



DOLLARS

How do you raise pay rates when you can't even raise prices? Experts share strategies in our exclusive

WAGE & BENEFITS REPORT.

BY **NICOLE WISNIEWSKI** EDITOR-IN-CHIEF



BRIAN GOLEMBIEWSKI sometimes feels like he's trapped in a vice grip. On one side, the president of \$2.6 million, Tempe, AZ-based Paramount Landscape, must push his employees to do quality work and boost job efficiency, maintaining customer retention in the midst of stalled service pricing.

On the other side, he can't reward his employees with a raise because margins are razor thin despite their efforts. It's been two years since any of his workers have received one, unless they were promoted.

In the middle, he feels at times someone is twisting the two iron bars closer and closer together, squeezing him dry of a solution to this dilemma.

To gain some strength — and space — back, he stays focused. He has processes and systems in place to measure performance and quality. And he educates his team constantly, explaining why he can't afford raises.

But, he says, "keeping employees doing good work when they aren't happy because they've had no raise — that's a challenge."

Golembiewski isn't alone in his struggle.

Todd Cole froze pay rates last year "because we were down 10% of sales from the year before with lower profit margins," says the president of Asheville, N.C.-based Highland Heritage Landscapes.

As a result of lost market share in most business segments due to a lack

of new construction, the foreclosure situation and its affect on HOA work, and cut backs in both commercial and government contract services as well as increased competition for the work that is available, Orlando's Carol King Landscape Maintenance has also had to be "very cautious with pay rates, raises and bonuses," says Vice President Bruce Bachand. "In most positions, rates have been frozen and any decreases have been in the 5% or less range."

And for Ron Skover, owner of Greenlawn, LLC in North Street, MI, "this will be the third year we've basically had a salary freeze, but I'm hoping to change that this year."

According to PayScale's 2010 review, wage levels by the end of 2010 were no higher than they were nearly three years ago (rising only 0.3%), although the cost of goods has increased by 4.5% in the same period. In fact, "2010 was a year when the economy really did not move up or down, rather it moved sideways," says Al Lee, director of quantitative analysis at PayScale. "Mirroring the stubbornly high unemployment, pay was virtually unchanged in 2010, down 0.1% nationally vs. the year before. While better than the declining pay of 2009, it was a long way from the 'normal' annual increases of 3% or more before the recession."

The outlook for this year, accord-

& sense

ing to The Conference Board annual survey, is that employers will set aside an average budget of no more than 3% for increases.

For the landscaping field specifically, in 2009, the Bureau of Labor Statistics reported an average wage for landscaping and groundskeeping workers at \$12.18 and a median (or mid-point) at \$11.29. Compared to PayScale's \$10.19 median rate for the same position in 2011, that's a 0.97% decrease. *Landscape Management Wage & Benefits Report* research shows only 40% of employers gave 2011 raises to hourly/seasonal workers, 36% gave them to salaried employees and only 31% of owners/management team members were awarded 2011 raises.

The situation is tough but not insurmountable.

Using the research and intelligence we've gathered for this Wage & Benefits Report, *Landscape Management* can help you come up with a solid plan to overcome your labor woes.

We can't give your employees raises. We can't make your customers pay a higher price. We can't determine your benefits and health care strategy in the midst of new and changing legislation. (Even though we'd like to.) But we can help relieve some pressure from that vice by providing you with the information you need to help you better make tough employee decisions.





Pay today



Position	Nat'l hourly rate	Nat'l salary
Landscaping or groundskeeping worker	\$10.22	n/a
Landscaper	\$11.84	n/a
Grounds maintenance foreman	\$14.10	n/a
Landscape supervisor	\$14.44	\$37,145
Administrative/office manager	\$14.70	\$39,906
Landscape designer	\$16.93	\$39,328
Landscape architect	\$19.86	\$48,640
Operations manager	n/a	\$42,640
Account manager	n/a	\$44,368
General manager	n/a	\$54,164



Source: PayScale, February 2011; all numbers are median or mid-point, not average

POSITION

Landscaping Worker

OVERVIEW

Nat'l hourly rate: \$8.95-\$12.42
 Overtime: \$12.75-\$19.74
 Bonus: \$103.48-\$1,179
 Total pay: \$19,999-\$31,043

HOURLY RATES BY STATE

Georgia: \$7.75-\$10.11
 Pennsylvania: \$8.17-\$10.28
 Ohio: \$8.22-\$12.77
 New York: \$8.42-\$10.04
 Washington: \$9.50-\$14.87
 California: \$9.50-\$18.50*
 Texas: \$9.96-\$13.16
 Massachusetts: \$11.00-\$17.50

HOURLY RATES BY EXPERIENCE

Less than 1 year: \$7.76-\$10.14
 1-4 years: \$8.69-\$11.62
 5-9 years: \$9.72-\$14.25
 10-19 years: \$10.24-\$15.33

POSITION

Grounds Maintenance Foreman

OVERVIEW

Nat'l hourly rate: \$11.97-16.88
 Overtime: \$16.65-\$24.39
 Bonus: \$253.19-\$1,458
 Total pay: \$27,616-\$41,083

HOURLY RATES BY STATE

Florida: \$10.84-\$15.42
 Texas: \$10.93-\$17.74
 Michigan: \$11.40-\$15.59
 North Carolina: \$11.68-\$13.80
 Ohio: \$12.22-\$17.33
 Pennsylvania: \$12.35-\$19.21
 Massachusetts: \$14.89-\$20.00

HOURLY RATES BY EXPERIENCE

1-4 years: \$10.03-\$14.12
 5-9 years: \$12.43-\$16.52
 10-19 years: \$13.20-\$17.97
 More than 20 years: \$14.42-\$20.95

POSITION

Account Manager

OVERVIEW

Nat'l salary: \$38,155-\$59,512
 Bonus: \$1,238-\$8,799
 Profit sharing: \$1,017-\$4,988
 Commission: \$5019-\$24,100
 Total pay: \$38,380-\$63,840

SALARIES BY STATE

Florida: \$34,408-\$47,055
 Georgia: \$36,176-\$58,717
 Texas: \$37,425-\$56,586
 Illinois: \$38,716-\$58,858
 Massachusetts: \$40,676-\$58,858
 New York: \$41,540-\$67,193
 California: \$42,179-\$66,395

SALARIES BY EXPERIENCE

Less than 1 year: \$29,892-\$41,158
 1-4 years: \$35,283-\$50,577
 5-9 years: \$41,690-\$62,010
 10-19 years: \$44,914-\$71,840
 20 years or more: \$46,236-\$76,890

POSITION

Landscape Contractor

OVERVIEW

Nat'l salary: \$36,720-\$73,407
 Bonus: \$850-\$9,887
 Profit sharing: \$2,500-\$40,000
 Commission: \$509-\$19,442
 Total pay: \$33,529-\$68,092

SALARIES BY STATE

North Carolina: \$39,305-\$101,736
 Illinois: \$45,000-\$81,951
 California: \$51,500-\$92,500

SALARIES BY EXPERIENCE

1-4 years: \$37,000-\$57,519
 5-9 years: \$34,583-\$50,868
 10-19 years: \$44,748-\$81,748
 20 years or more: \$44,219-\$77,425

Source: PayScale, February 2011
*Source: PayScale, March 2011



The benefits



BENEFIT	% OF CONTRACTORS OFFERING		
	Hourly/ seasonal labor	Salaried employees	Executive/ management team
Paid vacation	52%	78%	75%
Paid personal days	12%	43%	47%
Paid sick days	15%	46%	46%
Paid holidays off	52%	62%	67%
Health insurance	24%	50%	55%
Dental insurance	11%	20%	21%
Vision insurance	7%	14%	13%
Life insurance	6%	16%	21%
Disability insurance	7%	12%	11%
401k plan	22%	34%	31%
Profit sharing	7%	13%	23%
Company-supplied uniforms	66%	54%	49%
Use of company car	20%	47%	80%
Use of company cell/smart phone/PDA	30%	63%	80%
Performance bonus	25%	37%	33%
Year-end/holiday bonus	53%	50%	38%
2011 raise/pay increase	40%	36%	31%



Source: Landscape Management, February 2011

Health inspector

Tempe, AZ's Paramount Landscape is right around the 50-employee mark.

As a result, "I'm really on the fence on whether to pursue growth or not — all based on healthcare," says company president Brian Golembiewski.

The reason for Golembiewski's trouble is the Health Reform Act passed by Congress in 2010, requiring employers with more than 50 employees to provide health insurance or pay fines of \$2,000 per worker each year if any worker receives federal subsidies to purchase insurance.

And he isn't the only one who's worried. The new health care legislation tops the list of landscapers' employment concerns this year, followed closely by the lack of ability to offer all employees health care at No. 3 and competitively offering all employees a full array of benefits at No. 5.

As written right now, the current legislation could cost Golembiewski \$100,000 a year.

"The incentive to grow over 50

employees is just not there with this issue," he explains. "Why would I want to grow my business and put up with these headaches? It's just not worth it. Small businesses are trapped. If something doesn't change, I'm going to be in a holding pattern."



Health care costs could make or break growth for Brian Golembiewski.

TOP EMPLOYMENT CONCERNS

1. New health care legislation
2. Ability to fill middle management positions with qualified employees
3. Lack of ability to offer all employees health care
4. Recession's affects on employee morale
5. Competitively offering all employees a full array of benefits
6. Retaining employees as we come out of recession

PricewaterhouseCoopers says landscape businesses offering health care will see their costs jump 9% on average this year with most employees paying higher deductibles as a result. — NW

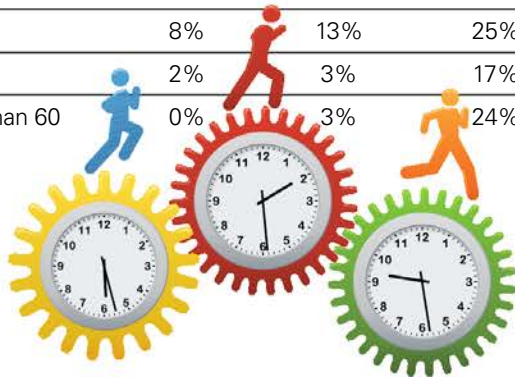


The workweek

HOURS LOGGED

How many hours per week do employees work?

	HOURLY/ SEASONAL EMPLOYEES	SALARIED EMPLOYEES	OWNER/ MANAGEMENT TEAM
Less than 40	15%	9%	5%
40-45	57%	40%	13%
45-50	18%	32%	16%
50-55	8%	13%	25%
55-60	2%	3%	17%
More than 60	0%	3%	24%



5 DAYS STILL REIGN

What is the length of your company's standard workweek?



Source: Landscape Management, February 2011

Employee experiment:

Working weekends to better utilize equipment

Many contractors have wondered, "How can I get more utilization out of my equipment to get a better return on my investment?"

Kurt Kluznik is one of them. "Like most contractors, we typically worked Monday through Friday, so our equipment was idle nearly 30% of the time, not counting the five months of winter when the mowing fleet sits idle all of the time," he says in *Innovate or Die: How Green Industry Companies Will Thrive in the New Economy*, PLANET's 30th Crystal Ball Report.

"For 128 hours per week, your equipment sits idle," agrees Langdon Morris, owner of Innovation Labs LLC, Walnut Creek, CA. Morris discussed Kluznik's case study during PLANET's Executive Forum & Leadership Meeting Feb. 15-20 in

Amelia Island, FL. "Adding Saturday and Sunday to your schedule would give you a 33% utilization boost."

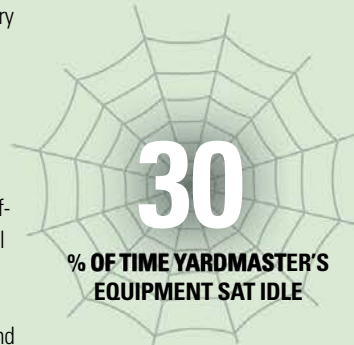
Landscape Management research shows 82% of the industry follows the standard five-day workweek, but Kluznik decided to "try something different" and give working weekends a try.

Potential gains started adding up. "We could avoid rush hour traffic delays and work on commercial sites when parking lots were empty, allowing us to complete jobs in less time and minimize hand trimming around parked cars."

The big challenge was employees. "It's difficult to find qualified account managers and supervisors who want to work weekends," Kluznik says. "To solve that problem, we developed a rotating schedule where each account manager cov-

ered one weekend a month and took a day off during the week."

Kluznik also experimented with crew scheduling. Each week, one set of crews worked four 10- to 12-hour days and another set worked three 12-hour days. Every crew worked four days one week and



three days the next. The rotation meant "no crews got stuck working all of the weekends, and everyone enjoyed working long days so they could get three or four days off each week," he explains.

The advantages piled up, but so did the challenges. Different crews

on sites could lead to continuity and quality losses, Kluznik recognized. Better documenting site and customer requirements to maintain service levels improved customer expectations and company operations.

"Another benefit was that since we always had people with days off every day, we were able to call them in to cover for absences," Kluznik adds.

Yardmaster operated this schedule for a few years. "We were able to improve profits, acquire new equipment and gain new customers," Kluznik says. But in the end, we went back to a five-day schedule because our managers really didn't like alternating weekends or the longer workday routine."

Even though the experiment is over, Kluznik calls it a success, saying it helped the business get to where it is today. "We would not hesitate to go back to this schedule," he points out, "if business needs required it." — NW

Saying goodbye to cost-of-living boosts

Only 11% of U.S. employers say they award cost-of-living adjustments to employees, according to a recent WorldAtWork study called “Compensation Programs and Practices.”

A cost-of-living adjustment is defined as an across-the-board wage and salary increase designed to bring pay in line with increases in the cost-of-living to maintain real purchasing power. Despite its low use, the practice still dominates in many workers’ perceptions of their raises, believing they are given to cover cost-of-living increases rather than reward them for job performance.

The more prevalent types of pay increases are characterized as promotional (94%), merit (92%) and market adjustments (76%).

“From a rewards perspective, it doesn’t make sense to base pay raises solely on

the Consumer Price Index,” explains Kerry Chou, compensation practice leader, WorldAtWork. “Pay raises are a tool to motivate and retain employees. How motivating can it be for the top performer to receive the same base pay increase as a low or average performer?”

When asked how base salary increases are determined, 89% of U.S. employers select individual performance against job standards and or “management by objectives” over a general increase.

Eight out of 10 employers assess performance either formally (65%) or informally (15%), the study also showed. “Given the prevalence of tying pay to performance,” says Alison Avalos, research manager for WorldAtWork, “we expect the number of employers awarding cost-of-living increases to stay flat if not dwindle in the coming years.” — *NW*

“*Pay raises are a tool to motivate and retain employees. How motivating can it be for the top performer to receive the same base pay increase as a low or average performer?*”

Kerry Chou, WorldAtWork

FLOODED MARKETS

With a 12% unemployment rate in Florida, “we get plenty of applications,” reports Bruce Bachand, vice president of Orlando’s Carol King Landscape Maintenance. The problem is quality.

“Unfortunately, in most cases, people are looking for short-term jobs so they can continue seeking ‘better’ opportunities or they are lower caliber individuals who can’t meet our qualification requirements or have previous problems,” he explains.

Finding good, talented workers “is something that hasn’t changed just because there are more people look-

ing for work,” agrees Ron Skover, owner of Greenlawn LLC, North Street, MI. In

fact, where unemployment rates are highest, contractors seem to be having the most problems finding quality employees.

Here are the latest

unemployment statistics by state, ranked from lowest to highest. Florida and Michigan are two of the top 10 worst states when it comes to unemployment. — *NW*



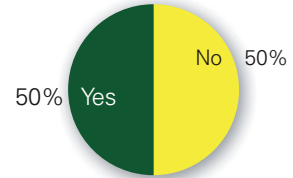
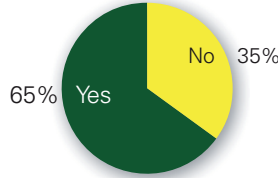
UNEMPLOYMENT RATES BY STATE

Rank	State	Rate
1	North Dakota	3.8
2	Nebraska	4.4
3	South Dakota	4.6
4	New Hampshire	5.5
5	Vermont	5.8
6	Iowa	6.3
7	Hawaii	6.4
	Wyoming	6.4
9	Virginia	6.7
10	Kansas	6.8
	Oklahoma	6.8
12	Minnesota	7.0
13	Montana	7.2
14	Maine	7.3
15	Maryland	7.4
16	Utah	7.5
	Wisconsin	7.5
18	Arkansas	7.9
19	Louisiana	8.0
20	Alaska	8.1
21	Massachusetts	8.2
	New York	8.2
23	Texas	8.3
24	Delaware	8.5
	New Mexico	8.5
	Pennsylvania	8.5
27	Colorado	8.8
28	Connecticut	9.0
29	Alabama	9.1
	New Jersey	9.1
31	Illinois	9.3
	Washington	9.3
33	Arizona	9.4
	Tennessee	9.4
35	Indiana	9.5
	Missouri	9.5
38	Ohio	9.6
	West Virginia	9.6
40	District of Columbia	9.7
41	North Carolina	9.8
42	Mississippi	10.1
43	Georgia	10.2
44	Kentucky	10.3
45	Oregon	10.6
46	South Carolina	10.7
47	Rhode Island	11.5
48	Michigan	11.7
49	Florida	12.0
50	California	12.5
51	Nevada	14.5

Source: Bureau of Labor Statistics, December 2010

TRAINING DAY?

Do you have an employee manual you hand out to workers when they begin employment?



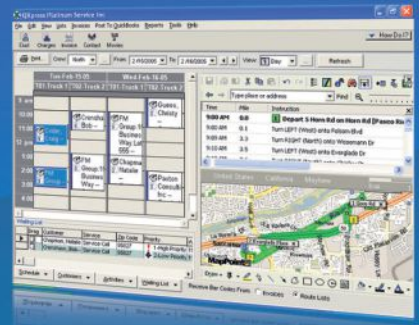
Do you have a formal employee training program you conduct with workers when they begin employment?

Source: Landscape Management, February 2011



If you use QuickBooks...
QXpress is the Software for You!

- Cuts office time in half!
- Increases Productivity
- Easier Scheduling, Job Costing & Invoicing



Rated #1 scheduling software by QuickBooks users!*

Pricing Starting At

\$38/month

Go To QXpress.com/landscape

To Get A Free Trial!

Contact Us At 1-888-QXPRESS
or www.QXpress.com/landscape

* As determined by searching on <http://marketplace.intuit.com> for "Scheduling Software," and sorting by the "Rating" option. As of December, 2010 QXpress Scheduling Software had the highest rating.

QuickBooks and "Designed for QuickBooks" Logo are trademarks of Intuit Inc., displayed with permission. The use by Marathon Data Systems does not signify certification or endorsement of the QXpress software by Intuit, and Marathon Data Systems is solely responsible for its software and the support and maintenance of the software

© 2010 Marathon Data Systems, LLC. All rights reserved.

Designed for:

