Tree Care Business

Words of Wisdom From A Winner

By HOWARD F. HARVEY, JR. Product Development International Rutledge, Pa.

RECENTLY I ran into an old acquaintance who has really made it big in the tree business. He has one of the largest private concerns going and has come up the hard way. After having worked for somebody else for over thirty years, he went out on his own, In just more than ten years he has built an enterprise grossing \$1 million plus per year.

The first time I met . . . let's call him Floyd . . . some years ago, I was just starting in the business and I asked him for some good pointers. The advice he gave me was, without question, some of the best I ever had. Here, then, are those timely tips which Floyd gave to me which could prove to be invaluable information to anyone in the tree and landscaping business.

I. "I've seen lots of good tree men who failed in the tree business, but never a good businessman."

Knowledge of the technical skills of tree working is not enough in itself on which to build a business. If it were, every good climber around would be self-employed. To be sure, these technical skills are very important. But they can be hired. Other men can do that work for you. But management and sales skills are a different story. Especially when you're first starting, you cannot afford to employ a manager or even a good salesman until you have quite a good volume of trade. Until your business gets pretty big, the sales and management is your responsibility. To survive, you must succeed as a salesman and manager and this requires knowledge and skill in business.

Where do you get this business knowledge and skill? One of the best sources is the Small Business Administration (listed under U.S. Government in most phone directories). They have a list of free or low cost publications on all aspects of business and management. Just give them a call at the office nearest you. You can benefit from the information available from S.B.A. no matter how long you have been in business. The S.B.A. even has a free personal advisory service known as S.C.O.R.E. Trade magazines, such as WEEDS, TREES & TURF, are a good source of information as well.

Another good source of information and expertise is an experienced associate in the field. More often than not, they will be glad to tell you anything they know if you'll but take the time to listen. Old timers can tell you how to screen your prospective employees, how to get the best deals on equipment, how to keep good books, etc. TIP: Don't expect to get good advice from someone you'll be competing with directly.

If you live in a small town, your banker and the Chamber of Commerce may be excellent sources of business assistance and information.

II. "Build Slow and Build Solid!"

Building a service business depends on selling repeat accounts. One-shot customers will only last for so long. Therefore, you have to sell repeat accounts if you want to stay in business. How do you do this? First of all, you must establish a reputation for doing a first-class work at a reasonable price. You must be there to do the job when you say you will be there. That's dependability. A lot of tree surgeons don't know what the word means. And that hurts them. If you can't be at the job when you're expected, it's always worth the effort to be courteous enough to call the customer and keep them posted. That's called communication.

When you bid on a job, be sure to explain clearly just exactly what you will do for the price you quote. When you do that job you must deliver everything you promised for the same price you originally quoted. Even if this means you lose

money on the job. One thing that will lose a customer forever is tacking on extra charges as you go along. If you see that you have bid a job too low, once you have started, do the same top quality job you would do for top profit. You may recover your loss on repeat work. Even if you don't recover it from that particular customer, at least they will be satisfied and will sell their friends for you. But, if you try to recover your loss on a low bid by chisling the customer for more money, they not only will lose confidence in you, but will also warn their friends against dealing with you. A reputation for being a fair, trustworthy, dependable person to deal with is worth all the small losses you must sustain to establish that reputation. You will build your business solidly and your customers will stick with you, year after year, and tell their friends about you too.

III. "Don't meet competition by cutting prices."

Compete on the basis of quality. Sell a quality job - do a quality job. Your competitors cannot do a first class job for a cut-rate price. They will have to do a "cheapie" job or else lose money. Sure, you will lose some jobs. Because there are some people who can see no farther than price alone . . . not value. But your jobs will be a better value for your customers and they will advertise for you long after the ratecutters have gone out of business or at least out of town. Don't ever be lured into bidding a job too low because a prospect says, "Well Joe soand-so will do the job for \$50.00 less than your bid!" Your answer must be, "Well sir, you'd better get soand-so before he changes his mind!" Always remember this - You must justify your price. The customer doesn't know your business so you must explain why your price is higher, in terms of his own interest. He doesn't care if you have payments to make on your new trucks or that labor costs you dearly. He does appreciate it if you say, "Sir, there is only one way to do this job 100% safely. It will take more time than it would if we took chances. And time is money. If so-and-so wants to take chances on damaging your property or injuring your loved ones or his workers, that is his business, but I have more concern for your welfare than that. I would rather lose the job." Or if you say, "Sir, we carry \$100,000 worth of insurance for your protection. That is not free to us, but most people feel that is worth paying a little more for, don't you?" Most people do appreciate quality work but you must *explain* that the reason that your work may cost more is because it is a quality job. You can break even sitting at home. If you can't make a profit on a job, learn to walk away from it. Let your competition lose money on it, but not you.

IV. "Keep your prices consistent."

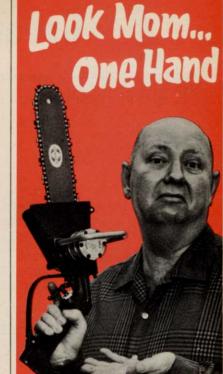
Every contractor's pricing is different and you should know your own system. However, it is always a temptation to get the best price you can, especially when a particular customer can well afford top dollar. But pricing can be tricky. More often than not, the person who can best afford to pay the most, is the one who'll want to pay the least. That's how they got their money to start with, right? But don't fall prey to the temptation of the easy buck. Taking advantage of anybody is not only unethical, but will hurt you in the long run. If you charge Mrs. Jones \$100 to remove a tree and then charge Mrs. Smith, \$50 to do a job of a similar size "Because you are already right there", you will lose two customers after the girls get together. You will lose them because they'll both think Mrs. Jones was robbed and Mrs. Smith is her close friend, remember?

The same holds true with spraying jobs. If you spray two fruit trees in Mrs. Jones' yard for \$20 and you do Mrs. Smith's two for \$5 each, because your tank is almost empty and you're going to dump it anyway, once again, you'll only hurt yourself. Ask for \$10.00 per tree, same as Mrs. Jones. Or dump the spray. Otherwise you will almost certainly lose both customers.

This may not seem logical at first, but it is a valid theory. If both customers think they'll get theirs for half-price if they wait till you come to spray next door, you will never get either job again.

V. "Be Careful of Giving Discounts to Special People."

Sure, you want to give your friends and relatives a break. Right? Right! Everybody wants to be charitable. But, you are in business to make money, not lose it. Now before you think that is a hard line, consider one thing — for the most part, the tree business is a luxury (continued on page 41)



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Tree Care Business

(from page 9)

trade! What I'm saying is that it is a rare case that anyone will go without food, comfort, or shelter because you didn't give them a break. What I'm going to say now may seem unbelievable to many readers but the old timers know it is true. That is, that even when you give your friend, neighbors, or brother-in-law a rock bottom, no profit price, they usually still think you're getting rich on the job and robbing them blind. The point is, if you can't afford to do the job totally gratis, for absolutely free, then make a profit on it. Your friends or relatives think you're making money on them anyway, they don't know how much tree work costs, so they can't realize the fact that you are doing them a favor. So, unless you can say "I'll do it for nothing," cheerfully, don't do it for nothing and don't do it at cost or for a loss. Remember, if they pay you anything, no matter how little,

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they will think you have made money and will not consider your work as a favor to them. So it's either a free job or a profit job.

These criteria are not the only good rules to be considered by people already in the tree business or new people going into the business. Nor are they necessarily the best ones for any one person. However, for the most part, they are generally relevant to anyone in the trade.

In brief:

- 1. Be a good businessman first.
- 2. Build slow and build solid.
- 3. Don't cut prices to meet competition.
- 4. Keep your prices consistent.
- 5. Beware of those "Favor Jobs".