

# Flex-Serve: Putting labor where the margins make sense

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## Flex-Serve:

### *Putting labor where the margin makes sense*

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Forgive me. But having just visited two large-scale flex-serve washes, one just about to open, and the other producing astronomical numbers, the only word I can think to describe these sites is “sexy.” High-end marketing, complete tunnel systems, gorgeous buildings and landscaping, and I understand why this model seems to be coming increasingly attractive for new investors who have the necessary capital. A well-executed flex-serve is a thing of beauty, with an extraordinary profit potential. As with most things however, the devil is in the details. Visiting a successful flex-serve wash can lead to daydreams that it’s easy. It’s not. It demands tremendous creativity and persistence in planning, training, and management. It’s been awhile since I’ve written about the flex-serve car wash model, but seeing the recent uptick in these washes being built, thought it a good idea to revisit the basics. That said, let’s take a look.

#### **Flex-Serve Basics:**

Although there are hundreds of variations, the typical flex-serve is the combination of express-exterior and full service offerings on one property. The foundation of this style is an express-exterior conveyerized tunnel with an automated gated entry that requires no manual prepping, and produces a clean, shiny, and completely dry car with no labor. As with an express-exterior, the customer has 3-4 exterior wash packages to choose from. What’s different, is that once a customer purchases one of the top 2-3 exterior packages, they have an option at the automated attendant to add offline extra services. Interior super clean, hand wax, and leather treatments are

some common examples, but each service normally takes no more than 15 minutes. Exterior only customers exit the tunnel to free self-serve vacuums. Customers that purchased offline services follow signs to an aftercare area where they park and exit the car and usually wait in a lobby for the service to be completed. Ideally the customer returns to the car where they left it and drive away, eliminating the extra labor, liability, and training required when staff move vehicles on the property.

### **Flex-Serve Pricing – the 30/25 rule:**

I'm often asked how to price various aftercare services such as a hand wax or interior super clean. Although most services range between \$20 and \$30, the true answer is that it depends. Successful aftercare pricing is an art form. Whereas the base wash package at either an express-exterior, or flex-serve, averages between \$3 to \$7 dollars, (roughly the equivalent of a value priced lunch in the market), aftercare prices can vary dramatically. A properly executed flex-serve carefully manages and adjusts aftercare service pricing to maintain a controlled flow through the property. There are differing opinions as to the exact mix and ratio, but a good rule of thumb to start your planning is that you want 30% of all exterior customers to purchase aftercare services with 25% or less of gross revenue going to labor cost.

To understand how the 30/25 rule of thumb works, let's start with a typical interior vacuum and window cleaning with some very rough and hypothetical numbers to show the relationship. If for example, a very thorough interior cleaning takes 2 employees 15 minutes to complete, and in your market the labor rate is \$7.50 per hour, your labor cost for the service would be \$3.75. If you divide your labor cost by .25, (the maximum labor cost as a percentage of sales you are willing to charge), the minimum retail price of the service would be \$15. This interior service charge is in addition to the cost of the exterior wash selected, meaning if the customer added the interior service to an \$18 top wash, the total amount, collected by the automated attendant, would be \$33. Normally, three detailing packages are offered, all adhering to the 30/25 rule.

Maintaining the 30% conversion in reality is, of course, never as easy as it is here on paper. It will often take time for the site to mature and for customers to learn that they are getting a premium value for their money. One mechanism to increase awareness is to discount the interior super clean aftercare service for an introductory period while holding the other packages to the 30/25 rule. The opposite conversion also holds true. If conversion begins to exceed 30%, you will raise the retail pricing for aftercare services, steadily reducing your labor cost below 25%.

### **Aftercare: Balancing Site Flow and Working “Lean”**

There are two main considerations to designing a flex-serve aftercare center. Both revolve around teams of employees working in cells that can easily scale up and down for changing volume requirements and service levels. The first consideration is determining the base number of cells needed. For example, if your analysis has determined you will operate 70 hours per week and anticipate washing 10,000 cars per month, the average cars processed per hour would be about 35. You have planned pricing to convert 30% to aftercare services that take an average of 15 minutes each. If you do the math, an average of 10 to 11 customers will purchase aftercare services per hour. Since a typical cell with 2-attendants is designed to process four 15-minute services every hour, you would need three cells to process the anticipated aftercare services. If space is limited, an alternative is to design 4-attendant cells with four vacuum drops, four air supply lines, and supplies available for all attendants. Although 4-attendant cells can cut both processing time and cell requirements dramatically, there is a greater training and management component to keep the 4-attendants working in unison. Most operators will, at minimum, double the number of required cells to scale up during peak operating times. In this scenario, the site

would need at least six 2-attendant cells or three 4-attendant cells and a staffing plan to shift permanent team members to vacant cells supplemented with temporary staff as traffic concentration changes.

The second consideration is to design a physical workspace that facilitates productivity. Every item, whether it is an applicator, vacuum, air drop, chemical, or towel must be in constant supply with your team members never needing to walk more than half the distance of the vehicle they're working on. All consumable supplies must have a signal that alerts when they need to be replenished. For example, a colored board is installed between stacked towels at a height of 4 towels. Team members simply use towels as trained, when only 3 remain; the board signals to replenish them. The principle of keeping constant supplies with absolutely no disruption to the workflow is vital in a flex-serve aftercare center.

**In Summary:**

Flex-serve works only when the customer realizes the value. Clear signage, advanced POS systems, and creative marketing are merely the basic pre-requisites. Add to that the requirement for meticulous training, both in job function, and customer interaction, and you quickly realize that the flex-serve profit potential isn't built upon choosing a car wash model, but stands on countless hours of owner/operator labor to carefully craft every detail of the customer experience. If you're on the edge for what model to choose for your next wash take a road trip. Seeing some of the new washes going up is likely to inspire you to the profit potential of the modern flex-serve. Just be sure to calculate the numbers to make sure the investment makes sense.

Good luck and good washing,

*Anthony Analetto*

Washing cars for over 30 years, Anthony Analetto serves as a President of SONNY'S The CarWash Factory, creator of the Original Xtreme-Xpress Mini-Tunnel, and the largest manufacturer of conveyORIZED car wash equipment, parts, and supplies in the world. He can be reached at [Aanaletto@SonnyDirect.com](mailto:Aanaletto@SonnyDirect.com) or at 800-327-8723 ext 104