

When the going gets tough...



Storm: Make a strategic plan, set realistic goals.

...the tough get going

1. If you haven't yet, adopt a business philosophy or model.
2. Make short- and long-range strategic plans.
3. Increase prices to protect profit margins.
4. Join a professional organization.
5. Keep your work consistent and of high quality.
6. Be wary of growth.
7. Reduce overhead by 3 to 5 percent.
8. Sell equipment that's gathering dust.
9. Maintain adequate staffing levels.
10. Aggressively seek new clients. Prospect!

Though some experts say the economy's wounds are healing, it's important that company bosses know how to absorb the impact of recession.

■ Brian Storm, president and CEO of Terra-Scaping, believes that success during hard times is a matter of "planning, pricing and politics."

Other businessmen simply refuse to believe that times are slow. Their motto is, "damn the new-housing figures, full speed ahead!"

Jitters over the state of the economy remain in 1992. Those much-anticipated new housing starts are up a bit, but unemployment's passed the seven percent mark, and even though experts say the wounds are healing, it's important that green industry managers know how to absorb the impact of recession.

Storm, who also serves as the 1992 president of the National Landscapers Association, believes a recession is an industry-wide problem, not a situation unique to an individual company.

"If you've never gotten around to it, now is a good time to do some strategic planning," says Storm. After a three-day planning session, Storm says his company decided to concentrate on a

number of realistic goals, and "pursue those in an organized, cohesive manner."

Pricing is a touchy subject in the green industry. Many a company has lost jobs to a low-balling competitor. And the client eventually gets what he pays for. Storm decries such a trend as harmful to commerce.

"We need to create the feeling that our prices need to be coming up instead of going down," insists Storm, "so that we can protect our margins of profit and make sure we stay in business."

Politics is on everyone's mind, thanks to aggressive environmentalists, who fail to realize the positive effects landscaping and lawn care have on society.

"Once a law is made and you suddenly realize it affects you negatively, it takes a lot of work to try to change it," says Storm, who believes association membership can in itself be a recession-fighter. "It is important to belong to an association that stays on top of legislation, employs a lobbyist and keeps you informed—or to stay on top of it yourself."

Greg Bostwick, vice president of Esposito's Garden Center, Tallahassee, Fla., believes that decisions such as whether to cut back on crews or purchase equipment are ones that each business person must decide for him or herself. But he warns that "you can listen so much (to the nay-sayers) that you start to believe it, or you can get out there and get the business."

continued on page 11

Maintain sales, trim overhead

■ "I'm often asked, 'How long do you think this recession will last?'" says industry consultant Charles Vander Kooi. "I have to answer that I think we will see some improvement yet this year simply because it is an election year.



Vander Kooi: Reduce overhead

"However, I feel that any improvement will be temporary and that in 1993 we will slip right back into our present situation. I do not foresee any long-lasting improvement until 1996. That will give enough time for the savings & loan fiasco to become handled, and for many questionable contractors to go broke."

Vander Kooi lists the following recession-fighting tips he finds at work in the best green industry companies:

● **Maintain current sales or reduce sales intentionally.** "Growth anytime is usually non-profitable and even dangerous." According to VanderKooi, as a company grows, it makes a profit on the volume it did the year before and just trades dollars on the additional growth dollars. "During a recession," says Vander Kooi, "they lose money on those growth dollars."

● **Reduce overhead by 3 to 5 percent in relation to sales.** "Since almost half of some contractors overhead is salaries, some of them asked everyone to take 5 to 10 percent cuts in their salaries and wages. Others found places where, during the good times, they had taken on additional and unnecessary expenses."

● **Use equipment more effectively, and sell what's gathering dust.** "During good times, we tend to amass equipment through 'good deals' or 'limited need' and justify its cost," admits Vander Kooi. "During a recession, a contractor who wants to be a survivor will reduce his equipment."

—T.M.

Tough from page 8

Other than experimenting with different advertising techniques, the company's basic philosophy has been to provide quality service, says Bostwick. "Quality and consistency pull you through the lulls."

"We're aggressively seeking new clients," says Robert Mann of Hunt & Hulteen, Brockton, Mass. "And," continues Mann, "we realize where our strengths as a company lie, and focus in on that." Hunt & Hulteen's primary markets are in commercial properties and tree and shrub sales.

"We may not have installed as much mulch or done a lot of the extras," says Mann, "but the basic maintenance workforce remained stable."

Mann says Massachusetts continues to exhibit a reluctance to expand. "The construction market is slow, though there is a feeling of a resurgence in the economy. We notice that the economy here is retooling." According to Mann, the growth-oriented industries of the '80s are less aggressive, and new industry is growing, especially in the technology sector. And, of course, with every new industrial park, there has to be a service contract.

James Huston, landscape and irrigation management consultant, writes that a business philosophy is essential to success:

"During periods of economic stress and downturns, this model (or set of guiding principles) can become increasingly important," says Huston. "The overriding theme is to minimize costs while maximizing revenues and productivity, to do so as quickly as possible throughout the company, and to continuously reinforce this process throughout the lifespan of your business."

Long-range planning combined with customer contact and prospecting is one of the tenets to the business philosophy of Rod Bailey, Evergreen Services, Bellevue, Wash.

"That's fundamental to surviving in a down market," says Bailey. "You are already in touch and maintaining your relationship with the people you would like to be doing business with."

—Terry McIver

The overriding theme is to minimize costs while maximizing revenues and productivity, as quickly as possible.

Keep business active

■ Small businesses may be the hardest hit during an economic slowdown, such as the situation in the United States the past two years. Why? Because of tight credit and the inability to buy in quantity, according to the National Association for the Self-Employed (NASE).

For the small business owner, the NASE has this advice:

● **Don't skimp on service and quality** by being understaffed. Your options include part-timers and consultants. Check the "Opportunities Wanted" ads in local newspapers or turn to local schools and universities.

● **Cut personal spending.** Simple solutions can make a difference.

● **Meet with your staff weekly** to exchange ideas on increasing productivity and reducing costs.

● **Be prepared to "pull out the stops" during peak times.** Don't be afraid to work more hours during springtime when sell-

ing and service-rendering is at its maximum, or even around special holidays.

● **Remain close to existing clientele.** Telephone or visit your contacts and find out about developments in their business that could lead to new opportunities. These visits could also help you avoid unpleasant surprises.

● **Carve out more time for pursuing new business.** With spending slowing down, new business referrals are harder to get. It's time to go after new business aggressively by networking with industry and community groups.

The NASE, based in Hurst, Texas, has a national membership of more than 275,000 small business owners, and provides services and benefits to help its members be more competitive. For more information, call toll-free (800) 232-6273 or write: NASE, 2121 Precinct Line Rd., Hurst, TX 76054.