By **Beth Geraci**/Senior Editor

A Good Buy

Even in a lagging economy, purchasing still has power.

Whether it's cutting hours, services or supply, landscape companies have gotten used to tightening their belts in response to rising costs and the weaker spending power of customers. But cut back as they might, companies aren't so quick to skimp on the quality of their equipment. They realize that it can drive a company's success in more ways than one.

Spending to grow

If the economy is lackluster, it's not apparent in the robust way companies are spending on equipment. Take Webb Landscape Inc., for example. The Bellevue, ID-based company, specializing in landscaping, nursery and other services, had a total 2011 capital expenditure budget of $320,000.

"It's less than we would budget in 2006 and 2007 and it's more than we budgeted in 2009 and 2010," says Webb Chief Executive Officer Steve Mills.

"We have retooled our business model to meet the big recession head on. And we have capitalized on our brand and our quality and our responsiveness, and so our business is fairly healthy."

RAMPING UP

20

% increase in equipment spending over last year.

To date through August, Mills adds, Webb has tallied up $8 million in revenue and is aiming for a total of $11 or $12 million by year's end.

Taylormade Landscapes in Las Vegas, NV, also ramped up equipment spending this year, by 20% over last year. The increase was thanks to the company's growth. In fact, Taylormade doubled its revenue from 2010 to 2011.

Taylor doesn't see the sense in taking a chance on equipment. "It's necessary to sustain our growth," he says. "If our equipment's not operating, we can't do our jobs. It's right up there with having honest, ethical employees."

Out in drought-prone California, weather-based irrigation systems are integral to regulating water use. That's why water systems and smart controllers are at the core of Valley Soil Inc.'s business.

The Temecula, CA-based company specializing in high-efficiency water conservation systems has invested nearly $1 million in weather-based irrigation controllers and high efficiency nozzles in the last year.

"It was a pretty good year," says company president Eric Anderson. "Normally we're at $600,000-$700,000."

In the last five years, Anderson says, Valley Soil increased its purchasing "quite a bit" in response to customers' increasing environmental and economic awareness.

> "You're going to end up with loss of efficiencies and increased maintenance costs every couple years. You're going to have to end up telling customers, 'I don't have the machine right now."
>
> Webb Landscape Inc. CEO Steve Mills

"They know that there are products out there that can help them reduce their higher tier charges, higher rate charges and energy bills. Those are tied into each other a lot," Anderson says.

New vs. Used

Up until this year, Taylormade only bought used trucks, both from dealers and residents. In fact, in its five-year history, the company only purchased one new truck ever — in 2007.

"I've been really lucky to have purchased equipment that's given me a lot back," Taylor says. For example, Taylormade owns a used 1997 F-350 super-duty diesel truck with 220,000 miles on it. The company paid a relatively meager $4,500 for it, yet, says Taylor, "that's the one that makes me the most money."

In 2011, Taylor leased vehicles for the first time. They were a Ford Ranger and Ford F-150. "The larger ticket items like the trucks we've been leasing to keep our cash flow in check," he says. "That's something new for me. Usually I try to pay cash if I can, but now I'm worried about cash flow issues."

Other than his trucks, Taylor leases all his trailers, which cost between $3,000 and $6,000 each. He invests only in new handheld equipment, such as weeders and blowers, which he bought new both in 2010 and 2011.

Because they rev up and down and are turned on and off more often, handheld machines have a shorter life expectancy, reasons Taylor, who specializes in residential landscaping and relies heavily on handheld equipment.

Unlike Taylormade, Valley Soil invests only in new equipment. And last year the 8-year-old company invested more in new equipment than ever before, buying software, weather stations and 1,400 smart controllers.

About 70% of Valley Soil's business involves irrigation. Over the last four years, Anderson says, the company's performed 8,500 audits and installed 3,400 weather-based controllers and more than 150,000 high-efficiency nozzles.

"We're growing quite rapidly," says Anderson, adding that Valley Soil is diversifying, preparing to open a non-profit organization centered around training, education and product testing.

70

% of Valley Soil's business involves irrigation.

Valley Soil wanted to buy a new truck and SUVs this year but held off. "We wanted to see which way the industry was going first," Anderson says. "We could afford it, but we wanted to wait."

Webb also invested "pretty extensively" in new equipment this year, as it always does, says Mills.

UPS AND DOWNS

How did your equipment spending budget change from 2010 to 2011?

For those who increased their budgets, the average was

37%

For those who decreased their budgets, the average was

11%

"We pride ourselves on being the best in the Pacific Northwest," Mills says. "We constantly are having to purchase."

Over the last year, Webb purchased equipment in three major categories: equipment and vehicles; facilities and property improvements (such as greenhouses); and information technology, including software, hardware, GPS and iPhones.

Webb also replaced tractors, loaders, mowing equipment and planting equipment. The company runs fleets of trucks and loaders by brand, Mills says, "and we try to get on a rotation where we replace the oldest every few years."

The most valuable purchase the company made this year was an $85,000-$90,000 large CAT loader, Mills says. It was money well spent, because the CAT can work through the winter and be used by both the nursery and construction divisions.

Holding on to equipment

If a company doesn't replace equipment regularly, says Mills, "you're going to end up with loss of efficiencies and increased maintenance costs every couple years. You're going to have to end up telling customers, 'I don't have the machine right now.'"

But Taylor doesn't feel the need to spend on new equipment when a product works just fine as it is.

"I hang on to equipment — I try to run 'em till they die," says Taylor. "I try to get the most out of my equipment that I can. If I didn't do that I'd have to have more equipment on hand and that's just a larger cost."

Taylor tries to be as frugal as possible. "It pays off in the long run," he says. "Take good care of your equipment and it will pay you back sevenfold. Overspending isn't something I'm willing to risk right now."

Whether a landscape company decides to take the used route or the new route, they all agree on one thing: that owning and operating quality equipment empowers a company to be as reliable as possible.

"It's pretty much common sense," Mills says. LM

WHAT'S IN YOUR CART?

Percent of contractors who purchased the following types of equipment in last 12 months

Mowers	44%
Skid-steers/loaders/mini skid-steers/ excavators & attachments	15%
Sprayers/spreaders	43%
Handheld equipment (blowers, edgers, trimmers, etc.)	58.6%
Trucks & trailers	47%
Landscape lighting	35.5%
Irrigation systems & products	46%
Herbicides	47.6%
Insecticides	59.5%
Fungicides	39%