



BEST PRACTICES

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Your enhancement profit plan

Enhancements are such a vital service for customers and source of revenues and profits for maintenance companies, let's stop and consider this line of work again.

Remember, enhancements can and should be profitable. In fact, many companies consistently top 50% gross margin over a year's worth of enhancements. That's after labor costs, workers comp costs, cost of materials and sub costs.

Admittedly, it's not always easy to be so profitable. In a lot of cases the jobs are small — making organization, set up and pricing critical. Larger construction jobs don't require such precise execution because of their longer duration.

Get your pricing right

There are many ways to diminish returns on enhancements, usually starting with pricing. Account managers are the primary sales agents, and if they're inexperienced in construction they often inaccurately price the work. They might overlook important issues. Examples of profit killers they might overlook include:

- ▶ Underground interference such as drainage lines, irrigation lines and lighting wires that could significantly add to the job's cost
- ▶ Site preparation issues such as removal of existing plants and roots
- ▶ Not accounting for disposal of excess soil when installing a large number of plants

Sometimes a small amount of masonry, or a small water feature can't effectively be subbed out. In these cases, the contractor ends up having to figure out how to do it.

These examples are just three of many. That's why it's critical to create a checklist for the person doing the pricing. That checklist must list these and other unique considerations that add costs to jobs. The checklist will remind the people who sell enhancements to identify them and account for them in their pricing. Nobody likes surprises, especially customers.

Just as deadly to job profits is the practice of over-engineering an enhancement. These include enhancements that stretch your team's skill set. This could include masonry, retaining walls and similar specialized work. Sometimes a small amount of masonry, or a small water feature can't effectively be subbed out. In these cases, the contractor ends up having to figure out how to do it, complicating an otherwise simple job.

Producing the work

Information is key to efficiently and profitably producing the enhancement. A company's estimating system should produce a work order with an hourly breakdown of how much time each task should take. Among other things, this would include site-prep, removal of old plants, irrigation modifications, planting and cleanup.

The work order should also have a materials list and the cost that was included in the estimate so whoever is buying the material knows the numbers. That way, the purchaser won't exceed the cost and can, hopefully, get a good price, thus improving the margin.

Finally, the work order should include pictures of the area to be improved along with a list of specialized tools and/or equipment needed for the job.

As you can see, it's not complicated. Selling and doing enhancements just require planning, discipline and execution. Companies that develop a step-by-step approach to selling and delivering enhancements excel at this potentially profitable line of work.