

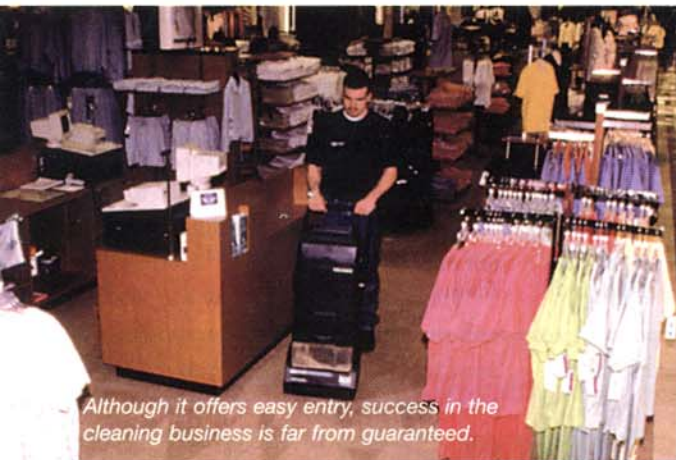
Building services: Getting off to a good start

by Gary A. Penrod CBSE

Becoming a building service contractor (BSC) is as easy as apple pie ... sort of.

The ingredients are:

- Making the decision to do it
- Deciding on a catchy name
- Buying or renting some basic equipment:
 - A bucket and wringer
 - A floor machine
 - Some plastic bags
 - Cleaning chemicals (from home)
 - Other miscellaneous cleaning accessories from a store



Although it offers easy entry, success in the cleaning business is far from guaranteed.

- Knocking on a few doors to acquire a customer
- First some flyers, then an ad in the yellow pages

I am not poking fun at or minimizing the ease of entry, it is true — many very successful BSC's started this way.

There are a thousand variations, but the story is the same. I was one of them.



Penrod

The year was 1970 and I knew a little about cleaning and nothing about business. Luck, timing and hard work allowed me to succeed.

Failure closely related to success

Success can come quickly. So can failure. There are relatively few success stories; there are legions of failure stories. The success stories are well known; the

failures are not chronicled or, if they are, only known or remembered by a few.

Why do people fail in this industry? After all, there is ease of entry. The market is there now and will be in the future. It is low-tech. A college degree is not a requirement.

It is, however, still business like any other business

and it must be approached from the beginning using sound, time tested business practices and principles.

The alternative is that failure will probably knock on your door. It's not enough to plan to put those basic sound principles to work after a couple of years; it must start at the outset.

What are these sound business principles?

Planning and financial backing are the keys to success in any new cleaning business.

Have a plan

If a venture is to succeed, there must be a plan. Aside from the basic requirements mentioned earlier, there are certain contingencies for which planning is necessary.

Some of them are questions, the answers to which constitute a plan.

They include:

- To whom will I offer service?
- In which geographic area will I try to get customers
- From whom can I learn?
- How much money (working capital) do I need?
- How will I sustain my family and myself until the business provides my income?
- How will I pay employees?
- How will I buy (and pay for) equipment and material?
- When do I bill for services?
- When will I receive those funds?

All of these questions and more must be answered and should be included in a basic strategic plan. Planning will require some guesswork.

Yes, you'll have to guess. But, your guess should be well thought out and developed with a rationale in mind.

Time may indicate that your guess and your rationale were off by a little or by a lot. Therefore, the plan needs to be fluid, that is, it must be changed as events provide you with new insight and done so frequently.

This strategic plan should continue for as long as your business exists. As time passes, the plan will become much

Develop an advisory group

Most people learn from other people. Many times we learn through example and simple observation of what others do.

To be really effective, we sometimes need help and people that have pertinent and appropriate expertise should provide that help and it should be on a consistent, regular basis.

It should be forthright and honest, given by people that view their role as providing sound, factual and logical advice and are not hesitant to provide that information regardless of what you may prefer to hear.

This information must be presented to you in a cogent manner and should offer analysis. That affords you direction. Further, it should be critical. Nothing is perfect.

All business endeavors can be improved upon. The following areas are samples of what you'll need expertise in:

- Legal
- Insurance
- Personnel or human resource
- General business coaching and/or strategic planning
- Marketing
- Graphics

While there can be a great deal of expertise regarding these matters within the company, outsourcing and/or ad hoc advisors are available and should be considered. It may be a good idea to consider a formal board of directors comprised of experts in their particular field. Keep in mind that business is business and the same principles apply no matter what the particular business endeavor.

— G.P.

more predictive of events to follow.

However, the moment the plan lapses, mediocrity will begin to develop and others will determine what happens to you and your company.

Have enough (or, at least some) money

Be realistic! You want to be in business, but you need to know what you're up against.

How much money do you need to live? What can you expect? You're barely getting by now; where can you possibly get enough money to start a business?

Beg, borrow, but don't steal. There are ways to get money. It may mean getting funds from family and friends and may mean having a partner or partners.

You may want to do it the old fashioned way... by saving the money using your home equity or cashing in savings bonds given to you by your great-grandparents.

Then there is borrowing! Borrowing, especially in the beginning, is risky and may not be available without a co-signer, but

even when done, it is best done in conjunction with equity funding with personal funds or through invested funds from other people.

Deciding to be in business can be exhilarating. It's normal to want to start now. But, it may be prudent to wait for a little while so that it (the business) will have a sturdy foundation. Don't try to build a house without a foundation. By the way, bankers and others from whom you borrow funds will be more apt to lend funds when they see that you have a documented plan.

Have a goal and keep score

Sometimes it's difficult to see beyond today and meeting the weekly payroll, but having goals and taking steps to meet those goals is vital. Not having goals is like piloting a plane without a flight plan.

Time does pass quickly, especially on the front lines of doing business. Goals can be:

- Short term
- Long term

Short-term goals may include the next 12 or 24 months and be specific about:

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- A growth plan
- Management development
- Profit realization and others

Long-term goals are more elusive. They're difficult to articulate and, in some cases, far removed from today. They seem remote and may even be unpleasant to contemplate.

- When will my energy run low?
- What will my business be worth?
- When do I want to retire?
- What will I do when I am not engaged in business?
- At what point am I in over my head?

Think about the future. Understand that there can be life after being a businessperson. It may be full or partial retirement or it may be a new career.

The path to that life and how you walk that path is important. What you do today impacts tomorrow.

Exit strategy

Prepare for the time when you exit the business.

Much of what you'll be able to do after the business depends on what you have done. Know how company value for your industry is determined. You are the one, not luck or other peo-

ple that will determine value of this asset, your company.

That influence needs to start early in the game, not when you're ready to make a move.

Stockholder and stakeholders

Key people have a stake in your company. They have put their working life... their careers on the line.

Your obligation to them is not to take care of them, but to help create a working environment that permits them to be fulfilled.

They, like you, need opportunity and a chance to meet their personal goals.

It takes work, sensitivity and commitment on everyone's part to permit both the stockholders' and stakeholders' to achieve their goals.

There is no easy road to success in the building service industry. It can be rewarding for you and others; it can be fun, too. Like other human endeavors, the benefit received will reflect the effort applied. □

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