

SMALL BUSINESS

Cleaning Up

Long-time best friends overcome ominous start to turn cleaning business into million-dollar success

By **MATT EVANS**

THE BUSINESS JOURNAL

GREENSBORO — The very first paying job that David Murphy and Gary Collins had as budding entrepreneurs way back in 1989 was a mess. Literally.

Part of that was by design, of course. Their new business was called Supreme Maintenance Organization, and the two long-time buddies had taken \$200 in startup funding and a borrowed Sears vacuum cleaner and landed a job cleaning out a rental house for a landlord. They expected the house to be a mess.

But they didn't quite grasp how much of a mess, nor that they'd contribute more to it themselves. It wasn't a terribly auspicious launch, admits Murphy, the company's president.

"We'd given the guy a price of something like \$200 to do the job, and then it took us all week and we broke his storm window," Murphy says. "We ended up paying him to replace it."

Things soon looked up, though, and 20 years later Supreme Maintenance in Greensboro has grown to more than \$4 million in annual revenue and employs around 100 workers full-time, plus another 175 or so part-time. The company's major clients include the Greensboro Coliseum and a number of large property managers, industrial firms and educational institutions.

But like many cleaning and maintenance firms, SMO (as the company is also known) struggles constantly to keep ahead of a shifting labor marketplace, and Murphy and Collins have had to get creative to find ways to keep their workers and clients happy.

They've had plenty of time to learn the ins and outs of the cleaning business — mostly the outs early on, they both say.

The two guys have been buddies since they were 6 years old; when they were both in their teens they'd often work nights together in the cleaning business started by Murphy's father

as a sideline from his regular job at the post office. Murphy's father, who is now deceased, worked hard but wasn't the best manager, and made his share of mistakes, Murphy says.

The two stayed friends through college — Murphy at UNC-Chapel Hill and Collins at Elon. After graduation, Murphy asked Collins if he'd be interested in kicking in \$100 to start a cleaning business of their own.

"I have to say, it was not a legitimate career opportunity for me," Collins, SMO's vice president of operations, says with a laugh. "I just thought it'd be a cool way to get to hang out with my best friend for a while, and then in six months I'd go get a real job."

Tough job

But Supreme Maintenance quickly became a real job, and a tough one at that. The two friends did most of the cleaning and all of the administrative work themselves, sometimes calling in buddies to help out when a particularly big job came in.

One of those buddies was John Newman Jr., now a real estate agent with Remax in Greensboro and who has known Collins and Murphy for about 35 years. He says the guys launched their business with gusto and hard work, and struggled constantly to meet the demands of growth.

"They were always working, and spending most of their nights at the office. I'd go over there sometimes at 9 or 10 o'clock at night and they'd be getting ready to go out on another job," Newman says. "They were also always trying to balance having the money they'd need to do a job right with having the confidence to say, 'If we borrow some money,



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David Murphy, left, and Gary Collins are co-owners of Supreme Maintenance Organization in Greensboro.

are we going to be able to pay it back?"

The nature of the company shifted toward significant growth relatively early on when SMO landed a contract to do \$1,200 a month worth of cleaning at the Kmart distribution center on Wendover Avenue. That was basically the spill-over work on top of what the facility's own internal cleaning staff did, and Collins says he's pretty sure they got the job just because their phone number in the Yellow Pages at the time had the same prefix as the facility.

But the pair took their good luck seriously and worked hard, still doing most of the

SMO: Business owners find offering employees training and perks helps to curb turnover

work themselves at first. But Kmart moved to outsource more and more cleaning over time. Over the course of several years, that one contract became worth more than \$1 million annually and required the services of 55 full-time SMO employees.

“The miracle for us was that they never would have considered us if they’d needed 55 people right off the bat, because we didn’t have anywhere near that many people,” Collins says. “But once we got our foot in the door and we did a good job, we were able to grow with them as their needs changed.”

Managing growth

But growing as a company meant SMO ran head-long into the challenge that bedevils many cleaning firms, and other kinds of businesses that need a lot of relatively low-skill workers: turnover. Turnover rates in the cleaning industry are commonly estimated to be around 300 percent.

Tamping that number down has been a priority for Murphy and Collins for several reasons. For one thing, during times of low unemployment it’s very difficult to find cleaning employees at all. Also, it’s helpful to be able to tell potential customers that the crews that will be inside their facilities are not just experienced, but also known well.

One strategy SMO has used to retain good employees is both simple and cheap, Collins says: paying respect. Saying ‘please’ and ‘thank you,’ offering some simple incentives like Wal Mart gift cards and an “Employee of the Year” award and banquet and similar efforts go a long way, he says.

Having spent so much time scrubbing toilets themselves, respect for their workers comes pretty naturally, Collins says, but it’s not always an industry standard.

“We’ve had to train some supervisors who maybe come from a different background that you can’t just tell somebody what to do, that you have to ask them politely and tell them ‘thank you’ when they do it,” he says. “We know the pay for this job isn’t the highest, so we’ve got to give our people something more, and a little appreciation is something we can easily show.”

The company has tried over the years to keep SMO’s pay rates slightly above the industry average, but that’s gotten harder as the minimum wage has increased. More of the focus has been on providing good benefits — only the managers get health care insurance, but every employee including part-timers gets paid holidays and vacations after being with the company long enough.

Also very important, Murphy says, is training. A lot of cleaning companies don’t do it, or don’t do it enough. SMO employees go through not just an orientation and safety briefings but also have at least six hours of “classroom” training as well as on-site instruction before they are placed on a job.



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Leroy Haywood, right, and Al Summers of Supreme Maintenance Organization in Greensboro, mop and polish floors for a Greensboro client.

Employee focus

The various strategies have paid off for SMO and for its workers, Murphy said. The company’s own employee turnover rate is around 100 percent rather than 300 percent, and the company has a number of workers who have been on the job for 10 or more years.

The focus on employees is a big part of SMO’s success, says Jim Fitzgerald, a sales rep for Unisource Worldwide Co., who has been a supplier to the company. He’s seen other businesses fail because they didn’t do enough on that front.

“They’ve done a very good job not just managing their business but training their employees and making them happy, which helps keep their customers happy,” Fitzgerald says. “It’s a very competitive industry and you’ll come up against people who will quote a job and do it for basically nothing, but they’ve overcome that and managed to make a very strong and viable business.”

The goal now is to get even stronger, says Murphy. His personal goal is to grow revenues from around \$4 million now to \$25 million by the time he retires.

Growth has been mostly steady so far, but there may be opportunities coming to expand quickly too. SMO, which currently operates primarily in the major metros in North Carolina and part of South Carolina, is negotiating a contract expansion with one customer that could quickly move it into five or six states.

He also expects to expand the company’s service menu to more of a “total facility” approach, which would include things like landscaping, HVAC maintenance and even security. Many building managers would like to have just one company to deal with for all those, he says.

Expanding in territory or service offerings would present different challenges, in logistics

COMPANY PROFILE

Name: Supreme Maintenance Organization

Address: 317 D South Westgate Drive, Greensboro 27407

Phone: (336) 294-7665

Web site: www.smoworks.com

No. of employees: 275 total, including about 100 full-time

Year established: 1989

Annual revenues: About \$4.2 million

Biggest problem: Coping with employee turnover, which runs as high as 300 percent in the cleaning industry.

Solution: SMO uses a combination of benefits, training and simple courtesy and respect to keep good employees happy.

WHO’S IN CHARGE

Name/Title: David Murphy, president

Education: B.A. in Political Science from UNC-Chapel Hill

Best Business Decision: Asking his best friend Gary Collins to go into business with him.

Goal yet to be achieved: Hitting \$25 million in annual sales

Family: Wife Paula and four children

Hobbies: Kids’ activities and Carolina football

and in making sure the new services are offered with the same level of quality as the cleaning the company has done for so long.

That won’t be easy and there may be setbacks, just like that broken storm window back on their very first job. But Collins says he and his buddy/business partner have been blessed with help whenever they’ve needed.

“You can call it perseverance or ignorance, I don’t know which it is, but we’ve never quit,” Collins says. “And that’s paid off.”

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