

The money machine

Lawn care and landscape maintenance businesses begin to feel the nation's recovery from the recent economic recession, according to a survey by 'Lawn Care Industry' magazine.

by Jerry Roche, editor

Chemical lawn care revenues increased 40.2 percent from 1983 to 1984—a phenomenal rate—as the economy continued to recover from the recession of the early 1980s. Overall, according to LAWN CARE INDUSTRY magazine's 1985 "State of the Industry" report, the industry grew by 26.6 percent as landscape maintenance increased 11.1 percent from 1983 to 1984.

"From return on assets, this industry is a money machine," says John Kenney of Turf Doctor, a chemical lawn care company in Framingham, Mass. "Absolutely fabulous."

Spending by industry companies was also expected to increase drastically—22.5 percent—this year.

Chemical lawn care and landscape management companies predicted in the LCI survey that their expenditures on chemicals, equipment, and seed would be \$415.5 million in 1985. That's an increase of 22.45 percent over 1984 expenditures.

Growth areas

Biggest gains were expected to be in the areas of tree care equipment, spray tanks, and irrigation equipment. Many companies are diversifying into tree care, while proper irrigation is playing a bigger role in creating beautiful landscapes, especially in high-growth areas like Southern California.

Tree care equipment purchases were expected to almost triple to \$8 million in 1985. Sales of spray tanks were predicted to double in sales to more than \$18 million. Irrigation equipment was supposed to hit the \$23 million mark, an increase of nearly 200 percent.

"There are some other interesting figures here," says Jerry Faulring of HydroLawn, Gaithersburg, Md. "It's



John Kenney



Jerry Faulring

interesting to note that granular fertilizer use is growing faster than liquid (13.5 percent to 8.6 percent). Pre-emergents should show a parallel relationship, but they're only up 4.6 percent. So people are becoming more selective in the use of pre-emergents.

"Insecticides (up 23.2 percent) are still not being used discriminately enough. A lot of seeding (up 53.9 percent), a lot of discrimination in post-emergents (down 4.6 percent), fungicides—a little more awareness (up 3.1 percent), and a lot more awareness of soil amendments (up 74.7 percent).

"I think that follows the trends real well," says Faulring.

Replacing fleets

It appears that many of the companies founded in the late 1970s are begin-

ning to have to replace fleets, judging by predicted sales of spray tanks.

"The cost of money is favorable, compared to what it was two, three, or four years ago," notes Kenney. "Maybe it's expensive to replace equipment, but it's less expensive now, and if you wait the interest rates could go back up."

Number one complaint of customers, according to those responding to the LCI poll, is high cost. Other complaints run the gamut from poor weed control to improper scheduling to poor communication.

Nearly 68 percent of the respondents cited insurance costs as being a major business concern. Sixty-two percent said vehicle costs were a concern, while "liability costs," "government regulations," and "interest rates" were also cited by more than 50 percent.

Big numbers

Not surprisingly, the survey found that the vast majority of chemical lawn care by its readers was being conducted in the East North Central region of the nation (Ohio, Indiana, Illinois, Michigan, Wisconsin). Lawn care companies owned by LCI readers in those states grossed an average of \$908,938 last year. The overall average for the East North Central region (\$415,338) led the industry.

The Mountain region (Montana, Idaho, Wyoming, Colorado, New Mexico, Arizona, Utah, Nevada), surprisingly, led the nation in landscape maintenance revenues with a per-company average of \$353,640.

New England was statistically the region of least lawn care/landscape maintenance with the average reader's business grossing just \$83,050.

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PREDICTED EXPENDITURES (1985) FOR CHEMICAL LAWN CARE AND LANDSCAPE MANAGEMENT COMPANIES

	% Sample Purchasing	Average Per Purchaser	Projection To LCI Readership	% Change Since 1984
Chemicals, Supplies				
Granular Fertilizer	84.7	\$9,755.70	\$92.41 Million	+ 13.5
Pre-Emergence Herbicides	73.9	\$5,259.18	\$43.46 Million	+ 4.6
Liquid Fertilizer	32.9	\$11,701.40	\$43.05 Million	+ 8.6
Insecticides	75.0	\$3,518.92	\$29.51 Million	+ 23.2
Grass Seed	72.1	\$3,102.86	\$25.02 Million	+ 53.9
Post-Emergence Herbicides	73.7	\$2,748.33	\$22.65 Million	- 4.6
Fungicides	58.2	\$1,704.73	\$11.10 Million	+ 3.1
Soil Amendments	33.2	\$2,563.57	\$9.52 Million	+ 74.7
Plant Growth Regulators	16.6	\$501.03	\$0.93 Million	N/A
Equipment				
Tractors	19.7	\$11,551.33	\$25.46 Million	- 15.5
Irrigation Equipment	19.2	\$10,902.63	\$23.41 Million	+194.8
Spray Tanks	33.4	\$4,901.04	\$18.31 Million	+219.5
Riding Lawn Mowers	19.7	\$7,518.00	\$16.56 Million	+ 30.3
Walk-Behind Mowers	46.3	\$2,665.86	\$13.80 Million	- 17.1
Sprayers, Pumps, Etc.	52.1	\$2,350.63	\$13.70 Million	+ 27.8
Spreaders	47.4	\$1,520.19	\$8.06 Million	N/A
Tree Care Equipment	25.5	\$2,888.06	\$8.00 Million	+278.7
Aeration Equipment	22.1	\$2,805.37	\$6.93 Million	- 1.7
String Trimmers	41.3	\$778.47	\$3.60 Million	+ 11.8

1985 Projected Totals = \$415.48 Million +22.45%

Source: LAWN CARE INDUSTRY MAGAZINE

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Nationally, the average size of a chemical lawn care business is in the \$350,000 range. Average size of a landscape management company is between \$175,000 and \$200,000. Overall, the average LCI reader's company grossed \$250,982 with a pre-tax profit of 21.25 percent (more than \$53,000).

Still growing

So 1984 exceeded last year's expectations. In LCI's 1983 survey, readers predicted that their businesses would grow to an average of \$247,000, about

\$3,000 less than the final figure. And the growth trend will continue in 1985, poll respondents say.

They have predicted an industry average of 23.99 percent growth this year.

Diversification appears to be a growing trend within the industry. Of the 380 survey respondents, 50 said they are also involved in landscape installation and design. Twenty-two said they service trees, 19 said they are involved in landscape construction and 18 said they are involved in the sod business.

Snow removal, with 13 responses, was another popular sideline. **WT&T**