

# 2021

## BUILDING SERVICE CONTRACTOR BENCHMARKING REPORT



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# Introduction & Methodology

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**Objective:** This study was designed to assess the various sales, financial, human resources, and operations metrics of building service contractors in 2021.

**Sample:** This survey sample was taken from members of the Elite Business BSC Mastermind group. There are nearly 150 member companies in this group, all in the commercial janitorial industry. Nearly all participants have over \$500k in annual revenue. Additionally, all respondents are either owners or executive leaders in their respective companies.

**Method:** Participants were sent an email asking them to fill out an online questionnaire. A link to the questionnaire was included in the email.

**Date of Collection:** Survey data was collected from 11/03/2021 through 11/26/2021.

**Number of Respondents:** 60 Survey Participants

**About Us:** Elite BSC is an online coaching and mastermind group for owners and executives in the commercial janitorial industry. The group is run by Jordan Tong, an industry veteran and owner of Frantz Building Services. Elite BSC strives to create an arena for like-minded peers in the janitorial industry to learn, collaborate, and grow. With targeted training and the power of community, the goal is to help you find freedom and success in your business.

# 2021 Building Service Contractor Benchmarking Report

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By Jordan Tong

Over the years, various organizations have published surveys detailing numerous aspects of the building service contracting industry. For instance, in 2019, the BSCAI published its Industry Financial Benchmarking Report with the help of Mackay Research Group. This particular report used a sample size of 25 contractors of various sizes and geographies to generate P&L data and financial ratios. The downside to this report is its lack of application to the average BSC, particularly as it relates to the P&L data. When comparing benchmarked profit and loss percentages to your own company, one must assume their company is expensing costs in the same manner as the survey participants. If not, the comparisons are not helpful. So the lack of an industry standard cost accounting method limits the effectiveness of this report.

Another recent industry report is the 2020 U.S. Commercial Cleaning Industry Report published by MarketData Enterprises. This report analyzes larger trends in the industry, the current state of the market, some meta-level statistics, franchise data, and the like. While this information can be helpful, most contractors struggle to understand how the data applies in their particular market. As with the Financial Benchmarking Report, the results only apply when there is a close correspondence between what the survey is reporting and a particular contractor situation. For instance, having a national average cleaner pay rate does little to help the contractor in rural Alabama know what a competitive rate is. In like manner, average profit margin of a cleaning company is helpful only when it is understood in light of the customer types, company size, market location, and other factors. The profit margin of a \$20M contractor in New York City servicing high-rise buildings will likely differ wildly from the profit margin of a \$2M contractor in Wichita, KS who services medical and industrial facilities.

A final survey worth mentioning is the 2021 Report On The Building Service Contractor Market, published by Contracting Profits in tandem with the BSCAI. This report gathers data about company size, number of employees, projected sales growth, the effect of the pandemic, what add services are offered, ideal customer size, and similar questions. While this data is interesting, and perhaps helpful, its limitation is not giving the reader any sense of what to do with the data. How does this data apply to a current situation? What changes should be made in light of this data?

While the above studies are all helpful, and we would recommend them to anyone in the industry, the goal of this report is to provide what those reports are missing. First, this study aims to pull together a wide variety of relevant financial and operational data, creating a report that is comprehensive but not cumbersome. Second, a goal of this study is not to just compile raw data, but to cross-reference the data to spot trends that are applicable to contractors in various situations. For instance, employee turnover is a relevant metric most BSCs are tracking; however, numerous factors may affect the turnover rate one should expect. We tried to bring to light many of those factors to help our readers better use the data. Finally, this study is designed to give the reader a sense of how the data should be applied to future decisions. Using our experience in the industry, and the collective wisdom of the mastermind group, we want this study to provide not just data, but guidance as well.

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Before you can benefit from any statistical study and apply it to your specific context, you need a basic understanding of the survey participants. The following charts and graphs give a breakdown of various facets of the 60 companies represented.

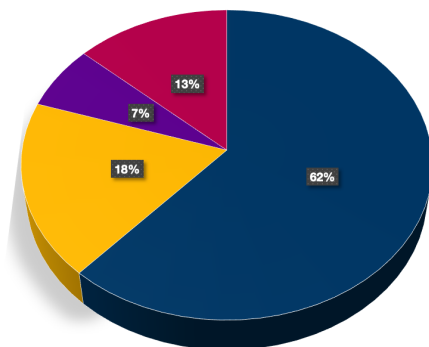
## Geography

This survey represented companies from all over the United States. East, West, North, and South are all included, as are both urban and rural companies. This map shows the location of each participant.



## Owner Type

This chart breaks down companies based on how the owner acquired the business.



- First Generation
- Second Generation
- Third Generation +
- Owner By Acquisition