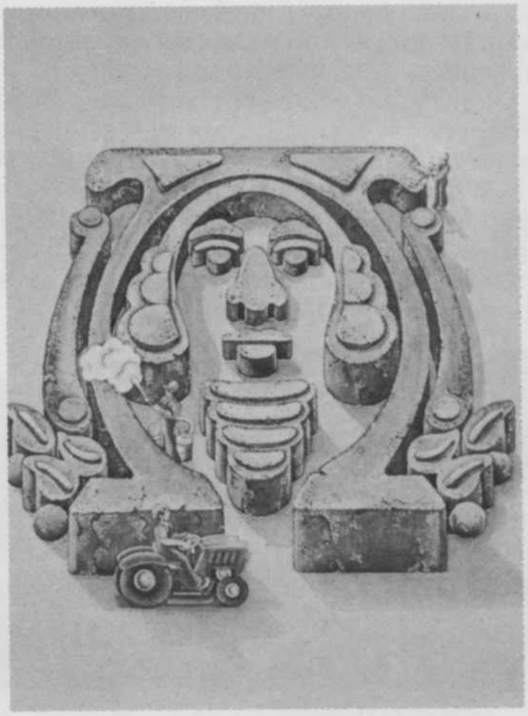

TEN WAYS TO RUIN YOUR BUSINESS

Whether you own your own Green Industry business or are responsible for the non-crop vegetation management for a private or public organization, how well you manage can determine its success or failure.

The Bureau of Business Research of the University of Pittsburgh recently conducted a highly detailed survey of why businesses large and small fail. Following are the ten most common management traps. Being guilty of failing one of the ten major ones outlined, or a combination of several, can sink your profitable organization into oblivion.

KEEPING INADEQUATE RECORDS 1

The surest way to run afoul of accountants and tax collectors is to conduct your business with "scraps of paper." A drawer full of bills, a stack of receipts and notations on the backs of envelopes detailing orders is not sufficient.

Poor records lead to an absence of adequate information to allow you to judge the results of your operation. Inadequate record keeping was the greatest single cause of business failures unearthed. It was a major factor in nine out of every ten businesses studied. Managers did not know they were heading for trouble until it was too late.

IGNORE NEW DEVELOPMENTS IN YOUR FIELD 2

Doing things the same old way simply because they were once successful is a sure way to invite aggressive, up-to-date competition to take over. The report emphasized that "keeping abreast" was not only essential to growth, but detailed a number of instances where failure to adopt new ways was a dominant factor in leading to the "out-of business" signs. One important method of keeping abreast of new developments is to read your business publications such as WEEDS TREES & TURF.

INCUR CUMULATIVE LOSSES 3

A trickle of red ink isn't much to worry about, or is it? At least 40% of the businesses studied discovered that the "little" leaks added up to a torrent. Add one unproductive crew to excessive waste in some other area: couple it to "minor" losses elsewhere, and the result can wreck havoc with your profit and loss statement.

HITCH YOUR WAGON TO ONE CUSTOMER 4

Signing a single big customer to the exclusion of others may look like an easy road to a secure future. Sod growers and tree farmers who concentrate on one large customer and lawn care companies that contract for one development will have no place to hide when the customer suddenly sours. The University of Pittsburgh report shows that three out of every ten bankrupt firms fell into this particular inviting trap.

BE YOUR OWN EXPERT 5

Trying to save money on professional advice can lead to costly mistakes, the survey shows. Experts usually do cost money, but specialized opinions minimize errors: for a sound basis for decisions.

Also consider the valuable assistance that can be provided by your County Extension Agent.

Operate solely on your own hunches and half-proven guesses and you could wind up making one or two that could literally destroy your turfgrass or shrubbery.

BUILD A FAMILY EMPIRE 6

Nepotism may be one way to keep your family in control, but beware. Unless your relative is at least as competent in his job as someone else you might hire, the practice of burdening a payroll with family members siphons cash from the till and squelches initiative in non-family employees.

It isn't only a question of the cash drain going out to a non-productive or lazy relative. Think what happens to other members of your team when conscientious, eager management talent finds the top of the ladder blocked.

FORGET ABOUT COST ANALYSIS 7

So long as the checkbook shows a balance, why bother? For one thing, the investigators proved that unless you know exactly what it costs to provide your service or produce your product, the matter of pricing is largely guesswork. Usually it boils down to "meeting the competition." But competition can only go so far in setting a price.

If you cannot provide your product or service at a profitable price, it is probably better, the experts agree, to drop it and let the competition go bust. If the competition can handle the product or service profitably, then something is wrong with your costs. Only careful cost analysis can pinpoint the faults.

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Ten mistakes *Continued from page 17*

IGNORE YOUR COMPETITOR'S MISTAKES 8

Many business magazines detail glowing success stories. Meet a fellow manager or superintendent at a convention, and he is likely to tell you about the things he's doing right. But what about the ones that fall by the wayside. If they are in your Green Industry, it is a good idea to find out what happened.

The answers may be more revealing than studying — or worst yet, envying the success around you. One important method of keeping up is to take a look at the many agronomy and business courses offered at your local universities.

Take a look at the agronomy courses offered at your local university.

EXPAND BEYOND RESOURCES 9

An enthusiastic employee who signs up dozens of big orders can throw your business schedule into a tailspin if you aren't geared to increase your output. Likewise, a prosperous business gulping down smaller businesses whenever the opportunity occurs, can result in more problems with coordination than were dreamed of when the business was a single unit.

Again, if your business expands, or your responsibilities do, before you have a solid base for the old ones, you have expanded beyond your resources.

A really successful business, the study shows, grows within its means. The rate can be fast or slow, but it must have sound financial footing and, above all, the management talent necessary to consolidate new gains.

Also under this heading are such expansion moves as runaway borrowing to purchase little needed equipment. The report states quite frankly that some lenders lack "proper management and financial analysis" and that credit to some thinly capitalized companies in the study was surprisingly easy.

LET EVERYONE SHIFT FOR HIMSELF 10

The researchers cite several instances where partners were so busy trying to outsmart each other that otherwise profitable businesses were jeopardized by the intramural struggles. Uneven work loads on supervisory personnel, failure to delegate authority along with responsibility, unusual or unequal management privileges inevitably sap a management team of its enthusiasm.

Coordination comes from the top and the objectives and energies of your business must come from the same direction.

Failure to provide firm guidance along these lines results in either staff or crew bickering or a company figuratively set adrift. In either case, the management breakdown can prove disasterous.

There are other points in the Bureau of Business Research study: Failure to watch depreciation schedules on equipment, neglecting to provide for a competent successor to the present management, and a host of specialized reasons why particular businesses went bust. But the ten points listed here are applicable to any business, large or small.

Whether or not you are next on the red ink parade depends, in large measure, upon how well you follow or how well you avoid this checklist of ten common management traps. □