

PART FOUR:

## Strategies for 2002

**H**ow do landscape professionals see five years into their future? A full 73.6% of survey respondents said they plan to grow much larger, and 48.8% predicted they'll be serving new customer groups. Some (30.2%) envision expanding into larger geographical markets. Nearly half (48.8%) plan to provide more employee benefits to improve retention, and about one fourth (25.6%) expect to be using new purchasing methods.

So how do you plan to get there from here, given today's uncertain economy? The direction of the economy has everyone puzzled, including leading economists. They're not ready to forecast any trends up or down, because the signs continue to conflict. The problem? This economy is not behaving predictably.

According to economists, the

typical recession starts with a drop in consumer spending, which then precipitates a drop in business spending and investment. But that pattern is reversed in this economy, where manufacturing and high-tech are stumbling, consumer spending continues and services like professional landscape management continue to be in demand.

Since consumer spending is driving this economy, economists are hoping that this summer's \$40 billion in tax rebates will continue the trend. Some sectors, like manufacturing and high tech, may take a while to recover, but strong consumer spending should encourage service industries. In fact, some economists see consumer belt tightening now as a threat to the economy.

As of mid-August, some economists saw signs of a further contraction of business in mid-2001, possibly signaling the start of a true recession.

The uncertainty in pivotal industries like construction and

### Annual Revenue in 2000



home building obviously affects the Green Industry, since both installation and maintenance rely on growth in those markets. Other indicators of consumer confidence and disposable income may point to future spending for ongoing maintenance and lawn care services.

#### Opportunities to excel

However, many landscape professionals feel that business will remain good, even if the econ-

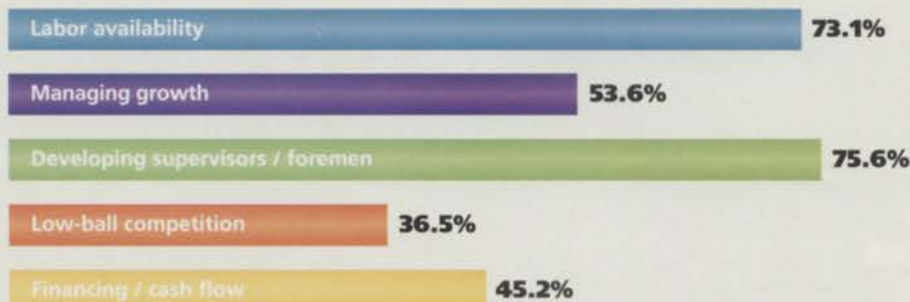
omy starts to sour. They point to property managers' need to keep commercial properties attractive, as well as homeowners' entrenched habits of using professional landscapers for installation and maintenance.

"This is a recession-proof industry," maintains Fogarty, who concentrates on lawn care.

Depending on the local market, there's no question that opportunities for new and better business will continue. "I think there's tremendous potential in the San Diego marketplace," Heaviland maintains, echoing many other landscape professionals in similar markets.

"This industry continues to be a growth industry," notes Kilmer. "The typical economic conditions are affecting everybody and I don't think of it as a negative. I think that there are opportunities for the industry leaders to continue to excel."

### Top 5 Challenges in 2001



## Green 'Web' Outlook

Landscape Management's 2001 Reader Survey (see data at LM.net) shows that the Internet is already an important utility in this industry across all revenue categories. Here's how some pioneers are working better/faster/smarter thanks to the Internet.

### Training made easy

Dick Jones, Davey's Training Services Manager, says Davey Tree Expert Service spent five years and more than \$300,000 to create Davey Institute Online. ([www.davey.com/college](http://www.davey.com/college)). With more than 7,000 employees, Davey needed a way to keep its training and procedures manuals up to date. The company built online versions of its legendary training programs, including Spanish-language versions.

### E-commerce continues

Bruce Wilson, vice president of Green2Go.com, says his company partners with more than 400 nurseries and 30 hard-goods companies. He says newer companies, headed by a young generation of managers, adapt more quickly to online purchasing.

Steve Cissel, CEO of GreenIndustry, Inc. ([www.greenindustryonline.net](http://www.greenindustryonline.net)), believes that e-commerce has already reached critical mass in this industry. "In the very near future, you will see the convergence of the PDA (Palm Pilot, Visor) with your cell phone. There will be one device, and you will be connected 24/7 via the Internet to your corporate Web database."

"Owners of companies in this industry are very smart people," says Michael Ferraro of PlantFind.com. "Companies that can locate, buy and sell their products online are starting to figure out ways they can incur lower costs and get higher returns."

### Recruiting advantages

"The Green Industry as a whole has yet to realize the true value of Internet recruiting," says Dean Davis, president of GreenIndustryJobs.com. "And job seekers have to learn that, with specialized sites like ours, they can have new job listings automatically e-mailed to them."

### Community building

"You'll see more and more community sites in the near future," says Green2Go's Wilson. "Landscapers are beginning to use online forums to get tips from each other on how to run their business, or find out what people are saying about a new product."

— Lynne Brakeman, On-line Content Editor

### What's your plan?

Given the likelihood of this economy moving either way, having a plan that provides solid business and control of costs is just a start. Step two is to thoroughly analyze your operation and its services, customer base and competition, then ask:

- Are the financial and operating systems sound?
- Are service delivery and people management as good as possible?
- Is it time to adjust your customer base, service offerings, competitive stance?
- Do you need new resources of funds, people, expertise?
- If the economy takes off are you positioned to grow further?
- If the economy slumps, do you have a plan?

It may take some time for this industry to feel a slowdown if the economy does slump. When that happens, many managers react by taking drastic steps and cutting costs to the bone or making across-the-board cuts that rarely make sense. Business experts recommend careful cost cutting that makes sense for the way you do business and also allows for potential growth.

In fact, a strategy that positions your operation for flexibility is best, say many experts. A *Wall Street Journal* study of high-performing companies that excel in downturns says many of them focus on growth by developing meaningful value to customers, engaging employees, developing leaders, innovating service delivery, providing appropriate rewards and emphasizing career development.

The article also says that a focus today just on profitability, cost management and growth by acquisition may not be enough to compete in 2003. Instead, the authors suggest focusing on innovation, new markets and services, strategic partnerships and e-commerce.

Several landscape professionals are already working on these areas and have invested in employee and leadership programs, strategic alliances and unusual market positioning. They're prepared for a serious downturn too, and are taking steps like these:

- beefing up cash flow and receivables collections,
- focusing on services delivery and customer relationships,
- trimming costs but keeping valuable employees,
- lining up future sources of financing now,
- eliminating troublesome customers or service segments,
- contacting customers more frequently, and
- staying upbeat with customers, suppliers and employees.

Business experts also note that downturns can be good times to sell all or part of a business or even start a new service. The service that gets established in tough times has huge potential to grow in better times. Experts warn, however, that these moves may be riskier during a downturn. **LM**

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