

# Make consolidation work for you



*Sue Gibson*

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Executive Editor

**W**onder if consolidation is a fad? Don't think so. The flow of millions of dollars into the landscape industry has changed it forever. This can be bad news for you, or it can be the opportunity of a lifetime. And you don't have to sell out to succeed in this new market.

I've watched this consolidating market with a mixture of admiration and confusion. It has characteristics that are familiar but I couldn't put my finger on it until I realized it's like a mating dance or courtship ritual. Think about it.

Two organizations eye each other from a distance, start a form of courtship by talking together (sometimes in secret) and exchanging confidences, and then the fun begins. The buyers may hear rumors that some other organization is interested in the target company and press their suit more strongly, perhaps upping the ante. When the seller finally commits and both organizations reach an accord, they boldly and happily announce their intentions

to the world. These announcements have come so rapidly lately it seems like everyone is getting "hitched."

If our industry's companies were Wall Street's "wallflowers" before, they're suddenly much in demand. The giddy deal-making and cashing in after hard years establishing a business is wonderful for those involved, and we wish them the best of luck in their new organizations and ventures.

It will be interesting watching from the sidelines as the fallout begins, and the inevitable number of failed acquisitions happen. According to Allan Springer, vice president, business development for GrowScape LLC (a new consolidator), statistics show that 57% of the acquisitions made in the last 10 years failed to meet the original objectives. Sounds like the U.S. divorce rate statistics.

Despite lengthy and careful due diligence, despite strong intuition, despite the fact that both sides will try very hard to make each acquisition integration work, many will not.

What about those of you who won't be selling? How much will consolidation hurt your

- ▶ *Worried that consolidated landscape companies will steal your business?*
- ▶ *Afraid you've missed the best opportunities to sell your company?*
- ▶ *Think no one wants to buy your company at all?*

business, or offer opportunities? In this issue of *Landscape Management*, our staff offers the first of a series showing how consolidation has affected the industry and how you can respond. We profile the key players, their strategies and what they're looking for on page 28. We talk to contractors who have sold their businesses and those who will remain independent (page 33). If you want to sell, we sift through the finer points of making your best deal (page 39). And if you're staying independent, we recommend some opportunities to keep you competitive with the big boys (page 40).

Business management pundits tell us that adapting rapidly to marketplace change is the key to staying competitive. Whatever your situation, consolidation brings new threats, opportunities and decisions. **LM**