Lesco to strengthen sales, add stores-on-wheels

By ANDREW OVERBECK

CLEVELAND — When Michael DiMino replaced Bill Foley as president and CEO of Lesco in April, he outlined a simple strategy for bringing the company back into the black. DiMino immediately focused on leveraging the large amount of capital that Lesco had invested in manufacturing facilities by improving the company’s selling and distribution capabilities.

The new CEO is in the process of implementing a new hub-and-spoke distribution system that will allow for overnight or next-day delivery to its 227 service centers and 77 stores-on-wheels. DiMino has also bulked up the sales staff by adding 54 representatives and plans to add even more services centers and stores-on-wheels in 2003.

So far DiMino is optimistic that the new structure will pay off in the long run. Despite flat sales, third quarter 2002 results showed improved earnings, up to $9.1 from $2.0 million in 2001. "Although sales are flat, we are hitting all of our financial objectives," said DiMino. "Lesco is doing well from an overall profitability standpoint which is vastly improved from last year." According to DiMino, superintendents will hear more from Lesco in the coming months. "We have set up five zone vice presidents and our sales team is moving together again," said DiMino. "We are going to add more stores-on-wheels and to 30 stores. And we have added golf sales representatives who will have a truck and a laptop and will be able to service golf courses. They will see more of Lesco." The beefed-up sales force will focus on the underserved areas on the West Coast, and in the Midwest.

Adding salespeople, stores-on-wheels and service centers is central to the company’s success, added DiMino. The company expects that adding to sales will allow for overnight or next-day delivery to its 227 service centers and 77 stores-on-wheels.

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that manufactures Club Car's adaptive golf car is convinced adaptive cars will become required.

"Golf courses are required to provide access under the Access Board guidelines," said Pretkin. "And courses must be designed to have easy access by wheeled vehicles. The only way courses can legally not provide access is if it is economically prohibitive or if it fundamentally alters the characteristics of the game or the facility."

SoloRider has already sold 300 adaptive cars, 250 of which have been placed on golf courses. The company recently signed a deal to provide all TPC courses with adaptive cars.

E-Z-GO's adaptive car, the Eagle, went into production two months ago and marketing communications coordinator Ron Skeness said there is growing market for the vehicle.

"We think the demand for these types of vehicles is going to grow and there are going to be more courses wanting to offer them as an option to handicapped players on down to those who may just have a bad back," Skeness said.

The vehicle is being manufactured by Eagle Products and distributed by E-Z-GO. Yamaha is looking to enter the adaptive market as well.

"We are probably going to team up with someone else [an adaptive car manufacturer] that is already out there," said Yamaha Golf Car vice president Bill Szarowicz. "There is no need to reinvent the wheel."

However, not all manufacturers are viewing the market with such optimism.

Several smaller manufacturers have gone out of business and veteran adaptive golf car maker Golf Xpress recently pulled out of the market and is looking for a buyer of its assets.

Fairway Golf Cars, in Brookfield, Wis., is expanding its manufacturing facility, but is taking a much broader approach to the market by offering an adaptive car, a power caddy and a new single rider floor model which it is set to unveil next summer.

"There are two challenges with the adaptive market at this time," said president Cole Braun. "There is not a definitive rul-

Adaptive market waiting to take off

ing from the Department of Justice, and second, the golf industry has not had a good year so they are not going to invest money in something that they can't see an immediate positive return on."

In the face of these challenges, Fairway Golf Cars has placed its adaptive car, the Spirit, on 40 courses nationwide including municipal courses in Indianapolis, Bramson, Mo., Lincoln, Neb., and Portland, Ore.

"The adaptive market is still solid, and there is a need there," said Braun. "But we also want to revolutionize the way people move around the golf course and give owners another option. The new single-rider floor model and the power caddy provide that option."

Fairway Golf Cars has expanded its product line beyond adaptive cars

With new factory online, YGC set for a busy '03

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could have a heavy-duty and a lighter-duty vehicle," said YGC's division manager of new business development and off-fairway vehicles Jon Bammann in the June issue of Golf Course News.

Szarowicz also said new products will be unveiled that "enhance the off-fairway division."

YGC's new 220,000-square-foot factory is making the product line expansion possible.

"The plant is going crazy," Szarowicz said. "The efficiency rate is up, and production numbers are up. So far it is exceeding expectations. We are also looking at implementing a build-to-order system. This gives us the ability to react faster. Before when we shared space with ATV manufacturing we couldn't do all of this."

New production technology has also made the G-MAX car better. The new facility features 17 robotic welding stations and a new multi-step frame coating system that includes immersion cleaning, immersion corrosion protection and powder coating.

According to Szarowicz, the new car has set itself apart from the field with its TruTrak front suspension and ergonomic Ego-Shade sun top with integrated grab handles. The company will soon roll out its Genius fleet management system that uses any personal digital assistant to perform diagnostics via infrared.

CREATING FLEET OPTIONS

YGC also introduced its certified pre-owned program this year that is based out of a separate facility in Peachtree City. Szarowicz said hundreds of reconditioned units have already rolled off the line giving the company an opportunity to compete in a different market.

"This brings the golf car out at a different price point and gives us an advantage at looking at ways courses can save money on their fleet," he said. "For example, some courses have chosen to mix and match. They may need 60 cars but would like 80. We now can offer 60 new cars and 20 certified pre-owned cars and they can get what they want at a lower price point. Golfers will never know the difference."

Compost tea brewing organic success

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developing drought conditions and high disease pressure.

"It was a good year with compost tea," said Clarke. "We bought a bigger brewer and we were able to reduce fungicide use again. We only did live curative sprays for dollar spot control on the fairways as opposed to the usual 11 to 12. We also reduced fertilizer on fairways to two pounds of nitrogen.

"On the greens we had no outbreaks, but we did have dollar spot pressure," he continued. "We sprayed curatively and we were able to increase our spray intervals. Overall we reduced fungicide use by 30 percent."

Clarke applies five gallons of tea per acre every seven days, but backed off to every 14 days this fall. He had no anthracnose, very little brown patch and pythium and had no alge on his greens.

"I am still tentative with compost tea," said Clarke, "and we are not chemical-free by any means. But we have been able to implement an IPM program and I attribute that to the tea."

Seeing Clarke's success, Todd Struse at LaLa Temple Country Club in North Hills, Pa., started a compost tea program this summer.

"We have a real bad anthracnose problem here and it is because of an imbalance in soil chemistry," he said. "We want to reduce our budget by reducing use of chemicals, nematicides and fertilizers."

Lesco to increase sales capabilities

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Lesco to increase sales capabilities and distribution capabilities will help it grow sales in the six to eight percent range next year.

"We will continue to add salespeople, stores and stores-on-wheels," he said. "I have all the data and our return on investment is outstanding when we add sales capabilities. If we don't add, we will die."

The hub-and-spoke distribution system is nearing completion with new centers already open in Westfield, Mass., and Avon Lake, Ohio. New centers in Atlanta and Chicago will be on-line by the beginning of the year and facilities will be added in Stockton, Calif., and Texas later in 2003.

"We have changed the profile of how distribution centers hold products and what services they provide," said DiMino. "We need to replenish service centers and stores-on-wheels from the local level instead of from distant distribution centers."

Lesco has bought a separate facility in Peachtree City. The new G-MAX, introduced in June, is the first of many new vehicles on the way from Yamaha.

"This is a grass-roots thing and there is no one with university research is the biggest problem. A lot of guys won't accept it until a Rutgers or a Penn State or an NC State says 'Yes this is the way to go.' Unfortunately this is a grass-roots thing and there is no one with the money to pay for a study," said Clarke. "So far, anecdotal evidence is the only way [information] on compost tea gets out there."

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"We will be able to produce it cheaper in this new structure than we were when we were producing it ourselves," said DiMino. "Novex will still be our product for greens and tees and hopefully for fairways soon as well. There will be no interruption in the supply."