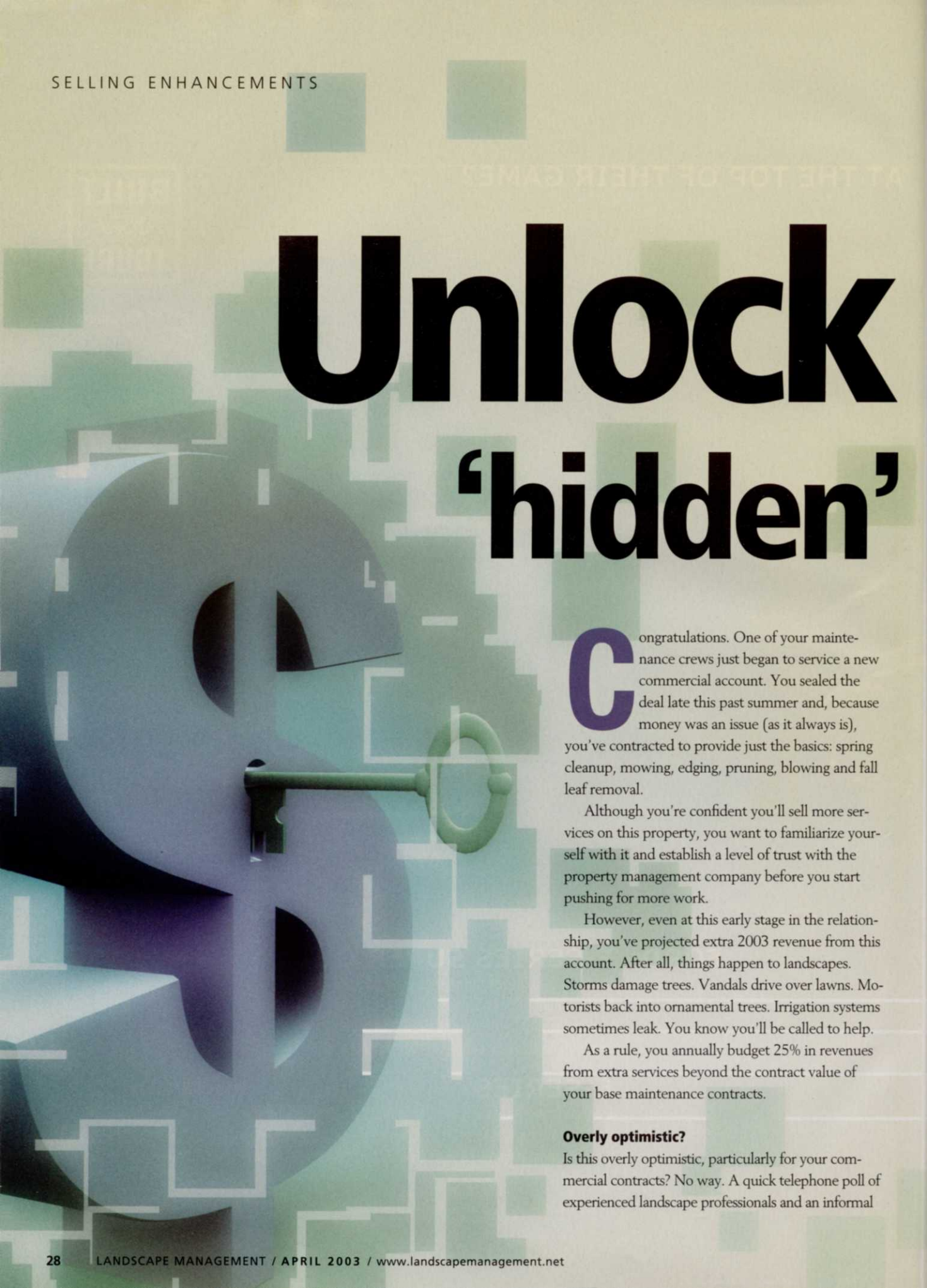


Unlock 'hidden'



Congratulations. One of your maintenance crews just began to service a new commercial account. You sealed the deal late this past summer and, because money was an issue (as it always is), you've contracted to provide just the basics: spring cleanup, mowing, edging, pruning, blowing and fall leaf removal.

Although you're confident you'll sell more services on this property, you want to familiarize yourself with it and establish a level of trust with the property management company before you start pushing for more work.

However, even at this early stage in the relationship, you've projected extra 2003 revenue from this account. After all, things happen to landscapes. Storms damage trees. Vandals drive over lawns. Motorists back into ornamental trees. Irrigation systems sometimes leak. You know you'll be called to help.

As a rule, you annually budget 25% in revenues from extra services beyond the contract value of your base maintenance contracts.

Overly optimistic?

Is this overly optimistic, particularly for your commercial contracts? No way. A quick telephone poll of experienced landscape professionals and an informal

Read this if you're not generating 25% or more in extra revenues from each maintenance account

BY RON HALL / EDITOR-IN-CHIEF



Some companies include annual bed installation as an 'enhancement.'

revenue

Landscape Management on-line survey this past winter suggests that most expect to sell 20% to 30% more in extras. The percentage should be



Paul Siciliano

even higher for upscale residential properties, believes Paul Siciliano, owner of Siciliano Landscaping in New Jersey

Siciliano says about half of the maintenance revenues of his 19-year-old company, which grossed \$600,000 this past season, come from maintaining upscale residential properties in pricey Bergen County. In fact, he often doubles the revenue of some of his annual base contracts on residential properties by providing extra-charge services each season—extra mulching, additional pruning, turf renovations, flower pots/beds, landscape debris removal and

major tree work. The tree work he subs at a fair markup.

"Many of my customers have been with me 10 to 15 years. When we get

them, we generally keep them," says Siciliano. "They tell me, 'Paul I want my property taken care of,' because when they come home from work they expect it to look a certain way. When they have people over, they expect it to look a certain way."

Where is this extra work?

You say you're not getting this extra work? Or, at least, not at the level you think you should? Keep reading.

Most landscape company owners refer to these extra sales as enhancements. Others call them remedial services, add-ons or upsells. Whatever services

you include in your particular definition, most owners agree these enhancements are crucial to their company's long-term success and growth.

Joe Skelton, business consultant and former owner and president of Atlanta-area Lifescapes, Inc., describes enhancements as "any services provided that are not in the base contract and therefore an additional charge to the client." They may be as simple as replacing a single plant on a property or as complex as a total redesign of a property, he says.

This additional revenue is often "hidden" to the contractors whose main concern is fulfilling *just* the maintenance agreement letter and flying to the next job site. Experienced owners, however, see enhancement opportunities in just about every corner of a property, especially if they're ac-

quiring a landscape that hasn't been properly maintained or is starting to show its age.

The key to unlocking these revenue opportunities is "educating" clients by telling them how extras will make their lives and jobs more pleasant or easier. Property owners and managers warm to any suggestions for landscape improvements that:

- ▶ improve the safety of the property,
- ▶ improve the site's curb appeal,
- ▶ lower monthly expenses, such as improvements to an irrigation system that offers substantial water savings, or
- ▶ replace dead or unsightly plants before customers complain.

"Most property managers are stressed because they're short of time, over budget, have low occupancy or are dealing with complaints from owners or tenants," says Skelton. "Anything your company can do to address any of these issues will make you more valuable to them."

Landing a maintenance account, in all but the most cold-

blooded bid situations, should signal the start of a long-term business relationship. The contractor gets this "partnership" off to a good start by meeting with the person managing the property, getting to know as much as they can about the property (paying particular attention to its budget) and then presenting



Munie often lands installations from maintenance work.

the manager with a proposal that meets his/her needs.

"During an initial meeting with a property manager, you have to have your ears open and your ballpoint pen turned on so you can write things down," says Rick Kier, owner of ProScapes, Inc., Jamesville, NY. "One of the first questions

Why enhancements are good

- This "value-added" service can differentiate you from your competition.
- You can create strong, lasting relationships with property managers.
- Your cost-saving recommendations may allow you to renew contracts without a price increase (or even a price reduction).
- It can help you build strong synergies between your maintenance and contracting departments.
- The potential is incredible. In one year, my company had base maintenance contracts of \$2.3 million. It added \$360,000 in seasonal color and \$800,000 in enhancements (35%).
- In addition to maintenance enhancements, you can land sizable installation and/or construction projects on the site.
- If you don't offer this service, your competition will.

— Joe Skelton

- It's easier to sell to current clients than find new ones.
- You're actively answering a customer need instead of reacting to a problem.
- You can increase your company's revenue without adding more clients.

When enhancements are bad

- They're proposed as a result of a customer's complaint.
- They're unanticipated and not in the client's budget.
- The client expected the service to be included in his/her monthly contract.
- Your proposal doesn't demonstrate a cost savings or show its value to the property.
- The customer cannot justify the proposed expense.

— Joe Skelton

that I always ask is, 'What didn't work out so well for you in the past?' or 'What services did you like on your landscape?' I want to find out exactly what they're thinking."

Kier's 25-year-old company derives about 70% of its \$1.2 million revenues from commercial maintenance. Kier does all the selling for his firm and offers potential clients a

full palette of maintenance services up front. They choose what they want, depending upon needs and budgets.

"When I present the contract, I have it broken out by service. I then go through each service and explain it to clients so they understand the value of it," says Kier. "We get a lot of people who understand

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and, in many cases, opt for those services that they might not have otherwise.

"We try not to overdo it or underdo it," he adds. "We want our clients to be getting the right level of service. I'm in this business for the long run. I'm interested in having a good long-term relationship."

For this reason, Kier likes to sign a new client to a one-year contract as "an education process" for both parties. If it works out, he seeks a multi-year agreement. Even then Kier doesn't slow down. He continues to "educate" the client about additional services he feels are right for the property.

Different strokes

Fredric R. Haskett is a Senior Facilitator with Orlando-based U.S. Lawns and regularly advises franchise holders whose target market is commercial maintenance. Most of these operations gross \$500,000 to \$1 million annually, with contracts of \$600 to \$1,000 monthly. He advises his owners to keep the percentage of "remedials" they sell below 30% of base contracts. An 80/20 ratio is right for their operations.

"We're maintenance contractors," he stresses. "Maintenance work has reliability. It provides a certain level of stability and security." Haskett believes that once the percentage of extra services exceeds a certain level, however, the owner



Fred Haskett

of a U.S. Lawns firm risks moving too far into installation and loses focus on his core business.

These landscapers, like others, seek

to develop trust-based and mutually beneficial relationships with those who make property management decisions, Haskett emphasizes.

Joe Munie, owner of Munie Outdoor Services, Inc., Caseyville, IL, takes a consultative approach to offering enhancements. He prefers to "guide" clients in the direction of an extra service such as a renovation.

"We can inform a customer that their landscape is 20 years old and tell them something



like, 'You ought to be thinking about this particular issue in the next couple of years.' And sometimes they'll say, 'Well, let's do something now.'

"Generally, customers know what they want. You just have to inform them of their options and try to find a way to make it available to them," says Munie.

Munie Outdoor Services also

Skelton's powerful selling strategy

Consultant Joe Skelton suggests this "Pro-Active Site Analysis Program" to increase your service offerings to core maintenance accounts. Here's how it works:

- 1 Determine when each property manager must submit his/her budget for the coming year.
- 2 Schedule a meeting with a property manager to discuss his/her goals and objectives. Do this well in advance of when they submit their budget.
- 3 Thoroughly inspect the site, paying particular

attention to problem areas and opportunities for improvement.

- 4 Prepare a professional presentation book with photos and descriptions of each area to be improved.
- 5 Describe the problem, the solution, potential savings, and the budget for each area.
- 6 Offer recommendations in a pick-and-choose format in your presentation. Some properties may have many pages of options to consider.

has a strong construction presence in its St. Louis market area, so it sometimes lands big-ticket property enhancements from maintenance clients.

But a maintenance company doesn't have to deliver every enhancement it offers clients if it can count on the services of reliable subcontractors.

Sub for success

For example, Rob Estes, owner of Estes Lawn Maintenance, Peachtree City, GA, maintains strong working relationships with a chemical application company (Whitley's Lawn Service) and a tree

care/removal company (White-Meadows Tree Service), allowing his team to focus on basic maintenance and providing extras such as lawn and bed renovations, and also installations through Rob's other company, Estes Landscape Design.

Estes acknowledges there's a risk when relying upon subs, and the margins aren't as large as if his guys did the work. "But it's worth it because we can

offer all the services that clients need for their piece of mind," says Estes. **LM**

— To comment, contact the author at rhall@advanstar.com.



Atlanta's Rob Estes