

to five years, in addition to your personal financial statement. Bankers are becoming more concerned with the ability to repay loans, and are seeking to secure loans with more collateral than before. If these conditions arise at your bank, you will need to be prepared to deal with these requests.

**Preparing to borrow**—Here are some helpful hints:

**1. Do not pay all of your company earnings to the owner.**

Having a reasonable amount of funds showing as "Retained Earnings" will indicate to your banker your willingness to risk some past earnings on the company's future performance.

**2. Identify what you do better than anyone else in the market.**

An asset not reflected anywhere on your financial statements is your competitive strength in the marketplace. Letters from satisfied customers, community recognition, or profitability better than the industry average are all examples of how you are better than other companies in your market.

Develop a file on your company as if you were competing with yourself. What are the specific strengths that have led to the performance of your company? How are these strengths evident or provable? How will these strengths assist you in maintaining "better than average" performance? Demonstratable answers to these questions will serve as great ammunition in presenting a favorable financial picture.

**3. Identify the value of your customer list and contracts.**

Generally accepted accounting principles do not require that a value be assigned to your customer list.

Do a business valuation of the company. This valuation can be used in supporting the financial statements the banker will ask to see. Having this valuation completed—independent of your accountant—by an expert in the green industry is an excellent method of demonstrating to your banker the real value of your business. Many bankers do not realize the significant value of the customer list and service contracts. Coming prepared with a valuation is another

method of putting your best foot forward.

**4. Value your assets at market.**

Accounts receivable are usually discounted by bankers; they assume you will collect 80 or 85 percent of them.

Presenting your bad debt write-offs for the past three years is often a revealing piece of information the banker is unfamiliar with. An appraisal made of your fixed assets also increases the value of your business.

The financial statement merely presents your fixed assets based on the depreciation allowed by the IRS. An appraisal of your assets can demonstrate that your fixed assets are worth far more than their book value. This information must be presented in compliance with generally accepted accounting standards for financial statement reporting.

Coming prepared to deal with your banker, and presenting the value of your assets is another method of improving your effectiveness in securing an operating loan.

—The author is a senior consultant with PC Systems, Inc., Columbus, Ohio.

## Christmas tree recycling pays handsome dividends

■ Landscapers who offer a Christmas tree recycling program can bring in more clients, plus attract positive media coverage.

Manager Dave Millen of Olmsted Falls, Ohio, says Dugan's Garden Center's recycling program has worked out very well in the past. Millen says Dugan's Christmas tree recycling program has paid off to the tune of more customers for its full-service landscaping business.

Each person who dropped off a tree to be recycled had their name placed in Dugan's mailing file. "It increased our customer newsletter address list. We got a lot of mileage out of it in that respect," Millen reports.

About 500 trees were turned in following the 1990 winter holiday season. "That was the first year we've done it," Millen explains, adding that they could have had even more trees on hand if they had decided to accept unsold trees from large retailers. "We didn't get any chains who dropped off their trees—but we sure had a lot of them call" seeking permission to do so.

The discarded trees had a brief run-in with a chipper that quickly reduced them to mulch. "We ground them up and we used them around here" to protect and nurture the nursery stock, Millen says.

The only cost involved was the hiring of

a chipper and operator. Even that came at a good price because "we have a good working relationship with one of the local tree contractors," Millen notes.

Administration of the program was virtually free: "We just had a sign out front telling them to stop at the office."

There the customers were placed on the mailing list and sent on their way—although a number of them stayed around to shop at the garden center.

"All we ask is that the trees are tinsel-free," Millen says.

The participants in the program loved it, Millen recalls. "They were happy to see something being done as an alternative to taking it to the dump."

Ohio, like many states, has passed laws restricting the amount of trash that can be placed in landfills. Landscape waste is a prime concern of both government and taxpayers, and the Christmas tree recycling project helped reduce a portion of that problem. "We had the idea because of our concern for the community," says Millen.



Dugan's has previously donated a truck for trash recycling programs, "and that kind of led to the idea of the Christmas trees," Millen recounts. "This is one area where we were able to help."

Millen laughs as he recalls a visit by an after-hours gasoline thief: the culprit paused long enough to drop off a tree.

The success of the winter endeavor was enough to convince the company to offer a summer garden

debris program in which area residents were encouraged to drop off their landscape waste for inclusion in a compost pile.

The Dugan's Christmas tree program was written up in four newspapers and attracted a good amount of television coverage. "This is all free advertising," Millen points out. "(The press) is always looking for good stories, especially during the holiday season."

The company is also involved in other community events. At Halloween, a haunted house that is less scary for the benefit of younger children also doubles as a food-for-the-hungry drive. An Easter egg hunt and a "winter wonderland" display are other attractions.

—Jim Guyette