

Laundry & Dry Cleaning Business Acquisition Checklist

1. Financial Health

- Review 3–5 years of Profit & Loss Statements, Balance Sheets, and Tax Returns.
- Check for stable revenue, consistent gross margins, and accurate expense tracking.
- Verify cash flow and reconcile with bank statements.
- Identify add-backs to calculate true Seller's Discretionary Earnings (SDE).
- Target a 2–4 year payback period for your investment.

2. Real Estate and Lease

- Confirm zoning allows for laundry or dry-cleaning operations.
- Conduct environmental testing (Phase I, possibly Phase II).
- Inspect property condition: roof, plumbing, HVAC, drainage.
- If leasing, review terms, renewal options, assignability, and market rent.

3. Equipment and Operations

- Assess age, condition, and maintenance of machines (washers, dryers, presses, dry-to-dry units).
- Review service records and replacement costs.
- Evaluate technology: POS systems, automation, tracking tools.
- Compare production volume and utility efficiency to your benchmarks.

4. Staff and Customer Base

- Assess staff loyalty and likelihood of key employees staying.
- Review payroll, benefits, and any union obligations.
- Analyze customer mix: individual vs. commercial.
- Ensure the customer database and contacts are included in the sale.
- Review reputation and online feedback.

5. Market and Competition

- Evaluate demographics and competitive radius.
- Identify trends: store closures or new competitors.
- Look for opportunities to add services like wash-and-fold or delivery.
- Consider brand loyalty and customer retention factors.

6. Legal and Risk Review

- Verify licenses and permits are current and transferable.
- Check for environmental compliance documentation.

- Investigate pending litigation or complaints.
- Include seller's warranties and non-compete agreements in writing.

7. Deal Structure and Valuation

- Prefer asset purchase over stock purchase to avoid hidden liabilities.
- Evaluate goodwill, inventory, and brand value.
- Negotiate transition support from seller.
- Explore financing options: SBA, vendor, or investor partnerships.

8. Synergy with Existing Business

- Identify cost savings through route or logistics integration.
- Decide on rebranding or maintaining legacy name.
- Evaluate overlap or diversification opportunities.
- Plan cross-promotional strategies between locations.

Final Advice

- Hire a CPA and lawyer familiar with dry-cleaning acquisitions.
- Never skip environmental testing, even if leasing.
- Visit multiple times to assess traffic and operations at different hours.