

The Biggest
CON
in the
Cleaning Business

By Wayne Baxtrom

- The Janitorial Coach -

52 Years of Experience in the Janitorial Business

The Biggest Con in the Cleaning Business: It is the Franchising Cons

- **Startup costs.** Depending on the system, startup costs for a franchise can be steep. Many franchise owners find it necessary to secure financing in order to purchase their business.
- **Ongoing fees.** Most franchisors require franchisees to pay ongoing royalty and/or advertising fees. Though you benefit from the support and marketing efforts this affords, you will always owe a percentage of your profits to the franchisor.
- **Less autonomy.** If you are the type who likes to march to the beat of your own drummer, franchising may not be for you. Buying into a franchise system requires you to run your business as dictated by the franchisor with little leeway for business at the local level.
- **Contractual agreement.** When you buy a franchise you sign an agreement which locks you in for a specified amount of time, anywhere from five to 20 years. Breaking a franchise agreement can be difficult and costly.

The franchise agreement usually includes restrictions on how you can run the business. You might not be able to make changes to suit your local market. You may find that after some time, ongoing franchisor monitoring becomes intrusive. The franchisor might go out of business.

Buying a franchise is a bit like buying a Job, you have to pay a huge upfront fee for the privilege of working 16 hour days 7 days a week for very little income.

Franchising Pros and Cons: Is Franchising Right for You?

by LiveCareer Staff Writer Randall S. Hansen, Ph.D.

If you have any kind of entrepreneurial streak in you, the allure of owning a franchise can be great. Just about any kind of product or service that interests you probably has one of more franchising operations, from fast food (Burger King), to hardware (Ace Hardware Stores) to hotels (Super 8), to repair shops (Meineke Car Care Center), to hair salons (Great Clips Hair Care), to housekeeping services (Maids Home Service), to janitorial services (ServiceMaster Clean), to automotive (Jiffy Lube), to dance and exercise (Jazzercise Inc.), to tax preparation (Jackson Hewitt).

According to the International Franchise Association, the estimated number of franchised locations in the U.S. is almost 400,000 in 75 industries, employing almost 10 million workers. More than 2,500 companies offer franchising opportunities. But should you start your own business or buy a franchise of an already successful business?

Cons of Franchise Businesses

- **Initial Payout** (Franchise Fee and Start-up Costs). Some of the bigger franchise operations can involve a very large initial costs, often more than what it would cost to start your own business.
- **Royalty Payments.** For as long as you are a franchisee, you will have to pay some percentage of the monthly gross back to the franchisor, reducing your profit potential.
- **Marketing/Advertising Fees.** To receive the wonderful marketing support from the franchisor, franchisees must pay these fees, according to some contracts.
- **Limited Creativity/Flexibility.** Most franchise contracts have very explicit standards, allowing little or no alterations or additions to the brand, stifling any creativity on the part of the franchisee. You must use their system, follow their rules.
- **Sole Sourcing.** Some franchise contracts stipulate that franchisors must buy supplies only from an approved list of suppliers, possibly at a higher cost.
- **Locked into Operation by Long-Term Contract.** If you don't do as much research as you should have and find yourself with the wrong franchise, you may be stuck for many years.
- **Dependent on Franchisor Success.** The reputation of your franchise is only as good as that of the franchisor, so any difficulties that the franchisor encounters will have a direct impact on you.
- **False Expectations.** Opening a franchise rather than starting your own business offers no guarantees of success. You still need to be a sharp businessperson to make it work.
- **Risk.** There's always risk in starting any new business.

Complaints about Cleaning Franchises

ElenaWalid wrote:

Cleannet, is a SCAM, and ONLY steals your money. My husband joined in about 6 months ago, and took MONTHS to receive just 1 place, he ended up getting about 5 different places to clean, but all were taken due to "poor quality" when we never were told by the building people themselves that we weren't cleaning good enough.

One of these places specifically said "NO DUSTING", after 2 months of cleaning, the clean net decided to inspect the different places we cleaned at and all of a sudden, clean net says that one building complained about "how we didnt dust", then we were told to go into that building later that night to clean, we did, and 2 days later our building was terminated because we so called "refused to show up that night to dust". We eventually lost all but 1 of our cleaning places due to not showing up to clean, which is a total lie, we show up EVERYDAY and perform our duties correctly. We went to the company and complained and said we have our lawyer ready, and the head of the clean net in the bay area said sorry they scammed us, and to just give them 3 weeks to fulfill our pay. We threatened them good, and if they don't give us a refund or a job site, they are going to be taken to court! By the way, when we showed up with complaints at clean net building, there were other people there as well for fraud of taking their buildings from them as well. DO NOT JOIN THEM ON THEIR BUSINESS.

ledastray wrote:

CleanNet-ATL scammed me out of \$10,000! I wish I would have found this sight before it gave them my hard earned money!

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MSMEKA318 wrote:

I have invested 25,000 so consider you guys lucky I hate CLEANET USA THEY STILL OWE ME 10,000 IN BUSINESS AND HAS TAKEN OVER 5,000 FROM ME FOR QUOTE POOR SERVICE I AM SPEAKING WITH A LAWYER TOMORROW AND I HOPE HE CAN HELP ME ATLEAST GET MY INVESTMENT BACK.

"i_hate_cleannet" wrote:

I have been with cleannet for over four years. in this time they have me trapped. They supposedly train you to be a successful business owner. well, they (under) bid all the contracts FOR you. you don't get to bid them (like a real business owner) ... they are so underbid that it is next to impossible to make a plug nickel in the end. you are out cleaning supplies, gas, time and heaven forbid you have hired anyone. Here is where the real scam is... if a company doesn't renew their contract you still pay their BS management fees, their way over priced insurance (more on that later) and franchise fees. if a company that you are cleaning closes, sells out or files for bankruptcy... you still pay the fees ... forever. And the way the Cleannet contract is set up, it is their best interest if you get booted out of a company... because.. you still pay... and so does the next guy and the next guy...add it up. There is no support for you. Their quality control people kiss the clients ass and will commit you to "a few extra things", not in their original contract with the client, for no more money. Now their BS insurance... if you ever need it, you are hung out to dry, the amount out of your pocket is outrageous for even a small claim. I am posting this as a warning. I will not put my real name, as I am still with these sorry #\$\$%^#\$ until I have paid them all their money. I had to take a second job just to keep a roof over my head and feed my family. Soon they will be paid off and then it will be all out WAR.

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Lidija Martinov wrote:

I own a Cleannet USA franchise for 8 years, I am not really sure how much money I invested with them. Now I only have a small contract with that has monthly income of \$275.00. They won't answer my calls or give a straight answer. How do I get my money back or what are the steps that I need to take?

CleaNet – Your Worst Nightmare wrote:

Do not waste any money on these people, because if you do... they are going to make you lose even more, and not just money but your effort and even your pride. They treat you like you are worthless, they give the worst time.

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On the Complaints Board, 2009-08-22 letshelp wrote:

Franchise is a scam. I purchased a Jani-King Commercial Cleaning Franchise after reading they were a great franchise opportunity in several franchise magazines. During my initial meeting with the regional director I expressed concern over the 40% they take off the top of what clients are billed. He told me not to worry as they take all their fees into consideration when giving a cleaning quote to a client. When they started offering me contracts I would do the math and tell them there was very little profit in some contracts and absolutely none in others. I was told this was a low profit margin industry and I had to learn to work some "break even" contracts for I would get additional business from those same clients (floor waxing). I accepted some of these contracts since they are only required to offer you the amount of cleaning business you purchased (with the franchise cost). If you don't accept the accounts, they are not required to offer you anymore. Once I started working accounts, the operations director would go by the account every month to evaluate the franchisee's performance. He would always find something negative to write about to justify taking the account away from the franchisee and reselling it to a new franchisee. So the franchisee ends up losing the original franchise fee and whatever fee he paid for the accounts he was working at hardly no profit.

I later learned this type of scam preys on people who have never been in business for themselves – so trust the Franchisor. If anyone is looking into purchasing this type of franchise, do yourself a favor and run a Google or Yahoo search on Jani-King. They have had numerous lawsuits and government complaints. I lost all my savings, but hopefully others can learn from my mistake.

Almost the same thing happened to me in Boston. I bought a Jani King franchise in 2006. I paid \$15,000 for \$4000 per month in business. Minus the 22% Jani-King takes off the top. With what is left I pay for labor, chemicals, and equipment.

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Jani King has it so they do not have to provide you with the \$4000 per month in business, they only need OFFER it to you. If you refuse it, that's it. They don't owe it to you any longer. You had your chance. But here is what they do. They underbid the account by hundreds of dollars. They make false promises to the business owner, and do not tell the franchise owner about it. When the business owner cancels because the promises are not met, the franchise owner is left to make a decision. Take care of the promises never mentioned to you (such as delivering the newspaper ever morning, or a free strip and wax every month) both are actual cases, and both would have put me in the negative for profit. So I was forced to give it up. No fault of mine. Also the account is not supposed to cancel before one year. If they do Jani King promises to file suit with a killer legal team. Which they must have because they are still in business. However they only use it to defend itself from angry franchise owners.

They purposely offer you accounts that are way underbid, or too far away. When you deny them, they no longer owe you the account. If I could do it all over again I would invest in real estate on Venus before having to deal with this again. One last thing. I placed over 40 calls per month to the district manager for four months straight. Not one call answered not one call returned. I had to buy an existing franchise that was already working with history in order to pay the bills while waiting for my \$4000 in business. Now I am about to lose those accounts to under bidders. Can you believe that? In this economy there are those worse than Jani King that UNDERBID them. Sorry. Very sorry.

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In closing, stay away from all janitorial franchises and start on your own. Help is always available.

The Janitorial Coach offers a 30 Day *Business Startup Program* that is hands down better than any franchise out there. All the accounts we get together will be 100% yours with no royalty fees.

Check out www.thejanitorialcoach.com

There is also a 30 Day Business Builder Program for established janitorial businesses:

Program A for new startups.

Program B for established janitorial businesses.

If you currently have a cleaning franchise and want out, I can help you.

Wayne Baxtrom,

The Janitorial Coach