PLCAA’s 1995 Operating Efficiency Study allows LCOs to compare their operations against others across the nation. This is the first PLCAA study of its kind in 10 years. It was prepared by Wall-Bruning, Columbia, S.C. Its author was Lewis Browning.

We talked with owners of two companies participating in the PLCAA study. Both said it showed them areas they could improve in their operations. (The names of the companies and owners are fictional, but the details—as far as the owners are comfortable sharing them—are true.)

Ken Careful runs a 10-year-old franchise of Lawn & Order, Inc. The franchisor has multiple locations, mostly in the East, but is moving into the Midwest, too. Ken owns an office, warehouse and 11 trucks with 22 to 24 employees including the office and telemarketing staff.

L&O Inc. is split 90/10 turf/tree, respectively, with about 70 percent of $1.1 million in gross sales from commercial accounts.

Ken’s a nuts-and-bolts operator, serious and quiet. He works out daily, eats healthy, and gives his three veteran managers freedom to run most operations.

Ken studied accounting in college, then started entry level at the then-fledgling L&O. The new company set its sights on overtaking older and more settled competitors through aggressive telemarketing.

It didn’t take Ken to recognize the importance of numbers, and he quickly rose to branch manager for one of L&O’s largest branches. Both he and the branch profited. Now he runs his own franchise.

Grate Funn, by contrast, is flamboyant, free wheeling and, on occasion, free spending. Because he sometimes spends more than he should, his company’s growth has been erratic, occasionally plateauing while he paid back debt.

His Superior Lawn Care, Inc., targets high-end residential and is known for high-quality service. Gross sales are split almost evenly between turf and tree/shrub with an emphasis on consulting.

Grate’s company isn’t as large as he’d hoped when he started it almost 20 years ago. Nor is it as profitable. Even so, by most standards it’s successful, and it still retains its friendly, small-company culture.

Also, unlike Ken—who has little debt and whose company has grown steadily—Grate runs most day-to-day operations himself, including purchasing, promotions and sales.

He counts on a highly-paid commission system to motivate his four, sometimes five, technicians.

Another notable difference between the two companies is that Ken’s strong telemarketing presence keeps sales strong, but its 45 percent cancellation rate (20 percent unhappy), more than doubles both of Superior’s rates.

The PLCAA study is divided into categories analogous to those found in a standard General Accounting report. All companies were ranked by profits. The most profitable were called “upper quartile” and the second and third quartiles were averaged to arrive at the “typical” company.

Browning, the study’s author, says this provides a usable set of averages from which can be derived comparative information which will balance financially as opposed to “median” data which can be thrown off by abnormally high or low performances.

The study reinforced Ken’s belief that bigger is better. Companies with more than 4,000 accounts and $1 million in sales fared better than smaller companies like Grate’s.

It also pointed out some advantages of a franchise since almost 30 percent of the participants were part of a larger parent company. This affiliation brings with it an established name, and training to help licensees avoid pitfalls.

Also, the franchise did better in the cost of materials. The larger companies in the upper quartile reported spending 10.7 percent while typical companies spent 15.7 percent. The larger size helped, but perhaps the buying power of the parent company...
### Comparing Companies

<table>
<thead>
<tr>
<th>Lawn &amp; Order, Inc.</th>
<th>Superior Lawn Care, Inc.</th>
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<tbody>
<tr>
<td>franchise</td>
<td>individually owned</td>
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<tr>
<td>serious and quiet</td>
<td>flamboyant free-spender</td>
</tr>
<tr>
<td>commercial</td>
<td>high-end residential</td>
</tr>
<tr>
<td>90% turf, 10% tree</td>
<td>50% turf, 50% tree/shrub</td>
</tr>
<tr>
<td>three managers</td>
<td>four or five technicians</td>
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<tr>
<td>aggressive telemarketing</td>
<td>commission system</td>
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<tr>
<td>loose routes</td>
<td>high dollars per stop</td>
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<tr>
<td>low</td>
<td>high</td>
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<tr>
<td>45%</td>
<td>20%</td>
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<tr>
<td>10.7% of revenues</td>
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<td>18%</td>
<td>7%</td>
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<tr>
<td>bottom-line profit</td>
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### Summary

**Lawn & Order, Inc.** and **Superior Lawn Care, Inc.** differ in several key areas:

- **Franchise Type**: Lawn & Order is a franchise, while Superior Lawn Care is individually owned.
- **Owner's Demeanor**: Lawn & Order's owner is serious and quiet, whereas Superior Lawn Care's owner is flamboyant and a free-spender.
- **Target Market**: Lawn & Order targets high-end residential customers, while Superior Lawn Care targets 50% turf, 50% tree/shrub accounts.
- **Managerial Structure**: Lawn & Order has three managers, while Superior Lawn Care has four or five technicians.
- **Sales and Productivity**: Lawn & Order uses aggressive telemarketing, while Superior Lawn Care has a commission system.
- **Productivity Metrics**: Lawn & Order has a 90% turf, 10% tree type of accounts, compared to Superior Lawn Care's 50% turf, 50% tree/shrub.
- **Debt and Liquidity**: Lawn & Order has low debt, with a 45% cancellation rate, while Superior Lawn Care has higher debt and a 20% cancellation rate.
- **Costs and Expenses**: Lawn & Order spends 10.7% of revenues on payroll costs, while Superior Lawn Care spends 15.7% on payroll costs.
- **Profitability**: Lawn & Order has a 10.7% cancellation rate, 20% commission system, and high dollars per stop, leading to a 31% profit margin. Superior Lawn Care has a 15.7% cancellation rate, 18% commission system, and 10% profit margin.
- **Salary and Bonus Structure**: Lawn & Order's owner's salary is 15.2%, while Superior Lawn Care's owner's salary is 28.2%

Both companies have unique approaches to business operations, with Lawn & Order focusing on aggressive sales and a high-end market, while Superior Lawn Care emphasizes a commission-based sales model and a broader range of service offerings.

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**Breaking through business barriers**

Dr. Nate Booth, head corporate trainer at Robbins Research International Inc., San Diego, told members of the Associated Landscape Contractors of America that all they need to break through their barriers is "confidence and competence."

Booth, speaking to about 200 landscapers at ALCA's Executive Forum, urged them to "transform changes into challenges" by using these four keys:

- **have an empowering belief system**;
- **put yourself in a peak state**;
- **use the right strategy**; and
- **be on a team that supports you**.

Also speaking at the Forum was Will Phillips, a trainer with Faust Management Corp., San Diego, who led participants through the steps of team building.

ALCA's 1996 officers are: President David Minor, Minor's Landscape Services; President-Elect Judson Griggs, Lied's Landscape Design & Development; Vice-President Cynthia Peterson, CCLP, McCareen Designs; and Secretary, Steve Glover, CLP, L&L Landscape Services.

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**PLCAA recognizes substance abuse**

PLCAA offers "Working Partners," a video training program dealing with substance abuse in the workplace.

Developed by the U.S. Department of Labor, the program includes a video, a trainer's manual and a participant's manual. Different types of substances including marijuana, inhalants, alcohol, steroids, crack, cocaine, ice and hallucinogens are discussed. The video "America in Jeopardy" and interactive group sessions are key parts of the program.

"Working Partners" is $50 for PLCAA members and $75 for non-members. Contact PLCAA at (800) 458-3466.