

STATE OF THE INDUSTRY

Edging the competition

Company acquisitions and tough markets are keeping lawn care companies from raising their prices and passing cost to the consumer.

by SHARON CONNERS/Contributing Editor

In some cases material costs have increased as much as 100 percent over the previous year, but contractors' hands are tied. They are having to absorb those costs. The industry has grown more cut-throat as acquisitions take place causing contractors to think twice before passing cost along to customers, which could hurt their business.

Only 21 percent of those surveyed for Landscape Management by Readex Inc., Stillwater, Minn., say they will increase mowing prices in 1997. Seventeen percent say they will increase fertilization prices. Competitor pricing af-

fecting 27 percent of the companies' pricing structure.

"One of the big concerns that I have as a fairly small company is the acquisitions and buyouts that have taken place in recent years. I'm not really sure where that will take the industry," says Craig Martin, vp of Greener Lawn Care, Cumberland, Md.

Jack Robertson, owner of Robertson Lawn Care, Springfield, Ill., explains, "A small company has to do what it can to make a profit. A larger company that has significant funds behind it can actually put pressure on the smaller companies because of that. They can control prices more



Pool: spot apps to cut costs.

than a small company can."

Sam Lang, owner and president, Fairway Green Inc., Raleigh, NC, says, "Unfortunately, in a market like Raleigh there's been some acquisitions made by the bigger companies. As we get into more intense competitive mode, we see the price soften some with the larger companies trying to buy a piece of the market."

"It's very difficult to compete with the competition, says Gene Pool, vice president of Emerald Green Lawn Care, Van Wert, Ohio.

"As it is now, we use a quality product which means we're already higher than our



Lang: prices soft with big guns.

competition. If we passed a 14 percent increase along to our customers, the cancellation rate would just be exorbitant. Right now, we're just trying to bite the bullet and make changes in the program as the year goes on. Hopefully we can just run spot insecticide on an as-needed basis and hope to recoup some costs. We have down-sized a little on labor and tried to get more out of what people we have."

Mixing cost and customers

Most told LM that their costs have gone up 2 to 4 percent on fertilizer, seed and weed control products. However, some have seen increases as high as 100 percent, for ex-



Munie: work harder in the interviewing process, make effort to find the best workers.

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ample, on seed. Fertilizer has increased as much as 14 percent. Many are absorbing those price increases.

"I don't see that we can really pass on more than 3 to 4 percent to the client. Contracts are set for the year. Therefore, if we see any cost increases, we've got to internalize it and make up the difference on our margins," according to John Debell Jr., president of Clippers Inc., Chantilly, Va.

"If you start cutting costs, the perception that you give is you're cutting services or scrimping on product," adds John Buechner, director of technical services, Lawn Doctor Inc., Marlboro, NJ.

Jon Cundiff, president of

21 percent of lawn care companies surveyed say they will increase mowing prices.

Turf's Up Lawn Service, Lee's Summit, MO, says, "part of the increase in price comes from the latest technology and the latest products that give us better results. By doing that we are able to get them better results and better service, which enables us to justify the slight increase."

Worker woes

Not unlike other areas of the green industry, lawn care employers are having a hard time finding employees.

Nineteen percent of those employers surveyed said it was due to lack of a readily-available supply of labor.



"The pool of available workers has shrunk to nothing. It's extremely difficult to get good people," says Lang. "When you get them you have to pay them more and give

them better benefits."

Joe Munie, president of Munie Outdoor Services, Belleville, Ill., says, "we've had a tough time finding the right people. One of things we're doing is working harder on interviewing and taking more time and effort trying to find those people."

Adds Nick Dennis, Pro-Lawn Plus, Jacksonville, Fla., "we had a good year hiring this year. We kept most of our people. But we hired two extra people this year just to make sure that we had backups."

Buechner of Lawn Doctor suggested hiring more people

on a part-time basis or fewer people, but paying more money—hoping to attract a more reliable employee.

In his 17th year of business, Pool said, "Now, if you hire someone 18 to 25, it's my experience that they want to walk in the door and make more money than I do and

late 40s early 50s. They walk in the door with a benefit package," says Pool.

Lang says, "We have benefit packages that only much larger companies could afford to offer. We're having to do those things to attract employees and keep them. In the summer when it's so hot, we shut down at noon on Friday."

This year lawn care contractors will be searching for that special formula to combat overgrown competition they face when it comes to hiring and pricing. Trimming back some of their services or applying good marketing techniques might help them stay in business.

Buechner adds, "it's the age-old struggle, you have low price and poor service. Or, you try to provide good service at a competitive price. Hopefully the marketplace makes a decision to buy quality, not price."



Dennis: hires back-up help.

want to have as much authority and power as I do. My philosophy is not to hire anyone under 30. I'm having excellent luck with finding people that work for factories taking early retirements or buyouts in their