

solutions center

OPERATIONS MANAGEMENT

The one that got away (almost)

This landscape company owner saved a big contract by crunching the numbers



Tony Bass, in saving a big account, argued that his company was better equipped and had more expertise.

BY JASON STAHL

There's lots of things that can cause a landscape or lawn care company owner to pull his or her hair out, but one of the most stressful has to be watching a big client cancel their contract with no explanation. That's what happened to Tony Bass, President of Bass Custom Landscapes, Bonaire, GA, last year.

The problem: big client cancels

Bass's client had experienced a tough year, and decided to cut the landscape operating budget. "It didn't make a lot of sense," Bass says. "They called and asked us to fax them a copy of their current contract, and two days later we get a fax from them saying

they were going to discontinue our services within 60 days."

Bass immediately called to find out what the client's goals were and to make sure his company hadn't done anything wrong. He was relieved to find out the problem wasn't his company, it was that the client wanted to save money. Still, Bass was perturbed.

"They said they estimated they could save money by bringing the work in-house," Bass says. "I reminded them that the reason they had hired my company was because it wasn't working out for them in-house. We were better equipment and had more expertise."

Still, Bass knew he had to do more than sweet-talk this client.

The solution: cost analysis

Bass decided to work up a detailed cost analysis with the client to figure out if the

client truly was going to save money by canceling the contract with him. Bass asked several questions, including:

- ▶ How many hours are allocated for maintenance each week?
- ▶ What is the average worker wage?
- ▶ What is the cost of your labor burden, specifically a benefits package?

"I told them how much it costs per hour to run a mower and an edger," Bass says. "As it turned out, there was only a \$5,000 difference between what I was getting paid and what the cost would be to them. Then I said, 'You haven't bought any flowers or mulch yet, and your savings are only \$5,000.'"

Then, Bass pointed out that the client still had a full-time person tractor mowing the large areas who had worked there a long time. "I told them that I knew they were loyal to him, but when we had sat down they had told me they wanted to save money," Bass says. "If that's your goal," I said, "then you need to give me the opportunity to price the whole property."

Bass concluded that it would only cost the client \$20,000 a year to add the other services. Two weeks later, the client signed a contract for an additional two years. The total savings to them was \$50,000.

"A simple conversation would have proved my case," says Bass, "but looking at the numbers in a clear, legible format helped."

Bass says he learned two lessons from his conversation with the client who almost walked: 1. Don't always think you can't salvage a contract, and 2. If people want to save money, figure out how to allow them to do it. **LJM**