

A Practical Guide To Starting Your Carpet Cleaning Business

A guide of why and how you
should start your own
professional Carpet Cleaning
Business... includes
planning, costs and sales!

Congratulations! You've made the conscious decision to start your own carpet and upholstery cleaning business. May I be the first to wish you the best of luck in your new venture and to let you know I am here to help if you need anything along the way.

From now on you're going to be busy! There appears to be so much to do, and there is if you're going to go about it professionally, even on a part time basis. So follow me and I'll guide you through the few simple formalities involved in launching your new company.

The First Stage

The first thing to do is to purchase your machine and a comprehensive selection of cleaning solutions. We at Alltec Network will be more than pleased to advise on a tailor made machine and chemicals package to fit within your budget. Buying your machine and chemicals at an early stage will allow you to gain experience on your own carpets and furniture, and those of you friends and relatives.

How Can I Finance my Business?

Once you know how much your equipment will be, you will know how much you might need to borrow. Decide how much you can afford to pay back monthly and then look into all your options to decide which will work best for you.

Leasing is the most tax effective of all the borrowing methods as all rentals can be offset against tax at the end of each year. VAT is charged only on each monthly payment rather than in one lump sum on the total. The equipment being leased will be held as security for the loan – not tying up your house.

All payments are fixed for the agreed period, thus allowing more accurate cash flow forecasts. Leasing offers lower rates than Hire Purchase or normal bank loans.

Standard practise at the end of the lease period is a one off payment as you do not automatically own the equipment, but through our agreement, you can own the title with one payment of £50 +VAT or one month's rental (whichever is smaller) and will be agreed prior to signing. Make sure when choosing your Leasing company what their terms are.

The agreement may be terminated before the end of the term, but all outstanding payments will be payable immediately. Although you do not “own the equipment” throughout the agreement, you are still responsible for arranging it's maintenance and insurance.

Small Business Grants are available to some start up's depending on your circumstances and location, have a good search on the internet to see if you can qualify for any extra help!

The next stage is to start planning your new business

You've heard it before, “Failing to plan is planning to fail.”

Writing a business plan might seem like a long and boring task, but it forces you to think about your ideas, highlights potential problems and makes you take a hard look at how much money you are going to need.

The purpose of having a business plan isn't to “cast in stone” the progress of your company. Frankly, flexibility and ability to change rapidly is one of your main advantages as a small business. BUT, every business (and every life) should have SOME written goals to work toward and to judge your progress by.

Choosing a name for your Company

What are the points to look for when choosing a name? Well, some of the more important criteria are to choose a name that:

- Is identifiable and easily remembered by customers
- Is not the same as, and is not likely to be confused with, nationally known or local companies already established in the same field as yourself.
- Reflects the image that you wish to portray to your customers (use positive words like 'professional'; avoid negative words such as 'cheap'.)

Make a list of your favourite options and ask friends and family's opinions on what they prefer (remember, these are the kind of people you want to sell your services to).

Once you've chosen your company name and carried out a Company Formation to register your company with Companies House, you'll need to think about protecting your company name. You can find the forms on www.companieshouse.gov.uk and costs £40.00 to submit.

Other people or businesses may register your company name as a domain name and prevent you from being able to purchase it yourself, so it is of the upmost importance to register as soon as you have chosen your company name.

Protecting your company name, is as important as protecting your business brand. You need to do all you can to preserve your good name and prevent others from potentially damaging it or leaching off your goodwill.

Deciding what type of company

Should you set up a Limited Company? There really is no easy answer. Everyone's situation is different, and what's right for one person might not be right for another.

There are lots of things which might influence your decision:

- The type of business you are thinking of running
- Your future plans to grow the business, or not
- What level of commercial risk you will be exposed to
- What kind of administrative support you have, if any
- How you wish to be perceived by customers

Lots of things to think about, and most important of all is your own personal preference, you might just want to be limited rather than sole trader.

An accountant should be able to advise you of what is best for your company and make you aware of all the advantages and disadvantages of each option.

Once you have decided, contact HMRC to let them know to get the right business starter pack for you.

Insurance

As well as your Commercial Vehicle Insurance Policy you will need Public Liability and Treatments Insurance. These are legal requirements as well as a great idea to keep yourself protected.

Telephone numbers

It is important to offer a landline number as this will give a much more professional appearance to your company rather than just offering a mobile number. It would also be beneficial if this landline was dedicated to your business and not your personal landline number too; potential customers could be put off if your 10 year old answers the phone with a simple 'hello'.

This landline can then be diverted to a mobile number and have an answerphone message set up for when you are not able to answer the call.

I don't think that in this day and age free phone telephone numbers would win you extra business. However, I'm sure they stop you from losing business. The point is you have to make your service as accessible and risk-free as possible. An 0800 or 0808 free phone number is essential.

Shopping around and some internet searches will help you find the most competitive prices, but don't forget to review what others say about the service.

When you're looking for a supplier the most important questions to ask are...

- 1) Set-up Cost.
- 2) Monthly minimum charge.
- 3) Call costs per minute ex VAT.

I recommend you book a few different lines; the reason is simple, if you pick up the Yellow Pages what's one of the things you look for? A local company right!

So I recommend in addition to your 'Head Office' line you book a line for each of the other major towns in your Yellow Pages book.

This will give the impression you're a larger company and that you have multiple branches/offices – which will attract the people with money, while it will scare away the people without it!

0800 numbers can be diverted to any number you wish. You only pay the cost from them to you.

DO NOT PUBLISH ANY NEW PHONE NUMBERS UNTIL YOU HAVE THE NUMBERS IN WRITING AND ARE HAPPY THEY ARE DIVERTED TO THE CORRECT PLACES!

Services you are going to offer and locations

Decide which services you are going to provide and what training you will need to do this. The first services to start with are Carpet and Upholstery Cleaning. Rug Cleaning, Leather Cleaning, Curtain Cleaning and Hard Floor Cleaning are all additional services you can add on once you have had training and experience.

How far are you willing to travel for a job? Set a radius of your home and make a list of all the towns and villages within the area.

Who will work for you and job roles?

Assess your skills and start thinking about what other help you will need, but try not to start employing people until you really need too. If you have the support of your family this will be a great advantage. Many Carpet Cleaners start out as just themselves out cleaning whilst their partners cover the admin aspects of the business.

Find an accountant if you haven't already. When choosing your accountant, ask for quotations for fees as they can vary greatly between firms!

Training

Basic training is very important, not just to show you what to do but also to pre-warn you of easy mistakes that can be made! As well as practising on your own carpets, we would advise that you attend a Hands-on training school to begin with, once you are more confident you should attend the theory based schools to receive certification.

The 2 main bodies for Training are the IICRC and the NCCA, both are very well recognised within the carpet cleaning industry.

Training should be ongoing throughout your business, equipment and processes change and it is important to keep up to date with this.

Cost of sales and setting your prices.

Price is always a problem! BUT DON'T MAKE IT YOURS.

All too often cleaners work out the price they are going to charge for their cleaning service in one of two ways...

1. Calling their competitors – to see what they charge! *I'm sure most don't know how to run their own business properly - let alone yours!*
2. By what they are willing to pay! *The amount of money you think YOU would pay for something has nothing to do with what you should charge.*

You need to work out your own cost of doing business. It's really not that hard to do. Just work out your overheads divided by the time you spend in the business. You'll be surprised when you do.

Charging the right money is important for many reasons. The main one is that you need money to fund your perfect lifestyle. Whatever you or your family do – you need money to do it!

Even if you think that money is not important, but spending time with the family is – well, the more you earn in less time – the more time you can spend with your family!

BUT - You Must Increase Your Service First! If you build value into your service first - your price will not be questioned. You should be offering a “Mercedes” style service– far above your competitors, therefore you must charge accordingly.

Offering a cheap service can imply that the quality may be inferior to the other companies quoting for the job. Think about supermarket own brands, how many times have you bought a ‘value’ product only to realise that the money saved wasn’t worth the loss in quality!

What does it cost you to do business?

Well, one way to find this out is to work out all your fixed and variable costs for the next year i.e. everything you think you’ll pay out in a year for your business; equipment, supplies, vehicle, insurance and general running costs.

Then you need to add the money you wish to make for yourself. For example if your costs are £20k and you would like to make £25k you need to earn £45,000 to do that.

Now work out the amount of cleaning hours you’ll do this year. For example you may work 8-9 hours a day, but take out the travelling etc... you’ll probably only clean for five hours a day. So at five hours a day, five days a week and 48 weeks a year you’ll clean for about 1,200 hours a year.

So we now have a forecast turnover of £45,000, and 1,200 hours to earn it in. That means you must be earning at least £37.50 per hour to break even. If you need £55,000 a year you need to be charging £45.80 per hour.

This is without making a profit!

So How Can We Up Our Prices?

If you just walk in to a prospective customer’s home, have a quick look around and give a basic price – then you’re in the same boat as everyone else. To improve you need to...

- ✓ Provide educational marketing
- ✓ Give a great, professional presentation
- ✓ Offer packages (offering the choice of Me, Me or Me!)
- ✓ Do the best job ever
- ✓ Follow-up with fantastic customer care
- ✓ **ABOVE ALL INCREASE YOUR VALUE FOR MONEY!**

If you are able to deliver your service with such convincing authority and perceived massive value you will be able to charge higher prices. Never though, start to think that you’ll be better off cutting prices to increase your income, tempting as it may be!

Once you have all of this in place, it is time to start finding customers!

Sales & Marketing

The quality of your work is not the only thing that will determine your level of success in your new business. Obviously, you will need to do a good job to retain customers, but to find these customers you will need to put a lot of effort into your marketing and selling!

Marketing and Selling is basically all about communicating with your potential customers and telling them about what you have to sell.

The first couple of years in any new business are always the hardest because it's during these years that you seem to spend so much time and money simply telling people about the service you have to offer. However, if you deliver a great service and get referrals and repeat work, you will reap dividends in the years to come.

Practical ways of pulling in work:

Website - A Website is a must as most people use the internet to search for service companies; this should be simple to navigate and filled with information for your potential customers. A Consumer Guide to give to people or make available to download from your website will explain to your potential customers why they should use you to clean their carpets but is disguised as educational material!

Leaflets and Special Offers – Leaflets will provide a ready means of obtaining work and one where the amount of work obtained will be directly related to the number of leaflets dropped. If you have several gaps in your diary in the weeks ahead, spend a little time putting out leaflets and you will soon have those holes filled.

If you're starting up full time, you ought to consider dropping one, two or even three thousand leaflets per week. Part-time from five hundred to one thousand.

The response rate from one drop to the next will vary enormously, but you must discipline yourself to getting that number of leaflets out each week in different areas, come rain or shine, otherwise you'll find those holes starting to appear in your diary again. You will find that six to twelve months is the optimum interval between drops in any one area.

Newspaper – Newspaper advertising isn't the most cost effective method of obtaining work but with a long term advert it does fetch in a useful amount of business and when you're getting the business off the ground a comprehensive advertising campaign is a must.

Knocking on doors – How does a Window cleaner get most of his work? By knocking on doors!

Why should Carpet Cleaners not do the same? A small number of enlightened individuals and some very big national companies have latched on to what has proven to be one of the cheapest and most successful ways of getting work. It's cheap, because it costs you nothing other than show leather and time!

Saturday is the best day to do your canvassing and is most effectively done if you have leaflet-dropped the area a few days prior to calling. In this way the customer will already know your identity and you will have a ready talking point – the leaflet.

Carpet Shops and Carpet Fitters – An often overlooked source of work is your local carpet shops and the good thing about leads from here is they will already have faith in you as you were recommended by a company they already trust if they purchased from them.

You must visit these shops regularly and build a relationship with the staff for them to want to recommend you. Also offer a commission, maybe 10 - 15% of the total job value. Always remember to pay the commission once you have done the job, once forgotten and they will start giving the work to one of your competitors!

With all these methods, always ask the customer where they heard about you from so that you can track your responses and tweak your advertising as needed.

A Good Customer Database

A database of potential and new customers, you will want to keep in contact with everyone who enquires. Also reminder letters to your customers to keep repeat work. Don't let your customer forget who you are.

There are software packages designed specifically for Carpet Cleaners, some have a free version which will do all you need it to when starting out.

Remember, a database is only as good as the information you put into it! Make sure you keep yours up to date!

Getting Additional Advice

There are a lot of people willing to help you and give advice. Most product suppliers will be happy to give suggestions regardless if you buy from them. We are more than happy to talk to you, answer questions and give you advice either over the phone or you can come and visit us and speak face to face.