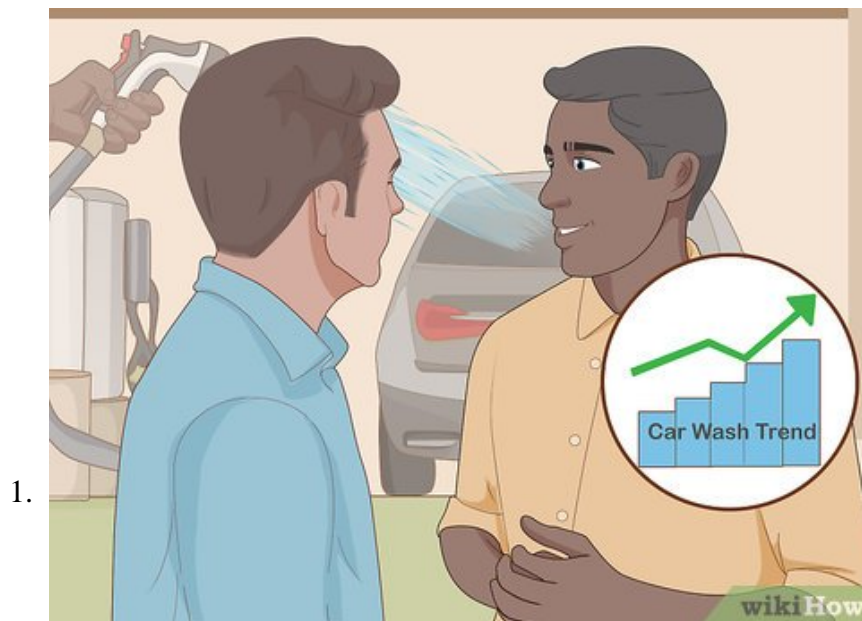


How to Open a Car Wash Business

Opening a car wash business can be a fun, interesting, and profitable business for somebody with business smarts and perseverance. With the right location, good marketing, and top-notch service, you can draw in numerous customers who need...

Part 1 of 3:

Planning Your Car Wash



1.

Visit a few car washes to get a sense of what might work. Even if you've worked at a car wash business, you'll need to be up to date on all the latest trends and technologies to have a good understanding of the industry. Visit other car washes and figure out the type of car wash you would like to open (e.g. self-service, automatic, waterless, full detailing, etc.).^[1]

1. For example, people use car washes more when the economy is doing well and when motor vehicle sales are up. When people have more money to spend, they are more willing to pay for a car wash. Knowing the car sales statistics in your area could help you predict success for your business.
2. Talk to car wash owners, car wash suppliers, and car wash equipment manufacturers. You want to understand the car wash business from all sides so you know what you are getting into.^[2]
3. The International Carwash Association is a good resource to learn about the industry and the current trends.^[3]
4. In addition to doing some in person visits, it might help, at this point, to read some internet trend reports and business periodicals. Find out what the demographics are in your area and read up on how car wash businesses are doing in areas with similar demographics.

5. Read some business publications, too, to find out what the newest materials and equipment are. The car wash industry is developing more energy efficient and environmentally friendly materials, so it's important to stay abreast of new developments.



Investigate all of the competition in your area. In order for your business to be competitive, you need to thoroughly research the other car washes in your area. If you have already chosen a location for your car wash and haven't visited everything in that vicinity yet, scope out all the competition within a 5-mile radius.^[4] What services do they offer? What are their prices? How do they market their business? How often are customers using the services?

1. Take notes as you investigate the car washes. You can go back and review them as you make plans for your car wash.
2. Also pay attention to the other businesses around the car washes. If a car wash has a high volume of customers, what are some of the factors that are contributing to this? Is it located in a busy shopping center or right off the highway?



Draw up a detailed business plan. A business plan will help you get financing to start your car wash and think through the details of your business. Make your plan as detailed as possible. The business plan should include an introduction (3-5 pages), market analysis (9-22 pages), company description (1-2 pages), organization and management (3-5 pages), marketing and sales strategies (4-6 pages), product/service (4-10 pages), equity investment and funding request (2-4 pages), financial information (12-25 pages).^[5]

1. The introduction should include your Executive Summary, table of contents, and a cover page.
2. Your market analysis demonstrates your knowledge of the car wash industry and the results of any market research and analysis that you have done. Who are your customers and what are their purchasing habits? What are the risks, strengths, and weaknesses involved with opening a car wash? What is your projected revenue based on the current market and future market trends?
3. Your company description should include information about your car wash business and why you think it will be successful.
4. The organization and management section should detail the structure of your company, the board of directors, and the qualifications of your management team.
5. The marketing and sales portion should clearly outline your marketing strategy. How will you get customers? What avenues will you use to reach them? What is your overall sales strategy?
6. The product or service section outlines exactly what you will be selling. How does your car wash business fill a void in the market? Why would people want to use your car wash as opposed to other car washes?
7. The equity and funding section details exactly how much money you will need to start your business and what financial resources you already have to invest in the business.
8. The financial information is the most important part of your business plan and should be reviewed by an accountant or financial planner. Include your personal financial information, any existing businesses you have, a list of debts, projected income for 5 years, and certification that your information was reviewed by a 3rd party financial adviser.



Find the investment capital to open a car wash. You can finance your new car wash through bank financing, a Small Business Association (SBA) loan, or through private investors. You will also need to have some cash of your own saved up to secure financing from others.^[6] The best way to do this is by presenting your business plan to your potential investor and show how your idea can be a viable business.

1. A bank loan requires a loan-to-value ratio of 75%. You will need to come up with 25% of the fair market value and the bank will fund the other 75%. It will be harder for you to secure bank financing if you have never owned a business before.
2. An SBA loan will either be a 7a or a 504. If you get a 7a loan, the SBA will partner with a local investor. Your actual loan will be financed by the local lender. A 504 loan is actually financed by the SBA and has job creation criteria.^[7]
3. The start-up costs for a car wash range from \$100,000 - \$400,000.^[8]



Choose the location for your car wash business. Having the right location can make or break your business. A successful location should be near a shopping center, in a high traffic, residential area, be easily and visibly accessible from the road, allow for expansions and business growth, and have enough space for cars to line up.

1. Your sign is visible to drivers for at least 40 seconds. Ideally, traffic should travel past at no more than 40 miles per hour (64 km/hr) so drivers have time to see your signage and make that split-second decision to have their cars washed.
2. Choose a venue large enough to accommodate the bays, pump rooms, vacuum and drying areas, and the office.
3. Check your city's zoning regulations to be sure you are allowed to open a car wash at your chosen location. If you need a special permit, obtain it before you buy or lease your venue.
4. It is helpful to work with a real estate agent, city planner, lawyer, and/or an accountant to get the best deal on a location.^[9]

Part 2 of 3:

Opening Your Car Wash

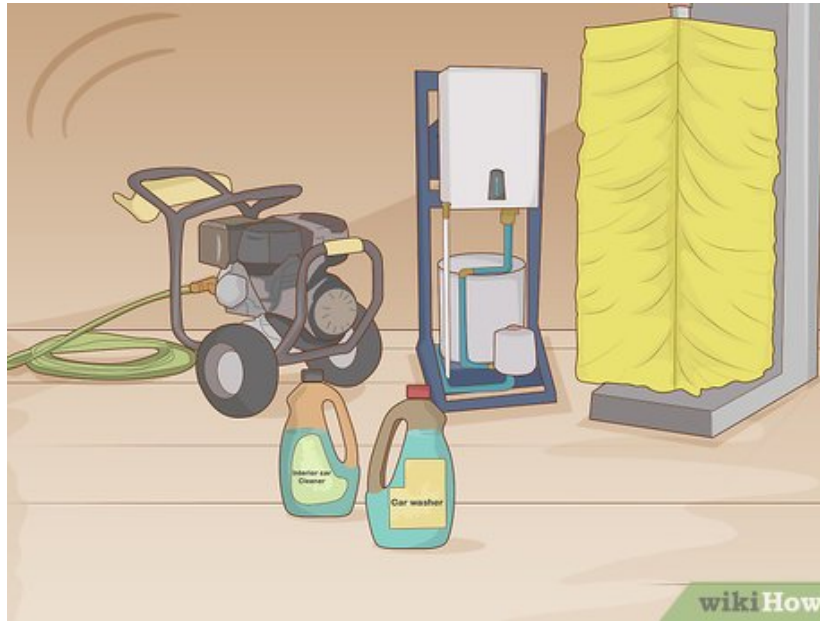


1.

Get the necessary permits and licenses. You will definitely need a permit or a license to open your business. However, the requirements will differ depending on what state you live in. The SBA website maintains a list of business license offices to help you find the information.^[10] In addition to a business license, you will need a federal tax identification number and possibly a sales tax license, income tax withholding, and unemployment insurance tax.^[11]

1. Ask your state business office about the insurance requirements for your car wash business.
2. Once you get all of the necessary permits and licenses, keep track of your renewal dates and make a copy for your business records. You will also need to display your license in your car wash so that customers can see it.

2.



Buy equipment. The equipment you buy will depend on the type of car wash you have decided to open and the services you offer. Full service car wash, self-service car wash, and an automated car wash will all have different needs. You will typically need to buy a washing system (e.g. pressure washer, conveyor, self-service equipment, mobile wash systems), chemicals (e.g. cleaning solutions, wax, spot free rinses, protectants, presoaks, etc.), dryers, blowers, vacuums, brushes, towels, compressors, pumps, and a water system (e.g. boilers, water heater, water filtration, extractor, etc.), and billing system.

1. The International Carwash Association has a supplier guide to help you find reputable manufacturers.^[12]
2. Look in trade magazines like Auto Laundry News and Modern Car Care to buy your chemicals. It is best to buy from big manufacturers.^[13]
3. Popular equipment manufacturers include Ryko, Hannah Industries, Belanger, Karcher, and WashTec.
4. Make sure the distributor of your equipment is available to service your equipment when needed. Find out how they handle equipment servicing before you buy from them.
5. Equipment typically lasts for 10 years.

EXPERT TIP

Picture 8 of How to Open a Car Wash Business

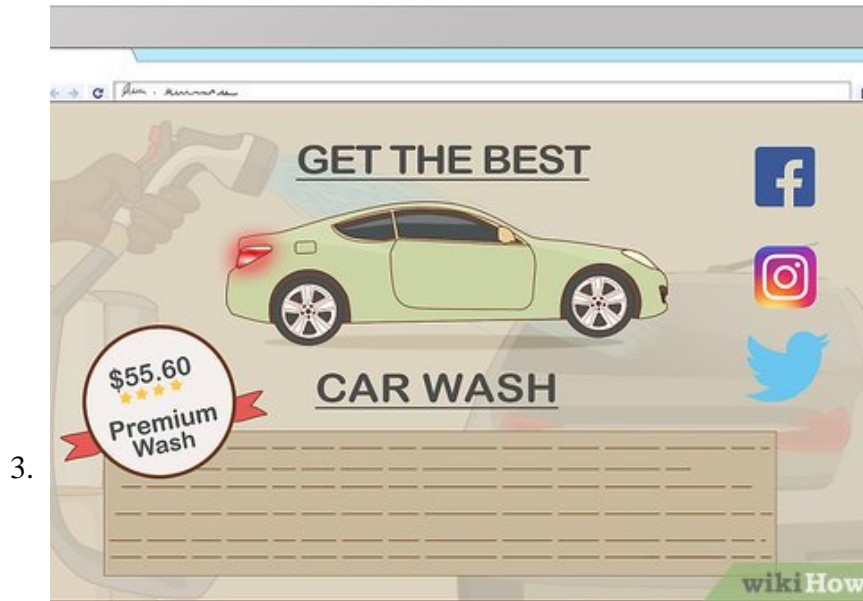
Angel Ricardo
Owner, Ricardos Mobile Auto Detail

Angel Ricardo is the owner of Ricardos Mobile Auto Detail headquarterd in Venice, California. With over 10 years of experience in mobile detailing, Angel continues to attend auto detailing trainings to improve his customer service and auto detailing skills.

Picture 9 of How to Open a Car Wash Business

Angel Ricardo
Owner, Ricardos Mobile Auto Detail

Our Expert Agrees: Equipment costs are very important to keep in mind. If you buy the cheapest version of everything, you might be able to get started for about \$2000. If you want a nicer setup, it will probably run you about \$5000 or more.



Market your business. Use a multifaceted approach to advertise your business that includes flyers, posters, and an online presence. The signage for your car wash should be colorful with clear messaging. Make sure that people can easily see it from the road. A popular way to get new customers is by distributing coupons or discounts for car washes. Also, develop relationships with other small businesses located near your car wash.

1. Social media is an important aspect of marketing these days. Set up a website and establish a presence on Twitter and Facebook. Make sure any of the paper items that you have include links to your website and social media accounts.
2. Use your website to share information about taking care of your car and other relevant tips.
3. Schedule a visit to your local radio station to discuss your new business.
4. Consider starting a loyalty program. This will encourage repeat customers instead of people who use the coupon one time and never return.

4.



Hire employees. A car wash business is very customer-focused. Your employees should be punctual, efficient, skilled, and have excellent communication skills. As you conduct interviews, pay attention to body language and communication skills to get an idea of how the person will interact with customers and coworkers.^[14] Always check the references of potential employees as well.^[15]

5.



Open your car wash. Have a soft opening of your car wash before you have a big grand opening. Wait at least 30 days before you have the big event.^[16] You want to work out some of the kinks and feel comfortable with the car wash before you make a big deal. Think of a grand opening as a party and social event to generate publicity.^[17]

1. Invite friends, neighboring businesses, your supplies, and the media
2. Give away free car washes and promotional items.

Running A Profitable Business



Add services. Many car washes have combined other services and businesses with their car wash to increase revenue. Additional services will make your car wash more attractive to customers and help your car wash stand out from the crowd. A convenience store restaurant, barber shop, or even an enhanced waiting area (e.g. television, free coffee, comfortable place to sit, etc.) are possible additions. Ask yourself some questions before you invest in an add on service^[18]

1. Do I have enough space or will I need additional space?
2. How much will it cost?
3. What will be the return on my investment?
4. Will people buy this service?

2.

	Complete Detail \$200
	Exterior Detail \$130
	Interior Detail \$100

wikiHow

Offer express detailing services. Express detailing services are services (e.g. wax, sealant, carpet shampoo) that can be done in 30 minutes or less and are done to maintain the appearance of your customer's vehicle. Because you already have the space and equipment, you can offer these services at a lower price than a free-standing detail shop. It is also more convenient for your customers to have their car washed and detailed at one location.^[19]

1. It is important that you complete the detailing portion of your services is completed quickly. The speed and low cost of the service make it attractive to your customers.
2. Make sure that you advertise your detailing services to your customers.
3. Check the prices of similar services at a free-standing detail shop to help you determine your prices. Also, check the prices of other car washes in your area that offer these services so that you can be competitive.



Use text messages to contact customers. Text marketing is a low cost, effective way to market your business to your customers. Your customers will redeem mobile coupons at a much higher rate than printed coupons. Even if a customer does not use a coupon, you are still building your brand and making your business known.^[20]

1. Choose a keyword (e.g. water, wash, clean) and advertise by saying, "Text water to 12345 to get special discounts, specials, or coupons." You could also say "Text 12345 to get \$3 off your next car wash."
2. It only costs one or two pennies to send a text message.
3. Text your customers once a month with a special.



Offer monthly or unlimited passes. Monthly and unlimited passes offer steady revenue even when customers are not actually coming in for a car wash. This is also a method you can use to build a steady customer base.^[21] Carefully price these passes. The price should be low enough so customers feel they are getting a good deal, and high enough for you to make a profit.

1. Consider pricing your passes to cost 2 or 3 times the price of a single wash. If you find that customers are not interested, you may need to adjust your price.
2. You can offer different price points based on the type of car washes you offer. For example, a monthly pass for basic car washes would be less expensive than a monthly pass for premium car washes.

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