

Cleaning up with real estate

Head of company that cleans the space can also sell it

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George Arco advertises and networks to get more business for his cleaning company, but his most unusual method is to be a commercial real estate broker as well.

A commercial real estate seller since 1995, he helps landlords make money as well as solicit business from them, and also helps commercial tenants who might become customers. He also does a little brokering of residential real estate.

"I basically spend about 10 hours a week towards real estate out of a 60-hour week," he said. "Building stronger relationships with the landlords is very important to me ... There are building owners I want to do long-term business with — the tenants as well."

Arco's real estate work is one of the reasons why his business has been able to grow faster than the industry as a whole. Annual revenues for the company, which does business as Arco Cleaning and Arco Cleaning Maintenance Co., grew by 7 percent last year.

"This year we're on track to do better than that," Arco said. Over the past five years, he said, the enterprise has grown by 57 percent in overall revenues.

John LaRosa, research director for MarketData of Tampa, Fla., said the cleaning industry overall is 90 percent commercial, with sales growing 5.5 percent in 2002 and 5.9 percent for the following year, the latest for which his company had figures available. The company had projected 6.3 percent growth for 2004 and 7.0 percent each year from 2005 to 2008.

According to Fredonia Group, an industrial-market research company based in Cleveland, the industry grew by an average of 4 percent from 1999 to 2004 and the company projected 5.5 percent average annual growth for 2004 to 2009.

Arco declined to say how large his company's annual revenue volume is. He said the business currently employs 80 people, with 30 of them full-time workers, including office staff.

Arco got the idea of getting a real estate license after a number of customers asked for referrals to real estate agents. "It was something that I always wanted to get involved with," he said, so he took some courses on the subject and got his license.

Arco said the company growth is also due to several other initiatives:

Cross-selling. Customers who already trust the company often need carpet cleaning or other services that Arco's business provides. "We're able to provide many services for the customer so they don't have to go out and get a window cleaner or a carpet cleaner. They have one company that can go out and do it all."

Networking. Arco has belonged to the Mount Kisco Chamber of Commerce since 1990 and is a former vice president of that chamber. He is also a volunteer with the local fire department, the local Elks Club and belongs to several other

chambers, including the countywide Business Council of Westchester.

Website. Putting up a Web site two years ago helped to gain the notice of customers who shop on the Internet, including "national companies who want to get local cleaning services to manage their buildings or stores."

Marketing. Arco hired a friend, Rich Garrambone, to help hone the company's marketing. The company logo is now seen on employee uniforms, all advertising, all vehicles and in the company's extensive advertising in local and countywide telephone books.

Careful hiring of employees. Arco and one of his supervisors, Weimar Leon, confer together before anyone is hired, then Arco meets the prospective employee.

One longtime customer of Arco's, John R. "J.R." Martabano Jr., president of MRE Management, heads a company that has been working with the cleaning service since Martabano's and Arco's fathers were each in charge of their businesses. MRE owns and manages 21 retail and office buildings in Mount Kisco.

"I've had floods in the middle of winter when water pipes broke and George is immediately there with a bunch of guys," Martabano said. "He's literally saved my butt a bunch of times. We had a flood in one of our shopping centers and he was in Montauk on a Sunday afternoon in August, but he got people there."

In 1946, Arco's father, Guerino G. Arco, was a General Motors employee who started the company with his wife, Jean, as a part-time floor waxing operation to make a little money for his hobby, bowling. But, by about 1960, the business was doing so well that he quit his other job.

BRANCHING OUT

The younger Arco started working full time for the company in 1972, when Arco Cleaning had about six full-time and two part-time employees.

In the 1970s, the company started branching out into various areas related to cleaning. It began cleaning carpets, and upholstery; windows; homes; work places; emergency cleaning of places with damage from fire, water or even blood. The company also strips wax from floors as well as seals, buffs and burinishes them.



George M. Arco, owner and president of Arco Cleaning and Arco Cleaning Maintenance Co. in Mount Kisco, says putting up a Web site two years ago helped to gain the notice of customers who shop on the Internet.

In 1973, Arco moved into the house on the same property as the company's Mount Kisco office, which eventually became its headquarters. Buying the property "was one of the best moves we could have made," he said, because it allowed closer supervision of operations, which had been at different locations around Mount Kisco. Nowadays, Arco said, activity in the building can begin as early as 6 a.m. and go on till midnight.

Carpet cleaning has become a company specialty and when workers aren't busy doing other things, they can be shifted to that job, allowing for more flexibility in operations, he said.

The elder Arco retired from the company in 1980 and died in 1990. George M. Arco's mother, Jean, still works in the Valhalla office. In the 1980s and '90s, the company grew mostly on the commercial side rather than residential, and today about two-thirds of the company's revenues are from business customers.

The company serves customers in northern Westchester and Putnam counties and more recently, in central and southern Westchester.

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Business Journal photo by DAVID TOTH

STRATEGIES FOR SUCCESS

George Arco, owner and president, Arco Cleaning Maintenance Co.

Age: 52

Grew up in: Valhalla

Residence: Mount Kisco, right above the company headquarters

Education: Valhalla High School, attended Pace University

Family: wife, Kim; family mascot, Jagger, a black Labrador retriever

Advice for those who want to succeed in business:

"Surround themselves with professionals that they can trust and they can work with, such as a good accountant, insurance person, attorney, marketing and advertising people, IT (information technology) people, computer people — people who can do the jobs that you might not have the expertise in doing. Also, hire good employees, and treat your employees well."

If he had to do it all over again:

"I think I would've tried to expand down county earlier. I think the White Plains area has grown larger than I had thought. ... But it's never too late."

What he likes about doing business in Westchester County:

"I do see a lot of growth. I like seeing a lot of quality growth with the upscale development that's been going on."

What he dislikes most:

"I would have to say the traffic. I don't know if that's contradicting what I just said. The cost of living in Westchester County is very high, of course."

What he does to unwind:

"I'm very active in Tae Kwon Do. I'm an avid surfer."

