



How to Raise the Prices You Charge to Your Cleaning Customers

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You started your cleaning business to make a profit and earn a living. Most cleaning businesses, whether they do residential or commercial cleaning, start out with the owner doing everything - marketing, cleaning, buying supplies, and even the bookwork. As your company grows and you hire employees and add more clients, your expenses grow too. When you started out you may have under-priced your services either to get new clients or because you lacked bidding experience. So now that your expenses are growing and you've discovered you under-priced your services, what do you do?

First off, understand that raising prices is necessary in any business. Just take a look at things you buy on a routine basis - gas, milk, cleaning supplies, electricity - prices do increase and sometimes take a big jump!

Before you raise your prices to your customers, go back and take a look at your original contract. Does your contract state the original bid price will be good for a certain length of time? If it does you will not be able to raise your price until that time frame has expired. If not, how long have you been cleaning for that client? Even if you originally under-priced your services you may not want to increase your price if you have only been cleaning for the client for a short time.

Most cleaning companies wait at least a year before increasing prices. If you don't have anything written in your cleaning contract about price increases, you should start adding a clause about it with your next client. Many companies guarantee their price for a year and state that they take cost of living increases each year (for example, four percent). Or they may state something like, "we reserve the right to increase prices after one year".

Before figuring out a new price go back through your original bid and make sure that you have everything covered so you are making a profit. If your supply costs have gone up dramatically or if you have added expenses (workers comp or more insurance because of hiring employees), make sure the price increase will cover the extra expenses.

Another factor to consider before raising prices is your customer's current satisfaction level. Are they happy with the job your cleaning

company is doing? Most people understand price increases and will stick with your cleaning company as long as they are happy with the job you are doing. After all, looking for a new cleaning company takes time and your customer may not get a better price or the quality of work they want from someone new.

But don't be afraid to raise the price on a customer who is constant complainer, especially if their complaints are not justified. You may need to raise your price to cover the extra time you spend in their office (or home).

Once you have all your facts and the new price you need to charge, send a letter to your customer. Let them know that you are raising your prices, why you are raising your prices, and the benefits to them to continue using your cleaning company. Make sure you inform your customer at least 30 days in advance that the price will be going up. Keep in mind that large corporations and government agencies may need more time if they have to run the price increase through a committee or get approval by a board.

The phrase "you get what you pay for" is often true when it comes to cleaning companies. Too low of a price may mean the company is not doing satisfactory work or that the company has undervalued its services and will soon be out of business.

Pricing your services so you make a profit is not a bad thing! Your cleaning company's survival depends on charging your customers appropriately so you can stay in business and make a profit. Good customers will understand a price increase and be happy to continue using your services. And don't be surprised if a customer that leaves because of a price increase soon comes back! Many people eventually realize that a lower priced bid from another cleaning company means their building (or home) is not as clean as when your company provided their cleaning services.

Steve Hanson is co-founding member of The Janitorial Store (TM), an online community that offers weekly tips, articles, downloads, discussion forums, and more for anyone who would like to learn how to start a cleaning business. Visit The Janitorial Store's blog and get inspired by reading cleaning success stories from owners of cleaning companies.