

CLEANING BUSINESS TODAY

**No-Gossip Policy:
Yeah or Meh?**

**Why Customers Lie
and How to Handle
Those Who Do**

**Navigating
BIG Change
Part 2**

**STAFF
SUPERSTAR
Lisa Raymond**

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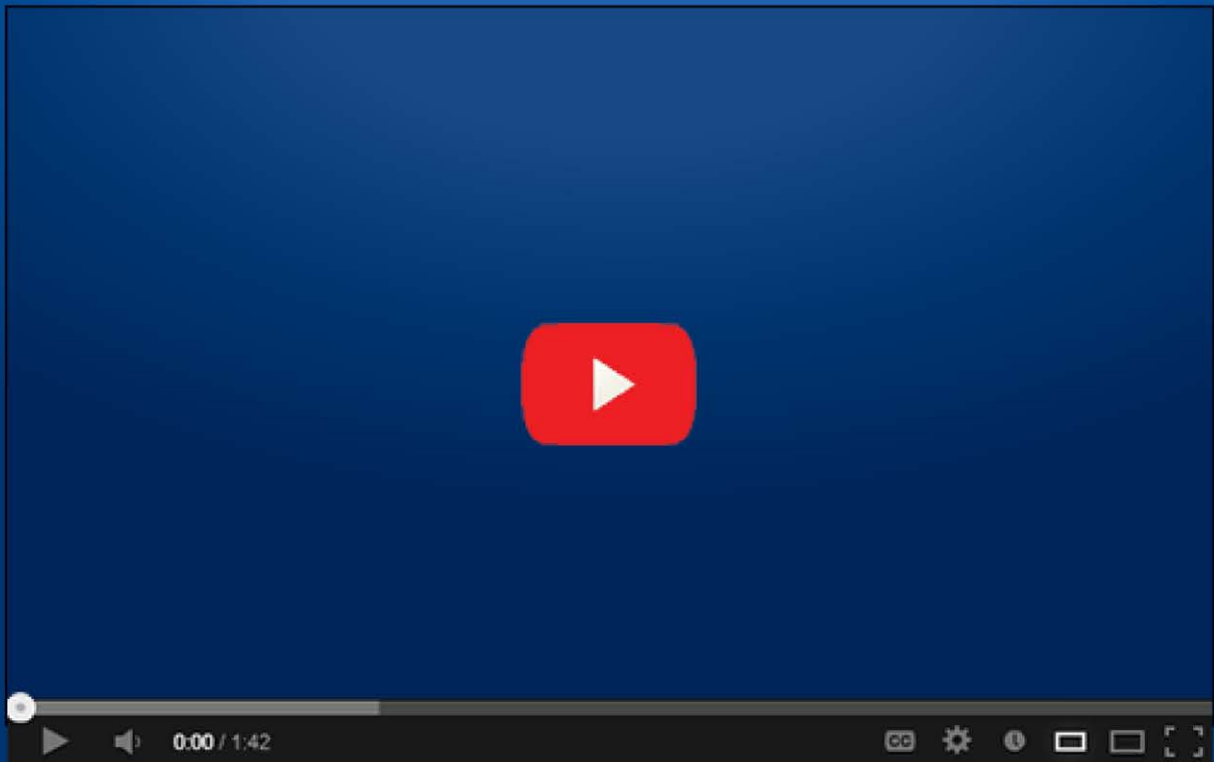




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Tom Stewart, Publisher



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Fort Worth Cleaning Company Tackles Ebola Job

The Fort Worth, TX branch of The Cleaning Guys used their crime scene and chemical spill clean-up training to decontaminate the apartment of the first US-diagnosed Ebola patient.

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Venezuela versus Clorox

Venezuela's strict price controls have led The Clorox Company to sell two of its factories in that country to cover losses. The Venezuelan government plans to reactivate the factories in the future.

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German Soccer Hero to Clean Toilets

Andreas Brehme, a German national hero for scoring the winning goal in the 1990 World Cup, is bankrupt and has been offered a job cleaning toilets. His boss would be a player he coached who wants to show Brehme that "he will learn that what really counts is proper work and real life. It would help him improve his image."

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Schools Cleaning More Often

With the recent spread of enterovirus D68 and several cases of Ebola in the US, some school systems are increasing the frequency with which classrooms and common areas are cleaned.

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Orange County Convention Center

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Automated Background Check Service Coming Soon

Checkr, another Silicon Valley online start-up, recently raised \$9M in funding for its online, automated background checking service.

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SANITIZER SALES SPIKE & SCHOOLS CLOSE IN WAKE OF EBOLA CASES

Hand sanitizer sales spike almost 10% and several schools in Texas and Ohio close as fear of Ebola spreads with virus-like speed.

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No-Gossip Policy: Should You or Shouldn't You?

Not only can No-Gossip Policies increase drama among employees, they just might be illegal.

By Liz Trotter



DEALING WITH GOSSIP IN THE WORK PLACE can be very frustrating, not just for business owners, but for everyone involved. Drops in morale and ever-rising employee turnover can make us believe that the only good solution is creating a no-gossip policy. But before you put pen to paper, there are a few things you need to consider.

The National Labor Relations Act (NLRA) is the law that governs collective bargaining and employee activity in many workplaces, including those without unions. Section 7 of the NLRA states in part that: “employees shall have the right to self-organization, to form, join, or assist labor organizations, to bargain collectively through representatives of their own choosing, and to engage in other concerted activities for the purpose of collective bargaining or other mutual aid or protection.”

At first blush, Section 7 doesn't seem as though there would be much conflict with a no-gossip policy. But consider the following two examples in which the National Labor Relations Board (NLRB) found unlawful provisions/policies.

NLRB versus Hills & Dales General Hospital – February 2012

In April 2014, the NLRB [challenged three statements](#) in the Hills & Dales General Hospital Values and Standards of Behavior Policy and determined them to be unlawful.

1. Employees will not make “negative comments about our fellow team members,” including coworkers and managers;
2. Employees will “represent [the Respondent] in the community in a positive and professional manner in every opportunity;” and
3. Employees “will not engage in or listen to negativity or gossip.”

The problem as challenged by the NLRB: Employees would reasonably view the language to mean they can't participate in any public activity or make any public statements (i.e., “in the community”) that are not perceived as “positive” towards the Respondent on work related matters, a clear violation of Section 7.



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The judge ruled that the first two items do violate Section 8(a) (1) of the Act and are unlawful. In particular, the rules regarding negativity and making negative comments could reasonably restrict employee rights outlined in NLRB Section 7 activity. With respect to the third item, the judge found no violation. The NLRB did not agree with the judge, finding the third item too broad in its use of the term “positive and professional,” particularly when considered in context with the other items.

NLRB versus Laurus Technical Institute – December 2013

In May 2013, the NLRB charged Laurus Technical Institute with [unlawful discipline and discharge \(firing\) of an employee](#) and ordered the school to pay the former employee full compensation of earnings and benefits for all time lost.

A technical college in Georgia, Laurus Technical Institute had a “No Gossip Policy” defining gossip and applicable to all employees of the college. The school adhered to the policy very strictly under a no-tolerance mandate, citing “disciplinary action” as the chief consequence. The definition of gossip is the key language that motivated the challenge:

- “[T]alking about a person’s personal life when they are not present.”
- “[T]alking about a person’s professional life without his/her supervisor present.”
- “[C]reating, sharing, or repeating a rumor about another person.”

The school claimed that an Admissions Representative violated the policy by discussing with co-workers three other employees who were fired and for contacting a former colleague who worked at another school to see if there were jobs available there.

A judge ruled that firing the Admissions Representative was unlawful because “[t]he language in the No Gossip policy is overly broad, ambiguous, and severely restricts employees from discussing or complaining about any terms and conditions of employment. ... A thorough reading of this vague, overly broad policy reveals that it narrowly prohibits virtually all communications about anyone, including the company or its managers. In fact, read literally, this rule would preclude both negative and positive comments about a person’s personal or professional life unless that person and/or his/her supervisor are present.”

The NLRB enforced all decisions by the judge, at considerable expense to the Laurus Technical Institute. In addition to enforcing the finding that the “No Gossip” rule was unlawful, the NLRB also enforced the judge’s decision that Laurus violated federal labor law by firing the Admissions Representative. The judge found that it was unlawful to terminate the employee

for engaging in the protected concerted activity of discussing with other employees various work-related concerns such as paid time off requests.

Cleaning Up Your Company Policies

Clearly, it isn’t as cut and dried or easy as it may initially seem to create a no-gossip policy. I recommend you start by pulling out your employee manuals and handbooks. Look for some of the most commonly referred to unlawful statements and delete them immediately.

- Any statement referring to not discussing wages, pay, bonuses etc.
- Any statement referring to negative comments or negativity
- Any statement that is overly broad or all encompassing with regards to employee behavior
- Any statement that denies employees the right to complain about the company
- Any statement that restricts employees from discussing termination of other employees

After all is said and done, you may want to think about how effective a no-gossip policy will even be considering typical human behavior. As you have likely learned already, those who are inclined to gossip will not be put off by a policy. While it’s true that gossip can undermine morale and create a hostile work environment in many ways, so can policies and rules that are perceived as overly restrictive or outright unfair.

Considering the overall potential effectiveness of a no-gossip policy combined with the difficulties of enforcing and defending it, my recommendation would be to focus instead on the culture of your company. Creating a culture where people don’t want to gossip is ultimately going to be much more effective at getting you the results you are striving for.

If you do decide to move ahead with the creation of a no-gossip policy for your company, make sure to hire an employment attorney who will have the most current information available and will be most able to accurately lead you toward a sound policy. ■



Liz Trotter is founder of *American Maid Cleaning* as well as an entrepreneur and leadership trainer. She is a former ARCSI board member, a partner in *Cleaning Business Builders*, creator of the HIPEP employee development system and a charter member of *Cleaning For A Reason*.

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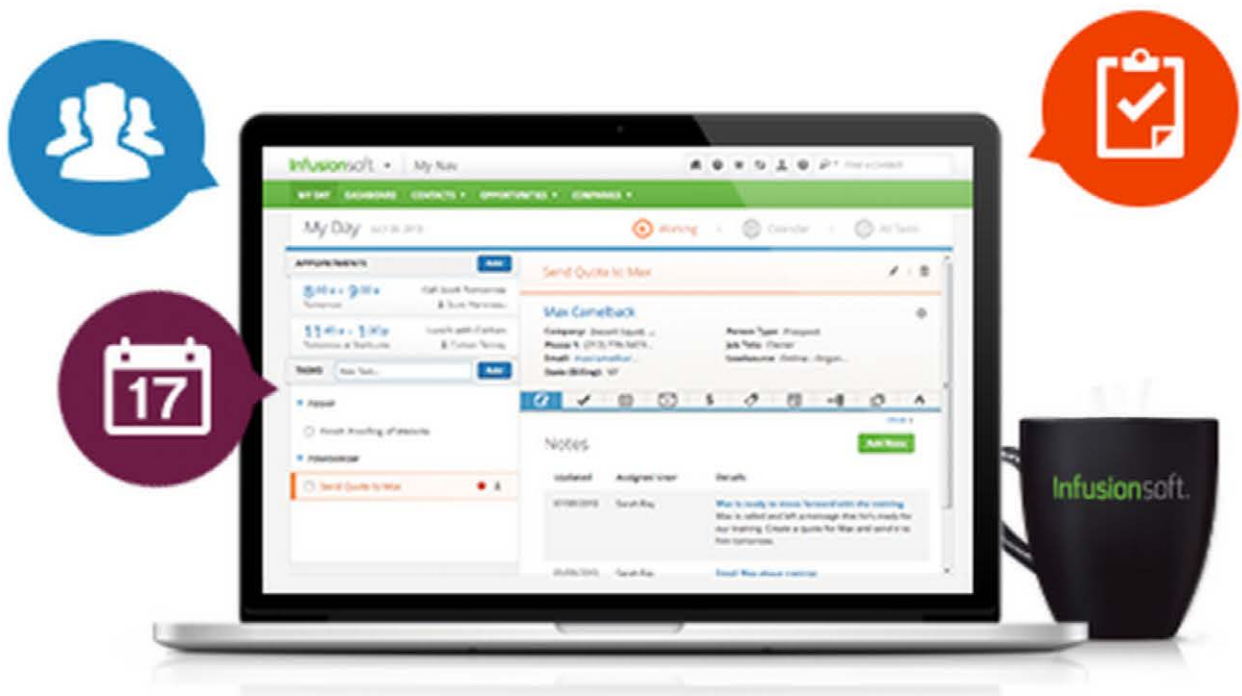
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From Part-time Cleaner to Operations Manager in One Year

This year's ARCSI President's Award Winner started out just one year ago as a first-time and part-time cleaning technician.

"I love working for Julie. I love working for this company. I love helping customers. I take great pride in making sure customers are happy and that they're getting taken care of in a way that reflects the [Refresh Your Nest](#) brand." – Lisa Raymond

Lisa Raymond is the Operations Manager for Refresh Your Nest, owned by Julie McAdoo and serving the Tampa Bay Florida area. Lisa is the 2014 ARCSI President's Award recipient and will be attending this year's convention; she will be recognized at the ARCSI President's Reception on Thursday evening at the Buena Vista Palace in Orlando, FL.

CBT: When did you start with Refresh Your Nest? What was your entry job?

LR: I started in August of 2013. I had just moved to Florida a year prior to that, and I wasn't looking for a job. But when I saw Julie post for new cleaners, I thought it might be nice to go back to work part time. I'd always had office jobs before, but thought I'd take advantage of my master housewife skills as a professional cleaner. I started out working a couple of days a week; then it moved into every day. And then it moved into every day, all day – full-time.



Then one day, Julie mentioned to me that she could make better use of her networking activities if she had someone to help her answer the phones and schedule clients, she could spend more time growing the business, so I started spending an hour here and there in the office each day. From there, I just kept asking "what else do you need done?" And Julie gradually transferred a lot of the day-to-day tasks to me. Then one day, Julie and her family had to go out of town to manage a family emergency, so that became my trial-by-fire. That's when I truly became the Operations Manager.

CBT: What is your job role today?

LR: I came from an administrative background, from office manager to branch manager to regional manager in construction and retail; in fact, while I worked for construction companies, I had contracted for construction cleaning, so I had a good bit of experience from all aspects of a service business. I had a strong reputation



for leading failing stores back to profitability, so that was really a great feeling.

My favorite part of working in retail was my customer interaction, which I didn't really have managing the staff scheduling for construction project. I was good at what I did, but I like this job with Julie at Refresh Your Nest because I'm able to incorporate the customer service skills with the administration skills and it just makes me beyond happy.

Today, I'm a full-fledged Operations Manager, so my responsibilities cover:

- Manage the office and phones
- Bid jobs over the phone
- Handle customer concerns
- Manage day-to-day, paperwork, computer logs
- Manage my crews: supplies, paperwork, keys
- Handle employee concerns: call-outs, time off, reschedules
- Run the employee pipeline from hiring to orientation and training all the way through discipline and firing
- Handle billing and payroll: invoices and payments, work orders, bookkeeping, timekeeping
- Get out the newsletters and keep our social media outreach going

It's a lot, but there's a business to run, so I keep myself focused on the business goals and strategy.

Julie focuses on the networking for new leads and local relationship and researching new opportunities in marketing, systems to help our operations run more smoothly, policies that shape the culture of the business, the things that keep me afloat.

You know, I do a lot of the paperwork and day-to-day things, but without Julie I couldn't do it on my own.

CBT: What are your goals for yourself in the company?

LR: Right now we're servicing the Tampa Bay area from one office. My goal – and it's Julie's goal as well – is to be able to expand. And instead of just me overseeing the one office, I would like to get people into my position in this office and other offices in the surrounding area. So I would manage them as they manage their crews and day-to-day operations. That's our goal, our strategy for becoming a \$1M+ cleaning business.

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“I like this job with Julie at Refresh Your Nest...it makes me beyond happy.”

CBT: What are you most looking forward to experiencing at the ARCSI Convention?

LR: While not my first conference or seminar, the ARCSI Convention will be the first national convention I have attended – in any of the industries I have ever been in. I'm most looking forward to getting to as many guest speakers and presentations as possible. I like to see how other businesses are doing things because it drives ideas for our own. It's hard to make it to that \$1M+ revenue goal and have multiple locations when you don't know what's happening throughout the industry, or without being able to gain feedback on ideas from others who have tried them. You know, I don't have a really strong marketing background, so I'm looking forward to learning more in that area, so I can be a better help to Julie. ■



Knowing the common bond between bad breath and pink bathroom “mold” just might help your technicians get better at cleaning bathrooms.

By Janice Stewart

What's slimy and sticky and red all over? No, it's not a snail reading a newspaper. It's a biofilm containing the bacteria *Serratia marcescens* (*S. marcescens*), which produces a pinkish color and is commonly found on surfaces in tub enclosures, shower stalls, toilet bowls, on tiles, in sinks and even in pet water bowls.

Just like the bacteria that form them, biofilms are everywhere – on slippery submerged rocks and in clogged pipes and drains. There's even a biofilm in your mouth – it's the dental plaque which forms on your teeth and contributes to tooth decay.

What exactly is a biofilm?

These slimy films or clumps are made up of many different types of bacteria bound together in a thick substance that acts as a glue to both hold the bacteria together and adhere it to a surface. We are used to thinking of bacteria as individual organisms that live independently from each other, when in fact most bacteria live in diverse, dynamic colonies surrounded by an adhesive cell matrix the bacteria make themselves. This allows the bacteria to form mutually beneficial relation-



ships with each other for gathering food and even communicating information about their environment that is important to their survival.

Biofilms are fascinatingly mysterious and complex. The study of biofilms has boomed due to more advanced microscopes and a new awareness of their pervasiveness and impact on the natural environment, industry, and human health. For every negative impact of biofilm, a positive use has been discovered. If you are interested in learning more, there are two excellent references provided at the conclusion of this article.

Why do you need to break through and remove biofilm during cleaning?

If not removed, key characteristics of biofilms that directly affect household cleaning are:

1. Biofilms can stain and pit household surfaces, as they are also home to protozoa, fungi, yeasts and other microorganisms, in addition to minerals, and other debris. This creates an expensive remediation or replacement situation.
2. Biofilms can spread easily and contaminate other areas, increasing the opportunity to spread illness,
3. Biofilms are difficult to remove without physical agitation (i.e., elbow grease), and
4. Bacteria surrounded by biofilm are harder to kill with sanitizers and disinfectants and harder to remove even with microfiber.

Just like the urban and suburban growth phenomena in many US cities, lone bacterium or even small groups will break away from these slimy little neighborhoods of all kinds of beasties and debris which all work together to survive to make room for new tenants in the old biofilm and to go off and start a colony in a new area. And that means larger surface areas to damage and more easily-spread disease.

Is it bathroom mold or pink biofilm?

S. marcescens, mentioned above, grows in moist areas where mineral-containing materials and fatty substances – like cooking oil residue and body lotions – accumulate. Sources of these substances include soap scum in bathing areas, feces in toilets, and starchy food residues in pet water dishes.

The telltale sign of a biofilm containing *S. marcescens* is a pinkish to reddish slime, and it is often confused with bathroom mold or mildew. *S. marcescens* is a common but opportunistic human pathogen found in moist locations that can infect open wounds and the respiratory and urinary tracts of immunocompromised adults and children. The primary treatment is antibiotics, but unfortunately some antibiotic-resistant strains have been found.

How do cleaning services combat biofilm?

The best weapon against unwanted biofilms is preventing them from colonizing in the first place, but cleaning services are rarely lucky enough to acquire a new client with a perfectly clean home.

Regular Cleaning: Regularly-scheduled cleaning (ideally weekly) and keeping surfaces free of moisture and residue (“bacteria food”) is the best defense against biofilms. Once established, biofilms are difficult to get

rid of. Even if the surface looks clean, biofilms can cling tenaciously to out of the way areas.

Two-Step Clean and Disinfect Required: Studies show that due to their protective matrix, spraying with bleach or another type of antimicrobial, or a shower or toilet bowl cleaner, and then just rinsing, isn't going to remove them. Antimicrobial chemicals cannot penetrate the biofilm to kill all bacteria. In addition, the antimicrobial chemicals are neutralized by the components of the matrix and the debris it contains. Like dental plaque, biofilm must be agitated, broken up, and removed before an antimicrobial chemical (in the example of plaque - mouthwash) will be effective. This is not a new recommendation for the use of antimicrobials and disinfectants; all require the surface be cleaned and rinsed before the disinfectant is applied because debris interferes with the killing action of the antimicrobial chemicals. The antimicrobial should then sit on the surface for a specified number of minutes before being removed and then rinsed with fresh water.

Some basic recommendations for removing biofilm from a shower or tub:

- Regular cleaning is a must; weekly is preferred.
- Remove soap scum and soil by administering a shower/bathroom cleaner according to directions. Scrub to remove biofilm and expose clean surfaces.
- After removing the biofilm, it is important next to administer a disinfectant and let it sit for a few minutes (follow label directions) to kill any remaining bacteria, before rinsing again.
- Due to the porous nature of tile grout, bacteria can remain untouched in nooks and crannies causing a quick return of the biofilm. Administering steam vapor will assist in reaching and killing those hard to reach bacteria, allowing a longer time between biofilm appearances.
- Targeted use of an oxidizer like household bleach or oxygen bleach, used according to directions, may remove discolorations caused by biofilms.
- Squeegee and towel dry shower surfaces after each cleaning to aid in inhibiting biofilm growth. Encourage clients to dry the shower/tub after each use, especially for clients on a 4-week or less frequent cleaning schedule.

Some basic recommendations for removing biofilm from a toilet bowl:

- Regular cleaning is a must.
- Clean toilet bowl according to directions on the toilet cleaning chemical of your choice.
- If a possible pathogenic bacteria or biofilm is pres-

ent, add a second step using your antimicrobial chemical of choice to disinfect bowl. Follow directions on label.

- After cleaning and disinfecting, pour ¼ cup of household bleach into the toilet tank. Let sit for 20 minutes and flush several times. Do not let household bleach sit in the bowl or tank for more than 20 minutes as it can damage non-porcelain parts of the toilet.
- If using a steam vapor machine, remove as much water as possible from the bowl and tank before

- applying the steam vapor to the inside surfaces.
- For intractable biofilm cases, a disinfectant toilet cake in the bowl or tank may be required.
- Use care with abrasive cleansers and sponges to avoid scratching the fixtures, which will make them even more susceptible to harboring bacteria.

Digging Deeper

These resources from Montana State University's Center for Biofilm Engineering offer excellent illustrations and short films related to biofilm:

- [Biofilm Basics](#)
- [Biofilm Movies Database](#)
- [Household Biofilms Slideshow](#) ■

S. marcescens thrives in a pH of 5 to 9.

Baking soda (Sodium Bicarbonate) has a pH of 8.3 to 9. Used as a paste cleanser this would physically remove the biofilm, but not effectively kill it.

Vinegar (acetic acid 4-8%) has a pH of 2.2. Be aware that vinegar is not an effective antimicrobial for use against possible pathogenic bacteria.



Janice Stewart Owner of [Castle Keepers](#) and driving force behind the development of the Modern Cleaning approach, Janice brings her scientific and healthcare background to inform the development of effective, safe, and healthy cleaning methods.

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My Pet Peeve: Customers Who Lie

Be the company your customers come back to, even when they lie to you.

By Derek Christian



One of my biggest pet peeves is customers who lie to us. I am amazed by the lack of honesty and the ownership that people fail to take for their own actions any more.

One of the major advantages of working from home on Tuesdays and being out of the office so much this summer at the ARCSI Summer Success Tour is that my office staff has realized that I am not the complete mess my customers often make me seem to be. The typical scenario goes something like this:

Office Manager: Mrs. Smith, we are calling because our cleaner is at your house, and we could not find the key. Is there another way into your house?

Mrs. Smith: Well, I talked to Derek last Tuesday and told him to skip this cleaning.

Office Manager: I am so sorry for the mistake. Would you like to reschedule your cleaning?

Normally this ends with my office staff rolling their eyes and deciding that I have the world's worst memory and I ALWAYS mess up the schedule. As a result, the general consensus with my office staff is that Derek cannot answer phones because I just mess things up. What has been interesting is that for the past several months, I have averaged 10 days in my office all month, with the most number of days being 12. And on those days, I was in scheduled staff and business meetings for nearly every minute of those office times. On the rare occasion I did answer the inbound phone line, it was usually the employee line, not the customer line.

Well, this last month, the office staff started to keep track. A total of nine customers



Derek Christian is founder and owner of *My Maid Service*, Cincinnati's largest, independent professional cleaning company. Prior to that, he spent twelve years at P&G working on household cleaning products. Derek is co-founder and Editor in Chief of *Cleaning Business Today*.

Contact

reported that they talked to me directly. One in particular was very specific on the day and time, because she remembered calling from the shuttle bus at the airport and speaking to me. (FYI, I am the only male in the office, so it is pretty clear when I answer the phone.) But on that day, I was giving a presentation at a conference several hundred miles away from my office.

I just wish they would admit that they forgot to call and apologize. Instead, some customers just love to blame me. Here's the really funny thing: we do not even charge a lock-out fee like most cleaning businesses. It doesn't cost them anything to admit that they did not call in or that they made a mistake.

For some reason, it just seems to be the nature of some customers to not want to admit that they made a mistake. Why? Well, it comes down to two assumptions about the owner of a business:

1. The owner cannot get into trouble.
2. The staff can't argue with the customer if "the owner said it was OK."

I am not sure there is too much I can do to change customers' behavior, but it is an interesting trend and something I

thought I'd warn other business owners about.

So what do you do?

1. Fix the immediate problem – right at that moment; [it doesn't matter who's right](#).
2. Record [every available detail](#) of the situation, highlighting discrepancies for further investigation
3. Check your daily, weekly, monthly job schedule for patterns that are costing you money and compare that to the [value of the customer](#).

We are very polite with customers, but note what actually happened in our files – any conflicts with the reported data. If we discover that a customer has lied too many times, we may have to speak with them and find out more about what's really going on. But for the most part, we politely fix the immediate problem and take ownership of the "error" for the sake of good customer service.

That doesn't mean it doesn't drive me nuts. ■

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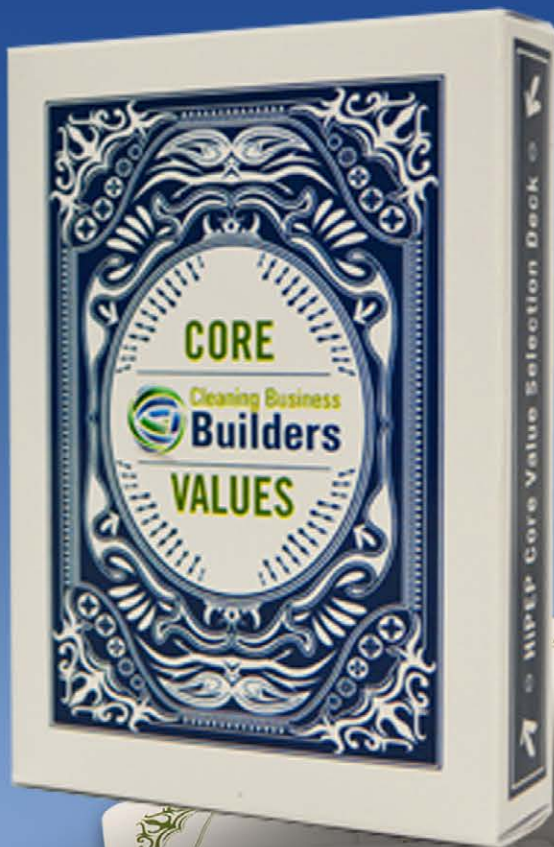
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Is it Time to Make More Money?

Use these best practices to implement your first price adjustment or across-the-board price increase.

By Liz Trotter

Everything's been going along just fine, but maybe there are a few things nibbling at your subconscious. Is your net profit from each job shrinking somehow? Have you heard that "the other company in town charges \$XX per hour" – more than you? Does every job you quote sign up with your service? Has it been ages since you did a price adjustment or a price increase? Well, as scary as it may be, now is the time to raise your rates and/or prices!

One way to get over the fear is to have a good system to follow. Creating that system may be a challenge initially, but when put into process, it becomes a standard task that gets done each time without having to think about it. There are three basic types of rate/price changes.



1 Standard Rate Change. This is when you change the rate you charge across the board. Regardless of how you pay, you will have a standard rate per hour. You may have different rates for different types of cleaning (one for routine service, one for vacant cleans, or maybe your weekend rate is different), but at some point, you will need to raise this rate to not only make ends meet, but also to remain competitive.

Consider putting this on your yearly calendar as a to-do item. When it pops up, check the competition's prices, talk to your accountant about your profit margin and any necessary changes, and evaluate your expense accounts for waste. Rate changes usually affect new clients while price increases will be used for routine clients.



Liz Trotter is founder of *American Maid Cleaning* as well as an entrepreneur and leadership trainer. She is a former ARCSI board member, a partner in *Cleaning Business Builders*, creator of the HiPEP employee development system and a charter member of *Cleaning For A Reason*.

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2 Price Adjustment. This is when you need to adjust the price you are currently charging your routine clients because they are either over or under paying. Typically this will happen soon after the client begins service. There may also be a change in the household that demands a price adjustment, such as new flooring, child goes off to college, new pets, etc.

Put a system in place to flag all clients after their 3rd cleaning to check the accuracy of the time allotted for cleaning. Consider auditing all clients at their one-year anniversary. As part of that audit, check on the condition of the home. This can be done by survey, a personalized letter, phone call or by using an internal audit system where your techs fill out an audit form recording all changes to the home. Price adjustment conversations are better done on the phone or in person, so the reasoning can be explained more thoroughly.

3 Price Increase. This is when you need to raise the price of all clients' current rate due to inflation, increase in expenses, etc. It's the scariest of all types of increases, but certainly the easiest to implement. Consider making increases on a yearly basis

and incorporating the audits described. Additionally, use these audits to track the level of satisfaction your clients have with your service.

“Increases are easier to send when you are convinced of the client’s satisfaction.”

Increases are easier to send when you are convinced of the client's satisfaction. Doing audits and sending increase letters (by email or snail mail) based on the client's anniversary have 3 additional benefits. If there are losses, they will be mitigated by being spread across the year. Doing them monthly makes them seem more common place and consequently less scary. Turning them into a systematic process means anyone can do them and you can cut your emotional ties more easily.

When all is said and done, for you to see your bottom line grow, you must run your company as a business and not as though you are cleaning for your friends. Don't wait any longer. You know it's time! ■



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What Uninsured Cleaning Professionals Risk Every Day



Budget in proper business insurance before an accident wipes out your cash flow. **By Ted Devine**

Most owners of cleaning and sanitation businesses are more concerned about revenue than insurance – in fact, most business owners feel this way. But cleaning professionals who go without insurance (or who have insurance that doesn't fit their current needs) risk wiping out any revenue they make when something goes wrong unexpectedly.

5 Major Risks of Running a Cleaning Business

Here's a look at five of the most significant risks that face cleaning businesses without insurance (and how to reduce those risks to keep the business strong).

1 Injury to Your Employees. Whether your business offers commercial/janitorial, window, or residential cleaning, your work is physical. Bending, lifting, and repetitive motions can lead to a variety of injuries, and that's before you consider slipping on a just-waxed floor or inhaling toxic cleaning chemicals. Medical bills aren't cheap, and if your employees are hurt on the job, your business is responsible for those bills. Luckily, occupational injury doesn't have to bankrupt your business: Workers' Compensation Insurance, required by most states, covers both the cost of treating workplace injuries and a portion of the wages your employees lose if they have to take time off to recover.

2 Damage to Your Clients' Property. Think of the classic knocking-over-the-priceless-vase-while-dusting scenario. Or the client who forgets to mention that the parquet floors need special care. A lot of things can go wrong when you spend most of your time on other people's property. If your client suffers a major financial loss because of your work, an honest mistake could trigger a lawsuit. Even if the judge rules that you're not responsible for the damage, you'll face hefty legal expenses. The [US Chamber Institute of Legal Reform](#) puts the cost of a dismissed lawsuit at between \$2,000 and \$5,000, thanks to legal fees. A General Liability Insurance policy can cover those costs as well as any damages you have to pay. And this coverage is affordable: GL policies for small carpet cleaning businesses start at less than \$400 per year.

3 Equipment Damage. Without equipment, a cleaning business can't function. But professional-grade gear is expensive and can be hard to replace on short notice, especially if you don't have a lot of cash on hand. The good news: Property Insurance can help keep cleaning businesses in the black when gear is stolen or damaged by fire, some storms, and certain other events. Even better? Many small cleaning businesses qualify for a Business Owner's Policy (BOP), which bundles Property with General Liability. The magic of bundling lets you save on both policies.

4 Client Building Closure. Picture this: you're getting ready for the nightly cleaning at your main client, an office building, when you get a call from the building manager that there's been a serious fire. The building is badly damaged. Repairs will start immediately, but the building will be closed for at least two months. Would you be able to keep your business afloat without its biggest client for two months? As a cleaning business, you have a unique risk exposure: because most of your work is performed at client locations, you're vulnerable to property damage on multiple properties rather than a single office location. But most Property policies only cover damage to a primary business property. That's why it's a good idea to find a Property policy (or BOP) that includes the SPICE endorsement (Special Property Insurance Coverage Endorsement). The SPICE offers protection for property damage that happens at third-party locations, as well as up to \$25,000 in Business Interruption Insurance if you're unable to work at a client site.

5 Third-Party Injury. Finally, because you work on others' property, there's a good chance someone might overlook your "Wet Floor" sign and take a nasty spill. If that fall leads to a doctor's visit or ER trip, your business could be asked to cover the medical bills.

In a worst-case scenario, the injuries might be serious enough to prompt a lawsuit against your business. Either way, you'll be protected with a General Liability policy in place. This trusty insurance pays for claims of third-party injury so you can focus on doing your job rather than finding the funds to send someone else to the doctor.

Keeping Your Business in the Black

Savvy financial management and planning are crucial to keeping your business healthy. But even the strongest business can be undone by an unexpected lawsuit or property loss. To find out the specific risks that threaten your business, talk with a risk advisor or insurance agent familiar with cleaning businesses. ■



Ted Devine is the CEO of Insureon, the nation's leading online insurance provider for small businesses.

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Navigating Changes in Your Business, Part 2 of 3

Navigating the BIG CHANGE is like your first trip through a haunted house attraction: the first few scares make you want to quit, but after that you settle in for the ride. **By Joe Walsh**

IN PART 1 OF OUR THREE-PART SERIES, we explored the profit margin issue my 25-employee company was experiencing as we entered 2014 and the three major metrics analyzed in search of a solution: payroll % to sales, bill rate, and efficiency.

In part 2, we'll look at the structural, process and company culture changes implemented to move these numbers in the right direction. To re-cap, our goals were to:

1. Increase average billable rate by raising prices 5%
2. Decrease total payroll cost by 2.5% as a percentage to sales
3. Increase overall efficiency 7.5% by switching to individuals and two-person teams

Ultimately, we were looking for a 10% increase in our gross margin. Our goal was to achieve this while keeping intact our client base, staff and commitment to being a responsible employer. Let's get started!

Proper Previous Planning...

First, because each of the above items is related to the other, it became apparent that they would all have to be done simultaneously. This was a tremendous amount of work; there was no way I could do it on my own.

I had a team of coaches (and supportive fellow students) through the Cleaning Business Builders Foundations course. I had two consultants locally that I turned to at various points, and a great bookkeeper and accountant. Having an Office Manager with a command of our sched-

ule and administrative processes was essential, as was a specialist who focused just on data entry, necessary software system updates and building lots of spreadsheets.

Our rough plan of action, which took about three months to fully develop and implement, looked something like this:

1. Hire a recruiter
2. Make all of the potentially painful structural changes all at once (compensation, incentives, team structure), with a set deadline for implementation of April 28th.
3. Raise client rates

Hiring a Recruiter

We had to plan for potential additional employee attrition as a result of our changes. So, while carrying out analysis and running scenarios on our structural changes, I went out to search for a part-time person tasked only with recruiting, screening and hiring new staff members. After a few false starts, our search met with success, and within weeks we had a talented new recruiter filling our candidate pipeline.

Making the Structural Changes

This would be by far the biggest and most complex series of steps in the process. I will endeavor to briefly touch upon each major area and metric and briefly describe its role in our process.

Competitive Wage Analysis

The US Bureau of Labor Statistics breaks down [wage in-](#)

formation by state and occupation right on its website. So I did a survey of what types of jobs our employees came from (and could easily go back to) to get an idea of what other occupations to benchmark us against. A clear list was formed and included job categories like personal care aides, food servers, childcare workers, cashiers and counter help. I averaged them all and compared them with the Housekeeping wages category:

Primary Wage Category 37-2012 Maids & Housekeeping Cleaners		
	Hourly	Annual
Mean Wage:	\$9.99	\$20,780
10th Percentile	\$8.01	\$16,660
25th Percentile	\$8.55	\$17,780
75th Percentile	\$11.28	\$23,470
90 th Percentile	\$13.34	\$27,750
Competing Professions – Averages		
	Hourly	Annual
Mean Wage:	\$9.92	\$20,638
10 th Percentile	\$8.25	\$17,160
25 th Percentile	\$8.71	\$18,122
75 th Percentile	\$10.65	\$22,158
90 th Percentile	\$12.56	\$26,132

This data told us we had to be paying \$8.25 to start, and top out somewhere between \$13.00-\$13.50 to be paying market wages.

Switching to Commission Pay

In August 2013, we had devised a system to pay our staff, but it was not going well. Our payroll as % to sales increased and everyone had essentially gotten a raise, yet morale was at an all-time low. The system was overly complex and included a quality “bonus” that staff could lose if they generated quality complaints. The complexity of the pay method and the uncertainty of the bonus structure were the main sources of the discontent for the staff. For me, the complexity meant lots of wasted administrative time.

Rather than just modify the existing structure to cut costs, now was the time to change the way we pay entirely. After exploring alternatives, including switching back to straight hourly pay, we decided on a commission pay structure. I liked this idea for two reasons:

1. It makes controlling payroll % to sales easier as you

are building a guaranteed cap on wage costs into your compensation method.

2. The opportunity to shift our company culture to better reflect my values of entrepreneurship and personal responsibility. I suspected this would have the long-term benefit of attracting the type of driven employees that would like to work in a more entrepreneurial environment.

We then ran scenarios that compared effective hourly wages under both systems, as we needed an “hourly” number to benchmark against our Bureau of Labor Statistics Data. We also needed a measure that was common to both pay systems. See *Table 2 at end of article*.

Keep in mind that these are averages. When we looked at individual examples we found that our most efficient techs and team leads could end up getting a raise, while less efficient staff might see a pay cut. These numbers met our social responsibility goals to have entry-level staff making at least \$10/hr, with at least a \$2/hr differential for entry-level supervisors (Team Leaders). These wages also made us competitive in the employer marketplace.

Changing the Incentive Structure

In 2013, we had spent around \$21,000 on our incentive bonus system, which alone represented 2.74% of our gross sales. These incentives were immensely popular with the staff but were unsustainable at these levels.

Under the new incentive system, we reward only for activities that directly generate revenue (like a client referral) or offset a potential expense (like earning an on-line review from a client, which is like free advertising). While we were at it, we changed the points values to make them more straightforward from an administrative perspective, added new prizes in response to previous input from staff, and developed a new spreadsheet that made tracking and paying out points easier than ever.

Team Structure: And Then There Were Two

Critical to our ability to achieve necessary profit levels without too drastic a cut in pay or increase in prices was an increase in efficiency (total billable hours ÷ employee hours worked) from our current 73% to our target 80%. As described in part 1 of this series, we had determined that switching to two-person teams gave us our best shot at achieving these numbers.

In order to switch to two-person teams, we had to undertake several simultaneous projects, including:

1. Re-configure the entire schedule of 230 clients around

8 teams of 2 instead of 5 teams of 3 or 4, matching clients' preferences, geography and staff availability. My Office Manager and I sketched out a rough plan, and then she set to work on the full overhaul.

2. Purchase three additional vehicles (we use company cars) and get them lettered.
3. Purchase and configure three new tablets for our new teams. We use a cloud-based scheduling software and our teams use tablet computers to get their work orders.
4. Re-configure the physical layout of the team stations. Key boxes and numbers, cubbies, supply storage and control (each team has its own supply cabinet), and more.
5. Find and train three new team leaders. All at once! Luckily, we had created a new position called Assistant Team Leader in the months leading up to this change. The original intent was to create a leadership pipeline in our organization and, well, it worked! We had two of our three almost ready to go, right out of the gate.

Increasing Billable Rate

Finally, the rate increase. This was actually the easiest part of our change. We'd raised rates each year since our third year in business, and already had a letter template and analysis spreadsheet in place. Although it had only been 10 months since our previous increase, we reasoned that most clients would not notice the slightly earlier timeframe as it was an annual occurrence anyway. The letters were prepared to go out one week after the new structure took effect.

Presenting the Changes to Staff

At two weeks before the implementation date, I called a special staff meeting. We prepared the staff by letting them know we were making some big changes and would be telling them all about it the day after tomorrow. I had also made some key staff members aware of the gist of what was happening, so it wasn't a total surprise for everyone. Most staff knew something big was coming but not exactly what it was all about.

The approach I took to the presentation would be critical. I'd learned the hard way that any group conversation about payment method must be handled carefully. The last time we had changed the payment method, less than 9 months prior, the presentation was met with much consternation even though everyone was getting a raise. Since I knew this meant a potential pay cut, the pressure was on to get it right.

This time, I rehearsed the presentation ahead of time and chose my words carefully. Not because I felt I needed to

walk on eggshells, but because as owners it's easy for us to forget what it feels like to be in the audience listening to someone tell you how things are about to change for you in a big way, especially when it affects your wallet.

The presentation opened with a frank conversation about our unpopular pay method. Why was it unpopular? A lively discussion ensued. The staff had lots to say about why it wasn't working. What they didn't know about was our efficiency number – how that had decreased since the new pay method had gone into effect the previous August. I continued to ask questions: "Who can tell me what efficiency is?" and the staff arrived pretty much at the formula for efficiency (hours billed/hours worked) all by themselves. Then they came up with a list of things that affect efficiency. Amazingly, two items on the list were things I hadn't even thought of, and they are now part of how we define efficiency!

Once we'd defined efficiency, I made the connection between efficiency and profits, and made the connection between profits and the future of our company. No profits meant no resources to hire more staff, to get them the training or equipment they needed or to advertise and grow the company. I can remember the big red marker I took to the presentation board: No Profits = No More Green Clean Maine.

At this point, I took the reins. I'd never seen my staff so enthralled in a presentation before. Their looks were eager and curious. I presented the solution in four parts, putting the potentially unpopular ones in the middle of the list, to emphasize positive benefits. I listed:

1. Raise Prices (during this item I reminded them that they provide a premium service and the work they do is worth a premium price),
2. Pay by percentage (focused on its simplicity and fairness, the two major objections staff had to current methods),
3. Change to bonus structure (explained that it would have to reflect revenue-generating activities), and
4. We would switch to 2-person teams. When I unveiled this item, the room erupted in applause! I had a hunch this would be popular, but hadn't anticipated that kind of reaction.

The rest of the presentation was spent delving into the details of each item, and answering the myriad questions that came up. When it came to presenting the bonus structure, I asked the staff to tell me why each item was a bonus item. It was incredible how well they understood the revenue-generating or expense-saving potential of each item.

In closing, I let the staff know that this might mean a sacrifice for some, that some people might see a reduction in their paychecks. Stick with it, however, and it will pay off for everyone. The message was about opportunity, and the response was much better than I could have anticipated.



Joe Walsh

started *Green Clean Maine* in 2007 to bring a truly sustainable and non-toxic cleaning service to Southern Maine.

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Next in our series, we'll look at the results of all this change. We'll delve into the numbers and get an idea of what's worked and what hasn't. ■

Table 2

Effective Hourly Wage = Total wages for period/hours worked in period		
Effective Hourly Wages as of March 2014: Sample of 13 pay periods, Sept. 2013 – Feb. 2014		
	Average of all Techs	Average of all Team Leads
Weekly Wages Earned	\$410.00	\$538.15
Hours Worked	36.33	39.60
Effective Hourly Rate	\$11.31	\$13.59
Projected Effective hourly wages under new percentage method		
Weekly Wages Earned	\$375.57	\$502.94
Hours Worked	36.33	39.60
Effective Hourly Rate	\$10.34	\$12.70

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Benefits that a Small Business Can Afford

When “employee benefits” feel expensive and cumbersome, remember that there are many low or no cost ways to offer value to employees without breaking the bank. **By Deanna Arnold, PHR**

When it comes to a small business, every penny counts, just like every employee counts, to the successful operation of the business. But with health insurance and major benefits being too expensive for most small businesses to offer, how do you balance being able to recruit and retain good employees with benefits and incentives, while keeping an eye on the bottom line of the business?

Be creative and try not to think of benefits in the traditional sense. Talk to the employees. Ask them what they want and what they are looking for in a company, the position they are in and what motivates them. Figure out what their needs are and address those in the form of benefits and incentives. There are a lot of different ways that employers can provide employees “benefits” at low or no cost. Here are a few examples:

Supplemental Insurance

Supplemental Insurance is a great way to

offer some form of a medical benefit to employees in the form of the various types of policies that the supplemental insurance companies offer. The policies are voluntary to enroll in and are typically policies that cover Accident, Dental, Vision, Critical Care, Life Insurance and Disability as well as a range of others depending on the provider chosen for this type of benefit. The pricing varies on these plans because it is based on a variety of different factors, but for the most part, they are affordable for employees and they are no cost for the employer.

Retirement Savings Plan/ Financial Planning

One of the biggest things that people think about throughout the day is money and their financial situation, sometimes taking them away from being able to focus on their work. Providing employees with a 401k plan or some other form of retirement savings option, as well as access to a Financial Advisor, is way to give employees



Deanna Arnold is the President of *Employers Advantage, LLC*, providing solid human resources consulting and solutions for small businesses in various industries.

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a resource that they may not otherwise have. Paying the administrative and plan fees for something like this is significantly less expensive than a major medical plan, but provides a value to employees that they will carry with them throughout their lives.

Recognition Programs/Discretionary Rewards

Most companies have at least one company credit card and most credit cards provide points for purchases. Employers can use those points to purchase gift cards or other items from the credit card company “store” to use as rewards or recognition gifts for employees along with a formalized recognition program.

Employee Discounts and Preferred Service Providers

Meeting the everyday needs of employees is a way to show them that the employer cares about them as individuals and has a vested interest in them. This can be done by working with local companies (gyms, auto dealers, dry cleaners, etc.) to see if they would be willing to provide a discount to active employees of the company.

Another option is to build relationships with service providers in the area (lawyers, real estate agents, auto repair shops, home repair, etc.) and create a list of preferred vendors that have been vetted for employee use. When various situations come in people’s lives, sometimes they aren’t sure where to go to get the help they need, and it takes them away from work both physically and mentally. Having resources for employees in those situations creates another benefit that is of value to them and the employer.

Creating a work environment that respects and values the employees is the best retention tool there is. That includes meeting employee needs in areas outside of the job itself by providing benefits of value. ■



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