Hold 'em or fold 'em?

This is not an easy decision to make. We talk to contractors who have sold, who may sell and who want to stay independent.

Rod Bailey calls these "exciting" times in the landscape industry. They offer previously unforeseen opportunities for the people in it. That's one of the reasons, he says, he sold his Evergreen Services Corp., Seattle, to TruGreen-ChemLawn late in 1998.

"I think we satisfied ourselves that the people in our organization would have much better opportunity in the future than if we continued to hold onto it ourselves," says Bailey. "We were a highly leveraged company and our ability to finance our growth was holding back our ability to grow.

"This [sale] created a very exciting atmosphere and environment for our people to become a part of what's happening on the national scene. It gave them a bigger sandbox to play in, so to speak — particularly our key people."

Bailey, 61, also points to his age as one reason why he and his partner, also in his early 60s, sold.

For Bailey anyway, the decision to sell to TG-CL made a lot of sense. "Our people are being taken care of, the price was right and it provided me with an exit strategy," he explains.

Many landscape company owners want to continue running their own operations. They're getting their financial houses in order. They're strengthening, rearranging and/or adding to their service mixes to compete against the developing national companies.

We wanted to know

"We were concerned about what really was taking place in the market," says Jeffrey T. Heine, President of TurfMasters, Inc., Dayton, OH. That's why he and General Manager Patrick O. Prine attended the recent Landscape & Lawn Care Mergers & Acquisitions Institute in San Francisco, which was sponsored by Fulcrum Information Services Inc.

"The consolidation hasn't hit our area of Ohio yet, but we want to be poised and ready for it when it does come," he adds. "We're either going to be ready when the national companies come to town or we're going to lose some things."

Along those lines, Heine is investigating adding services like interiorscaping and tree care to his 13-year-old company that has landscape revenues of about $2 million. He feels that the national companies will approach large commercial/corporate customers with a one-stop facility management services package.

"You're either going to have to get in the pen and fight with the big dogs, or you're going to roll over and keep your little niche-type markets," says Heine.

John Gachina, President of Gachina Landscape Management, Menlo Park, CA, says he's not ready to sell his business yet either.

"Things are going well with my company, I'm having a good time and I have a young family, so the timing isn't right for us," he says. "I'm pretty certain that there's always going to be a place for quality companies that have a strong presence in a particular market.

"Sure, we're going to have competition. Sure, somebody's going to come in that can, maybe, beat us on price. But, we complete on more than just price."

Gachina says, if anything, the threat of com-

cont. on page 38

Gachina believes independents can compete.

cont. from page 33

petition from much bigger companies has reinforced his belief that providing the best possible customer service, including keeping in contact with each customer, will be vital to continued success in providing landscape services.

"We're definitely going to have to get better at marketing ourselves," he adds. "They're going to be able to come out with very good marketing pieces, they're going to hire professional marketing people and they're going to go at it hard."

We must be more efficient

Deborah "Andee" Bechtold, owner of Longhorn Maintenance, is content to build her own niche in the north Dallas marketplace. Longhorn provides design/build, irrigation repair, fertilization/weed control and pest control. She's avoided committing too much of her company's resources to maintenance, not out of fear of competing with the national companies, but because of the price cutting of part-timers.

To remain competitive, Bechtold has been trying to reduce labor costs and increase efficiency with more productive machinery. "The market keeps changing," she says, "but labor is still everything."

Brookwood Landscape Company has considered offers from several suitors, but Vice President Mark Wilhite says there's no rush to sell the 30-year-old San Diego-based firm. He and his brother, Glenn, operate the business along with their father and company founder, Keith Wilhite. Brookwood is a 365-day-a-year operation that maintains many of San Diego's most upscale malls and other commercial properties.

"If all things were the same we would probably like to just keep on working the way we are," says Mark. "But, since the industry is changing so dramatically we thought had better consider this and make a decision."

Mark says that he and his brother are too young to retire and that they would like to keep operating Brookwood. "It's fun. We like it. We have so much opportunity to grow this company. We absolutely want to stay on and run this company," he says — even if Brookwood Landscape is sold. **LM**

Mark Wilhite says he and his brother want to stay.

Are you on the "A" list?

Most consolidation experts say they are seeking profitable landscape contracting firms offering the "right" mix of services, location and growth potential. Their numbers vary for companies between $450,000 to more than $20 million. Besides the obvious financial health aspects of your business, what else will turn a buyer's eye? Here are a few factors that will make your company more attractive to a buyer:

- **Strategic fit:** Entry into new markets or services, quick growth, more density within a market, specific customers or equipment or other assets
- **Financial:** Internal growth rate & potential, EBITDA of at least 10% and preferably higher, 80 to 85% customer retention rate
- **Off-balance sheet items:** Great management, employees, systems, "culture," customer relationships, expense synergies, etc.

What's hot, what's not for consolidators

Hot	Not
Landscape maintenance	Landscape design/build
$1- $15 million in revenues	Less than $400,000 revenues
Sun Belt	Northern Plains
Team players	Mavericks
"Better, faster, bigger"	"When we're ready and no sooner"
Financial acumen	"My accountant handles that"
Customer relationships	Environmental liability
Your deal "team"	Do the deal by yourself
Commercial services	Residential services