

Title:

Finance Your Cleaning Business by Bootstrapping

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812

Summary:

New cleaning businesses tend to have few financial resources, so many rely on a technique called bootstrapping -- learning to do more with less. This article has 12 techniques that have helped cleaning businesses grow and and become successful.

Keywords:

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Article Body:

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New cleaning businesses tend to have few financial resources. Before you sign your first client you need capital for supplies, equipment, basic start-up expenses, and perhaps even payroll. Where do start-up companies get the financing they need to set up shop? Some businesses use savings, some borrow from friends or relatives, and some get a bank loan. But many small start-ups rely on a technique called bootstrapping.

Bootstrapping means pinching pennies, cutting corners, and learning to do more with less. Using bootstrapping techniques also means carefully watching where your cash is coming from and where it is going to. Does this technique work for growing your business? You bet! Ernest & Julio Gallo, Domino's Pizza, Hallmark Cards and Black & Decker are examples of businesses that started with \$1000 or less and used the art of bootstrapping to grow and become successful.

In bootstrapping you not only focus on how revenues come into the business, but where you are going to spend the money that comes in and if there are other ways to obtain those resources.

The following are techniques that have helped businesses grow and expand.

1) Focus on the right customers. Some customers like to hold onto invoices as long as possible. Finding customers who pay immediately helps keep cash flowing into your cleaning business. Maintaining a good customer relationship will also

help to get your customers paying as soon as they get their invoice.

2) Be frugal, but not cheap! Distinguish between costs that are necessary and ones you can avoid. Do you need to rent space for your cleaning business or can you begin by running the business out of your home or garage? Can you get by with used equipment? Do you need a cell phone with streaming video or just a basic model to make sure you do not miss any calls? On the same token, don't be shortsighted (and cheap) with suppliers. Develop a good relationship with your suppliers and they will be happy to let you know when there are specials and if a lower priced item works as well as a more expensive one.

3) Create a high profile for your cleaning business. By taking on larger cleaning accounts your business projects an image of competency and that it has the skills and resources to handle the job.

4) Keep your salary as low as possible. The less cash that go out of your business the better. Cut back on your personal expenses while the business grows. Avoid buying that new car and that holiday cruise until your cleaning business has a good cash flow.

5) Get your customers talking about you. Word of mouth is the best advertising around and it doesn't cost you anything. Ask your customers for referrals and tell them to mention your name if they know of anyone who is looking for cleaning services.

6) Keep good records and track every dollar. It is difficult to know if there are expenses that you can cut if you don't know where your money is going or where your money is coming from. Keep more income by not giving preferential treatment or discounts to special customers.

7) There is power in becoming a partner. Find another business owner to share equipment, office space or even employees.

8) Trade for services. Are there individuals or businesses who would be willing to have you clean their offices for part or all of their payment? Large businesses and corporations may not have the flexibility to "swap" services, but your lawyer, graphic designer, accountant or other consultant may be happy to exchange services.

9) If you need employees, hire part-time or temporary help. Rather than having a full-time bookkeeper or marketing person think of hiring a virtual assistant that you can pay for just a few hours a month. Another benefit to a virtual assistant is that she will have her own equipment and be responsible for

her own employment taxes.

10) If you are buying or leasing space and equipment agree to only short-term leases. This helps you control costs and keep your cash flow flexible.

11) How much inventory do you need to have on hand? Don't tie up money in supplies and equipment that will just be sitting on a shelf.

12) If necessary, work nights and weekends while your business is growing. Many entrepreneurs will keep their full-time job and a part-time job until their own business is financially stable.

Using bootstrapping techniques mean that you are looking at more than just where your money is coming from. Earning a dollar in revenue may lead to only 20 cents in profit. But if you save a dollar in cost savings, that goes 100 percent to your bottom line. Being frugal at the start of your business can pay big dividends in the long run. Bootstrapping can be your best friend when it comes to the cash flow of your cleaning the business!