



FROM MULTI-HOUSE TO A FULL HOUSE MAKING MORE OUT OF THE SPACE PROVIDED

In 2006, the housing market was starting its quick descent and rumors of a recession were beginning to rumble. It was during this time that Joe Jepsen decided to make a big move and buy enough properties to increase his inventory to 1,000 apartment units in the Salt Lake City area. Fast forward ten years, the market is stronger and the economy rebounded. Again, Joe made a big move and sold two-thirds of his apartment units. Looking back now, Joe is not sure he would do the same thing today in terms of selling those units, but he also believes the decision to sell helped place him on a new path, one which has proved to be more diversified and possibly more profitable.



Pictured from left to right: Joe Jepsen, Owner of O-Town Laundry and Brad Moyes, Sales Rep for Mendenhall Commercial Laundry Equipment

EARLY CAREER

Joe had always been determined to find success. During his early career as a Mortgage Banker, Joe learned how important it was to manage capital and banking relationships. In fact, he was able to save enough money to purchase his first apartment building when he was 22 years old, which he managed and maintained by himself rather than contracting an apartment management company to do so. Needless to say, he learned a lot of lessons.

Joe quickly built his business, Diamond J Management, through multiple acquisitions. At the height of these acquisitions, Diamond J Management was known in Utah as one of the largest landlords with more than 45 apartment buildings, each with a large range of unit counts and revenue base. When the economy started to take a turn for the better, Joe decided to liquidate and diversify many of his businesses and begin to consider what other types of investments he could add to his portfolio. Those ventures to diversify ultimately led Joe to one of his first vended laundry opportunities when re-thinking how to best use a small 800-square-foot retail space in one of his existing apartment buildings.

A FRESH IDEA

With more than 160 rental units, one of Diamond J Management's apartment buildings also had an area set apart for retail space on the main level. When the retail space went vacant, Joe had an idea that merged his existing business model with a new one.

"I wanted to shut down our standard on-site apartment laundry room within the building, and open a vended laundry store in the retail location instead," he says. "I shared the idea with Brad Moyes at Mendenhall, my Maytag® distributor for the past 18 years, because he's always had great advice for me when it came to our on-site laundries."

Upon hearing Joe's vision, Brad was on board and ready to help Joe make the changes needed along with the buildout of the space.



GOING NON-TRADITIONAL

The result was **O-Town Coin Laundry** (in homage to the city of Ogden). “We spent between \$150,000 and \$200,000 to build out that first space,” Joe says of his shift from an on-site multi-housing facility to a vended laundry approach. “Everything we did was aimed at the ultimate customer experience. We wanted to focus on aesthetics, to make it feel like a fresh modern laundry, and go far beyond the look of a traditional vanilla vended store.” That focus played a major role in the types of equipment chosen for the new store, and Joe stresses that Brad’s assistance was an invaluable asset.

“Brad helped with the floorplan, and ideas for getting started,” Joe says. “We talked through the equipment mix, keeping in mind that the apartment residents would want to use machines they were used to. We wanted to provide a comfortable environment.” The biggest challenge the pair had was working through utilities as there was a lack of sufficient water, gas, and power supply nearby to support a vend store.

“Joe knew what he wanted,” explained Brad. “This was our first full venture in building a coin store from scratch so knew there would be complex issues along the way such as a sufficient water supply. We simply worked the challenges and found solutions that made the most sense.”

The result? A vended laundry facility that was, in fact, anything but traditional. Black, gray, and red interiors, with exposed floor joists, beams, and high-end equipment that made the space look welcoming and sophisticated — a place someone could comfortably hang out for a while.

“It’s a brand and a machine with which they have a familiarity. Front-load machines offer comfort to the customer because they know them and they recognize the Maytag name,” said Brad. “We are proud that focusing on what the customers are comfortable with is not only a Mendenhall practice, but a Maytag one as well. We help our customers prepare for success by looking at their equipment mix and establishing a layout which works for their store’s community and demographic.”

RAPID SUCCESS

Besides the look of the store, the business strategy proved to be on point as well. Not only did the facility have a built-in client base with the renters in the building, who still had access to on-site convenience, but the space was now open to the public. This meant the machines stayed busy and the small space was well-utilized.

“We had great reviews, just in the first week,” said Joe. “As timing would have it, we opened the doors and then had to leave for a pre-scheduled two-week trip. During that two-week period, our change machine, which held \$2,000 worth of quarters, ran dry. Prior to that, the on-site laundry machines had only been bringing in \$800 a month. You have to remember, this was only an 800 sq. ft. area, with 25 total machines.”

The new business model has also made sense from a management perspective. With 300-400 apartment units still under his ownership and management, Joe has a team of professional property managers, and a roaming maintenance technician crew looking out for all properties. The laundromat easily falls within their normal duties — which means Joe doesn’t have to hire additional staff specifically for this purpose. And according to Joe, he saw his utility costs decrease with the newer and more efficient machines he put in, even though the monthly quantity of washed clothing easily went up by six times when compared to the old on-site laundry.

When the official O-Town Coin Laundry signs were installed on the building, Jepsen believed the store’s income spiked once more due to added awareness.



FORWARD-THINKING

"Joe is a smart guy," Brad noted. "He's progressive and innovative in his thinking. His market is interesting too. There are a lot of 20- or 25-year-old stores out there right now, and it's time to retool them or create new stores. The business model Joe has established is efficient and forward-thinking, and we are here to help him find the resources he needs and the right equipment that will support his objectives."

Since the first O-Town Coin Laundry opened, Joe has applied his model and key learnings from that first experience to other laundry sites. He is currently retooling store number three in stages with store number four under construction, and number five, six, and seven coming in the fall 2019. There are also three more sitting in his land bank, ready to move forward.

"Each store benefits from the one before it," said Brad. "Joe takes what he learns and applies it elsewhere. For example, knowing that equipment mix is important to the customers, Joe insisted that store number three, O-Town Laundry Hut, feature not only the single-load washers customers know, but we added the new Maytag® Multi-Load machines for greater capacity as well."

Joe is excited for the continued opportunities to serve his own residents, and the community as a whole. His plans are to stick with the existing model of placing vended stores within his own properties, and properties' communities. He says he won't buy an existing laundromat or build one without owning the property it's on. "I'm trying to be disruptive in a good way," Joe explained. "This was a way for me to support the community in a positive way, and I hope others can learn from this idea."



RETOOLING VENDED LAUNDRY

Since opening his first coin laundry store approximately five years ago, Joe Jepsen and Diamond J Management have retooled three more stores, are currently building two stores, and have three more waiting in the wings. Working with Joe every step of the way, from planning to implementing and placing equipment: Brad Moyes and Mendenhall, Joe's Maytag® Commercial Laundry distributor for the past 18 years. Joe and Brad are the first to admit that retooling is a learning process, and it has taken time to identify the best practices in order to update a coin laundry and set it up to be more profitable. Since the first O-Town Laundry store, Joe has learned some valuable lessons.

Here are a few of his biggest tips:

1. GIVE CUSTOMERS MORE CHOICE.

"That's our motto," says Joe. " 'More Choice' and 'Nothing Matters More than Clean'. For instance, we allow them to pay with credit card, cash, coin, or phone -- and keep an ATM on site too. Plus, we try to have 6 or 7 different types of washers, and 3 to 4 different types of dryers as well." Because every customer has different comfort levels with machine types and technologies, and they'll all have different sizes of loads, this variety keeps people coming back. Joe feels that any choice an owner takes away, could mean more than a few customers who are not happy with their experience.

2. GET A GOOD ARCHITECT & ENGINEERS.

From adding enough air conditioning capacity to cool down a room with big, sun-facing windows and numerous dryers, to redesigning space usage, and all things mechanical, experienced engineers and architects are invaluable.

3. REPLACE EVERYTHING THAT NEEDS IT.

"If it looks old, it probably is," says Joe. New plumbing, electrical, and other infrastructure will cost more up front, but may cause fewer problems down the line. It's always better to do it during the initial retooling stage, rather than later.

4. BE PATIENT & PUT THE FLOORS IN LAST.

Joe learned quickly that nice flooring gets damaged when it is put down before paint or installment of laundry machines. This is always last on the checklist. Flooring is an example of every step of the process: be patient, do it right the first time, and let the process unfold in the proper order. Don't try to speed the process up by doing something up front that should be done further down the road, or even last -- like new floors.

5. ASK QUESTIONS!

While Joe has developed a close relationship with trusted contractors, Brad and his team at Mendenhall and Maytag® Commercial Laundry have proven to be the most valuable relationship in this journey. The resources, information, and experience available helped throughout each retooling process, and their advice was vital to overall decision making and the projects success.

As a distributor, Mendenhall continues to help Joe at every step – from looking at locations to help Joe determine whether retooling will be profitable, to designing layouts, and more. "They spot challenges immediately," says Joe, noting that this kind of insight is essential.

Throughout each step of retooling, Joe keeps the customer in mind. From convenient hours, to diverse machines, to creating a look and feel that will bring them back, this is, above all, what guides every decision he makes. And his success has shown that this line of thinking works.



To read the trade publication articles based on this story, visit the following sites:

[PlanetLaundry – Full Article](#)

[PlanetLaundry – Joe Jepsen](#)

[American Coin-Op](#)