

# Renue Systems Is Cleaning Up the Hospitality Industry



*Renue Systems is a leading provider of high-quality, comprehensive deep cleaning services to the hospitality industry. They are preferred vendor partner with many large hotel companies including Marriott, Hilton, Hyatt, Wyndham, Best Western, Fairmont and others.*

*We interviewed David Grossman, President of [Renue Systems](#), to find out what makes this concept a good fit for potential franchisees, how its most successful franchisees have grown their franchises, as well as what's next for the franchise, both in the near future and long-term.*

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## **Give us an overview of your franchise.**

Originally called Appeal Carpet, [Renue](#) was started in 1991 by a 21 year-old to clean carpets in residences and restaurants. One day he was asked to clean a small hotel, and our focus became clear. Over the next two dozen years our Chicago-based business has grown to the point where we currently operate out of nearly 30 offices in five countries across three continents. Our large footprint allows us to address scheduled maintenance problems (for carpets, drapes, upholstery, air conditioner units,

tile and grout, marble and natural stone), emergency situations (such as floods, stains, VIP visits and QA inspections) and many specialized requests (including odor treatment and smoking, cooking and pet rooms). In other words, we can take care of almost any need a hotel has to improve its appearance and the guest experience.

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In 2010 we had a change in ownership. Until that time we had a good business model but frankly had become sleepy. Over the past several years through a large number of actions we have “renewed” the brand, added team support members, brought in a number of resources to help our current franchisees, begun searching for additional ones and increased the value of [Renue](#) for our franchisees.

### **How many units are there?**

We have nearly 30 units. Most are in the US, but we recently started expanding internationally and have locations in five countries in three continents. We have three company-owned and operated locations which I view as important since it allows me as the franchisor to have a very good understanding of how to operate a [Renue](#) franchise. It makes us a better franchisor, and we can relate better and with more credibility to our franchisees.

### **What makes this franchise special?**

Hotels are very different from other types of customers. They are challenging, which is one of the key reasons we like them. They operate 24/7, so our workers need to be very professional when they come into contact with our customers and our customers' customers. Hotels have a wider variety of needs than any other type of customer — and their quality requirements are higher than elsewhere since their customers pay a lot of money to sleep in them. Also, hotels' schedules change frequently and on short notice, something we have learned to deal with. Because we know the hospitality industry well the entire DNA of our company is formulated on that customer base. Our equipment and chemicals (which are manufactured exclusively for us) are designed for the hotel environment. Lastly and importantly, [Renue](#) is preferred vendor partner of many large hotel chains. We take seriously the reputations we have built over the years within the hospitality industry of providing high-quality and reliable work — when our customers need it.

### **Who are your biggest competitors?**

There are many general cleaning companies, but very few of them have been successful at penetrating the hotel industry because of its challenges and the advantages of focusing exclusively on different needs of the industry. In cities where we

do not have a franchisee some of the hotels often use small and general cleaning companies. However, we have found that once we open an office in that location we have been very successful in winning over many of the hotels with our quality, reliability, professionalism and preferred vendor status, among other things.

Sometimes a hotel will perform some of our services with their own staff. To them we do not advocate firing any of their existing workers to replace them with us; rather we help them when they either don't have the labor or the capabilities to do the work themselves. After we perform a complimentary demonstration for them they generally see that our quality is better than theirs (because of our advanced training, equipment, chemicals and experience as well as cost savings) and allocate their workers to other hotel projects.

### **What differentiates your franchise among others in your niche?**

Two key things that differentiate us from other franchise systems: first, no direct hotel and cleaning experience is necessary. In fact, very few of our franchisees had any before joining us. That is fine, since we can train them and support them. We are looking more for skill set, personality and cultural fit. Also, we grant very large territories. Typically, we have one franchisee per city. We prefer to bring into our team a smaller number of high-quality franchisee owners — and give them individual support — so they can build large businesses as opposed to add a larger number of lesser capable individuals.

### **Who are the key figures within your franchise?**

One of the things our franchisees tell us they like is the accessibility of our management team. They know they can call or email any one of us and speak to us in short order. The founder of our company is still very active and critical to our company. I don't think it is inaccurate to say that he has cleaned more hotel rooms than anyone. He has a team involved now but he has designed almost all our cleaning processes and oversees the training and support of our franchisees. We also have a capable sales support group, and we assign one member to work very closely with each franchisee. That is especially important in the first year where we work hard to set up meetings for our new franchisees to meet the hotels in their locations. I like to focus my time and effort on our people: I am very involved in finding new franchisees because maintaining our culture and aligning new members with it is critical. I maintain strong ties with every one of our franchisees through regular visits, phone conversations and email.

### **What's your franchise's motto?**

Make shine the people and places that deeply care about improvement.

### **What is the total investment to open a franchise?**

Our FDD calls for up to \$145,000 for a domestic franchise. We proudly offer a discount to veterans.

### **What do you tell potential franchisees about the profit potential of opening up one of your franchises?**

We are very careful not to disclose anything that is not in our FDD, so we do not make profit projections. What I am a big proponent of is encouraging any serious candidate to speak to many of our current franchisees. They will obtain a good sense of the profit potential and also importantly a very good understanding of the good and the bad aspects of being a [Renue](#) franchisee. That way they can make an informed decision if [Renue](#) is for them.

### **What makes this concept a good fit for potential franchisees?**

No one franchise is a good fit for every one, but for [Renue](#) we offer the chance to: 1) build a sizable business that is not overly difficult to manage (since the number of franchisees' workers is fairly small) and is relatively immune to competition, 2) provide a needed services that is becoming increasingly important to our customers, 3) own a large protected territory, 4) run a business with limited overhead and primarily with variable expenses that only grow as revenue does, 5) operate the business primarily during the weekdays and 6) benefit from a committed franchisee that provides individual and responsive attention. While we are still a fairly small franchisor, we are growing nicely so our franchisees' businesses are benefiting from an increasing value of the [Renue](#) brand.

### **What qualities do you look for in potential franchisees?**

We ask anyone interested in a franchise to take an online assessment which we then benchmark against our top performing franchisees. This tool not only helps us gauge the likelihood the candidate will succeed, but it also provides them good insight into their strengths, weaknesses and other attributes. The worst situation is for someone buy a franchise and realize soon thereafter that it is a not a good fit. That is a lot of time and money spent by the individual. Thus, all franchisors should do their best to get to know their candidates well *before* they join and are awarded a franchise.

Specifically for [Renue](#), those that fit best with us are sales-oriented (although no cold calls required), achievers, problem solvers and action-oriented. They should be able to manage a small team of blue collar workers yet spend most of their time building relationships with hotel managers. They do not need to be overly entrepreneurial

because they are best to follow our proven systems and work closely with our team in Chicago. Lastly and importantly we want them to fit with our culture.

### **What type of initial training do you offer new franchisees?**

We offer extensive training in three key areas:

First, we teach our franchisees and their teams how to perform all the deep cleaning services that a hotel needs. This is a nine-day course at our home office outside Chicago and at hotels nearby. (We like to train in a real world environment.) They do this using the chemicals and equipment — all of which is branded [Renue](#) and manufactured for us to meet the needs of our hotel customers — that will be shipped to them when they begin operations. Since we know they will not yet be experts immediately after training we make ourselves available to answer any questions they have in a very timely manner. We also offer and encourage supplemental training once the business is up and running. This can be done at the franchisee's location. This support gives new franchisees much comfort.

Second, we provide an extensive amount of sales support. Each franchisee is assigned a member from our sales support team who they will work closely with throughout their years at [Renue](#). Using our relationships we contact all the hotels in the new franchisee's territory to set up meetings. We accompany each new franchisee to a number of these meetings so they are comfortable with them, and we continue this process over a number of months until they have met many of the hotel managers and started to build relationships with them. We also send out regular promotions, newsletters and other marketing material to hotels on behalf of our franchisees. This component of our support receives particularly high marks from our franchisees.

Lastly, we provide business building guidance as needed. Some actions we have taken include hosting tutorials on financial statements, hiring subject matter experts as guest speakers and bringing in small business coaches. We also have started a franchisee peer program where each franchisee has a partner where they can share ideas and ask questions in a frequent and confidential manner.

### **How have your most successful franchisees grown their franchises?**

Our systems have been well-developed and refined over the past 25 years, so our franchisees know that by following them and working closely with us they can build a large business. I take particular satisfaction in knowing that almost every one of our franchisees — including our largest and oldest — is experiencing impressive growth. This shows that unlike many businesses that have very little same store growth after they are up and running the upside potential with a [Renue](#) franchise remains strong.

### **What's next for your franchise, both in the near future and long-term?**

We want to continue to broaden our geographic footprint by filling in the locations in the US where we lack franchisees and growing our international presence. At the same time it is critical to maintain extensive support to our existing franchisee owners so they can continue to grow their businesses.

### **What advice can you offer potential franchisees?**

Some people have a negative perception of a franchise versus an independent business. However, franchising can be a very attractive and lucrative opportunity if you: a) do your homework to find a franchise that fits well with your individual capabilities, interests and skill set and b) align yourself with a proven franchisor that works hard to help its franchisees succeed. Ask a lot of questions to the franchisor and spend a lot of time talking to existing franchisees to get an in-depth understanding of what you may be stepping into. Furthermore, you can be in business within a matter of months – and do so without spending a lot of unnecessary time and money trying to reinvent the wheel. The key is to follow the franchisor's proven systems.