

Welcome to our wild and wacky world

Mr. Jonathan P. Ward, congratulations on your selection as the president and chief executive officer of ServiceMaster (NYSE: SVM). Welcome to the services business, particularly to the Green Industry. We think you'll find that the Green Industry, specifically the professional landscape side of it, to be a wild and wacky business. (Where else, for example, can a guy with a pickup truck and a lawnmower declare himself a businessman and start signing up clients immediately?)

Mr. Ward, you come to our industry with impressive credentials. In a 23-year career at R. R. Donnelley & Sons Company, you progressed up management, and in 1997 assumed the title of president and chief operating officer of the largest commercial printing operation in the United States. That firm, based in Chicago, is about the same size as the company whose future you're now directing. ServiceMaster, headquartered in the Chicago suburb of Downers Grove, reported 2000 revenues of about \$6 billion.

We understand you've been extremely busy since taking the helm at ServiceMaster in mid-February. We've been told you've been meeting with ServiceMaster executives and managers, among them the folks guiding the fortunes of TruGreen

ChemLawn and TruGreen Landcare at division headquarters in Memphis, TN. While lawn care and landscaping are just two of many services that ServiceMaster offers, they're vital to its growth and profitability. In fact, the combined revenues of the two services account for one-fourth of ServiceMaster revenues.

New spark needed?

It's no secret to you, or to anybody who has been following the company's quarterly reports, that things didn't go as well as they could have for ServiceMaster's Green Industry operations last year, in particular landscaping. The job of consolidating 100-plus formerly independent landscape operations into a single national company seems to have been more difficult to accomplish than your company expected. At least, that's what it looks like from here.

Perhaps the executives in Memphis thought they could duplicate their success in consolidating the lawn application business where they've gobbled up all but a few of the country's largest and most successful application companies to dominate the marketplace. But there's a big difference between running a lawn application service and operating a landscape business. In the labor and equipment-intensive landscape arena, the competition is even fiercer for accounts and profits.

Too early to call

After just three years, it's too early to predict ServiceMaster's success or failure in landscaping. The Memphis executives may yet turn TruGreen Landcare into a profit powerhouse. Reputations (and big salaries) ride on it.

I'm betting that the message you're delivering to the troops is that ServiceMaster, as its name indicates, is in the business of delivering service. Quality service.

I'm also betting that you'll be implementing programs, starting with improving customer and employee retention, to spark ServiceMaster in the Green Industry again.

Contact Ron at 440/891-2636 or e-mail at rhall@advanstar.com

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