Cover Feature

Growth strategies for the road ahead

Spring 2002 will be far different from Spring 2001. Understand your options now to make your organization ‘recession-resistant’

By Susan Porter

Few businesses are unaffected by our changing economy and the events of September 11th. The outlook for Green Industry business in 2002 has changed dramatically, and savvy professionals are already adjusting their plans.

How can you prepare? Several experienced pros shared their ideas with Landscape Management, which we’ve covered below and online at www.landscapemanagement.net (with more details).

Today’s new economy calls for new priorities: understanding your changing market; keeping current customers and seeking new ones; understanding your costs and how you can be more profitable; realizing your strategic advantages; and selling aggressively.

Recession ahead

Early in 2001, several Green Industry organizations saw slower business as a result of the general economy’s trickle-down effect:
- business closings
- lower office occupancy rates
- maintenance budget cutbacks
- postponed / cancelled capital spending projects
- more layoffs.

This affected commercial landscape design/build and maintenance first. Then, a slowing economy began to erode consumers’ confidence as many investors lost money on the stock market and the events of September 11th engendered new fears.

“We expect to see a dramatic slowdown in the commercial building arena and possibly a double-digit reduction in new housing starts,” says Rick Randall, president of RBI Companies, Littleton, CO. “I say possibly because the Fed’s continuous lowering of interest rates may help hold housing up, depending on the mood of the consumer.”

The mood going into 2002 is challenging: businesses are concerned about investment and cost cutting; consumers are hesitant to invest in big-ticket items.

High anxiety: the new consumer

“The events of the last week (mid-September) I find most alarming is the stock market is down more than 1,000 points. The amount of wealth that disappeared is of great concern to me as I see it effecting our residential landscape sales,” said Michael Currin, president of Greenscape Inc., Holly Springs, NC.

World events may inhibit investment in large projects, says Don Willig, president of Consortium Management Services, Cincinnati, OH.

“Much of our industry is driven by discretionary income...People will minimize, delay or postpone projects if world events are producing anxiety for them.”

People will be at home on their property. We need to take steps to jump on that opportunity and talk with them about their services.”

-Ewald Altstadt

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## Opportunities on the horizon

### How business might operate in 2002:

<table>
<thead>
<tr>
<th>Residential design/build</th>
<th><strong>DOWNSIDE</strong></th>
<th><strong>SMART STRATEGY:</strong></th>
<th><strong>UPSIDE</strong></th>
<th><strong>SMART STRATEGY:</strong></th>
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<tbody>
<tr>
<td></td>
<td>Clients will hesitate to commit to projects, may defer additional phases</td>
<td>Contact customers concerning their needs, schedules, issues</td>
<td>Clients still have limited time/ability to maintain their properties. High-end homeowners unlikely to DIY</td>
<td>Market how your services improve the value of their investment in home</td>
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<td>New and renovation projects will continue to be in demand, especially as vacant space hurts their bottom line</td>
<td>Suggest changes of schedule, production, phasing, financing to suit their needs and keep jobs profitable</td>
<td>Communicate closely with current and prospective customers</td>
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<td>Commercial design/build</td>
<td>Commercial design/build projects may slow, be postponed or get trimmed dramatically</td>
<td>Know your cost structure and adjust systems to make profits on every job</td>
<td>New renovation</td>
<td>Adjust service packages to enhance value for consumers</td>
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<td>Commercial maintenance</td>
<td>Commercial, multifamily and institutional property owners may cut budgets and be receptive to low-bidding, despite ongoing relationships with current landcapers</td>
<td>Sew up 2002 business now</td>
<td>Commercial maintenance</td>
<td>Market services aggressively to new customers</td>
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<td></td>
<td>Employees worry as they see their investments, value of their property</td>
<td>Know for longer-term contracts</td>
<td>Market unique, quality service and customer care</td>
<td>Offer prepay discounts</td>
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<td></td>
<td>Layoffs = new entry-level startups</td>
<td>Accommodate clients' changing financial, timing, personnel or other management needs</td>
<td>Proactively suggest cost savings, win-win innovations</td>
<td>Work with customer to adjust scheduling, project phasing, payment, financing, etc., with the goal to gain contracts and follow-through commitments</td>
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<td>Chemical lawn care</td>
<td>Residential lawn care clients may decide this “necessity” is now a “luxury”</td>
<td>Reinforce benefits of professional lawn care services</td>
<td>Layoff in the Green industry and elsewhere</td>
<td>Recruit early to get quality employees available from other Green Industry companies</td>
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<tr>
<td>Irrigation, arbor care,</td>
<td>Layoffs in the Green industry and elsewhere</td>
<td>Know how your services improve the value of keeping up property</td>
<td>Natural selection will occur. Unprofitable businesses will not fare well in highly competitive markets</td>
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<tr>
<td>specialty services,</td>
<td>Layoffs in the Green industry and elsewhere</td>
<td>Know how your services improve the value of keeping up property</td>
<td>Analyze costs and profit structure for maximum efficiencies</td>
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<td>upgrades</td>
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<td>Adjust service packages to encourage project commitment now</td>
<td>Analyze profitability, not volume</td>
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<td></td>
<td>Adjust service packages to encourage project commitment now</td>
<td>Analyze viability of low-profit services. Drop or adjust service packages accordingly</td>
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<td>Labor</td>
<td>Layoffs in the Green industry and elsewhere</td>
<td>Know how your services improve the value of keeping up property</td>
<td>Analyze viability of low-profit businesses. Make adjustments as needed</td>
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<td></td>
<td>Layoffs in the Green industry and elsewhere</td>
<td>Adjust service packages to encourage project commitment now</td>
<td>Opportunities exist to capitalize on competitors' weaknesses</td>
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<td></td>
<td>Layoffs in the Green industry and elsewhere</td>
<td>Know how your services improve the value of keeping up property</td>
<td>Opportunities exist for acquisitions on favorable terms</td>
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See the full article on landscaping business opportunities for 2002 on the Landscaping Management website.
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"I believe we are moving temporarily into a selling economy, not a buying economy," adds Tom Tolkacz, president of Swingle Tree & Landscape Care, Denver, CO. "We are now competing for a smaller pie of money and are being weighed against different things."

Jeff Aronson, president, As You Like It & Potomac Valley Landscaping, Potomac, MD, notes, "We are giving a lot of estimates and proposals and have a lot on the table. The jobs aren't closing at the same rate as the fall of 2000, but we are not losing jobs either. Clients just seem to be a little slower in their decision making."

**Design/build bump**

While many contractors have their hands full with ongoing construction projects, others are planning to encourage clients to continue or commit to projects now.

"Listening to the clients and providing the products and services they want will be vital," cautions BUM Py Willig. "Sales, design and project management staff must be trained to do the work requested... and be sensitive to costs."

"We're concentrating on building bridges with clients and creating relationships," notes David Snodgrass, president of Dennis' Seven Dees Landscaping Inc., Portland, OR. "We're building up the level of our performance and want to be on more of their short lists."

"Mortgage rates are hitting the lowest in 40 years and many are considering refinance," says Rod Bailey, consultant, Alder Springs Enterprises, Woodinville, WA. "What a marvelous chance to upgrade or finish that landscape project. There is a tremendous need for the landscape community to be proactive about this. Everyone who wants to do-it-yourself is open to be sold on having it done right by a pro."

**Necessity vs. luxury**

No one expects customers to stop using landscape maintenance or lawn care services, but many still expect changes.

"A general slowdown in the economy will take out marginal customers — those who want the services but had to stretch the budget to afford it," notes Charles King, King Green Inc., Norcross, GA.

Ewald Altstadt, director of operations for Lawn Doctor, Holmdel, NJ, sees the new "stay at home" consumer as an opportunity. "People will be at home on their property and we need to take steps to jump on that opportunity to talk with them about our services."

While many pros focus on commercial customer relationships, they see price cutting as a potential problem.

"Commercial property managers are looking at value as well as the relationship," says Scott Brickman, president of The Brickman Group, Langhorne, PA. "The relationships will continue to be important but also expect to hear, 'We're hurting... I'm getting pressure."

Resist the urge to cut prices, he says. "The worst thing to do is to go out and cut prices. Keep pricing where it needs to be."

"Someone once told me the first thing to do in a downturn is raise prices, and it was the best advice I've ever gotten. You'll have less customers but those you have will stay," notes Phil Fogarty, sub-master franchisor for Weed Man/Turf Holdings Inc., Cleveland, OH.

**Opportunities knock**

Preparing your organization is one thing; understanding your opportunities and taking advantage of them is another.

"We're going to follow up every lead, good or bad, no matter what. In the past, we just took orders. Now, we're actually going to start selling," explains Dave Williams, owner of Rainy Days Irrigation Inc., Garner, NC.

"I strongly advise lawn care companies to plan ahead for a potentially difficult winter," adds Jim Campanella, owner of The Lawn Dawg, Nashua, NH. "Offer customers incentives to renew and prepay early... Use the down time in winter to bring in new business. Call back people who received estimates but did not use your services."

"Marketing is the one input in your business that can bring in sales," says Marty Grunder, president, Grunder Landscaping Co., Miamisburg, OH. "We're signing up contracts and hustling. We have an attitude of 'think spring' already."

Although competition may be more intense, demand will continue. As Rod Bailey notes, "Grass grows just as fast in a recession as it does in a boom."