TEAMS FOR *TOUGH* TIMES

Owners are looking harder than ever at their employees and what they can contribute entering this uncertain season.

BY **RON HALL** EDITOR-AT-LARGE

KEN CARR, owner of Greenspace Design & Landscape, is at home tending his 8-month-old daughter, Anna. He's busy this morning working up a direct mail marketing piece. His wife, Lori, who does "the books" for his business in evenings, teaches at a nearby school.

Carr, 38, is optimistic by nature, and his contagious and honest enthusiasm makes him instantly likable, which serves him well when meeting prospects. But Carr knew he had to get off the equipment, out of the field and start designing, selling and networking

to take his company to its next annual revenue goal of $500,000. To reach that figure, Carr says he needed one more good "team member" — a dependable field foreman.

Even in these days of high unemployment, that's not as easy as it might seem, Carr is discovering.

"I had a good candidate. I thought he might join me, but he went with a different company. They offered him a company vehicle, and it would be hard for me to do that," says Carr.

Undaunted, Carr continued his search, and just before this magazine went to press, he made an offer to someone from a local competitor. The offer was accepted.

Greenspace consists of Carr and now three employees, and the four of them will be tackling the growing number of landscape renovations that Carr, who doesn't do snowplowing, managed to sell this winter. While Carr is pleased with their work habits and appreciates their loyalty, he's convinced the new addition could make all the difference in the world.

"I'm not looking to be one of the big guys here," says Carr. "If we can keep growing and be profitable, I'm happy with that."

Faith in the future

Mark Halla, driving to meet his wife for lunch, relates that he carried over very little landscape construction business from the previous season. He admits to being "a bit concerned at times," but says that he's running more leads than ever. Halla is confident once spring erupts, his Twin Cities' area landscape company will be busy again.

"We know for sure that God will be faithful. For me this is my mission field, and God has blessed me abundantly," says Halla.

Mark and Kay Halla have faith their full-service landscape company/garden center located near Chaska, MN, will continue to prosper, in spite of today's discouraging economy. Their faith is reflected in their company's name — The Mustard Seed Inc. (*"...if you have faith as small as a grain of mustard seed, you shall tell this mountain to leave and it will leave and nothing will be impossible to you."* Matthew 17:20)

Halla says that in spite of a dearth of projects going into the spring, he anticipates another busy season for his company — in large part because of his experienced management team, three of whom also have ownership in the

Ken Carr

company. Employee-owned landscape companies aren't that unusual, but few are structured like The Mustard Seed.

The Hallas founded the company in November 2003, after Mark had worked 14 years in a nursery founded by his grandparents in 1942. Initially, the couple worked out of the basement of their home. Borrowing $300,000 for trucks and equipment and putting in long hours, they soon found themselves overwhelmed. But that started to change within a few months.

"By the next spring, all the key people that I had worked with at the other business for so many years joined us. That was a blessing," says Halla. "We ended up having a team of professionals almost from the start. They've all stayed with us. None of them have left. In fact, we've even given them some ownership in the company, and we anticipate and hope they will always stay with us." Each of the three employees received a 10% stake in the company.

The next milestone for the couple's business plan fell into place when they found and purchased a farmhouse on 30 acres. Again, Halla credits God for the good fortune, but he also acknowledges that the success of The Mustard Seed will continue only as long as he can motivate its employees.

"We're fortunate here because the people have a strong work ethic. Many of them have been raised on farms, and work doesn't bother them," Halla says. "I don't have to put ads in newspapers

ILLUSTRATION BY: ISTOCK INTERNATIONAL INC.

for employees. We put out a sign, and in about two days we have more applications than we'll need for the year."

Staying positive

Chris Senske, president of Senske Lawn and Tree Care, based in Kennewick, WA, admits his "crystal ball is fuzzy." But he says that until somebody or something "puts the brakes on," he's planning on normal growth for his company in '09. The company offers lawn care, tree care and holiday lighting services from seven branches located in Washington, Idaho and Utah. All indications point to a relatively normal season, he says.

"Our prepays for lawn service have been at the same levels as they've been in the past, and our accounts receivables are good. We're doing an outbound call campaign right now, and it's selling better than it has in the past

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WEIGH EMPLOYEES' VALUES VS. COSTS

Employees are a company's greatest asset — and also its greatest expense, with direct labor accounting for approximately 30% of a typical landscape company's costs.

During a severe economic recession, and during a period of falling revenues, owners ask their employees to do more. Sometimes even this, and whatever cuts a company can make, isn't enough to keep the balance sheet on the plus side. Owners and managers are then faced with the prospect of weighing each employee's value and contributions against his or her costs.

In light of the unsettling turn the economy has taken this past year, we felt it would be valuable to offer an industry-wide snapshot of how you, the readers, are viewing the 2009 season, including the impact it might have on your staffing.

Apparently, you felt the same way. More than 400 of you responded to our employment survey within days. We feel it is a representative sample of the industry, with 96% of the responders indicating they have been in business three years or more (44% for more than 15 years), and 41% budgeting for '09 revenues of $500,000 to $5 million.

The picture arising from the survey reflects the uncertainty that most of us are feeling about the economy.

When we asked how many of you are budgeting for more revenue in '09, 78% of respondents predicted growth >>>

for '09. The largest number of responses (100 of 439, or 23%) is in the 1% to 4% forecasted growth category. However, when we asked how many were budgeting for decreased revenues, in the very next survey question, 44% of respondents said they expect revenues to decrease 5% or more this season, with 5% expecting at least 20% less revenue.

Not surprisingly, this uncertainty is reflected in the readers' employment plans, our survey shows. Forty percent of respondents said their employment picture remains the same as it was last year; 31% say they will have fewer employees, and 29% report they will need more employees.

If there's a silver lining in this economic cloud, it's that companies will be able to be selective in bringing new employees and managers into their companies. A lot of experienced people will be looking for positions this year. — *RH*

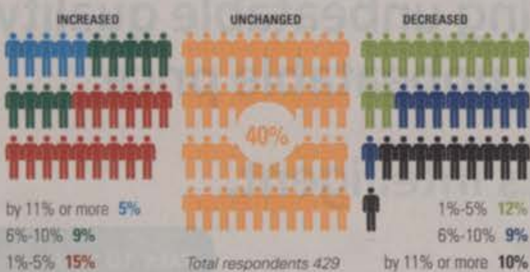
Landscape worker wages (average) for '09

Hours of employee training annually

Less than 8	29%
8 to 10	26%
11 to 20	23%
21 to 40	22%

Total respondents 429

Change in the number of employees for '09



What % are you budgeting to grow revenues in '09

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two or three years," says Senske.

"We're also working on being better managers and making sure we're running lean and mean," he adds. "We've made a commitment throughout our company to train all of our people, and everybody is involved in evaluating, and improving, our processes."

Beyond that, Senske says the economy offers a great opportunity to add new talent to his company.

"We're getting more high-quality applicants now," he says. "We're only interested in the A players. We're excited about adding anybody like that to our team."

Services make the difference

Landscape or lawn service companies' prospects for the coming season (and

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owners' expectations) seem to be predicated, in large part, on the types of services that generate most of their sales. Lawn and tree care services generally are doing better than lawn maintenance, which is holding up better than installation. Landscape construction — for almost all layers of the market, and especially for new construction — is way off.

David Kafka's company, Supergreen, maintains the properties of seasonal homes on the resort islands in and around Charleston, SC. Even though the owners have primary residences elsewhere, the properties must be tended 12 months of the year.

"A lot of our customers are saying they've lost 40% or more of their retirement savings, and they're telling me they must cut back on their expenses," says Kafka. "We tell them, 'You've told us that you like what we do, so let's stay in business together. Let's reduce the services, maybe eliminate the shrub treatments or cut back the visits from 52 to 41 this year. We can help you.'"

While that approach has yielded some positive results, and Kafka has reaped others by personally contacting customers, the depressed real estate climate and dormant local construction have dramatically slowed his business this past winter.

Kafka says he tries to keep his employees working year-round because they're trained and experienced, and he would hate to lose them. This winter, however, he was forced to cut back their hours. Most weeks, at least through February, they were done by Wednesday afternoons or, on some occasions, Thursdays. As a last resort, he laid off two people in his office and five production employees.

"We're going from three-man crews to two-man crews. We'll just have to work longer hours," says Kafka, a former fireman who started the company in 1997.

The contractor factor

Mountain View Landscape and Lawn Care, Chicopee, MA, is going into this season with about $3.5 million in business on the books, says President Steve Corrigan. It's enough to get it started, but well below what it's been carrying into the past spring seasons. Even so, Corrigan remains "cautiously optimistic."

"Our maintenance renewals have been good, but that's only 20% to 30% of our business," he adds, admitting that he's probably more concerned about next season because of the lack of construction starts this past year, especially in the commercial sector: "Because we're always the last contractor on a site, we're a little concerned about what's going to happen in 2010."

Corrigan says the lack of new construction has added another wild card to this season's prospects: the entry of more contractors into the competitive mix.

"There's more competition than ever for the work. Last week, we bid on a $350,000 park job. We came in second," says Corrigan. "The low bidder was a subdivision contractor. He said he didn't have any subdivisions to do, so he had to start looking at other stuff."

Mountain View employs 25 to 30 people on its construction crews, but Corrigan says he might need to reduce that number by two to six employees this season, depending upon sales. It's something he hopes he can avoid.

"These are skilled employees because we do a lot of diverse and difficult projects," Corrigan says. "The more difficult the job is, the more competitive we are. We have a great work force."

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PROTECT YOUR BEST PLAYERS

BY BILL HOOPES

Be very careful about the employees you cut from your roster or let get away.

Reflecting back to the 1987 recession, I recall the need to trim our staff. I also remember a senior manager saying, "Let's just do it through attrition. We just won't replace quitters." There's a problem with this tactic: In tough, demanding times, the best people get the best opportunities. Also, as typically happens, the people you need least are usually the ones who don't quit.

If you have one of those "really good people," another company, maybe a competitor, is trying to recruit him or her. One thing is certain: in tough times you need your veteran problem solvers more than ever. You need their experience, their knowledge and their ability to work efficiently.

Before you cut staff, consider these three factors:

1 **Evaluate the relative benefits of keeping people versus the cost of hiring and training new workers** once the recession comes to an end. When it will end is anybody's guess, but it will end, and you will need to add or replace staff. It can take years to truly, fully replace talent.

2 **If you decide you must cut employees, force-rank your entire team** — not just production workers. Look closely at supervisors who might not be pulling their weight, but who are more highly paid. I recently helped a client lay off a non-functioning manager and replace him with a higher-paid, more talented person. Once on the job, the new manager reorganized and reduced the staff, made the operation more efficient — and did it all for a net added cost of zero.

3 **As you evaluate the team, think about your best utility players,** those people who understand and can play several different positions well. You want people who can capably handle responsibilities formerly handled by others.

—The author is the owner of Grass Roots Training, and provides consulting services, specializing in training and employee building for Green Industry companies. Contact him at hoopes@columbus.rr.com.

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Seasonal labor

Steve Booth started Booth's Landscaping in 1984. It's the most-established landscape company in Alaska's Kenai Peninsula, a scenic region on the southern edge of the state that touts itself as Alaska's Playground.

"The last couple of years we've been very busy. Typically, Alaska is a little bit slower to catch up with the outside economy," says Booth. "I'm sure this year the economy will hit us."

Booth's Landscaping derives most of its revenue from commercial projects, and employs about a half-dozen employees each season. The work is highly seasonal, generally starting May 1 and lasting until October or November.

"We have several projects that we couldn't finish last fall because the customers weren't ready for us, so we have work right out of the chute," says Booth.

Getting employees is sometimes a challenge, admits Booth, who has been in the industry 32 years.

"We don't have a big labor pool here, but the phone will start ringing in April. I try to hire somebody who has good references," he says. "Driver's licenses are often a problem, and it's hard to find guys with commercial licenses. Sometimes we have to weed through a lot of people to get a good employee." LM