Last summer, the Federal Reserve Board hoped its six interest rate hikes would cool a too-hot economy. It worked. We've had a dramatic reversal in the economy, and now the Fed keeps dropping rates to spur it along. The good news is that the landscape industry keeps going strong.

What do we know for sure about the economy? Thousands of businesses took a financial beating in the market (many Internet start-ups vanishing forever), and millions of investors saw their portfolios shrink almost overnight. The fallout continues to affect the economy in several ways:

- Rate of the economic growth immediately fell from over 5% in 2000 to a sickly 0.7% this spring — the weakest growth in eight years.
- Large corporations lost much of their
value in the market's tumble, and immediately made layoffs, trimmed inventories and postponed major investments (including construction). Construction's outlook is questionable.

• The Federal Reserve's rate cuts spur mortgage business. Many investors exit the market and invest in real estate.

• Although 2001 is the first year since 1945 that Americans' net worth drops, consumer spending continues strong, consumer confidence swings up and down, home sales and prices escalate through the summer.

• Service industries, previously the "golden child" of the U.S. economy, show a slight weakening for the first time since World War II. Service business owners (including Green Industry players) discover labor costs a little more, fuel and energy prices bite into profits and problems with payables begin to surface.

• It's still pretty easy being green, say many landscape professionals. While economists describe the economic outlook as "cloudy" and "sluggish," the same cannot be said for our industry. In fact, the opposite is true:

• Growth of customers, revenues and profits expanded strongly.

• Most landscape maintenance and chemical lawn care services continue to look strong and profitable.

• Landscape services grew at a healthy pace in our survey, ranging from 18% growth for irrigation services to a 47% increase in chemical service growth.

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Challenge: Handling Growth

It's been a banner year for professional landscape management. We interviewed hundreds of landscape managers to see how their year has progressed and how they view next year's business (see note below). Here's what they said:

• Business was up for 76.6% and 72.4% said they expected revenues to increase, an average rise of 18%.

• Prices, too, will go up an average of 8% for 66.3% of respondents.

• At least 64.4% of respondents reported they have more backlog or customers this year than in 2000.

• Chemical services grew 47%, maintenance business grew 30%, tree care services grew 28%, design/installation and specialty services grew 23% and irrigation services grew 18%.

• While landscape design/installation grew fastest last year, only 33%

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The survey represented 72% landscape contractors (providing landscape design/build and/or maintenance), 27% lawn care service companies, 9% grounds care, 5% custom chemical applicators and 5% irrigation contractors (some contractors perform more than one service). They represent a sampling from many markets across the country.

*The makeup of this year's study may be somewhat different from last year's group, reflected in slightly adjusted results.

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Note: The statistics in this report were derived from a proprietary Landscape Management mail and telephone reader survey, as well as other industry data reported by associations and organizations. This survey was mailed to a random sample of readers in June and also given by telephone to a random selection of readers and industry firms in July. Both surveys, which generated a 29.5% response rate, was tabulated according to standard statistical analysis by Penn and Associates, an independent market research firm in Cleveland, OH.