

HYDRO-SCAPE USES SALES SAVVY TO INCREASE IRRIGATION MARKET SHARE IN SOUTHERN CALIFORNIA



Operations Manager Don Larsen.

Sound, modern business practices are the reason Hydro-Scape Products, Inc., of Southern California keeps increasing its share of the irrigation and landscape products market during abundant rain and recession. Bob Tiglio provides the technical expertise with a background in golf course irrigation construction and Art Arns keeps management practices up to date with his manufacturing and sales background.

Operations Manager for the San Diego-based firm, Don Larsen told

Weeds Trees & Turf Hydro-Scape made a major expansion into the Middle East in 1978 under the direction of Arch Humphreys. Today, Hydro-Scape has eight outlets with 3,000 accounts and it is only seven-years-old.

While many view Southern California as the land of opportunity and ever-increasing growth, Larsen noted that business is increasing but at a decreasing rate. "Business has been very good since the '74 recession, but last year was tough," said Larsen. He pointed out that the biggest problem during last year was the hard winter. In Southern California, while it never gets too cold to do contracting, the only thing that can hold up a job is rain and 1981 brought a lot of that. However, Hydro-Scape weathered the winter and in some ways came out ahead. Due to efficient management the company could afford to swallow some contracting downtime. Some of their competition wasn't as fortunate.

"While we see business in gen-

eral increasing slower, we intend to increase our market share," said Larsen. Indeed, in the midst of last year's shakeout, Hydro-Scape bought up a Los Angeles-based competitor. "When the business climate got more severe during the past winter, the company concentrated on controlling purchases, reducing inventory and turning dollars more quickly. "We buy on a month-to-month basis," said Larsen. "One reason is that the cost of borrowing money is better on a month-to-month basis. Another reason is that we try to synchronize our buying periods with our sales periods." Due to Hydro-Scape's

Hydro-Scape uses a Nixdorf computer to manage its more than 3,000 accounts and its inventory.

size, it has the ability to swap materials from one branch to the other when the need arises. Deliveries are made to the branches three times a week, although the company offers 24-hour delivery on pallet-size orders. "Service is very important," noted Larsen. "It is important to have orders ready when the customer needs it."

Service is one of the reasons that Hydro-Scape is more than an irrigation equipment distributor. Their customers demanded that they carry landscape supplies. "They liked the service they got with irrigation supplies, so they wanted us to carry other things," said Larsen. The list of landscape products the company carries has grown to include: decorative bark, edging materials, erosion control materials, fertilizers, fungicides, herbicides, insecticides, lumber, nursery items, outdoor lighting, plant material, seed, sod, soil amendments, tools and equipment.

Expansion into Middle East provides cushion to U.S. sales

While other distributors were figuring out how to expand their territory into another county or state, Hydro-Scape Products expanded into another continent—the Middle East. The company now maintains full time sales representation in two Saudi Arabia offices.

While margins are slimmer, the volume of the projects is significantly larger. "They are building cities from scratch in the desert," said Operations Manager Don Larsen. "It is a status symbol to plan and generate ornamental irrigation in the desert because they've never had it before." The largest job Hydro-Scape has supplied is the

120-sq.mi. airport in Riyadh. Larsen hastens to add that the Mid-East is not quite a plum ready to be picked. "It can be very frustrating," he said. "Time is dragged out. It can take from two to five years to nail down a project and there is a lot of red tape." Larsen added that exporting was foreign (no pun intended) to Hydro-Scape, but they soon learned that if the paperwork wasn't perfect they could lose their shirts.

"There were two reason for us to expand into the Middle East," said Larsen. "We thought it would be profitable and also help average out our domestic business cycles."



Hydro-Scape carries 16 lines of irrigation equipment, sod, chemicals, but no large landscape equipment.

A second important reason for Hydro-Scape branching out into landscape products is the dual roles of the Southern Californian landscape contractor. Many of the company's customers do both landscape contracting and irrigation contracting. "Prior to us no other distributor carried both," said Larsen. In a typical transaction, a landscape contractor might first purchase his irrigation materials, then soil amendments, fertilizer, trees, edging and sod.

Even while Hydro-Scape strives to be a full-service distributor, it keeps an eye on business management at all times. A case in point was the decision not to carry turfgrass maintenance equipment, such as mowers and aerators. (Their landscape equipment line consists mostly of hand tools and spreaders.) "We don't have a service facility, so we carry very little maintenance equipment," said Larsen. "We have no inventory, but we will order items on special request. Basically, those items take up a lot of space and turn slowly."

With margins being squeezed slimmer and slimmer, Hydro-Scape turned to computers to fatten profits. They hit paydirt with their Nixdorf system. Their 3000 regular business accounts were programmed according to their method of buying, method of payment, volume and other categories. This simplified the pricing structure and enabled the customer to get the best discount possible. Inventory management was also made more cost-effective. "The system enabled us to buy faster and we found that the cost of our inven-

tory dropped," said Larsen, "especially the price of plastics." Larsen stressed that they don't pick up the computer print-out and then order accordingly. "We still like the personal feel for inventory. We do a rough count on what we have, what we're ordering, and what we need."

Hydro-Scape opted for a Nixdorf system because they felt that the smaller computer firm was more responsive to their needs than the bigger companies they had contacted. The system they initially purchased was supposed to be sufficient for five years. After two years a bigger system was needed due to Hydro-Scape's speedy growth. "We're extremely satisfied," said Larsen. "With the help of some good programmers and a little patience, the performance has been terrific."

Though Hydro-Scape has diversified into landscape products, over 60% of its business is in irrigation. Their coverage of the market is impressive; in sprinkler equipment alone they carry no less than 16 lines, including Rain-Bird, Royal Coach/Buckner, Toro and Safe-T-Lawn. Some manufacturers were wary of having Hydro-Scape also carrying their competitor's products. (Rain-Bird only recently tapped them as a Southern California distributor.) Yet Hydro-Scape has a firm policy on which products they will recommend to a customer. "If the specs are set, we will not change them," said Larsen. "Otherwise we put together the best package for the job, even if that entails using components from different manufacturers."

With drought conditions becoming more prevalent in Southern California, irrigation sales might not be viewed as a growth industry. Yet in its typical fashion Hydro-Scape views the drought as another opportunity to do business. "The drought woke a lot of people up to improving their irrigation systems," said Larsen. "Customers are opting for drip irrigation systems and a more controlled spray. With today's solid state technology the spray at each valve can be monitored."

California's Proposition 13 caused some initial cutbacks in orders but business is back close to normal. Larsen told *Weeds Trees & Turf* that the government has found some alternative sources of revenue. "The tourist industry is very big here and there is a high priority on appearance," he said. "The government has a big investment in landscaping."

An interesting point made by Larsen is that sod sales are still strong in Southern California. Hydro-Scape is the largest distributor of Pacific Green/Nunes sod and there has been an increase in the sale of drought-tolerant sod. Selling sod and plant materials is one area where the company's ties with their landscape contractor customers has been an asset. "A lot of growers are wary of selling to contractors they are not familiar with," said Larsen. "With us as the intermediary, the growers is assured his money and the contractor gets his materials."

The company carries 16 different lines of irrigation equipment without favoritism.

Hydro-Scape maintains WATS lines in Los Angeles, San Diego and Orange county in order expedite transactions with the vast number of growers they do business. In that manner they can also avoid inventorying plant materials. The company views plant materials as a potential liability. With the Wats phone lines they can contact various growers and have them ship directly.

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