

FINDING AND CULTIVATING PROSPECTS IN A SUBJECTIVE BUSINESS WORLD

New monthly feature to assist the landscape market with equipment purchase, rental, maintenance, and business management.



Dave Johnstone has more than 15 years experience in the construction equipment market. He has managed product introduction to the construction and rental equipment markets and has worked for a rental industry association. He has hands-on experience with nearly all types of outdoor equipment. If you have topics you would like Dave to address, you may write him at 267 Willow St., New Haven, CT 06511.

The same developments working for contract maintenance of public parks and recreation areas (see October, 1980 issue) are promoting contract maintenance of industrial and institutional grounds. Every year, it is becoming less economic to assign permanent employees and owned equipment to this task. While no one can argue that industrial real estate is booming, it has been far more active proportionately in the past year than residential real estate. Industries not forced to relocate or to modify their sites still are faced with the maintenance problem.

The great virtue of industries as customers is that they pay their bills—promptly, if you provide a cash discount for early payment or cash penalty for late payment to give the money managers some incentive to cooperate. In this time of expensive money, you really can't afford to carry anyone more than 30 days without getting compensation. Some have found that adding a finance charge (late payment penalty) at 60 days has improved collections by 35%, an astounding improvement. An occasional big-city bank, well-versed in the value of money, takes 120 days to pay its suppliers—an unconscionable schedule, which no small contractor can afford to tolerate.

There is a great inertia in multi-layered industry. Once you get onto an industrial organization's payment schedule as a regular contractor, you really have to goof up to be taken off.

Regardless of location, industrial business can be year-round, if you're willing to get into snow removal or broaden your activities to include other cosmetic work such as window-cleaning (there are arguments for and against such diversification; before committing yourself and your money, you must be certain that you really want to expand in the given direction and that you can do so profitably).

Empire-Builders Present Problem and Opportunity

Despite the advent of computers and the elevation of management to an academic "science," industrial decision-making is still largely subjective. An executive will make a decision because it strengthens his own position and not necessarily that of the company, although sales pitches always must be made in terms of benefits to the company.

In general, it is best to make contact with an industrial prospect on as high a level as possible, while acknowledging the prerogatives of lower-ranking decision-makers. This takes a good feel for politics.

Check with Purchasing First

The contractor in any event must clear with the purchasing agent or director of purchasing to be qualified as a supplier. Without this official stamp of approval, the prospective supplier won't get anywhere, regardless of other contacts.

It's the purchasing agent's job to determine that you can perform the work you wish to undertake. In most cases, he'll have his own set of questions, but it won't hurt you to have a capabilities brochure at the ready to leave with him, detailing your specific experience, your equipment, some of your other clients and customers (with their prior permission), and several financial references. You may not have to go as far as presenting profit & loss statements, but you will have to show you're stable and accepted by the community.

But Purchasing May Not Requisition Your Services

The decision to hire you as a contractor in place of payroll employees or your competition will probably not be initiated by purchasing, unless the company is small and the executive in charge of purchasing customarily handles building and grounds.

The requisition may come from plant engineering or from the plant superintendent's office or from the security department (where security is given a general responsibility for the exterior) or from a foreman or gang leader of some kind or from industrial relations or from community relations/public relations. Each manager interested in the plant's grounds may have a different axe to grind, and the axes do not all swing in the same direction. Certainly an equipment foreman charged with outside work is not going to reduce his own responsibilities and operating budget.

Investigation is Needed

There's really no shortcut to checking out an industrial prospect. If you know nothing about the company, perhaps you can get some good information on the decision-making people from the switchboard operators. This source has been recommended by plant engineers themselves, and it's been confirmed by this column. On one occasion, a switchboard operator stayed with the caller 15 minutes to track down a name and then called back long distance with a correction (there was a time deadline, whose importance the op-

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Conwed® Hydro Mulch 2000 fibers were **six times more effective** in controlling erosion than other fiber mulches in an impartial university test. That could mean six times more protection for your investment in seed, fertilizer, and labor, so you can minimize costly post-job repairs and redos.

As the chart below confirms, Hydro Mulch 2000 fibers were test-proven to have superior soil holding power.

PRODUCT	"APPARENT" EROSION RATE (Soil Loss)	
	Pounds/Minute*	Equivalent Tons/Acres/Hour
CONWED HYDRO MULCH 2000 FIBERS Mulch applied at 1600 pounds per acre	0.14	2.35
AVERAGE OF OTHER MULCHES Mulch applied at 1600 pounds per acre	0.96	16.08
BARE SOIL (control plot)	1.99	33.34

*Testing was done on a 2:1 slope. After soil preparation, the plots were seeded and mulched in one operation and allowed to lay overnight. Simulated rain controlled at the rate of four inches per hour was applied until a targeted deterioration of the surface occurred. Product effectiveness was evaluated by "apparent" rate of erosion which was calculated by dividing the total time until deterioration by the weight of the material eroded.

This natural wood fiber mulch is **premixed** with a highly effective soil stabilizing tackifier for convenient **one-step application**. It's ideal for hydraulic seeding everything from front lawns to strip mines. And, once it's down, Hydro Mulch 2000 fiber enhances germination by protecting seeds from temperature fluctuations and evaporation of soil moisture.

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erator recognized). Again the purchasing agent may be helpful if he likes your presentation.

While institutions resemble industries in many respects (and public utilities have many of the characteristics of both), the lines of decision-making power are by no means as muddled. There is usually a vice president or administrative assistant with specific responsibilities for buildings and grounds to whom you can go directly—after you've been okayed by purchasing.

Retired Salesmen Make Good Fact-Finders

You're faced with this paradox: you have to develop new business but you simply don't have the time to do any digging (beyond scheduled jobs!).

Some small companies are using retired salesmen to good advantage—particularly salesmen who have retired from an organization in the field. Often these seniors have extensive personal contacts and back-grounds. If they don't have the information, they can get it quickly. Most of them are anxious to keep their hands in. It's usually possible to get them on a part-time basis at a reasonable hourly wage. They really don't mind having to sit in an executive's office for awhile, because the busy-ness stimulates them.

With Industry, Capability Beats Price Appeal

It would be silly to say that price has no appeal to industry. Of course, industry wants a good price (even in those cases where it may have developed a big project budget for other reasons than economy). But industrialists say to a man that they are more interested in trouble-free service than in price. And it makes sense; they have enough to do without worrying about the plant or office building site every couple of weeks.

The people who make industrial decisions have a good grasp of costs (this is not always true of institutional decision-makers). They can often tell when you're quoting too low to get the job done.

Don't do it. Quote a price that will cover all your costs (including replacement of any owned equipment and adequate insurance coverages) and yield you a profit sufficient to keep you interested in doing your work. Chances are it will be easier to sell this price than one which makes no financial sense. Preparing bids and estimates is far too complex to cover at the end of a single column, but we'll try to chew into it next month.

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