



THE HALLMARK

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Surviving in this Wal-Mart economy

Everybody in my economically challenged city in northwest Ohio is becoming a contractor of one ilk or another, or so it seems. Many are suddenly landscape maintenance contractors.

This is one reason, although not the largest, why you should be moving to become a lower-priced service provider in your market. Of course, that means finding ways to cut costs to continue making an acceptable margin. Yes, quality is still important, but — borrowing a phrase from the world's largest retailer — every day low prices increasingly determine who gets the work.

As you surely now realize, customers are in charge. They're demanding lower prices and willing to consider multiple offers even when they've been satisfied with the quality of service you've been giving them. More contractors are willing to meet their demands, even those that you might consider unreasonable.

Each week pickup trucks I have never seen before pass through my neighborhood. The trucks are pulling trailers, each loaded with a zero-turn mower, a small trim mower, a rack of handhelds and a red gas can or two. Apart from the signage on their doors, the parade of unfamiliar trucks rattling down our normally quiet city streets looks pretty much the same to me.

"It's no secret it's getting tougher to maintain what many of us consider 'fair' price for providing landscape maintenance."

Landscape maintenance has become a favorite career choice of the unemployed and the under employed. Officially, unemployment in my community is 9.6%. Unofficially, it probably approaches double that figure. Who can fault individuals for working and trying to make a living in these tough times? Many of you probably started with a single truck and a mower, too.

But, judging by the size and robustness of our industry, many of you wised up and survived. You became businesspeople and not just grass cutters. You learned the true cost of providing service and of meeting customers' expectations at a price that provides you and your employees reasonable compensation, and with profit left over to reinvest.

While business basics never change, conditions that shape them change. A new reality is always arriving and demanding appropriate response.

Acknowledging that, it's no secret it's getting tougher to maintain what many of us consider a "fair" price for providing landscape maintenance, a cornerstone of our industry; this has been a measurable trend for a decade or longer. Indeed, the middle-of-the-pack pricing strategy that has been so successful for so many small, independent companies appears to be under attack.

National and regional companies rely upon tightly managed systems and operational efficiencies to meet the low prices demanded by the property managers of multi-family, commercial and industrial locations. A steady stream of inexperienced, take-what-they-can-get operators churn residential markets. Only a few will be around next season, to be joined by a new crop of newcomers. They establish a price floor that most established, quality-service companies find difficult to meet.

What to do?

In reality, there's only one thing that can be done — lower your costs of doing business. In light of this economy and the uncertainty of any significant improvement soon low price will loom even larger in determining who gets the work.