

## Wash Wisdom: Calculating potential cash flow

**This calculation is critical when seeking new carwash loans.**

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Author: Staff on October 4, 2017



In a recent article from *Professional Carwashing & Detailing* titled “[Understanding construction financing for carwashes](#),” contributor Jeff Rauth looks at the loan process from the other side of the lending table: the bank’s point of view.

Rauth describes how banks look at carwash sites, how they determine various projections and what information they are looking for before deciding whether or not to provide a loan. One thing Rauth notes is that banks are going to compare their projections with yours, and one of the projections you will need to determine is potential cash flow.

Rauth provides the following example of how to determine potential cash flow:

“For example, if 30,000 cars drive by your site per day, you are open for business 260 days a year and your capture rate is 1.25 percent, that means you should wash 97,500 cars per year. If you multiply this by your average ticket of \$8 per wash, then you should gross \$780,000 in sales for the year. If your margin is 38 percent, that means you should have \$296,400 of cash flow for your profit and to pay your mortgage. This level of cash flow would support a loan amount of approximately \$3,000,000.”

*PC&D* has created an infographic with the formulas to help you determine your own potential cash flow.

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# CALCULATING POTENTIAL CASH FLOW

## WHAT YOU NEED TO KNOW



CARS DRIVING PAST YOUR SITE PER DAY



DAYS PER YEAR YOU ARE OPEN FOR BUSINESS



CAPTURE RATE



AVERAGE TICKET PRICE



PROFIT MARGIN

## CALCULATIONS

### CARS WASHED PER YEAR:



CARS

×



DAYS OPEN

×



CAPTURE RATE

=



CARS WASHED PER YEAR

### GROSS SALES PER YEAR:



CARS WASHED PER YEAR

×



AVERAGE TICKET PRICE

=



GROSS SALES PER YEAR

### POTENTIAL CASH FLOW:



GROSS SALES PER YEAR

×



PROFIT MARGIN

=



POTENTIAL CASH FLOW

INFOGRAPHIC CREATED BY

PROFESSIONAL  
**Carwashing**  
& DETAILING  
SERVING CAR CARE OWNERS & OPERATORS

You can also download the infographic [here](#).

**COMMENT: OK, now think about the answer to this question:**

If your site has little or no traffic passing in front of it as may be the case when it's located within an auto parking garage, behind a busy gas station, buried deep in a neighborhood/community/regional retail shopping center, on an island with 100,000 adult residents but zero competition or land parcels on which to build a competitive facility, just how should you calculate these critical numbers?

**ANSWER:** Add some quality expertise to your project's team...perhaps someone like the person below.

**J. R. / Jack Muellerleile**

**Consultant-Investor-Broker DRE #01018666**

**Express Exterior Tunnel CW Specialist**

**V.714.220.1806**

**F. 714.826.1143**

**E. [jrm@4VQP.com](mailto:jrm@4VQP.com)**

**W. [www.4VQP.com](http://www.4VQP.com)**

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