

CONTRACTORS TRIM INVENTORIES BUT PLAN FOR STEADY GROWTH

By Bruce F. Shank, Editor

Landscape contractors are very alert to inflation, are keeping inventories down, and fully expect to increase sales this year according to the latest poll by the Research Department of Harvest Business Publications.

Their reaction to economic conditions appears to be one of cautious optimism due to the knowledge gained during the 1974 recession, the fact that construction contracts are still strong, and the expectation that the demand for improved residential and commercial landscapes will rise as energy costs restrict man's travel and force him to bring nature into his surroundings rather than traveling to it.

Inflation tops government regulations in importance according to more than 150 contractors polled. Realizing that inflation nearing 20 percent is likely for this year, contractors are planning for sales growth from 10 to 30 percent to stay even in real dollars.

Other areas of concern are quality of labor, liability insurance rates, and labor supply. Fly-by-niters follow these other concerns.

Buying in the fourth quarter of last year showed no large falloff. The percentage of respondents buying in the quarter was typical of any normal year for chemicals and seed, and off slightly for equipment. The average value of purchases for chemicals was down slightly, indicating conservative buying to keep inventories in check. Purchase of irrigation equipment held strong in both percentage buying and average purchase. No dramatic drop in mowing equipment or tractors was indicated by the respondents.

Comparing our research from last winter, the fourth quarter was considerably better than the first quarter. We hope to have data on the first quarter of 1980 by the June issue, and perhaps some general observations by May.

Interest in leasing equipment is obvious at the many regional and national shows we attended this fall and winter. Manufacturers have remained relatively quiet on the subject of leasing and only a few regional distributors are actively seeking leas-

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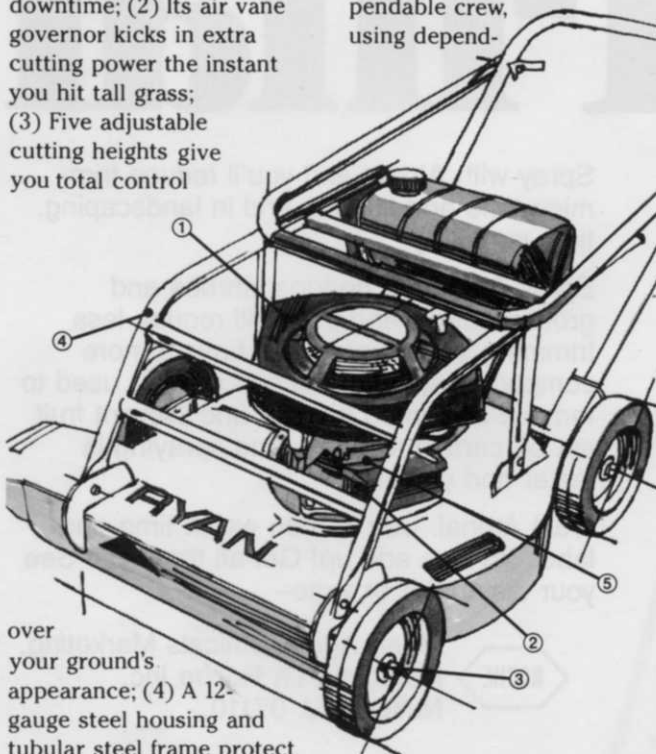
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ing business. Part of the reason for this may be Green Industry equipment makers have never built up large inventories.

One area which may not be as evident as purchasing, but is as critical, is personnel. Contractors are deeply concerned over the quality and cost of employees. Unemployment, health and liability insurance have risen in cost rapidly. The cost of fringes takes away from the more psychologically important salary increase. It becomes impossible to keep employee salaries even with inflation and still pay fringes required by law. Customers can't be expected to absorb annual price increases large enough to offset both fringe and salary cost increases. Therefore, reducing the number of employees is unavoidable unless growth in business and productivity make up the loss.

The well-trained candidate for employment offers many advantages providing his or her character includes the senses of responsibility, accomplishment and ambition. An education doesn't guarantee these. Check with school counselors for these vital traits about applicants.

If these traits are present, the jobs they perform are generally more creative, more precise, less likely to require a return trip, and more likely to impress the customer.

Contact state extension personnel for the location of schools with programs relating to landscape contracting and design.

One thing is for certain, if an employee is marginal or only half reliable, a plan to replace him with a more responsible individual should be initiated immediately. You may be able to carry him in normal years, but factors make charity less affordable today. And if he is capable, ambitious, and caring you should pay for his training to make him fully productive.

Personnel are as critical an economic factor as excessive inventories, high interest rates, or taxes.

To date, landscape contractors seem to be doing the right thing at the right time. They are cautious, but still concentrating on new business. Their buying will be less seasonal and more according to job. They have learned from the past and will be around for the next recession, and the next, and the next. **WTT**

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