

P&G Professional™

Presents
“The Value of Clean”



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Objectives

During today's presentation, our objective is to help you:

- Hear how budget reductions can create unintended consequences that impact revenue
- Learn to calculate the financial ROI of improved cleanliness
- Discover how being noticeably clean can actually generate revenue



The Value of Clean™

How Cleaning Improves Your Bottom Line

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Objectives

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- Define the value of cleanliness to facility managers and building owners
- Demonstrate how budget reductions can create unintended consequences that impact revenue
- Calculate the financial ROI of improved cleanliness, quality management and ways to reduce costs
- Verify how investments in hygiene improve occupant wellness and increase employee productivity
- Review third-party studies, surveys and scientific data that demonstrate the value that cleanliness provides

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Laying the Foundation

Before you can determine the proper investment in cleaning products or services, or calculate the financial benefits they provide, important steps include:

- Establish quality management standards
- Properly workload all tasks to determine frequencies, staffing and budget needs
- Track financial impact of cleaning services
- Obtain surface life cycle data
- Obtain human resources data regarding organization absenteeism, wage rates and other productivity indicators

Quality Management Foundation

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The Cleaning Industry Management Standard (CIMS) was created for building service contractors and in-house service providers.

It applies to an organization's management and performance systems and processes.

It should be thought of as a framework to help facility service providers develop customer-centered organizations.



1. | Quality Systems

2. | Service Delivery

3. | Human Resources

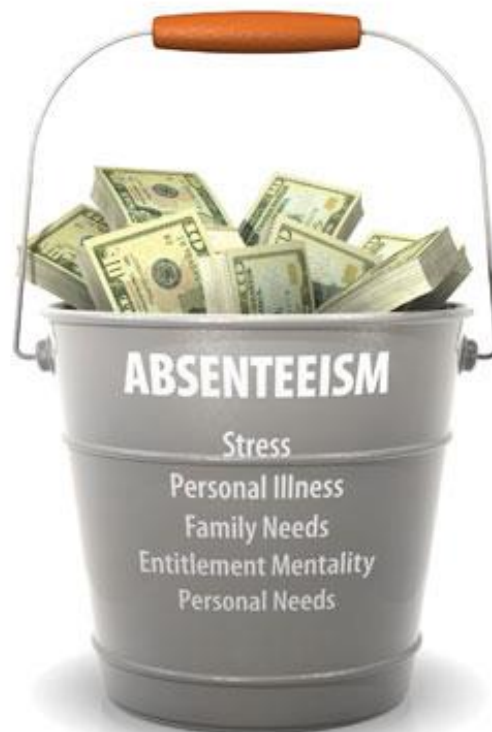
4. | Health, Safety & Environment

5. | Management Commitment

6. | Green Buildings & Service

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Absenteeism

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- Health-related lost productive time (LPT) total \$225.8 billion per year
- LPT for a health-related reason totals \$1,320 per employee per year
- Causes of absenteeism:
 - Headaches
 - Colds / Flu
 - Asthma
 - Stress
 - Repetitive motion injuries
 - Workplace factors
 - Individual factors



Type of Bacterium	Duration of persistence (range)
Acinetobacter spp.	3 days to 5 months
Bordetella pertussis	3 – 5 days
Campylobacter jejuni	up to 6 days
Clostridium difficile (spores)	5 months
Chlamydia pneumoniae, C. trachomatis	≤ 30 hours
Chlamydia psittaci	15 days
Corynebacterium diphtheriae	7 days – 6 months
Corynebacterium pseudotuberculosis	1–8 days
Escherichia coli	1.5 hours – 16 months
Enterococcus spp. including VRE and VSE	4 months
Haemophilus influenzae	12 days
Helicobacter pylori	≤ 90 minutes
Klebsiella spp	2 hours to > 30 months
Listeria spp	1 day – months
Mycobacterium bovis	2 months
Mycobacterium tuberculosis	1 day – 4 months
Neisseria gonorrhoeae	1 – 3 days
Proteus vulgaris	1 – 2 days
Pseudomonas aeruginosa	6 hours – 16 months; on dry floor: 5 weeks
Salmonella typhi	6 hours – 4 weeks
Salmonella typhimurium	10 days – 4.2 years
Salmonella spp	1 day
Serratia marcescens	3 days – 2 months; on dry floor: 5 weeks
Shigella spp	2 days – 5 months
Staphylococcus aureus, including MRSA	7 days – 7 months
Streptococcus pneumoniae	1 – 20 days
Streptococcus pyogenes	3 days – 6.5 months
Vibrio cholerae	1 – 7 days

Persistence of Clinically Relevant Bacteria on Dry Inanimate Surfaces

The longer a nosocomial pathogen persists on a surface, the longer it may be a source of transmission and thus endanger a patient, healthcare worker or cleaning professional,

The most common nosocomial pathogens may survive on surfaces for months and can be a continuous source of transmission if no regular preventive surface disinfection is performed.

Hygiene Intervention Project

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Researchers for Kimberly-Clark Professional's *The Healthy Workplace Project** tested improved hygiene's impact in an office environment:

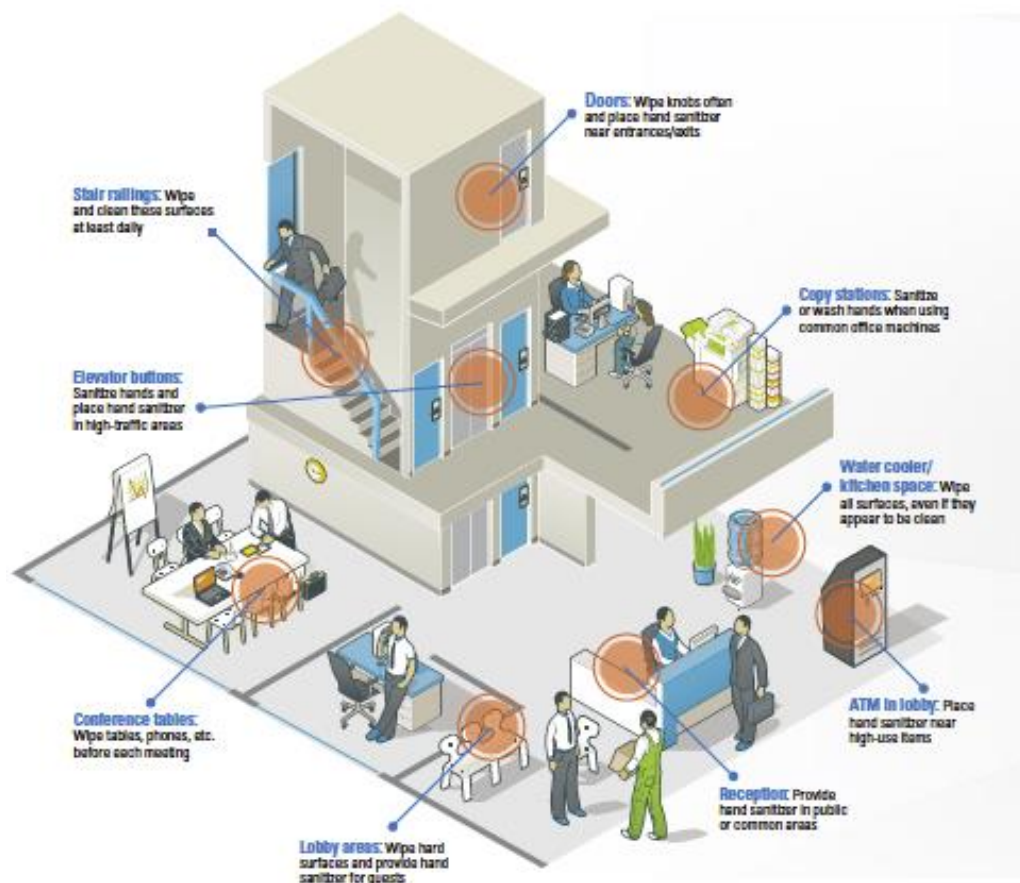
- Hand sanitizer, wipes and facial tissue were placed on workers' desks and in select areas of the office
- Office employees were trained on highly touched objects and the need to sanitize these areas regularly
- Instructional cards and signage were placed on desks, break rooms and areas where employees congregate
- Highly touched objects were measured before and after the hygiene intervention using an ATP unit

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Highly Touched Objects & Contamination

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These surfaces were found to have high levels of contamination (Hygiene - ATP counts of 151-315 when tested by The Healthy Workplace Project research team).*

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Hygiene Intervention Outcomes

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Research concluded that the tested interventions could:

- Reduce the probability of infection for common cold and influenza by approximately 80%
- Reduce number of surfaces contaminated by viruses by 62%
- Reduce absenteeism by as much as 46%
- Lead to more satisfied tenants and a cleaner building, which improve attraction and retention
- Elevate the level of cleanliness in buildings without increasing annual cleaning costs of the existing cleaning contractor or in-house staff
- For Building Service Contractors, improve ability to enhance client relationships by promoting workplace wellness

Hygiene ATP Levels of Clean	Relative Light Units (RLU)
Ultra Clean Sterile surfaces and food preparation areas	0-10
Very Clean Critical touch points	11-30
Good Clean Floor requirement and typical microfiber towel performance	31-80
Somewhat Dirty Caution: Surface should be clean and has some risk of contamination from disease-causing bacteria.	81-200
Dirty Warning: Surface needs cleaning and has medium risk of contamination from disease-causing bacteria	201-500
Very Dirty Danger. Surface needs cleaning and has a medium to high risk of contamination.	501- 1,000
Filthy Danger. Surfaces needs cleaning and has high risk of contamination from disease-causing bacteria	> 1,000



Value of Clean Calculator 2.0

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Estimated annual cost of hygiene intervention is \$44 per person per year. An office with 100 employees would incur costs of \$4,400 per year. The potential savings in absenteeism is \$66,000 annually. The total savings after the investment in hygiene products is \$61,600 per year.

Presenteeism

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Presenteeism - Building Occupant Productivity

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- Presenteeism: An employee comes to work but is not fully functioning, due to illness. Productivity can be reduced by 30% or more, often more costly than absenteeism
- Negative Effects of Presenteeism
 - Spending additional time on tasks
 - Decreased quality of work
 - Lack of initiative
 - Lowered ability to perform at their peak
 - Decreased quantity of work completed
 - Inability to be social with coworkers
 - Lack of motivation

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Presenteeism - Productivity Impact

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- In a study of 400 managers and employees conducted by HLW International LLP (*Buildings*, 1999), employees' productivity levels were determined to be heavily influenced by the cleanliness of the office in which they worked
- The study found that cleaning has a very real and measurable value, specifically reporting a **5 percent** productivity gain (\$125,000) in a 100-associate office with an average salary of \$25,000
- Productivity of employees was not the only area impacted; employers who found it difficult to recruit prospective employees also were affected

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Value of Clean Calculator 2.0

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Absenteeism ☐

Number of Employees or Building Occupants 100

Cost of absenteeism per employee per year \$1,320

Absenteeism % Reduction Target 50%

Total Cost of Employee Absenteeism per Year \$66,000

Building Occupant Labor Productivity ☐

Wage Rate (use average for the workforce) \$12

Taxes, Insurance, and Benefits 30.00%

Labor Productivity Improvement % 4%

Annual Productivity Improvement (based on employees/occupants above) \$129,792

HLW International reported a 5% productivity gain in a 100-associate office

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Image Enhancement

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Cleanliness Study Quick Serve Restaurants (QSR)

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- 1000 respondents
- Ages 18-64
- Online panel of over 5 million users
- Past 90 days of 28 QSR chains
- 20 aspects of cleanliness



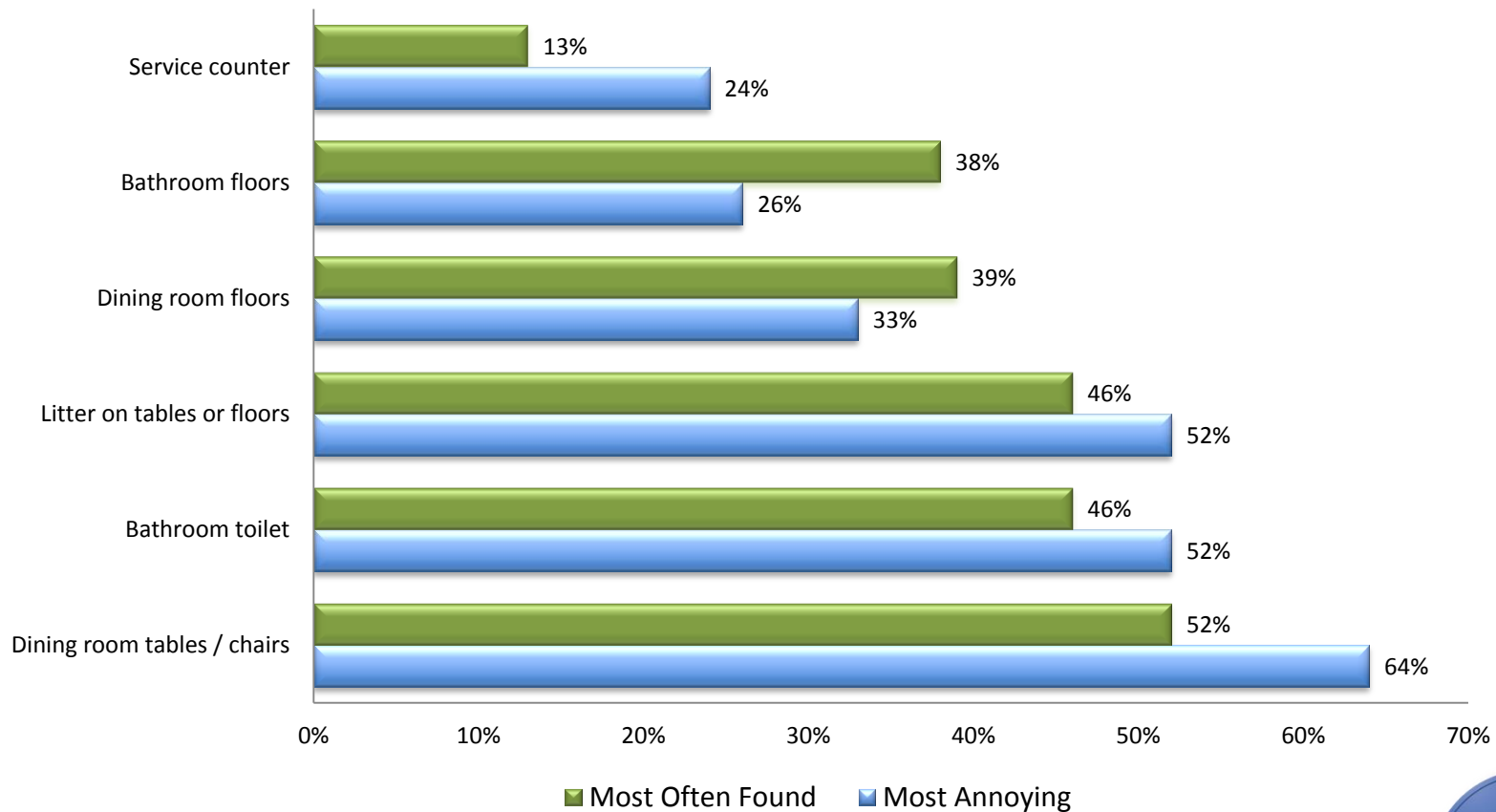
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Most Annoying Cleanliness Aspects
(Selected as one of four most annoying and four most often found)



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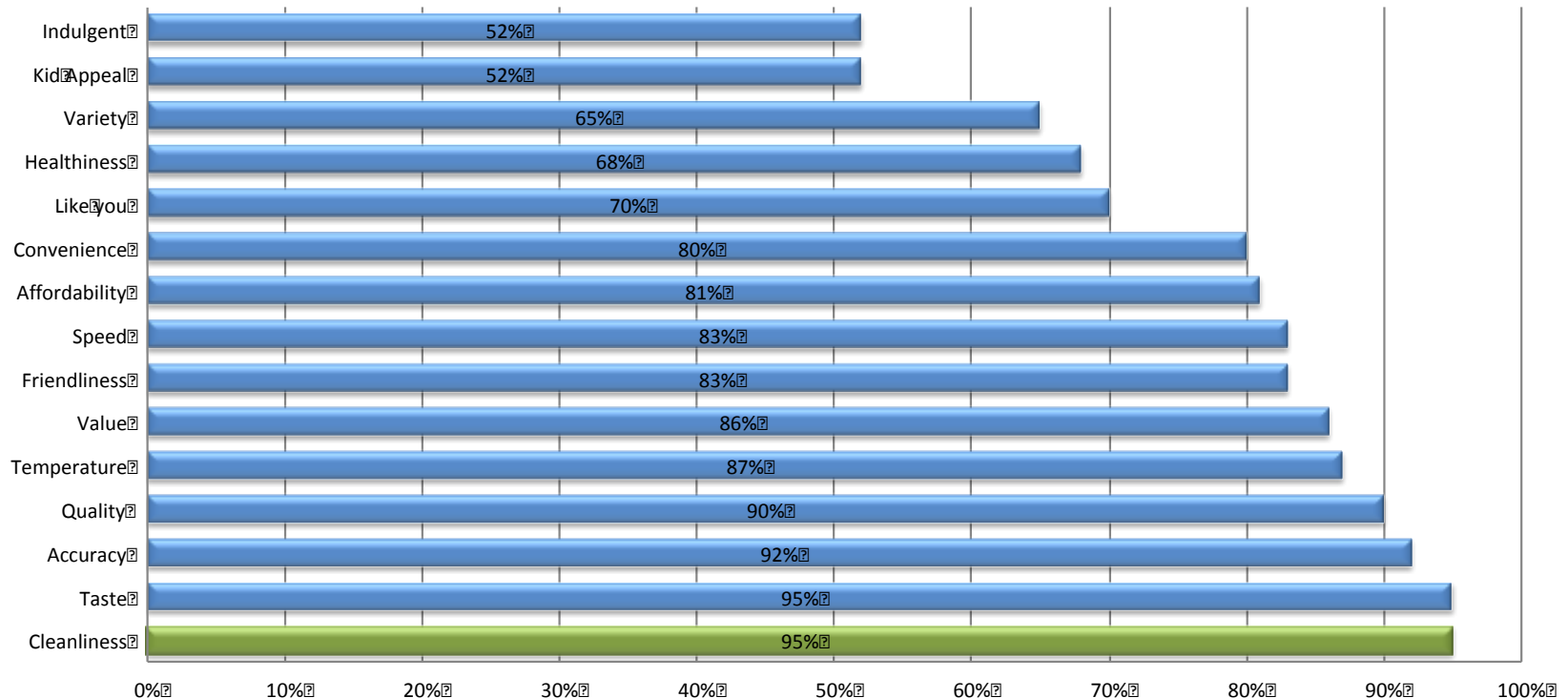
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National Importance Trends

(Extremely/Very Important Net)



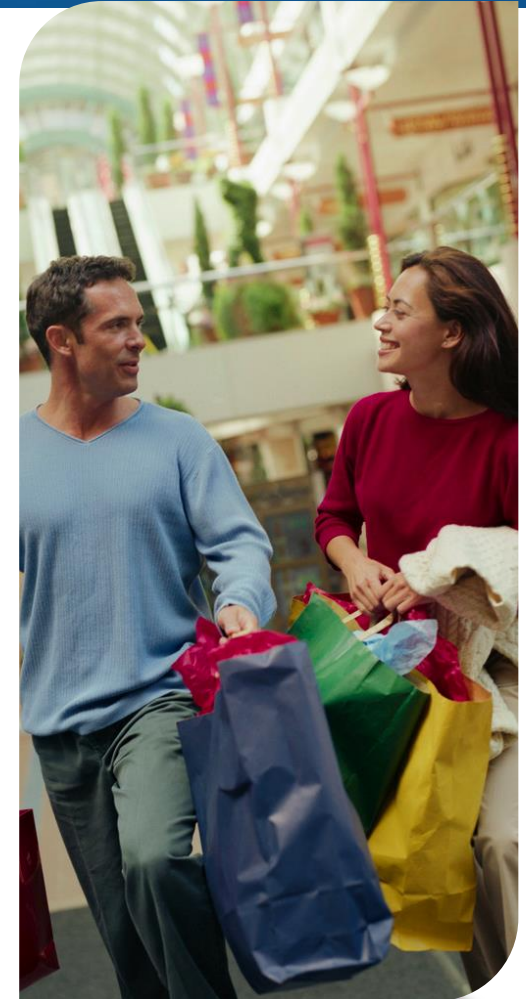
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Chain Store Atmospheric Study

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- 956 U.S. consumers
- Consumers age 16 and older
- Survey elements
 - Passive elements (static aspect) of the store
 - Active / interactive elements (stimulation)
 - Cleanliness levels
- Conclusion: Cleanliness is the most important out of 13 aspects of store atmosphere



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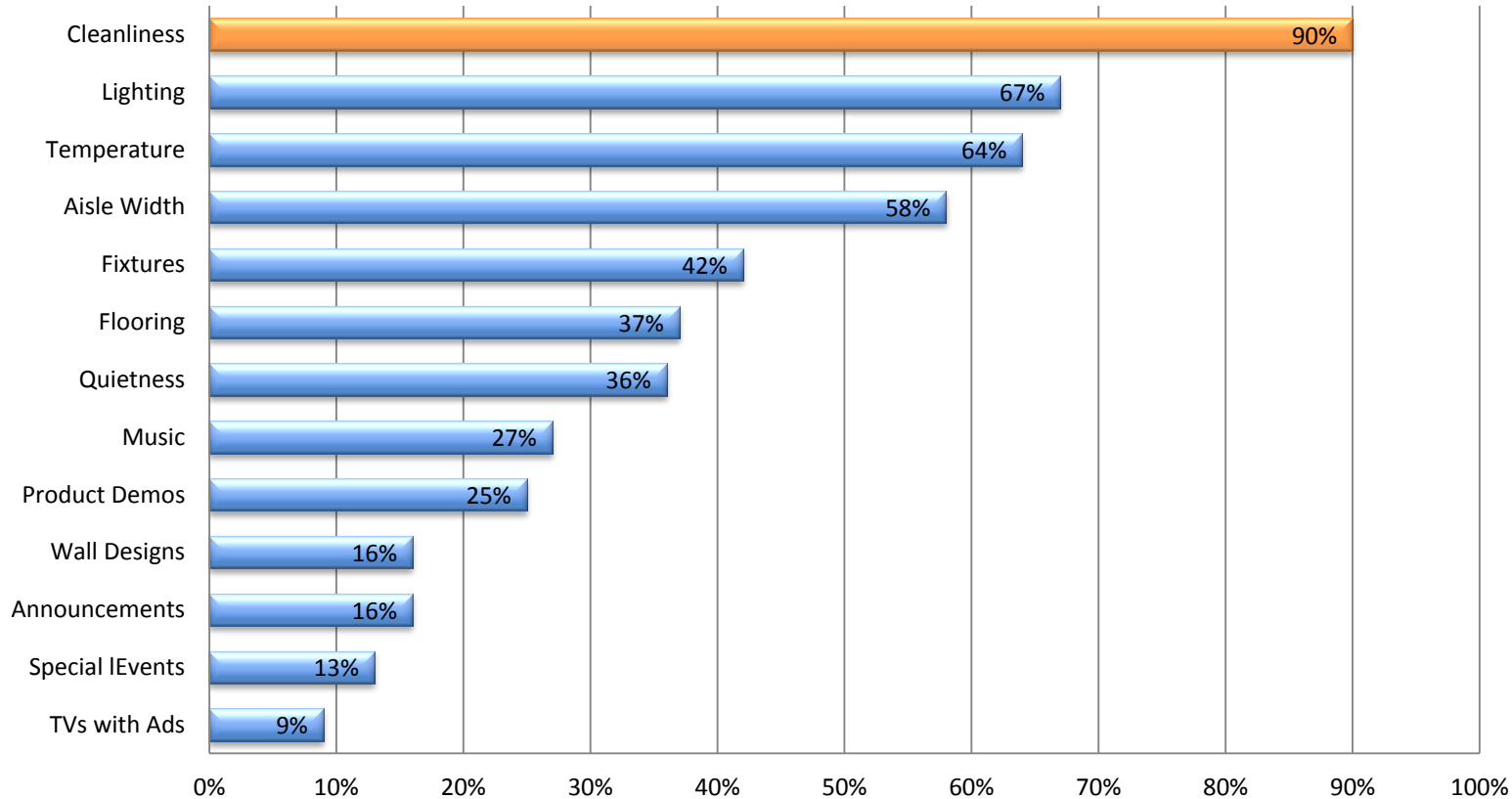
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Chain Store Atmospheric Study

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Importance of Atmospheric Elements

(Rated Highly Important (7-9 out of 9))



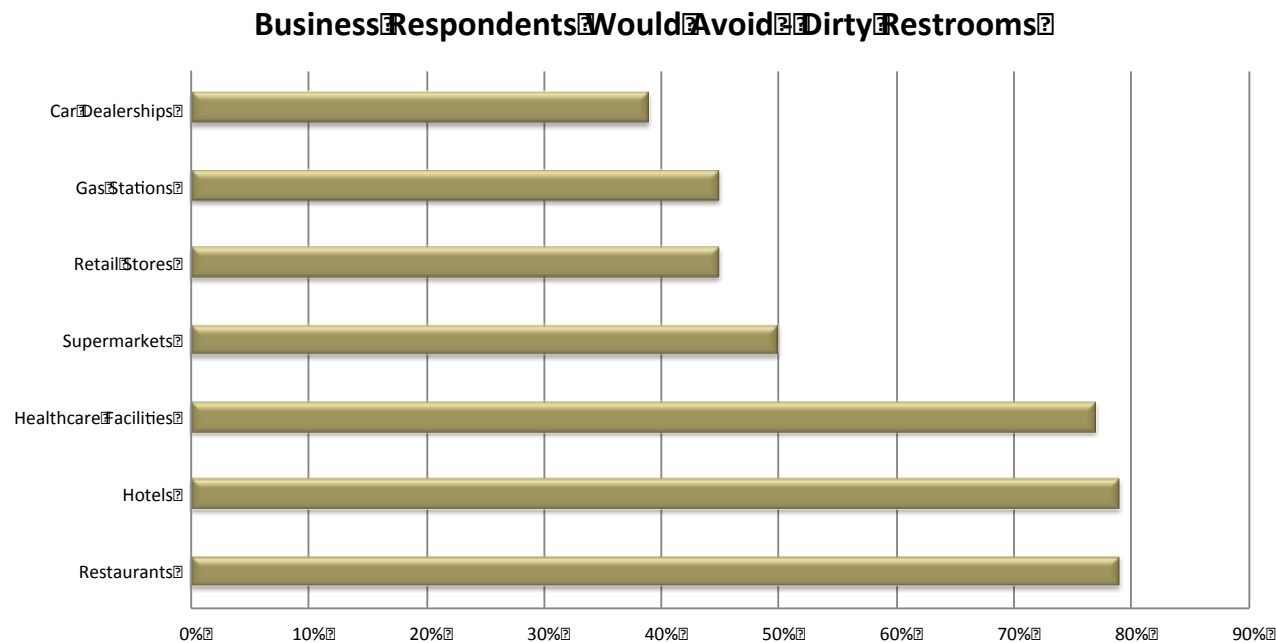
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Restroom Cleanliness Survey

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- 1000 U.S. Adults / Three Surveys
- 94% would avoid a business if they encountered a dirty restroom
- Restroom cleanliness was primary value



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Asset Preservation – Hard Floors

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Floor - Life Cycle & Cleaning Cost

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Life Cycle of Floor Types

Floor Finish	Installed Cost*	Life Cycle Cost*	Expected Life (y)	Cost Per Year*
Quarry Tile	\$ 6.83	\$16.13	50	\$0.32
Glazed Ceramic Floor Tile	\$ 7.00	\$16.30	50	\$0.33
Glazed Porcelain	\$ 8.34	\$17.64	50	\$0.35
Mosaic Tile	\$ 8.20	\$17.50	50	\$0.35
Unglazed Porcelain	\$ 8.30	\$17.60	50	\$0.35
Natural Hardwood	\$ 9.31	\$20.80	50	\$0.42
Travertine-Turkish	\$12.50	\$21.80	50	\$0.44
Marble	\$21.00	\$30.30	50	\$0.61
Laminate	\$ 8.84	\$17.77	25	\$0.71
Man-Made Hardwood	\$ 9.58	\$18.51	25	\$0.74
Portland Cement Terrazzo	\$14.88	\$24.27	30	\$0.81
Stained Concrete	\$12.40	\$24.60	25	\$0.98
Carpet	\$ 3.22	\$ 6.50	6	\$1.08
Resin Terrazzo	\$ 8.50	\$16.53	15	\$1.10
Sheet Vinyl	\$ 6.90	\$13.90	10	\$1.39
Poured Epoxy	\$ 8.18	\$15.18	10	\$1.52
VCT	\$ 3.91	\$18.35	10	\$1.83
*Per square foot				



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Ceramic vs. VCT

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Ceramic Tile

④ Annual Labor Summary

Daily Cleaning Tasks

Labor Cost-Daily Tasks	\$36,372.00
Daily Cleaning Labor Hours	2,424.80
Full Time Equivalents (FTE)	1.17

Additional Tasks

Labor Cost-Additional Tasks	\$-
Additional Task Labor Hours	0.00
Full Time Equivalents (FTE)	0.00

Project Work

Labor Cost-Project Work	\$-
Project Work Labor Hours	0.00
Full Time Equivalents (FTE)	0.00

Totals (Daily+Additional+Project)

Total Labor Cost	\$36,372.00
Total Labor Hours	2,424.80
Full Time Equivalents (FTE)	1.17

VCT

④ Annual Labor Summary

Daily Cleaning Tasks

Labor Cost-Daily Tasks	\$49,362.00
Daily Cleaning Labor Hours	3,290.80
Full Time Equivalents (FTE)	1.58

Additional Tasks

Labor Cost-Additional Tasks	\$-
Additional Task Labor Hours	0.00
Full Time Equivalents (FTE)	0.00

Project Work

Labor Cost-Project Work	\$11,700.00
Project Work Labor Hours	780.00
Full Time Equivalents (FTE)	0.38

Totals (Daily+Additional+Project)

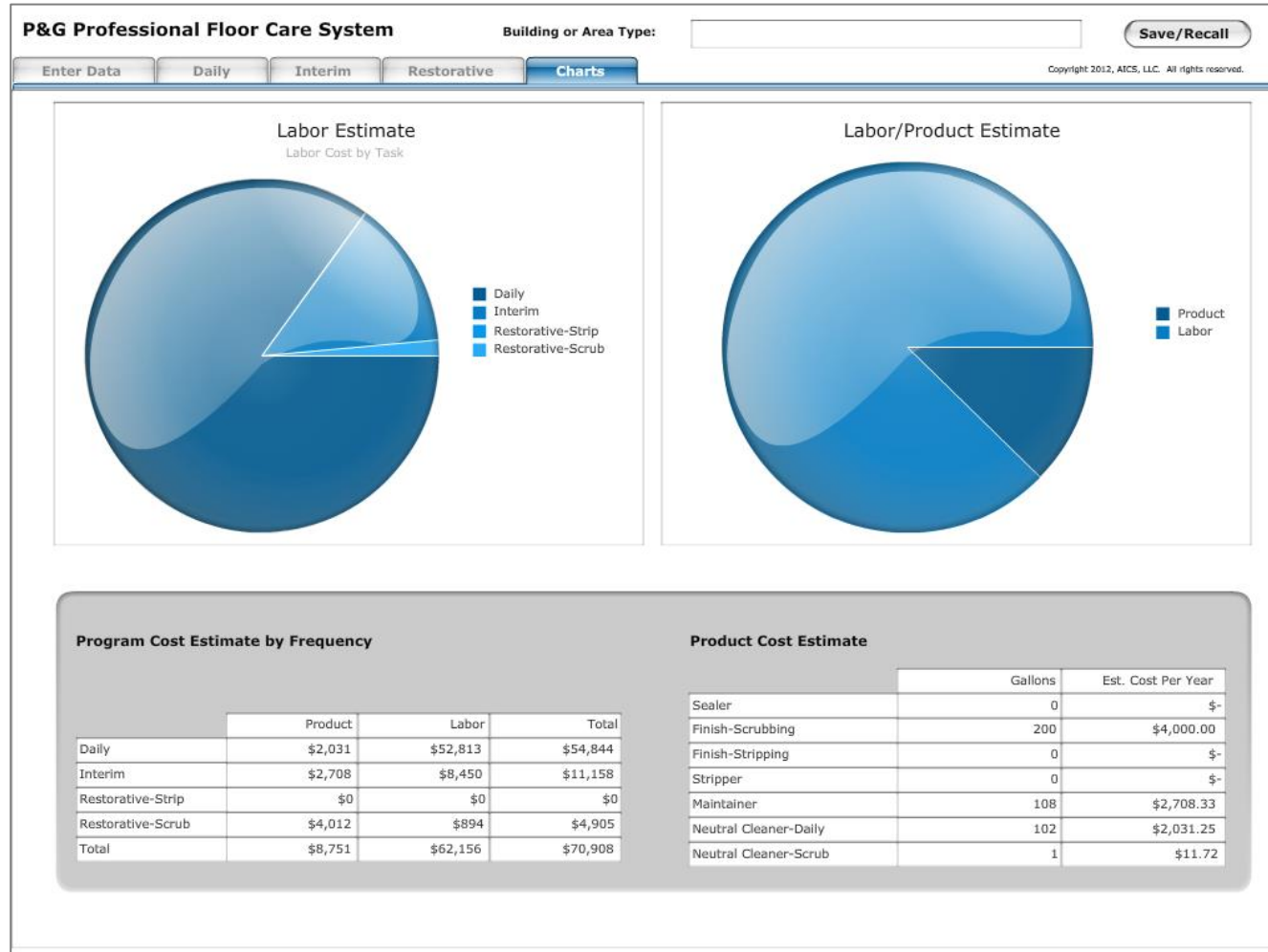
Total Labor Cost	\$61,062.00
Total Labor Hours	4,070.80
Full Time Equivalents (FTE)	1.96

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P&G Floor Care Software

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Value of Clean Calculator 2.0

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Surface (Substrate) Life Cycle Cost ☐

Number of Square Feet

50000

Surface Type

Ceramic Tile

VCT

Estimated Life in Years

50

10

Product & Installation Cost/Sq. Ft.

7

4

Annual Maintenance from Workloading

36000

61000

Life Cycle Cost Over Life of the Surface

\$2,150,000

\$810,000

Cost Per Year Over Life of the Surface

\$43,000

\$81,000

Cost per Sq. Ft. per Year

\$0.86

\$1.62

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Reducing Hospital Associated Infections (HAI)

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- 2 million patients suffer with healthcare-associated infections (HAIs) in the USA
- Direct cost of HAIs to hospitals ranges from \$28 billion to \$45 billion in the U.S.
- Healthcare-associated infections (HAIs) have increased by 36% in the U.S.
- 90,000 estimated deaths annually
- HAI rates and a federal pay-for-performance measure will no longer allow Medicare to pay more for patients with HAIs

Hygiene Management Results

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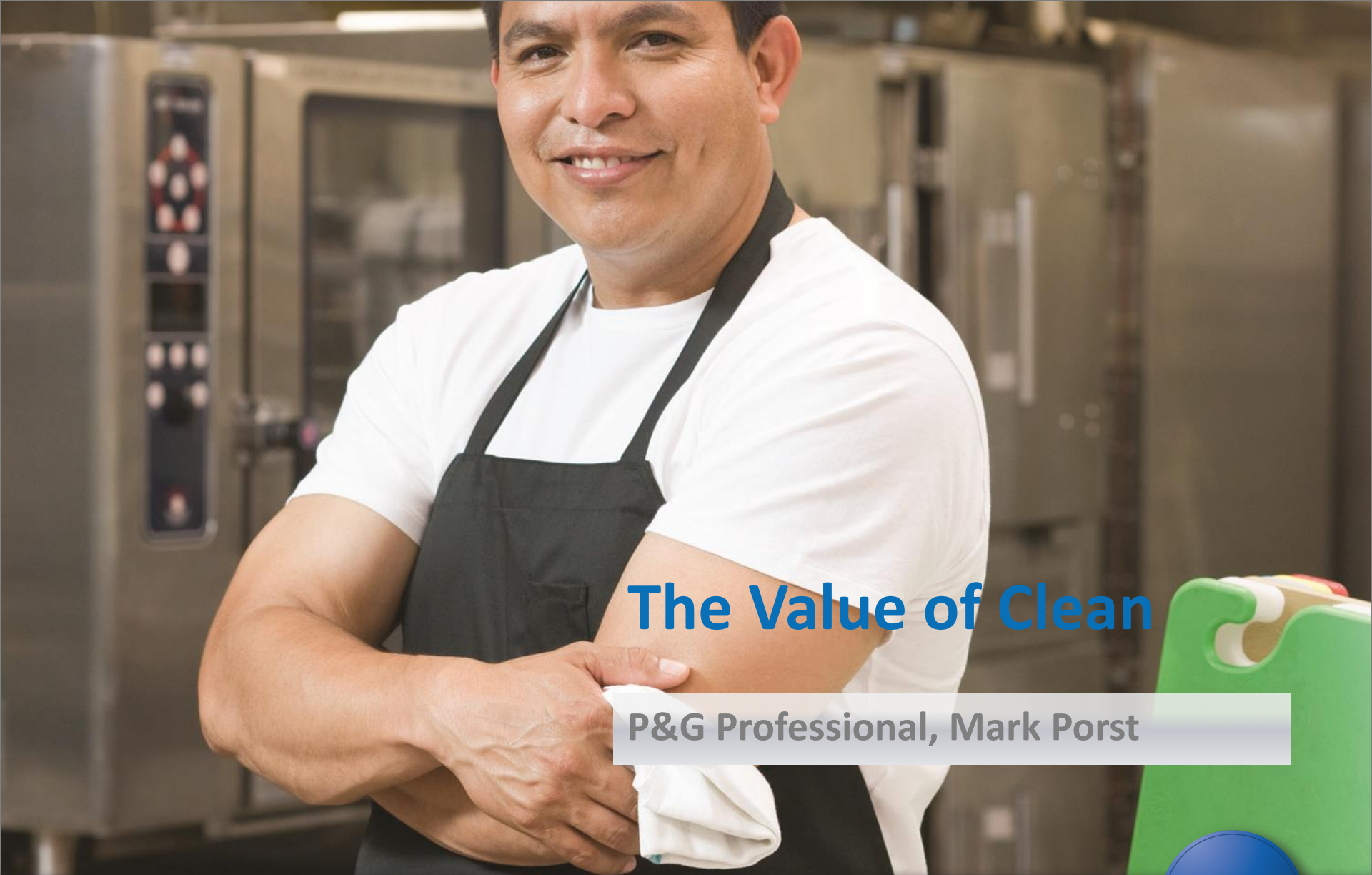


Six-month independent study of 3M Clean-Trace™ Hygiene Management System, which uses specially trained cleaners and cleaning best practices.

- Identified frequently touched surfaces
- 48% reduction of c-difficile (HA-CDI)
- Increased HCAHPC scores
- Reduced individual cases of (HA-CDI) by 85 – annual savings \$413,000

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The Value of Clean

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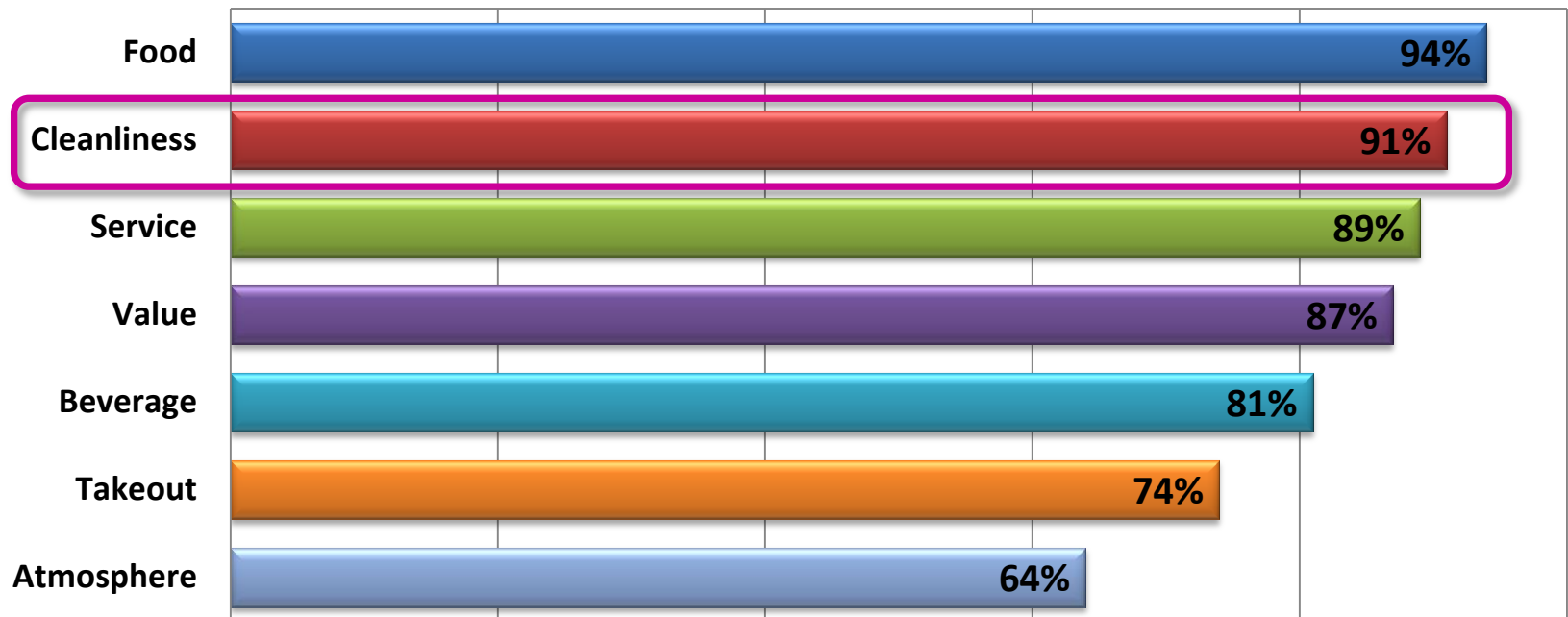
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The Importance of Being Clean

Consumers rank restaurant cleanliness as the second most important attribute in deciding which Fast-Casual Restaurant to Visit

FCR Attribute Importance Ratings

% Important + Very Important



Technomic Database Analysis 2013

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Value of Clean – General Insights

Cleanliness is IMPORTANT & initial impression plays a key part in one's decision process of which quick service restaurant to visit (they never see the menu!). This has a direct impact on revenue.

Did not Purchased Food at a Quick Service Restaurant
Because the Outside Area Wasn't Clean or Well
Maintained

33%

IPSOS Restaurant "value of Clean" Study – October 2013

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Value of Clean - Objectives

- Understand the
 - ✓ important signals to a consumer that a store is clean
 - ✓ relative impact of cleanliness perception on store choice
 - ✓ impact of improvements in cleaning on store choice
 - ✓ financial implications

***Two channels evaluated to date:
Mass Merchant & Restaurant***

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Value of Clean – Restaurant Value of Clean Study

Research Objectives:

- Understand important signals of clean.
- Understand the relative importance of clean
- Understand the financial impact

Methodology:

- Online research used Ipsos' iSay panel
 - 950 Rep consumers (50%/50% Male/Female), Age 18+ & Aware of 1+ Quick Service Restaurant.
- 30 minute survey

Quick Service Restaurants included in this research:



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Low-Rated vs. High-Rated Customer Example

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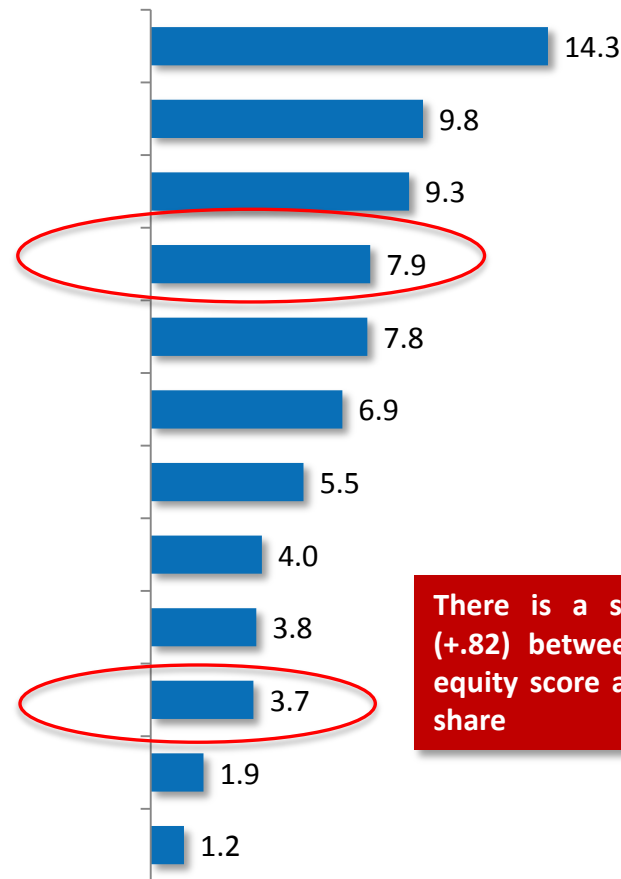
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Value of Clean – Comparative Equity

Strengthening equity → higher market share → Incremental revenue



Equity Scores



There is a strong correlation (+.82) between our generated equity score and actual market share

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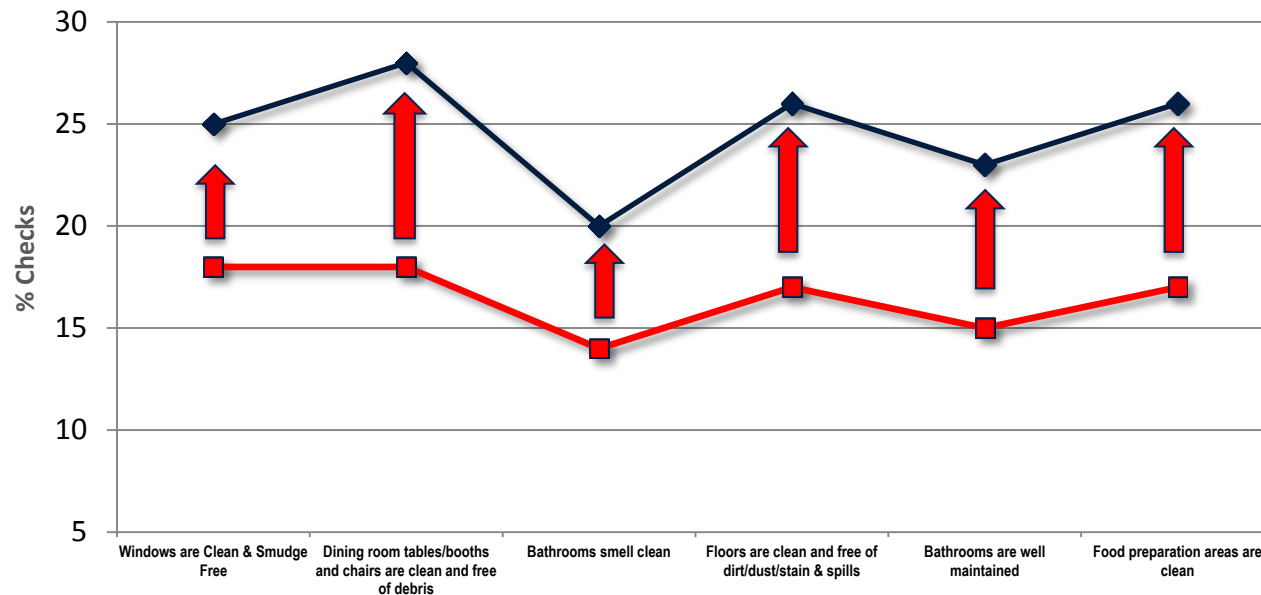
Value of Clean – “First Impression” Impact on Revenue

Customer A has a significantly better first impression profile than Customer B.

Customer
A 7.9

Customer
B 3.7

What if we could mirror the “first impression” clean profile of Customer A, our current customer? How would this impact equity and, ultimately, increase revenue?



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Value of Clean – “First Impression” Impact on Revenue

Mirroring Customer A’s first impression cleanliness profile results in:

- **Estimated Improved equity score(3.7 to 4.4)**
- **Estimated Improved Market share (1.3 to 1.6)**
- **An estimated annual incremental revenue of \$28,000 per store**

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Value of Clean – Objectives Review

- Learning....
 - ✓ The top ten signals of clean identified
 - ✓ Of seven identified store choice elements, cleanliness perception is 2nd
 - ✓ A strong cleanliness perception leads to:
 - Improved equity resulting in,
 - Improved market share resulting in,
 - A significant ROI from increased revenue

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Steve Jobs

“When you open the box of an iPhone or an iPad, we want that tactile experience to set the tone for how you perceive the product.”

“People *DO* judge a book by its cover.”

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Questions and Answers

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Thank You

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