

# SURVIVING IN A TROUBLED ECONOMY III

Maintaining company strength during lean times requires attention to all labor, material and equipment costs.

by Ed Wandtke, AGMA, Inc.

**D**uring any time of economic stress, most green industry companies are apprehensive. To be prepared to handle any volume of service increase or decline in 1991, a company owner needs to examine how the company can vary its operation in either direction.

Likewise, a company must examine various financial issues which may effect it in 1991. Some financial planning will be necessary in anticipation of changing economic conditions.

## Operations check

The three major costs a green industry company incurs are labor, materials and equipment.

Labor and materials are variable, and dependent on volume; equipment costs are fixed.

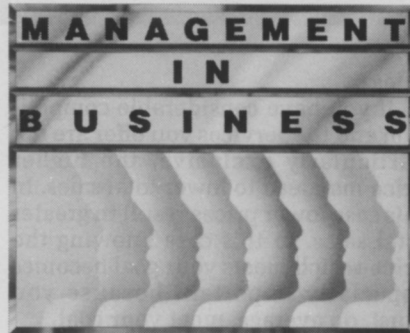
With increased fringe benefits and expected higher wages for older employees, a company owner must pay careful attention to the cost of adding, keeping or replacing employees.

## Payroll options

This year offers many companies the opportunity to maintain last year's pay level since there will be more unemployment in the marketplace. The problem with this approach is that most people who can be hired at last year's level will be no better than current employees.

A better option: increase wages to attract a higher level of employee than you have had in the past. This will allow you to hire people who can handle more decision-making challenges on the spot in the field. This will give you time to improve customer retention or work on prospecting.

If you do not have a system in your company to measure and track employee productivity, now is the time. Knowing production levels of each crew helps you determine which employees or crews are most effective. It may be surprising for you to learn that individuals or crews who always come back to the office late may not turn out to be the most efficient pro-



duction personnel. Knowing this data, you can determine what needs to be done to increase productivity or you may identify employees who have become complacent or inefficient in their work performance efforts.

Posting production data daily or weekly often puts indirect pressure on individuals performing under the company average to increase their efforts. It is amazing what peer pressure can do to help underachievers reach higher levels of performance, with minimal pressure from management.

## Quality service performance

Tracking customer service calls, the reason for the call, and the technician or crew who serviced the property is another area which you need to be monitoring for 1991. This information will provide you with insight into service effectiveness and quality.

Quality control information needs to be tracked to increase customer satisfaction and evaluate individual employee's effectiveness in delivering a quality service. Monitoring also identifies patterns of product or equipment failure, when and if those patterns start to appear.

## Inventory control

Materials are generally the second-highest expense category for companies operating in the lawn/landscaping or the design/build segments of the green industry.

This means that paying close attention to and monitoring these costs may improve profitability.

Unless you've already done so, 1991 is the year to pay close attention to materials usage. An inventory control system will increase profitability.

Comparing the actual product used to treat an area against label specifications is important. In 1990, many companies complained of ineffective products. Upon investigation, it was determined that a lower rate was used than that recommended by the manufacturer.

## Dump stale equipment

Companies accumulate equipment. Look around your facility and identify what equipment has not been used in the past two years. If you don't use it, sell it now. Turn that dusty equipment into cash.

Standardize on only one or two types of equipment to reduce parts needed to maintain equipment. This will also make training new employees easier since there is less equipment to learn.

Evaluate your equipment to determine the type of properties you are now servicing. Your customer mix may have changed over the past three or four years. Look for trade-in deals and change your equipment to better match the current property needs.

## Look at the books

If you are unable to determine the profitability of any service, you risk losing money on an increase in volume. Perhaps you have missed business in your pursuit of what turned out to be unprofitable services.

Offering fewer services will prove more profitable if your total lawn service volume comes under pressure.

Don't let the competitive pricing and your quest for higher volume cause you to sacrifice profit margins.

## Advisory groups work

If you have not operated a business during tight economic conditions, now is the time to call on the experience of others.

Most owners have a group of people who advise them on the direction  
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and operation of their company.

These advisors should possess a business savvy. Combine their expertise with others who are experienced in the green industry. Rather than advice from your attorney or accountant, you need to hear from individuals who are not specifically familiar with your company.

### **Tracking cash flow**

If you have not developed a cash flow budget, have your accountant devise one for you.

Such a plan identifies the amount of working capital your company will need and when it will be required in 1991. This reduces anxiety about cash flow because you will have cash reserves available when monetary pressure is highest. This often coincides with the early spring peaks for leads and service.

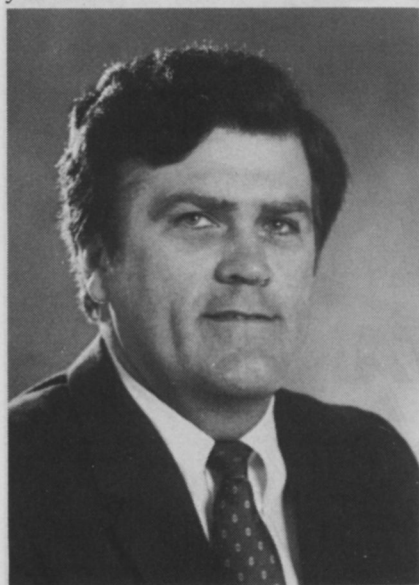
### **You're not alone**

Most green industry companies will feel severe economic pressure in 1991. Developing a plan to operate during tight fiscal times will assist you in achieving your goals.

Make "financial management" your watchwords for 1991.

Know what you must do in anticipation of lower volume; prepare an alternative operating plan that takes into consideration a volume level of five to 10 percent below your anticipated budget plan.

Keep an eye on operations and tight fiscal management. Keeping yourself and your employees focused on the financial impact of everything done in the company will increase the fiscal success of your company both this year and in the future. **LM**



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# **RESEARCH UPDATE**

## **Iron fertilizers have mixing, pH guidelines**

by Kurt Winkler, RGB Laboratories Inc.

### **TANK MIX pH in pH 9.75 WATER**

Rate in 3 Gal. Water	Agri - Plex®	Ferrous Sulfate	Liquid urea/ Ferrous Sulfate
1 oz.	6.86	5.10	3.44
3 oz.	6.40	3.50	2.86
5 oz.	6.20	3.33	2.66
8 oz.	6.10	3.22	2.52

Iron fertilizer applications are gaining attention as a way to provide green color to turfgrass without causing excessive leaf tissue growth.

Iron fertilization is a common practice on golf courses; now, lawn care companies are considering iron applications combined with lower rates of soluble nitrogen or in combination with more slow-release nitrogen products. This is especially important during spring and summer on cool-season grasses, since we do not want to stimulate leaf growth at the expense of root growth. Also, as the environmentally sound concept of "grasscycling" (returning clippings to the soil) gains favor, the controlled growth is even more important since we do not want to "make hay" on a home lawn or commercial property.

While the green industry accepts iron as a valuable nutrient, certain rules should be followed to get the most out of your iron application.

### **Tank mix guidelines**

When iron is tank mixed with fertilizers, especially fertilizers containing phosphorous, the resulting tank mix should be clean and clear, without settling or clouding. When a white, cloudy appearance is observed, the iron is precipitating, or tying up with phosphorus, and this iron-phosphate precipitate is unavailable for plant uptake. Dry soluble N-P-K fertilizers usually contain a blue or green dye which masks this reaction, so this tank mix must be carefully observed.

Iron products mixed with controlled release nitrogen should again be clean and without sediment. If there is a purple sedimentation, then iron availability is reduced due to precipitation.

Amine herbicide and iron tank mixes should also be carefully observed: the mix should be a clear, slightly brown color. Iron that is not compatible with amine herbicides will have a murky brown color with slight settling. This is an interesting reaction because very lit-

tle available iron is lost, but broadleaf weed control may be reduced, particularly on deep-rooted perennial weeds. A compatibility check is advised, especially when using low-volume spray applications of 2 gal./1000 sq. ft. or less.

### **Rapid pH changes**

While it's commonly known that most iron products acidify the tank mix, it is surprising how quickly and dramatically the pH can change, as shown in the chart above:

Liquid iron products containing nitrogen may have slight pH differences, but they are usually formulated at pH 2.0 to 3.0. Furthermore, it's important to remember that, practically speaking, water does not have the ability to resist change in pH. So regardless of your water source and its pH, the ending values are still about the same as shown on the chart.

As a general rule, universities and manufacturers suggest a tank mix pH of 6.0 to 7.0 when spraying fungicides or insecticides. Obviously, not all pesticides are affected by pH, but since it's difficult to keep track of all products that are affected, this is still a good rule.

Since iron is readily absorbed by grass leaf tissue, sprayers should be adjusted to achieve maximum leaf coverage. Low-volume applications will work with a fine spray droplet, but a large droplet should be avoided in this situation.

### **Chelates protect solubility**

Any plant nutrient must be relatively soluble for plant uptake. But since iron is inherently insoluble, manufacturers combine iron with organic molecules called chelates. Chelates protect the iron solubility over a wide range of conditions. Chelation is a complex subject, but for practical purposes, fully chelated iron will avoid the tank mixing concerns mentioned previously. Non-chelated or partially chelated iron should be checked for compatibility. **LM**