



NEWSLETTER

March 2015

Board of Directors

I am pleased to announce the appointment of Michelle Krulicki of Newtex Cleaners in Kitchener, Ontario to the Board of Directors of OFA. We are confident that Michelle will have great input to the Executive and bring new ideas to our association. As well, we all owe a vote of thanks to our current Board of Directors for their dedication and contributions to our association.

Thank you for your calls and emails

Many thanks to D'Arcy Griffiths of Clean Scene Inc. in New Liskeard who brought to my attention the concept of Formal Fridays. Apparently this phenomenon has been introduced by a company in his town and he called me to let me know about it. I researched the concept and sent out an email to all my media and retail clothing contacts to promote the idea. As well, I forwarded the email to all our members in hope that you will forward this information on to your customers and business contacts. I highlighted the key points especially that people perform better when they are dressed properly and that people should Dress for Success.

In response to my article on shirts made with formaldehyde, I received the following reply from Steve Elliot from Barth's Cleaners in Orangeville. "Thanks for this article... Having come from a 35 year career in the funeral business where formaldehyde is in most chemicals we use and is known to be a carcinogen, why are manufacturers of these shirts still allowed to use formaldehyde based finish on anything.... There seems to be a double standard here somewhere. Something to think about."

In response to my email about care labels, specifically the one e one that says that you cannot clean or launder the garment, the following response came from Paula at Drapemaster. "We have received garments with the second care label in the past. They tend to be on the cheaper rain jackets and on some Halloween costumes (like capes). They're basically plastic. Figured I would share the info in case anyone is trying to figure out what garments those would be found on".

I have had a report that a number of cleaners have been approached to sign gas contracts. Kaneez from North Star Linen in North Bay; "We never sign a contract. This always happens just before a price drop. With the oil dropping at this rate, they are trying to lock in rates. I suspect market will influence the price of natural gas."

Laura from MagicClean Services in St. Catherines, one of our members responded with the quote "I would NEVER sign a gas or Utility contract ever again. I got stuck in one with Direct Energy (I now call them Direct Injury) and it cost me over \$1000.00 to get out of it. The information is absolutely accurate". (turn over)

From Rocco of Excel Dry cleaners in Bolton “I've been there done that they make you sign for 5 years, that's what the problem becomes you can't get out. Be careful with these contracts.”

The complaint is that while they guarantee the price, they do not guarantee administration and delivery costs, which tend to escalate.

Conference 2015

Time is getting closer to our upcoming Conference at The Waterside Inn in Port Credit on June 6th and 7th. We have put together a list of knowledgeable speakers whose information will help add dollars to your bottom line. As well, it will give you the confidence going forward in the year to grow your sales and image with your customers. If you were to pay for the information that will be available to you at the conference, it would cost you thousands of dollars.

Show your support for our industry and your association by registering **ASAP** for this event. Based on the feedback from last year's conference, everyone who attended felt that they got more than their money's worth. Enclosed is a registration form for this event. As well, if you intend to stay overnight, please make your hotel arrangements directly with the hotel now, as they get booked up very quickly at this time of year. For those who intend to purchase a Table Top for the event, please make your remittance ASAP as space is limited.

Symposium

OFA together with Seneca College is planning a symposium on the dry cleaning industry which will hopefully take place in the fall. It will be open to everyone in the industry and we are aiming to podcast it across the country. Meetings are taking place to make sure that is educational and pertinent to today's alternative solvents available and that we are able to reassure the public of the environmental safety concerns that we in OFA espouse.

Manage Debts to Protect Bottom Line

Paying your company debts is just as important as collecting your own accounts receivable, and they need just as much management.

The good thing is, you actually have a surprising amount of control over how and then your company's debts are paid and that provides several advantages.

First, you want to adopt good internal controls for the payment of your bills, so you need to reconcile both:

Purchase orders with the invoices and statements your vendors send, and Accounts payable subsidiary ledgers with the general accounts payable ledger.

Once you have those controls working, here are a few ways to effectively manage your company's debts to maximize your cash flow:

- Keep as much interest-earning cash in the company bank accounts as long as possible -- but not too long. Consider using idle cash to pay down your lines of credit.

- Periodically provide your banker with updated cash-flow projections. An improved cash-flow picture might result in better terms on any open lines of credit. On the other hand, if the projection is less than robust, your banker might increase your line of credit with no bump in the interest rate, depending on the overall financial condition of your firm.

- Consider borrowing against the cash values of executive life insurance policies to reduce your net interest cost. Life insurance loan rates often are generally lower than bank rates.

And of course, use your suppliers to help finance their purchases, as well as freeing up some operating capital, by taking advantage of favourable payment terms to temporarily free up cash.

The more business you give to suppliers, the better the payment terms you should obtain. The goal is to widen the spread between sales revenue and payments. allowing you to maximize the business's cash balances at very low cost. To that end:

- Use very possible discount,
- Stretch payments to their latest date, and
- Negotiate extended terms when possible and appropriate.

A Job Well Done is Worth Mentioning

The number one reason workers perform below par is they don't *know* what they're doing wrong. Whether you're dealing with an entry-level worker or a top manager, feedback is critical and leads to a more productive workplace.

Even when people understand their jobs, they're generally looking for ways to learn and improve. Annual performance reviews help by giving employees an overall idea of how they're doing. But that isn't enough.

One way to do this, of course, is by offering praise. Simply telling workers that they're doing a good job inspires them and boosts their productivity.

But equally important is constructive criticism. Point out weaknesses, but be careful to provide concrete suggestions that employees can use to improve their performance. Many managers worry that correcting employees will make them quit.

However, it's more likely they'll bolt from the frustration of continually falling short of personal and company goals. In the long run, it's better to tell your staff in a sensitive manner what's wrong and how to fix it.

A study by the consulting firm DDI International shows that workers with high job dissatisfaction have a 58 percent chance of quitting, while those with high job satisfaction have only a 22 per cent chance of jumping ship.

Helping employees be more fulfilled in their jobs lowers turnover and helps your company maintain a healthy bottom line. (turn over)

Protecting your Sales

I think that you might want to consider doing a customer survey of your customers' opinion of how your business is operating. Consider printing up a questionnaire that is included on all orders in a particular week or month. Ask pertinent questions regarding the service they receive at the front counter or from your route driver. Were they treated with respect and felt comfortable discussing garment problems with the counter person or did they feel ignored? Did they feel that they got value for the price of the cleaning, etc.? There are many other questions that you can think of that should be included.

Allow them to either reply by mail, drop off reply in a sealed envelope addressed to the owner or manager, or email it directly to the attention of the owner or manager. Make sure you answer each one of the replies you receive. Let them know that you are doing this because you value their opinion and you want to continuously improve your business and customer relations.

As well, you might want to make a contest out of it, in order to maximize the number of replies and names included. Have a draw for a dinner for 2 at a nice restaurant.

Repeat Business for More Profitable Sales

Surveys Can Promote Growth

Just as you keep tight tabs on your company's annual sales and profit figures, you need to diagnose your success at retaining customers over the same twelve months.

Otherwise, you can't accurately forecast your future growth. In the following examples, you can see how a mere five percent difference in the customer retention rate at two rival companies affects their bottom lines over 14 years. Each company has a base of 100 customers and an average annual sales volume of \$5,000 a customer so first-year sales total \$500,000.

Company A: Retains 90 per cent of its customers each year and new accounts grow 10 per cent. The company raises its prices 3 per cent a year. After 14 years, sales have climbed 47 per cent, but the customer base dropped to 95 from 100.

Company B: Retains 95 per cent of its customers each year. After 14 years, its customer base has swollen to 180 from 100, and sales have soared nearly 300 per cent.

You must survey current and lost customers to determine their needs and problems. That way, you'll be able to tell whether you're losing business because of lower prices at the competition or because you're taking customers for granted.

Learn to spot -- and improve -- elements that add value to your products and services. Above all, increase employees' awareness of how well they satisfy customers. Ask staff members in your customer service and sales departments to fill out the following questionnaire to get them thinking about how they can improve.

I have also included in this newsletter a questionnaire that you should consider handing out to your staff in order to get their input, and involve them in building your business.

Customer Service Questionnaire

Your responses are important to help meet internal and external customer needs. Please answer the questions honestly and not the way you think they should be answered.

Explain any NO answers. For YES answers, provide examples of how you accomplished the task.

We would be pleased to meet with you to find solutions to your concerns about the department.

Thank you,

The Management.

Answer Yes or No

Do you enjoy your work? Comment:

Do you have a proactive approach to customer service? Comment:

Do you anticipate our customer demands? Comment:

Do you suspend ideas until customers request assistance? Comment:

Are you concerned about the interest of our customers' businesses? Comment:

Do you adhere merely to assigned roles, or are you willing to go above and beyond if our customers' needs require it? Comment:

Are you continually investigating ways to improve our customers' businesses? Comment:

Do you absorb as much information as you can about our customers' businesses? Comment:

Are you focused on future possibilities to be of service to our customers? Comment:

Do you have open channels of communication with our customers so that you can effectively listen to their needs? Comment:

Are you receptive to suggestions from customers about how to make things better in the future?

Comment:

The key to customer retention is satisfaction. The deeper your relationships with customers, the more likely they are to come back for more and spread the word among their friends, family and colleagues.

When you focus on maintaining a high customer retention rate, you minimize operating costs. Studies show that the cost of keeping customers is only 20 per cent of the cost of acquiring new ones. (turn over)

Steps to Help Ensure High Customer Satisfaction and Retention

- Develop a vision for customer service and satisfaction.
- Change your organization's culture toward making customer satisfaction and service everyone' s No. 1 priority.
- Survey your customers for satisfaction and needs.
- Monitor calls to ensure your staff is courteous with customers.
Understand the cost of lost customers and educate employees about it.
Exceed customers' expectations.
- Rotate customer relations representatives.
- Respond to customer complaints promptly. Ensure that customer problems are resolved more than satisfactorily.
- Give money-back guarantees.

Avoid the Overtime Backlash - Making Long Shifts Healthier and More Productive

If your company depends on mandatory overtime you may find it worth your while to try to minimize the stress and disruptions it causes in the lives of your employees.

Studies show that as overtime is extended, productivity can drop anywhere from 10 per cent to 50 per cent. When you add in the costs of redoing work and increased compensation due to health problems, regular overtime can become very expensive.

Here are eight simple steps that can help maintain productivity and health, as well as prevent overtime from becoming an issue in labour negotiations.

1. Analyze your overtime needs. Look for patterns and peaks. Adopt alternative work schedules that can reduce - or even eliminate - long-term overtime. If two workers share a job, for example, ask one to work the extra time or split the time between them.
2. Get input from your staff. Give your workers a say by frequently asking for their suggestions.
3. Look for volunteers. If you can't anticipate overtime, ask for a show of hands. If necessary, assign the extra hours with a schedule everyone understands and accepts.
4. Be sensitive to problems. Try to accommodate your workers' needs. Employees may be more willing to put in extra time if they can do it at their convenience.
5. Offer stress-management classes. Staff members who are equipped to handle stress will show more drive, energy and health. An added bonus: Medical claims, accidents and poor productivity will decrease.
6. Provide perks. Free meals or pizza, a taxi fare home and compensatory days off all minimize stress and make overtime easier to take.
7. Hire temps. In some cases, it can be more cost-effective and less disruptive to bring in temporary help during regular periods of overtime. Outsource work if you can.
8. Show your gratitude. When employees are working hard and doing a good job, a pat on the back is always appreciated. (information gathered from Segal Insider)