

STATE of the INDUSTRY

Landscapers like go-go economy

Healthy economy means lots of work, clients with better budgets, and more competition for labor.

By RUTH E. THALER-CARTER, Contributing Writer

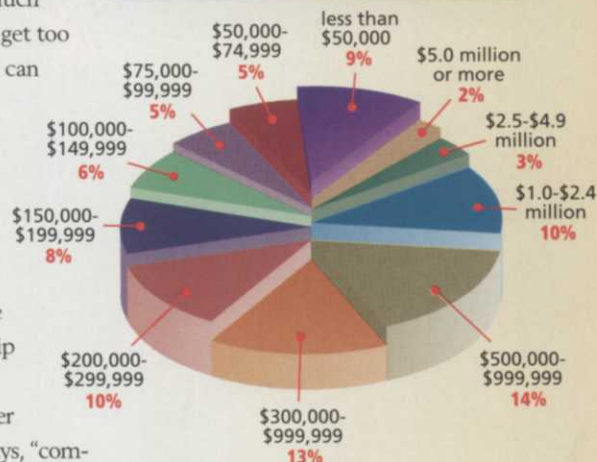
A healthy national economy means work, generous budgets and growth for landscape professionals, the downside being that it's harder to find and keep good workers.

Market growth

"The market absolutely is growing," says Don Skradski, Omaha, NE. "It's booming here. If anything, I have too much work, but I don't want my company to get too big; I try to keep things streamlined so I can keep control over quality. People have more money so they're spending it. They used to just put in grass; now they're doing a whole landscape. There's a healthy economy, so clients need us; they have no time to do their own yard work. We don't have any ocean or mountains, so they worship their lawns here."

Eric Christiaansen, landscape manager of Sylvan Nursery Inc. in Billings, MT, says, "com-

**1997 REVENUES FOR
LANDSCAPE/LAWN CARE**



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Bruner: an 'unbelievable' amount of work.

petition is not even an issue. We aren't taking more work for the season, and we're working a year in advance.

"People are blending the landscaping costs into the mortgage, a trend that is migrating north from Colorado. We're designing and selling before they even break ground on a property."

Commercial work is booming, too, Christiaansen says. "I thought we'd see an end to this but it hasn't died down yet."

John Bruner, owner of Bruner Construction Ltd. in Kansas City, KS, says "Businesses are relocating here due to its convenient central time zone. We're in a boom that's feeding on itself."

Bruner's does mostly street and highway work, and maintenance on large commercial tracts of ground, reservoirs, dams and military sites. The amount of mowing and maintenance opportunities are "unbelievable," says Bruner.

Bruce T. Moore, Sr., CCLP, president of Eastern Landscape Management Co., Stamford, CT, says the market in the Northeast has improved a lot in recent years.

"We're seeing an upturn," says Moore. "Our area is just coming out of a severe economic recession and there's a lot of construction and real estate because people have money now, and landscaping is growing."

Where are the workers?

"It's always tough to find employees; it's perhaps the toughest part of the business," says Christiaansen, who has had success with local college students who want to work.

Labor is, indeed, hard to find, Moore in Connecticut adds. "This is a high cost-of-living area with the influence of a large metropolitan area, New York City. There is a definite lack of middle-management-level people, because the cost of living means they don't live here," he explains.

"There is no unemployment here, so finding help is hard," Skradski says of the Nebraska region.

"We don't have trouble finding help; we have a problem finding good, qualified workers," says Woods, whose company is headquartered near Hartford, CT. "We do the training ourselves."

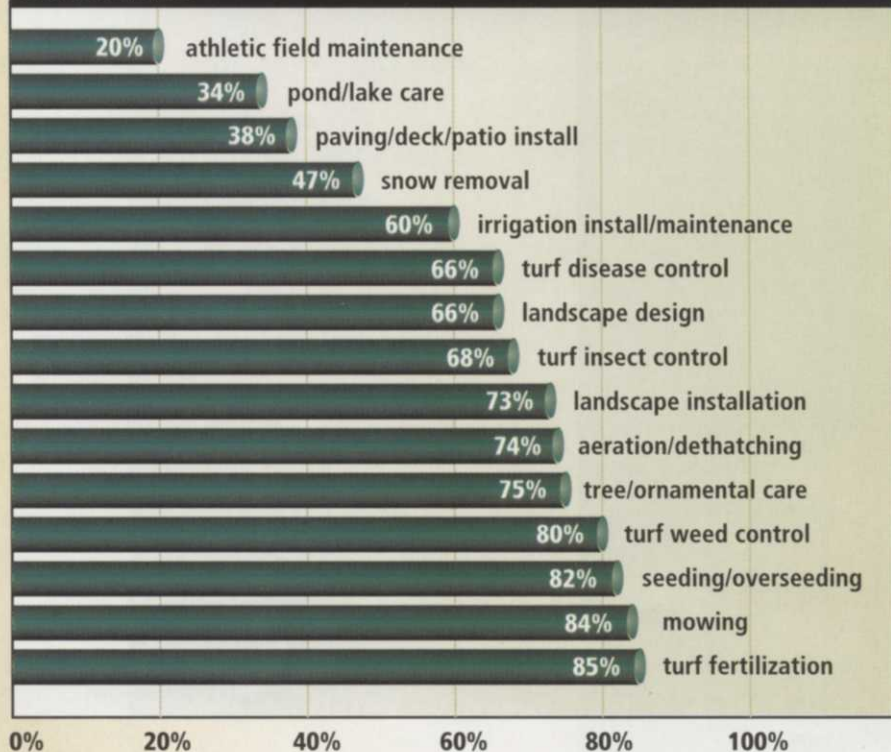
Woods has also had good luck with college students as summer workers, although they're rarely available early in the season and leave before it's over. "Our biggest problem is finding people with transportation and legitimate drivers' licenses," he says.

Pay vs. quality of work

Landscapers are always debating the relationship between pay and work quality, and 1998 is no exception.

Russell Schmidt, president of Schmidt Landscaping, Hillsboro, MO, says he used to believe that paying more brought in better workers,

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but "now I think it's in how you treat people, above and beyond money," he says. "I take a keen interest in my employees' families and provide good benefits, vacation time and so on."

Christiansen's company is "right in the middle of the heap" in terms of salaries, he says. To him, the relationship between pay and worker quality is proportional. "The good ones will move on (if you don't pay enough). What I dislike about our industry is that we lose good guys due to the seasonal nature of our work," he notes.

"We do snow removal in the winter to keep some of those people with us."

"Right on target," is how Woods describes his company's pay scale. "I communicate regularly with five or six other local companies to see where they are on pay rates, and try to be consistent with them."

"When I was younger, I thought there was a direct correlation between paying more and getting good work," says Woods. "As I get older, I'm less convinced of that relationship. If someone is doing a poor job, more money won't change them," he adds.

Purse strings a bit looser

Client purse strings are loosening up, says Moore, but not too much, landscapers tell LANDSCAPE MANAGEMENT.

"It's not like the 1980s, where you could ask almost any price and get it," says Moore. "The only way you

can justify price increases is by providing added value and personal attention."

Budgets are a mixed bag, says Woods. "General contractors shop the budget to death, although they are seeing the results of that approach; you get what you pay for. Saving \$5,000 on the price may cost the client or contractor \$10,000 in the long run. We just stop bidding on the work if the contractor has that attitude."

His company often gets urgent calls to fix something or step in when a client realizes that his bid translates to better-quality work, Woods

notes, but "I'm not a gouger. I'm looking to build ongoing relationships, not do one-time projects."

"I used to be fiercely competitive, but I realized that everyone was a lot happier if we worked together," says Bruner.

"Now I have several colleagues in the landscape industry and we share business, employees and equipment as we need."

Diversification

Pressure of the marketplace can push companies into trying to offer more services than they can maintain at a quality level, contractors tell LM.

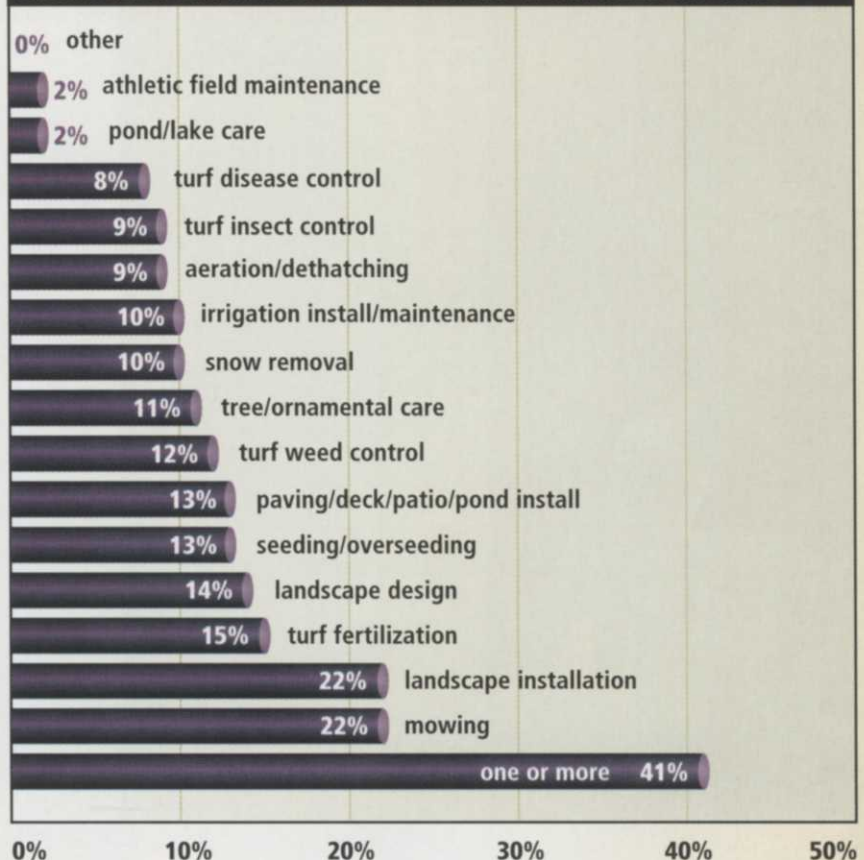
"Our company has a retail garden center, design/build team and pretty large maintenance division, so we are diverse to an extent," says Woods.

"There are limits, though. We don't do any tree work or irrigation. We refer that to others," he says.

Woods' company has found a lucrative niche in golf course work, rebuilding bunkers, tees and providing maintenance, reconstruction and modification.

"It's a tough business to break into. Golf course superintendents tend to think of the courses as their own

SERVICES FOR WHICH PRICES WILL BE RAISED IN 1998



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homes and you have to get work by word of mouth." He secured a contract when the Professional Golfers Association (PGA) came to town in 1990 and since has parlayed that into work for the developer that owns property abutting the golf course and with the Jaycees, who run the tournament.

"This started out as a small

"Diversity is a good thing," he says. "Sod, trees, concrete, snow removal; I do everything. It's how I became successful."

Distributor relations

The LM survey revealed that many industry members use more than three distributors for their equipment and materials.

Woods does use several distributors. "That happens

buying from their competitors. I believe in spreading the wealth and don't like to burn bridges with any distributors."

On the other hand, "I can't say enough good things about my vendors. They're always there, providing training and service. Without their dependability, I wouldn't be where I am."

Moore also only uses a few "preferred" vendors for better service. "We test-market early every spring and late in the fall to comparison shop and make sure our vendors are cost-effective," he adds. It works: "We are getting what we need, for the most part. Our distributors give feedback and ask what they can do to work out any problems."

Bruner also uses several different distributors. He buys seeds and fertilizer locally to save on transportation and storage costs. On the whole, he says, he gets the service he needs. "If you have a breakdown, price is meaningless," he notes. "Most people in business for a number of years have learned that there is a real obligation to be of service to their clients; if they don't meet it, they'll be out of business."

A healthy industry

"The industry is quite healthy, although I'd like to see the quality of help improve. It would make life easier," says Woods. "Some companies must be on Planet Mars. They charge so little that they simply can't do the job and that makes everyone

in the industry look bad."

"I don't see anyone starving in our area," says Schmidt. "The amount of work I turn down is staggering. My concern is with people who take work they can't do, don't show up or otherwise make the industry look bad, which creates ill will. What also needs work is involvement in trade organizations. We all should get involved and leave our petty differences behind. It aggravates me when I see people who aren't sharing information."

To Christiaansen, the industry is growing and healthy, but "the lack of accepted standards in techniques is a real issue. I think we're kind of wishy-washy in that arena," he says.

Moore finds the industry "basically healthy, but with lots of room for improvement." He feels that consolidations will increase the level of professionalism in the Green Industry and reflect a positive trend of moving the industry from being "a sort of cottage industry," providing more standardization and visibility.

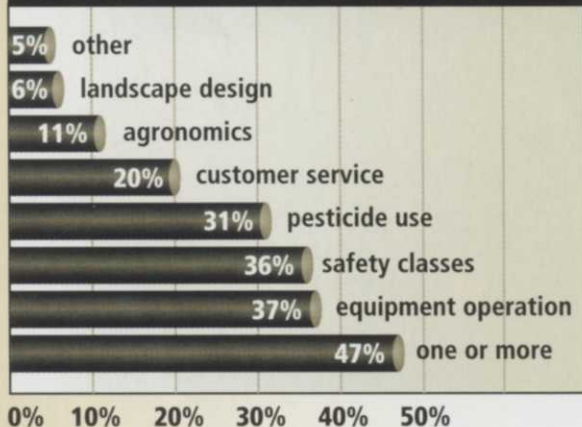
Survey data by Readex, Inc.

State of the Industry survey

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TYPES OF LANDSCAPE-RELATED TRAINING PROGRAMS OFFERED



job for the tour and ended up a major business," says Woods. "We saw an opportunity and took on something nobody else wanted."

Schmidt says, "Smaller companies are dying on the vine because they are trying to do too much. It's easy to get locked into thinking that you've got to do everything for your customers or they will find someone else who does; it's hard to say 'no' but you have to know your limits."

Skradski says it's impossible for the industry to ever become "too diverse."

with chemicals, because we buy them through stores and need variety," he explains.

"With a garden center, we have to be diverse. We have to get plant material from the West Coast if we want to make money on it."

He deals with one Case dealer for equipment and one sod dealer, because of great service.

That service element is critical. "I don't just shop price, although I wouldn't pay a premium," he says.

Schmidt has several distributors. "Most know I'm also