

LAWN CARE INDUSTRY

Overhead: a vital part of profit-making

Consultant Charles Vander Kooi says you don't start making a profit until you pay 'the bill in the night.'

■ When Charles Vander Kooi finally leaves this friendly world, he wants just two words chiseled onto his tombstone: "overhead recovery."

That's exactly what he told lawn care professionals at this past November's PLCAA conference in Baltimore.

Valuable pricing tips

■ Every contractor should review their pricing system to see if it meets the following four criteria, says business consultant Charles Vander Kooi:

1) Does it give the owner the ability to know where every dollar that is spent comes back to the company through its prices?

2) Is it able to compensate for the variables that exist from job to job, from property to property? "I've never, ever seen two jobs identically alike," says Vander Kooi.

3) Does it give the owner the ability to control the job *and* the company more? (Simply put: getting the job done at a price "that leaves a profit.")

4) Does it give the owner the information needed to make good business decisions? (Not decisions based on emotion or a "gut feeling.")

(Hey Chuck, what's wrong with "business consultant?" Or "longtime construction industry guru?")

Vander Kooi says he wants contractors to always remember him and the two words *overhead recovery* synonymously. Forever. That's how crucial he feels these two words are to the continued business survival of any contractor, including landscape contractor.

Contractors *must* have systems to recover overhead if they want to stay in business, i.e. make a profit. If they don't have ways to recover overhead, it will strangle a company as surely as the sun rises every morning, says Vander Kooi.

In fact, he insists, a contracting business can suffocate even with money coming in and everyone busy. It will die because no profit is dribbling out. This so-called profit is being absorbed by overhead that isn't being rightfully recovered from customers.

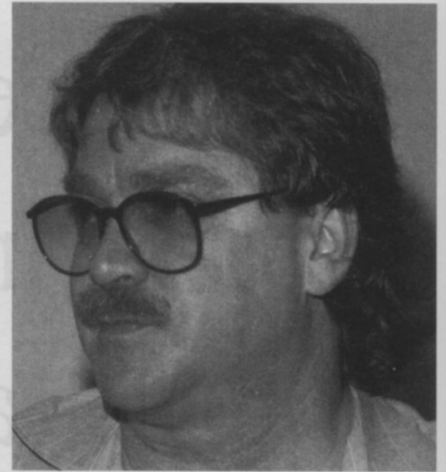
Vander Kooi has a rather dramatic way of describing overhead: he calls it "the bill in the night."

It *always* comes due, he insists, every nickel, dime and quarter. It's *never* forgiving.

"Overhead is a lot more of a fixed cost than most contractors would understand," says Vander Kooi.

Successful contractors "recover" overhead in large part, through pricing/bidding systems based on a realistic understanding of the true costs of operating a business, particularly the true costs of overhead, he explains. It takes some digging to really nail down overhead because costs are often hidden in twilight areas.

Usually these expenses can't be billed directly to customers but they *must* be recovered nonetheless. They include, among many others, the expense of getting to and



Charles Vander Kooi urges contractors to calculate 'true' costs before putting a price to their services.

from jobs, or the cost of disposing of landscape wastes arising from work on a customer's property.

In truth, Vander Kooi says, a contractor should look at overhead as "the family budget of the business."

And, just like a budget, contractors must determine what their overhead is going to be prior to starting a business season. "You have to project a future overhead that you will recover over future jobs," he says.

The reason is obvious, he says. No business can make a profit until it's paid off its overhead. In landscape contracting, this is typically anywhere from mid-October to early November.

That's why instead of slowing down for the holidays, Vander Kooi says this is the time for landscape contractors to "put the pedal to the metal" and maximize production and profits.

Even then, says Vander Kooi, the national average of profit for both low-risk (those who sub-contract out most work) and high-risk (those who hire and manage a lot of labor) contractors is about two and three percent, respectively.

—Ron Hall

ELSEWHERE

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Becoming a 'Certified Turfgrass Professional'



**University of Georgia's
Helen Mills:
certification
candidates go at their
own pace**

■ Certified Turfgrass Professional—doesn't that have a nice ring to it?

It's finally here, thanks to a partnership between the University of Georgia and the Professional Lawn Care Association of America. Lawn care technicians, once they meet specific requirements,

can be known as CTPs.

They can wear the distinctive new green-and-white patch on the sleeves of their uniforms.

John Robinson, PLCAA's immediate past president, says certification will help confirm to the public that lawn care companies have better trained technicians in the field.

Adds Steve Derrick, Orkin Pest Control, "We in lawn care knew we had to increase the quality of service and also the perception of quality that our customers had of us." That, says Derrick, is why PLCAA sought help in administering and managing the program. "We wanted an outside credible source so it wasn't us training us."

When Derrick contacted Dr. Keith Karnok, professor of agronomy at UGa, he found a ready ear. Karnok, author of "Principles of Turfgrass Management" with more than 17 years experience in both warm- and cool-season turfgrasses, directed PLCAA to Helen Mills, U.Ga. Center for Continuing Education.

The Center, Dr. Karnok and PLCAA then collaborated on building the independent study course that technicians must complete and pass to earn certification.

Mills says the home correspondence course is based on the notebook "Principles of Turfgrass Management." It is divided

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LM GRAPEVINE

Quote of the month comes from **Michael Fumento**, author of the book "Science Under Siege." While attending the Georgia Turfgrass Conference, **LM** heard Fumento utter this memorable line: "I've got very good news if you're a bullfrog. No amount of dioxin will make you croak. On the other hand, it won't make you a prince, either." Second runner-up for quote of the month also comes from Fumento's mouth: "Wouldn't it be great if every community in the country had a lower-than-average risk of cancer? It'd be great! It'd also defy all the laws of mathematics!"

Think you're busy? Then **LM** advises you compare your schedule with that of **Dick Ficco**, one busy person. Ficco, the president of Partners Quality Lawn Service, Easton, Mass., heads the Massachusetts Association of Lawn Care Professionals, serves on the boards of both PLCAA and the Massachusetts Turfgrass Advisory Commission, is the resident lawn care spokesman on WBZ Radio, and is a frequent guest on local television. Last year, he also accepted an appointment to the national EPA Pesticide Users Advisory.

A long-standing friend the green industry, **Bill Culpepper**, is starting his own business. Culpepper, formerly of DowElanco, will manufacture and market three control products—Arest, Pipron and Sonar—through the new company, SePro. He will also be the exclusive U.S. distributor of Rubigan to the specialty horticultural markets. Culpepper was formerly on the board of directors of RISE, the PLCAA and the GIE. "We'll address the more specialized markets within the green industry," Culpepper tells **LM**. "Frankly I love it. I like to put together a whole lot of little pieces and make it make sense." You can contact SePro at (317) 580-8282.

FX-10 is the new "miracle" turfgrass in Florida. According to a press release received in the **LM** offices: "during the 'storm of the century...on the shores of Tampa Bay...homes landscaped with FX-10 received little or no erosion damage while homes in the same development without FX-10 had entire lawns washed away. **Bobby Bonilla**, the New York Mets outfielder, uses FX-10 for his lawn and helicopter landing at the mouth of the Manatee River, says **Jim Anderson** of Anderson & Son Nursery, Ruskin, Fla. For more info about FX-10, phone (800) 532-7006.

Dr. Bruce Ames continues his crusade against seemingly unfair EPA requirements and the glut of professional environmentalists. An **LM** staffer, en route to a state turfgrass conference was reading a recent issue of *Forbes* magazine. He noted this quote from Dr. Ames: "I think the EPA kills people. I knew lots of good guys who went to work for the EPA because they were idealists, but it's run by lawyers, and the institutional incentives take over. The scientists on the committee...keep putting out lousy reports" because of the pressure to conform to established government risk standards.

CTP FROM PAGE 66



Orkin's Steve Derrick: industry needed a credible outside source



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into 14 chapters. Review questions at the end of each chapter prepare the technician for the four open-book mail-in tests. These are then graded and returned to the technician.

At the end of Chapter 7 the technician must take a monitored, closed-book exam; then, a second monitored exam at the completion of the notebook. The technician must score 70 percent or better to earn the CTP designation and patch. The U.Ga. will arrange exam details with a university or college in the technician's geographical location.

Mills says a technician can take as long as 12 months to complete the course. "It's up to the students to let us know when they want to take the exams," she says.

PLCAA Government Affairs Director Tom Delaney believes the certification program may help companies retain employees better. "Technicians can feel better about themselves," he says.

Delaney says he's alerting regulators in every state to the new program. "I feel a lot of them are going to jump on this."

The enrollment fee is \$275 per person. Discounts for multiple enrollments from the same company are available. Cost to PLCAA members is \$225 per person.

For information on course enrollment, call the University of Georgia at (706) 542-1756. PLCAA members should call (800) 458-3466 for information concerning special member rates.



—Ron Hall

Circle No. 127 on Reader Inquiry Card

Route for profit

■ You might be losing profits from sloppy routing.

Ric Moore, president of Green Up Lawns and Landscapes, Inc. of Salem, Va., realized when he hit his 500th customer that it was time to organize his routing method. (Good thing he did it then, rather than try to organize his current 3000!)

During the first few years in business, Moore says he, like many new business-

men, concentrated more on growing the business first, and making money second.

But the more a company matures, growth has to take a back seat to profitability, for the sake of the company's existence.

Moore believes routing serves three functions:

- It **divides** the total number of customers into small groups;

- It **defines** or determines the treatment sequence;

- It **determines** profitability, or plays a major part in profitability.

"Poor routing can lead to cancellations, poor production, poor profitability, overworked—and unhappy—employees and high turnover," says Moore.

"Efficient routing means you have happy customers, maximum production and profitability."

This kind of routing, based on customer "Stock Numbers," also makes invoicing a snap.

"The computer prints invoices in sequence, and we don't have to print them all at once," says Moore. They might run all the commercial seeding accounts first, then aeration clients. It's a nice luxury.

Moore assigned a production manager to supervise the routing scheme. His responsibility is to see that the yards get done on schedule and in sequence, and eliminates technician's temptation to route in a way that's convenient to *themselves*, rather than to the system.

Moore's routing system is lately challenged by the "call ahead" customer, and the neighbors who want to be notified prior to lawn care applications. These people, believes Moore, are here to stay.

Moore has a part timer come in after hours to handle the "call aheads," who by the way pay an extra buck for the courtesy.

(One green industry colleague charges \$5; a more realistic tariff, Moore believes.)

—Terry McIver

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STEPS TO RIGHT ROUTING

1. Define your service area. Let the crew know where you will and won't go. "You just can't treat every lawn," says Ric Moore.

2. Define territories within service areas, with one technician in charge of each territory. Moore has Roanoke divided into five territories. For example: southeast; northeast; commercial territory; residential territory.

3. Define routes within those territories. It will normally take one technician three or four days to finish the route. Moore uses map coordinates, like "K-5," or "west of Main St."

4. Service customers in sequence. Moore assigns each customer a Stock Number. The technicians service those lawns in sequence, without fail.

—T.M.