


CONTRACTORS CHANGE THEIR FERTILIZER SELECTION AND PURCHASING DECISIONS FOLLOWING HISTORICALLY HIGH PRICES IN 2007 AND 2008.

BY CINDY GRAHL



Slow- and controlled-
release fertilizer
save labor and product
cost long term

LESSONS FROM THE PRICE SPIKE

Commodity prices have settled since the world economy plunged in late 2008. The price of fertilizer has stabilized as a result. This is in stark contrast to the volatility denting contractors' budgets for the 2007 and 2008 seasons. During the 12 months ending April 2008 nitrogen prices jumped 32%, phosphate prices increased 93% and potash prices exploded 100%, says the U.S. Department of Agriculture.

The eruption in the cost of fertilizer was tied directly to the exploding demand for natural gas and other raw materials, such as phosphorous, potassium and sulfur, which is used to coat some urea products. Robust worldwide economic expansion fueled this demand

and increased prices of all commodities, including farm products such as corn, which also rose 100%. Since then the world's economic picture has changed dramatically — and prices for all commodities have fallen.

How long prices will remain steady depends on demand resulting from an anticipated worldwide economic recovery. The minerals that comprise fertilizers are traded globally.

The price of natural gas figures largest in the fertilizer price picture. It takes 33,500 cu. ft. of natural gas to manufacture a single ton of anhydrous ammonia, which is found in most of the popular forms of nitrogen fertilizer the Green Industry uses.

Prices also were affected by the rapid expansion of the ethanol industry,

which led to increased demand for corn crops, further boosting fertilizer prices.

To hedge against this volatility, including future price surprises as the world economy rebounds and drives demand for resources again, lawn care professionals are looking to buy smarter and increase the efficiency of their fertilizer applications.

Michael Turner, president of Custom Lawns in North Ridgeville, OH, didn't worry much about prices previously. But he says a big reason why the company maintained last year was because he bought fertilizer in May.

"We anticipated an increase, but not on the order of 20% per month," he says.

Jack Robertson, president of Jack Robertson Lawn Care in Springfield,

IL, was moved to action by the price volatility of the last 18 months. He says now checks prices as well as different suppliers more frequently than in the past to get the best value for his dollar.

Harnessing technology

End users, fertilizer manufacturers and suppliers are seeking to increase the efficiency of fertilizer. More attention is being given to slow- and controlled-release products, including those that use polyurethane coatings or chemical bindings to make nutrient release more consistent. These are activated over a longer period of time by hydrolysis or temperature-controlled diffusion, and release the nutrients at a more controlled, plant-available pace.

Fertilizing the “old way” with frequent applications wastes product and money because too much is used and it runs off or leaches into the water table, says Chris Derrick, technical specialist at Agrium Advanced Technologies, Sylacauga, AL.

“Lawns want to be spoon-fed, given the proper nutrition, with fertilizers applied appropriately,” he says.

Thus, using a more efficient fertilizer that delivers a more effective application of nutrients reduces product costs and enhances performance.

Quick-release fertilizers are typically applied about every six weeks with an initial whoosh of nutrient (and nutrient waste).

“The old mindset is for LCOs to keep fertilizing every month; it makes the customer feel good,” Derrick says.

But that idea is changing. Contractors should take a lesson from golf course superintendents because they have access to the latest turf management technologies, Derrick says. Slow- and controlled-release fertilizers allow lower rates of application and fewer applications a year. Although the product may cost a little more up front, these means that applications are reduced, saving labor and product

costs. Delivery fuel and inventory costs are reduced, too.

Timing and storage options matter

When buying fertilizer, more LCOs are employing various purchasing and storage strategies to take advantage of pricing and delivery options.

“Our bidding begins in January, and we give our list for the entire year to four or five suppliers,” says Rick Kier, president of Pro Scapes in Jamesville, NY.

Kier says he buys in two different ways: 50-lb. bags on a skid or 10 to 12

tons of liquid fertilizer in one big truckload. Pro Scapes has a 6,500-gal. tank of liquid fertilizer on-site, and keeps granular fertilizer in storage one month before it’s needed, buying as needed to avoid tying up capital.

“Using common sense and planning ahead are the best ways to save money, as well as knowing your square footage, because you can find out that an \$18 bag is \$14 two months later,” he says.

The Kapp’s Lawn Specialists branch in Macedonia, OH, buys in the winter, usually in January. It purchases as much as 11 truckloads at a time, with as many as seven of those self-stored.

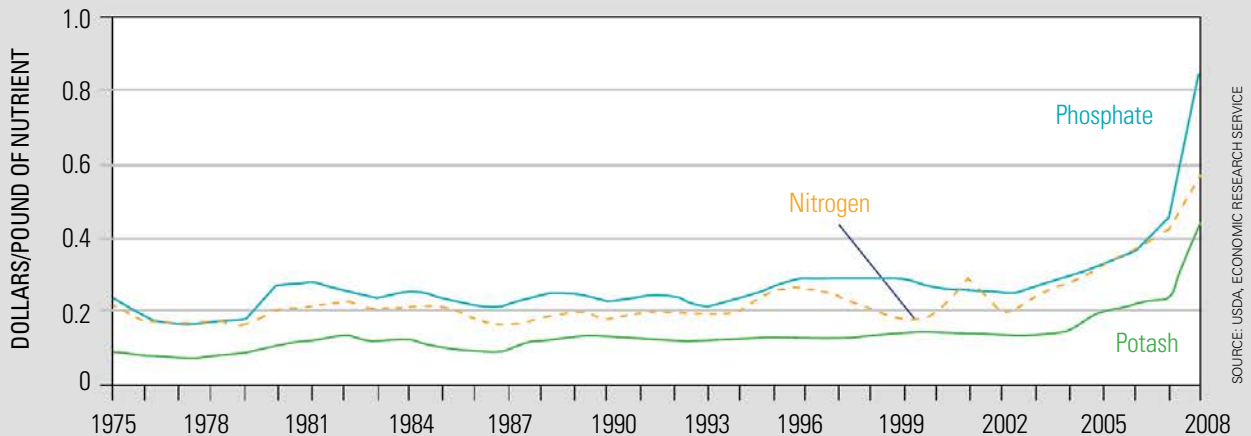
“We buy on demand to avoid the expense of storage and insurance”

– JACK ROBERTSON, PRESIDENT, JACK ROBERTSON LAWN CARE



Price is the average for April of each year. Nitrogen prices are average prices of nitrogen nutrient in anhydrous ammonia, nitrogen solution, and urea. Phosphate prices are the P_2O_5 prices of superphosphate. Potash prices are the K_2O prices of muriate of potash.

PRICES OF FERTILIZER NUTRIENTS INCREASED SHARPLY TO HISTORICAL HIGHS IN 2008



“We look at our usage for the entire season,” says Branch Manager Robert Walls, Jr. “Sometimes we buy less, sometimes more.”

Walls shops around for the best price, not assuming local suppliers will have it. He says he is always willing to negotiate.

Dennis’ 7 Dees Landscaping in Portland, OR, has a program with a local distributor familiar with its needs. The distributor makes the recommendations, and it works very well, says Department Manager Jeff Rieger. The company buys the one-ton pallet with a preset price because the supplier knows the volume the company buys. The distributor stores the supply for Dennis’ 7 Dees and delivers it as needed.

“We buy by the truckload, as needed, based on what it used in the past and on price, volume and quality,” says Jack Roberson. “We buy on demand to avoid the expense of storage and insurance costs. Sometimes the dealer stores it, and sometimes it’s delivered to the company’s warehouse.”

What it’s all about

In the long run, fertilizer should be used to enhance lawn health and appearance, Derrick says. Agrium has an online

prediction tool to allow managers to look at cost savings relative to their own microclimate and specific location, based on the actualities of water release and weather in a 12-year period.

Rieger is a proponent of slow-release fertilizer.

“We know mowing is what will kill you because increased growth slows down productivity for our crews, so we’re careful not to overfertilize,” he says. “We know what the square footage is and don’t work it too hard. We do four to five applications of slow release a year. That way, we don’t have to fertilize until the last half of April. Our goal is to have the last application stretch through the winter and spring months.”

Paying attention to the local climate conditions is important.

“In our climate, we need a certain amount of slow release between February and early October,” Turner says. “We outline a four- or five-step program to get a certain amount of nutrients. We’ll use slow release in spring and summer and late summer, depending on the climatic calendar.”

Walls prefers slow-release fertilizer but, depending on the client, may use a product that’s applied as much as six times annually.

“We’re getting good feedback from LCOs about the slow- and controlled-release fertilizer products,” Derrick says. “They may need to make fewer trips to fertilize, but they can use that time to do things such as weeding, edging and other tasks that bring value to the service.”

Environmental benefits

Fertilizer also plays into today’s sensitivities about sustainability. A more precise nutrient delivery system reduces runoff and surface or groundwater contamination. Ultimately, contractors must sell themselves not on how often they apply fertilizer, but on the result they achieve: the look and the health of the lawn. It’s important for contractors to focus on that outcome.

“We save not so much on product as by being a knowledgeable shopper, knowing the different types and makeup of various products,” Kier concludes. “We use slow release four times a year. It depends on how many applications you make. And it depends on your ultimate goal.” **LM**

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