

Bringing Mops and Pails to the Neighborhood

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SOMERSET

Six years after launching a successful liability insurance brokerage firm, De'Andre Salter, a Somerset-based entrepreneur, is embarking on a venture in the fast-growing commercial cleaning franchise industry. With his latest enterprise, Salter aims to create hundreds of new businesses and jobs in lower-income communities in central New Jersey.

Salter's vehicle for economic growth is Joy Community Development Corp. (CDC). His mother, Emma Salter, founded the organization in 2000 in conjunction with The Tabernacle, a Piscataway-based church where she was pastor at the time and which funded the start up of the CDC. De'Andre Salter has been serving as pastor of the church since 2006. In August, Joy Community signed an agreement with Stratus Building Solutions, a St. Louis-based commercial cleaning franchise company, to become a master licensee in the central New Jersey area, which covers Burlington, Mercer, Ocean, Monmouth, Somerset, Middlesex, Hunterdon, Union and Warren counties. The designation gives Joy Community the exclusive right to sell franchises in the area under the parent company .

"We were looking for an opportunity that could both create businesses as well as create jobs," says Salter, 36, executive director of Joy Community. "Part of our mission is to bring opportunities like this to areas that are underserved and underdeveloped." Targeted areas will include Elizabeth, Plainfield, Perth Amboy and Trenton, he says.

Commercial cleaning is less restrictive for people in low-income communities to break into than other types of franchise concepts because of the relatively limited set of skills and training required, says Salter. "Commercial cleaning is not rocket science," adds Salter, who is also CEO and founder of Professional Risk Solutions, which today has offices in Tampa, Fla., Philadelphia and Somerset and generates \$40 million in annual revenues. "There's a low barrier to entry, so we can really bring the opportunity to just about anybody."

Startup costs for a Stratus franchise can be lower than for other types of franchises, says Jerome Williams, Joy Community's regional director. Initial franchise fees start at \$1,000 for a part-time business, he says, compared with an industry-wide average of \$25,000. Stratus Franchisees pay an additional \$1,000 for supplies, uniforms and other items. "This will create a lot of entrepreneurs for those who never thought they could get into entrepreneurship through franchising," says Williams, 41, who owns Global Franchising Consultants in East Brunswick.

Besides providing training, Joy Community is responsible for securing clients for franchisees, says Salter. "We can guarantee our franchisees a certain amount of work," he says. "It takes a lot of risk out of it." The organization plans to hire a sales team that will work on getting accounts through calls and visits to prospective clients, referral sources and partnerships with business, organizations and local chambers of commerce.

The commercial cleaning business, which is worth about \$100 billion nationwide, is one of the fastest growing industries in the United States, says Dennis Jarrett, Stratus CEO. "It's a business that is very inelastic in terms of demand," he says. "It will never be outsourced. It needs to be done here every day."

Joy Community is the first New Jersey-based master licensee for four-year-old Stratus, which plans to expand from 500 franchises in 15 cities to 10,000 franchises in 75 cities over the next five years, according to Jarrett. In central New Jersey alone, it seeks to open 1,000 franchises during that period. The company currently has 10 South Jersey franchises overseen by master licensees in the Philadelphia and Delaware areas. Stratus is also in talks to launch franchises in northern New Jersey early next year, he says.

The unit franchises are home businesses that typically start as family-run operations, says Jarrett. The entrepreneurs, who tend to be African American, Hispanic or Eastern European and are high-school educated, invest \$10,000 in the business on average and make a return of at least \$30,000 a year. Annual contracts can run from \$6,000 for cleaning a small office building to more than \$200,000 for larger properties, he says. The franchisee retains most of the revenue earned from clients, while both the master licensee and the corporation collect royalties from the revenues and also earn money from franchisee fees.

Joy Community, meanwhile, intends to open 50 franchises each year over the next three years, according to Salter. After that, he expects that the CDC will be profitable and can increase franchise openings to 75 new businesses a year. The organization plans to market to potential franchisees with radio ads in Spanish and Eastern-European languages such as Ukrainian. Joy Community already has five interested parties that are ready to buy a franchise, says Salter. He expects one or two franchises to begin operating within two weeks after Joy Community, which is currently in Somerset, opens its offices in the Princeton area next month.

The organization is being financed through church donations and fundraising, Salter says. He says that The Tabernacle stands to benefit from its investment in the CDC because of the job and business opportunities it offers church members. "We have members who have already inquired about buying a franchise, to get involved with commercial cleaning," he says. Williams adds that many of the job opportunities at Joy Community, which is looking to hire seven to 12 new employees, are likely to be filled by church members.

Going forward, however, Salter says Joy Community will no longer need to rely on church donations as the franchises start bringing in money. "It's a business that can stand on its own," he says. "We plan to reinvest the profits from Stratus into other business ventures that will create more jobs."

Some economic development experts, however, say the church could need to fund Joy Community for several more years before the CDC will be generating enough revenue to sustain itself. Employee salaries alone would cost about \$200,000 or more, estimates Roland Anglin, executive director of the Initiative for Regional and Community Transformation at Rutgers University in New Brunswick.

He asserts that a church supporting a CDC out of its own pocket is uncommon. "If this church is going to do that, it must be a fairly well-capitalized church," he says. "A lot of

churches that want to become involved in business ventures to help the community tend to do it with other people's money," such as grants from local government or foundations.

Another critical issue is Joy Community's ability to get contracts with clients, says Anglin. "For this to be successful, the one thing that's going to make a difference is that they have a stable of businesses that are willing to use the services of the people involved," he says.

However, "it isn't easy to get contracts because a lot of these contracts are relational," says Anglin. Many companies, he explains, have long-standing relationships with service providers that they aren't willing to change. He also notes that landing contracts is time-intensive, which is why account sales representatives usually go after larger concerns like the Port Authority or an airport. "If you're going to do it in dribs and drabs, that's more paperwork that you have to do, that's more managing relationships and if you're dealing with a startup concept like that, it's going to make that job much more difficult," he says.

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