

EXPENSE TRACKING

Lawn care operators report concern but stability for 2013.

BY MARISA PALMIERI

THE COST OF doing business is always a concern for Green Industry businesses. Lawn care operators (LCOs), in particular, have specific costs to contend with: inputs like pesticides and fertilizer.

“As far as the products we purchase, they’re pretty stable,” says Kelly Banfield, president and CEO of Banfield’s Landscaping and Lawn Care in Pace, Fla. The pricing offers a respite from years past, he says, noting that fuel costs are always a concern.

“For fuel costs, I always factor them into the budget high,” he says. “If it’s \$4.35 a gallon, I’ll input \$4.75 a gallon when I figure the budget. I don’t foresee the price going over \$4.75.”

Banfield is much like his peers—fuel and health

care costs are their top two external concerns, according to *Landscape Management’s* Lawn Care Market Report survey. The good news is, fuel costs are leveling out. Not so for health care costs (see charts at right).

PRODUCT PRICES

Lawn care companies are happy to report pesticide prices are stable and fertilizer prices have leveled off from the spike endured during the Great Recession, though they’re still seeing a slight bump.

“Fertilizer seems to be going up every year, but it’s not as bad as 2008,” says Rick LaNore, co-owner and technical director of MRW Lawns in La Plata, Md. “That was horrible—2009 to



2012 were all better as far as stability, I think, because natural gas was so plentiful.”

For pesticides, LaNore doesn't “see them going crazy. I try to keep my budget within 12 to 15 percent for material.”

Jim Campanella, owner of Nashua, N.H.-based Lawn Dawg, is seeing a slight increase in fertilizer prices over last year. “There's concern that an increase in corn production and even almond production out West is going to drive the cost of urea, which will drive up fertilizer prices,” he says. “With pesticides, they're steady, or in some cases down.”

Andrew Ziehler, president of Ziehler Lawn and Tree Care in Centerville, Ohio, sees a similar trend.

“Herbicides tend to stay consistent or they're smaller increases,” he says. “Fertilizer prices are continuing to go up, so we take advantage of early-order programs so we can lock in prices and know what we have for the year. We're also looking for products that won't fluctuate as much. Sometimes I wonder if I should just invest in fertilizer, buy it up and sell it off the next year.”

Bill Leuenberger says Chalet's pesticide and fertilizer budget should be about the same as last year's, although he's hoping to see a volume increase on the lawn care side of the business, which would boost the budget.

“Fertilizer prices are going up, and there isn't too much you can do,” he says. “We're on the North Shore of Chicago, so the quality has to be very good. That's part of the reason we have a price increase this year.” Chalet is raising lawn care program prices 5 percent for the first time in nine years. **LM**

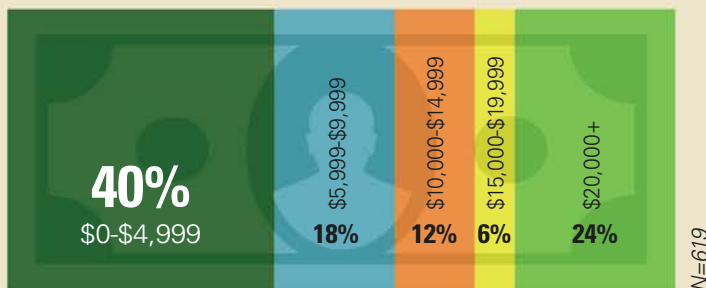
PHOTO: LAWN DAWG; ILLUSTRATION: ISTOCK INTERNATIONAL INC.

PURCHASING BUDGETS

How will your pesticide- and fertilizer-purchasing budgets change in 2013 vs. 2012?



What's your estimated pesticide- and fertilizer-purchasing budget for 2013?



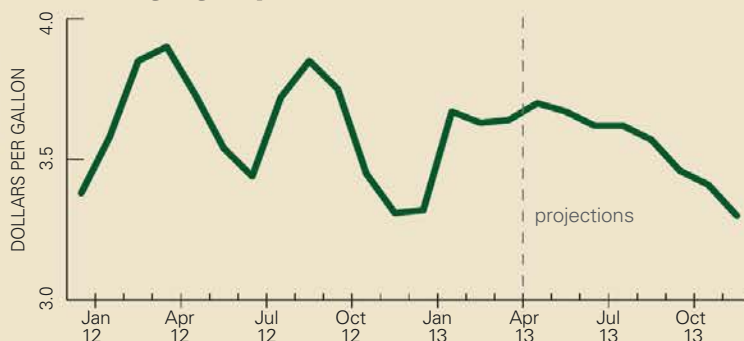
FUEL, HEALTH CARE COSTS ARE TOP CONCERNS

Annual business health care premiums for family coverage (in 2011 dollars)



Source: Scott Shane, Case Western Reserve University, with data from the Kaiser Family Foundation's Employer Health Benefits 2011 Annual Survey

U.S. average gas prices (regular grade retail price including taxes)



Source: Energy Information Administration's Short-Term Energy Outlook