

# Landscape Management's

# MOWING

## Negotiate to save big

*Before buying your next commercial mower, read this. It could save you thousands of dollars.*

By ROBERT E. REAVES

**M**owers are essential for landscape management. With the trend toward the use of larger mowers, astute negotiation between contractors and dealers is more important than ever. When it comes to buying mowers, what is negotiable? Does the size of your business give you leverage? How can you prepare for the final negotiation?

"Virtually everything is negotiable," says George Koratko, manager of Ramsey Waite Company in Eugene, OR. "A deal breaker is at about 10%, but it also depends on the size of the item. If we are looking at a \$600 to \$700 walk-behind mower, I am going to walk away at 15 to 16%. On the larger items it is going to be 10%."

"I would say there is nothing that is not negotiable," adds Bill Jordan, general manager of Industrial Vehicle and Turf Sales in Pontiac, MI. Jordan says there are many ways to be creative during your negotiation. "Dealers can offer a financing program that does not kick in for seven months. This would be attractive to a contractor who purchases a mower in winter."

Jim Sherman, manager of Turf and In-

dustrial Equipment in Santa Clara, CA, says price is always negotiable. "Contractors are going to compare and shop around, especially with larger mowers."

Tom Glikes, manager of Garden Rental and Sales, Inc. in Gainesville, FL, believes price is the number-one concern of landscapers. But they're also interested in financing deals. "In the past, there was not a finance option, but now it's of major importance," he says.

Ron Weingartz believes a fair price is more important to contractors than the lowest price. Weingartz is general manager of the Farmington Hills, MI branch of Weingartz Supply Company. "We try to sell the whole package, which means a fair price backed up by parts and service," he says. "We explain to contractors that a fair price is important, but it's only a small part of doing business."

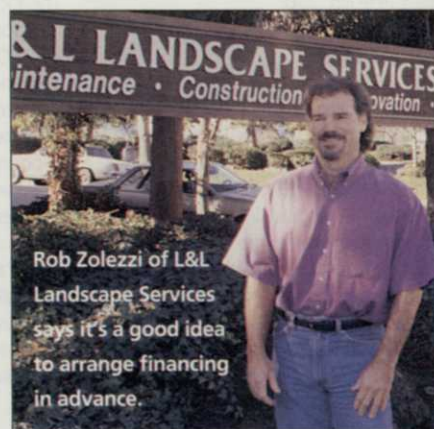
What's the best way to negotiate a mower purchase? Follow these steps the experts use:

### **Step one: do your homework**

Before you set foot in a dealer's showroom, take an inventory of your mowing equipment. Make projections for the next two to three years.

A complete mower inventory does three things. It allows the contractor to get an accurate picture of equipment needs and set realistic goals for the future. It gives you negotiation leverage with dealers and lending institutions. And it sends a message that you will be coming back for additional purchases, services and loans in the future.

"About 10 years ago, I figured out how



Rob Zolezzi of L&L Landscape Services says it's a good idea to arrange financing in advance.

much equipment we bought during the year from each vendor," recalls Rob Zolezzi, co-owner of L & L Landscape Services Inc. in Campbell, CA. After he projected his mower purchases for the next two or three years, he met with several dealers. "I said, 'If I buy 100% of my mowers from you, what kind of deal will you offer me?'" He says once a contractor establishes this pattern, he's likely to stay with the same vendor over the long haul.

Good planning works well for R.B. Stout Inc., an Akron, OH-based landscape contractor with 21 maintenance crews. "Every year, we put together an equipment budget based on our projected growth," says

Mike Roberts of R.B. Stout Inc., Akron, Ohio, likes being able to give new mowers a trial run under real work conditions.





# GUIDE

Mike Roberts, production supervisor. "Last year, we projected the addition of two maintenance crews, which required the purchase of additional equipment."

## Step two: know the product

Product knowledge is essential. Contractors need to know the advantages between brands and types of mowers, says Dennis Williams, field manager for Park Landscape Maintenance Inc. in Las Vegas, NV. "Make some phone calls for recommendations from other contractors, read trade magazines, attend equipment shows and examine manufacturer Web sites."

Product knowledge is power when you are meeting with your dealer. It sends a message to the dealer that you know what you're talking about.

Probably the best way to learn about a mower is to use a demonstration model. "Today's landscape contractors are stepping up to larger pieces of equipment, and it's more expensive," says Kevin Haines, vice president of sales at California Turf Toro's Southern California distributor. "More dealers need to provide demos for their customers." Unfortunately, Haines says many dealers don't have trailers to move equipment around.

"It's always helpful for dealers to bring by new mowers for us to use, but they need to let us test them during May when the grass is growing," says Roberts. "A test drive on the driveway during January doesn't do much for a contractor in Ohio."

Roberts cautions against quick decisions. Generally, any new piece of equipment will work great for the first month, he says. It's after the first month of service that you can really tell.

## Step three: learn negotiation skills

Strengthen your negotiation skills.

Books are an excellent tool prepare yourself for the process. *Give & Take: The Complete Guide to Negotiating Strategies and Tactics*, by Chester L. Karrass is a great book on negotiation. Thousands of dollars have been left on the table because buyers were not savvy enough in negotiation.

Remember, negotiation is not just a face-to-face matter. Special strategies for phone conversations and conflict resolution will help you.

Don't forget the most important negotiation skill of all — listening. We all like to talk (usually too much), but learn to listen. According to Chester Karrass, "Listening is the easiest way to recognize needs and discover facts. If you take the time to listen, you can't help learning. Listening is the one concession you can give that is guaranteed to get you more than you gave."

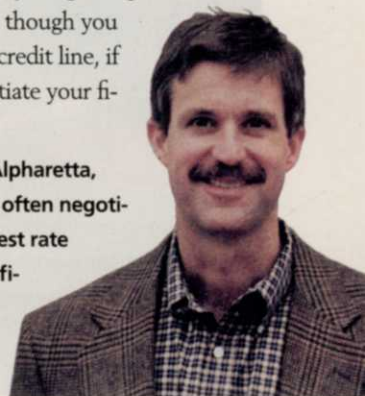
## Step four: arrange financing

Establish credit *before* you buy or lease your mowing equipment. Contractors with less than perfect credit who wait until the last possible moment could be looking at a horrible 18% interest rate. "Rather than financing your equipment through various institutions, try lumping your financing through one institution," advises Ben Gandy, landscape management division manager with LTI, an Alpharetta, GA-based landscape management company. "You can often negotiate a better interest rate by consolidating purchases."

With a new business, start by establishing a relationship with your banker. Explain how your business operates, its growth rate and goals for the coming years. Provide your banker with recommendations from your customers and a list of your key accounts. Stress that you want a long-term relationship.

"Before you meet with your dealer, set up a line of credit with the bank exclusively for equipment purchases," says Zolezzi. "That way, if you want to go out and buy a \$10,000 mower, all you have to do is call your banker and let him know. The whole point is to get everything set up in advance. Even though you may not use the credit line, if you wait to negotiate your fi-

**Ben Gandy, LTI, Alpharetta, GA, says you can often negotiate a better interest rate by lumping your financing through one institution.**



nance rate the day you buy the equipment, count on a higher interest rate."

The same thing applies for equipment leasing he says. In this case, you may be dealing with companies like G.E. Capital or SAFECO. "Set up financing with them in advance. If more contractors negotiated credit lines and financing in advance, they would save a great deal of money."

Dealers agree. "Unfortunately, many contractors do not have a close relationship with their bank," says Weingartz. "A strong relationship is especially important for the small and medium-sized contractors."

Bill Jordan sees a great deal of variability in interest rates — another reason to work things out in advance. "We work with several leasing companies, as well as several financing companies. The financing companies range from a high of 18% to a low of 11% interest," he says. "We find that established contractors usually work out their financing beforehand."



## Step five: lease or buy

Only you can make the right lease or buy decisions for your business. "Leasing may be the best option if a contractor puts a lot of hours on the equipment, while a conventional loan is usually a better choice for someone who really takes care of the equipment," says Weingartz. "A big plus for leasing is less capital is invested up

front; however, you are locked in with leasing and there are drawbacks for early pay out."

lease a lot because it means a lower monthly payment," says Zolezzi. "With leasing, you are paying 50% of the principal instead of the full principal in purchasing."

## Step six: visit the dealer

The next step will be the dealer. "If this is your first trip, let the dealer know you are interested in a long-term relationship," says Williams. "You also need to bring up

options are essential to your decision.

Here are few value-added items to ask about: pre-season discounts on parts (filters, belts, blades, etc.); discounts for volume purchases; return policy on unused parts or special orders; dealer pickup and delivery for service of mowers under warranty.

Training programs for your crew (safety, mower repair); no-charge delivery service for parts; in-field repair service; purchase bonus (for example, a catcher with every mower purchase); free loaners during repairs; discount for drop shipment of unassembled mowers.

Finance incentives (no pay, no interest for 90 days); open charge accounts for parts and service; dealer advice on new products and technology; demo models from the dealer and discounts for on-time payments.

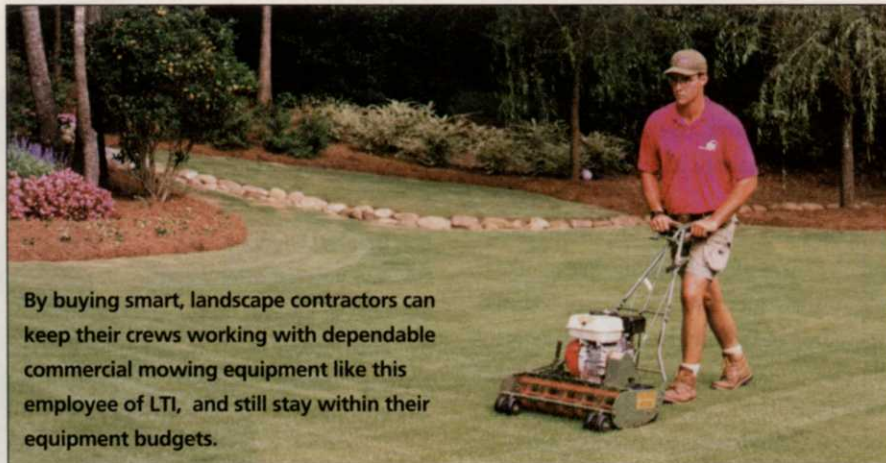
## Step seven: choose the best bid

After you have received all your bids, examine each one. Make sure each dealer has provided you with a list of value-added options, along with his best price. If the dealer offered his financing program, compare interest rates and terms with your lending institution's finance arrangement. If the interest rate is lower than bank financing, ask your bank to meet it or offer you a lower rate.

This program has worked well for L & L Landscape. "After establishing this pattern, I've generally stayed with the same vendors year after year," says Zolezzi. "A lot of the large contractors are afraid to commit to one vendor, but I find if I commit all my mower business to one vendor, the result is better service."

The last phase of Step Seven is making the buy, possibly the easiest part of the whole process. By using a systematic approach to negotiation, you'll save money and keep your piece of mind. □

—Robert E. Reaves is with Irricom, a public relations and communications firm based in Austin, TX.



By buying smart, landscape contractors can keep their crews working with dependable commercial mowing equipment like this employee of LTI, and still stay within their equipment budgets.

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"It seems like more people are leasing than purchasing for mowers in the \$15,000 plus range," notes Haines. "There are a number of lease packages out there, with interest rates from nine to 21%, depending on the state and the contractor's credit."

"The first thing you have to examine is how long you expect to have a piece of equipment," says Williams. "Based on the service life, ask yourself whether it is better fiscally to lease or buy." However, he urges contractors to be very careful about residuals in leases — things like damage, excess mileage and hours. "A lease makes sense when you are going to replace that mower within two to three years. Beyond that, purchasing is a better choice," advises Gandy.

Some contractors, like R.B. Stout, purchase all their mowers, while others like L&L Landscape Services prefer leasing. "I

some of the vendors you deal with and landscape projects you have worked on."

What if you need to purchase only one mower? "In this case, make sure you discuss your total purchasing plans for the year," notes Gandy. "This way, it gives the dealer an incentive to offer you a better deal to keep you coming back."

Here's a checklist for your meeting with the dealer:

- ▶ Discuss your current equipment status, along with your projections for the future.
- ▶ Tell the dealer you have arranged financing through your bank or leasing company.
- ▶ Ask about financing available through the dealer and compare with financing offered from the bank.
- ▶ Do not let low price be your single focus throughout the negotiation process.
- ▶ Ask the dealer to give you a bid.
- ▶ Assure the dealer that you are very interested in a fair price, but value-added