

OUTLOOK

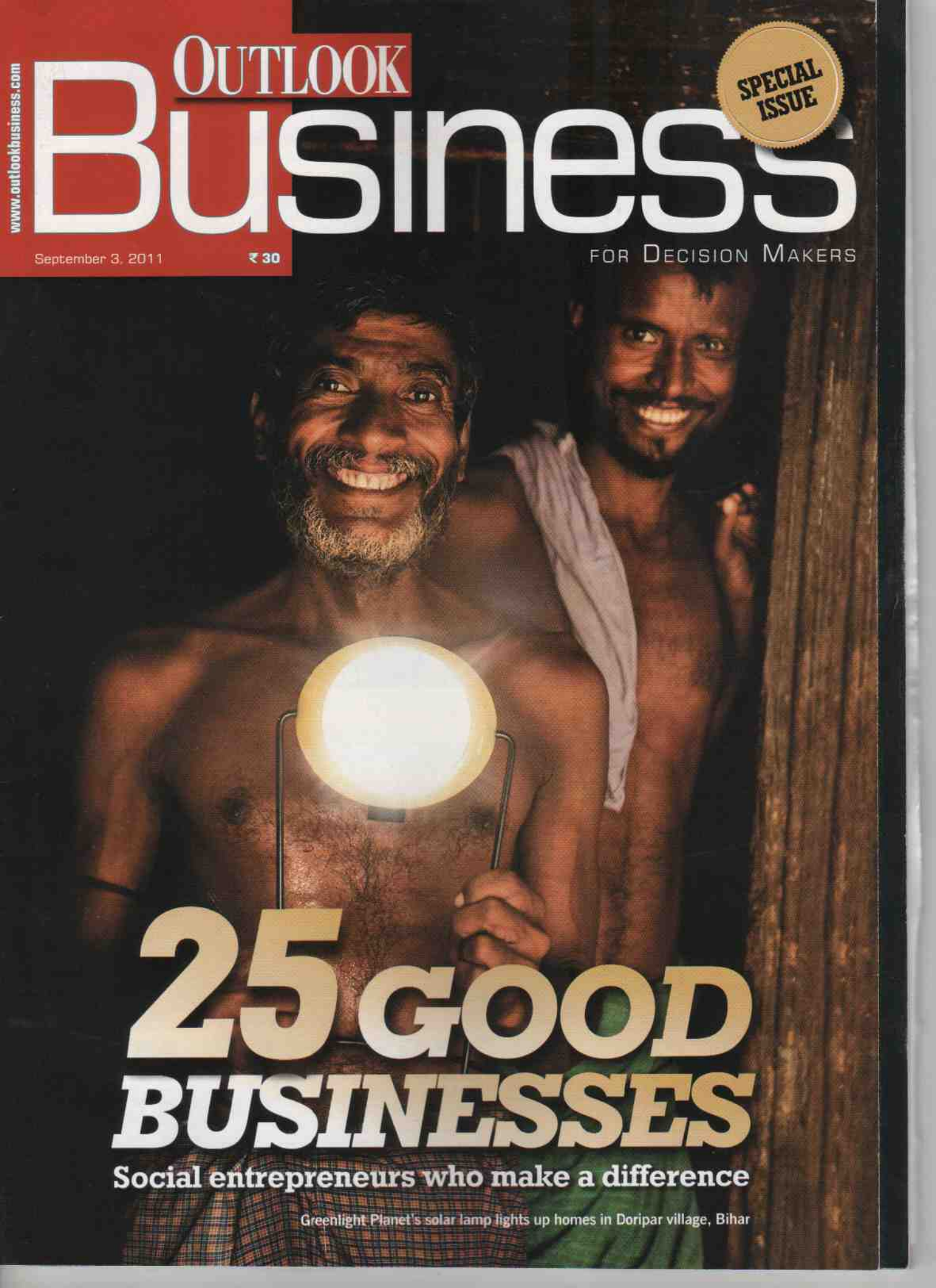
# Business

SPECIAL  
ISSUE

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₹ 30

FOR DECISION MAKERS

A photograph of two men in a rustic setting. The man in the foreground is smiling broadly and holding a glowing solar lamp. The man behind him is also smiling. The background is dark, suggesting an indoor or nighttime setting.

## 25 GOOD BUSINESSES

Social entrepreneurs who make a difference

Greenlight Planet's solar lamp lights up homes in Doripar village, Bihar

REACH  
OUT

# Clean Business

Village Laundry Service is washing dirty linen in private, and laughing all the way to the bank.

## VILLAGE LAUNDRY SERVICE

**STARTED**  
2009

**REVENUES**  
₹50 lakh per annum

**EMPLOYEES**  
50

**CUSTOMERS**  
15,000

**SOCIAL IMPACT**  
Chamak laundry  
booths offer affordable  
laundry services and  
employment.



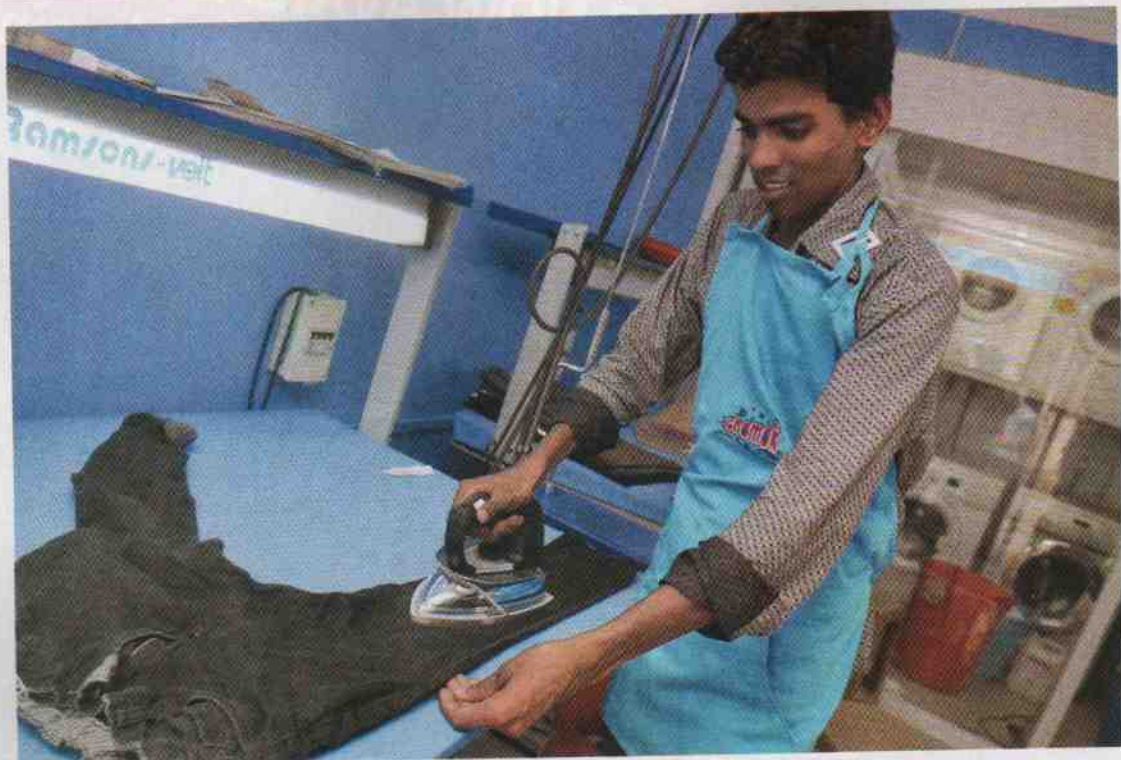
PHOTOGRAPHS BY PRIYAM DHAR

## MICHAEL CORREYA

**O**N A TRIP TO MUMBAI, Hari Nair, a venture capitalist (VC), got to see a bit of Maharashtra's hinterland. During the journey, he couldn't help but notice how the humble phone booth, which was ubiquitous in the 90s, had been made

redundant by the advent of the mobile phone. He saw scores of them lying in a state of disrepair all along the route. Being an ideas man, Nair filed the information away for future use. In 2008, while brainstorming with his partners on the format for a laundry service, it came to him: why not use a booth-like structure? Thus was born Village Laundry Service, which uses a cabin slightly larger than a phone booth to launder clothes.

The idea was to provide a quality laundry service for the growing middle class and at the same time, generate employment at the bottom of the pyramid. "Most entrepreneurs were getting by with basic trading services like kirana shops, whereas services like laundry could generate more income for them," says Nair, Venture Partner at Innosight, a VC firm, and one of the brains behind Godrej's Chhotukool, a refrigerator for the rural



masses. "The service was positioned between a high-end drycleaner and a much cheaper washerman or *dhobi*," he adds.

The first service in Whitefield, Bangalore, was set up in the basement of a building with a washing machine, a dryer and an ironing table. "We were charging ₹30 per kg. The first day our earnings were ₹67," recalls Sushil Mungekar, who took over as Managing Director and CEO in May this year.

It was a slow start, but Village Laundry Service gradually found takers among the public. It decided to operate under the brand name 'Chamak.' "It's short and easily recognisable across Indian languages," says Nair. Today, the company has 12 booths in Bangalore, Mysore and Mumbai. Each booth is equipped with a washing machine, a dryer, and an ironing board. It can handle 36 kg of clothes over 12 hours. Customers are charged ₹60 per kg for delivery within 24 hours and ₹100 for express service.

The operation is pretty simple. When a customer walks in with a pile of wash, the booth operator weighs the clothes and issues a receipt. When the clothes are done, the operator notifies the customer to collect the clothes through a text message. A home delivery option

## In 18 months, VLS will cover seven metros—Bangalore, Mumbai, Pune, Gurgaon, Hyderabad, Chennai and Kolkata.

is also offered. It takes about four hours to launder 6 kg of clothes.

The company's clientele largely consists of bachelors, individual professionals, working women and students, who do not have a washing machine or care to wash clothes themselves. Then, there are loyalists like PC Rao in Bangalore, who, despite owning washing machines, use the Chamak service. An insurance executive, Rao likes the service so much that he wants to become a franchisee. "I have my clothes washed here every week and I like their efficient, timely home delivery," he says.

The company's rig in Andheri East operates from 8.30 am to 8 pm, seven days a week. Ratan Waigankar runs the booth

with his partner, Ashok. They handle about 15 kg of clothes per day consuming four units of power on the wash. Half their orders are from repeat customers and nearly 20% of all the customers ask for home delivery. "We have a few problems due to late deliveries and water supply," says Waigankar.

Mohit Mathur, a 25-year-old software programmer, was at the Andheri East store on his fourth visit. His verdict: "The service is okay. I had some issues the first time I came here but now things have been ironed out."

### COMPLAINT MANAGEMENT

The service has certainly had its fair share of complaints. "Our customer satisfaction unit takes over at such times," says Mungekar. "We either take the clothes back to rewash them or we give a full refund," he adds.

Crumpled clothes used to be a common complaint. "Customers complained about ironing, little knowing that the problem arose because they carried the clothes home in vertical plastic bags," says CFO Devi Prasad Choudhury, 33, who is based in Bangalore. "By the time they reached home the clothes were crumpled." The company came up with a simple solu-

tion: it now packs the pressed clothes in cartons similar to pizza cartons.

There have been some humorous interludes in between. "Once in Bangalore, a customer thought the booth was promoting a washing powder brand," says Nair. "He took out ₹60 and said: 'Give me a kilo of Chamak.'" Another strolled in to "enquire whether we sell washing machines," adds a chuckling Mungekar.

Former CEO Akshay Mehra, who is now in a consulting role at Innosight's Singapore office, still shares a deep bond with the company. He recounts the story of a *dhobi* who was running a Chamak rig. "We found clothes piling up and asked him if there was a problem. He said that he could not wash clothes because that was done by his wife. No amount of persuasion could make him change his mind," says Mehra.

Then there is the tale of Shankar, who ran away from his village to Bangalore. He was promoted to an Area Manager in recognition of his hard work. "We asked Shankar to train the other workers when we promoted him. The next day he was absent," says Mehra. "When he came back, I asked why he was absent. Shankar said he was so excited that he went to his village to give his father the good news."

## EXPANSION PLANS

Mungekar says the company is going ahead with a strategic expansion plan. He plans to open 'Chamak' booths across seven metros in 18 months. With Bangalore under the belt he's now concentrating on Mumbai. Other cities, including Pune, Gurgaon, Hyderabad, Chennai and Kolkata will follow. Funding isn't an issue. "We received a second round of financing in May," explains Mungekar.

The ultimate ambition is to open a Chamak booth in every city across India, thereby creating jobs in non-metros and small towns. To this end, VLS is also open to helping franchisees with finance

and management of the business in the initial stages.

Village Laundry opened an outlet in the western Mumbai suburb of Malad. Ashok Ramesh Sigam, 21, a Chamak operator, manages many of the operations of the newly opened centre. The pride in his job is writ large on his face. "Ultimately it is the employee who decides the level of service in a business," says Mungekar. VLS is looking at revenues of ₹6-7 crore in 24 months.

In a bid to ensure a high level of service, Village Laundry has made it a point to

"Will we have to wash the clothes with our hands?"

Village Laundry is also trying to do its bit for disadvantaged people. Puneeta Palay, 31, a mother whose husband works occasionally, was hired to work at the Malad centre. She was sent to Village Laundry by Stree Shakti, an NGO, as she was looking for employment. The company is also looking to get self-help groups (SHG) comprising five to six women to run its rigs. "Since women from the lower middle class cannot work 8-hour shifts, SHGs can handle a rig. Each woman can



A customer walks in with clothes, the rig operator weighs the clothes and issues a receipt. When the clothes are done, he SMSes the customer.

reward hard work. N Ganesh was among Village Laundry's first employees. He started out as a rig operator and is now an Area Manager.

The biggest challenge the company faces today is in hiring. "We are looking for lots of staff," says Mungekar. But he faces a peculiar problem when recruiting people—considering the company uses washing machines. The stock question is:

work 4-5 hours and support the team," says Mungekar.

Mungekar is gung-ho about the future. "There is huge latent demand for our services," he says. For which customers are ready to pay a premium, too, he feels. Let's hope the middle class, VLS' target audience, thinks the same way.

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