

# ONE STEP BEYOND

Lawn care operators that say they are going to diversify may find it's 'easier said than done.' And it might make or break your business.

by Rudd McGary, Ph.D.

**T**he marketplaces of the country are becoming more saturated with companies offering lawn care and landscape services. Consequently, diversification becomes one of the major avenues for these companies to earn more money from their current customer base.

In many cases, only through diversification can you achieve the type of growth you want. In many cases, the markets have so many companies offering the same services that it is extremely difficult to continue previous growth patterns.

Several issues should be considered when diversifying. Failure to consider these will result in problems.

## Why more?

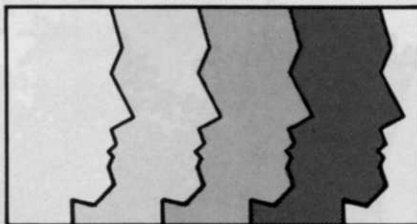
The first consideration is the reason behind offering new services.

For many companies, it is necessary to diversify. The growth rate in one type of service just isn't sufficient for many companies. This is espe-



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## MANAGEMENT



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cially true of companies that have been in business for a number of years and which have worked very hard to build up a loyal customer base. In this case, diversifying makes sense.

There are, however, some companies that decide to diversify simply because "the thrill is gone." When the company was just starting, there was a certain excitement. Everyone put in long hours, did all the jobs, and were driven by starting a new company. Many of these companies go on to mid-sized existence. The management talents needed to grow to the present size aren't useful to take the company to the next level. So the decision to diversify is a combination of losing both that initial excitement and finding out that the company doesn't respond the same way to the old management skills. If your company is diversifying for these reasons, you're not taking the right action.

## What customers?

Assuming that you are diversifying for the right reasons, your next task is to profile your current customers. A great many questions should be asked. It's easier to profile them if you ask them in sequence:

**1. What kind of demographic profile can you see among your customers?** If you are in residential work, you should determine the average age, income and home value of your customers. Using these three basic variables will give you a good start on a demographic profile.

If you are in commercial work, you need to determine the type of organizations you service, how big they are and who the buyer is.

**2. What is the usage profile of your current customer base?** Do you have customers who receive periodic — weekly, monthly, etc. — work? Is your customer base made up of people who purchase your services on a one-time basis, like certain types of design/build work? If your customer base is mostly people who purchase periodic services, how long have the accounts been customers of your company?

**3. What kind of marketing/advertising have you done in the past?** There is a big difference between marketing lawn care and marketing design/build landscaping, between mowing/maintenance and tree and shrub work. You should consider your past marketing/advertising efforts with this in focus.

How have you approached your current customers? You should also consider the most efficient methods among those you use. What approaches gave you the best results in terms of customer attraction? In terms of closing percentages? You need to be aware of the past efforts and their effectiveness if you want to be effective in your future marketing.

**4. Why do you believe your current customer base will buy your new offering?** This question must be answered before you begin any attempts to purchase equipment, to begin a new marketing program, or to consider new personnel. For instance, many companies that were in lawn care decided to try carpet cleaning. They haven't been hugely successful. Some offerings make sense, others don't. Before you begin, consider the fact that consumer buying behavior is very different from service to service. So you must make sure your offering makes sense to your current customer base.

**5. Did you check with your current customer base before you decided to offer a new service?** Some companies do, some don't. There is no guarantee either way, but often it is helpful to ask your current customers what new services they would purchase. In order to get this information, you should start sending out questionnaires the year before you want to add the service, perhaps even two or three

# EVENTS

## FEBRUARY

**11-13: International Golf Course Conference and Show**, Anaheim (Calif.) Convention Center. Contact: GCSAA, 1617 St. Andrews Dr., Lawrence, KS 66046; (800) 472-7878 or (913) 841-2240.

**13-15: Inland Northwest Turf and Landscape Show**, Spokane, Wash. Contact Jones and Associates, (509) 327-5904.

**15-18: Progress and Profits in the 90s**, Astro Village Hotel, Houston, Texas. Contact: Dr. L.S. Pope, 129 Kleberg Center-TAMU, College Station, TX 77843-2471; (409) 845-3808.

**15-18: 20th Annual International Erosion Control Association Conference and Exposition**, The Pan Pacific Hotel, Vancouver, B.C., Canada. Contact: Ben Northcutt, (303) 879-3010.

**16: Connecticut Turf and Landscape Conference**, Exhibition Hall, Hartford Civic Center. Contact: Anthony Penkrat, 23 Atwater St., Westhaven, CT 06516; (203) 934-3103.

**16-18: Florida Nurserymen and Growers Association Spring Trade Show**, Prime Osborn Exhibition Center, Jacksonville, Fla. Contact: Jennifer Franzen, (407) 345-8137.

**17-18: Leaving No Stone Unturned III**, Bethesda Holiday Inn, Bethesda, Md. Contact: Joel M. Lerner, PO Box 15121, Chevy Chase, MD 20815; (301) 652-1212.

**21-22: Ohio State University Professional Lawn Care Seminar**, Holiday Inn on the Lane, Columbus, Ohio. Contact: Sue White, (614) 292-4230.

**21-23: Western Pennsylvania Turf Conference and Trade Show**, Pittsburgh Expo Mart/Radisson Hotel, Monroeville, Pa. Contact: Christine E. King, Pennsylvania Turfgrass Council, P.O. Box 417, Bellafonte, PA 16823-0417; (814) 355-8010.

**21-March 5: AAN International Study Program**, several sites in New Zealand and Australia. Contact: Geoffery Robertson, (202) 333-1800.

**23-24: Associated Landscape Contractors of Colorado Annual Conference and Trade Show**, John Q. Hammons Trade Center, Denver, Colo. Contact: Diane Matt, (393) 425-4862.

**23-24: Alaska Greenhouse and Nur-**

**ery Conference**, Fairbanks, Alaska. Contact: Cathy Wright, Alaska Division of Agriculture, S.R. Box 7440, Palmer, Alaska 99645; (907) 745-4119.

**23-26: ISPO-Spring**, Munich Trade Fair Center, Munich, West Germany. Contact: Gerald G. Kallman, Kallman Associates, Five Maple Court, Ridgewood, NJ 07450-4431; (201) 652-7070.

**27-28: The Cash Flow of Trees**, a symposium sponsored by the Penn-Del Chapter of the International Society of Arboriculture, Hershey Lodge and Convention Center, Hershey, Pa. Contact: Sara Pilling, 29 Garrett Ave., Rosemont, PA 19010.

**27-28: National Institute on Park and Grounds Management Regional Seminar**, Dallas, Texas. Contact: National Institute, P.O. Box 1936, Appleton, WI 54103; (414) 733-2301.

**28: 12th Annual Grounds Maintenance Conference**, Sheraton Columbia Northwest, Columbia, S.C. Contact: George V. Hyams, P.O. Box 12109, Charleston, SC 29412; (803) 762-1595.

years in a row. Most consumers will respond to your inquiries if you phrase them well enough. By listening to them, you may find that you can determine the best possible new service offering.

One word of caution. Two or three people may respond that they would like a new service. That doesn't make up a customer base. Don't take what a few people say for what a large group says. If you do, you may find that in fact you don't have a true base for the sale of your new service, but rather have a very few people who are interested in your offerings.

After you've gone through profiling your current customer base, determining why you are going to offer a new service, determining what that

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new service is going to be, and making sure that you have some input from your customers on how well they will accept your new offering, you can ask the final marketing/advertising question:

**6. How is your company going to reach the current customer base in order to let them know of your new offering?** The basic consideration is whether to use your current advertising mechanism to advertise your new service. Will you use new mailers? Will you include your new service offerings with the invoice? Should you consider these new services as service extensions or will they be completely new offerings? Every answer given to each of these questions will help determine your advertising/communication strategy.

### Summary

It's next to impossible to give answers to the above questions unless you consider each of them from a single company point of view. No one single way of introducing new services to your current customer base is correct. It depends on your current customers, the types of services you are going to offer, and how you have reached your customers in the past.

By considering all of the above questions, you should have a better planning system for marketing new services to your current customer base. **LM**




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