



LEE KRAL

earning \$110,000 a year, the *Wall Street Journal* reports. When families have to tighten their budgets, some opt to cut discretionary expenses like lawn care, says Lee Kral, lawn service manager for Mountain High Tree, Lawn & Landscape Co., Lakewood, Colo. His division constitutes about 20 percent of the company's \$7 million in annual revenue. He plans for lawn care to be up about 5 percent in 2013 over 2012, but says that may be a struggle.

"Originally I thought 2013 was going to be good," he says. "It's not looking as good as I thought it would look. A lot of people are on the fence this year. In Colorado, there's still a pretty high foreclosure rate, we've got a lot of older people and everyone recently saw the payroll tax hike take a bite out of their checks."

Plus, Kral points to Washington, D.C., specifically the series of federal spending cuts that went into effect March 1 (better known as the sequester) as a major source of uncertainty that could hurt the economy.

These federal cuts are also a concern for Rick LaNore, technical director and co-owner of MRW Lawns in La Plata, Md. Last year was a good year for his firm, but when you ask him about 2013 he says, "That depends."

"We're looking at something different this year with the sequester," he says. "We have a lot of customers in the military and government, and we're getting some phone calls from folks getting furloughed, so we're not sure how it's going to affect us."

Another concern for LCOs is complying with new restrictions and regulations, and that will be the case for LaNore later this year. Beginning in the fall, the state of

WHAT MAJOR PESTS ARE YOU COMBATTING THIS YEAR?



// The biggest thing is Emerald Ash Borer, but it's been here for a while now. They've found Asian Longhorned Beetle in some parts of southern Ohio, but we haven't dealt with it here. It's quarantined, but you do still have to pay attention."

—ANDREW ZIEHLER, *Ziehler Lawn and Tree Care / Centerville, Ohio*

// Stink bugs, although they're not supposed to be as bad this year. And the department of agriculture is going crazy about Emerald Ash Borer, but we haven't seen a big problem here yet."

—RICK LANORE, *MRW Lawns / La Plata, Md.*



// Chinch bugs are always a big concern of ours, and we also deal with mole crickets and fire ants. Plus there are the insects there's no cure for, like ground pearl and nematodes, to some degree."

—KELLY BANFIELD, *Banfield's Lawn Care & Landscaping / Pace, Fla.*

// Last year we saw chinch bugs for the first time on the North Shore of Chicago. It's hard to forecast if it'll be a problem but we're going to be proactive and try to get the insect at hatch before they actually do damage."

—BILL LEUENBERGER, *Chalet / North Chicago, Ill.*



// There's nothing out of the ordinary, it's grubs, chinch bugs and other nuisances such as weeds. And unfortunately, there's not a lot of new products for managing them. I'd like to see some new technology coming out of the chemical industry."

—JIM CAMPANELLA, *Lawn Dawg / Nashua, N.H.*

Maryland's new fertilizer law goes into effect, including a blackout period from March 1 through Dec. 1 when companies can't apply fertilizer. Historically, LaNore's company has started applications in mid-February.

Campanella has concerns about impending restrictions in several of the states in which he operates.

"The Northeast has some of the toughest regulatory controls on lawn care there are," he says.

One thing he has his eye on is the Northeast Voluntary Turf Fertilizer Initiative, a collaborative of six states, the Environmental Protection Agency and other stakeholders that are looking to develop regional turf fertilizer application guidelines.

“There’s talk about reducing the amount of fertilizer per application, the amount allowed over the course of the year, phosphorous restrictions and reducing annual nitrogen input,” Campanella says. “We’re concerned about it—that it’s not based on any good science. We plan to attend the meetings and tell the decision makers that a healthy lawn is the best protection you can have against runoff.”

(For more on the restriction and regulatory landscape, see page S20.)

INTERNAL FOCUS

Despite challenges, most companies plan to focus internally to prosper this year.

Kelly Banfield, president and CEO of Banfield’s Lawn Care & Landscaping in Pace, Fla., takes a refreshingly simple approach to his business.

“To me, it seems pretty easy,” he says. “If you say you’re going to do something and follow through, I’ve never had a problem being in business.”

His 3-year-old business, 60 percent of which is made up of lawn care revenue, is on track to do \$1.8 million in 2013.

Before moving to the Florida panhandle and founding Banfield’s, he grew and sold a firm in Youngstown, Ohio, called Naturally Green.

He says, “If you have a good product and stand behind it, wherever you’re at, you’ll be successful.”

Likewise, Campanella attributes his company’s projected growth in recent years to internal measures, namely marketing campaigns, the centralization of its sales division and quality service.

“We’ve been able to grow the business significantly and keep a majority of our carryover customers,” he says.

LaNore, too, says quality is the key to retention, which in turn generates more business through referrals.



FIFTY-NINE PERCENT OF RESIDENTIAL LAWNS TREATED BY LAWN CARE FIRMS ARE A HALF ACRE OR SMALLER.



RICK LANORE

He says his company’s cancellation rate is about 12 percent, compared to some national firms that can be as high as 40 percent annually. “In the fall we were able to increase referrals by 35 percent—we really weren’t asking for them before,” he says. “So now we’re focusing on referrals and on encouraging salespeople to create their own leads: knock on a few doors, do more block leading. We’ll probably get warmer leads and the closing percentage should go up.”

Ziehler is counting on a well-trained, happy staff to ensure success.

“This year we have a 100 percent return rate for our staff,” he says. “That’s huge. We’ve done a lot to develop our staff and make sure it’s a good place to work.”

How so? “It’s adding up a bunch of tiny things that make everyone’s day a bit easier,” Ziehler says. These measures include a complimentary healthy snack center at the office, free Gatorade for production members on Fridays during the summer and company-provided 2-gallon water jugs for employees during the season.

Additionally, once a month the whole company meets for a “Z Team Breakfast.”

“We take a few minutes to go over what’s happened in the previous month, share any compliments we’ve gotten, discuss things to look out for and talk about anything that needs to be improved,” Ziehler says, noting the meetings also often include games and prizes to make it fun. “Sometimes you get that divide between sales and the office and production, and this has really brought everybody together.” LM



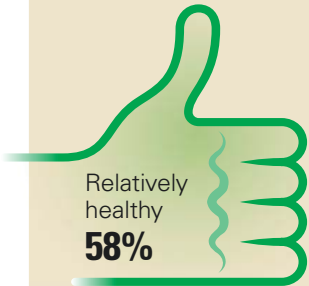
KELLY BANFIELD



HOW ARE YOU FEELING?



Describe the state of the lawn care market in your region.



N=616

Figures don't equal 100% due to rounding.



Very healthy
13%



Slightly down
22%



Down significantly
6%

What's your 2013 business outlook?



Very optimistic
32%



Somewhat optimistic
57%



Somewhat pessimistic
10%



Very pessimistic
2%

N=616 Figures don't equal 100% due to rounding.



WHAT ARE YOUR WORRIES?



Top ranked business concerns



- 2 - Operational efficiency
- 3 - Effective marketing
- 4 - Quality control

- 5 - Customer service
- 6 - Accounts receivable
- 7 - Technician staffing
- 8 - Accounts payable
- 9 - Sales staffing
- 10 - Management staffing

N=615

Top ranked external factors

- 2 - Health care
- 3(t) - Taxes
- 3(t) - Consumer confidence/economy
- 5 - Pesticide regulations



- 6 - Fertilizer regulations
- 7 - Immigration reform

N=614



WHAT'S AVERAGE?



What best describes your service mix? N=595

Chemical lawn care company only **4%**

Chemical lawn care company plus tree care **7%**

Chemical lawn care company plus mowing **13%**

Full service landscape contractor
77%

Figures don't equal 100% due to rounding.

What was your total revenue for 2012? N=619

\$250,000 to \$499,999 **15%**

\$500,000-\$749,999 **10%**

\$750,000-\$999,999 **7%**

\$1 million+ **26%**

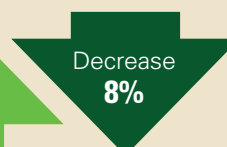
Less than \$250,000
42%

If you treat residential lawns, what's the average size of the properties?



N=485 Figures don't equal 100% due to rounding.

Do you expect an increase or decrease in revenue for 2013 over 2012?



No change
21%

N=616

SHARE OF WALLET

Lawn care companies are adding services when looking to grow.

BY MARISA PALMIERI



THOUGH FERTILIZATION AND weed control have long been the mainstays for traditional lawn care companies, other services are prevailing as ways to increase customers' total spending levels or reach new clients.

When it comes to the service that will grow the most in 2013, lawn care operators (LCOs) expect it to be their bread and butter—fertilization plus weed control. That's followed by organic and natural lawn care, landscape bed weed control and tree and ornamental applications (see chart lower right), according to *Landscape Management's Lawn Care Market Report* survey.

Anecdotal evidence shows companies are adding other niches.

INSECT CONTROL OPPORTUNITIES

Lawn Dawg, Nashua, N.H., and its 10 branches are considering adding a few new services, says owner Jim Campanella. One of them is mosquito control. The mosquito control effort is in the early stages, he says, noting the company's training director is studying the options.

"I know it's something many lawn care companies do," Campanella says. "But like everything we do, if we're going to do it, we're going to research it thoroughly."

In the Midwest, Chalet initiated mosquito control this year, and Soil and Turf Department Manager Bill

SERVICE OFFERINGS

What services does your company offer? *N=541*

Aeration	80%
Disease control	71%
Fertilization	93%
Fire ant control	30%
Hydroseeding	23%
Grub control	69%
Insect control	75%
Landscape bed weed control	85%
Lawn renovation	80%
Macro/micro injection	21%
Organic/natural lawn care	44%
Perimeter pest control	25%
Seeding	85%
Sodding	73%
Spring/fall cleanup	83%
Tree and ornamental applications	66%
Tree trimming/pruning	72%
Tree removal/transplanting	57%
Weed control	93%

Which service do you expect to grow the most in 2013? *N=459*

Fertilization only	5%
Fertilization plus weed control	40%
Fertilization plus insect control	4%
Fungicide-only treatments	0.2%
Herbicide-only treatments	3%
Insecticide-only treatments	3%
Landscape bed weed control	14%
Organic or natural lawn care	16%
PGR applications	3%
Tree/ornamental applications	11%

Leuenberger is anxious to see how sales will go. The company likely will begin selling it in May.

"It's taken us all winter to put everything together," he says. "This year is going to be trial and error, but we're confident in the products we're using, which are a combination of organic and synthetic materials, so that's kept some of my fingernails on." Chalet plans to market and sell the service, which will be offered biweekly and for special events, through its retail location and also to maintenance and lawn care customers.

Tick control is another service Lawn Dawg is looking to expand, Campanella says.

"Ticks are more prevalent over the past couple years and carry a lot of diseases, especially Lyme disease," he says. The service is popular in the Northeast and especially New Hampshire, where the company is headquartered; the state has one of the highest rates of Lyme disease in the U.S.

"We currently offer a three-application process during the growing season," Campanella says, noting the treatment covers ticks,



fleas and ants. "The life cycle of ticks isn't being covered in that window, so we're going to add a fourth app."

Insect control is also a growth target for MRW Lawns in La Plata, Md., which is slowly launching termite and pest control. Co-owner and Technical Director Rick LaNore got his wood-destroying insect certification two years ago.

"We're trying to market it to our existing customers, but we haven't cracked the egg yet," he says. Even though the company isn't doing full-scale termite and pest control yet, it has had some success offering a termite monitoring service.

"We add six bait stations to the

property and we'll monitor them to see if there's a problem, and then we can make recommendations," he says. "It's a service that can give customers some piece of mind."

ADD-ON APPLICATIONS

Not all add-on services are coming from creepy crawlies. For example, Chalet has a waiting list

for its specialty lawn renovation program that controls creeping bentgrass and nimblewill with three herbicide applications in a six-week period, followed up by slit seeding in the fall.

"We expect that to grow," Leuenberger says. "We have a waiting list of people who want that done, but there's such a short window for doing it, so there's only so many you can do."

Lee Kral, lawn service manager for Mountain High Tree, Lawn & Landscape Co. in Lakewood, Colo., has added two new services: iron treatments and dog spot treatments.

"Both give a better look to the lawn," he says. "We sell them as add-ons—it's another thing to offer the customer."

Applying wetting agents is a specialty offering Lawn Dawg's considering.

"In the Northeast, we have watering bans throughout the region that go into effect the minute things start to get hot and dry," Campanella says. "It will allow our customers to keep their lawns greener with less inputs." Ideally, the wetting agent would go down with the last spring or early summer application, before the lawn goes into drought stress, he says. **LMI**

SERVICE OFFERINGS

Do you offer any winter services? *N=308*

Snow/ice removal

88%

Holiday lighting/décor

37%

Other 14%

ORGANICS: A BALANCING ACT

Some lawn care pros see a rise in demand for "natural" turf service offerings.

BY DAN JACOBS & MARISA PALMIERI

AMERICANS STILL WANT a lush, green lawn, but today, lawn care companies realize that some customers want that look provided by organic and natural lawn care solutions.

According to *Landscape Management's* Lawn Care Market Report survey, 44 percent of respondents offer an organic or natural lawn program.

The challenges of offering these "green" programs include higher prices, lower effectiveness and the fact that some customers aren't exactly sure what they're asking for when they say they want an eco-friendly program. To be sure, lawn care firms apply their own definitions to these terms, and their program offerings run the gamut.

Generally, many companies offer a program that



includes all organic fertilizer or a “bridge” product that incorporates synthetic and organic fertilizer with minimal use of synthetic herbicides (i.e. spot spraying weeds or one herbicide application). A 100-percent organic program would include only organic fertilizer and no weed control at all or the use of corn gluten meal for weed control.

Some companies are learning it behooves them to give clients options, even if many don't end up choosing the “organic” or “natural” programs when they find out they cost more and weed control may not be as effective.

Andrew Ziehler, president of Ziehler Lawn and Tree Care in Centerville, Ohio, used to have just one lawn care program. He's rolling out two additional ones for the 2013 season; one of them is called Natural Touch Organic and is a 100-percent organic program with organic fertilizer and zero use of pesticides.

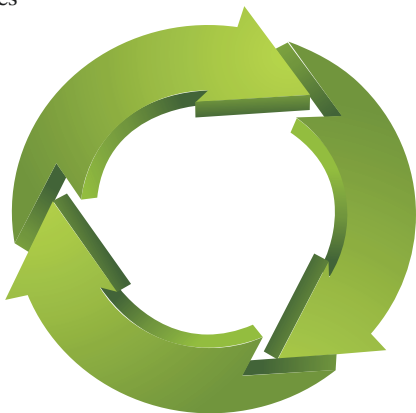
Ziehler decided to add this program due, in part, to research conducted on his firm's behalf as part of a University of Dayton master's program project two years ago.

“We asked them to do a survey of our customers to get some insight to see what they actually wanted,” Ziehler says. “Things that came back were ‘more choice’ and ‘interest in organics.’ That's the main reason we developed the other programs.”

Michael Bellantoni Inc., a full-service landscape company based in White Plains, N.Y., is seeing demand from his customers for pesticide-free lawn care. The firm recently bought out an organic lawn care franchise to help support its plant health care division, says President Michael Bellantoni.

“It's a 100-percent organic program,” he says, noting his company studied the program for about six months before deciding to buy out the franchise. “I think it's going to be big in this industry. It's a program with products that haven't been so common in the industry. We like the results of them. We've adopted them 100 percent

ORGANIC FERTILIZER CAN BE DECEIVING



What's driving consumer interest in organic products? Some communities require organic fertilizer, a move that in many places was initiated by a desire to limit the amount of phosphorous applied, says Tom Delaney, director of government affairs for the Professional Landcare Network (PLANET).

The irony is, mandating “organic” fertilizer isn't necessarily a fix. “Some of these laws and regulations that are trying to keep phosphorous out can't be done with organics,” Delaney says. “They can't control the amount of phosphorous that's in their fertilizers because it's naturally occurring in their sources.”

From phosphorous restrictions many cities move to nitrogen next, he says. Some of these rule changes can be tied to President Obama's declaration of the Chesapeake Bay as a national treasure during his first term. States surrounding the Chesapeake Bay are seeing a push for changes in when and where they can apply fertilizer. —DAN JACOBS

and we've started to market that fact, as well.”

Ziehler and Bellantoni aren't alone in pursuing this market. According to *Landscape Management's* Lawn Care Market Report survey, more than 16 percent of respondents expect their “organic” or “natural” lawn care programs will grow more than any other service they offer this year. That ranked as the second “fastest-growing” service to traditional fertilization plus weed control, which came in at just under 40 percent.

CHALLENGES REMAIN

Even if there's the perception of consumer demand for these services, barriers to organic/natural programs are price and effectiveness, lawn care companies say. The products often cost more and may not be as effective as their synthetic counterparts.

ORGANIC/NATURAL PROGRAMS

44

% of lawn care firms that offer organic or natural programs

If you offer organic/natural lawn care services, are clients willing to pay a premium for these options?

Yes 57%

Clients who want these services generally will pay a premium

No 43%

Clients who want these services generally will not pay a premium

N=319

More than half (57 percent) of the Lawn Care Market Report survey respondents who offer an organic or natural program indicated their clients are willing to pay a premium for the service, but 43 percent said clients want the organic/natural lawn option, but aren't willing to pay more for it.

That's what the research conducted on behalf of Ziehler's company discovered, too. "Customers said they weren't willing to pay a lot more, but they did recommend we have some choices," he says.

Even in Toronto, Ontario, where there's a provincial ban on the sale and use of pesticides for cosmetic use, customers aren't readily forking over extra cash to keep their properties green with "green" products, says Kyle

Tobin, of LawnSavers Plant Health Care.

"Clients who want these services generally will not pay a premium," he says. "Organic lawns are still an evolving business and customers remain very fickle."

Rebecca Trammell, owner of Timbers Prairie Consulting in Austin and Dallas, has clients who *are* among those willing to pay a premium for "green" solutions, and her Austin clients may be willing to accept less-than-perfect turf. However, she points out, Austin is "the liberal oasis of Texas."

"People here have a motto, 'Keep Austin Weird,'" she says. "People are into beneficial nematodes, compost tea, Habiturf [a native turfgrass developed by the Lady Bird Johnson Wildflower Center at The University of Texas at Austin], disease-resistant plants, firescaping, etc." When Trammell comes across someone looking for the "quick fix," she takes a pass because it's not a good fit.

The bottom line is educating clients up front about what they're paying for, says Ziehler, who tells the story of another lawn care company a few hours away that heavily advertises its organic program. "I asked them how many people are actually on that program and it's 1 percent," he says. "People call in and once they figure out the cost they end up with the regular program they can afford."

Ziehler's organic program rolled out this spring and after one month he'd sold "a couple." "We're telling people, it's 100-percent organic fertilizer and we're not doing any weed control," he says. "We say, 'There will be weeds.'"

For most customers, even if they say they want an all-organic program, that's a tough pill to swallow considering the primary reason many of them hire a lawn care company is to take care of weeds.

Jim Campanella, owner of Lawn Dawg, which has 10 branches throughout the Northeast, says he's seen demand decrease in his firm's 100-percent organic program, which it has offered for five years.

"People will ask about the all-organic program because they think they should," he says. "But they're starting to say, 'We understand it doesn't work as well in some areas and it's not worth the higher costs.'" Lawn Dawg's all-organic program is 81 percent more expensive than the traditional program.

"Is it safe?" is still the question most often asked by customers and prospects," Campanella says. "Once we explain the benefits of our traditional program that uses organic-blend products and the responsible use of pesticides, they are comfortable choosing our standard program." LM

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