

How to Start and Run a Profitable Cleaning Business

By Eric Loiacano

Eric Loiacano

Copyright © 2007 Eric Loiacano

All rights reserved. No part of this publication may be reproduced, stored in a retrieval system, or transmitted in any form or by any means, electronic, mechanical, recording, or otherwise, without the prior written permission of the author. This product is only available through the Profitable Cleaning Business website located at www.profitablecleaningbusiness.com.

Printed in the United States of America.

Profitable Cleaning Business will not be liable for any loss, or inconvenience, nor lack of income or profits not achieved as a result of using and applying information contained in this book. It is advisable that you contact your lawyer or accountant regarding any specifics related to their state involving any issues mentioned in this book

How to Start and Run a Profitable Cleaning Business

About The Author

My name is Eric Loiacano and I started my cleaning company in 1995. After two years as an accountant I realized I wanted something more. I did not enjoy what I was doing and at the end of the week I had a very small paycheck to show for the hours I had put in. So one Saturday afternoon I came up with the idea and name for the cleaning company I would create and run for the next 12 years. All the things I went through to start my company and keep it growing over the last twelve years are here in black and white for you to use in your own cleaning business. The ideas are good if you want to run the business yourself with no employees and they are also good for those who wished to have multiple employees. This business has

Eric Loiacano

allowed me great freedom and I hope that the information I provided below will help you to achieve all your dreams as it has for me. Good luck with your new endeavor and I look forward to hearing about your progress in the future.

How to Start and Run a Profitable Cleaning Business

TOC

Introduction	6
Chapter One – It All Starts With An Idea.....	12
Chapter Two – The Legal Side of Things.....	32
Chapter Three – Start Up Costs	40
Vehicles.....	46
Chapter Four – Pricing the Job.....	60
Chapter Five – Marketing Your Business.....	68
Summary.....	78

Eric Loiacano

Introduction

Most people have the idea of starting a business. This is one of the American dreams people have. After all, working for someone else really does not fit the bill because you are slaving away for eight hours for five days with nothing to show for it except a measly little paycheck.

Imagine you have control. You dictate the hours you want to work. You know where you stand regarding what you wish to do. Why let others take the fame and glory of operating a business when you can do so yourself.

Owning a business has its many rewards. You get to control the amount of money you wish to make. You know what you

How to Start and Run a Profitable Cleaning Business

wish to accomplish and you do it for yourself. You have many ideas as to what you want to do and you provide these ideas by creating the right type of business that will catapult you to success. You know deep in your heart and mind that you can't work and make money for others so you take the gamble and risk and start your own company. After all, there are many rewards to operating your own business.

But just as there are many rewards to having your own business, there are also challenges you must face. You have to take care of legal stuff like licenses and permits. You have to create marketing materials so you can advertise your business. You have to pick a place to house your business. Is it a store or a service company? Do you want a storefront where you live in

Eric Loiacano

the back? Or do you just want a building where you travel to everyday as you would going to a job? What about the type of building you seek? Do you need to rent or lease, or are you going to buy it? What about a zone variance? Do you need to change that? Or is your place of business in a commercial area? Or do you plan to operate the business form your home? There are so many processes and procedures you must handle or else you won't make it very long in business.

Of course each business has its own concerns. What you need to do to prepare is basically defined by the business you want to start. If you are into baking cookies or other food items, having a bakery shop may be the best thing. Owning a grocery store may be more to your liken. Or do you mind getting your

How to Start and Run a Profitable Cleaning Business

hands dirty? If you don't mind the idea of mopping up after other people, or keeping the floor cleaned for the majority of the buildings you will be working in, having a cleaning business may just be your ticket to business success. And since this type of business seems the easiest to start, it only makes sense to get involved.

Because of the fact cleaning businesses are the best type of job to get involved in, we will focus our attention on how to start and run one in this ebook. After you have read this ebook, you will have learned the aspects of starting, and running a cleaning business, so those who wish to get into this type of venture will know what is involved, what must be done to make sure the business can start on the right footing, and grow in the proper

Eric Loiacano

way, and most of all become profitable. One of the mistakes I made the first few years in business was that I was obsessed with gross sales, but what I noticed fast was that gross sales meant nothing, but net profits were where I should be focusing all of my attention. When I figured this out things changed for me both personally and professionally. I will get into this more later and I will supply you with some wonderful tools to track your profitability.

If you follow the guidelines as presented in this ebook, you shouldn't have any problems with running your own cleaning business. Just know that if you follow each procedure and each step as thoroughly as you possibly can, you will find prosperity

How to Start and Run a Profitable Cleaning Business

that you have always longed for. You will have a cleaning business that will thrive for years to come.

Eric Loiacano

Chapter One – It All Starts With An Idea

Starting a cleaning business is not all that hard to do, that is why you see so many people trying to start them. Every individual and every company needs some sort of cleaning. You just need to figure out where your niche is going to be. Then I will teach you how to become profitable, and that will be what separates you from everyone else who is starting cleaning businesses this year.

When I first sat down and thought about how I wanted my cleaning business to look, I thought about all the people I knew who needed cleaning services. I have friends in the construction business that could definitely use my services, I

How to Start and Run a Profitable Cleaning Business

had family members who owned apartment complexes who could use my services, I had cousins that owned large corporations that needed their buildings cleaned nightly. As you can see the more you think about it the more ideas you have for getting your business off the ground. I figured out how to have work from day one. You can too, if you think hard about who you can target for business and what services you want to offer them.

One of the reasons why cleaning companies are springing up all over the place is that homeowners and companies are willing to pay good money to have their places cleaned. They have all figured out that hiring someone allows them to spend more time with their family if they are a homeowner, rather than

Eric Loiacano

spending the weekend doing chores. And businesses realized it was a lot cheaper to hire an outside company to do their cleaning than it was to hire in-house staffing and pay them salaries and benefits.

As I have state earlier by establishing a cleaning company, you have two major markets you can shoot for: residential and commercial. If you go toward the residential market, you will be able specialize in maid service, carpet cleaning, window cleaning, gutter cleaning, basement and garage cleaning, post construction cleaning, water damage cleaning, and smoke damage cleaning. While those who decide to go commercial, have businesses to work with. These services include complete janitorial services that residential services may not provide.

How to Start and Run a Profitable Cleaning Business

You may decide to go one route or the other, or both. The decision as to which niche to go for is clearly up to you. If you can market to both markets, you stand a better chance of getting more clients and keeping busy than if you only went for one market. I chose to market and perform services for both markets and it has paid off well for me, but you can choose to only service one market. My thought process at the time was that I knew people I could get work from in both areas and it would allow me to stay busy all the time if I did both.

The one thing to keep in mind about operating a cleaning business is that it is not high-tech. You won't be messing with computers or anything of that nature. Plus, it is not a glitzy business. You may find it hard to get respected for what you do,

Eric Loiacano

since many people look down at janitors as the lowest on the totem pole. Big executives think cleaning people are low-educated and low-skilled; therefore, that is why they are in the cleaning business. So be prepared to face this reality when you start working for clients. But whatever you do, do not take offense to it. I actually like it this way because I know I make more money than most of the executives that hire me to clean their buildings. They can look down on me all they want as long as their checks clear at the end of the month.

On the positive side of it, you can build a really lucrative and profitable business that will generate a lot of revenue for you quickly. And trust me you will meet a lot of influential people along the way as you are building your business that if you treat

How to Start and Run a Profitable Cleaning Business

them right, they will make sure you are successful and they will recommend you to their friends and colleagues.

This is one of the many reasons why the cleaning business is the fastest growing type of business in the nation, and many people are realizing this and jumping on the bandwagon. It doesn't take a whole lot of money to run a cleaning business. You just need to have a desire to make your venture successful, hard work, and the information I am providing you with and you will be able to grow your business.

Another aspect to having a cleaning business is there are several categories you can choose from. You do not have to be restricted to just one type of category of cleaning. By performing more than one category, it will allow you to diverse

Eric Loiacano

your revenue because you can take on more projects than you otherwise might not have if you restricted yourself to one category.

What this means in general is that you can be a small company and do most of the work yourself or among your select crew of employees. Or, if you prefer to be behind the desk, you can work in the administrative role and just hire people to do the cleaning while you handle everything behind your desk. If you choose to work with the guys, and use focus on outdoor work, you may want to advertise yourself as window cleaners and pressuring washers. If you rather work inside, you could offer your services as a disaster restoration service or doing cleanup after a fire or other disaster.

How to Start and Run a Profitable Cleaning Business

Since many companies do not offer a wide range of services like described above, you would do very well if you did. In my formative years I offered every service I could, I pushed the fact that we were “a one stop shop for all your cleaning needs”. I would take on jobs that I had no idea how to do and I would learn as I went. This helped get me into the doors that would have other wise been closed to a new cleaning business.

Making the Grade

If the cleaning business is such a great idea, how can one make it happen? Well this depends on the type of cleaning service you wish to engage in. No matter what direction you go, you must have determination to make the business work, a

Eric Loiacano

willingness to please your customers, and the dedication to see the job through no matter what.

You also must be honest. You will be working in insurance offices, office buildings and banks, where important documents may be lying around. Or there could be a safe nearby. You must make sure that you and your people who work for you can be trusted. Even if you are not working in the business side of it, you may still be working in the residential section and as such, you will be responsible for going into people's homes and cleaning them. Even in such an atmosphere as the home, the homeowner may still have valuables lying around somewhere, or expensive jewelry in a drawer in their bedroom. The bottom line here is trust. You must be sure that the people you send

How to Start and Run a Profitable Cleaning Business

into a person's home will clean their home without incident. All you need is one problem to damage your reputation.

Another factor you must take into consideration is what service you will be performing. If you are going to be doing any heavy duty cleaning, you will be using specialized equipment of some type. You may even use certain cleaning solutions. If this is the case, you will need to be trained on their proper use. Almost all the chemical supply houses now have training on how to use the equipment and chemicals they sell.

If you are going to work behind the desk while your crew does the actual work, you will definitely need business skills. You will need to know how to run a company from a legal, financial, and organizational standpoint. Plus, you have to know

Eric Loiacano

how to market your business and know how to build relationships with your customers. There are a lot of excellent web-sites and books on these very topics. I can not stress enough the need to always be learning. Read and research everything you can about a business you want to get into before you actually make the leap. And after you make the leap continue to learn more about how to run a successful business, how to attract customers, how to write direct mail pieces and so on. Your learning should never end, if it does your competition will pass you by.

Types of Cleaning Businesses

Starting a cleaning is only one part of the course. Once you decide to start one, you should decide what category or area

How to Start and Run a Profitable Cleaning Business

you want to focus on. There are various ways to perform your cleaning business. Some are more lucrative than others. Here is a list of the different cleaning services you can provide:

- **Maid service:** If you have a maid service, you have a great business that you can actually run from home. You can either run that type of business by yourself or you can hire one or two others to help. Having the business in your home initially is the best way to go because you can save money. Eventually, you may want to expand to office space, especially when the space in your home becomes too crowded. Successful maid services have several cleaners on staff, and which the owner does not get involved in the cleaning

duties. The owner just manages the business. One of the reasons this type of service is so popular is because both members of the family work today. Being this is the case, they do not have time to clean their homes. So, guess what. There you are doing them a favor and getting paid for it to. Starting out I would recommend that you perform the services yourself. This will give you a great basis for when you are estimating job's in the future.

- **Janitorial service:** These businesses include offices, hospitals, restaurants, and schools to name a few. This may not be a glamorous job but it sure does pay well. Working in the janitorial business does not have to cost

How to Start and Run a Profitable Cleaning Business

a lot of money. In fact, you don't need expensive equipment. You can work from home and just use the minimal amount of equipment. Janitorial services are slightly different when it comes to the hours you work. Although you will get some clients who prefer you work during the day, you will more than likely get them where you work at night. This is better because no one gets in each other's way. These types of contracts are not easy to get, but once you start getting them it is easier and easier to get them. I have one client that I started with ten years ago that has given me more business than I can handle. He likes how I operate my company and he recommends me to all his colleagues. He

Eric Loiacano

recently left a company he was working for to take a new position with another company, we stayed cleaning his old company and now we are cleaning his new company. This has and always will be the single best contact I ever made. You too can make contacts like this, but it takes time to develop them. Do more than you say you are going to do on your contracts, go the extra mile, stay in constant contact with these key people, and don't over charge them. There are so many companies out there ready and willing to underbid your price that if you charge a fair price and do good work they will never consider making a change. Plus you will make up profits on project work when they

How to Start and Run a Profitable Cleaning Business

call you for those services. If you do not know what project work is, it is stripping and waxing vinyl tile floors, Hot-water extraction carpet cleaning, diamond buffing marble and granite entries, and window cleaning.

These services get billed out at much higher rates than the nightly cleaning and tend to be more profitable.

- **Carpet and Upholstery Cleaning:** This is another area you can work in. Just like the other services listed above, you can also perform this service from your home. Every homeowner and business owner who has a carpet installed is a candidate for this service. The entry into this field is definitely more costly, but this service has led to so much more business for my

Eric Loiacano

company that every penny I have spent on equipment has paid for itself ten times over. A lot of guys try to get into this business with a portable machine, but I strongly suggest that if this is something you want to do, bite the bullet and buy a van and a truck mounted carpet cleaning machine. The reason I say this is that the portable units can not match up with the truck mounted units for a few different reasons, the main one being water temperature which is the main ingredient to properly cleaning carpets. The other reasons would be you can clean a whole lot more carpet with a truck mount and not have to be emptying the tanks so often, and lastly the blower units that provide the suction on a

How to Start and Run a Profitable Cleaning Business

truck mount are far superior to portables. This is important so that you do not leave the carpets wet and leave residue which will lead to re-soiling.

- There are many different commercial buildings you can target as clients. These may include apartment buildings and condos, offices, schools, banks, restaurants, hotels, churches, bowling alleys, and more. An add on to this service is Upholstery Cleaning, I can not remember the last time we did a carpet cleaning job that we did not also clean their sofas, love seats, recliners, waiting room chairs, etc.

Eric Loiacano

As you can see, starting and running a cleaning business does have its rewards and can be very profitable. You just have to know what your niche will be: residential or commercial. Plus, you have to decide whether to work out of your home or have an office. Initially, you will want to work out of your home to save money, but the best move I ever made was to an office which was across the street from an office park. I made a deal with the landlord to let me clean and manage the building and in trade they gave me about 1,000 square feet in office space. I nailed 60% of the cleaning contracts in the office park because everyday they drove into their park they had to look at my sign and trucks as they drove in. This is something to think about as you decide whether you should work out of your home, I agree

How to Start and Run a Profitable Cleaning Business

it is a way to save money, but you can come up with a way to pay for space if it is positioned in the right area. The space will pay for itself.

Starting a cleaning business is the way to go if you want a business that can prove to be very lucrative, but there is more than that to owning and operating the business, as you will see as you read further in this ebook. There are many things to consider including the legal aspects of starting the business, which will be covered next.

Chapter Two – The Legal Side of Things

When you start a business, and this means any type of business, you have legal issues to deal with. This means you have to get a license or permit to operate your store or service. You can't ignore this aspect of it because if you do, the government will quickly close your doors and prevent you from operating your business if you don't comply.

Of course, having to go to city hall, and spend an average of two to three hours filling out paperwork and paying a small to large fee, is not exactly the highlight of your day, but it must get done.

How to Start and Run a Profitable Cleaning Business

So what kind of legal documents do you need in order to start your business? Here is a list of the most common licenses and fees you may need, but every city and state has different regulations, so be sure to do your homework in the city or town you want to open up in.

- **Business License:** In order to operate your business you must have permission from city hall to do so. This is in the form of a license. When you contact your city's business license department, you will need to fill out a license application. After you do this, the city planning or zoning department will check your area to make sure it is zoned for business purposes, and that you have ample parking for your customers. You cannot operate

Eric Loiacano

your business in an area that is not zoned to do so unless you first get a zone variance. If you don't get a zone variance, you are breaking the law and can get fined. To get the variance, you must appear before the city's planning commission and plead your case with them. Normally, variances are easy to get. Not too many people have had difficulties in getting one. As long as you can show your business will not disrupt the neighborhood and the people in it, you stand a chance to get one. Most times you will probably find that you do not need a a zoning variance because in the beginning its going to just be you putting your cleaning equipment in your car and driving to a job. Your

How to Start and Run a Profitable Cleaning Business

customers most likely will not be coming to your home to make an appointment.

- **Fire Department permit:** Another permit you may need is from your fire department. This is if you plan to use flammable materials or plan to store them at your location. The fire department will have to come to your location and inspect it for fire safety. This is very important. If you don't meet the inspection, you will get cited for it.
- **Air and Water Pollution Control Permit:** Air and water are much a concern for cities and towns these days because of excess pollution in our water and in the air. If you plan on operating a business where you

will burn chemicals, materials, or discharge anything in a sewer or waterway, you must have a permit to do so. Environmental protection regulations may require you to get approval before you can start your business. Check with your state or city government regarding these issues before you even look at opening your doors.

- **Sign permit:** This is not always necessary, but if you live in a major city, there are sometimes ordinances regarding the use of signs. These ordinances restrict the use of the size, location, and type of sign you use. Make sure to check with your city or town to find out if they have such restrictions. Also check with your

How to Start and Run a Profitable Cleaning Business

landlord for approval first. You wouldn't want to go through the hassle of taking down a huge sign that you had to struggle to put up.

- **State Licenses:** In some cases, this may be the same as a business license, but instead of being on a city level, it is issued by the state. Depending on what state you live in, you may be required to pass certain examinations to get a permit. This usually applies to auto mechanics, plumbers, electricians, building contractors, collection agents, insurance agents, real estate brokers, or anyone who provides a personal service of some type. Contact your state government if you are planning on starting a cleaning business. They

may not have any requirements for it. But you want to be sure first.

- **Sales Tax Certificate:** Every business that will collect sales tax needs a certificate. This is absolutely necessary for your state tax department. You need a certificate of resale for two reasons: if you sell goods or services you will be responsible for paying sales tax on what you sell, and if you plan on collecting sales tax from your customers. Make sure to register with your state tax department before hand.

Opening a business is not difficult as long as you cover the legal parts of it. You wouldn't want to open your doors and have town, city, or state officials beating down your door because

How to Start and Run a Profitable Cleaning Business

you failed to obtain the proper permits or licenses to operate it. You could face heavy fines and get blocked for any future considerations of operating your business in that area. So protect yourself and do all the right tasks to get your business up and running.

Chapter Three – Start Up Costs

When you open your cleaning business you will need capital. You'll need money to buy equipment, products, and to pay your employees. Plus, you need money to hold you over till you start getting paid for your services.

If you need equipment, most of the time you can get financing. Many financial institutions will provide asset management capital loans. This will be based on the amount of the asset you are trying to purchase. This money will enable you to buy the necessary equipment you need to get your business going. Other than financing, there are alternative sources where you can get the money you need to start and run your business.

How to Start and Run a Profitable Cleaning Business

There are many ways you can get money. Here are just a few choices that are available:

- **Your own resources:** Do you have your own money to put into your cleaning business? What about your savings or investments? Are you willing to take a risk with that money? What about your home? Do you have equity tied up into it? Can you borrow off the equity in your home? If you have any assets that you can convert to cash are you willing and able to do so for the sake of your business? What about your personal line of credit? Maybe you can borrow off of that.
- **Friends or family:** If you can't use your own money why not do what many other investors and business

owners do – use other people’s money. This can be a member of your family or a close friend. When you do approach any of your friends or family, you must do so from a professional manner. Remember, even though they are close to you, this is strictly business. Make sure you treat it as so.

- **Partners:** Did you start your cleaning business with a partner? If so, perhaps you can convince your partner to put up the necessary cash, with the stipulation as to how much control he may have in the business. You may even be lucky enough to find someone who has no interest in joining you and working your business, but don’t mind providing you with a loan to help you out.

How to Start and Run a Profitable Cleaning Business

When working with this arrangement, always do things in writing.

- **Government programs:** Believe it or not the government is willing to give small businesses start up cash to help them out. Perhaps you should look into seeing if the federal government can provide you with start up capital. Contact the Small Business Administration and let them know your intentions. You'll be surprised what help is available for small businesses no matter what the business is.

Eric Loiacano

Getting the capital you need to start your business is really not that hard to do. You just have to go with the sources at hand and do your homework. If you dig deep enough you may just strike oil.

I gave you the options above because I felt I had to, but the best advice I can give you is not to overextend yourself with debt. When I first started out I had money that I had saved that I used for my start up costs to buy vacuums, chemicals, and pay anyone who helped me complete a job that was too large for me to do by myself. As the years went on I started using credit cards, I bought vehicles with dealer financing, took out an equity loan on my house and the list goes on. Why did I do these things, because I was in the process of making one of the

How to Start and Run a Profitable Cleaning Business

biggest mistakes you can in the cleaning business or any business for that matter, cashflow management. If you do not manage your receivables properly you will be out of business before you know it. I caught my mistake in time and was able to pay back all the debt I incurred, but I am here to tell you that you do not need to get over your head in debt to have a successful and profitable cleaning business. Everytime you do a job take 15-20% of the money you receive for that job and put it into a separate account not attached to the operating account of the company and in a short time you will have enough cash reserves to keep your business running. If you can not do 15-20% do 5-10% as long as you are holding the money and not spending it, it will be there when you need it for supplies,

Eric Loiacano

equipment, or working capital for payroll as you wait for receivables to come in. If you are pricing your job's correctly, you should be able to take this money and put it aside every time. You need to be disciplined in doing this. Of everything you read in this book this is the best advice your going to get.

Vehicles

As a service business you will need vehicles to take you to your client's location. More than likely you will want to get a van or a station wagon. Nowadays there are SUVs. The choice of vehicle depends on what equipment you need to take with you and how much equipment you need.

The typical van and go anywhere from \$10,000 to \$35,000. This also depends on what you want to be included with the

How to Start and Run a Profitable Cleaning Business

van. In other words do you want special luxuries inside the van like carpeting, reclining bucket seats, or special windows and doors? if you have a few pieces of equipment that can get dirty or oily, you may want to invest in a hardwood floor and not carpeting. As for the equipment, you will need space to hang certain things like hoses, brushes, and other accessories commercial vacuum cleaners use. Therefore, you will need to build or have pre-built racks and shelves installed in the van. Most cleaning companies work in this capacity. Not knowing which way you are leaning with your business I will recommend vehicles here for both janitorial businesses and residential and also a recommendation for Carpet and Upholstery cleaners. When I first got into business we had pick-ups with four wheel

Eric Loiacano

drive so we could plow driveways when we were not busy cleaning. At the time it worked out great for us but as the years went on and we phased out of plowing we realized that smaller pick-ups like Toyota and Cheverolet S-10's were a better option for us because we got so much better gas mileage. We outfitted them with caps so that the weather did not affect our equipment and they have been the best trucks for us. If you are going to be carpet cleaning and you are going to install a truck mounted unit in the vehicle, do not put this equipment into anything less than a 1 ton van. We have had great luck with GM vans, but that does not mean you can not put them in a Ford van. As long as you take my advice and know I am giving this to you through errors of my own you will never have

How to Start and Run a Profitable Cleaning Business

to worry about structural damage to your vehicle because you were 1500 pounds over the gross vehicle weight due to the weight of the machine and the water in the fresh water tank and waste water tank.

Whatever vehicle you choose, you will need to register those vehicles using commercial plates. It is illegal to place any kind of advertisement on a vehicle or use that vehicle for business purposes if it has standard plates. You also need insurance. However, if you are going to insist that each employee uses his own means of transportation, make sure they have enough insurance to cover the cost of the vehicle in case of an accident. If they don't you may have to add your own. If you do purchase a vehicle for your business, you will want to place

Eric Loiacano

your company name, logo, and telephone number on the side of the vehicle. This is the cheapest form of advertisement and it is extremely effective.

Personnel

If you have a cleaning business you will no doubt have a need for employees. You sure can't do all the work yourself, especially if the clients locations are pretty big. Your staffing needs will vary depending on the type of business you operate. If you run a maid service, your needs will vary depending on the size of your client base, how much capital you have to start with.

How to Start and Run a Profitable Cleaning Business

If you run a janitorial service, you may be able to start the business with just yourself working it. But eventually, you will have to expand the business by hiring additional workers to compensate for the added business you get. Hiring personnel will depend on how much capital you have to work with and how many employees you will need. When you do hire personnel, it would be a good idea to hire someone to take care of the books, answer the phone, and do other administrative duties.

If you run a carpet cleaning business, you should hire at least one person to help you with the business. This is of course dependant on your budget. If you don't have the necessary capital to hire someone, perhaps you should get start up capital

Eric Loiacano

to help you so you can hire the people to help you run your business. You will need one or two service people, a clerk to handle payments and phone calls, and book appointments. Again, I just put this in here because it is the right way to do things, but you do not have to do this all over night. You can layer people in as your sales become more consistent. Don't just hire people to hire them. It should be a process like every other part of your business, take your time and hire the right person the first time and you will never have any problems. Hire the wrong person and your problems will only get worse.

Equipment

When you start your cleaning business you will need equipment. Now depending on the area you focus on for your

How to Start and Run a Profitable Cleaning Business

cleaning business is what will determine the equipment you will need. The first piece of equipment you will need is a vacuum cleaner. This has to be a heavy duty vacuum cleaner that can cover a large area quickly. It must have enough suction to pick up debris and dust easily. A good vacuum cleaner can cost you anywhere from \$250 to \$500. Good vacuum cleaners are worth their weight in gold. So you have to make sure you get the right one. The motor has to be at least 1,000 watts. Plus, it needs to come with all the accessories to do a complete and thorough job. The best and most versatile vacuums we are using today are back-pack vacuums. They go over your shoulders and they allow you to not only go under and around desks but they also allow you to do high vacuuming on air duct registers on the

Eric Loiacano

ceiling. Some of these manufacturers are putting stronger motors with higher CFM's that are even better now than the old beater bar upright vacuums we used years ago. But if you only have a few dollars right now to spend on a vacuum, spend it wisely and get yourself a back-pack vacuum first, you will not be disappointed.

Besides a vacuum cleaner, you will also need a buffer or floor machine. In many office buildings and other commercial buildings, you will have tile floor, either in the hallway, corridor, or entry way. Some have carpeting, but not too many. You will be requested to keep this area clean and polish so it shines. This guarantees a great appearance to the visitor. In order to do this you will need a buffer, or as cleaning companies call it

How to Start and Run a Profitable Cleaning Business

today, a floor machine. The actual floor machine should have enough power to strip the floor and polish it. You may want to get at least one or two of these. The price tag can be anywhere from \$500 to \$5000. You may be able to save if you happen to run into a supplier who is having a sale, or if you can prove you are in a cleaning business, you may be able to get the equipment at wholesale. Starting out I would not purchase this equipment unless you have a need for it, even then if the need is not all that great most rental centers today rent these machines and even have the pads you are going to need. As you grow and your business is using this equipment on a weekly basis should you then go and make the purchase.

Eric Loiacano

When you consider equipment, don't forget to consider janitorial supplies like dust brooms, cleaners, mops, paper products, and window cleaning supplies. Besides the vacuum cleaner, you will want to have at your disposal dust brooms and dust pans. This way you can get up debris the vacuum cleaner can't reach or is too big to get sucked up. The broom you get may be important. You wouldn't want to get a regular broom that you have to constantly have to sweep to get all the dirt and dust. Instead you may want to get a dust broom that is large enough to cover a big area. You may want to purchase utility brushes, especially when working the pantry and bathroom. Those areas get stained pretty much. And some of those stains are pretty tough to come off. Utility brushes can help here.

How to Start and Run a Profitable Cleaning Business

Also, they now have what they call yellow dust clothes that do an awesome job picking up the dust and not just moving it around like most dusters.

The type of chemicals you buy will depend on what type of cleaning you do. If it is office cleaning, you may want to purchase bathroom cleaners, carpet cleaners, disinfectant and germicides, furniture polish, glass cleaners, hard floor cleaners, and wood cleaners. Each will do a different job so perhaps if you have at least one can of each to take to the clients sight you'll be prepared. These supplies can range anywhere from \$10 on up. It depends on whether you buy the cleaning supplies one can at a time or buy it in bulk. Buying it in bulk will save you money because you pay less on bulk purchases and

Eric Loiacano

have the stuff around for a few jobs. Starting out just buy as you need for the jobs you have. I would not buy in bulk until you have a lot of job's consistently booked week in and week out. You do not want your money sitting on a shelf collecting dust. If you do not watch your spending on chemicals you could get yourself in trouble by overspending. Most supply houses are now carrying proportioned packs that when mixed with water will usually give you 30 – 40 gallons of product at about \$.10/gallon, and these products work great. Do some investigation on this and you will save hundreds, maybe thousands of dollars per year on chemicals.

As you can see, there are things you need to get before you even start your cleaning business. A lot of these items are

How to Start and Run a Profitable Cleaning Business

necessary for you to have. So it would be advisable for you to get these items and machines ahead of time before you start so you won't have to stop a job, or refuse a job, because you don't have the right equipment.

Chapter Four – Pricing the Job

Pricing the job is the most difficult part of running a business. You can't quote too low you will not make enough to pay for your people and supplies, thereby not making a profit. If you quote too high, you can outbid yourself and lose the contract.

One good way to know what your pricing structure should be is to do a few jobs, then go back and compare what you charged with what the job was actually worth. There is no secret formula but the best way to arrive at a good pricing structure is to consider these points:

- **Labor and materials:** If you do not have any guides to follow, you'll have to estimate the costs. When

How to Start and Run a Profitable Cleaning Business

considering labor costs, you must look at wages and benefits (if you are providing benefits). You also must look at the materials you buy and how much they cost.

- **Overhead:** When calculating costs, you also must consider your overhead. This does not include labor or materials. This includes the cost of operating the facility you use, unless it is part of your home, gas, and oil for the vehicles, and so on. If you have been in business for a while this is easy to calculate, But if your cleaning business is new, you will just have to estimate everything initially, and adjust as time goes on. The best way to calculate your overhead is by adding up your expenses for one year, but not adding in labor and

Eric Loiacano

materials. Take this number and divide it your total cost of labor and materials. This is your overhead rate. If you have nothing to base this calculation, go with industry standards until you have been in business for at least a year and can have something to go by. Most times you would be safe to add 20% to your labor and materials and that will give you the profit and overhead you are looking for. After being in business for twelve years we decided that \$40.00 per man per hour was a number that worked best for us and allowed us to be profitable. Most people reading this would say that sounds like a lot of money for cleaning, but we trained our clients to understand the value and benefits they

How to Start and Run a Profitable Cleaning Business

receive when they do business with us. We get this rate seven days a week with no questions asked.

- Profit: Obviously, when you price your work you want to make money. When your income exceeds your expenses, you have gotten to the stage where you can claim profits. When you do calculations for your overhead, don't forget to include your profit margin. if you don't remember to do this, you will not make money. And this will not allow you to stay in business very long. When I started out I did not add in my profit nor did I know what it should be because I just wanted the work. But as the years went on and I was growing my business the idea of profits became clearer and I

Eric Loiacano

learned that I needed at least 20% profits to stay in business and enjoy the lifestyle I do. I talk to many cleaners who tell me I'm crazy there is no way you can make 20% in this industry, at best they claim only 10-13% profits. You can get 20% profits or higher if you pay attention to all areas of your business. Once you have mastered these profits you can train your people to make sure these profits stay true for years to come by simply teaching them how to manage costs.

Credit

How to Start and Run a Profitable Cleaning Business

While in business be careful how you extend credit to customers. This is okay if you have corporate clients and have them on a long-term contract. You just invoice them at the proper time each month and wait till they send you the check in the mail.

But if your client is not a corporation, you may want to think twice about lending credit to them. In most cases, you may want to get a deposit from them before you start the job and get the balance at the end of the job. This is especially true for very small businesses, or for clients who have been shady at paying in the past.

When you do extend credit, make sure you have everything spelled out on the invoice. This means the terms of the

Eric Loiacano

contract, what was done, the time involved, the disclosed price, and payment terms. Many companies pay invoices on a net 30, 60, or 90 day term. Or they may have certain terms for certain invoices. Find out what terms they use for services rendered and when they pay. This way you can send them your invoice on time so you can get paid at the correct time of the month. You also may want to include any discount incentives for fast payers, and penalties for late payments. Also don't forget to mention when the invoice is past due so there will be no misunderstandings later. The only people I extend credit to are large corporations and insurance companies (we do a lot of Fire and Water Damage cleaning). All other invoices are due on

How to Start and Run a Profitable Cleaning Business

receipt. You do not want to be chasing money every week, you'll never get anything done.

Chapter Five – Marketing Your Business

The way any business succeeds is due in part to the amount of advertising and marketing you provide. If you don't market your business and get it to the eyes of people, they won't know you exist and that will mean no profits for you.

Before you even start your business you must do your homework. You must find what your niche will be. You need to develop a USP(Unique Selling Proposition). What type of cleaning company will you establish? This is what will determine what direction you will take your business.

If you focus your business on janitorial cleaning, this is what you should push in the marketplace. If you are into carpet

How to Start and Run a Profitable Cleaning Business

cleaning only, push this in that market. If you decide on janitorial services, what niche do you want to work in? If your niche is residential, you will want to market to those who own or live in private homes, condos, apartments, or even offer your services to the landlord as a cleaning crew for move outs or fire and water damaged buildings. If your niche is commercial, you will focus on offices, retail operations, and many manufacturing facilities. No matter what niche you decide on, you will have to make up your mind if you will target small, medium, or large clients.

Once you know who your niche will be, you must decide what areas you will serve. Where are the clients? Are they in the city

Eric Loiacano

or do you want to go to the suburbs? Obviously you go where the money is.

If your customers are mainly located in a certain area or location, this is where you will market your business. You will want to serve your customers in these locations. This is how you can stay busy.

A number of factors need to be considered when you are focusing on what your niche will be and where they are. The biggest factor in any business operation is getting started. You can market to the best places, but you still need customers. The best way to get your feet wet and start obtaining a client base (usually when you have one, more seem to follow), is to establish one or two clients from the start. You can do this by

How to Start and Run a Profitable Cleaning Business

landing work with your friends, relatives, former co-workers and employers (if you feel comfortable approaching them), church or some other religious organization, or even social groups and clubs. There are always people you can sell your cleaning services to if you approach them right and provide them with the best service possible.

The most important part of your marketing strategy is your image. You need to cultivate some kind of image that people will remember for a long while. This way when people are looking to have their house or office cleaned, they will automatically think about you and your cleaning business.

Maybe you can come up with a slogan that will strike harmonize with people's thinking. Perhaps you can use certain

Eric Loiacano

words that will just ring in their ears. But you have to make it sound so appealing and it has to be associated with who you are that when people think of clean, they associate you with cleaning. This goes back to picking the name of your company, it should say what you do in your business name. An example of a business that did that was Coca Cola. They marketed themselves in such a way that they eventually became a household brand. You can never forget the marketing slogan they used “Things go better with Coke.” This stuck in your head for years. This is how they became so famous. You have to do something similar if you want to shine as well.

Not only your slogan needs to fit what you do, but you also have to look the part. What do you and your employees wear?

How to Start and Run a Profitable Cleaning Business

Do they look sloppy when they do their job? Or do they wear nice looking clothes. What about your printed materials? Are your materials typed or computerized? Do your documents look professional or does it look like a job done by an amateur. One bad looking piece of material and give your company a bad name, so be watchful here.

Another area to be concerned when looking at your image is the equipment you use. Does it look old or beating up? Is it clean and running properly? Does it look like it is kept together by tape and rubber bands? This is a sure sign of lack of respect for your equipment and your business.

Eric Loiacano

Do you act in a way that you can be trusted to work in the client's office? Can you be trusted to work in an area where confidential information may be lying around?

What about insurance? Do you have adequate insurance for your business needs? You must have at least liability in case of an injury or damage to some property while you are performing your services. Plus, you should have all your employees bonded and provide workers' comp for each one.

And lastly your vehicle should look professional at all times. Does it look dirty both outside and inside or is it clean and organized. The way people look at your vehicle is how they will perceive you and how you run your business. Keep your vehicles clean and organized. If your vehicle gets dented, fix it.

How to Start and Run a Profitable Cleaning Business

Don't let your clients see the damage. They will think little of you if they see you can't take care of your responsibilities. How can you take care of them if you won't take time to fix your own stuff?

Marketing is the most important part of starting and running a business. If you don't have a marketing plan nor do it right, your business will never take off. This is why major corporations spend so much in advertising and marketing. It is because without it, you are dead in the water, because your business will not become known or visible to your future customers. Starting out you need to spend your dollars wisely. When I started I used the Val-Pak and Super Coups that you always see come in the mail in the Light Blue envelope or now the bright yellow

Eric Loiacano

ones. The reason I did this was to build a client list, most people that use these are shopping price only, and that is O.K. in the beginning. It is your job to win them over here and then continue to mail to them every month after and as long as you do what you say you will and show them that your worth more because your service is second to none they will eventually not look at price as a factor. Trust me, that's how I got from \$15.00 per man hour to \$40.00 per man hour. The other idea I liked about these coupons was that I could hit about 10,000 homes for around \$300.00. You can't do that with regular mail, the costs are much greater. Once you start building your list of clients, you are going to have to nurture them. We send out a monthly newsletter that is filled with information other than

How to Start and Run a Profitable Cleaning Business

cleaning. We include recipes, articles on raising children, health articles, and of course we include some coupons to use our services. These have served us very well over the years and kept us booked up month after month. We do a number of other marketing pieces as well, but starting out you should keep it simple and target friends, relatives, and their friends and relatives. You will be surprised how much work and referrals you can get with just this group and then you layer in the other items we talked about above and you'll be busier than you probably want to be in the beginning.

Summary

Starting and running a cleaning business is not hard to do if you take the correct steps to do so. You have to evaluate the costs involved and keep them as low as possible, do not buy anything you do not need and use pre-portioned chemical packs and save a lot of money in the process. The main thing you want to decide is what type of cleaning business you want to engage in. The type you decide will allow you to focus on the niche you will follow.

Knowing the type of business to get into is one of the most important decisions you will need to make. There are so many

How to Start and Run a Profitable Cleaning Business

niches you can fill. You could start a maid service, do carpet cleaning, or run a janitorial service to name a few.

When starting your cleaning business, you have to consider your start up costs. You need to look at the cost of your building you will work out of (unless you will work from home). With this case, you will need to consider the legal aspects of starting the business including any and all licenses and permits you will be required to possess.

You will have to look at equipment purchases. This could be cheap or expensive, depending on where you look and what kind of equipment you need, again, keep these as low as possible when you are starting out. Then there is the cost of hiring employees. You must consider everything including

Eric Loiacano

overhead when you start out. Having the necessary amount of money is imperative to a successful operation. Without the right amount of money your business can fail within a short time.

Remember save 15-20% of every job you do and you will have the funds to grow your business.

There are various ways to get money for your business. You can obtain financing or approach friends or family. When you do, always do so from a professional approach. They may be close to you, but this is business. Treat it that way.

When you look at pricing your jobs, you have to consider labor and material along with overhead. If you don't have a system in place, go with industry standards until you do. Then you can adjust accordingly. You must figure this out quickly,

How to Start and Run a Profitable Cleaning Business

you can fall behind very quickly if you lose money on the job's you are performing.

If you follow the steps above you will have as much information that is necessary to run a successful cleaning business. Of course there are a lot more items you will need that I did not cover in this book like Business Plans, Marketing Plans, Budgeting and Variance Reporting. I did not get to involved here because you are just starting and feeling out if this is where you want to be as far as your new business. If you go to our website www.profitablecleaningbusiness.com, you will find more resources, programs, and downloadable worksheets to help run your growing business. Don't forget to subscribe to our daily e-zine The Cleaner's Edge, it is packed

Eric Loiacano

with information on how to perform certain job's, money and investing tips, health tips, marketing tips an much, much more. Good luck and please keep me posted on your progress and if you have any questions feel free to email me at support@profitablecleaning.com.