LONELY AT THE TOP? It’s not uncommon for CEOs and business owners to desire interaction in their roles. That’s where peer groups come in. Though they’ve been around for decades, experts like Harvard Business School’s Bill George say peer groups are more pertinent now than ever, thanks to today’s increasingly complex business environment and younger leaders’ comfort and familiarity with seeking advice from their peers. If you’re interested in tapping an inner circle, whether it’s through a Green Industry-specific or general business peer group, read our 10-page report for advice and ideas to get started.
Even though Jim McCutcheon operates a successful commercial landscape maintenance operation, he still doesn’t believe he has all the answers when it comes to running a business.

McCutcheon, CEO of the $15 million company HighGrove Partners in Atlanta, attributes at least some of his success to his interaction with fellow Green Industry business owners from other parts of the country who can relate to the issues he faces in his business.

“The help and advice of my peer group over these eight years that we’ve been together has been completely and utterly invaluable in everything I’ve done,” McCutcheon says.

Green Industry business owners, whether they’re seasoned veterans or just starting out, can benefit from a sounding board in the form of those who have been in their shoes. This was the message at a Green Industry Conference (GIC) panel in October that featured McCutcheon and other business owners who are members of different types of peer groups.

PEER GROUP ANATOMY

There are different types, sizes and approaches to peer groups. They can be made up of leaders of a few similar-sized companies or they can comprise heads of companies of different sizes that all share similar goals. Several types of groups were represented on the panel.

When Burt DeMarche, president of The LaurelRock Co. in Wilton, Conn., joined a peer group, his company was at about $3 million in revenue (it’s now at $5 million), and the biggest company in the group brought in about $18 million. The peer group has since disbanded, as some of the members moved to different types of groups.

“I’ve heard others say they’d like to be in a group with just smaller businesses — maybe like the $3 million to $5 million range — and try to keep it really tight, and there probably are benefits to that too,” he says.

McCutcheon’s group consists of six members, representing different types of landscape companies. The group started out looking to add companies that were similar in size and business mix but changed its mind, instead focusing on companies with similar values.

Mark Schlossberg’s group is different from the other panelists’ groups because it’s made up of people from different industries. Schlossberg, president of Baltimore-based ProLawnPlus, belongs to a group of 16 business leaders that includes a mix of business-to-business and business-to-consumer companies. The group includes another landscape company (not a competitor), an HVAC contractor and several government contractors.

“I’m in small-business group for businesses between $1.5 and $5 million. Most of us have the same types of issues. I highly recommend it,” he says.

Schlossberg’s group is facilitated by a company called Vistage. It’s larger than the other panelists’ groups, which
each have five to seven members. And while the other panelists’ groups generally include members from across the country, Schlossberg’s group members operate in the same region.

A LITTLE PERSPECTIVE

Having fresh sets of eyes from outside of the company can help business owners realize things they didn’t see before.

For example, Schlossberg recalled previously being in a peer group with Phil Fogarty, the panel’s moderator and currently a master franchisor for the Ohio, Pennsylvania and New York Weed Man franchises. As the members pored over finances and made profit-and-loss suggestions, they noticed that Fogarty’s profit margin in the grub treatment category seemed unusually low. They learned he gave away a lot of product for free, including grub treatments. The cost of materials was expensive, so the promotion hurt his bottom line. The group was able to help him realize this wasn’t the best business practice.

Another benefit Fogarty points out is touring other members’ facilities, which is common in Green Industry peer groups. “It’s a very eye-opening thing to have people walk through your facility and have people point out things that you walk by every day and you don’t see,” he says.

The group also can open members’ eyes to personnel issues. It’s amazing how it can take peers to make someone realize something that’s happening in front of them all the time, DeMarche says. “Sometimes it points out the obvious, but it’s so important to do that.”

WHERE, WHEN, HOW

McCutcheon’s group meets three times a year: in February, June or July, and November. The location rotates; each member takes a turn hosting it at his facility. The members usually fly in on a Tuesday, meet all day on Wednesday and attend a big dinner together Wednesday night. Typically, the host company is responsible for the dinner bill.

Each member gets one and a half hours to present to the group any problems they have. All the financials and reports are provided to every group member before they arrive at the meeting, so when they get together they’re not just rattling off sales numbers.

The host company gets additional time—a total of about three hours—to review concerns. The sessions include a broad range of topics, but it’s imperative that each member comes prepared with plenty to discuss.

DeMarche’s group also scheduled three meetings a year, planning one of them at GIC to save on travel expenses because the members already would be together in the same place. The group would arrive at the GIC location a day and a half early to conduct its meeting.

DeMarche recommends hiring a facilitator to lead the group rather than trying to self-manage the meetings, which is what his former group did.

“We’d start focusing on one company whose issues were more important, then you get halfway through the day and realize you haven’t gotten any further than that one company,” he says. “I think we all learned from that, but it’s a balancing act. The facilitator helps you with that balancing act.”

Schlossberg’s group meetings are slightly different. Their meetings are monthly and include a coach and business consultant. One member will host the meeting and provide lunch, though it’s often at a venue away from the members’ places of business.

Members take turns giving presentations displaying financials, and the group processes an issue. It doesn’t matter that the members are from different industries; they can relate to each other’s problems, Schlossberg says.

“It’s things like human resources issues, personnel, sales vs. operations, interaction between those personnel, sales commissions and safety issues,” he says. “We all have the same issues.”

Group members also get a monthly one-on-one with a consultant who is also available as needed between meetings.

One aspect of peer groups that turns some business leaders off is the fact that
members have to be willing to fully disclose the company’s finances. It can be reassuring, however, that the other members of the peer groups aren’t competitors and that most groups require members to sign a confidentiality agreement so company secrets don’t leave the group.

There’s also the matter of work and responsibility to think about before joining a peer group.

“I assure you, the last thing you’re going to do is show up at a meeting saying, ‘Gee, guys, I was too busy. I didn’t have the time to get to that. I’ll talk about it next time.’ That’s not a real pleasant thing to do. We’ve all got a responsibility to each other,” McCutcheon says.

Fogarty agrees. “It’s not for the faint of heart,” he says. “All of that work and accountability is what drives the benefit that you’re going to get out of this.”

“Those people run really well-thought-of companies,” he says of the panelists. “Anybody who doesn’t think they have problems just needs to look in the mirror a bit harder.”

McCutcheon says belonging to this type of group has paid off multiple times.

“That consistency of being there and having those people there that know and understand your business will help you when you’re truly in need.”

Taylor is a freelance writer based in Cleveland.

Peer group partnership

Bruce Wilson, managing partner at the Wilson-Oyler Group and a Landscape Management columnist, and the Professional Landcare Network (PLANET) are teaming up to help the association’s members form peer groups.

PLANET is taking applications from CEOs and company owners who want to become part of a group. Details are not yet set in stone, but there likely will be three types of groups, based on company sizes. The Wilson-Oyler Group will facilitate the groups.

PLANET says the program will begin this year. Executives who are interested in learning more about the peer group program may contact Joan Haller at joanhaller@landcarenetwork.org or call 703-736-9666.
Green Industry consultants Bruce Wilson and Jeffrey Scott each have been involved with peer groups for more than a decade. We tapped their expertise to learn some do’s and don’ts when it comes to peer group involvement.

What would you say is the No. 1 benefit of being in a Green Industry peer group?

BW: The members are with people that have the exact same types of issues. Everybody struggles with the same ones. The bigger issues larger companies struggle with revolve around people. What they like about it is, as they start to work together longer, the level of trust goes up. They really value the advice they get. Sometimes it’s hard to hear, but you know it’s the truth.

JS: Everybody gets something different out of the group. They all join for different reasons. Some join because they’re lonely. From an executive point of view, they have no one to talk to. Others join for different reasons, but each has their own way they need help. They all get similar value.

Do people ever drop out? If so, why?

BW: Yes, it happens and the reason varies. If it’s not going to work out, it’s usually because of time and effort. Another reason some drop out is they sell their businesses.

JS: I’ve had a few dropouts; usually they’re too small and it’s not the right point in their business life. Some get into it and realize they don’t enjoy the group dynamic, and they didn’t realize that until they joined.

What’s the ideal number of companies for a Green Industry peer group?

BW: I think below five is not enough. Seven is the max. We try to stay at six.

JS: When I was in a [non-industry specific] peer group, it had 14 people in it. Many people think smaller is better, and it starts off being better, but it ends up being worse. It should be large enough so, over time, you get refreshing ideas. I’d put that number up around nine or 10.

Should all members have about the same level of revenue or is it OK to have a range?

BW: You have to have a range. It’s more about what’s the owner’s leadership and business acumen than the size of the business. There are some smaller companies that act like big companies and vice versa. It’s hard because I think most owners think, “I want to be with someone bigger than me because I want to be bigger.” Or if you’re the big guy, “What am I going to learn from the small guy?” If that’s your attitude, it will be very hard to get into the group.

JS: They should be within similar ranges. It depends a little on the business, but under $1 million, $1 million to $5 million and larger are good ranges.
Should all companies be involved in the same service segment and have the same customer mix or is it OK to have diversity?

BW: Actually, it works both ways. For instance, I have one group called Higher Ground. When they formed they had two California companies and four companies in the snow belt. They felt the two California companies were so different because they didn’t have H-2B issues and didn’t have the issue of rebuilding their workforce from ground zero every spring, so they felt they should all be snow and maintenance companies. The California companies left the group, and that has worked really well for them.

But another group, Next Level, is really diverse. They’re all different, but they’re all good businessmen and share the same values with respect to how they treat employees and customers.

JS: Diversity is very important in the group. I look for unique personalities that have nothing to do with what business they’re in, people that are open to sharing and learning. Some groups are very diverse and some are very focused. Both work equally well. The problem with a focused group is people’s businesses change all the time in the landscape industry. People get in and out of niches all the time.

What’s the sweet spot for the right number of meetings per year?

BW: Two to three in person. Four is too much. It’s just not enough time between the meetings to really get anything done. It’s really helpful to have regular calls between the meetings, even if only for an hour to stay in touch.

JS: I do a mix. I have two in person and four more by phone. But we do more than that if somebody needs help. We have a concept called the Tiger Team, and a few members will get together ad hoc to help a person work through an issue.

Should the peer group just include owners or should it include other company executives, as well?

BW: We sometimes do both where we have owners and their executives for one day and just the executives for the other day. (For more on involving other staff members, see page 28.)

JS: It depends. My experience is many people love coming where it’s just the owner because we get down to the underlying issues that affect the business to make more money and be more successful. If everyone brought their No. 2 and No. 3 person, it would be more of an operational discussion, and that’s not what it’s meant for. There are exceptions where some groups say, go ahead and bring an employee. But most say, “I’m going to use this just for me because it’s really powerful.”
You’ve got options

Green Industry peer groups provide members with a bevy of benefits, but there are alternatives. Here are a few options for professionals looking for different levels of support.

Trade associations
For a minimal amount of money (usually a few hundred dollars or less per year), you can join a trade association. But joining isn’t enough. Get involved, serve on committees, attend functions and see how associations can serve as ad hoc peer groups.

Pro: Inexpensive / Con: No accountability

Franchises
For some franchise owners, buying into the system is as much about the network of other operators you gain access to as it is about the name on the truck and the support from corporate.

Pro: Extensive support beyond peer access / Con: Commitment and expense

Business systems providers
Rather than investing in a franchise, using a consultant or buying software, an alternative in the Green Industry is an organization like LandOpt, which offers companies the opportunity to license a business operating system that incorporates components of technology, processes, systems and professional development—plus access to the group’s other licensees as a support network.

Pro: Extensive support beyond peer access / Con: Commitment and expense

Non-industry-specific peer groups
Peer advisory groups like Vistage, Inner Circle and The Alternative Board match up executives from local or regional non-competing businesses to help each other meet difficult goals and plan for the future. They often meet one day a month and may cost more than $10,000 a year.

Pro: Guidance and accountability; online options / Con: Expense

Can peer groups that are member-driven and don’t use a consultant/facilitator work?

BW: I would say it’s better to have a facilitator, but it’s probably not impossible not to have one. Those things do exist. I don’t think the cost for a facilitator is what defines whether or not they have one. When you split it by six companies, it’s not very much. The cost is more getting together, the airfare, etc.

Actually, I have a group called G2. The members were meeting by themselves. I think they determined it became too social and they needed a facilitator, so they came to me and made it a formal group again.

JS: Of course it could work, and you should be doing that anyway to some extent. The question is, do you get enough value out of it. What tends to happen is the group has a short lifespan.

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RAISING THE BAR

With its annual Next Level University, the Next Level peer group opens up the discussion to its managers, challenging them to grow and learn from their counterparts.

BY BETH GERACI

College faculty and managers from six landscaping companies discuss online notes they compiled for Next Level University.
O

n a cool autumn day in downtown Chicago, nearly 100 landscape professionals and college faculty gather at the city’s newest trendy hotel, the Public Chicago.

The night before, the group traveled to the Windy City suburbs for a homemade Italian dinner and a round of bocce ball. Now, they’re ready to get down to business—the business of Next Level University.

The annual two-day summit, now in its third year, brings together members of the Next Level peer group and their top-level managers. They’re there to brainstorm, exchange constructive criticism, establish goals for 2013 and ultimately, learn from each other.

The Next Level peer group comprises executives from Heads Up Landscape Contractors, Albuquerque, N.M.; HighGrove Partners, Atlanta; Lambert Landscape Co., Dallas; Mariani Landscape, Lake Bluff, Ill.; Pacific Landscape Management, Hillsboro, Ore.; and Stay Green Inc., Santa Clarita, Calif. They have convened several times a year for the last eight years, problem solving and holding each other accountable.

The University is unique in that the companies’ owners invite certain staff members, along with horticulture faculty from around the country, to participate.

“Inviting the other staff just kind of evolved as the owners started thinking, ‘What do we do to make it better?’” says industry consultant Bruce Wilson of the Wilson-Oyler Group. When the six-company peer group called Next Level first assembled eight years ago, he explains, only its members HighGrove Partners and Mariani Landscape recruited at colleges. Now, all six companies recruit, sharing booth space at Student Career Days every year.

Having faculty present at Next Level University helps horticulture professors see first-hand the professionalism of landscaping businesses, giving them a clear picture of what lessons they need to be teaching their students if their students are to be hired by reputable landscaping companies.

Next Level peers, on the other hand, hear what issues universities are grappling with and learn how both sides can better work together.

At November’s University, faculty and owners gathered in a discussion circle and opined about everything from motivation and listening to customers to the perception of the industry among parents and the decline of horticulture programs.

Wilson, for his part, pledged to make a new push for college recruiting in his other peer groups and challenged the Next Level owners to think less about what they already know and more about what’s possible if they push the boundaries.

The discussion became energized when Phil Allen, Ph.D., a landscape management professor at Brigham Young University, brought up the fact that parents he speaks with have a misperception that the industry is unprofessional.

“It’s like, has the term ‘landscaper’ become so loaded?” he asked.

“We love it,” replied Mariani Landscape CEO Frank Mariani.

“But not everybody does,” Allen asserted. “And especially parents. They hear that word ‘landscaper’ and even ‘landscape architect’ in our region and they still think you cut grass. And you do, and that’s not the point. It’s just that, that’s a hurdle for you.”

“But I think the companies represented here, they’re looked upon as real businesses in their communities, no doubt about it,” Mariani replied. “And I think we should celebrate that, because we’ve worked hard to create that image.”

So they’re hearing things that validate what they’re doing. And they’re also gaining new insights and perspectives on how to deal with their daily challenges.

The common discourse is something they likely wouldn’t experience at major industry events, where they might end up sitting with someone who works in a different sector of the industry.

BUILDING BLOCKS

As attendees from the six companies divide into small groups to exchange ideas about best practices, it’s clear they’re a close-knit group.

“What I’m happy to see is that we’re starting to build relationships now, which is the goal of these events, so that you push each other and challenge each other,” Frank Mariani, CEO of Mariani Landscape, told those assembled. “Quite frankly, we’re only going to be better if we challenge each other.”

That challenge is crucial if the event is to be worthwhile, especially considering the financial investment each company makes in the University is substantial. On average, each company spends $1,000 per employee to attend.

Given that financial stake, Pacific Landscape Management President Bob Grover tells the group, “Let’s each take something that we learned here and apply it to our organization in a way that will pay for our time to come here.”

Ideally, Grover adds, everybody will
leave knowing they shared a great idea and got one in return. “Attending the University seems like a reward to our people. It energizes them,” says Gary Mallory, CEO and owner of Heads Up Landscape Contractors. “Some of my employees have said it impresses them that the company focuses on its people. The biggest thing is the excitement and enthusiasm it’s built up among our employees.”

This year, Heads Up doubled the amount of employees it invited to the University, from nine to 18. And if the company had endless money, Mallory says he would bring as many as 30. “It’s hard to put a price on the benefits of educating and motivating employees,” he says. “If we get one great idea and execute it, it makes the University costs worthwhile.”

At this point, Heads Up walks away from the University with far more ideas than that—five or six on average. The company is about to implement one of those ideas—performing exit interviews with customers when they walk away.

OPENNESS AND ACCOUNTABILITY

To be part of the Next Level peer group, one must be able to take the criticism along with the praise. Says Grover, “You have to be in the right place in your business life and your personal life to say, ‘I’m not perfect’ and be willing to take a closer look at your plan.”

Mariani says the contrasts that emerge in the discussions can be as valuable as the similarities. “Some of the best moments are when you hear something where you would say, ‘I would not necessarily do that,’” he tells the group. Advice you don’t like that differentiates one company from another can be just as worthwhile, he says.

For Mallory, Next Level is the most important thing he does all year. “These are knowledgeable business owners and faculty from select colleges enjoy a farewell Italian dinner in Chicago. people who hold you accountable, and it makes you hold yourself more accountable, too,” he says. “When someone asks you, ‘Why didn’t you do what you said you were going to do last time?’ it’s pretty powerful.”

The bottom line, says Grover, is “it’s nice to have other business folks in similar companies give us feedback, challenging us on whether that’s a good decision or a bad decision. Sometimes, you’re just too close to the issue.”

Next Level business owners and faculty from select colleges enjoy a farewell Italian dinner in Chicago.