

THE LAWN CARE CRISES

Chemical lawn care companies face pressure from media and law-makers. But their friendly insurance agent might pose the most urgent problem.

Bill Schaeck's Chem-Green business was up for sale. The reason? His insurance premiums were about to triple.

George Meeley of Chem-Turf in Anaheim, Calif., bought Chem-Green—Meeley's insurance policy doesn't expire for another year.

Meeley hasn't decided what he'll do if his premiums drastically increase.

When the problem crosses his mind, he slowly shakes his head and whispers, "I just don't know."

That is the state of the lawn care

industry as it looks toward the 1987 season: a collective shaking of heads as lawn care operators face crisis upon crisis.

Lawn Care Industry magazine's annual survey revealed that 89 percent of the nation's LCOs feel insurance is a "major concern." Eighty percent of the respondents reported an increase in premiums for the current year.

According to Jim Leatzow of Financial Guardian Insurance, Lombard, Ill., the trend will continue for two or three more years.

And that's just half the problem. The other half is that pollution liability clauses are being excluded in 1987 from general liability policies, according to the Insurance Services Organization.

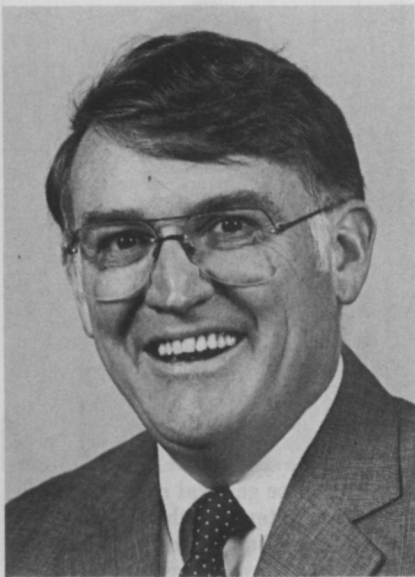
"Pollution liability is not available, so people are being more careful and thinking, 'if anything happens, I just close up shop,'" observes Jim Brooks, executive vice-president of the Professional Lawn Care Association of America.

Other problems being encountered by the industry include biased reports from media giants CBS-TV, ABC-TV, and *Home Mechanix* magazine; and new sign-posting laws in various communities.

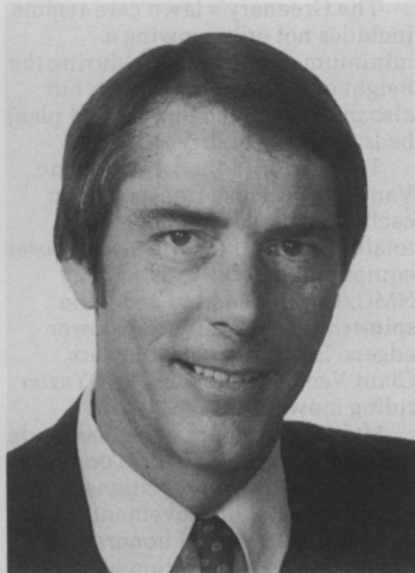
The troubles are being felt in all quarters. ChemLawn, the largest chemical lawn care company in the country, lost 28,000 customers during its fiscal third quarter. A

In 1986, what do you predict your expenditures will be for:

Chemicals, supplies	% Sample purchasing	Average per purchaser	Projection to LCI readership	% Change since 1985
Granular fertilizer	78	\$12,708	\$113.0 million	+18.5
Pre-emergence herbicides	69	8,608	67.9 million	+36
Liquid fertilizer	35	12,926	51.7 million	+16.8
Insecticides	73	4,844	40.5 million	+27
Grass seed	69	3,909	30.8 million	+19
Post-emergence herbicides	69	3,605	28.5 million	+20
Soil amendments	30	2,860	9.9 million	+4
Fungicides	47	1,810	9.7 million	-14
Plant growth regulators	17	670	1.3 million	+28
Equipment				
Tractors	20	14,264	32.6 million	+22
Walk-behind mowers	42	3,963	19.0 million	+27
Riding mowers	13	10,687	15.9 million	-4
Spray tanks	27	3,940	12.2 million	-50
Sprays, pumps, hoses, etc.	47	2,103	11.3 million	-21
Irrigation equipment	12	5,651	7.7 million	-200
Aeration equipment	30	1,958	6.7 million	-3
String trimmers	35	1,138	4.5 million	+20
Tree care equipment	27	1,403	4.3 million	-86
Spreaders	46	538	2.8 million	-187
Predicted totals:			470.3 million	+11.65



Chemlawn president Jack Van Fossen says "there is still a large potential for lawn care service" despite recent problems.



Jim Brooks, president of the PLCAA, says the lawn care industry will have to "stand up and fight. It's just never done that before."

press release attributed the loss, at least partially, to "negative, inaccurate, and incomplete media stories about the safety of lawn care products, both on national and selected local television and in the press." The negative coverage, the release continued, caused an increase in cancellations and a decrease in new customer inquiries.

"We believe the slowdown is a reflection of shifts in both consumer

attitudes and spending patterns," says ChemLawn chairman/CEO Jack Van Fossen. "There is still a large potential for lawn care service. But the rapidly changing marketplace requires greater emphasis on quality performance and value added to meet consumer needs."

ChemLawn, too, announced this year that it would post a sign on every lawn after chemical treatments. Other LCOs are slowly, hesitantly following suit.

"We'll get through it all, but there are a lot of potholes," says Brooks. "The industry will have to stand up and fight. It's just never done that before."

Despite all the problems, the

industry continues to thrive.

According to the *Lawn Care Industry* report, chemical lawn care revenues grew from \$832 million in 1984 to \$932 million in 1985. Median growth was 20 percent per company.

Overall, purchases of chemicals, seed and equipment were predicted to increase 11.65 percent this year with dramatic increases in the purchases of pre-emergence herbicides and plant growth regulators (see chart).

In 1984, the average LCI reader had 724 lawn care accounts. That number increased to 1068 (32 percent) in 1985, yet another indication that the industry continues to be a viable—and profitable—one. **WT&T**

LAWN CARE... CAREFULLY

Hilton Head's veteran landscape management company exercises extra care when applying chemicals to the island's fragile environs.

It's a resort...a retreat...a retirement community.

Hilton Head Island is many things to many people, but its main attraction is the serenity of its ocean-surrounded landscapes.

Hilton Head has 10 plantations, each with homes, villas, and commercial properties which must follow strict architectural guidelines. The landscaping throughout the island follows a similar conservative pattern, though it rarely wavers from Hilton Head's "paradise island" blueprint.

Maintaining that beauty has been anything but serene for the island's lawn care and landscape professionals. Three harsh winters, including snow on one occasion, and the severe drought last summer have made the job a challenge to even the island's best landscape managers.

Only three chemical lawn care companies work on Hilton Head. Because of the wealth on the island, most homeowners can afford to hire landscape contractors for combined turf and landscape care.

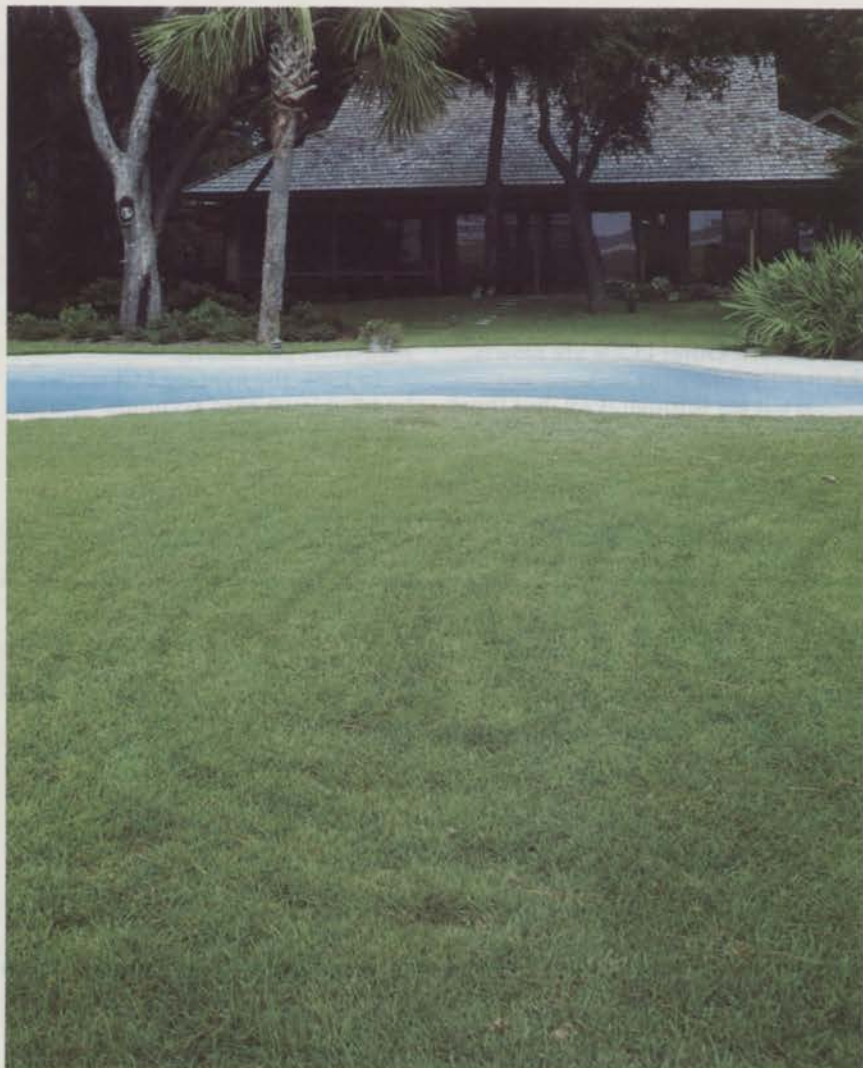
The award-winner

The Greenery, an award-winning design/construction/maintenance landscape company, handles about 300 residential and commercial maintenance accounts on Hilton Head. Founded by Berry Edwards in 1973, the Greenery is one of the oldest landscape companies on the island.

With age comes experience and a lawn care philosophy that differs from the newer, strictly chemical lawn care companies.

"Some of the turf/lawn care companies have a program to come in and spray whether it's needed or not," says Tom Van Hise, the Greenery's general manager for maintenance. "They may provide a better product in the long run, but with these recent comments on chemicals, our philosophy will be safer."

The island is concerned with chemicals running into the marshes or ocean and damaging the fish. But most of the controversy focuses on



The Greenery's lawn care regime involves not only mowing the lawn, but edging around flower beds and pools.

the island's 20 golf courses, since they generally use more chemicals than the landscape companies.

The Greenery's program includes pre-emergence herbicides used throughout the growing season. Fungicides and insecticides are applied in the spring, with follow-up treatments only when necessary.

Fertilization works the same way. Each spring, the Greenery applies a slow release, 15-0-15 fertilizer and repeats applications as needed.

Turf on the island is primarily centipede grass, and is almost always sodded, rather than seeded. "Centipede grass does not require as much fertilizer," Van Hise says. "It's more drought resistant than either St. Augustine or bermudagrass, and it's come back after three winters of cold weather."

Drought duress

Although the harsh winter weather damaged many plant materials on the island, the drought caused more trouble for lawn care specialists. With only about a half inch of rainfall in three months, lawns needed extra irrigation. "One unusual problem was that we used a lot more herbicides this year because a lot washed off with the irrigation," Van Hise says.

His crews had to irrigate as often as seven days a week in some cases. Several customers complained about high water bills. During the peak of the drought, however, irrigation was cut back to twice a week in an effort to conserve water.

Van Hise also blames the drought for the severe insect and fungus infestations this year. "The drought stressed the plants, making the



Maintenance general manager Tom Van Hise notes that the Greenery sprays insecticides and fungicides in the spring, then follows up only as needed.

infestations rampant," he says. "It's much worse this year than in past years."

The Greenery's lawn care regime includes not only mowing a minimum of once a week during the height of the growing season, but also mechanical edging around plant beds, walks, and drives.

To make sure the jobs get done, Van Hise provides transportation each morning for his 12 crews, totalling 34 workers. He also chooses equipment carefully, using only HMC/Green Machine and Echo spin-trimmers, Trail-Mate power edgers, Echo backpack blowers, Giant Vac push blowers, and Yazoo riding mowers.

Making that extra effort has made the Greenery the only firm on the island to earn several National Environmental Improvement Awards, and national honors from the American Association of Nurserymen. Some of the awards were for architectural design and construction, including building decks, fountains, and formal gardens.

In fact, maintenance is only a small part of the Greenery's operations. But it's the part which is visible when the island's population swells from about 30,000 to 70,000 each summer.

And, as long as Hilton Head's erratic weather continues, lawn and landscape maintenance will also be one of the Greenery's biggest challenges. **WT&T**

—Heide Aungst

LIQUI-LAWN KEEPS ROLLING

Like the neighboring mountains near Lewiston, Idaho, Liqui-Lawn's profit line is rock-like. It's also painted black.

The banks of the Snake River lie just across the street and as the river rolls, so does Duane Saxton's Liqui-Lawn operation.

"Phenomenal" growth has been followed by some "mediocre" growth years of 20 to 30 percent for the Lewiston, Idaho, lawn care operator.

He combines a five-year-old chemical lawn care business with the company foundation—a pest control operation dating to 1947.

"Pest control is a far slower growth-type business. Lawn care has proven to be the fast-growth industry," says Saxton.

The pest control operation accounts for two-thirds of company revenues, he notes, but that figure is shrinking.

He entered the lawn care industry through granular application then switched to chemicals three years ago. In wide-open Lewiston, where the average lawn runs 7,000 sq. ft., the switch to efficient chemical applications has worked.

Saxton's three state-licensed applicators roam the Snake and Salmon River Valleys around Lewiston and neighboring Clarkston, Wash., where some homes feature 30,000 sq. ft. of turf. (Explorers Lewis and Clark are said to have set up camp in the area during their excursions to the Pacific Northwest in the late 1700s and early 1800s.)

The Liqui-Lawn lawn care program consists of five applications every 6-8 weeks, beginning in mid-March. Special care is given to billbug control and to decreasing the soil's alkalinity to a more neutral 6.5 or 7 with a granular sulfur application in the fall.

Liqui-Lawn was the first chemical lawn care company in the area and remains the largest. Two competitors



Owner Duane Saxton (right) and general manager Dennis Spickler have seen five-year-old Liqui-Lawn grow at least 20 percent each year.

have sprung up but neither poses a threat, says Saxton.

No maintenance for him

While Saxton isn't feeling much competition in chemical application, he says he would feel it in the maintenance end. That's why he stays away.

"We've decided not to get into maintenance because it's hard to compete with the Sunday guy with one truck and a low overhead," he notes.

Instead, he looks to other areas for growth and expansion. One such area is Walla Walla, Wash., some 70 miles to the west. (One wry Lewistonian noted the area's founding fathers liked the area so much they decided to name the town twice.)

Liqui-Lawn has an office there, run by general manager Dennis Spickler, that has demonstrated quiet growth in its two years.

Within a 15-mile radius of the Lewiston and Walla Walla offices, there are 100,000 people. That's more than enough for Saxton and his 10 year-round employees.

"The Lewiston area is a good market because more people are increasing their recreational expenditure levels which means they are hiring more services, including lawn care," says Saxton.

One problem is a potential lack of

water. The area receives just a scant 13 inches of rain a year. During an abnormally dry year, homeowners reduce lawn watering, making Liqui-Lawn's job no easier.

In some cases, Clarkston residents flat-out refuse to water lawns because of high water rates, says Saxton.

Even higher rates

While residents wrestle with high water rates, Saxton worries about even higher rates—his insurance premiums, which have risen 746 percent in two years.

"One company would have handled the whole thing (pest control and lawn care) but they required a \$50,000 premium," says Saxton.

Instead Saxton was fortunate enough to find a company that requires just a 40 percent down payment. He finances the remainder on a monthly basis.

Saxton has been a member of the Professional Lawn Care Association of America since 1981. He's also a member of the National Pest Control Association.

"I believe you have to stay ahead of the people who want to see us doing something else for a living," he says. **WT&T**

—Ken Kuhajda

STANDING TALL

The owners of Chem-Turf also stand behind their work and behind their customers. That's unique.

The introduction of George Meeley and Frank "Buzz" Cowdery to the chemical lawn care business was, in many ways, typical of the entrepreneurs in this still-young industry.

Back in Palatine, Ill., Cowdery saw a ChemLawn truck making its rounds. "To make a long story short," related Meeley, "we bought a ChemLawn truck. When we started, all I knew was that when you put sod in, it went green-side up."

Chem-Turf of Anaheim, Calif., has come a long way. After two years of 77-hour work weeks that resulted in gradual growth, the company bought out three smaller companies during the next four years.

Part of the reason for Chem-Turf's success has been its dedication to customers.

"If anything makes us unique," says Meeley, "it's that we stand behind what we do, and we even stand behind what our customer does or doesn't do to the lawn."

The California market, about a decade younger than the industry itself, is not all that competitive, but much more problematic than other markets back east.

For instance, housing is so expensive (\$125,000 average, third in the nation) that both husband and wife must work. Sure, free time is more valuable, making a lawn care sale easier. But these families usually have a "gardener" to do most of the yard work. And, with nobody home during regular working hours, it's virtually impossible to make weekday sales.

Family relocations also cause a big turnover.

"More than half of our cancellations are from customers moving," says Meeley. "I think it's a misdemeanor for anyone to live in



Bill Schaeck, former owner of one of the smaller companies bought out by Chem-Turf, now works for Chem-Turf.



Chem-Turf's George Meeley: "We'll do virtually anything to make a customer happy—even if he's dead wrong."

'When we started, all I knew was that when you put sod in, it went green-side up.'

—George Meeley, Chem-Turf
Anaheim, Calif.

one house for two years and a felony for living in one place four years."

No work ethic

There are other problems, one of which is personnel. Chem-Turf had no employee turnover for three years, but there has been a rash since.

"It's almost impossible to find good people," says Meeley, a native of Philadelphia. "There's something back east called a work ethic. It hasn't spread this far west yet."

Top weed problems are kikuygrass and crabgrass, which thrive because of what Meeley calls the "Santa Ana condition." A pressure front develops over the desert around Christmas. With low soil temperatures, crabgrass "germinates whenever it pleases." And "you can almost rest assured that by May or June, you'll get a second generation." Meeley says he uses Betasan, but gets barely satisfactory results.

Bug problems are confined to occasional grub breakouts, but even those are complicated by the state of California, which does not allow Oftanol applications. "We use Proxol, irrigate five times a day, and then we pray," says Meeley.

Chem-Turf uses benomyl on summer fusarium, and extra nitrogen helps prevent rust in cool weather.

The owner of one of the smaller companies bought out by Chem-Turf, Bill Schaeck of Chem-Green, now works for Meeley and Cowdery. Schaeck started an aeration service earlier this year.

"Our first year was phenomenal," Schaeck claims. "We aerated more than 500,000 sq. ft. in April, May, June, and July. It was no more than putting out a letter and—my God—they just bombarded us. They came out of the woodwork."

This year, one employee and one Ryan Lawnaire IV handled all the work, but Chem-Turf might be forced into expansion soon.

Health problems have plagued the owners, but they've still grown at a 20 percent clip. Meeley had polio as a child. Though he was walking lawns two years ago, he has since kept pretty much behind the desk. Cowdery, too, has spent his share of time in the hospital recently.

"If we can keep our growth at 20 percent, we'll be in good shape in a couple of years," Meeley concludes.

—Jerry Roche