

Long-form business plan: This is an actual written plan from a real company and will give you a lot of guidance and examples of how these things are written and thought about. This has a lot of information and projected financial performance. Yours may not be nearly as long as this one.



OFFICE CLEANING SERVICES COMPANY BUSINESS PLAN

Janitorial Services

Company Name: Your Office Staff

Executive Summary

Introduction

Your Office Staff is a new cleaning service specializing in office cleaning and serving the Dallas area. The business will sell office cleaning and related services to businesses with office spaces of any size. To that end, Your Office Staff seeks funding for equipment and initial operations of the business.

The Company

Established in 2011, the business provides office cleaning, floor treatment, carpet cleaning, and window cleaning for businesses with office space in the Dallas area. Fred Smith and Jim Rogers, cleaning industry professionals with decades of collective experience, founded the business and have pooled their resources to develop a new strategy for reaching and serving business clients. The business will operate out of a central office and storage facility and use the labor of trained cleaning crews to serve clients.

Services

Services will be based around basic office cleaning scheduled on a monthly basis, which will be offered with extreme care for the client's privacy, security, and assets. Additional services will be sold to the same clients to deepen their relationship with Your Office Staff.

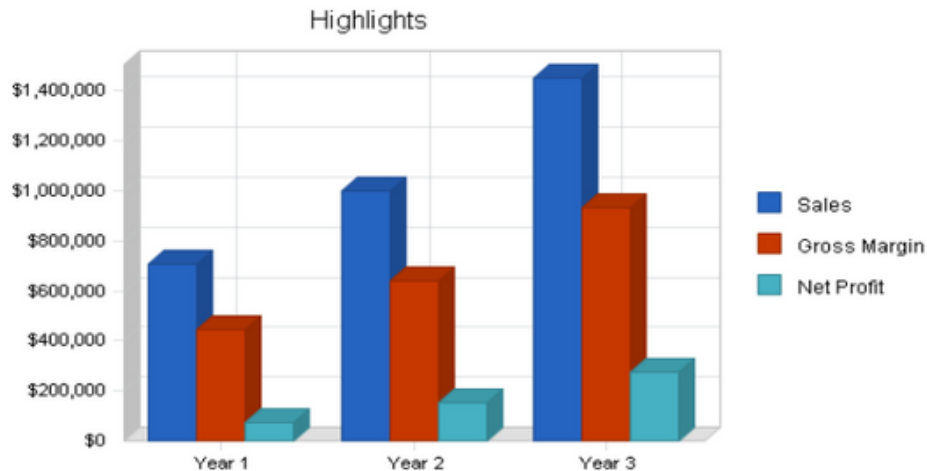
Organizational services will be introduced after three years. Services will be environmentally friendly, both in products used and methods of disposal.

The Market

The market currently consists of 40,000 small, medium, and large office businesses. Healthy growth is expected for this market, especially for small offices, which will be the initial target market for the business. Focusing on small offices will establish the reputation of the company by working with a variety of clients and will force the streamlining of operations.

Financial Projections

The business expects to reach \$1 million in annual sales in its second year of operation and begin to pay dividends to investing partners in its first year. A net profit of \$70,000 will be achieved in the first year and will double in the second year. Breakeven will be achieved quickly, partially due to management experienced with sales, marketing, and operations, and cleaning crews paid only for hours worked, reducing the payroll risk for the business.



Objectives

Your Office Staff seeks to establish itself as a leader in office cleaning in the Dallas, Texas area. Specific objectives we will seek to meet over the next two years include:

- Build a substantial, regular client base of 100 clients on monthly cleaning plans, for a total of more than 800,000 square feet of office cleaning each month.
- Build operations infrastructure including a central headquarters, five delivery vans, professional management, and documented processes for operations and cleaning practices.
- Build healthy gross margins by establishing the company as a significant buyer in order to reduce vendor pricing on cleaning supplies and training low-cost labor to be more productive.

Mission

Your Office Staff seeks to ensure businesses have a spotless office environment to support the work they do and forget their worries about office cleaning. The company encourages its employees to clean well and clean smart, listen to the needs of its client to do the job they need done, and respond to the demands of the environment.

Keys to Success

To become successful in the office-cleaning business, Your Office Staff must:

- Foster an environment of employee empowerment from day one of operation and make sure cleaning crews clean well (thoroughly and carefully) while cleaning smart (efficiently).
- Listen attentively to the needs of the client and communicate this information effectively to cleaning crews.
- Research and remain experts on the greenest cleaning practices and products.
- Remember the cleaning must meet or exceed client expectations to be considered done.

Company Summary

Your Office Staff, established in 2009, is an office-cleaning business located in Dallas. The company offers office cleaning, floor treatment, carpet cleaning, and window cleaning for businesses with office space in the Dallas area. Fred Smith and Jim Rogers, cleaning-industry professionals with decades of collective experience, founded the business and have pooled their resources to develop a new strategy for reaching and serving business clients.

Company Ownership

Your Office Staff is an S Corporation currently owned 51% by Fred Smith and 49% by Jim Rogers, founders and directors of the company. Angel investors who contribute additional investment will own 49% of the business, Fred Smith will own 26%, and Jim Rogers will own 25%.

Services

Services to be offered by Your Office Staff will focus specifically on office spaces and include:

- Office cleaning (including garbage removal, dusting and cleaning all surfaces, sweeping and mopping floors, and cleaning doors and walls as needed)
- Furniture cleaning
- Floor waxing
- Floor stripping and sealing
- Carpet cleaning
- Window cleaning
- Bathroom and kitchen area cleaning

In the future, Your Office Staff will provide office organization and de-cluttering services through an interior designer. This service will be provided as an upsell to the company's foundation of services.

Keys to Success

To become successful in the office-cleaning business, Your Office Staff must:

- Foster an environment of employee empowerment from day one of operation and make sure cleaning crews clean well (thoroughly and carefully) while cleaning smart (efficiently).
- Listen attentively to the needs of the client and communicate this information effectively to cleaning crews.
- Research and remain experts on the greenest cleaning practices and products.
- Remember the cleaning must meet or exceed client expectations to be considered done.

Company Summary

Your Office Staff, established in 2009, is an office-cleaning business located in Dallas. The company offers office cleaning, floor treatment, carpet cleaning, and window cleaning for businesses with office space in the Dallas area. Fred Smith and Jim Rogers, cleaning-industry professionals with decades of collective experience, founded the business and have pooled their resources to develop a new strategy for reaching and serving business clients.

Company Ownership

Your Office Staff is an S Corporation currently owned 51% by Fred Smith and 49% by Jim Rogers, founders and directors of the company. Angel investors who contribute additional investment will own 49% of the business, Fred Smith will own 26%, and Jim Rogers will own 25%.

Services

Services to be offered by Your Office Staff will focus specifically on office spaces and include:

- Office cleaning (including garbage removal, dusting and cleaning all surfaces, sweeping and mopping floors, and cleaning doors and walls as needed)
- Furniture cleaning
- Floor waxing
- Floor stripping and sealing
- Carpet cleaning
- Window cleaning
- Bathroom and kitchen area cleaning

In the future, Your Office Staff will provide office organization and de-cluttering services through an interior designer. This service will be provided as an upsell to the company's foundation of services.

Market Analysis Summary

The market for office cleaning in the Dallas area includes small offices (1 – 5 employees), medium offices (6 – 20 employees), and large offices (21 employees and more). In the Dallas area, businesses with offices are growing as the service sector increases, with a net of 3,000 new businesses established in 2008. Due to the economic renewal occurring in this community, this growth is expected to continue over the next two years. Small offices will be targeted as well as large, although margins will be lower due to the increased amount spent on sales and travel relative to medium and large offices. With the expansion many small businesses realize, Your Office Staff will have achieved a foothold in this market by the time competitors are willing to service them.

Market Segmentation

The market for Your Office Staff is comprised of small, medium & large offices in Dallas.

Small Offices: In the case of newly established ventures, or small businesses designed to remain small, few cleaning businesses seek to serve this market because of the cost of doing so. Therefore, business owners generally require employees to do their own cleaning, assuming they are saving money through this work. Your Office Staff must show these businesses not only do they not save money by having employees do this work, but by having professional cleaners maintain their offices they will increase morale, productivity, and their businesses' appearance when customers/clients visit.

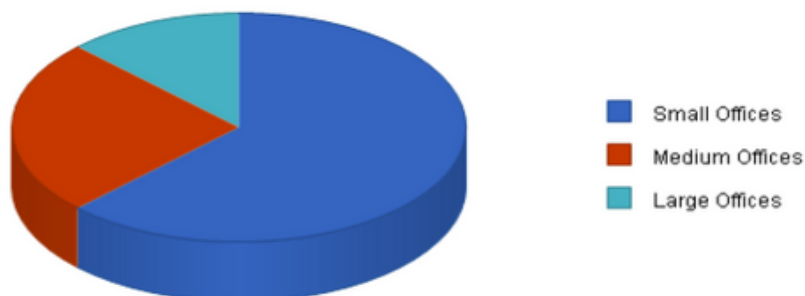
Medium Offices: This group has a growing acceptance of the need for professional cleaning services and is concerned primarily about price.

Large Offices: This group accepts the need to outsource their office cleaning to professionals and is interested in working with vendors that can handle specific requests and take care to protect the information, security, and equipment within their office spaces.

Your Office Staff will establish expertise by building a successful base of small-office clients, moving on to medium-office clients, and then on to large-office clients. While larger clients will not be turned away as the business starts out, it is expected such businesses would be more likely to use Your Office Staff services after it has established a record of customer service and operational success by working with numerous smaller clients.

Furthermore, with this approach, Your Office Staff will gain a foothold faster since the company will not at first be competing directly with established cleaning companies and will be able to work toward making this group more profitable through economies of scale and tight operations.

Market Analysis (Pie)



Your Office Staff will not provide landlords with janitorial services. Many firms specialize in this service already, and marketing janitorial services to buildings involves different promotional activities, operations, and cleaning skills, to a certain extent. By specializing in commercial office cleaning, Your Office Staff will increase its ability to market to the many thousands of area businesses directly.

Service Business Analysis

The office-cleaning industry includes many local companies as well as some national franchises. Services are purchased directly by business managers and owners for small businesses and by purchasing agents, office managers, and procurement specialists for larger businesses. Businesses desire ongoing relationships with cleaning vendors where they do not have to worry about the cleaning process, but will be concerned if they are paying higher than market rates. Businesses appreciate the ability of a company to quote monthly cleaning rates to make costs less variable, but also to handle special cleaning requests as they arise. Cleaning vendors are sought out through internet searches, the yellow pages, and business referrals. Financial analysts report the commercial cleaning industry is recession resistant and highly stable. Commercial cleaning overall was an \$80 billion industry in 2008, and is one of the fastest growing industries in the US, with projected growth to \$150 billion per year by 2010.

Competition and Buying Patterns

The commercial-cleaning industry is very fragmented with no single company owning more than 6% of the market. Franchises account for 10% of the market and local companies account for 90%. Top franchises include JAN-PRO Cleaning Systems, ServiceMaster Clean, MTOclean, the Cleaning Authority, and MARBLELIFE. Economies of scale for franchises are obtained through unified operations systems, national marketing campaigns, and (somewhat) through volume discounts from suppliers. Customers seek out cleaning services based upon a combination of reputation, price, and depth of services offered. While large offices value depth of services more so, smaller firms put a greater value on price.

Strategy and Implementation Strategy

Your Office Staff has selected the following priorities for its rollout strategy:

- Target small offices to gain a foothold in the Dallas office-cleaning market.
- Leverage the reputation and experience from work with small offices to increasingly seek medium- and large-office clients in the third year of operation.
- Rapidly scale organizational infrastructure, including cleaning crews, equipment, and vans.

Competitive Edge

Your Office Staff will develop a competitive edge based upon its utilization of the skills, ideas, and productivity of its employees. By encouraging and rewarding employee initiative and ingenuity to discover the best ways to clean well and smart, morale will be increased, making Your Office Staff a more desirable place to work. The reputation of the firm as a great place to work will increase application rates and the strength of new hires, thus reducing the costs of turnover and training. Customer satisfaction will increase and costs will drop due to this focus on employee utilization. Initial training by Fred Smith and Jim Rogers will be for cleaning crew heads. This will be ten hours of training in Your Office Staff methods for experienced cleaning personnel. In turn, cleaning crew heads will each provide ten hours of training for new members of their cleaning crews—when they are brought in to the business—based both on Your Office Staff methods and basic-cleaning skills (depending on the current skills of the crew member).

All client information about the cleaning will be transferred to a detailed job sheet, which will be discussed with the cleaning crew head before reaching the job site. The cleaning crew head will go through a tour and inspection of the job site while the client is present to ensure the job sheet is complete and all information about keys, security, and access is understood. A cleaning crew head and a crew of one to four members will always run cleanings. After the crew has experience on a site, a cleaning crew head may move between a few job sites to supervise a greater number of jobs during the span of each day.

Marketing Strategy

The marketing strategy for Your Office Staff begins with its initial target market of small offices.

Promotional activities in the startup phase will include:

- Local trade show booths at office services and entrepreneurial trade shows
- Blogging, newsletters, and micro-blogging to establish Your Office Staff as thought leaders in office cleaning
- Prospecting by phone to cold and warm leads
- Business networking to generate qualified leads
- Coupons for free trials for new businesses passed on through the local Small Business Development Center and chamber of commerce

From the startup period onward, the following promotional activities will be important:

- Search engine marketing through text ads targeting office cleaning keywords in the local area
- Search engine optimization to improve organic search rankings
- Yellow page listing
- Local TV commercials

These ongoing promotional activities are reflected as marketing expenses on the Your Office Staff Profit and Loss statement.

Sales Strategy

Co-founder Jim Rogers will manage sales. Jim expects about ten small business clients from his previous work at JAN-PRO to move to Your Office Staff upon learning of their value proposition. This will account for a starting base of clients for the business. The sales process will begin with a short phone conversation to review the basics of the services offered and to qualify the customer as one interested in regular cleanings. An in-person meeting at the customer's office will follow, after which a proposal for a monthly rate for cleaning will be given. A follow up with the client will occur after the first three regular cleanings to gain feedback and to continue to adjust the directions to the cleaning crew.

Before inquiries can be driven by advertising, Rogers will prospect for sales through business networking, cold calls, and warm calls. Your Office Staff expects 5% of cold calls, 20% of warm calls, and 30% of networking leads to yield regular customers.

As a partner in the business, Smith will be compensated through a base salary, dividends, and appreciation of the company's stock. After two years of operation, an additional salaried salesperson will be hired who will be compensated for sales through quarterly bonuses and Rogers will remain sales manager.

Sales Forecast

Growth is expected to accelerate rapidly over the first two years as small-office customers are sought out and secured as clients. Growth will slow after the first two years and operations must be continually increased to allow for greater growth. However, the additional target market of medium and large offices will be accessed starting in the third year of operation. The basic office-cleaning service will continue to drive sales. Based upon the previous success of Jim Rogers as a seller of commercial cleaning, these projections are reasonable, as Smith sold \$2 million in cleaning services in his last full year at JAN-PRO. The additional services will be presented as upsells to clients who purchase office cleaning. It is estimated 50% of clients will purchase some additional services.

The forecast is also supported by the fact that, after the first year of operations, medium offices will be targeted as well, increasing the rate of growth as each sale will bring a higher square footage of space to clean.

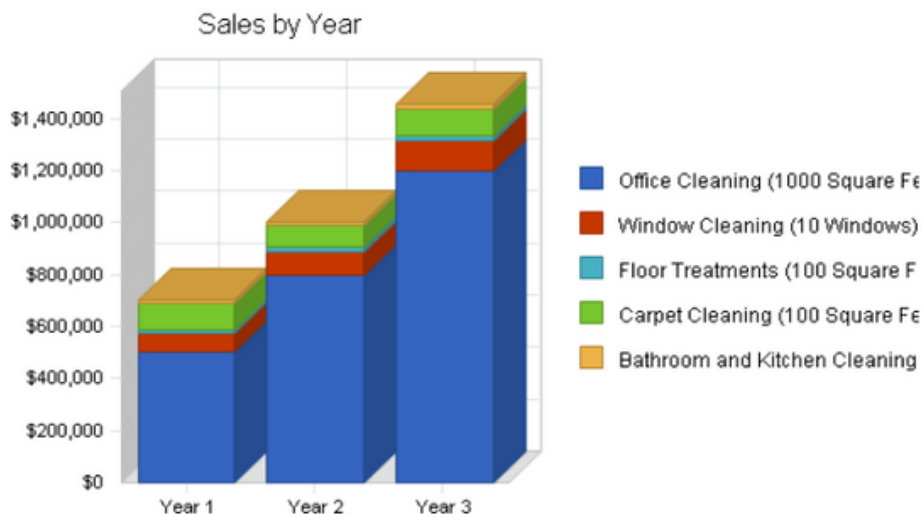
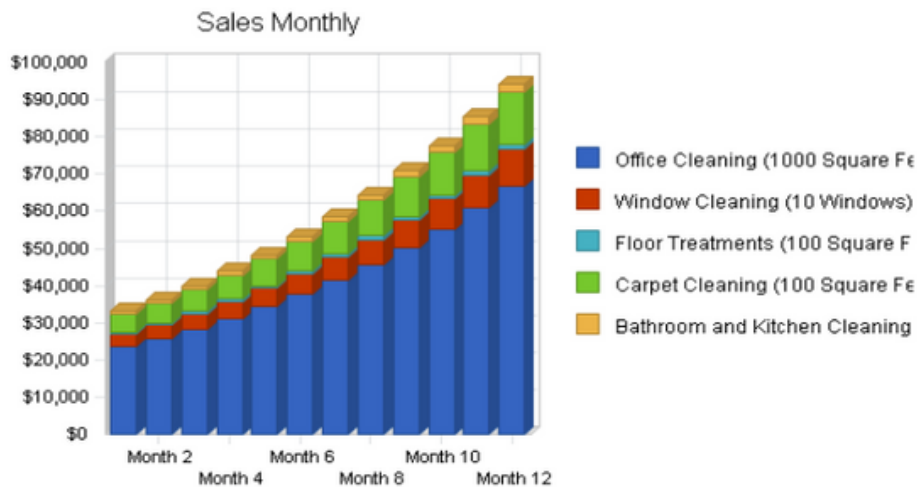
Direct costs include the labor of cleaning-crew members and the cleaning crew head, cleaning supplies, and gasoline or other transit costs for crew and equipment. Cleaning-crew supervisors are expected to cost 5% of sales and Cleaning crew (hourly) wages for the execution of cleanings is expected to cost 27.5% of sales.

To ensure sales are profitable, Rogers will not be compensated on commission by sales, but by profits, after a reasonable base salary. This will keep gross margins around the industry average of 68%.

BUSINESS PLAN

Example #1, page 9

Hidden Star
MASTER CLASS SERIES



Management Summary

Fred Smith and Jim Rogers will be the initial managers of the company. Fred Smith has ten years' experience as store manager of a cleaning supply store, where he managed a staff of ten and was responsible for marketing, operations, and human resources. He will continue to manage those departments at Your Office Staff and his title will be CEO.

Jim Rogers will manage sales and be the lead salesperson for the early operations of the firm. He has ten years' experience as an account executive for JAN-PRO, a commercial cleaning business. Rogers' title will be chief of sales.

Personnel Plan

The business will begin with minimal salaried staff, with most work performed by the two founders. The founders will be compensated through reasonable base salaries and will receive compensation through dividends and the growth of the business.

In the first year, an accountant will serve the role of Chief Financial Officer (CFO). In the second year, this will become a part-time position, which will grow into a full-time position in the third year.

The operations assistant will be a basic administrative assistant focusing on the fulfillment of cleaning services, scheduling, quality assurance procedures, and human resources needs.

Total staff full-time equivalent on the following chart include cleaning crew members who work on an hourly basis and have their payroll assigned as costs of sales. One cleaning-crew head will be hired at the outset of the company, an additional crew head will be hired in the second year, and a third in the third year. Each will oversee crews of one to four members, and can also supplement their supervision responsibilities as members of crews under other supervisors.

PERSONNEL PLAN

	YEAR 1	YEAR 2	YEAR 3
CEO	\$48,000	\$50,000	\$52,000
Chief of Sales	\$48,000	\$50,000	\$52,000
Accountant/CFO	\$24,000	\$40,000	\$80,000
Operations Assistant	\$36,000	\$40,000	\$45,000
Total People	13	16	24
Total Payroll	\$156,000	\$180,000	\$229,000

Cleaning-crew members will grow from five in number at the outset of the business to 11 on average in the second year, and 16 on average in the third year. All of these hourly staff will be hired when at least 20 hours per week of work is available, but their overtime will be limited. The business will hire additional employees rather than use significant overtime.

Cleaning crew will receive competitive base salaries as well as quarterly bonuses based upon performance ratings from both their supervising cleaning crew head and clients. Crew heads will receive performance ratings from the company managers and clients to determine their quarterly bonuses.

Once the company reaches a sustainable level of profitability, the owners will consider options for providing a health benefits plan for their employees, but this is not included within the plan's estimated expenses at this time.

Financial Plan

Your Office Staff will grow significantly, even over the first three years of operation, by taking advantage of the opportunity presented by its first target market—small offices—and leveraging this success with medium and large offices. Growth of about \$300,000 is expected in sales from the first year to second, and more than \$400,000 from the second year to third.

Financing for this growth will come from the free cash flows generated by the healthy margins in this business once break-even volume has been achieved in the first year.

By the fifth year of operation, the business will be well positioned for a strategic sale to a commercial-cleaning franchise (one of the competitors discussed earlier) interested in expanding its expertise with small businesses. At this point an exit will be possible for investors and the original owners.

Start-up Funding

Start-up funding will come in part from the financing of the initial purchases (delivery van, computer and cleaning equipment), and from credit card debt.

Beyond this debt financing, most start-up funding will be provided by the two founders and from additional angel investors. Once the additional investment has been contributed, the angel investors will own 49% of the business, Fred Smith will own 26% and Jim Rogers will own 25%.

START-UP FUNDING

Startup Expenses to Fund	\$33,500
Startup Assets to Fund	\$105,000
Total Funding Required	\$138,500

Planned Investment

Jim Rogers	\$25,000
Fred Smith	\$25,000
Additional Investors	\$61,500
Additional Investment Requirement	\$0
Total Planned Investment	\$111,500
Loss at Start-up (Start-up Expenses)	(\$33,500)
Total Capital	\$78,000
Total Capital and Liabilities	\$105,000
Total Funding	\$138,500

BUSINESS PLAN

Example #1, page 12

Hidden Star
MASTER CLASS SERIES

Projected Profit and Loss

Gross margins will remain relatively stable and grow slightly as better margin business (medium & large offices) is sought and better prices are established with vendors for volume discounts. The first year will represent a net profit of \$71,000, which will continue to grow.

PRO FORMA PROFIT AND LOSS

	YEAR 1	YEAR 2	YEAR 3
SALES	\$705,053	\$1,001,500	\$1,452,500
Direct Cost of Sales	\$256,951	\$360,600	\$521,000
Other Costs of Sales	\$0	\$0	\$0
Total Cost of Sales	\$256,951	\$360,600	\$521,000
Gross Margin	\$448,102	\$640,900	\$931,500
Gross Margin %	63.56%	63.99%	64.13%
EXPENSES			
Payroll	\$156,000	\$180,000	\$229,000
Marketing/Promotion	\$79,000	\$90,000	\$110,000
Depreciation	\$18,400	\$30,000	\$35,000
Rent	\$30,000	\$35,000	\$50,000
Utilities	\$1,800	\$2,400	\$3,000
Insurance	\$3,000	\$4,000	\$5,000
Payroll Taxes	\$49,095	\$63,060	\$86,450
Other	\$6,000	\$10,000	\$15,000
TOTAL OPERATING EXPENSES	\$343,295	\$414,460	\$533,450
Profit Before Interest and Taxes	\$104,807	\$226,440	\$398,050
EBITDA	\$123,207	\$256,440	\$433,050
Interest Expense	\$2,766	\$4,809	\$6,159
Taxes Incurred	\$30,612	\$66,489	\$117,567
NET PROFIT	\$71,429	\$155,142	\$274,324
Net Profit/Sales	10.13%	15.49%	18.89%

Projected Cash Flow

negative cash flow are required for marketing activities to take hold before they show a greater effect on sales. Dividends to investors can be paid beginning in month nine. Accounts receivable will be collected in 30 days, but 45 days average has been used to be conservative.

Investment will be continually made in additional cleaning equipment and delivery vans to enable more cleaning crew to work. Furthermore, by the end of the first year, the office will expand to allow for additional storage and staff.