



2014 Boston Area Cleaning Costs Report

Compiled by Boston's Best
Commercial Cleaning

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Boston's Best Commercial
Cleaning a division of
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Section One: The Boston Cleaning Market

The Janitorial Services Industry, including the Boston market, was greatly affected by the 2008 recession. Corporate clients and government agencies slashed expenses significantly, resulting in changes to how janitorial companies priced their services. Over the last three years we have seen positive progress, with demand returning as the economy recovers. According to IBISWorld, the annual growth is expected to be as high as 2.5% per year from 2013 to 2018.

In the Boston market we have seen large companies slash prices in half in order to survive. Entering the janitorial service industry is easy and low-cost, therefore competition is fierce and a price war has been persistent, causing much damage for companies who seek to provide a real employment experience to their employees and a complete experience for their clients. Out of 823,658 janitorial services in the USA, non-employers account for 93.3% of companies in the industry.



Introduction

According to IBISWorld November 2013 Industry Report 56172, the Janitorial Services Industry in America was worth \$49.2 billion in 2013. But what exactly does that mean for companies that need to outsource their janitorial needs?

The Boston market is comprised of a diverse and vast number of cleaning companies. Boston's Best Commercial Cleaning, a division of Tremendous Maid, hired an outside company to research prices charged for commercial cleaning spaces.

Competitiveness



The need to compete on price has also affected companies' performance and reduced profit margins significantly.

Some companies like Boston's Best Commercial Cleaning refuse to compete on price as this prohibits offering competitive wages and benefits to their employees. Boston's Best Commercial Cleaning makes it a point to service clients whose priority is to receive professional cleaning services and recognize the fair price that it requires.

Section Two: About The Companies

The cleaning companies from which the data in this report was compiled include all types and sizes of businesses. The study includes data from over 100 cleaning companies in the Boston area, all which provide cleaning services to residential and commercial clients on a repeating basis. The companies vary from mom and pop companies where one individual provides all the services, to large national companies with a Boston branch, were called to inquire about prices. This report summarizes the results of the research and outlines the findings and what it means for the Boston cleaning industry specifically.

Of the over 100 commercial cleaning companies in the Greater Boston area for which we have data, nine are very large with over 100 employees, 28 are medium-sized companies with between 25 and 99 employees, and 21 are small companies, with less than 25 employees and the rest did not provide this data.

PRICING FACTORS

- Size
- Time
- Products Used
- Licensing & Insurance
- Staff Training & Screening

Section Three: Pricing Factors

Of the companies for which we have data, revenues range between a low of \$200,000 to a high of \$220 million, with a median revenue of \$11 million.

The main factors that affect the cost of cleaning services are the size of the space to be cleaned-- either in square footage or number of rooms, or the amount of time a cleaning takes and the number of cleaners involved in the job. For this report, we include information about both the price by square footage, and hourly rates, though for medium to large clients the square footage and frequency are most often the determining factor.

Other factors, besides cost, that potential clients take into account when choosing a cleaning company include the type of products used—Are green or natural products used? Are these products made with chemicals that are safe for pets and children? Some cleaning products leave a lasting scent of either artificial cleanliness or harsh chemicals. Certain cleaning companies will use the products clients prefer, and certain ones never or always use harsh or unscented products. For residential buildings or specific businesses like doctors' offices and day care centers, these options matter.

Another factor is the insurance and legal status of a company. In the cleaning industry, it is extremely important for companies to have their services insured. Without proper insurance and adequate workers compensation there is no guarantee that a client would be covered in the event of property damages or medical emergencies.

The training and screening of staff is another important factor for a cleaning business. Each staff member should have undergone a background check prior to being hired in order to ensure a clean criminal history so that the company can be confident they are trustworthy and there is no potential risk to the client. In addition, all staff should be sufficiently experienced in the field of cleaning and have undergone thorough training specific to the company. This ensures they will be able to efficiently and effectively carry out the tasks as specified to the client by the company.

All of these are factors to consider besides price when looking into hiring a cleaning company, and all of these factors also often affect the price of cleaning services so it is important to be mindful of that fact when embarking on the search for a cleaning company.

Section Four: Rate Results

Companies use multiple methods to finalize prices. They usually either charge a set price per square foot or an hourly rate per cleaner.

According to the research, price per square foot is used most often on medium to larger accounts. Small commercial spaces are normally charged by the hour or charged a set fee agreed upon by the client and the cleaning company after a walk-through conducted in person by a representative of the company.



Rate Results:



Square Footage Rates

The lowest square footage rate: 12 cents

The average square footage rate: 29 cents

The highest square footage rate: 75 cents



Hourly Rates

The lowest hourly rate:
\$25 per cleaner

The average hourly rate:
\$40 per cleaner

The highest hourly rate:
\$75 per cleaner

CHILDCARE CENTERS:

Boston's Best Commercial Cleaning placed a specific focus on childcare centers for the purposes of this research because childcare is a large and important sector for the commercial cleaning industry. The company owners are also mothers and know first-hand and through research that their child's early education centers plays a significantly role on their children's health and education.

The findings suggest that most childcare centers included in the research are not very familiar with the cost of their professional cleaning services. It also seems that many of them do not use professional cleaning services on a very regular basis, with many reporting cleanings only once or twice a month, or on a sporadic basis. There were also reports of childcare centers skipping around to different cleaning companies which varied greatly in price.

Based on the results we were able to obtain, Boston area childcare centers are paying an average of \$33.75 an hour for cleaning services. This is lower than the average hourly rate for what the whole cleaning sector in general charges.

Section Five: Floor Care Rates

Floor Care Pricing

CARPET & FLOOR CARE:

For the purposes of this report, Boston's Best Commercial Cleaning also looked specifically into carpet cleaning and floor care, as it is one of this company's main specialty areas. Out of the 100 companies surveyed only 23 were willing to provide rates over the telephone.

Based on the answers, it's clear that all 23 companies charged higher prices for tile than carpet, and companies differed only slightly from one another in their fees. While some charged a set price per square foot, some companies had an average floor size minimum requirement and a set price for any floor with a square footage of that size. These generally worked out to be equivalent in pricing per square foot to the other companies when broken down accordingly.

Most of the floor care ranged between \$1.50 or \$1.65 per square foot for tile, with one company coming in at \$1.80 per square foot. Carpet care ranged from \$.35 to \$1 per square foot.



Section Six: Conclusion

It is somewhat difficult to generalize data for the cleaning industry because there are so many companies with their own standards and pricing criteria. Beyond this, it is nearly impossible to determine how the rates correspond to the level of cleanliness achieved. While a customer would hope that all services will be carried out in an effective manner and that the more expensive companies will provide top quality results, there is no way to tell if this is really the case without actually trying many different companies. Even the less expensive companies should be providing the services they promise and should be producing quality results. However, the clients that were charged low rates indicated that they noticed a significant decline in service after the first couple of cleanings. One client even pointed out that they know they pay very little and perhaps that's why they continuously have to change janitorial service companies every few months. They want good quality service but can't afford to pay for it so they price shop and company hop.

Because a lot of janitorial companies are hungry for new accounts and many lack the management and financial experience to calculate what it really costs to service an account, they take any job and once they realize they are not making enough on the account they schedule the jobs for less time until they see that they can provide the service and make some profit. Nobody benefits from cycles like these, and most cleaning companies prefer to work with long-term clients so that their teams know exactly what to expect each week and how to service the clients to the company's expectations. Professional cleaning companies want to provide great service to their clients and bring in enough revenues so that they can provide their employees with decent wages and benefits. The best way to do this is to charge each account the corresponding janitorial costs associated with the professional maintenance based on a detailed cleaning specification list.