

# Spend smart

*Landscapers avoid frivolous spending and focus on efficiency and vendor relations.*

**W**hen it came to keeping crews outfitted with the right equipment to get the job done in 2010, landscapers on average maintained last year's spending.

The National Federation of Independent Business calls it being in "maintenance mode," replacing vehicles or equipment only as needed.

To carry this out, some have instituted policies to reduce excessive purchasing on unnecessary items. "We're big on equipment because if you want to do the job right, you need the right equipment. But our policy is no new equipment unless it's a must," says Matt Griffin, president of Prime Lawn/Prime Design, Kingwood, TX, who spent \$20,000 to \$30,000 on equipment this year. "There's really no need to go buy more if we already have what we need. And we have backup equipment available so if a machine breaks, we have something to replace it while it's being repaired."

Leasing or renting first helps Andy Felix solidify purchasing decisions. "We did replace a number of vehicles this year but haven't really added anything major," says the president of Foxboro, MA's Tree Tech. "We're kind of doing some wait-and-see to see what the economy will look like."

Just as the economy impacts consumer spending, small business spending is also affected. "We're

## VISUAL AIDS

Sometimes old equipment reaches a point where it doesn't best represent a business brand. That's when contractors realize spending the money may prove more beneficial than saving the cash.

"We don't like to show off junky equipment," explains Jeff Bowen, president of Stuart, FL's Images of Green, adding he has been able to stick to his equipment spending budget this year. "If something needs to be replaced, we do it. We have to. Our equipment represents our business."

really trying to conserve cash — there's too much uncertainty right now," admits Brian Golembiewski, president of Paramount Landscape in Tempe, AZ.

Others are avoiding incurring unnecessary debt loads. For Kirk Brown, business manager of Joanne Kostecky Garden Design in Allentown, PA, large equipment purchases are on hold. "We are being extremely cautious about purchasing anything that would increase our inventory holdings," he says.

While some landscapers were able to keep current equipment running longer, others realized "stuff wears out. You can't always wait to buy," points out Chris Senske, president of Kennewick, WA's Senske Lawn & Tree Care, who made approximately 70% to 80% of the equipment purchases he normally does this year.

Joe DiRoma agrees. "The bottom line with equipment is if we know we're doing a job and we don't have something, we'll get it," says the owner of DiRoma Landscaping, Lisbon, CT. "That's just what you have to do."

The NFIB September Economic Trends report concurs, stating that "spending (financed with credit



## TAKE-AWAYS

### 2010 Equipment Purchasing Setbacks

1. Incurring debt loads and excess inventory.
2. Concerns over spending cash.

### 2011 Equipment Purchasing Goals

1. Invest in necessary pieces; avoid frivolous spending.
2. Invest in equipment that improves efficiency.
3. Build stronger vendor relationships; negotiate with vendors.
4. Lease or rent before purchasing to ensure need.

# WHAT YOUR INDUSTRY IS BUYING

SOURCE: LANDSCAPE MANAGEMENT

EQUIPMENT TYPE	% PURCHASED IN 2010	% WILL PURCHASE IN 2011
Mowers	51	45
<b>Construction equipment &amp; attachments</b>	<b>13</b>	<b>16</b>
Sprayers & spreaders	51	30
<b>Aerators</b>	<b>12</b>	<b>13</b>
Handheld equipment	71	53
Trucks & trailers	46	43
<b>Alternative fuel vehicles</b>	<b>3</b>	<b>5</b>
Trees & shrubs	70	66
Annuals & perennials	71	66
Turf seed/sod	69	67
Hardscapes (retaining walls, pavers, etc.)	53	49
Water features	31	31
<b>Landscape lighting</b>	<b>38</b>	<b>40</b>
Irrigation systems & products	46	44
Herbicides	64	62
Insecticides	54	54
Fungicides	43	43
Fertilizers & fertilizer/pesticide combination products	69	63
<b>Plant growth regulators</b>	<b>19</b>	<b>20</b>
<b>Tree care chemicals</b>	<b>21</b>	<b>22</b>
Snow & ice control equipment and products	34	33
Computers & business/design software	47	38
Mobile phones/handheld devices/Nextel	53	35
GPS systems/software	23	18
Consultants	16	15
Subcontracted services	48	39

**6**  
*The number of equipment categories showing a predicted increase in spending next year.*

or out of cash) for new equipment, expansion or for new employees must generate enough additional value to pay off the investment.”

“And if you want to be efficient,” Senske adds, “you have to replace stuff.”

Efficiency actually topped the reasons for buying equipment this year. Pacific Landscape Management replaced his walk-behind mower fleet with stand-on zero-turning radius riding mowers. “It’s a smart capital investment because they’re more efficient,” says Bob Grover, the Hillsboro, OR-based company’s president. “If you don’t keep your fleet upgraded, you end up paying the same amount over time in repairs. So it’s better to continue that investment now. It’s either pay me now or pay me later.”

In some cases, lawn care and landscape professionals feel equipment can be a better investment than people. “Adding crews and hiring more people can be a problem — finding good people, having employee problems, plus paying their salaries,” says Giuseppe Baldi, landscape maintenance manager, Baldi Gardens, Arlington, TX. “Instead, I think we’re focusing

more on increasing our efficiency and using the same manpower but getting more machines.”

When companies have made purchases this year, improving vendor relationships to get the best deals has been a key strategy. Joe DiRoma tries to buy from the same two places because he thinks the more volume he can give them, the better offers he’ll get. “We have been trying to barter with suppliers a little more, asking them for the best prices,” says the owner of Lisbon, CT’s DiRoma Landscaping.

Christy Webber never questioned her vendors or their pricing before. But, this year, she took some time to shop around. Her usual vendors — places where she’d spent a lot of money in the past — weren’t “straight up with me,” says the president of Chicago’s Christy Webber Landscapes. “That was sad to find out. Because I didn’t shop around and question them, I wasn’t getting the best price. And it’s not just me — it’s happening to anyone who isn’t shopping around. This year, I shopped around and saved \$35,000 overall — that’s someone’s salary. That’s a lot.” **LM**