



Plan for profit in new season

Your mission, landscape contractors, is to show a 10 percent net profit in 1991.

Is that an impossible mission?

A panel discussion at the Green Industry Expo in Nashville featured three of our best—Ron Kujawa, Bruce Wilson and Dave Minor—in a discussion of ways to insure, maintain and improve profit.

Do you know what is and is not profit? You might be mistaken.

Kujawa, owner of KEI Industries in Cudahy, Wisc., believes company owners confuse the amount of money they take in wages and benefits as part of profits. "That is compensation," says Kujawa. "Profit is that which is left after the cost of your goods are sold, after all overhead, wages and general administration."

Setting reasonable profit goals depends on your company's mix of business. "We set a goal for each of our five profit centers," says Minor, president of Minor's, Inc., Ft Worth, Texas. "We analyze where our best chances are at getting the best return." As an example of knowing when to cut bait, Minor says he is considering eliminating maintenance service, due to competition from small maintenance-only companies that can be very competitive cutters.

If you let costs fall where they may, you're headed for trouble.

The destructive power of unmonitored labor costs cannot be denied. Tracking labor activity is difficult, so much so that some managers might just decide that it's a waste of time; what it becomes is a waste of money.

Kujawa says KEI now tracks "indirect labor costs," which is a mix of all the little interruptions associated with jobs: stopping off for a part, downtime, deliveries. "It's so important," insists Kujawa, "to know just how accurate time sheets are."

Bidding must therefore reflect time spent on the job and a percentage of indirect labor.

Other tips for profits this season:

- Watch parts costs. Insist that you see the estimates for repairs.
- Bid accurately, and only buy what you put in the bid, for the bid price.
- Get out of markets in which you can't compete profitably.
- Put the whammy on overtime; it's a reward for inefficiency. Wilson did, and found that, "somehow, the work gets done."
- Give what profits you can to the people who helped make it happen, and keep some to finance growth.

At a time when people on the outside are trying to keep you from doing your job, it's imperative that you control what you can on the inside.

Best wishes for a happy and prosperous 1991!

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