

By **Beth Geraci**/Senior Editor

Making it work

Landscape companies are still feeling the pain from a poor economy, but it's not all gloom and doom.

It's no secret that the Green Industry is struggling from coast to coast. In an economy that presents challenges such as price undercutting, rising fuel and health care costs, and a customer base that is reluctant to spend, it's hard for many landscape companies to see a silver lining.

But even as they feel the dire impact of today's spiraling economy, landscape companies across the country are doing their utmost to carve a brighter future for themselves. We talked to some of them about the challenges they face today and their best hope for tomorrow.

In Winchester, VA, where Bruce Sheppard operates a Weed Man franchise, government restrictions are impeding his company's ability to grow as much as he'd like it to, he says. In some Virginia municipalities and others nationwide, landscapers are forbidden from going door to door and leaving fliers for free lawn care estimates, Sheppard says. "It just depends on how the sheriff wants to police it."

The bulk of Sheppard's business is residential, and having more leeway to knock on doors would fuel his growth.

Fuel costs rising

Speaking of fuel, Sheppard's fuel costs are up 25% this year, and the rise has hurt his bottom line. "We weren't expecting it to be that much," he says. "I budgeted for 10%." Now he has to figure out how to compensate for the difference.

"Gas prices went up so quickly, we weren't

covering them in our proposals," says Jeff Swano of Dig Right In Landscaping, Brookfield, IL. "We raised our prices as a result. We literally had to double our prices."

Mark Lawrence, president of Simply Yards Landscape and Design, Anacortes, WA, spends \$4,000 a month on fuel. "Fuel prices just cut your profits down," he says. "It's done that substantially."

But fuel prices are just one player in the industry's economic meltdown, he says. "You can't just pin it on one thing. That's the hard part," he says. "It's everything that keeps adding up. It's just a snowball effect."

Lack of financing, lowball competition limiting cash flow

Fewer handouts from banks contribute to that snowball effect as well. Swano's certainly not counting on any loans this year. "We know the banks are not lending," he says.

Lack of financing is hardly stimulating the economy, says Sheppard. "You have to figure out how to obtain financing to make things work. You can't go out and borrow money and not pay it back. That's why we're foreclosing on homes right now. The financial situation and housing situation just killed

**SIMPLY
YARDS
LANDSCAPE
AND DESIGN
SPENDS**

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thousand dollars a month on fuel.



us, and it'll take us a while to get out of it."

"You go to the bank and ask them for money and they laugh at you," adds Simply Yards' Lawrence.

As if rising costs and lack of lending don't pose enough of a challenge, lowball bidders aren't doing landscapers any favors either. In fact, most landscapers who participated in our survey said price undercutting continues to be a major obstacle

for them this year.

"Inexperienced contractors are our biggest challenge these days," says Kevin Reynolds, president of Border Creations, Inc., Lutz, FL. "Customers are being misled, and it's translating into loss of sales for our company."

Lawrence has laid off eight workers — about 25% of his workforce — since 2009. "We're losing customers every day," he says. Lowball bidders, he adds, "go out and get a mower and blower and do work for free. They're offering work for 30% less or more than we are. And that's been brutal."

In fact, Lawrence, whose business is 60% residential, says has lost two customers in the last two days. "They say, 'We can't afford it anymore,'" he says. "In response, we've fine-toothed combed everything you could possibly go through — receptionist, gone. Every little thing from cell phones to rent to gas."

Lawrence says price undercutters have been a problem for the entire 30 years he has worked in the business, "but now they're getting gutsier."

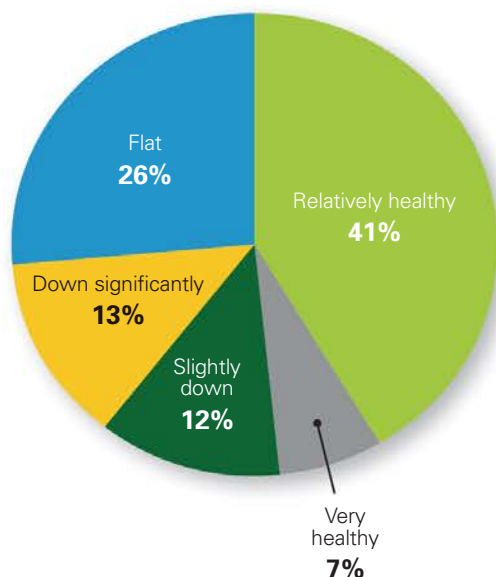
They're even getting gutsier out in Wyoming, says Aaron Rodolph, owner of Rodolph Brothers Inc., Casper, WY.

"Lowball bidders are out there, taking work off the table," Rodolph says. Price undercutting escalated in Casper in 2006, when Denver's housing bust drove Coloradoans to Wyoming in search of jobs, explains Rodolph, who works mostly in the residential market.

Workers immersed themselves in commercial

TODAY'S PULSE

Describe the state of the landscape and lawn care service market in your region.



DUE TO ROUNDING, TOTAL ADDS UP TO 99%

landscape projects, driving commercial landscapers already in the business to the residential market, creating competition for Rodolph.

Brighter future ahead

But overall, Rodolph's business continues to thrive in this economic downturn for two reasons: He diversifies, and Wyoming's economy has gone largely unscathed.

In 2010, after reading a business article, Rodolph Brothers hired a marketing firm to reach a wider audience, with the goal of doubling sales within two years.

"My whole thought process was, the owner has to be willing to throw everything he knows out the door in order to grow the business."

As the company moves into 2011-2012, Rodolph is optimistic about meeting his goal of doubling sales. From 2010 to 2011, sales were up 70%. And this year, Rodolph Brothers launched a lawn care arm, bought about \$250,000 in new equipment and hired eight people. "It's been a huge blessing," he says.

Swano's Brookfield, IL customers are investing more in hardscaping, an aspect of his business that has grown 12.5% in the last year. His maintenance business was up 50%, due in part to the fact that customers were attracted to organic yard care, which the company has been specializing in since 2008.

Swano's best opportunity for the coming year lies in residential design/build projects, he says. And fortunately for his organic-based business,

residents in the Chicago suburbs are growing more environmentally conscious.

"If I can get the education out that we provide those services, then we can make a connection," Swano says. "The brand is pretty strong right now, and we get a lot of word of mouth."

Dig Right In also is experiencing growth, by providing yard drainage solutions such as rain gardens, infiltration systems and piping. All the rain Illinois received in the last year helped create profits for the company's installation division.

In 2012, Swano aims to increase productivity, so when 2013 comes around the company will be in a better position to generate profits.

In 2008, Reynolds zeroed in on residential landscaping. The switch has given the company a big financial boost in the last year and a half, generating an additional \$250,000 in business. In 2012, Reynolds sees the most opportunity in his residential design/build business, especially patios, pools and decks.

In the coming year, Lawrence will continue to focus on diversifying, adding snow removal, gutters and windows to the mix and becoming more of a full service business.

"We'll do anything to try to make a dollar," he says. "But we've always done a certain level of work, and I'm not going to compromise."

Sheppard, too, sees greener pastures ahead. "The market is continuing to grow," he says, "and business will breed business." **LM**

BEYOND YOUR CONTROL

Factors that will have the biggest influence on growth this year

1. Rising fuel prices
2. **Prolonged recession**
3. Rising health care costs
- T-4. Rising Taxes**
- Lowball pricing competitors**
- T-6. Consumer confidence
- Continuing housing market challenges
8. **Immigration/H-2B issues**
9. Increasing legislation on pesticide use
10. **Increasing legislation on water use**
11. Increasing legislation on noise/emissions



CONTRACTORS' BIGGEST CONCERNS IN 2010

Contractors who ranked each of the following their biggest concerns for 2010

Prolonged recession	50%
High taxes	37%
Consumer confidence	21%
Properly and competitively pricing my services	14%
Lack of time to chase new opportunities	12%
Lack of staff to respond to business opportunities	12%
Accounts receivable	11%
Making payroll	10%
Accounts payable	8%