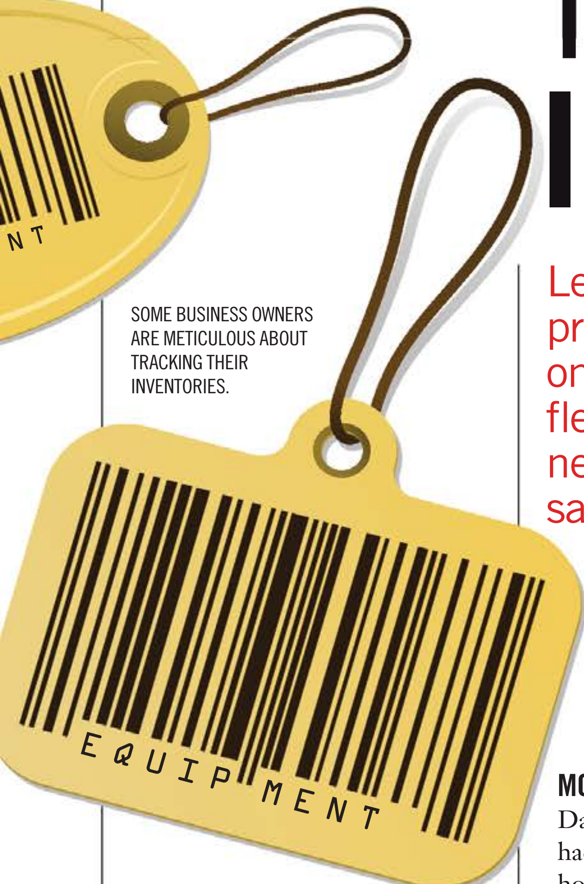
FINDING EFFICIENCY

TAKING INVENTORY



SOME BUSINESS OWNERS ARE METICULOUS ABOUT TRACKING THEIR INVENTORIES.

Leading landscape professionals reflect on efficiencies on fleet and equipment needs without sacrificing quality.

BY TOM CRAIN

In today's challenging economic environment, landscape professionals are finding it crucial to keep service and repair costs down. Many financially strapped equipment and fleet managers are caught up in the daily grind of keeping old, faulty equipment in service for short-term gain — without any well thought-out, condition-based maintenance or equipment management strategy in place for the long run.

Should you repair your existing equipment, or spend the money to purchase new? We found some leading landscape professionals willing to offer their tips and tricks for evaluating their equipment needs and maintaining their vehicle fleets to keep costs in line, or even reduce costs.

MORE WITH LESS

Dallas-based EarthWorks hasn't had to make any major changes in how it handles equipment because it has always been conservative on spending. The landscaper provides premier, full-service landscape management services for multifamily and commercial properties.

"Fleet and equipment management is a constant evolution for us," says General Manager Chris Lee. "Even in these tough times, you need to do what makes sense. You don't want to be chasing your tail, or it can be a downward spiral. No matter what, we never let short-term issues derail our long-term plans."

Dean Snodgrass, vice president of and one of three brothers operating Dennis' 7 Dees Landscaping in Portland, OR, agrees that "even when times are tough, we don't advocate cutting service or routine inspections on our fleet and equipment."

Many landscapers are saving money by downsizing the size of their trucks for their crews, doing more with less equipment — and in some instances, relying on alternative transportation.

"There was a time when a large fleet made me happy," says Snodgrass. "But we realize now that we don't necessarily need large, heavy trucks on-site all the time and for every job. We are always re-thinking the size of vehicles necessary. In some instances, we even encourage our crew to use light rail for their prime source of transportation to get to jobsites downtown or at the airport."

In the past, EarthWorks leased its fleet, but now it owns all its vehicles. "When we were leasing, it cost us more money," says Lee. He found that most leasing companies charge a "management fee" built into the lease rate. "Unless you plan to lean heavily on the leasing company for disposition or other value-added services they provide, you can borrow money a lot cheaper from your bank."

BUDGET AHEAD

When it comes to budgeting for vehicles and equipment, landscape leaders look closely at projected

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equipment maintenance costs and evaluating prior repairs. Proper budgeting, maintaining good records and being proactive on repairs are sure-fire ingredients.

Each year, Cagwin & Dorward Landscaping Services, in the San Francisco Bay area, projects fleet and equipment sales revenues and maintenance expenditures for the upcoming year based upon actual costs from the previous year.

"We drill down on actual equipment purchases," says Steve Glennon, vice president, treasurer and COO.

Cagwin & Dorward uses tracking software to evaluate its remaining vehicle and equipment life versus the cost of repair and replacement to make the decision about repairing existing equipment or spending the money to purchase new.

"We try to keep the evaluation process simple by breaking down the condition of each unit into four main categories: age of unit, running condition and interior and exterior conditions," says Glennon. "After that, it's just making quality decisions based on data and budgets."

Dennis' Seven Dees has a similar system. "We know what expenses go into service work, and what portion goes toward repair," says Snodgrass. "To make a decision about when to retire a vehicle, we review all of the data. We do a physical check-up and talk to the operator. We will review what money has been spent."

When repair costs outweigh the actual value of the piece of equipment, EarthWorks replaces it. "If repair and replacement parts costs are 60% or more of the actual value of the piece of equipment, it's taken out of commission," says Lee.

Dennis' Seven Dees eliminates extra expenses, like towing bills or major damage repairs, which Snodgrass says can add up significantly to the bottom line.

"We keep close tabs on the performance of our vehicles by having our operators give us constant feedback," he says, noting his firm also tracks all repairs on hand equipment such as blowers, edgers and trimmers to determine turnover by projected repair costs and performance.

EarthWorks used to have a policy to sell and replace all its smaller equipment at the end of every season. "What we sold it for did not cover the capital of the initial outlay," says Lee. "After subtracting the maintenance and repair savings, it was still 30% more expensive."

Larger landscapers find it feasible to do their own repairs with in-house maintenance staff.

"We perform 95% of our own repairs in-house," says Glennon. Cagwin & Dorward still finds it challenging to manage repairs, however, because its operations are so spread out. "Our entire geographic footprint covers 14,000 square miles," Glennon says.

THE CAGWIN & DORWARD TEAM USES TRACKING SOFTWARE TO DETERMINE THE REMAINING LIFE OF ITS VEHICLES.

EMPLOYEE BUY-IN

The landscapers Landscape Management interviewed all agree that it's a good practice to encourage support from their crews on equipment maintenance. Dennis' Seven Dees conducts a tag-out system.

"When a vehicle is tagged, it goes into the work order list for our mechanics to schedule," says Snodgrass. "We write it up quickly, and can do a 24-hour-or-better turnaround on most basic repair jobs."

EarthWorks includes discussions on equipment conditions in conjunction with its weekly safety meetings. "We go over basic maintenance tasks on how to protect the equipment they use, based on whatever problems the mechanics are seeing frequently," says Lee. "Cleaning filters, checking oil and properly greasing fittings are commonly stressed to all our crews."

Maintaining longstanding, positive relationships with dealers and contractors is also stressed, to encourage them to provide great deals and terms — especially during these difficult economic times. ■

The author has been a freelance journalist and contributor to B2B publications, including many in the Green Industry for more than 20 years. Contact him at Tom Crain tecrain@goingreenguy.com.