How to Raise the Prices You Charge to Your Cleaning Customers

by Steve Hanson, The Janitorial Store
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 contact 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
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from owners of cleaning companies.