

# SURVIVING IN A TROUBLED ECONOMY

In Part One of a four-part series, our green industry analysts reveal what it takes to stay on top in a time of increased competition and economic recession.

by Ed Wandtke and Rudd McGary, Ph.D.

**S**urvival.

In the business world, this word conjures up a scenario of economic doom and gloom. In the green industry, however, survival has more to do with keeping up with change and competition than fluctuations in the Dow-Jones. So while this series of articles is driven, to some extent, by the economic conditions that we are likely to encounter in the coming years, it's important to note that there are other important factors to take into account when discussing survival in the 1990s.

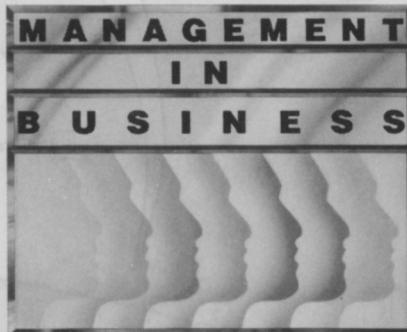
Numerous standard economic indicators today point toward an oncoming recession. We believe it's more realistic to think of the upcoming economic period as a slowdown—not a full-blown recession. The result of this slowdown will be that consumers will become more selective about what they buy and how often they buy it. Consequently, the next 18 to 24 months will be a time of opportunity for the well-run company and a time of disaster for companies that are managed poorly.

## Where to look

In a slow, even downward-spiraling economy, one of the first areas to lose consumer support are auxiliary services, which include the landscaping and lawn care industries. Companies that have targeted upscale accounts are less likely to be affected by a slowed economy and will fare better. Therefore, your marketing efforts should be geared toward residential and commercial accounts that are somewhat insulated from a slowing economy.

Another area of concern in a turned-down economy is your productivity. Many companies run "fat" during prosperous times yet don't realize it until more difficult times emerge. Managers should be aware of the numbers needed to run the organization and how to manage them.

The professional landscaper can do little to stem the tide of a slowing



economy, but factors closer to home may be impinging on your profitability. For example, in many markets there is a preponderance of landscaping firms, causing market saturation.

## Saturation strategy

Saturation explains why we're now seeing larger firms buying accounts from smaller companies rather than pursuing additional marketing efforts. In some areas, it's cheaper to buy companies than to launch a marketing campaign.

In saturated markets, survival is a way of life. It doesn't matter if the economy is up or down; there is so much competition that every day is spent just trying to get by. Low-balling is a common practice for these organizations. Good companies don't need to sink to this level. They realize that in the long run, low-balling will lead to nothing but problems.

Long-term growth in a saturated marketplace depends on sound management, marketing and operating decisions. Mistakes like cutting essential budget items, inaccurate pricing, or laying off important personnel will have disastrous consequences for a firm trying to survive stiff competition.

## Follow trends

Lastly, green industry companies battling for survival need to remain aware of where the industry is headed. For example, a recent trend in the industry has been the move to-

ward multiple service offerings. Many prudent, aggressive companies carefully chose those services it can provide profitably.

If you bring on a new technician who happens to be skilled at tree service, why not begin marketing that service to your customers? A lot of companies do this with a variety of combinations.

A common pitfall is when service combinations don't make sense to the consumer. Make sure your service mix reflects the consumer's wants, then deliver each in a manner that leaves room for profit.

Remember that surviving in the 1990s goes beyond worrying about the state of the economy. A slowdown is only natural, and there's nothing you can do about it. Use the opportunity to take a closer look at your organization and find ways to do what you do leaner and better.

In upcoming articles, we'll focus on strengthening your marketing efforts, operations and budgets. It is our intent to not only help you survive what may be lean years, but to actually grow in spite of them. **LM**

Next month: survival marketing



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