THE CHEMLAWN STORY, PART III

ChemLawn, under Ecolab, found out it 'couldn't go home again'

Many factors contributed to ChemLawn's demise, but had its trademark passion for customer service left it first?

■ A lot of the public still thinks ChemLawn is ChemLawn. This past season they saw company trucks stopping in their neighborhoods. They recognized lawn specialists in their distinctive company uniforms.

Folks, *the* ChemLawn Corp. is gone.

It's now part of TruGreen—actually the biggest part of TruGreen, a subsidiary of ServiceMaster, which reported operating revenue of $2.1 billion in 1991.

ChemLawn didn't go suddenly. Although, if a date has to be picked, select March 20, 1987, the day ChemLawn signed a merger agreement with Ecolab Inc., of St. Paul, Minn. The deal's completion several weeks later halted an escalating financial fracas begun a month earlier by Waste Management Inc.'s surprise $27-per-share offer for ChemLawn stock. ChemLawn's management fought the takeover, and within weeks ChemLawn embraced Ecolab as its "white knight."

Not a fit—Ecolab, panting to be player in the residential services market, came up with $370 million ($36.50 per share) for ChemLawn which responded with profits in 1987 and 1988, although not at the level Ecolab had hoped. Short, in fact, of even covering interest on its acquisition debt.

Finally, in 1989, on sales of $394 million, ChemLawn started losing money. Its residential customer base fell 6 percent.

Profits eluded ChemLawn in spite of earnest efforts by its Ecolab-groomed management to reinvent the same passion for customer service that launched ChemLawn to industry preeminence in the first place.

"We are hiring the right people this year and training and re-certifying every ChemLawn field employee," said Mike Shannon, who took over ChemLawn in the summer of 1988 after Jack Van Fossen resigned. "There is no question that in 1990 we will have the best trained, most qualified force in our industry," he told shareholders in 1989, as if commanding lightning to strike twice in the same place.

Mark Cruse: ...not much difference between them and us.

ChemLawn couldn't go home again.

By mid-1990, almost 80 percent of ChemLawn's pre-Ecolab staff had, through several reorganizations, found other jobs.

No single reason—Ecolab's sale of the limping lawn care giant to TruGreen this past June for just over $100 million was, in a sense, a postscript.

There is no single reason why ChemLawn doesn't yet stand independently atop the market it helped create and shape. The single most obvious reason lies in the warped financial thinking of the 1980s that allowed companies access to mountains of debt to gobble up other companies.

Other reasons for ChemLawn's problems, people reasons, are just as compelling but harder to document. For example, media-savvy "anti-pesticide" forces nipped savagely at lawn care's heels in the 1980s. They disillusioned thousands of potential customers. They still do.

Then there are the not-so-obvious people reasons.

Employee turnover accelerated in the 1980s, in spite of ChemLawn management's best efforts. Management had prided itself, and rightly so, on its progressiveness. But, had lawn care become *just* a job to too many of ChemLawn's front-line workers? The next customer *just* a customer?

Turnover woes—An equally vexing problem, customer turnover, wasn't ChemLawn's exclusive property either, but it felt the pinch on a national scale.

Dr. Miller: 'I think the entire industry got sloppy.'

"I think the entire industry got a little sloppy," says Dr. Bob Miller, a former ChemLawn vice president and 19 years with ChemLawn. The industry "promised too much," he says. It created the impression that all a homeowner needed for a perfect lawn was a lawn service.

Even so, by the mid-1980s, ChemLawn dominated lawn care. With sales exceeding $350 million, its research said it commanded 30-35 percent market share.

"They are so much larger than anyone else that they can't steal business," Paul Green, vice president of marketing for Stanley Steemer International, once told a reporter from *Business First of Greater Columbus*.

ChemLawn's remarkable success and size gave it enormous marketing advantages over its competitors, but its size also made it a target.

"We had been new and different and, by the mid-1980s, there were lots of people doing exactly what we were doing. There wasn't that much differentiation between us and them," says Mark Cruse, 18 years with ChemLawn and a former company vp.

Why change?—Competitors included a growing legion of ambitious, well-trained former employees, eager and able to slice off slivers of ChemLawn's business. Meanwhile larger, better-capitalized regional outfits strafed affluent neighborhoods with sophisticated telemarketing campaigns while ChemLawn scratched its head over the falling results of its mailed brochures.

Competitors increasingly offered more

Sources listed of ChemLawn's demise

■ Dry breezes replaced snow and rain early—too early—in 1985, and whisked in with them a chilly reality for the ChemLawn Corp., which mistimed its spring marketing and never really caught up.

Net income that year fell 20 percent, from $15.6 in 1984 to $12.5 million. Any doubts that marketplace forces, in addition to weather, were ganging up on the lawn application industry, and particularly on ChemLawn, began fading in 1986 as ChemLawn's after-tax profit slipped another 4 percent.

The industry leader's customer base actually fell!

L. Jack Van Fossen, ChemLawn's chairman, president and chief executive officer, in the 1986 annual report, listed these causes for the stall:

● **Competition**—A growing number of competitors "caused more rapid penetration of the potential market and a negative impact on consumer attitudes because of deteriorating quality of service."

● **Environmental issues**—"One of the results of this publicity has been the movement of lawn care from its position as a valuable innocuous consumer service into the media spotlight," Van Fossen explained.

● **Employee retention and training**—"Over the past two years, high turnover in our specialist workforce has led to decreasing customer satisfaction with the quality of our service. The result has been higher than acceptable cancellations and fewer customer referrals which are essential to grow the business properly."

● **Marketing programs**—"For the past two years, consumer response to our advertising programs has been much lower than expected and lower than historic trends suggest they should have been," he wrote shareholders.

Company management began putting together:

✔improved training for specialists,
✔a stronger advertising effort, and
✔customized service offerings.

This was the direction ChemLawn was going when Waste Management Inc., early in 1987, began the bidding war that culminated in Ecolab's purchase of ChemLawn.

Van Fossen pinpointed areas for improvement, but WMI entered the picture.

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flexible, more specialized and/or more diversified services to distinguish themselves from "spray and go," the image that lawn care began to represent to American homeowners. But for ChemLawn, lawn care remained business as usual—until, perhaps, it was too late.

In retrospect, it's easy, and probably unfair, to fault ChemLawn too strongly for the shortcomings that led to its demise. Monday-morning quarterbacks always see the weekend's game in clearest light.

Lawn care professionals are better served in learning from ChemLawn's experiences—as they always have. And to keep alive the philosophy that ChemLawn founder, the late Dick Duke, burned into the company, making it such a winner with the American public in the first place: treat both your employees *and* customers with the respect they deserve.

Says William Copeland, one of the original ChemLawn employees and now retired: "All I can say is that it was great while it was going.

"Regrets? No I have no regrets. We ended up, the seven of us that were in it in the beginning, with 7,000 employees and feeding all their families. And everybody was happy doing it."

—*Ron Hall*

Nitro-Green, Lawn Doctor rank high among franchisors, says *Success*

■ Two lawn care companies are among *Success* magazine's top 100 franchisors in the United States for 1992.

Nitro-Green Professional Lawn & Tree Care, Fairfield, Calif., is ranked 53rd on the magazine's third annual "Gold 100" listing. Lawn Doctor, Matawan, N.J., checks in at 70th.

"We feel it's an honor to be included," says Nitro-Green President Roger Albrecht. "The magazine surveys over 2,000 companies."

Nitro-Green, started in 1977, sold its first franchise in 1979 and has 39 locations owned by franchisees. Based in California, there are Nitro-Green locations as far east as Iowa and Minnesota.

Nitro-Green's competition for customer satisfaction has led it to be recognized by *Success* magazine.

The company has been somewhat conservative in selling franchises. That's not likely to change, says Albrecht.

"We only sold one franchise last year. It wasn't our focus. We were putting more of our effort into opening a new corporate branch. This year I think we'll sell a few more franchises."

Albrecht says he's not particularly interested that Nitro-Green competes with any other company in terms of size or growth, only in customer satisfaction.

"Some companies measure how many locations they have, or how much production they can accomplish. We just measure one thing, the customer service index," he explains.

Lawn Doctor, also cited by *Success*, began in 1967 and has grown to 293 locations.

Success says its listing isn't a ranking of the 100 fastest-growing franchisors, but rather the franchisors that will "empower franchisees to succeed." The rankings are based on categories: services provided to franchisees, stability, profitability, etc., the magazine explains.