

Budget crunch

Loving the industry used to be enough. Now more than ever, 'you have to have business sense, too.'

Where does the landscape marketplace fall short most today? "Bidding, billing and paperwork," explains the president of Chicago's Christy Webber Landscapes. "We're not savvy businesspeople."

The numbers don't lie. Only 56% of landscape business owners prepared a 2010 budget (which is actually down 4% from last year), and only 47% have a three- to five-year business plan (up 1% from 2009). The majority of those who have a business plan (29%) review it only annually. Last year, 56% of landscapers reviewed their plans twice a year.

A basic rule of thumb is updating financials, marketing and general company information quarterly; looking over specific plan chapters to make edits every six months; and conducting a major review of the whole plan and making alterations annually.

"Typically, we are in the landscape business for the love of it," Webber says, "But that's just not enough anymore. You have to have business sense, too."

In today's economy where price wars have escalated and customers are hesitant to spend "there's no room for you not to pay attention to your numbers," Webber stresses. "If you don't you will be out of money."

Chris Senske, president of Kennewick, WA's Senske Lawn & Tree Care, agrees. "In lawn care, job costing is not as big of an issue because you aren't using a lot of materials, but in landscape maintenance, the margins are so thin you really have to know exactly how much labor you're spending on every job every day."

What kind of effect can poor money and business management have on a company? In Orange County alone, David Norred, founder of Laguna Niguel, CA-based Nor-Land Landscaping Co., says up to one-third of landscape firms have closed or are closing.

But for every small business failure, others are finding ways to maintain or thrive despite economic panic.

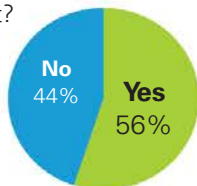
"Our industry needs to wake up," Webber insists, pointing out having outside advisory boards and networking with other business owners can help contractors benchmark and brainstorm survival tactics. "We're constantly reinventing the wheel" instead of learning from each other's mistakes and growing.

When planning, always overestimate expenses and underestimate revenue, stresses business coach Brad Sugars. "Being conservative in your numbers doesn't mean you are willing to accept those numbers," he says. "It just means you are arming yourself with information you can work with, so you can gauge the kinds of efforts you will need to put into sales and marketing."

Accept the fact that today "learning more equals earning more," he adds. "If you've never run a million-dollar business, you don't know how to run one — simple as that. But you can learn to run one." **LM**

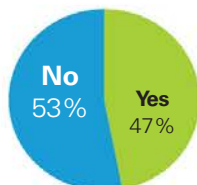
BUDGET CRUNCH

Did you prepare a 2010 budget?



PLAN OF ATTACK

Do you have a 3- to 5-year business plan?



RAVE REVIEWS

How often do you review your business plan?

29% Annually **24%** Quarterly **13%** Once every six months

SOURCE: LANDSCAPE MANAGEMENT

TAKE-AWAYS

2010 Budget Setbacks

1. Pricing work without understanding job costs.
2. Foregoing budgeting and planning.

2011 Budget Goals

1. Know your numbers and review them regularly.
2. Learn more so you can earn more.