



Texas Agricultural Extension Service



Starting a Home-Based Business in Texas

Housecleaning

Getting Started

Because small businesses are faced with only a 50 percent success rate, a good manager can make the difference between a business success or failure. With a business that offers professional house cleaning services, a keen sense of working with clients and managing employees is critical, while a knack for cleaning is secondary.

Basic Decision

You will first want to decide how you are going to start your business. Will you start small and gradually build your business, or will you take the plunge right way by developing a larger scale cleaning business with additional employees?

For those of you not ready or interested in taking a business risk, the best way to start is small. Investigate the need for cleaning services in your community, develop written cleaning procedures, acquire clients gradually, and become established in your community. Little initial capital will be necessary aside from cleaning supplies and equipment, such as a vacuum cleaner. Once you become established and the business grows, you may want to consider hiring additional employees to perform the actual cleaning work.

If, on the other hand, managing and planning are your strong points, and you have determined the demand for cleaning services in your community, you may decide to begin on a larger scale. This will entail developing strategies for hiring and training employees.

Whichever way you start, you will still want to examine your management skills, conduct a market analysis, investigate advertising techniques and pricing strategies and focus on a type of cleaning service.

Skills and Traits

Management: Good management of employees is an essential element in a successful business. Managing your employees will tax your abilities to be both flexible and demanding at the same time. Some questions to consider: In the house cleaning business, where the employee turnover rate is high, how will you recruit and keep responsible employees? Are your business policies clearly stated in writing before you hire employees? How will you schedule and pay your employees?

Planning is also an essential function of management. When do the bulk of your requests come in? What time of day, day of the week, time of the year? Are you ready to respond quickly when a telephone call comes in? Is your telephone etiquette faultless? Remember, every phone call is a potential customer and, therefore, a potential source of several hundred dollars!

Recordkeeping: A cleaning business requires detailed record keeping. Records for taxes, payroll, clients, insurance, bonding, supplies, travel, and employee scheduling ... to name a few. Once your cleaning business is off the ground and profitable, you may want to purchase a small computer to assist you with recordkeeping.

Personal traits: Owners of home-based businesses agree upon the importance of possessing some of these personal traits. You must enjoy being your own boss; be able to separate home life from work life (which can be difficult with a cleaning business); determined to make your business successful; possess physical stamina and good health; be able to work under pressure; enjoy people; and last but not least, you and your employees must be trustworthy. Honesty is a must since in many instances you or your employees will be entrusted with cleaning a customer's home while the owner is away.

Types of Housecleaning Services

Below is a list of different types of cleaning services you may want to consider:

1. **General housecleaning** - vacuuming, dusting, waxing furniture, window washing, and floor cleaning. You may service regular customers on a routine basis or operate a freelance service in which you perform activities for customers whenever they need your help.
2. **Custodial service** - Provide cleaning services for business clients and other organizations including retail stores, business offices, churches, private clubs, etc. In addition to general cleaning, you might empty waste baskets, water plants, or provide lawn care.
3. **Cleaning service contractor** - Contract housecleaning and commercial cleaning jobs and hire workers to do them. Your role will be as a supervisor, and you will have to contract conscientious and dependable workers. With this type of cleaning business, you will keep a percentage of the income received from customers.
4. **Specialty cleaning service** - Consider offering special cleaning services in one area such as window washing, carpet cleaning, floor waxing, or disaster restoration.

Supplies and Equipment

You have the option of using supplies and equipment provided by your customers, or you may need to invest in some supplies and equipment.

- Cleaning supplies
 - furniture polish
 - floor wax
 - window cleaner
 - oven cleaner
 - dust cloths and sponges
 - general detergents and disinfectant cleaners
 - rubber gloves
 - trash bags
- Equipment
 - broom
 - mop
 - vacuum cleaner
 - wax applicator
 - buckets
 - caddy to carry cleaning supplies
 - cobweb brush

Marketing Analysis

A crucial step in starting a home-based business is developing a marketing strategy. First target your market by understanding the demographics of your community: What type of persons require cleaning services? Are they elderly, handicapped, well-to-do, busy families, working women/mothers, landlords, real estate agents? What are they asking you to clean - a home, an apartment, several classrooms, an office?

Do these clients require routine cleaning services, or are they simply anticipating special events such as weddings, graduations, or funerals? Survey your community to determine its needs and desires. Talk with neighbors and friends, or conduct a simple verbal survey in the supermarket to get a feeling for the community - what services the community finds useful and what prospective customers might be willing to pay for those services?

Know what your competition is doing, how they are doing it, and what they are charging. Then decide just what services you will offer and at what rate. You may even have several different cleaning packages geared to special types of clients. The elderly might appreciate a package that includes seasonal help with heavier cleaning tasks, such as window washing, floor waxing, and furniture polishing. A working woman might be looking for regular light cleaning including vacuuming, dusting, emptying wastebaskets and wet mopping floors. Real estate agents might be searching for cleaning services to keep an empty house looking fresh and clean and the lawn mowed.

Bonding

Cleaning businesses are prime targets for employee dishonesty losses. Because your employees will be working in clients' homes, they will have access to all sorts of valuables. If theft does occur, the first suspect could likely be the cleaning person you employ. Bonding is a type of insurance that will protect you as an employer of a housecleaning business in the event that an employee steals or damages a client's property.

Bonding is one of those necessary evils. Few insurance companies offer bonding, so it is difficult and expensive to obtain, but it is recommended if you intend to establish a credible and successful cleaning business. Some business establishments such as banks, require bonded service, and more and more homeowners are recognizing its advantages as well.

Types of Coverage

A bonding package may include an "Employee Dishonesty Bond" which provides coverage to an

employer in the event of employee theft of money or personal property belonging to you. A "**Janitorial Service Bond**" provides coverage to the employer in the event of employee theft of a customer's assets, equipment, or supplies.

Also covered in a bonding package is liability and completed operations coverage. "**Comprehensive General Liability**" covers breakage, damage and personal injury, for example, if an employee broke a valuable vase, ruined a rug by inappropriate cleaning methods, or was injured by tripping over a vacuum cleaner. "**Completed Operations Coverage**" covers damage noticed sometime later, for instance, an upholstered chair is cleaned and damage is noticed three weeks later.

While bonding is required by some businesses you might want to have as clients, others may only require that you give proof of a certificate of worker's compensation and liability. This certificate shows that you, as an employer, are paying the necessary benefits to or for employees and that you are carrying liability insurance in the event an employee is injured while working or traveling to a job.

Costs

A janitorial package may range in annual cost from \$72.29 for \$2,500 coverage to \$313.27 for \$10,000 coverage. Costs vary with the number of employees and the desired amount of coverage. The following chart gives an idea of relative annual premiums. (Please contact your local agent for current rates.)

No. of Class 1 Employees	Amount of Coverage		
	\$2,500	\$5,000	\$10,000
5 or less	72.29	86.47	114.82
8	89.30	107.73	144.59
10	100.64	121.91	164.43
25	185.69	228.22	313.27

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Obtaining Bond

The procedure for obtaining bond can be quite involved. Contact an independent insurance agent who can recommend a company that specializes in bonding, otherwise bonding can be very costly and may not even be awarded.

Be prepared to file your last three years' financial statement. Have a statement of net worth ready and your business plan available. File these papers with your insurance agent. A bonding representative will then visit you at your place of business. After the visit, he or she will recommend your case to the insurance company and only then bond will be awarded.

For further information contact:

State Board of Insurance
7901 Cameron Road
Austin, Texas 78753
(512) 339-1900

Pricing

There are three methods to determine pricing; review each method before you make a decision.

1. **Charge by the hour.** Rates are stated anywhere from \$3.00 to \$12.00 per hour. Many people look at an hourly rate, while others may feel that \$12.00 is too much to pay for housework. Check to see what the going rate is in your area.
2. **Charge by the number of rooms in the house or the area to be cleaned.** Competitive rates for 5-7 rooms may vary from \$20.00 to \$50.00; for 8-11 rooms from \$30.00 to \$65.00. A problem that could arise from this method is underestimating the time necessary to accomplish the work in a particular house.
3. **Charge by the package.** Combine the two methods to cover unexpected situations. What would be the estimated charge on an hourly basis? On a room by room basis? Are there compromises you can make so that the package meets your financial needs and the needs of the client? Also consider the ability of the "special" customer to pay for the package. For example, there is an elderly housing unit in your community where you would like to develop your business. Can the elderly afford your fees? What attractive pricing package can you offer?

Regardless of the method you choose, remember to cover not only your expenses, but a labor charge for you and your employees as well. Add a profit if possible. Some business expenses to consider for fee setting include:

- transportation to job sites
- advertising
- insurance/bonding
- training costs
- office space overhead
- cleaning supplies you purchase for business use.

Advertising Techniques

One of the best ways to advertise your cleaning service business is by word of mouth. Other ways to advertise without spending a lot of money include:

Offer an introductory cleaning package for a specified time period.

Print business cards and distribute them at community meetings you attend.

Accept a speaking engagement, and put a news release in the newspaper announcing the speaking engagement. Be sure to include your title if you are president of your own company.

Invite your local reporter to write a feature article on you or on the growth of home-based business in your community.

Sponsor a contest offering something free - a day's worth of cleaning.

Running a large paid ad in the local paper can be expensive as a first time advertising method. A classified ad, on the other hand, is less expensive and often successful in attracting new business.

Don't forget your market analysis! Use it to develop advertising techniques that will work for you.

Starting Steps

1. Conduct a market analysis.
2. Visit your county clerk office.
 - a. Check with the Zoning Board on the legalities of starting a home-based business in your neighborhood.

- b. File for an "Assumed Name" certificate if doing business using a name other than your own. Otherwise, file for a "Doing Business As" certificate.

3. Determine pricing policies.
4. Identify insurance obligations and purchase coverage.
5. Register with the state by obtaining a sales tax permit from:
Texas Comptroller of Public Accounts
1-800-252-5555
6. Organize recordkeeping procedures.
7. Begin your marketing efforts.

For More Information

Not much has been written about home-based cleaning businesses. However, your local Extension Service has general information on cleaning supplies and methods. Various manufacturing organizations also supply information on products. Some are listed here:

The Rug and Carpet Institute
P. O. Box 2048
Dalton, Georgia
(404-278-3176)

The Soap and Detergent Association
415 Park Avenue South
New York, New York 10016
(212-725-1262)

The Association of Home Appliances Manufacturers
20 N. Wacker Drive, Suite 1500
Chicago, IL 60606
(312-984-5800)

For further information or help with your home-based business questions, contact your local county Extension agent, or your regional Small Business Development Center and Small Business Administration office. The telephone numbers for these offices are listed in your telephone directory.

Adapted from *Housecleaning: Getting Started #1* (Ann Marie Holsinger, Cooperative Extension Service, University of Massachusetts) by Rachel Albers-Diamond, Extension associate, The Texas A&M University System, 1989.

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