YEAR OF THE BUY-OUT

Never before has the ownership of so many lawn care companies changed hands in 12 short months. What do these acquisitions and buy-outs mean to the average LCO? Read on.

by Jerry Roche, editor

1987. The Year of the Buy-Out in professional chemical lawn care.

Consider what has happened in the last 12 months:

- The ownership of ChemLawn, the country's largest lawn care company, changed hands.
- More than 20 of the nation's *other* largest lawn care companies were involved in buy-outs, acquisitions or mergers.
- The "Million Dollar Lawn Care List" published annually by *Lawn Care Industry* magazine is expected to decline by at least 10 (from 57) in 1988. This list has never previously, in its 11-year history, experienced a decline.

"If you look at other industries, what we're going through is a part of normal maturation," says Jim Brooks, executive director of the Professional Lawn Care Association of America (PLCAA).

"But it's also saying that, despite the regulatory problems and the pesticide controversy, there's still confidence in the market.

What does this mean to the little guy, the under-$500,000 business that is the backbone of the industry?

"Individuals who like *doing* rather than *managing* may want to get out now while the business is still there to get rid of," says Ed Wandtke of All-Green Management. Wandtke implies that the increasing number of large companies will use

refined marketing skills to garner the market now being serviced by the small companies. "The exception is the mom-and-pop operation with just one or two routes, " he adds. "The moms-and-pops will always be around."

How have these business transactions affected the lawn care operator, who has been an entrepreneur for 15 or 20 years, and who—typically—is reaching a point in his or her life where some important career decisions must be made?

"It's been my observation that anytime in life there is change, people get nervous," observes Russ Frith of Lawn Doctor. "Yes, there's a lot of concern in the industry because we're now dealing with an unknown." The unknown, of course, is the future of individual companies.

"The guy that I might have sympathy for," Frith continues, "is the guy who might panic. Before deciding to sell, a lot of soul-searching has to be done. Opportunities will be available for some people to exit the industry on very worthwhile terms. But the decision shouldn't be made just because everybody else is selling."

For Marty Erbaugh of Lawnmark, the decision not to sell was easy.

"We're interested in keeping on top of what happens in the industry. We will not sell," he says. "Demand for the services is strong. I don't see our growth slowing down. Selling is a logical thing for a lot of people to do; the prices they're offering are generous. But I really like this business. It's still fun."

Frith also thinks the acquisition/merger situation should be good for the industry, if the new companies exercise "rational judgment." That means making decisions in the best interests of the lawn care industry.

Says Brooks: "We, as sort of custodians of the industry, would not like somebody coming in for the bottom line and not being sensitive to the issues we have in the public health sector." Brooks hopes any new entries in the market would help with public education and in lobbying for safe products and safe use of those products.

Despite all the acquisitions and mergers at top levels, business goes on for most lawn care companies. LANDSCAPE MANAGEMENT visited two such operations, McGinty Brothers in Chicago and the Milwaukee branch of The Davey Company. Profiles of those prospering businesses follow. **LM**

Brooks

Wandtke

Frith

Erbaugh