Finding focus

How three companies flourish by sticking to a niche.

BY **MARISA PALMIERI**

ILLUSTRATION: ISTOCK INTERNATIONAL INC.

Many businesses adopt the "one-stop shop" approach, either with strategic intent to offer convenience and sell more products and services to existing customers or simply because they have trouble saying no.

In any case, some companies can offer the Jack-of-all-trades approach and prosper. (Think: Walmart, among others). But some—like Erbert Lawns, McKay Lighting and Oasis Turf & Tree—prefer to be a master of *one*.

1 *Erbert Lawns*

Littleton, Colo.

Focus › Residential maintenance

When John Erbert, owner of Littleton, Colo.-based Erbert Lawns, was just out of college he took a job helping a friend paint a Discount Tire showroom. It was a multi-day job, and over the course of working there Erbert observed customers coming in and asking for non-tire services. Did they do struts? No. Alignments? Nope. Every time, the staff explained they just did tires and wheels.

Erbert asked the Discount Tire manager why the company would turn away interested customers. Erbert himself had run a landscape business since age 12 and would do anything a client asked—mowing, tree trimming, etc., for residential or commercial customers.

The manager's answer: "Our owner wants to be the best at one thing."

Despite the fact that this philosophy went against everything Erbert learned in school— "you're supposed to get the customer and then sell them other stuff"—it struck a chord with him. He knew he was spreading his company too thin.

"I went home that day and in my mind I was convinced that we were going to be the residential mowing guys," he says. "Slowly, we dropped our other services and that's when we became profitable."

That was in the mid-1990s, and it took about three years for Erbert to transition to a residential mowing-focused business.

"At first it was really hard to say no," he says. "Now it's much easier because we have confidence and we believe in what we do."

Today, Erbert Lawns is a nearly $3 million operation that employs 45 people. Nine-tenths of its revenue comes from residential mowing. The other 10 percent comes from things it doesn't market, such as fertilization or aeration, which it does for a handful of customers.

"Most people in the industry look at residential mowing as where they started out and as unprofitable," Erbert says. "But there's a way to make it work."

And what's that? For Erbert, it's only doing small lawns (no more than about 14,000 square feet), using walk-behind mowers and mandating customers pay by credit card.

Many of these decisions are driven by simplicity, which Erbert thrives on.

"The simpler it is, the more attractive it is to me," he says. "Every decision we make is based on two things: Does it service the customer and does it serve the team?"

"When you focus, in turn, you reap the other benefits of specialization—which is a better product for the consumer."

—JOHN ERBERT, ERBERT LAWNS

The small lawn focus came about because these properties proliferate in the type of neighborhoods Erbert likes to hone in on: those with track homes.

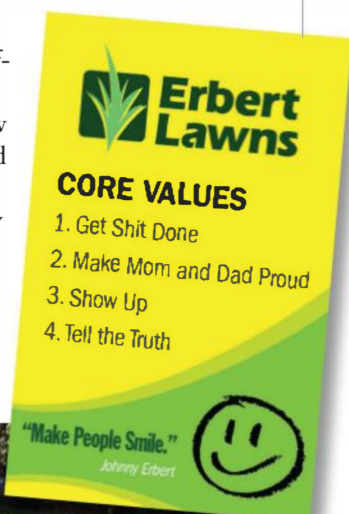
The use of walk-behind mowers came from a labor need. Erbert faces turnover like many seasonal businesses do. "We need a way to train people fast," Erbert says. "Walk-behinds are simple and do a great job."

As for the credit card mandate, it's an idea borrowed from a competitor that set up shop across the street about a decade ago and required customers to pay with plastic. Erbert liked the idea, realizing the burden it would ease on accounts receivable. When he first tried to put it in place, he still made exceptions for customers who preferred to pay by check.

"Then we found out we'd start dropping the ball with collections and some would fall through the cracks," he says. "Here we were making exceptions and we were paying the price, so we had to let the customer go or demand they use credit card."

Again, that requires telling customers "no," which can be a difficult thing to do, Erbert says.

"Customers are trying to throw money at you and you're small and trying to grow," he says. "It takes so much direction and focus to say no, that most people aren't willing to. When you do focus, in turn, you reap the other benefits of specialization—which is a better product for the consumer."



Above: Soon after founding his business at age 12, John Erbert's father helped him build a bicycle with a trailer so he could increase his service area. At right: An Erbert Lawns truck parked in front of one of its signature small lawns; Erbert Lawns' core value card.

PHOTOS: ERBERT LAWNS

2

McKay Lighting

Omaha, Neb.

Focus › Landscape lighting

McKay Lighting projects often highlight multiple features, including plants, hardscape and water elements. The company has done work for some clients at multiple residences in several states.

In 1987 Jerry McKay moved back to Omaha, Neb., after graduating from college with a political science degree and working in Seattle for a few years. He'd worked in the landscape industry in high school and college, and he soon started McKay Lawn Service, which did mowing, fertilization and snow removal for primarily residential customers.

Five years into the business, he was having lunch with a friend who was a landscape distributor's sales representative. McKay mentioned he felt the need to "sell something else."

His friend told him that his company, LESCO, was picking up the Nightscaping line of landscape lighting fixtures, which might be an interesting add-on because it didn't require much overhead or equipment.

McKay started his research. He first attended a Nightscaping seminar at a lighting showroom in Kansas City. He recalls the instructor saying, "Most people in this room will do one or two jobs a year. Rarely do I see anyone focus on this and make it a business."

"I thought I would be the one to be different," McKay says. Next, he was ready

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—JERRY MCKAY, MCKAY LIGHTING

to attend the manufacturer's Nightscaping University held in California, but was still uncertain himself. He recalls his wife saying, "What are you doing?"

"I remember burning a Northwest frequent-flyer ticket on it, thinking, 'If this isn't my deal, I'm no worse for the wear,'" he says. "At the time, not a lot of people were doing what I was going to do. People thought of landscape lighting as kit lighting. These were aluminum and powder-coated fixtures. I thought I could pull it off."

It turns out the course was taught by Nightscaping founder Bill Locklin, who McKay calls a "pioneer" of landscape lighting.

"So there was a story behind it," he says. "I'm the type of guy who needs the story behind it."

So, after getting the story and beginning to learn the craft, McKay returned to Nebraska, started McKay Lighting and designed and installed low-voltage landscape lighting for his home, his parents' home and his best friend's parents' home.

"The first fall we did eight jobs and I knew then I had something," he says. He kept the two companies separate from the get-go, though both bore the McKay name and they shared space and overhead.

"My hope was sooner than later I'd sell the lawn service," McKay says. "I'd done it in high school and college and it had run its course. It was three years into lighting that I knew it had hope. I knew I could let the lawn business grow, but I didn't want to manage two businesses. I just wanted to focus."

In 1998, McKay sold the lawn business. Initially, he had concerns about dropping the part of his business with recurring revenue, but before long he got confirmation that he made the right decision.

"As soon as I sold it I didn't know how I could have been running both," he says. "It was like releasing a big weight. I thought, 'Now I can thoroughly focus.'"

Focus has no doubt been a benefit for McKay, which today does $1 million to $2 million in annual revenue.

"We say it all the time [about lighting], 'It's all we do,'" he says. "We have strategic partners in other like industries—landscape, hardscape and things like that. From a strategic point of view with those relationships, they know we'll never compete with them."

Never? McKay says he hasn't been tempted to branch out into other services again precisely because of those relationships.

"We'd never even mulch for someone because it would look like we're getting into landscaping," he says. "It would hurt our partner relationships and detract from our service."

Staying specialized also has allowed McKay to attract top talent. His last two management hires have been employees who have sought out the company because lighting is all the company does. One is a horticulturist who was previously working at a landscape company. Another was doing some lighting at a landscape company and wanted to do it 100 percent of the time.

continued on page 18

PHOTOS: MCKAY LIGHTING

continued from page 16

"We have 12 people who are really dedicated to lighting and with that passion, we don't stray," McKay says. "It's like a good marriage."

Although some members of the landscape industry say lighting is a tough service line to be in, especially through downturns, because it's a "nice to have," McKay says his business has flourished partly because of good timing.

"We started toward the beginning of lighting evolving," he says. "Because it was new and we were introducing it to our market, it never really slowed down. When it did, we were lucky enough we were in the middle of some really large jobs."

Particularly, McKay endured years 2000 and 2008 with "gigantic" high-end residential projects.

"In 2000, that one was the largest one we'd done at the time," McKay says. "It had 64 1,000-watt transformers and over a thousand lights on the property." He estimates it took a year to complete, with starts and stops due to construction. The 2008 project rivaled that one, and segued into multiple out-of-state jobs for another client.

"So we never really felt like there was a downturn for us, which was lucky," he says. "Sometimes timing is really important."

3 Oasis Turf & Tree

Loveland, Ohio

Focus › Lawn care

In 2004 Rob Reindl felt like his Loveland, Ohio-based business was on a treadmill. He'd grown his mostly landscape maintenance business from zero to $700,000 in annual revenue in eight years with both residential and commercial clients, but that year the business was stagnant.

His frustrations primarily came from the commercial side.

"I'm anal retentive," he says. "I want to be the very best, but commercial properties aren't into being the best; they're primarily budget focused. That's more important than who's the best."

It's easy to grow quickly in commercial maintenance, but, as Reindl found out, "You realize the loyalty's not there."

Something needed to change, and he recognized commercial maintenance clients weren't going to pay for the detail his company offered. When he analyzed what type of client would pay for his meticulousness, Reindl determined residential lawn care customers would be the best fit. Plus, he says, there's less competition because the need to have a pesticide applicator's licenses scares some people away.

Reindl's bet paid off. Oasis Turf & Tree is on track to gross about $2.8 million in 2013.

Despite the competition from the national players in the lawn care space, Reindl says he believed there was a need for a company offering superior quality.

"I had residential customers who wanted perfection and were willing to pay for it," he says.

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Could Oasis have kept the residential maintenance part of his business? Yes, but Reindl determined that being on a customer's property every week providing mowing services opened up his fertilization business to room for error. For example, he didn't want to run the risk of a customer canceling lawn care because the mowing crew left a few blades of grass on the back patio.

In 2005, the year Oasis Turf & Tree first focused on residential lawn care, the business shrank from $700,000 down to $350,000.

"My wife probably wanted to kill me," Reindl says. "It was a scary time for me to make that decision, but ultimately it was the right decision."

Despite the challenges associated with retooling his business, Reindl says he wouldn't take back the time running a landscape maintenance business.

"If I hadn't made those mistakes, I'd be asking some of those questions now," he says. "I now know I don't want to do those things," he says of mowing and snow removal services.

Plus, the efficiency lessons he learned on the maintenance side have helped him on the lawn care side.

"One of the things I learned running a maintenance business is in order to make a buck you have to be super efficient," he says. "We created a lot of efficiencies, and I figured out how to duplicate them on the lawn care side."

For example, Reindl's technicians are armed with laptop computers with software that gives them turn-by-turn directions to every stop on their routes. Their custom Freightliner Sprinter vans feature a foldout ramp to allow a ride-on sprayer/spreader to roll out the back.

Oasis also has been boosted by a few smart moves. One of those was hiring Paul Wagner, a lawn care industry veteran and current president of Fit Turf in Denver, as a consultant. Another is networking with peers and even striking an exclusive, handshake customer referral deal with a like-minded residential design/build/maintenance contractor.

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—ROB REINDL, OASIS TURF & TREE

Challenges on the lawn care side are more sales- and customer service-related than production-related, Reindl says, because of the sheer number of customers a successful lawn care business needs.

"Ultimately, if you're going to grow a lawn care business, you have to be able to build a marketing machine and sales machine," he says. "Otherwise you're not going to grow. If you look at a TruGreen or Scotts, they use phone sales and massive amounts of direct mail because you need so many customers to create the revenue."

So, would he diversify again? "No," Reindl says, at least not into the maintenance space. "If there were any services we might add, it would be in the area of pest control, but I feel pretty confident our services best suit our niche." LM