Q & A with Board Member Eric Luke, CBSE:

In 1989, Eric Luke, president and CEO at Varsity Facility Services and BSCAI board member, left a career as a certified public accountant (CPA) in the audit and small business consulting division at former “Big Five” accounting firm Arthur Andersen in San Francisco. He then joined Varsity Contractors in the building services industry in Denver as district manager and never looked back. Read on to learn his perspective on how the BSC industry has evolved and why Varsity uses janitor rodeos and cleaning equipment zoo animals to keep the staff momentum going.

In your opinion, how has the industry changed since you first started?

Four profound changes have occurred in the past 23 years.

First, sophistication in technology and operating systems among good competitors has increased. Most companies have the capability to offer handheld web-based quality audits, sophisticated websites with back system integration, call centers, back-office support, etc. Just about every mid-sized to large company offers its own in-house operating systems.

Second, requirements and expectations in environmental standards have been raised. This includes programs from USGBC, LEED standards to ISSA’s CIMS certification. Additionally, many of the best industry leaders are certified building service executives (CBSEs) in BSCAI.

Third, bonds between customers and contractors were often built upon trusting relationships, nurtured and secured over time. Today, our services have become increasingly commoditized. Price is more often than not overriding relationship. The 2008 economic crisis is partly to blame, but we can also attribute this to the augmented bundling of services by property management companies, controlling so many corporate customers.

Fourth, legal, accounting, and insurance issues have become more complex. Financial issues, including securing credit from banks, are more difficult and require more time, information and effort. Insurance claims are more likely to balloon and become punitive due to litigation and complicated state and federal rules. Illegal contractors make it difficult to find a level playing field and to be competitive. Life and business are just more complex today than they were 23 years ago.

In addition to those changes, what are some of the trends that you are noticing?

Here is my list:

- Continued industry consolidation through heavy M&A activity from companies like ABM, Compass and ServiceMaster;
- The obvious: Health insurance requirements and costs will escalate;
- The rise of outsourcing to (property management companies) and shrinkage of building owner-managed services, and eventually a swing back to in-sourcing once all of the efficiencies are gained and the only savings that can be achieved is cutting out the middle guy (property management company);
- Sustainable cleaning;
- Downward price pressure creating the absolute need to eliminate waste (cost); and
- Securing financing and, credit will become more difficult. Banks are under severe regulatory rules due to the Dodd-Frank Act.

What do you think is one of the most important attributes of a good business leader?

Vision, complemented by discipline, and the ability to get things done.

As a business leader, what are some tips you have for managing staff?

Hire based upon character and life accomplishment. Then teach and train the necessary skills. This may be a hackneyed statement but be an MBA. Manage By Walking Around. Be in the heart of the business activity so you can feel and relate to those working for you. Also, establish worthy, challenging expectations, lead by example, and measure results. Lastly, have fun with people. Love and care for those who work for you, but demand results.

What is the most important quality in an employee?

For the hourly service employee, the desire to please and serve and an eye for detail. For the manager, honesty, discipline and a history of working hard and getting the job done.

How does Varsity keep its team motivated?

We have a grand vision for the purpose and importance of the cleaning and facility maintenance industry. We know cleaning makes a difference for good in the world and the business community; consequently, our management believes it is doing something more than just earning a paycheck. We try to create an environment of fun by doing annual service projects, collecting cleaning equipment antiques for our founders’ Janitor’s Museum, creating crazy janitorial competitions like janitor rodeos, making cleaning equipment zoo animals, or wearing a zany hat or tie made from equipment and supplies used in our industry. Our management is taught to think like an owner and shares in the net bottom line so they can calculate a direct reward for the net seller earned. This way, they can control to a measure their financial destiny.

What is the best piece of advice you’ve ever received?

I have to give three answers --

2. “Never, never, never quit or give up,” from Winston Churchill. I often reflect upon his words as I recall this poem’s stanza from The Race: “Quit, give up you’re beaten, they still shout in my face. But another voice within me says, get up and win the race.”
3. “It is not what you achieve and acquire in life that matters, but what you become as a person as a result of it.” — from Arlo Luke, CBSE.