

2. Pre-Opening Checklist

Employer Identification Number

- Before you can open a bank account you will need to obtain your EIN from your area Internal Revenue Service office. Inform all of the vendors with whom you will be doing business with of your EIN to provide this number. This process can often be handled over the phone. However, you will need to make sure you have formed your business entity before submitting your application. Do not wait until you have selected a business location before requesting your EIN.
- You can have your attorney or accountant obtain your EIN as part of the package if you're incorporating or forming an LLC. That will cost a little extra and it's easy to do this yourself. You can also retrieve a copy of the Employer Identification Number Application at the conclusion of this chapter that you can complete, print out, sign and submit to your local IRS office.

Open a Business Bank Account

- If your business is a sole proprietorship or partnership, most banks will open a business bank account until you can provide evidence that you have obtained your Federal Employer Identification Number. However, if you have incorporated your company you will need to show the bank your articles of incorporation. Due to the strict regulation so there is no cause to open a business bank account in the bank where you have conducted your personal banking for years and they are not subject to this rule.
- You may have to be prepared to fund certain items from your personal account until such time as you can provide your banker with your EIN or articles of incorporation. However, you will want to open your business account at the earliest possible time because there will be many expenditures you'll be making to get your business ready for opening. From an accounting standpoint, it will be easier if most of your disbursements are made from your business bank account rather than your personal checking account.

Obtain State Sales Tax Permit If Applicable

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- Some states require that sales tax be collected on the sale of services. You will need to contact your *State Department of Revenue* to determine whether or not your business will be required to collect and remit sales tax on your receipts for the sale of services.
- Be certain that you identify your business as a service business. If you were to sell any type of goods to the consumer, no matter how small those sales might be, you would definitely be required to obtain a state sales tax permit and collect and remit sales tax on goods sold to the end user (your customers).

You may find that some vendors also ask for your sales tax permit number before setting up an account for you. However, just because you have a sales tax permit does not mean you will not be required to pay sales tax on goods you purchase from various vendors.

- You may find that some vendors ask for your sales tax permit number before setting up an account for you. However, just because you have a sales tax permit does not mean you will not be required to pay sales tax on goods you purchase from various vendors.
- If you were buying for resale, then you would not be required to pay sales tax at the time of purchase. If you are the consumer (as is the case with virtually everything you purchase for use in your business from vendors located within your state), then you must pay sales tax at the time of purchase, either directly to the vendor or to your state sales tax authority.
- The state of Missouri assesses a sales tax on the sale of goods. If you are required to pay sales tax, be sure to check with your city and county to determine whether or not they require you to collect and remit sales tax.

City and County Business License

- If you are going to be required to obtain one or more business licenses, you will usually need one for the county and one for your city or town. Check with your city hall and county courthouse to determine the procedure and the required annual business license fees. You're likely to find the bother more annoying than the cost of the license(s), which is usually minimal. In most cases, you'll need to have determined from where you will operate your business prior to getting your business licenses.
- If you plan on operating from home, before you go to make a license application at your City Hall and/or County Tax Collector's office, CALL

AHEAD to find out whether zoning permits home-based businesses. While more and more people are running home-based businesses the practice is prohibited in many residential areas.

Consider Obtaining an "ID Address"

- If your community does not grant licenses to businesses from a residential address, there may still be an alternative to rent commercial premises from which to operate your business from the beginning.
- Should you find this to be the case, consider obtaining an "official" "ID Address". This practice is considered an alternative to check around for "Executive Suites" in your city. These facilities are found in office buildings and may consist of dozens of offices each of which operates out of only a few square feet. They provide common secretarial/telephone reception, provide an e-mail mailbox for each tenant and offer conference room facilities.
- Executive Suites generally give you the advantage of renting one of the offices or to be a tenant. As an ID Tenant your business name will appear on the ID Directory and you can receive mail at this address. You usually have the additional option of using their switchboard to receive incoming phone calls on your behalf (an option that you can skip if you have an answering machine or telephone answering mailbox) and handle more efficiently and less expensively.
- As an ID Tenant you now have your "official" business address for purposes of obtaining your business license since the location is usually zoned for business use. Expect to pay between \$100 and \$200 per month for an ID Address.
- You may never have to rent physical office space at an Executive Suites center. In most cases you should probably expect to pay anywhere from \$150 to \$300 per month. Leases are generally short term, such as 3 months or 6 months and may even be available month-to-month. You won't have a lot of room since most of these offices are either 10' X 8' or 10' X 10'. It's more expensive than being a Tenant but much less costly than renting conventional office space which may also require a lease ranging from one to three years.
- As an aside, if you choose to become either an ID Tenant or a physical tenant at an Executive Suites center, check on conference room availability as part of the package. The lease usually gives you about 8 hours a month use of the facility's conference room. This can be a

good place to hold hiring interviews and periodic meetings with your employees.

When You're Ready for an Office

- The obvious advantage of starting your business from home is the money you can save on renting commercial office space, lease improvements and occupancy costs. However, there are several disadvantages as we discuss in detail in the chapter *Office Space & Employees*.
- Sooner or later you're going to need to relocate your business from your home to a conventional commercial location. Think about your neighbors – not to mention zoning laws – when you get started with several employees coming and going every day.
- The fact is, you may even consider renting office space from the start. If you're considering this direction, click the link below for a discussion on this topic.

Selecting Your Location

- In many businesses, selecting, negotiating, and opening commercial space are a big and costly part of getting the business open and operating. In retail businesses, sales volume depends to a large extent on high traffic and high visibility.
- Finally, a suitable location for your office should not be a long or difficult process. You don't want to be in a high-traffic, high visibility location, you can't see a suitable storefront location in a strip plaza or shopping center, the map is great and the price is right, great — but it is not the best retail businesses. You do want to be in a location where you can efficiently service your area in all directions. You want to minimize travel time to and from clients' homes.

Following are some of the factors you'll want to consider in selecting your office location:

Service Geography You'll Serve

If you choose a location for your office that is at one of the extreme boundaries of the area you plan to develop, you may incur a lot of unwarranted, nonproductive and unprofitable travel time.

- Try to select an office that is strategically located for the most efficient access to the entire area you plan on serving. This may not be in the dead center of the geographic area, but in a location from which the majority of your potential clients may be reached most efficiently (such as near major arteries or expressways that provide access to the quickest routes within your market area).

Suitable Size and Layout

- The ideal size office is between 750 and 1,000 sq. ft. You need office space which allows for a small general office with enough room for your administrative personnel's desk(s), a filing cabinet, a photocopier, fax machine and small storage area. If an area is, or can be, divided into a general office (a meeting area for more private conversations).
- You'll need a general meeting area. You can double as a reception area, wherein tables or "work stations" can be set up for each team and room for storing materials, equipment and cleaning supplies — or a layout that is divided in such a way that separate areas are available for these purposes (such as a small conference room).
- You'll be doing a lot of laundry and cleaning cloths. Many owners go to a Laundromat and wash and dry items. However, you may want to install a commercial washer(s) and dryer to do this on premises. You'll need an area with enough room for your washer and dryer (you'll need plumbing and electrical for same)

Ground Floor Access

- You'll need your tool storage equipment and supplies up and down every day, so you need to find ground floor office space. Furthermore, access to a second floor location is by outside stairs, there is a very good chance someone will slip or fall trying to carry things up or down wet or icy stairways.

Minimize Leasehold Improvements

You really don't want to have to invest a lot of money in leasehold improvements, particularly if you are not leasing for at least three years. Even if the landlord agrees to pay for renovations to your space, the cost will be included in your lease costs. This may mean spending a little more time looking for suitable space, or making some compromises on what you would really like to have.

- You can often make some alterations to space that is generally laid out in a certain way (such as subdividing a space to make an office or storage room, for example) without a great deal of expense. One thing which is generally costly is plumbing and electrical for a washer and dryer. If you can find suitable space next door or nearby a Laundromat that you can use, it may be a good choice for your location.

Negotiating Your Lease

- Never sign a lease without ensuring that the terms are clear and that you understand them verbally. For the small commercial lease, you should have your attorney review the lease no matter how simple or straightforward it appears to be.
- You may want to negotiate a short-term lease if the space does not suit your long-term goals. If the landlord is willing to lease on a term longer than a year, attempt to insert a clause that obligates your lessor to provide you with a written notice of termination if and when your business requires.

1. Pay attention to the lease terms which may specify a "Common Area Maintenance" fee. This fee is tacked on to the quoted rent; it can add up to several hundred dollars a year over and above the annual lease cost.

- Be sure to know the lessor's obligations under the terms of the lease; you may not be responsible for financing a roof on the building or undertaking any other major repairs to the premises.

- Before signing a lease, check with your local city hall zoning department to make sure the premises are zoned for your type of business. In many cases, the lease may be conditional on zoning approval.

- Space rent is often quoted based on "cost per square foot per year." In other words, if the premises includes 750 square feet and you're quoted \$15 per square foot, your annual rent would be \$11,250 per year, or \$937.50 per month. CAM (common area maintenance fee) is usually quoted at so many dollars per square foot per year over and above the lease cost quoted.

Phone & Utilities

- You should have at least two roll-over lines. If you're using a conventional telephone modem on your computer (instead of DSL or cable, which is recommended) you should have this along with your FAX on a separate dedicated line. You may also wish to include a line

at this time for use by employees calling in or out and to be used as the number in your Help Wanted advertising.

- If you're setting up in commercial office space, you will need at least two telephones; one for you and one accessible to your employees. And when you have an office assistant you'll need an additional line for this person as well. Unless your telephone company covers the cost of and/or installing your telephones, you will need to find someone to do that for you as the phone company may only be responsible for bringing the lines into your office.
- Contact your local utility companies to arrange for electric hookups for water (and/or gas, if applicable).
- **Now is also a good time to contact Yellow Pages and find out what the deadline is for the extra copy of the discussion on Yellow Page Advertising in the Client Development Section, along with a sample of a Yellow Page Display Ad. You may want to consider modeling your own ad after it.**

Insurance

- You will need to obtain insurance for property and contents to cover loss of office equipment, supplies, computer and peripheral equipment and software. If you are operating out of your home your current homeowners policy is unlikely to cover these items.
- It is usually required when you are able to take possession of any commercial office space you will provide evidence of insurance naming the landlord as an additional insured.
- In addition to insurance on property and contents, you will need a general liability policy that provides protection for care, custody and control of keys; employee dishonesty (third party bonding) and extended property damage.

You will also need to obtain Workers Compensation Insurance. Usually, you may have to apply for Workers Compensation Insurance through your state pool (in which case you may pay a surcharge to the pool). However, operating a housecleaning business without workers comp would be courting disaster and probably illegal in your state.

- We address various insurance issues in *Theft and Breakage* and *Injury & Illness Prevention Program* and in *Pricing for Profit*.

- The Standard Industry Code you'll be classified in for General Liability Insurance and Workers' Compensation Insurance is (SIC) 7349.9903.

Stationery, Business Cards & Advertising Literature

- Be sure to order printed materials at least 10 days to one week before you plan on being operational. Printing prices vary widely between printing houses, so you need to really shop around. Turnaround time is also important so you need to establish the printer's timing from placement of your order.
- The *Client Development* Section contains samples of advertising literature that you'll want to have reprinted on quality stock. Advertising brochures should be printed on # 10 or # 11 glos stock or a similar weight and quality, if possible. Make sure you use two-color printing as per the samples provided.
- Always ask for quantity pricing breaks. You'll find that very often the cost of printing 5,000 brochures is not as much more expensive than printing 1,000. In fact, we recommend ordering quantities of 10,000 at a time for any advertising brochure you plan to use.
- For stationery and business cards, again have them printed on quality stock, preferably color. Remember, we're talking about your company's image. You don't want to present a less than professional appearance to clients or associates with whom you do business. Spending a little extra on printed materials is an investment in increasing your business.

Appendix A provides you with dozens of various forms along with a sample of Safety Program Handbook. These items are provided as a guide primarily for in-house use and/or for distribution to your staff. You will find these items contained on various pages throughout this manual. In many cases you can simply print them out and use them "as is", or you may choose to use them as a model to create your own custom documents.

Register a Web site Domain Name

Even if you're not planning to launch a Web site immediately, you should go to www.godaddy.com and register the Web site domain name you select. It cost under \$15 to do so and you can "park" the URL with GoDaddy until you're ready to launch your site. Every business needs an internet presence these days, and yours is no exception.

- There is a discussion on Web site marketing in the chapter entitled "Your Advertising Options."

Obtain Competitive Information

- Using your Yellow Page directory, ads in the newspaper, ads that may be delivered to your door or mailbox, shop your local competition, both as a prospective customer and as a potential employee. You want to know everything you can about the service they perform, how they price their services, how they remunerate their employees, and anything else you can find out about them.
- Make notes as to how they answer the telephone, do they use an answering machine, answering service, or other means of answering the other end? Do they quote prices on the phone or do you go to visit the prospective client's home? Make notes as to what you can use as "hot" selling points (company bonded and insured, employees, etc.).
- As discussed during the Client Development course, you're going to be shopping competitors. Attempt to match their price, but to know as much as you can about how they operate. This will give you the knowledge you need to respond to questions prospective clients may have, trying to make a sale between cleaning services.

Obtain Media Research

- Obtain advertising rates from the various newspapers that serve your area. Although there is a lead time for placing either display or classified advertising, the lead time for newspapers is usually only a matter of a few days. You want to place your initial campaign as far in advance of your opening as possible.
- This will give you time to call some of the service business advertisers whose ads have been running to get a feeling as to how well a particular newspaper has been pulling for them. Grass roots research on your part can help you determine where your newspaper advertising dollars can best be invested. For more information on newspaper advertising, suggestions on how to use it and examples of successful advertising, review the chapter on *Your Advertising Options*.

Set Up Your Chart of Accounts

- When you set up your "Chart of Accounts" it will identify and categorize your income, capital expenditures and various expenses in connection with operating your business. This will be important in

tracking sources of income and where the money is going and will be helpful in letting you manage your business with fiscal responsibility. It's also going to be useful in formulating your business plan. You'll be discussing this topic at length in the next chapter.

Develop Your Written Business Plan

- In this manual we'll share a model outline for use in developing your own business plan. You want to include a detailed summary of what you want the business to go and how you plan to achieve your goals and projections. You'll be directed to an Internet site where you can obtain excellent software to help you develop your business plan. This can not only save you a road for developing your business but one that could be used to help you determine if you need financing in the event you seek additional funding.

Office Furniture & Equipment

- The type and array of office furnishings and equipment you'll need will be pretty much in proportion to how aggressive your plan to launch your business is. The location you'll be conducting operations from.
- If you're really going to be operating out of your home, you may already have some of the furnishings you'll need, such as chairs, table, desk, computer, printer, and so on. We've included a laundry list of furniture and equipment that it will be up to you as to the quality and quantity you're going to need.
- You can find pretty much anything you're going to need at Office Furniture for less than \$100 or so. However, you can often save a great deal of money by flipping the classified section of your newspaper or visiting a tag sale for various used items.

Computer Hardware & Software

- If you know you already have a computer or you wouldn't be viewing this page, you're probably good! Your computer has a sound card and speakers or you can't hear a word we're saying. And you must have a printer or you wouldn't be able to print out any of the materials contained on the various chapters in this manual.
- Computer technology changes so quickly that we feel that if we recommended specifications that they would be outdated by the time

you viewed this program. However, if your computer is more than two or three years old you may want to consider upgrading it.

- Our experience with *Dell* Computers has been very good, and from the time you place your order to delivery is generally only a few days. Whatever brand you buy, we suggest you purchase one with the most memory (RDRAM) and highest speed (GHz) you can afford. With most software programs becoming more and more sophisticated and requiring more and more hard drive space, you should also consider getting one with lots of hard disc space.

Computer Software

- Here again, you may already have some of the basic software you will want to use in your business. **Microsoft** and **Intuit** are good examples. You may already be using an accounting program like **QuickBooks**. <http://quickbooks.intuit.com> If not, we suggest you add these programs.
- As referenced in the chapter of *Scheduling*, you will need **Microsoft Outlook** for this. Outlook is already part of the Microsoft Office software and it can be used to handle recurring scheduling of your clients. You should obtain a more expensive program like **Microsoft Streets and Trips**. <http://www.microsoft.com/streets/default.aspx> It's only a few dollars more as discussed in that same chapter, it can be an invaluable tool to help you establish the most efficient routing for your clients.
- Although you may not need it immediately, you will want to consider purchasing a program specifically to help you run and manage your business as discussed in Chapter 25 on *Business Management*.

Cleaning Equipment & Supplies

You should place your order for cleaning equipment and supplies a minimum of 10 working days prior to starting your first practice cleanings and/or hiring your first employees. Many items can be purchased from retailers such as Costco, Home Depot, Wal-Mart, and local supply stores and supermarkets.

There is a one-stop source we suggest you consider obtaining your cleaning products and supplies from. *The Clean Team Catalog Company* in Jackson, California (of the same fame as *The Clean Team House Cleaning Company* in San Francisco) not only offers just about everything you'll need from a single source, but **there are two huge**

reasons you may want to patronize this company.
www.thecleanteam.com

1. The company has field tested and used the products in its own cleaning operation, assuring you that the products work for the purpose intended; and,
2. They have a staff of knowledgeable experts who can answer questions about any question you may have on cleaning products or cleaning problems.

Obtain Required Postings

- There are five posters that Federal and State laws require you to display in your business. In addition, your state may have additional posting requirements. These posters are identified in Chapter 10 of the *Small Business Law*. Failure to display required posters can result in serious fines and penalties. For example, failure to post the FLSA MINIMUM WAGE or OSHA poster can incur a penalty of \$10,000.

Plan Your Initial Advertising

- Review the document titled *Marketing Plan* to help you formulate and implement much of your promotional activities. You should prepare your marketing plan as far in advance of launching your initial advertising campaign as possible. Remember that you'll be conducting two types of advertising:
 1. Consumer Advertising to attract new Clients
 2. Recruitment Advertising to attract new Employees
- Review the other sections of this manual.

Professional House Cleaning Handouts & Tutorial Manual

- If you don't plan to be out cleaning homes yourself, you still need to know the how to perform the work for two very important reasons:
 1. You will need to be able to train employees how to use the most efficient and effective cleaning methods. If all you do is hire someone to look after the training, what happens if he or she quits and leaves you cold? Concurrent with reviewing this Manual you will do some "practice" cleanings.

2. As you'll see in Chapter 24 on *Establishing the Price*, by knowing how to clean and having some experience you'll quickly learn how to accurately price first-time and repetitive cleanings. In fact, you can "estimate" cleaning prices for your practice cleanings even if you don't charge for them. It's all part of the learning process.

The Client Development Section

- This 10-Chapter Section will give you the knowledge of how to determine your cleaning prices by evaluating (a) the cost of labor at home and applying a pricing formula that will provide a good profit for your workers, (b) cover your operating expenses and (c) importantly (c) create a built-in profit margin that will exist on every cleaning job.
- It will explore your various advertising options in detail and help you formulate a viable marketing plan for your business. Sample advertising pieces are included in this part of the book that you can print out and modify to fit your own needs.
- You'll learn how to fit cleaning into your schedule, or the other way around. You'll see why it's so important to properly organize client routing and scheduling days in the most efficient manner possible.
- We'll teach you how to handle telephone inquiries and make in-home presentations in the most professional and effective manner to maximize your return on investment by turning prospects into customers and customers into repeat clients.
- We'll also show you how to respond to client's questions and how to handle various situations you'll encounter with clients, both now and in the future.

The 3Rs of Employee Development Section

This extremely comprehensive 17-Chapter Section will teach you the most important aspect of this business – ***Employee Recruiting, Retention and Retention.***

You will learn the *5-Step Selection Process* of recruiting the best candidates for the job based on our 3Rs model. You'll learn methods that your competitors are unlikely to know or utilize to attract and retain employees. If you can't do this well, it will be impossible to grow your business.

Pre-Opening Checklist

- You'll learn how to orient and train your new employees and use an objective means of measuring their progress and skill. Part of their training will include basic orientation using the *Professional Home Cleaning Tutorial* along with the all-important on-the-job training.
- We'll show you how to use Effective Performance Reviews so that employees know what they're doing right, and why, and how to identify those areas where they can improve and what is needed to improve their performance in those areas. You'll learn how to make this a positive experience for your employees, not a negative one.
- We'll also share with you a competitive compensation plan that is designed to (a) provide a good income for your employees, (b) provide them with an incentive to learn to be more efficient, and (c) help to contain labor costs for you, some of the major problems of many house cleaning companies.
- You'll be provided with dozens of forms, samples of job wanted ads, a sample of both an Employee Handbook and a Safety Program Handbook, as well as an Application Form, all in legal format requirements. All are more than 140 pages of materials.
- And there's so much more, including what you need to know to be in full legal compliance with all state and federal regulations governing employment practices.
- These courses are as comprehensive as, perhaps even more so, than what you might expect from a training program you would receive if you paid \$5,000 to \$20,000 in franchise fees! To get the most out of them, we highly recommend you revisit these courses at least once a year, and then periodically thereafter.

Documents relating to
Pre-Opening Checklist

EIN Application
Apply Online at
<http://www.irs.gov/businesses/small/article/0,,id=102767,00.html>

46 Point Pre-Launch Checklist

Competitive Survey Report

Media Rate/Circulars Report

Client Contract Form

Work Schedule

Sample Invoice

Illustrated Cleaning Supplies List

Signature & Consent Checklist

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