Who'll be number two and three in the lawn care industry?

If Mark Parr is right, two more $100 million plus lawn care companies are going to pop up in the next few months or years. Parr, a market analyst for Roulston Co., of Cleveland, says every established market has at least three major companies and the lawn care market lacks two. His job is to investigate companies in markets to determine their potential for investors. He has studied ChemLawn and the lawn care market for more than a year.

Few companies are close to ChemLawn’s $150 million plus in lawn care services. Orkin, a division of Rollins, is in the big leagues if you combine pest control with lawn care. There are perhaps ten other companies doing between $10 and $30 million in lawn care on a regional basis; including Tru Green, Evergreen, Lawn Doctor, Davey and others.

Parr described how numbers two and three can be created. One way is large regionals combining under a holding company. They maintain their individual identity but gain the advantages of being larger. The buying power of large companies is beginning to entice manufacturers into selling direct, as they often do to the government.

Another way is investor groups, foreign or domestic, buying out existing lawn care companies. Such groups are actively studying the industry. They have enough faith in the lawn care market to invest millions long term. Meanwhile, owners of lawn care companies established in the 60’s and 70’s may be interested in cashing in.

Finally, Parr thinks privately-held lawn care companies may decide to go public to generate cash for expansion or to increase the value of their stock. He says this option is often overlooked.

By this time next year there may be two or more lawn care companies in the $100 million bracket.