



OPL vs. Outsourced Laundry: Which is Better for your Business?

A guide to different laundry programs

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Laundry Considerations

From hospitals to restaurants to hotels to daycares to fitness centers and spas, there are many different businesses that require regular laundering of bed linens, cloth napkins and tablecloths, towels and even uniforms. Proper laundering helps remove stains from linens that can negatively impact customer satisfaction and keeps employees looking their best in professional uniforms free of unsightly marks.

However, not every business approaches laundry the same way. There are two options to consider: installing and running an on-premise laundry (OPL) or outsourcing laundry needs to a trusted provider that picks up soiled items and delivers clean items on a regular basis. There are numerous factors that can affect which option is best for any business, including seasonality, energy and water consumption, space and maintenance. Some, if not all of these factors, may be taken for granted when budgeting for laundry management, so it's important to take a closer look at how they can impact the profitability of running a laundry program.

About 97 percent of the estimated 525,000 global commercial laundry sites in the world utilize the on-premise model (which comprise 71 percent of laundry chemical spend), but there are multiple dynamics that drive the trend towards the outsourced model. This white paper dives deeper into considerations for both on-premise laundry operations and outsourced programs to help you decide on which approach is best for your business.

On-premise Laundry Operations

OPLs are operated on the same site as the facility. Approximately half of all commercial laundry sites are small OPLs, which process less than 12,000 pounds of laundry per week. These may be installed at bed and breakfast hotels, pet stores, barber shops and even day care centers to handle laundry needs as they occur.

Many organizations with small OPLs use top-load machines, retail-grade chemical and no dispensing equipment. In fact, Hydro Systems estimates that 92 percent of these sites dose the product manually because they are not large enough accounts to attract the attention of chemical companies.

There are numerous benefits to installing and managing an OPL. This set-up:

- **Allows facilities to sidestep entering a multi-year agreement** and the ongoing services that come with an external laundry service. Instead, the business manages its laundry program on its own.

- **Helps develop standards**, as studies have shown that the cleanliness of linens has a direct impact on the image of a hotel property and therefore its ability to maintain its brand premium. When businesses purchase equipment for an OPL, it allows them to set their own standards and maintain control over the consistency of cleaning, rather than relying on an outside provider to deliver great results. Luxury properties especially may be interested in an OPL, as they carry high thread count sheets and linens and may not want to risk damage and loss of quality control of their linens that comes with a third party.
- **May cut long-term costs** since many large facilities go through uniform or linen supplies quickly and constantly need fresh deliveries. OPLs enable these organizations to set a laundering schedule that works best for them so that they always have inventory available at no added cost. Some laundry service contracts have delivery fees, which will drive up the cost of a program.
- **Requires fewer par inventories** compared to outsourced laundry. An efficient OPL will need 3 par of linen. Commercial laundries typically have a turnaround time of 48 hours and may result in the business needing to add another par of linen, or even up to 3 additional par, to cover linens that are in transit. Adding an additional par will significantly drive up inventory and working capital requirements for the business, especially those that need a large volume of linen.
- **Ensure a very high level of safety and security** during the laundry process, which is a necessity for some industries like healthcare. These factors are so important because hospitals wash garments and bed covers that may be covered in harmful pathogens. With an OPL, a healthcare facility can ensure that all possible contaminants are isolated whereas outsourcing turns over these responsibilities to an outside and offsite partner.

Despite the above benefits, it's important to understand situations in which on-premise laundries might not make financial sense. Operating a laundry on site requires a lot of attention and can drive up costs if it's not properly sized and smartly run, as washing and drying linen in small quantities is labor-intensive and requires high levels of water, gas and electricity.

Outsourced Laundry Operations

Daily, an average-sized laundry plant processes anywhere from 19,000 to 64,000 pounds of laundry.¹ The Textile Rental Services Association (TRSA) estimates that the commercial U.S.

¹ <https://americanlaundrynews.com/articles/future-dispensing-systems>

textile service industry processes around 15 billion pounds of laundry annually. Hospitality and foodservice sites process half of this volume. Meanwhile, 5 billion is handled by manufacturers and auto-service and 3 billion by the healthcare industry.

Kline & Company, a global market research firm, reports that over the course of one year, commercial laundries spend an average of \$125,540 on their laundry chemicals. Although the majority of textile rental firms and industrial launderers are single-unit establishments, most of the total volume of textiles is processed by the major multi-unit operators. And consolidation is occurring. According to its 2007 survey, *Modern Healthcare* magazine found that laundry processing is now the most frequently outsourced service in healthcare facilities.²

Facility type	% Of total
Independently owned	65
Owned by a chain	34
Other	1
Total	100

There are also advantages to outsourcing laundry needs. These include:

- **Savings as a result of economies of scale.** High-volume laundry allows labor to be more productive, supports investment in high-end equipment and helps conserve water, chemicals and electricity. Many smaller businesses don't process enough laundry to be able to achieve these savings with an OPL.
- **Time savings.** Handing over laundry responsibilities to a trusted partner removes the responsibility of time management from already busy executives and managers.
- **The ability to scale up or down as needed.** Outsourcing allows your laundry program to grow or decrease in size without having to make any adjustments to on-site operations.
- **The ability to produce revenue.** Existing space, otherwise devoted to laundry facilities, can instead be used for other purposes. For example, hotels have turned their laundry spaces into spas, retail stores, coffee shops and guest-pleasing common areas. In a 2012 *Hotel Management* survey, spa department revenue increased by 5 percent at the properties compared to the 2.3-percent increase in food and beverage revenue, the second largest source of revenue for most hotels.³
- **A pay-as-you-go service model.** The variable cost of outsourced laundry means that companies pay only when service is needed, rather than paying constantly to maintain in-house staff and upfront capital expense needed to build laundry facilities.

² <http://www.modernhealthcare.com/article/20071001/NEWS/70927006>

Upgrades are expensive. In fact, a highly efficient tunnel washer costs more than \$1 million and retrofitting often requires major renovations or rebuilding the facility to fit the necessary equipment.⁴

Incorporating Dispensers

Laundry dispensers accurately dose a variety of chemicals for on-premise or industrial laundries. This results in:

- **Consistently clean linen.** No business wants its linen to come out of the wash with stains and potentially make it into the hands of its guests and customers. With a dispenser, the precise amount of chemical is delivered during the wash cycle to thoroughly remove stains.
- **Cost savings.** Because the chemical proportions are spot on, dispensers help to reduce rewash rates. Rewash cycles require additional labor, energy, chemical and water and can even lead to premature linen replacement. Each of these factors drives up costs for laundry operators.
- **Increased productivity.** Dispensing systems allow employees to be more productive because they take the place of tedious manual tasks like chemical measuring and mixing. Also, because the wash process is completed correctly the first time, this saves workers from needing to reload washers for a second cycle.
- **Safety.** Exposure to chemical fumes, or chemical spills and burns, can create a hazardous working environment for employees. With dispensers installed, employees no longer have to come into contact with potentially dangerous chemicals that can result in skin, eye or respiratory injuries and days away from work.
- **Sustainability.** Even with the safest chemicals, it's still better for our planet if we use less of them. By dispensing the right amount of chemical each and every time, dispensing systems eliminate the overuse or underuse of product.

When in the market for a dispenser, it's important to look for one that:

- **Remains accurate and reliable over the life of the install.** Dispensers that utilize eductors or diaphragm pumps do not require squeeze tubes. Squeeze tubes wear out over time and must be maintained to avoid inconsistent dosing. If peristaltic pumps are utilized, look for units with robust AC or DC motors that are durable and have at least a five-year duty cycle.

- **Is sized appropriately for the application.** OPL accounts tend to have a few (between one to five) smaller washers (150 pounds or less in size). Therefore, a smaller one-to-one dispenser tends to be the economically viable solution. In industrial accounts, five to 10 larger washers and tunnel washers are not uncommon. For this environment, an industrial central dosing system is the best fit. These systems handle all the injections for the entire facility, consolidate reporting and precisely measure and record each dose.
- **Reduces water consumption.** Dispensers that limit the amount of water delivered to the washer reduce utility costs. Eductor-based dispensers for OPLs achieve this by restricting the water flow while flushing. Central dosing units for industrial accounts can be equipped with an air flush to limit water usage and speed chemical delivery to the washer.
- **Provides key reporting detail.** In order for laundries to operate effectively and efficiently, they need access to information about production, chemical usage, costs, and the number of triggered alarms. Look for dispensers that report on these factors in a simple and easy-to-understand format. With this knowledge at hand, laundry managers can take note of patterns and identify abnormalities and areas for improvement.

In-House Success

Sometimes organizations start with one approach to their laundry program and transition to a different setup. In the case of the Northern Quest Resort and Casino (NQRC) in Spokane, Wash., the laundry program was originally handled by a third party.³ To maintain more control over the process, the casino brought its laundry in-house and has since realized several benefits.

NQRC operates a spa and 14 restaurants and lounges, along with 250 guest rooms. The casino made the transition to improve the quality of their luxury linens and exceed guest expectations. The new arrangement also helps minimize damage that can lead to more frequent linen replacement, as the equipment has been built to prevent fabric from tearing. Having an OPL also reduced the wait time for clean linen because the equipment is on site and has shorter cycle times. With energy-efficient washer-extractors and dryers, along with less frequent

³ <https://news.westernstatedesign.com/its-all-about-the-linens-northern-quest-resort-casino-adds-on-premise-laundry-for-better-quality-control/>

damage to the 350-thread count sheets and other laundry items, NQRC can reduce costs associated with its laundry program while maintaining guest satisfaction.

The Final Decision

There is no “right answer” when it comes to which approach to laundry is better. Every business must consider its unique needs and examine the tradeoffs associated with each type of program.

While cost is an important consideration, it’s important to realize that the cheapest price doesn’t necessarily equate to it being the best deal. According to expert Richard Neale of LTC Worldwide, “There are serious financial savings to be had by investing in the right equipment, with the latest technology helping to reduce energy and water consumption in the long term.”

Surprisingly, some operators may decide to utilize both approaches. For instance, some sites have an OPL to deal with towels, but leave their bed and restaurant linen to a professional laundry that is capable of maintaining the high standard of ironing required by hotels.

Whether a facility decides to operate an OPL or outsources laundry to a qualified provider, it’s important to make sure that reliable and accurate dispensing equipment is being utilized to ensure great wash results and better manage costs and water and chemical use.

For more information about dispensing equipment for your laundry program, contact John Goetz, global product manager at Hydro Systems at jgoetz@hydrosystemsco.com.