

Nobody's standing pat

Independent landscapers see a window of opportunity as consolidators seek alliances with big property management firms

By RON HALL/Managing Editor

When Larry Iorii was getting his landscape business established in Wilmington, DE, he courted property managers. Not anymore.

"I realized I wasn't cut out for that. I got away from that type of business except for a couple of properties that still want first-class service. I saw that the local businesses were being bought up by national companies and some of the people making the property management decisions were out of state," says Iorii.

Money to be made

But, other independent landscapers think it remains an attractive market. This, in spite of a much-publicized goal of LandCare USA (now a part of ServiceMaster's

TruGreen-ChemLawn) to be the sole landscape services provider for national and regional property management companies. Other big landscape company consolidators, like BHI and GrowScape, are also actively seeking regional and national maintenance

contracts with real estate investment trusts (REITs) and other big property management firms.

Can the developing national companies make enough of these deals to significantly affect independent landscape contractors? Many say it's too early to tell. But few companies are standing pat.

Regional is better?

Groundmasters Inc. is increasing its service area outward from Cincinnati and building a regional presence in southwest Ohio and northern Kentucky. President Michael Rorie feels that strategy fits well with the property management industry which, although increasingly national in scope, will remain regionally managed — at least for awhile. And, as long as it does, local property managers will continue to have a say about who maintains the properties under their care, he feels.

"You need to know locally about a property manager's specific needs, and about the priorities at each site," says Rorie. "A property may have one major tenant, and you're certainly going to make sure that tenant's needs are met. It may be snow removal or special events or special hours. When a company can provide these services at a local level there's no stronger value."

Mitch Rolsky, vice president operations & business development, Stano Landscaping Inc., Milwaukee, WI, feels that independents have a window of opportunity to strengthen their relationships with

key accounts before a national company is in a position to effectively target the big-property maintenance market nationwide. Even then, it's not a given that property managers will embrace the idea of a single service provider, he says.

Top down or bottom up

"It's going to depend on what's happening within those national real estate management companies. They have to decide whether they're going to manage from the top down or the bottom up," says Rolsky. "Over the past 10 years it's been all over the board, and I don't know that it's settled down yet."

He also believes resistance to working with national landscape companies might come from property managers themselves, particularly those responsible for sites in specific markets. "They want to have some control of their own destinies," says Rolsky of the local managers. "They want the properties to bear their mark or stamp."

Rolsky says a national landscape company may mean added competition, but it could also boost the image of the industry. "I'm hoping that we'll enjoy some of the same benefits in terms of professionalism and perception that the lawn care industry enjoyed when ChemLawn became a national company about 20 years ago," he adds.

Scott Hall's primary market area is between Washington D.C. and Baltimore, MD, and 75% of the revenues of his 20-year-old company, Classic Landscaping, Inc., come from property maintenance.

"We haven't seen any rollups in management companies yet," says Hall. "There are some national companies here, but there are still a lot management companies that are independent too." Hall also feels that consolidation may provide as many



Larry Iorii backed away from the property management market.



Michael Rorie is building a regional company.



◀ Scott Hall, right, says a national company could benefit independents.

that LandCare and TruGreen-ChemLawn have bought up, and pretty soon all those companies will be one company," he says. "I think it's a time of great opportunity for independents that are well run, niche oriented and know what they're doing."

Relationships are vital

Lillian Pinkus, North Haven Gardens, says her firm has competed successfully in the busy Dallas market since 1951, and she sees no reason why it won't remain a prosperous family operation. North Haven Gardens offers both installations and maintenance. It

numbers about a dozen property managers among its clients.

She's well aware of the changes in the Dallas marketplace resulting from the consolidation of several of the area's biggest landscape firms. "It's important for us to know who our competition is, but we don't spend a lot of our time concerning ourselves with it. Our focus is clearly on making our business the best that we can make it," she says.

"The relationship with the customer, including a property manager, is always the key," Lillian adds. "The relationship is based upon providing a quality product and service to the customer. Our job is to balance excellence of production with excellence of service with competitive price." □

opportunities as competitive challenges — even with property management accounts. "Look at all the landscape companies

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