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still motivated, and if we can get a tailwind from the economy, the hard work we put in the past 18 to 24 months will pay off in terms of having picked up marketshare, improved operations and streamlined systems. If you take corrective measures when things are down, you rebound much quicker."

But at the end of the day, an investment isn't a successful one until the money is in the bank, Tharrington says. "We're focused on our end goal: creating a significant, regional landscape maintenance organization with an established leadership team and good business practices that should be attractive to a strategic or financial buyer."

And to achieve this takes long-term focus, which is a natural part of the commercial maintenance game plan. "Maintenance is a much harder

"We were unwilling to grow for the sake of growing. We want profitable growth." — ED SCHATZ

business to grow compared to design/build," Tharrington says. "The sales cycle is longer with annual or multi-year contracts. If you're targeting a specific property, that work doesn't always come up for bid very often, especially if the existing service provider is doing a good job. You have to keep account attrition low to grow the business. So, as an investor, you can't expect to get in and out very quickly.

In 2011, "we are starting to see signs of an economic recovery, and the improvements we've made to the business over the past three years are paying off," Tharrington adds. "Plus, the lending and economic markets haven't killed mergers & acquisitions activity, and we have plenty of capital." LM

POWERED BY DELL

The largest family business in the industry is backed by the largest family investment firm in the country.

BY **NICOLE WISNIEWSKI**

IN DECEMBER 2010, two name brands in Florida landscape maintenance ($34.5 million, Longwood-based Nanak's Landscaping and $12.5 million, Oldsmar-based Raymow Enterprises) merged with Calabasas, CA-based ValleyCrest Cos. Combined, the deals increased the size of ValleyCrest Landscape Maintenance 10%; the company now employs more than 3,100 people in the state.

But what does this acquisition show above all else? According to Brian Corbett, managing partner of Atlanta-based CCG Advisors, "it shows that MSD Capital is committed to continuing to help ValleyCrest grow with the focus on acquiring exclusively maintenance businesses."

MSD Capital is the firm computer mogul Michael S. Dell created to manage the majority of his fortune. MSD Capital bought 51% of ValleyCrest Cos. in 2006 and has an estimated $17 billion fortune that is spread across a diverse portfolio of companies, including restaurants, car-related companies and landscaping, as reported in *The New York Times* in November 2009. "MSD Capital has set a pattern of jumping into consolidated markets and using its capital to give one player an edge in scale and efficiency," *The New York Times* reported.

And Dell's investment in ValleyCrest has done well. "Despite the roughest economy in decades, ValleyCrest … is growing, as it has historically, by about 12% a year," *The New York Times* explained.

These most recent acquisitions by ValleyCrest in Florida also show the company's focus on design/build is changing when it comes to buying businesses. "Design/build is not as attractive today as it once was from an investment standpoint — the macroeconomics aren't as healthy as they once were," Zino explains, adding the company's acquisition strategy is more opportunistic than planned.

It also gives hope to landscaping in Florida, one of the first states hit by recession. "There are pockets of Florida now coming out of recession," Corbett says. "Construction in Florida is dead, but maintenance is still strong."

As Zino says, "the landscape is not a static thing — it's a living, breathing organism that needs maintained. And, luckily, trees and turf don't read *The Wall Street Journal* — they're still growing." LM

Roger Zino

PHOTO COURTESY: VALLEYCREST COS.