



## The Business Of The Cleaning Business

### Cost cutting in an uncertain economy.

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Although no one has a crystal ball, it is clear to most observers that the U.S. economy will likely be bouncing around with ups and downs for the next couple of years.

One of the ways many American companies have managed to weather the economic storm is by finding areas where they can cut costs.

Building service contractors (BSCs) can also benefit by seeking ways to reduce expenditures.

And, because the contract cleaning industry is so labor intensive, many of these cost-saving opportunities involve people: Cutting down on labor costs and increasing worker productivity, while improving overall worker performance.

### Not Paying Taxes

One of the first tactics for cutting costs is to not pay taxes — legally.

Outsourcing is very common in the professional cleaning industry.

The benefit of outsourcing is that employee taxes, along with workers' compensation and other tax and insurance requirements may be eliminated.

Although this can be a major cost savings for BSCs, I am not an attorney or a certified tax professional, so you should seek the advice of competent professionals when developing an outsourcing program that fits federal and local guidelines.

However — and this is very important — these outsourcing arrangements must be structured to fit [Internal Revenue Service](#) (IRS) guidelines or severe and costly penalties may result.

And, recent trends do indicate that the IRS is taking a closer look at this issue.

This is because the use of independent contractors in place of employees is growing in many industries, not just janitorial services.

The following are some of the guidelines that must be adhered to:

- The independent contractor must be allowed to work for other clients
- The independent contractor must be allowed the option of turning down job assignments
- The independent contractor must be allowed the option of having another person do the actual work
- The independent contractor must use his or her own tools and equipment.

It is also helpful and, in some cases, required that the independent contractor have business insurance as well as workers' compensation insurance.

Work hours cannot be set by the BSC; however, work-hour guidelines, such as cleaning must be performed after 6 p.m., is generally acceptable.

Essentially, this means the BSC is concerned only with the results of the work performed by an independent contractor.

The contractor cannot control or direct how those results are accomplished.

### **Training Issues**

Each year, [Fortune](#) magazine presents its annual list of the 100 best companies to work for in the United States.

When it comes to grocery stores, there are rarely any surprises — the same companies are mentioned every year.

This happens in other industries as well, and the main thing these "best" companies have in common is that they place considerable emphasis on training, usually much more than their competitors.

The benefits of a well-trained worker are many.

These workers typically have a "big picture" view of their job and how their work and performance impacts the entire company and its image.

As to cost control, a well-trained worker is invariably more efficient and productive, has higher morale and experiences fewer accidents and injuries.

For many BSCs, making a big investment in cleaning training can be a difficult consideration because turnover is typically so great.

Why spend the time and money on training workers if they just leave?

But, another way to look at it is this: What if you don't train them and they stay?

Poorly trained workers cost money; well-trained workers ultimately make money for a company, not only because they are more productive and efficient, but also because they typically stay longer with the same company, which is a cost saver in and of itself.

[ISSA](#), through its [Cleaning Industry Management Standard](#) (CIMS) programs; the [Institute of Inspection, Cleaning and Restoration Certification](#) (IICRC); the [International Executive Housekeepers Association](#) (IEHA);

and other organizations offer training in a variety of cleaning-related subjects.

BSCs whose workers take advantage of these training programs can reap long-term dividends.

### **The Equipment Factor**

A report released by [Green Seal Inc.](#) a few years ago estimated that, in the United States, more than \$1 billion is spent annually on floor care products such as strippers, polishes, sealers and cleaners.

However, this only reflects about 10 percent of the total amount spent on floor cleaning, refinishing and polishing.

The bulk of the costs involved in floor care come from labor, which can range anywhere from 70 percent to more than 90 percent of the total expense.

Floor care is often the perfect example of where money can be lost and where it can be saved if more efficient cleaning procedures and equipment are employed.

At one time, when labor costs were lower, and there were fewer concerns about the environmental impact of floor care, it was not uncommon for BSCs to strip and refinish a facility's floors two, three or more times per year.

Those days are long gone, though, and the current state of the economy appears to have put the final nails in that coffin.

Today, BSCs delay or reduce refinishing cycles, which can protect the environment while also cutting costs by implementing interim floor care systems.

Further, the size and type of floor care equipment selected can make a big difference in the overall cost of floor care; the right machine can greatly improve worker productivity, thereby cutting costs.

In general, when cleaning floor areas smaller than 1,500 square feet, a standard floor machine is suggested.

In larger areas, a walk-behind scrubber or even a ride-on machine will result in significant cost savings.

Some BSCs may be concerned about the initial cost of these larger floor machines.

However, a walk-behind or ride-on scrubber will typically pay for itself in less than a year.

It should be noted that BSCs may also be able to save on equipment costs by selecting machines that can multitask.

Equipment is now available that can clean many types of carpets and hard surface flooring.

Obviously, this can prove to be a major cost savings.

### **Don't Forget Marketing**

In tough economic times, cutting costs is not the only concern.

Employing an effective marketing program is also essential.

A marketing program is just that: A program that establishes what kinds of marketing you are going to do and when.

It can be monthly, quarterly or annually, but it is essential; and, just as essential, it should be in writing.

Among the things it should include are what marketing activities are to be performed every day, from contacting prospective customers by mail or e-mail to making cold calls.

It should include an activity list indicating what tasks were performed, on what days, with whom and what the outcome was.

Finally, it should include goals, which can also apply to cost savings.

For example, BSCs may wish to establish a goal of increasing their business size by a certain percentage or a certain number of customers over a certain period of time.

There is no question that the economy is rocky right now, and every company needs to consider how to keep budgets in check.

For BSCs, outsourcing, proper worker training, the right equipment and an effective marketing program can make the difference between being in the red and finding success.

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