

# LAWN CARE INDUSTRY

## TruGreen/ChemLawn deal widens gap between the biggest and the rest



ChemLawn, Columbus, Ohio, becomes part of SVMQ.

### ServiceMaster buys huge chunk of pro lawn care market; thinks baby boomers will have more \$\$\$ than time.

■ ServiceMaster Quality Service Network (SVMQ), Memphis, Tenn., is now the nation's professional lawn care leader. It happened May 20th with its purchase

of the operating assets of ChemLawn. The cash purchase price was \$50 million plus the book value of net tangible assets of \$54 million. TruGreen signed a letter of intent in late April, about two months after Ecolab put ChemLawn up for sale.

The SVMQ consumer service network, which includes TruGreen, has grown to:

- more than 3,000 cleaning franchises,
- the Terminix termite and pest control services,
- almost 500 maid operations, and
- American Home Shield with its 40

percent share of the U.S. market in home appliance warranty and repair.

C. William Pollard, chairman of ServiceMaster, noted that after an initial transition period, the two companies will be combined into one operation. Pollard added people from both companies would be merged into the single larger company.

"We've moved from being No. 3 to No. 2," wryly observes Patrick Norton. Norton's Barefoot Grass Lawn Service recorded sales of just more than \$50 million in 1991. It trailed just ChemLawn and TruGreen in sales.

**Big is bigger now**—There will be an even bigger gap between the new lawn care market leader and the rest of the industry. ChemLawn had net sales of \$355 million in 1991, and TruGreen about \$92 million.

"They (ServiceMaster) were about the only ones in the industry able to bite off that much," comments Bob Andrews, president of the Professional Lawn Care Association of America.

A TruGreen/ChemLawn combination will have 20 to 25 percent of the residential lawn care market which a 1991 *Lawn Care Industry* magazine survey estimated at \$2.1 billion. (ChemLawn historically has said it has a bigger share of the residential market.)

Together, TruGreen and ChemLawn claimed about 1.5 million customers in 1991.

*continued on page 40*

### ELSEWHERE

**More on  
Chemlawn,  
p. 40**

**Customer  
education,  
p. 44**



Both companies are in most lawn care markets already. ChemLawn operates in 45 states and TruGreen in 23.

"I don't see it (the purchase) as having a tremendous impact, not yet anyway," says Andrews.

Adds Barefoot's Norton: "If someone had come into the industry from the outside then, I think, we'd see a bigger impact."

SVMQ's growing presence in diverse consumer service markets are well documented. To date, it's been enviably successful too.

**ServiceMaster keeps growing**—In 1990, SVMQ increased its ante in consumer services by buying TruGreen and a network of pest control operations from Chicago-based Waste Management (WM retains 22 percent ownership). That deal was pegged at about \$180 million, by industry insiders.

Later that year, in a press conference, SVMQ President Carlos Cantu said ServiceMaster operates on the premise that "people are time-poor and money-rich, and they need the services we (SM) will be offering the marketplace."

He said that 40 percent of the U.S. population was born between 1946 and 1964. This represents 53 million households, with a median income of about \$50,000



**TruGreen regional office, Columbus, Ohio: growing stronger.**

and a median house value of about \$105,000. SVMQ's research indicates 60 percent of this target market is made up of two-income families.

Also, SVMQ, reportedly, was heartened by TruGreen's operation in 1991, the one full season it owned it.

"It may take two or three years for ServiceMaster to convert the lawn care over into a single operation," muses indus-

try consultant Ed Wandtke of Wandtke & Associates, Inc., Columbus, Ohio.

"The real question may be, can the tail (TruGreen) wag the dog (ChemLawn)?" he wonders.

Adds John Buechner, of Lawn Doctor in Matawan, N.J., "I think the acquisition is an interesting project, but only time will tell how it affects the industry."

—Ron Hall

## No more ChemLawn to kick around (or imitate)?

■ ChemLawn, a name synonymous with professional lawn care, is a name in eclipse.

What seemed inconceivable a few years ago may happen. ChemLawn may cease to be—at least as ChemLawn.

Late this past winter, Ecolab, owner of ChemLawn since 1987, put the "For Sale" sign on the company that laid the foundation for a \$2 billion-plus industry. ChemLawn: the most closely watched, copied, competed against and, increasingly, condemned company in the industry.

TruGreen's pending purchase of ChemLawn raises questions that neither TruGreen nor ChemLawn officials would discuss, pending completion of the sale. Among them:

- How will TruGreen absorb the three-times larger ChemLawn? Is the ChemLawn name itself an asset or a liability? Or both?
- Will ServiceMaster Quality Service Network, of which TruGreen is a part, continue to buy lawn care companies to expand its share of the professional lawn application market?
- What happens to ChemLawn's new and heavily promoted EcoScape full-service landscape care?
- How will TruGreen deal with competing sister operations, specifically franchises? For the last eight years, ServiceMaster Lawn Care has been growing a network of franchises (more than \$4 million in sales in 1988). Many of them compete against TruGreen branches and/or ChemLawn branches or franchises. In 1991 TruGreen began buying and folding in SM franchises.

"If they're in competition and want to sell their business, they don't have to go shopping," a source close to SM tells

### LANDSCAPE MANAGEMENT.

- Whose management and service pricing philosophies—ChemLawn's or TruGreen's—will emerge? TruGreen, fairly or not, has typically been perceived by competitors at pricing at the lower end of the spectrum.
- Will TruGreen/ChemLawn operations use the herbicide 2,4-D? ChemLawn hasn't for several years. (Several other large companies have quietly quit using 2,4-D also.) TruGreen reportedly does.
- Will TruGreen/ChemLawn work with the rest of the industry—which, broken into individual parts, are overwhelmingly gnatsized compared to the ServiceMaster operations?

—R.H.



# Focus of lawn care in 1990s: customer, employee education

**Well-trained, responsible employees are a company's best resource but consider newsletters, videos, and radio too.**

by Brad Johnson

■ Leaving customer expectations to chance is risky business.

That's because the uneducated customer often builds unreasonably high expectations. No wonder. Some lawn care companies advertise that all customers have to do for a beautiful lawn is to mail them a check every two months. When the lawn doesn't live up to these expectations, customers, particularly new customers, don't perceive professional service as having value.



**Brad Johnson: education must go hand in hand with service.**

Lawn care business people now realize they *must* educate customers as well as treat their lawns.

They must educate them concerning the value they're receiving.

It benefits both parties. Customers must often work *with* the lawn professional to secure an attractive, healthy lawn. For instance, lawn professionals need continuing customer cooperation with mowing and watering. That's when a customer begins to receive real value from the lawn professional's service.

The professional provider builds on



**A professional lawn care company is only as good as its employees. Brad Johnson is proud of his green up! team in Tulsa, Oklahoma.**

customer education and communication *in addition* to attempting to deliver a "weed free" lawn, one that is always greener than the one across the street—often while using less pesticides and fertilizers. This is a tall order, but that's what we're working toward.

Building bridges with your clients may not be as difficult as you think. Let's look at ways you can educate your customers and turn them into partners.

**Newsletters**—A newsletter is fun and fairly easy to do. Most customers will glance through it. Some will read it cover to cover. You can produce simple newsletters in-house for a fairly modest cost. However, to really attract customer attention, use a professional marketing firm.

Leave newsletters with customers with every application. You can also mail them to customers, but this is more costly.

Use newsletters to increase sales of add-on services. Be fair. Don't produce newsletters that have substantially more advertising than helpful information. You want

your customers to learn something valuable about their lawns and landscapes while looking through your newsletters.

In addition to newsletters, you might consider:

**Videos**—We tried customer manuals, but customers often don't read them. This season we began using a professionally produced customer education video, "Side by Side."

The 15-minute video shows clients how to properly water and mow lawns. It also deals with two particularly frustrating problems for lawns in the transition zone, winterkill and spring dead spot. (You may want to customize your video to deal with other issues.)

When a new customer signs up with us, we send them a welcome card, do their first application, and leave a copy of the video in their invoice bag.

We also include a short survey for them to fill out after they watch the video. To answer the survey, they have to watch "Side by Side," since answers to the ques-

## Little things mean a lot

- Little things your people can do every day add up to better-educated, loyal customers.
  - ✓ Take the time to talk to customers, either in person or on the phone.
  - ✓ Call customers to ask if there are any questions about their lawn or your service.
  - ✓ Write personal notes on invoices each time an application is done.
  - ✓ If the customer is not watering and mowing properly, tell him or her, and leave information on proper watering and mowing.
  - ✓ Leave fact sheets on special problems a lawn may have, such as soil compaction, disease, thin turf, etc. Follow these up with phone calls.

—B.J.



## A World of Improvement in Water Quality Management



Surface Aerators  
Surface Fountains  
Surface Aspirating Aerators  
Diffused Air Systems  
Compact Air Strippers



MANUFACTURED BY:

**AquaScape Technologies**  
2611 North Second Street  
Minneapolis, Minnesota 55411

phone 612 / 521-3321 fax 612 / 521-1455

Circle No. 101 on Reader Inquiry Card

Since 1963

## CALIFORNIA LANDSCAPE LIGHTING



HANOVER LANTERN



INTERMATIC



KIM LIGHTING

The leading nationwide distributor for outdoor lighting. Providing contractors with the best selection of manufacturers, competitive prices, quick delivery and the largest inventory.

Distributors of

After-Sunset	Kim Lighting
Bronzelite	Lightolier
Braun & Company	Lumiere Design
Cal-Products	Malibu Lighting
Greenlee	Nightscaping
Hadco Lighting	Rainjet Fountains
Hanover Lantern	Sylvan Designs
Intermatic	Victor Illuminations

**TOLL FREE**  
800-457-0710  
Order Desk  
800-457-0720  
Tech Line

31119 Via Colinas • Westlake Village, Ca. 91362  
Corporate Office (818) 889-6300  
FAX (818) 889-6760

Circle No. 105 on Reader Inquiry Card

tions are in the text of the video. When they return the video in a postage-paid mailer, we give them a coupon good for \$5 off of an optional service.

**Radio**—This past year I began co-hosting the KRMG-AM (Tulsa, Okla.) Lawn and Landscape Show, a one-hour, Saturday talk show.

Many of our customers tell us that they regularly listen to our show. Several fellow lawn care owners even remarked that the information is helpful for their customers, too. Of course, the do-it-yourselfers really appreciate the tips.

We usually have guests on the show such as arborists, irrigation experts, university professors, and nurserymen. We feel the show is a great opportunity to teach the public and lawn service customers about lawns and landscapes.



Many LCOs now use professionally produced newsletters to keep their clients informed.

**Our employees**—All the video, newsletters and radio shows, will have limited effectiveness without quality, well-educated, motivated employees. There is no substitute for just good, old-fashioned face-to-face communication.

That's where we need to spend the most time and money, in encouraging and educating our employees first. Employees can then begin to educate our customers.

Market saturation, increased regulation and pressures from anti-pesticide group is, a more demanding customer base—these are the reasons why we must educate and become partners with both our employees and our customers.

—Brad Johnson is president of green up! Lawn Care Services, Tulsa, Okla. For more information about customer education videos, contact him at (918) 250-3898.