

## Know your costs: driving growth in the cleaning industry

**“Contractors need robust costing methods in place to enhance their competitive edge”. That’s the view of John Karakashian, Managing Director at JK Business Support, a specialist cleaning business consultancy with over 40 years industry experience, who argues the case for contractors to adopt workforce management technology to gain insight into labour costs and improve margin growth.**



“Client contracts are the backbone of any cleaning business. But, building and sustaining a profitable portfolio is impossible unless contractors know the cost of delivering their service,” stresses John Karakashian.

A former Financial Controller at Rentokil Initial, Karakashian knows what it takes to drive the bottom line in an industry constrained by tight profit margins.

As a business consultant Karakashian is now using his experience to help cleaning contractors improve their efficiency by offering strategic advice and carrying out a full review of their finance and admin systems.

### “Price driven” industry

Karakashian points out that most cleaning companies don’t have the resource or time to step back and look at the way they are doing their business. But he warns they must evaluate their internal procedures if they want to be competitive in today’s ‘price driven’ industry.

“Rising costs and increased competition have pushed down profit margins. At the same time buyers have become more professional and astute about how contracts are costed. They expect more from their supplier and want to know that they are receiving the service they are paying for.

“As a result contractors are now under pressure to look at their prices and come up with innovative ways to offer the most competitive product possible.”

### Resource Management

With labour costs accounting for between 65 and 75% of overall operational costs, Karakashian says workforce management technology can help contractors to cost out and deliver more profitable contracts.

“Cloud-based workforce management systems, like Vanquish, provide contractors with a real-time view of staff utilisation and onsite activity so they can deliver ‘true wages’ for the work completed and clearly demonstrate what work has been carried out to the customer.

“Every cleaner is different and they work at different work rates. But by monitoring staff attendance against assigned tasks and shifts, contractors can identify the productivity ratio of each cleaner.

“With detailed intelligence about each worker, including their skill set and availability, managers can allocate the right amount of hours and resource to meet strict budgets.”



### **“Knowledge is Power”**

As Karakashian points out “knowledge is power”. The ability to calculate how long each contract takes to clean means managers can drive a more profitable business.

“If a contractor costs out a contract at 10 hours a week and the actual work is carried out in nine they can deliver a more profitable job by doing things more efficiently. In my view, that’s not being fraudulent towards the customer but applying productivity to do the same job in less time.”

In turn, with greater clarity of costs, contractors are better placed to maintain existing contracts and win new tenders in today’s cost conscious environment.

“If contractors can deliver an accountable service they can prove to the customer that they know the contract inside out,” Karakashian says. “This will instil client confidence and help to establish a long-term relationship.”



“Inevitably competitors will attempt to undercut the current supplier. But unless they know the cost of delivering their service they simply have to rely on guesswork.

“Guess wrong and they end up either losing money, by throwing too much resource at contracts, or delivering an inferior service which leads to the customer paying more for what they are actually getting.

“By using workforce management technology contractors can calculate contracts as accurately as possible using a historical audit trail of data and prepare new quotes with the knowledge that their profit is protected.

“Customers don’t necessarily want the cheapest price. They want value for money and proof from contractors that they can deliver what they say they will.”

