- The Joint Commission on Accreditation of Healthcare Organization (JCAHO) voluntary standards
- Infection Control
- Centers for Medicare & Medicaid Services
- Transportation and storage
- Patient garments (i.e. gowns, slippers, etc.)
- Sterile linen products (i.e. surgical products, etc.)
- Medical stain removal (i.e. iodine, body fluids, etc.)

Hospitality Laundry Operations

- Quality of textiles
- Softness/crispness/feel (also referred to as “hand”) of linen
- Cleanliness perception, smell and appearance of items meeting travel standards (i.e. AAA & Mobil guidelines)
- Food and greases
- Body and natural oils

In the process of discovering the market size and potential for both healthcare and hospitality fields, it was clear that WORC should focus primarily in healthcare area.

In 2003 Textile Rental Services Association (TRSA) marked healthcare laundry as the single largest growth sector. Between 1997 and 2002 the overall healthcare market grew by 40% or up to \$1.234 trillion in revenue, of which approximately \$4.8 billion a year is with laundry services.

4.8 Business Development (continued)

The American Hospital Association reports that an additional 7% of hospitals (of the 5,759 hospitals) will outsource laundry services every year for the foreseeable future. Currently 25% of the hospitals registered with the American Hospital Association are outsourcing their laundry services

As identified earlier the healthcare and hospitality market within sixty (60) miles of Winona is substantial, but there are limiting factors that substantially reduce the “real” potential for a WORC laundry. The two main limiting factors are related to hospitals or hospital networks with either in-house capabilities or long term contracts with premiere laundries. Nursing Homes on the other hand often have in-house laundry equipment and staff but are less prone to want to continue reinvest in operations or replace retiring staff.

A direct sales approach with hospital and nursing home administrators outlining the benefits of outsourcing to a customer centric and cost competitive laundry tends to be the best sales tactic. Developing and demonstrating a strong commitment to relationship, dependability and quality service “over time” will typically aid a local supplier in attempts to win business.

The business development cycle is expected to be lengthy in most situations. This is precisely the reason for developing a “preliminary business development” strategy even before final commitment to launch the new venture. It is for this reason advisement is offered to delay launching a laundry venture until several business commit to provide laundry volume at the out-set and there are other facilities showing significant potential in the sales development process.

WORC would do well to identify additional services and differentiating points from competitors to help generate greater opportunity for discussion.

Certification and accreditation credentials will be important in establishing creditability for the WORC laundry and help in the sales development process.

The Joint Commission on the Accreditation of Healthcare Organizations (JCAHO) sets standards for healthcare organizations and issues accreditation to organizations that meet those standards. JCAHO conducts periodic on-site surveys to verify that an accredited organization substantially complies with Joint Commission standards and continuously makes efforts to improve the care and services it provides.

The Healthcare Laundry Accreditation Council (HLAC) is a non-profit organization formed for the purpose of inspecting and accrediting laundries processing healthcare textiles for hospitals, nursing homes, and other healthcare facilities. Becoming accredited is an entirely voluntary process. The Council does not have members, but is comprised of a 12-person Board of Directors who serve on a voluntary basis.

4.8 Business Development (continued)

HLAC's mission is to publish high standards for processing healthcare textiles in laundries, and to provide an inspection and accreditation process that recognizes those laundries that meet these high standards. The current members of the HLAC are:

Minnesota

Health Systems Cooperative Laundries, St. Paul, MN
Lake Superior Laundry, Inc. - Pine City, MN
Textile Care Services, Rochester, MN
Crothall Laundry Services, Red Wing, MN

Wisconsin

Gunderson Uniform & Linen Service – Menasha, WI
Judge's Inc., Plover, WI
Madison United Healthcare Linen, Madison, WI
Superior Health Linens - Madison, WI
Superior Health Linens - Cudahy, WI

4.9 Financial Projections

The financial projections were derived using industry averages, case studies and direct input from WORC Director of Operations and WORC Director of Finance. They are at best relatively accurate to the degree that the assumptions made in the formation of this study are realistic and comparable to the final outcomes.

At the end of the third year the projections for Net Income from laundry operations, without Agency Return, would produce a negative sixty-five thousand (\$65,000) but be approximately forty-two thousand (\$42,000.00) dollars cash positive when depreciation is taken in to consideration.

Note: All equipment is being treated as five year depreciable assets
Building remodeling costs are depreciated on a 39.5 year schedule

It is fair to assume that with similar sales growth in year four, WORC laundry would reach net income profitability sometime in the second or third quarter. A laundry volume of approximately 2,550,000 lbs. at thirty-eight (38/lbs) cents per pound should be viewed as a feasible break-even point. ***Neither of these statements takes in to consideration Agency Return which will add substantially to profitability and cash flow.***

4.9 Financial Projections (continued)

The assumptions for the following Cost Center Summary include:

- Average selling price of .38 lb. of processed laundry (customer owned)
- Direct labor would process 78,000 lbs./FTE annually
- One FTE equals 1968 hours
- Average wage for direct labor “worker wages” is \$7.50/hr.
- Average “hourly employee” wage is 10.15/hr.
- Winona Health would be added as a customer in the third quarter of year one
- Direct labor costs – qtrs. 1 and 2 @ .172
 - qtrs. 3-6 @ .156
 - qtrs. 7-12 @ .15
- The Delivery Professional would not be full-time 2nd half of first year
- A salaried Laundry Manager would be added in year two (reflects staff's organizational chart)
- Maintenance cost - .025
- Utilities cost - .03
- Chemicals and Supplies - .02

The sales projections reflect only “customer owned” linens. Some hospitals and nursing homes desire to have a laundry service provide the standard linens. In many cases, this is done through a leasing program. For this study we are not making any assumptions associated with linen leasing because it would be hard to estimate the effect on the bottom line. Leasing and handling costs would be passed on to the end customer resulting in a marginal profit. The greatest benefit of a standard leasing program is to have many or most of the customers using the same linens. Operational efficiencies would result by having larger loads and streamlined finishing when there is no need to sort for each specific customer's linen.

**COST CENTER SUMMARY
LAUNDRY PROJECTIONS**

	1ST QTR 1ST Yr	2ND QTR 1ST Yr	3RD QTR 1ST Yr	1ST Yr TOT	1ST HALF 2ND Yr	2ND Yr TOT	3RD Yr TOT
Laundry Volume lbs.	120000	145000	280000	780000	610000	1350000	2040000
Sales	\$45,600	\$55,100	\$106,400	\$296,400	\$231,800	\$513,000	\$775,200
Grants							
Contributions							
Gross Income	\$45,600	\$55,100	\$106,400	\$296,400	\$231,800	\$513,000	\$775,200
Less: Cost of Materials	2400	2900	5600	15600	12200	27000	\$40,800
Total Income	\$43,200	\$52,200	\$100,800	\$280,800	\$219,600	\$486,000	\$734,400
Hourly Employee Wages	\$8,680	\$8,880	\$13,560	\$35,520	\$20,000	\$40,000	\$41,500
Worker Wages	\$15,960	\$20,260	\$34,320	\$102,960	\$75,160	\$162,500	\$264,500
Total Direct Wages	\$24,640	\$29,140	\$47,880	\$138,480	\$95,160	\$202,500	\$306,000
Hourly Emp Benefit Wages	\$976	\$998	\$1,524	\$3,992	\$2,248	\$4,496	\$4,665
Hourly Emp W/C, Health Ins	\$1,779	\$1,820	\$2,780	\$7,282	\$4,100	\$8,200	\$8,508
Hourly Emp Payroll Taxes	\$1,011	\$1,035	\$1,580	\$4,138	\$2,330	\$4,660	\$4,835
Worker Benefit Wages	\$2,770	\$3,275	\$5,382	\$15,565	\$10,696	\$22,761	\$34,394
Workers' Compensation	\$3,080	\$3,643	\$5,985	\$17,310	\$11,895	\$25,313	\$38,250
Worker Payroll Taxes	\$1,885	\$2,229	\$3,663	\$10,594	\$7,280	\$15,491	\$23,409
Vehicle Expense	\$6,075	\$6,375	\$6,325	\$25,500	\$13,980	\$28,425	\$29,310
Repair & Maintenance	\$3,000	\$3,625	\$7,000	\$19,500	\$15,250	\$33,750	\$51,000
Utilities	\$3,600	\$4,350	\$8,400	\$23,400	\$18,300	\$40,500	\$61,200
Safety Supplies							
Tot Dir Operation Costs	\$24,176	\$27,350	\$42,638	\$127,281	\$86,079	\$183,596	\$255,570
Staff Salaries	\$11,000	\$11,000	\$11,000	\$44,000	\$38,000	\$76,000	\$80,000
Staff Benefits	\$2,145	\$2,145	\$2,145	\$8,580	\$7,410	\$14,820	\$15,600
Staff Taxes	\$1,282	\$1,282	\$1,282	\$5,126	\$4,427	\$8,854	\$9,320
Retirement Plan, 403B	\$110	\$110	\$110	\$440	\$380	\$760	\$800
Total Direct Staff	\$14,537	\$14,537	\$14,537	\$58,146	\$50,217	\$100,434	\$105,720
Depreciation	\$26,900	\$26,900	\$26,900	\$107,600	\$58,300	\$107,600	\$107,600
Janitorial, Uniforms							
Interest Expense							
Insurance	\$275	\$275	\$275	\$1,100	\$550	\$1,100	\$1,200
Tot Dir Admin Costs	\$27,175	\$27,175	\$27,175	\$108,700	\$58,850	\$108,700	\$108,800
Total Direct Wages	\$24,640	\$29,140	\$47,880	\$138,480	\$95,160	\$202,500	\$306,000
Total Operation Cost	\$24,176	\$27,350	\$42,638	\$127,281	\$86,079	\$183,596	\$255,570
Total Staff Cost	\$14,537	\$14,537	\$14,537	\$58,146	\$50,217	\$100,434	\$105,720
Total Admin Cost	\$27,175	\$27,175	\$27,175	\$108,700	\$58,850	\$108,700	\$108,800
Indirect Admin Cost	\$2,055	\$2,055	\$2,055	\$8,220	\$4,110	\$8,220	\$8,220
Indirect Production Cost	\$3,900	\$3,900	\$3,900	\$15,600	\$7,800	\$15,600	\$15,600
Total Indirect Cost	\$71,842	\$75,017	\$90,305	\$317,947	#####	\$416,550	\$784,310
Tot Dir & Indir Costs	\$96,482	\$104,157	\$138,185	\$456,427	\$302,216	\$619,050	\$799,910
Total Income	\$43,200	\$52,200	\$100,800	\$280,800	\$219,600	\$486,000	\$734,400
Net Income or (Loss)	-\$53,282	-\$51,957	-\$37,385	\$175,627	-\$82,616	\$133,050	-\$65,510
Estimated Agency Return	\$8,258	\$10,483	\$17,757	\$53,272	\$38,888	\$84,078	\$136,852
Net Income or (Loss)	-\$45,025	-\$41,474	-\$19,628	\$122,355	-\$43,728	-\$48,972	\$71,342

Projected Asset Balance Sheet WORC Laundry

Beginning	Year 1	Year 2	Year 3	Year 4
Current Assets				
Cash & Rec.	50,000	35,200	93,800	272,700
Equipment Assets				
Equipment	510,000	510,000	510,000	510,000
Building Impr.	446,000	446,000	446,000	446,000
Less dep. Equip	0	102,600	205,200	307,800
Less dep. Bldg.	0	5,000	10,000	15,000
Book Value	956,000	842,100	740,800	633,200
Total Assets	1,006,000	883,600	834,600	905,900

Notes:

The Cost Center Summary spreads the building remodeling depreciation across previously established allocations. Actual total building depreciation would be \$11,300 per year.

Figures above **do** factor in Agency Return as represented on Cost Center Summary.

This Balance sheet reflects no liabilities under the premise that conventional financing will not be required and that all necessary capital will be raised prior to venture operation.

It would not be unreasonable to assume that there will be some short-term debt to finance the project if the capital campaign collects the pledged funds over a multi year period.

5.0 Recommendations and Alternatives

Some recommendations are embedded in the text of this study. In the case of any process such as this; most organizations recognize areas of improvement and begin to make changes as a result of the process itself. This is the case with WORC as well.

The study finds credibility and viability for a new WORC laundry venture under the parameters established. The estimates regarding throughput are very conservative and expectations are that with good leadership WORC would outperform the Laundry Projections. This of course is provided the sales development process is at least as successful as the projected.

Investing in a new “start-up” business venture is inherently different than purchasing an existing business and carries much greater risk. A “build it and they will come” philosophy coupled with pushing out expenses by utilizing an “easy money with no interest” strategy will only lengthen the time period to reach operational profitability. This is precisely what Genesis Development did and after three years they are yet to reach profitability.

Recommended next steps if the Board decides to move forward:

1. Conduct market analysis with an emphasis on building relationships with future customers. This can be done with present WORC staff and or board members.
2. Re-evaluate income and cost projections following market analysis. Update based on laundry volumes and product mix.
3. Once there is a “high” degree of confidence in market potential, secure the services of a professional fundraising organization. Obtaining the capital to finance the start-up will “drastically” improve the chances of its success. The potential profits generated by a commercial laundry will significantly contribute to the resources needed for the organization’s sustainability.

Note: For every \$100,000 of needed equipment financing WORC could expect to pay \$1970.00 per month for five years. For every \$100,000 of needed building remodeling financing WORC could expect to pay \$750.00 per month on a 20 year amortization.

Alternatives for possible consideration:

1. Offer Laundry management and operation services to nursing homes with-in their current facilities. The objective would be to build the number of customers and volume to where it warrants the installation of the desired laundry at WORC’s facility. Benefits:
 - Provides opportunity to build trust and relationships
 - Provides skill development in building a workforce
 - Significantly reduces and postpones capital requirements
 - Can serve as a “spring board” in centralizing to a WORC “in-house” laundry operation

5.0 Recommendations and Alternatives (continued)

2. Partner with a hospital or group of investors to invest in the equipment necessary to operate the laundry facility. Benefits:

- If the partner is a hospital, there is a guaranteed initial volume of business
- Reduces the risk of WORC to building remodeling