

# Starting a Cleaning Business 101

Starting a business of any kind is risky and challenging, and any individual seeking to become a business owner should carefully consider the pros and cons of entrepreneurship as well as the risk associated with launching a business. However, with business ownership comes the potential for independence, financial security and a deep sense of accomplishment. Because starting a professional cleaning business requires less startup capital and ongoing overhead, is customizable based on the owner's goals and objectives, and delivers a service that is recurring and relatively recession resistant, more and more individuals are opening commercial cleaning businesses.

We provide high level steps that individuals should follow in order to open an office cleaning business, as well as certain personal considerations to reflect upon, such as the individual's preferences and their unique personal goals. Every new business venture entails varying degrees of risk, and a potential business owner should assess their capabilities, capacity, and risk tolerance before making a decision.

In today's economy, traditional employment options are being disrupted by a shift toward business ownership and entrepreneurial opportunities. Increasingly, people who would have remained content working jobs for large or small companies are taking matters into their own hands, and it is estimated that over 27 million Americans will be self-employed by 2020. On either a full or part time basis, businesses are being formed to provide the freedom and independence that come with business ownership, as well as the financial security afforded from owning one's own business.

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**“The commercial cleaning services industry is expected to grow by 7% per annum in the next 10 years”**

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As the entrepreneurship trend continues and increases in scope, more and more people are electing to take advantage of the attractive characteristics associated with the janitorial services industry and are opening their own office cleaning businesses. Specifically, entrepreneurs are attracted to the cleaning industry's low overhead model, recurring and reliable revenue streams, lower capital requirements in terms of launching, and the industry's overarching stability. According to the United States Bureau of Labor Statistics, the commercial cleaning services industry is expected to grow by 7% in the next 10 years, 2% above the national average, meaning the actual market size and its long term growth prospects make opening a professional cleaning business that much more interesting and exciting.

## Why the Cleaning Industry?

Cleaning businesses have become increasingly popular due to several basic traits associated with the industry. First, owners of commercial janitorial companies are able to customize the amount of resources, both in money and time, they wish to direct towards their business. While some office cleaning owners operate their businesses with the intent of directing 100% of their time towards running their business, others do so on a part time or even fractional basis. An office cleaning company can be a great side-hustle for a motivated individual looking to add some supplemental cash to their existing income. Whether you want to build a large, full-time business or simply make some additional money to supplement your existing income, a commercial cleaning business can be tailored to meet each person's specific goals and lifestyle.

Many potential entrepreneurs are deterred from starting their own businesses because of barriers to entry such as high startup capital requirements, strong existing brand loyalty to established competitor companies, or vigorous legal restrictions imposed by governments (licensing fees, patents, etc.). Office cleaning alleviates these concerns. Unlike manufacturing or other capital-intensive businesses (if someone wanted to manufacture wrenches, they would need to invest in a factory, equipment and inventory before even selling a single wrench), starting a janitorial business requires relatively low startup capital and minimal ongoing overhead requirements. This reduced financial barrier to entry has made cleaning businesses of great interest to entrepreneurs. Additionally, commercial cleaners can customize the volume of service they choose to provide, and that flexibility makes the professional cleaning business very attractive. For instance, a paralegal looking to make some extra cash to pay off student loans or credit card debt, or simply to have some additional spending money, could start their own cleaning business.

While possessing custodial or janitorial expertise and technical skills are of course important, relatively speaking, office cleaning requires less initial know-how than certain other industries such as becoming a plumber or an electrician. Recession resistance is another attractive trait of the cleaning industry – businesses will always need someone to clean. In fact, companies are more likely to reduce their in-house cleaning staff during a recession and outsource the labor to a professional cleaning company. With unrivaled flexibility and unwavering demand, commercial office cleaning is a time-tested and established profession for hard-working individuals looking to go into business on their own.

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# Organizing Your Business Entity

The first step to opening your commercial cleaning business relates to organizing your business. Many entrepreneurs elect to operate their businesses as individuals (sole proprietorships), while others incorporate using a number of different types of legal entities to do so. Limited Liability Companies, or LLCs, and S-Corps are examples of different types of entities a business owner might choose through which to operate their business. Each type of entity conveys varying tax advantages and disadvantages to the business owner. Because every individual's personal financial situation is different, as are their business objectives, it is always wise to consult an accountant or tax adviser to determine what structure best suits the owner's needs. Online resources like LegalZoom and Fundera offer some free insight into the pros and cons of different business structures.



## iii. Commercial Grade Equipment

On the equipment side, to provide the most basic office cleaning services, a company will need vacuums, brooms, mops, mop heads and mop bucket wringer combos, in addition to spray bottles and rags. While some equipment can be purchased once and replaced on a longer-term cadence – such as brooms, mop bucket and ringers – other equipment such as mop heads and rags must be replaced frequently so that soiled or dirty mop heads and rags aren't used. Of course, maintaining equipment and washing dirty applicators will increase the usefulness of the equipment, and it is important to mentally prepare for the ongoing cost of purchasing additional supplies and equipment.

For more intensive commercial cleaning specifications or contracts, additional equipment may be called for which typically is far more expensive than basic materials. For instance, some cleaning contracts require ongoing upkeep of hard floors or carpets – typically referred to as a floor care program. Schools, for example, frequently use Vinyl Composition Tile (VCT) in hallways. The wear and tear from foot traffic may cause those floors to require a specialized program to maintain the look and protection of the floors. Specifically, the cleaning contract might need the cleaning service to buff, scrub and recoat and, eventually, strip and refinish the flooring. Intensive floor care programs call for equipment like high speed floor machines and slow speed scrubbers, as well as the chemicals required to perform that task. Again, whether or not a janitorial service requires these more expensive and specialized equipment and chemical stocks depends on the company's aims and goals.

All of the supplies and equipment above can be easily purchased, though it is important that the business owner determines the amount of inventory, and therefore startup capital to allocate to supply purchases.

## iv. Marketing and Branding

The final aspect for an individual to consider when determining how much money to set aside for startup costs is branding and marketing spends. Will you create company uniforms with logos? Are you going to use a standard color to represent your company? Will you target customers the old fashion way of going door to door, or will you create and produce marketing materials such as fliers or pamphlets to get the word out about your cleaning company? Will you build a website and create customized email addresses, or forego that expenditure? All of these considerations are important to account for and have an impact on the amount of startup capital that will be required to open your cleaning business.

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# Operating Costs

## i. Startup Costs

Whatever organization structure one chooses, a certain amount of startup capital is required to launch a business in the office cleaning industry. Costs to start your personal business include initial administrative costs like paying for professional advice in terms of structure, filing fees and licenses. You will also need to purchase the proper supplies and equipment to meet your clients' needs. Finally, your business will need funds for marketing and branding, as these are both critical aspects of running a business.

## ii. Cleaning Supplies

The owner of a cleaning business will need supplies and materials to get started. The level of investment depends on the individual business owner's objectives and how they intend to market their janitorial business, but certain necessities exist. No matter what the business objectives are, savings need to be set aside to purchase cleaning chemicals and equipment. An office cleaning business of any size will typically require a neutral floor cleaning solution, a sanitary solution for disinfecting planes and horizontal surfaces, a chemical to clean, sanitize and disinfect commodes or restroom fixtures, as well as glass cleaner and other miscellaneous supplies. A list of well-regarded cleaning chemical lines can be found at the bottom of this piece.

# Winning Cleaning Contracts and Customers

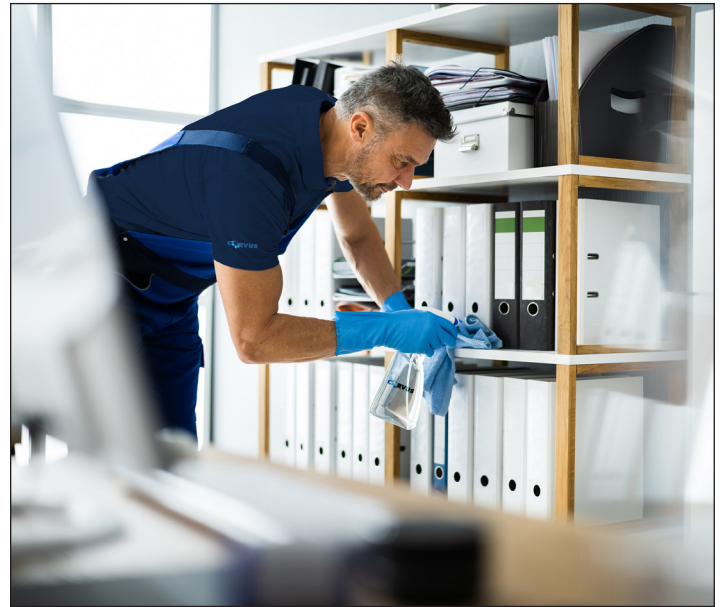
Once an individual has created the foundations of their office cleaning business by organizing the entity, purchasing necessary tools and determining a marketing strategy, it is time to start selling janitorial services. Regardless of which industries a company chooses to service and the cleaning programs they offer, the basic methods and time frames around winning customer accounts is relatively similar. That being said, certain standard considerations exist that all office cleaning owners should think about.

## Facility Selection

First, determining what type of facility you wish to target is critical, and when selecting facility types it's important to think about how facilities and industries differ. For instance, light industrial or manufacturing facilities likely require a less detailed level of service than a medical office or day care facility. The facility cleaning needs change with the organization's varying purposes. An organization tasked with the welfare of infants will have far different needs than an organization tasked with distributing cardboard boxes. In thinking about what types of customers you want to pursue, think about your skills, strengths and weaknesses...determining what suits your skillset best will help you identify your ideal customers. Some companies may not need or want recurring janitorial services, but they may require special event cleaning after an office party. As with recurring commercial cleaning contracts, special event clean up contracts will have a wide variety of needs, and the entrepreneur must decide which of these opportunities to go after.

## Clean Close – Travel, Expenses, Logistics

Second, travel and logistics should play a role in selecting clients to target. Travel time represents a real cost in terms of money and your time and should not be overlooked in deciding which types of contracts your cleaning business wants to target. It is highly advisable to calculate the cost associated with traveling to client accounts. Moreover, researching areas where your target accounts can be found and selling to areas of closer proximity is very important. Clustering your cleaning accounts in geographic locations that are close to one another will reduce your commute time and the associated costs, as well as limit the chance of a missed clean due to traffic or other unforeseen and uncontrollable circumstances.



## Service Offerings

Third, creating a menu of the services your office cleaning company intends to provide is important in terms of selling and pricing your cleaning contracts. Variables such as how often per week or per month you intend to offer service will impact not only your time commitment but also the cost the customer will pay for your services. Another variable to consider is the level of cleaning you intend to provide on a nightly, weekly or monthly basis. For instance, you may elect to provide weekly high dusting in your cleaning contracts, or you might decide to provide high dusting every night. In the second case, your cleaning company will be spending more time in the client facility to perform high dusting, thereby driving your personal cost higher – which in turn should be passed on to the client.

## Getting Contracts: Tools to Use

### i. Traditional Sales Channels

After you have identified your ideal customer, decided which geographic area(s) to target, and defined your service offerings, it is time to begin selling contracts. Traditionally, the most effective and cost-efficient way to get commercial cleaning contracts is by picking up the phone and dialing, aka cold calling. If you already have a network with local business owners or office managers, tapping this network is a great place to start selling. Once you establish a base of satisfied customers, you can ask them to refer you to other businesses in their building, network, or industry. Word-of-mouth referrals are a strong vote of confidence for your brand and will make selling contracts to new clients much easier. Cold calling, networking and customer referrals can help jumpstart your business, however they cannot ensure consistent, stable growth in the long run.

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## ii. Marketing a Cleaning Business

Additional marketing efforts are necessary if you aim to acquire a large customer base. Fliers and pamphlets are a time-tested and relatively low-cost method to spread the word about your cleaning company. Contacting and building relationships with real estate agents and property managers is another great way to obtain customer contracts. Classified ads in newspapers are also an effective source to sell cleaning contracts, and classified ads are much cheaper than larger newspaper ads. In the age of the internet, a digital marketing strategy is critical to be a true competitor in the commercial cleaning industry. Increasingly, businesses are turning to the web to find and hire professional cleaners. An established online presence is important to winning customer contracts, and the foundation of this presence is creating a website for your cleaning company. An effective website will showcase your service offerings, provide information about your business, and tell your brand's story. Make sure to include contact information on your website – inbound web traffic are likely high potential contract prospects

## Pricing Your Contracts

Frequency and scope of service (or level of service) ultimately will determine how to price a cleaning contract. If you intend to service a restaurant or bar, for example, there is a big difference between cleaning the dining area and cleaning the kitchen. In the latter case, a much more intensive clean will be required, as the customer will expect an absolutely spotless kitchen. These elevated expectations should be reflected in the contract. Ultimately, you should take a consultative approach to understanding client expectations, customizing cleaning schedules, determining the frequency and scope of work to suit the facility needs and client desires, generating a cleaning contract with terms, and outlining conditions and pricing to match the client's desires.



## Billing and Collections

Finally, creating a billing schedule and agreement represents an often-overlooked aspect of starting an office cleaning business. On the one hand, launching a cleaning company and getting clients can be fun and exhilarating, but the end goal is to create financial security and additional income. Therefore, no process is more important than building policies for billing and collecting money owed from customers.

Generally speaking, cleaning companies offer "terms" to clients in the cleaning contract. What this means is a cleaning company may ask to be paid at a specified date following the receipt of the invoice that corresponds to delivery of service. For instance, net 30 indicates the customer must pay the office cleaning company 30 days after receipt of the invoice, net 10 indicates



payment is to be expected 10 days following receipt of invoice and so on and so forth. Depending on your savings and capital reserves, you should select a payment term that ensures a steady flow of incoming funds which you'll need to replenish supplies, continue marketing your service and, best of all, set aside to increase your savings. Cash flow is king and establishing terms to meet your company's cash flow needs is a key to success.

At the end of the day, the success of any business is determined by how much and how often they are able to sell. Above all else, consistency is crucial to building, growing, and maintaining a profitable commercial cleaning business. Therefore, having systems in place for sales, marketing, and collections is highly recommended to any business owner who aims to make a profit. Determining your service offerings and identifying your target customer and market are only the first steps to operating a successful commercial cleaning company. The development of a marketing strategy is ultimately how you will acquire customer cleaning contracts, and you must also build out a system to price contracts, distribute bids, and collect money from clients. Getting cleaning contracts – and retaining them – is by no means an easy task, but with the right systems in place, a commercial cleaning business can provide consistent and reliable income to a hungry entrepreneur.

Individuals must consider numerous factors before opening for business, including the type of entity they want to start and the associated startup costs. Different structures will bear different costs, but all cleaning businesses must have essential supplies and equipment to begin servicing customers. Additionally, the owner of a cleaning company needs to decide who their customers will be and how they will target these customers.

## Resources for Cleaning Businesses

There are many useful resources out there that the owner of a cleaning business can reference. The following are by no means an exhaustive list but are certainly a great starting point for the potential cleaning business owner. The International Sanitary Supply Association (ISSA) is a global trade organization of cleaning professionals, from cleaning supply manufacturers to distributors to cleaners themselves. ISSA is one of the leading resources for information, networking, education, commercial opportunities, and government advocacy for companies in the cleaning industry. If it's cleaning supplies and equipment you are looking for, some great choices are Buckeye, Betco, Spartan, Bissell, and ProTeam.