

# TO BUILD OR RENOVATE

By: Bob Corfield CEO





# The dynamics that are driving change?

- Customer consolidation
- Labor force challenges demanding automation
- Plant systems obsolescence – Decision to replace or rebuild
- Automate to drive cost down or increase capacity per location

# Market drivers

As customers merge,  
contracted volume  
expected to concentrate

Larger Plants – more  
automation is the new  
normal

Offer more services to  
grow bottom line  
profitability

ESG Coordination–  
required reporting reduce  
your own and therefore  
your customers footprint



# Questions and Considerations



What are the most important considerations a company should consider when deciding whether to build a new plant or upgrade its existing facility?

Financial Performance comparison is key!

# Decision Points

Define your business reasons

- Expansion for growth
- Expansion for safety
- Address major plant system obsolesce
- Combine Operations (consolidate multiple locations)
- Expand services (new markets)

**Does Automation in itself justify a new or retrofit build. Determine if the move to automate is Leapfrog vs. Quantum Leapfrog**



# Hard Questions



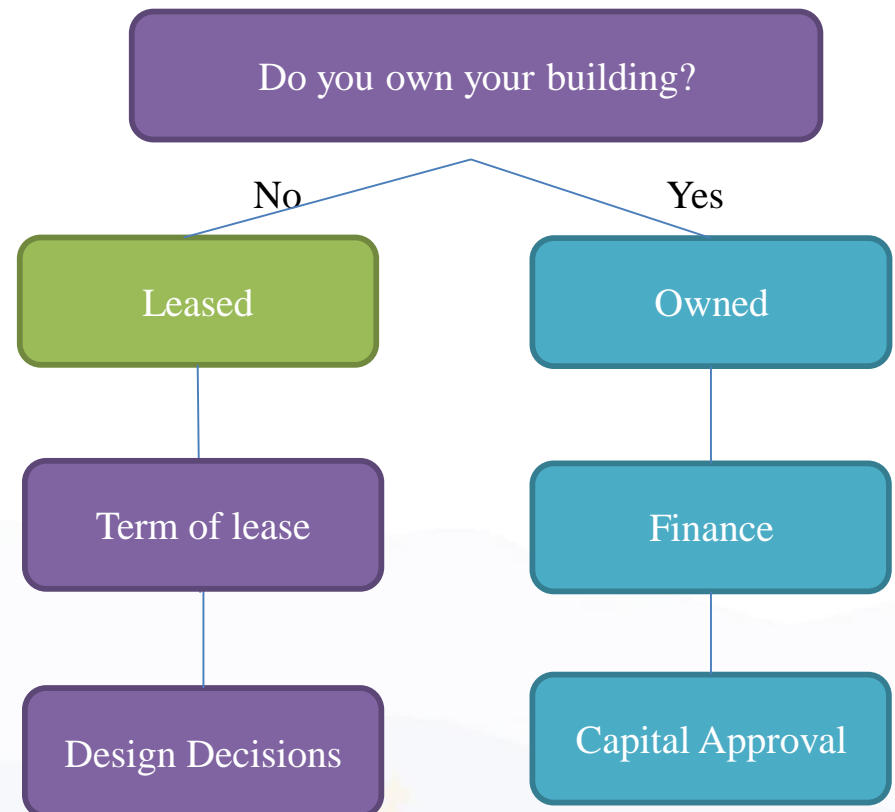
- To consider a retrofit, you need to perform an assessment of your existing space including traffic into/out of the plant, workflow through the plant and plant equipment.
- The “New Build vs. Retrofit” decision can be made by using a formula that looks at your business growth plans and whether or not your plant can withstand a “retrofit while running” scenario.

# Decisions

## New Build Owned/BTS



## Retrofit



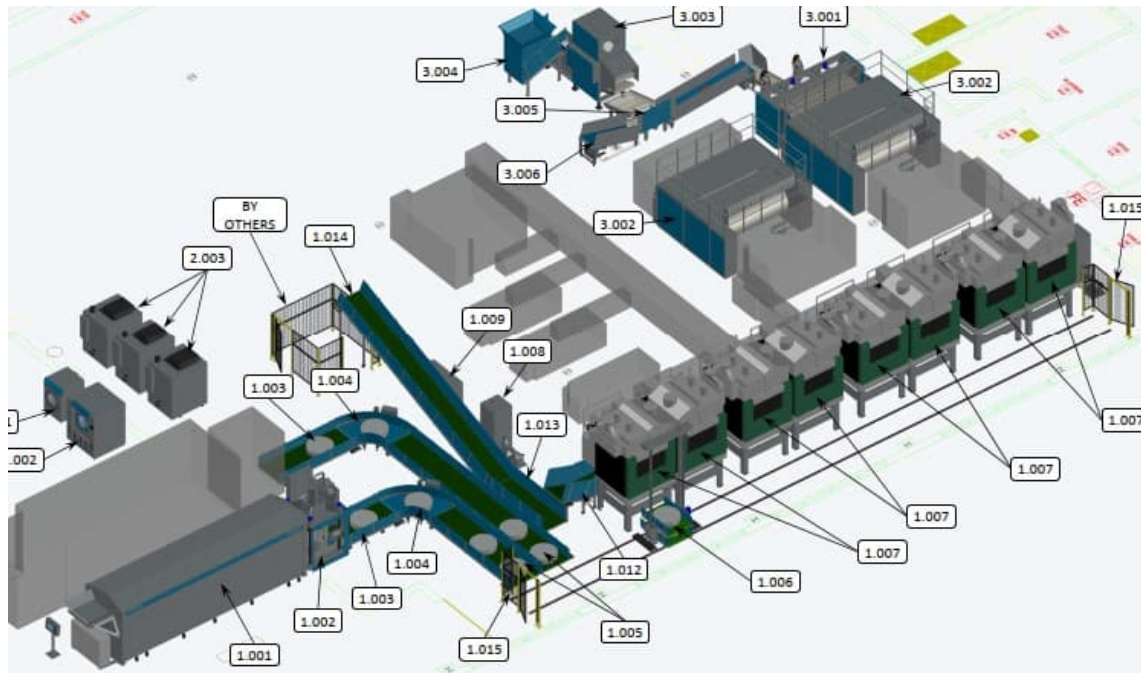
# RWR (Retrofit While Running)

- ☐ Can the business support the current workload (customers) without interruptions?
- ☐ Consider all spaces – hours, days and square feet
- ☐ Build your business case with real numbers
- ☐ Budget for the non-CAPEX impact costs of retrofit



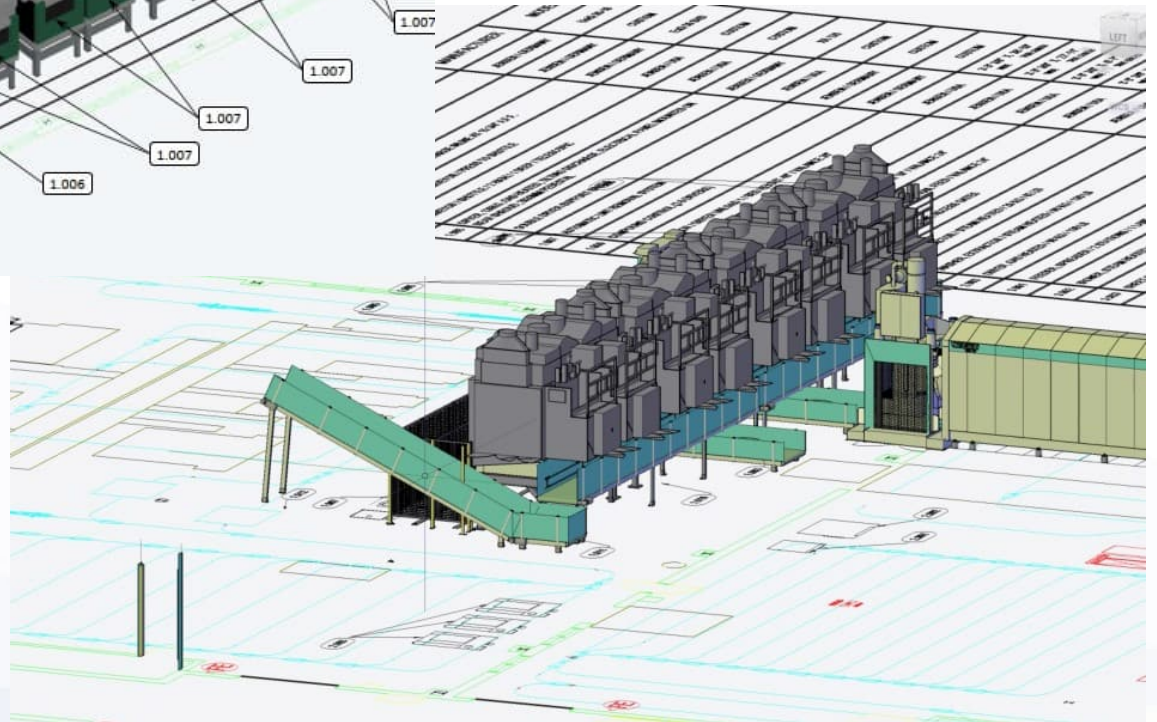


# RWR (Retrofit While Running)



- ☐ Weigh all the risks to the business
- ☐ Budget thoroughly

- ☐ Consider staff furloughs
- ☐ Temporary Outsourcing



# Compare each approach!

Every part of your comparative business case should be focused 100% on the reality of your operations.

## Retrofit Consideration:

- Labor rates for staffing
- Off hours cost for staff and contractors
- Rental equipment
- Engineering/Permitting
- Site security
- Operating offsets

## New Build Consideration:

- Zoning use variance
- Logistics modeling
- Employment site score
- Staff training relocation
- Time to complete
- Contracting
- Real property costs



# What is trending in the industry today?

What is the trend in the textile services industry right now

- Trend away from “Mixed Plants” towards dedicated specialized plants – whether retrofit or new build
- Overall, the industry has recognized the large gains in building modern plants with high levels of automation. The labor and energy efficiencies are significant.



# Trends in New Build

For those companies that decide to build from the ground up, what are the modern amenities that they are looking for in their plants?

The goals of any business are to achieve the highest quality products demanded by their market, at the best cost. This requires highly productive, low energy systems and material handling automation demanding less labor, but still allowing for better inspection and quality reviews of the finished product.





# Plants as “SYSTEMS”



We are beginning to see more investment in new automation among textile services providers?

- New plants are now being designed as fully integrated systems. Standalone equipment is the old way of thinking and all new modern plants are built based on a systems approach - water systems, energy management systems, plant logistics (monorail), production monitoring systems, route planning and tracking etc.
- All these inter-related systems are designed to keep a direct focus on design and operating goals and profitability. With the considerable investment made in today's new textile services plants, the “science” of systems is the new standard, not the exception.

# Facility Design

- Labor reduction automation
- Automated packaging
- Data driven decisions – move from trailing to leading indicators everywhere possible
- Grow Technical Staff to support and run these operations
- Energy and utility reduction at each step





# Build Trends



- ☐ Build to single shift to address staffing
- ☐ Dynamic workplace for staff recruitment – onsite daycare
- ☐ Larger volume plants - 100,000-160,000 pounds per day?
- ☐ Specialized plants or dedicated areas

# Project Budgeting and Planning

Use your organizations budgeting tools

Get ideas from others with similar projects, but keep in mind your project will be unique.

Using current financial data, set realistic outcomes

Know the difference between an ROI and a Net cash return model. Which does your organization require?





# Decision Review

- Develop the retrofit business case for the project that is viable and defensible.
- **Survey** your plant and systems for pressure testing for retrofit. Provide a “project task list” of items needing investigation
- Include: Code review, permit procedures, insurance requirements, specialized engineering and safety.
- Create a reasonable budget and timeline for the entire project.
- Remember to budget for shutdowns, outsourcing and furloughed staff if necessary.

# Questions?



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