

Growth strategies for the road ahead

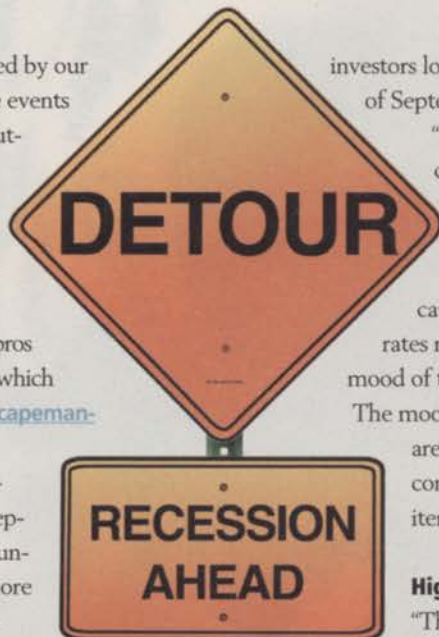
Spring 2002 will be far different from Spring 2001. Understand your options now to make your organization 'recession-resistant'

BY SUSAN PORTER

Few businesses are unaffected by our changing economy and the events of September 11th. The outlook for Green Industry business in 2002 has changed dramatically, and savvy professionals are already adjusting their plans.

How can you prepare? Several experienced pros shared their ideas with *Landscape Management*, which we've covered below and online at www.landscapemanagement.net (with more details).

Today's new economy calls for new priorities: understanding your changing market; keeping current customers and seeking new ones; understanding your costs and how you can be more profitable; realizing your strategic advantages; and selling aggressively.



investors lost money on the stock market and the events of September 11th engendered new fears.

"We expect to see a dramatic slowdown in the commercial building arena and possibly a double-digit reduction in new housing starts," says Rick Randall, president of RBI Companies, Littleton, CO. "I say possibly because the Fed's continuous lowering of interest rates may help hold housing up, depending on the mood of the consumer."

The mood going into 2002 is challenging: businesses are concerned about investment and cost cutting; consumers are hesitant to invest in big-ticket items.

High anxiety: the new consumer

"The events of the last week (mid-September)

I find most alarming is the stock market is down more than 1,000 points. The amount of wealth that disappeared is of great concern to me as I see it effecting our residential landscape sales," said Michael Currin, president of Greenscape Inc., Holly Springs, NC.

World events may inhibit investment in large projects, says Don Willig, president of Consortium Management Services, Cincinnati, OH. "Much of our industry is driven by discretionary income...People will minimize, delay or postpone projects if world events are producing anxiety for them."

"PEOPLE WILL BE AT HOME ON THEIR PROPERTY. WE NEED TO TAKE STEPS TO JUMP ON THAT OPPORTUNITY AND TALK WITH THEM ABOUT THEIR SERVICES."

—EWALD ALTSTADT

Recession ahead

SLOW Early in 2001, several Green Industry organizations saw slower business as a result of the general economy's trickle-down effect:

- business closings
- lower office occupancy rates
- maintenance budget cutbacks
- postponed / cancelled capital spending projects
- more layoffs.

This affected commercial landscape design/build and maintenance first. Then, a slowing economy began to erode consumers' confidence as many



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Opportunities on the horizon

How business might operate in 2002:

	DOWNSIDE	SMART STRATEGY:	UPSIDE	SMART STRATEGY:
Residential design/build	Clients will hesitate to commit to projects, may defer additional phases	<ol style="list-style-type: none"> 1 Contact customers concerning their needs, schedules, issues 2 Suggest changes of schedule, production, phasing, financing to suit their needs and keep jobs profitable 	Mortgage rates are low, encouraging "closer to home" consumers to spend on new homes, sales, refinancing and personal property	<ol style="list-style-type: none"> 1 Market affordable financing for landscape and personal property investments, value of investment for resale and enjoyment 2 Market more aggressively for new clients; reward customer referrals
Residential maintenance	Clients concerned with personal finances may be receptive to low-ballers or opt for DIY	<ol style="list-style-type: none"> 1 Differentiate your services in a way that is meaningful to customers 2 Market your quality and special services 	Clients still have limited time/ability to maintain their properties. High-end homeowners unlikely to DIY	<ol style="list-style-type: none"> 1 Market how your services improve the value of their investment in home 2 Reinforce convenience factor
Commercial design/build	Commercial design/build projects may slow, be postponed or get trimmed dramatically	<ol style="list-style-type: none"> 1 Know your cost structure and adjust systems to make profits on every job 2 Accommodate clients' changing financial, timing, personnel or other management needs 3 Proactively suggest improvements, ideas, additional services 	New and renovation projects will continue to come online, with value-conscious managers, possible new priorities	<ol style="list-style-type: none"> 1 Communicate closely with current and prospective customers 2 Adapt estimates based on your profit and clients' requirements 3 Revisit previous clients for possible business 4 Network for new contacts
Commercial maintenance	Commercial, multifamily and institutional property owners may cut budgets and be receptive to low-balling, despite ongoing relationships with current landscapers	<ol style="list-style-type: none"> 1 Sew up 2002 business now 2 Look for longer-term contracts 3 Market unique, quality service and customer care 4 Proactively suggest cost savings, win-win innovations 5 "Partner" to provide value and special help 	Commercial maintenance work continues to be in demand, especially as vacant space hurts their bottom line	<ol style="list-style-type: none"> 1 Revisit previous clients and network for new 2 Market unique services, partner approach
Chemical lawn care	Residential lawn care clients may decide this "necessity" is now a "luxury"	<ol style="list-style-type: none"> 1 Reinforce benefits of professional lawn care services 2 Market convenience and importance of keeping up property 	Lawn care still a relatively inexpensive (compared to other landscape services) way to maintain property appearance	<ol style="list-style-type: none"> 1 Adjust service packages to enhance value for consumers 2 Market services aggressively to new customers 3 Offer prepaid discounts
Irrigation, arbor care, specialty services, upgrades	Clients may postpone or cancel these services going into 2002	<ol style="list-style-type: none"> 1 Adjust service packages to encourage project commitment now 2 Know cost structure and adjust to ensure continued profitability 	Irrigation, arbor care and specialty services continue to play key roles in landscape health and benefits. Some work can't wait	<ol style="list-style-type: none"> 1 Work with customer to adjust scheduling, project phasing, payment, financing, etc., with the goal to gain contracts and follow-through commitments 2 Proactively suggest adjustments, ideas, innovations for a win-win go-ahead
Labor	Employees worry as they see volume decline and customer orders slow	<ol style="list-style-type: none"> 1 If it's worth it, share a reduced workload to keep valued employees working 2 Continue training to develop employees and offer customers extra value 3 Use normally slow winter months to pare payrolls and reconfigure crews for 2002 	Layoffs in the Green Industry and elsewhere add to the pool of potential employees for 2002	<ol style="list-style-type: none"> 1 Recruit early to get quality employees available from other Green Industry companies 2 Great opportunity to recruit excellent middle manager, supervisor or foremen candidates from other industries
Competition	Expect new competitive and price pressures at every level: <ul style="list-style-type: none"> ✓ Layoffs = new entry-level startups ✓ Low/mid-budget firms move to wealthier clients ✓ Residential firms go into light commercial ✓ Commercial contractors seek larger clients ✓ Design/builders seek government bid projects 	<ol style="list-style-type: none"> 1 Know your cost structure and price for profit 2 Increase or maintain prices, depending on your market conditions 3 Consider moving to new customer segments 4 Partner with existing clients to offer additional value, rather than price-driven work 5 Market experience, awards, accolades, long-time customer programs to emphasize stability, professionalism 	Natural selection will occur. Unprofitable businesses will not fare well in highly competitive markets	<ol style="list-style-type: none"> 1 Analyze costs and profit structure for maximum efficiencies 2 Price for profitability, not volume 3 Analyze viability of low-profit services. Drop or adjust service packages accordingly 4 Analyze viability of low-profit customers. Make adjustments as needed 5 Opportunities exist to capitalize on competitors' weaknesses 6 Opportunities exist for acquisitions on favorable terms



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"I believe we are moving temporarily into a selling economy, not a buying economy," adds Tom Tolkacz, president of Swingle Tree & Landscape Care, Denver, CO. "We are now competing for a smaller pie of money and are being weighed against different things."

Jeff Aronson, president, As You Like It

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— PHIL FOGARTY

& Potomac Valley Landscaping, Potomac, MD, notes, "We are giving a lot of estimates and proposals and have a lot on the table. The jobs aren't closing at the same rate as the fall of 2000, but we are not losing jobs either. Clients just seem to be a little slower in their decision making."

Design/build bump

While many contractors have their hands full with ongoing construction projects, others are planning to encourage clients to continue or commit to projects now.

"Listening to the clients and providing the products and services they want will be vital," cautions Willig. "Sales, design and project management staff must be trained to do the work requested...and be sensitive to costs."

"We're concentrating on building bridges with clients and creating relationships," notes David Snodgrass, president of Dennis' Seven Dees Landscaping Inc., Portland, OR. "We're building up the level of our performance and want to be on more of their short lists."

"Mortgage rates are hitting the lowest in

40 years and many are considering refinancing," says Rod Bailey, consultant, Alder Springs Enterprises, Woodinville, WA.

"What a marvelous chance to upgrade or finish that landscape project. There is a tremendous need for the landscape community to be proactive about this. Everyone who wants to do-it-yourself is open to be sold on having it done right by a pro."

Necessity vs. luxury

No one expects customers to stop using landscape maintenance or lawn care services, but many still expect changes.

"A general slowdown in the economy will take out marginal customers — those who want the services but had to stretch the budget to afford it," notes Charles King, King Green Inc., Norcross, GA.

Ewald Altstadt, director of operations for Lawn Doctor, Holmdel, NJ, sees the new "stay at home" consumer as an opportunity. "People will be at home on their property and we need to take steps to jump on that opportunity to talk with them about our services."

While many pros focus on commercial customer relationships, they see price cutting as a potential problem.

"Commercial property managers are look-

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— DAVE WILLIAMS

ing at value as well as the relationship," says Scott Brickman, president of The Brickman Group, Langhorne, PA. "The relationships will continue to be important but also expect to hear, 'We're hurting...I'm getting pressure.'"

Resist the urge to cut prices, he says. "The worst thing to do is to go out and cut prices.

"GRASS GROWS JUST AS FAST IN A RECESSION AS IT DOES IN A BOOM."

— ROD BAILEY

Keep pricing where it needs to be."

"Someone once told me the first thing to do in a downturn is raise prices, and it was the best advice I've ever gotten. You'll have less customers but those you have will stay," notes Phil Fogarty, sub-master franchisor for Weed Man/Turf Holdings Inc., Cleveland, OH.

Opportunities knock

Preparing your organization is one thing; understanding your opportunities and taking advantage of them is another.

"We're going to follow up every lead, good or bad, no matter what. In the past, we just took orders. Now, we're actually going to start selling," explains Dave Williams, owner of Rainy Days Irrigation Inc., Garner, NC.

"I strongly advise lawn care companies to plan ahead for a potentially difficult winter," adds Jim Campanella, owner of The Lawn Dawg, Nashua, NH. "Offer customers incentives to renew and prepay early...Use the down time in winter to bring in new business. Call back people who received estimates but did not use your services."

"Marketing is the one input in your business that can bring in sales," says Marty Grunder, president, Grunder Landscaping Co., Miamisburg, OH. "We're signing up contracts and hustling. We have an attitude of 'think spring' already."

Although competition may be more intense, demand will continue. As Rod Bailey notes, "Grass grows just as fast in a recession as it does in a boom." **LJM**



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