DOLLARS

How do you raise pay rates when you can't even raise prices? Experts share strategies in our exclusive

WAGE & BENEFITS REPORT.

BY NICOLE WISNIEWSKI EDITOR-IN-CHIEF

RIAN GOLEMBIEWSKI sometimes feels like he's trapped in a vice grip.
On one side, the president of \$2.6 million,
Tempe, AZ-based Paramount Landscape, must push his employees to do quality work and boost job efficiency, maintaining customer retention in the midst of stalled service pricing.

On the other side, he can't reward his employees with a raise because margins are razor thin despite their efforts. It's been two years since any of his workers have received one, unless they were promoted.

In the middle, he feels at times someone is twisting the two iron bars closer and closer together, squeezing him dry of a solution to this dilemma. To gain some strength — and space — back, he stays focused. He has processes and systems in place to measure performance and quality. And he educates his team constantly, explaining why he can't afford raises.

But, he says, "keeping employees doing good work when they aren't happy because they've had no raise — that's a challenge."

Golembiewski isn't alone in his struggle.

Tadd Cole froze pay rates last year "because we were down 10% of sales from the year before with lower profit margins," says the president of Asheville, N.C.-based Highland Heritage Landscapes.

As a result of lost market share in most business segments due to a lack

of new construction, the foreclosure situation and its affect on HOA work, and cut backs in both commercial and government contract services as well as increased competition for the work that is available, Orlando's Carol King Landscape Maintenance has also had to be "very cautious with pay rates, raises and bonuses," says Vice President Bruce Bachand. "In most positions, rates have been frozen and any decreases have been in the 5% or less range."

And for Ron Skover, owner of Greenlawn, LLC in North Street, MI, "this will be the third year we've basically had a salary freeze, but I'm hoping to change that this year."

According to PayScale's 2010 review, wage levels by the end of 2010 were no higher than they were nearly three years ago (rising only 0.3%), although the cost of goods has increased by 4.5% in the same period. In fact, "2010 was a year when the economy really did not move up or down, rather it moved sideways," says Al Lee, director of quantitative analysis at PayScale. "Mirroring the stubbornly high unemployment, pay was virtually unchanged in 2010, down 0.1% nationally vs. the year before. While better than the declining pay of 2009, it was a long way from the 'normal' annual increases of 3% or more before the recession."

The outlook for this year, accord-

\$55,000

\$50,000

& sense

ing to The Conference Board annual survey, is that employers will set aside an average budget of no more than 3% for increases.

For the landscaping field specifically, in 2009, the Bureau of Labor Statistics reported an average wage for landscaping and groundskeeping workers at \$12.18 and a median (or mid-point) at \$11.29. Compared to PayScale's \$10.19 median rate for the same position in 2011, that's a 0.97% decrease. *Landscape Management* Wage & Benefits Report research shows only 40% of employers gave 2011 raises to hourly/seasonal workers, 36% gave them to salaried employees and only 31% of owners/management team members were awarded 2011 raises.

The situation is tough but not insurmountable.

Using the research and intelligence we've gathered for this Wage & Benefits Report, *Landscape Management* can help you come up with a solid plan to overcome your labor woes.

We can't give your employees raises. We can't make your customers pay a higher price. We can't determine your benefits and health care strategy in the midst of new and changing legislation. (Even though we'd like to.) But we can help relieve some pressure from that vice by providing you with the information you need to help you better make tough employee decisions.

\$40,000 \$35,00 \$30,000 \$25,0 MARCH 201 LANDSCAPEMANAGEMENT.NET

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ILLUSTRATIONS BY: ISTOCK INTERNATIONAL INC.



Position	Nat'l hourly rate	Nat'l salary
Landscaping or groundskeeping worker	\$10.22	n/a
Landscaper	\$11.84	n/a
Grounds maintenance foreman	\$14.10	n/a
Landscape supervisor	\$14.44	\$37,145
Administrative/office manager	\$14.70	\$39,906
Landscape designer	\$16.93	\$39,328
Landscape architect	\$19.86	\$48,640
Operations manager	n/a	\$42,640
Account manager	n/a	\$44,368
General manager	n/a	\$54,164

Source: PayScale, February 2011; all numbers are median or mid-point, not average

Z

Landscaping Worker

OVERVIEW

Nat'l hourly rate: \$8.95-\$12.42 Overtime: \$12.75-\$19.74 Bonus: \$103.48-\$1,179 Total pay: \$19,999-\$31,043

HOURLY RATES BY STATE

Georgia: \$7.75-\$10.11 Pennsylvania: \$8.17-\$10.28 Ohio: \$8.22-\$12.77 New York: \$8.42-\$10.04 Washington: \$9.50-\$14.87 California: \$9.50-\$18.50* Texas: \$9.96-\$13.16 Massachusetts: \$11.00-\$17.50

HOURLY RATES BY EXPERIENCE

Less than 1 year: \$7.76-\$10.14 1-4 years: \$8.69-\$11.62 5-9 years: \$9.72-\$14.25 10-19 years: \$10.24-\$15.33

Grounds Maintenance Foreman

OVERVIEW

Nat'l hourly rate: \$11.97-16.88 Overtime: \$16.65-\$24.39 Bonus: \$253.19-\$1,458 Total pay: \$27,616-\$41,083

HOURLY RATES BY STATE

Florida: \$10.84-\$15.42 Texas: \$10.93-\$17.74 Michigan: \$11.40-\$15.59 North Carolina: \$11.68-\$13.80 Ohio: \$12.22-\$17.33 Pennsylvania: \$12.35-\$19.21 Massachusetts: \$14.89-\$20.00

HOURLY RATES BY EXPERIENCE

1-4 years: \$10.03-\$14.12 5-9 years: \$12.43-\$16.52 10-19 years: \$13.20-\$17.97 More than 20 years: \$14.42-\$20.95

Account Manager

OVERVIEW

Nat'l salary: \$38,155-\$59,512 Bonus: \$1,238-\$8,799 Profit sharing: \$1,017-\$4,988 Commission: \$5019-\$24,100 Total pay: \$38,380-\$63,840

SALARIES BY STATE

Florida: \$34,408-\$47,055 Georgia: \$36,176-\$58,717 Texas: \$37,425-\$56,586 Illinois: \$38,716-\$58,858 Massachusetts: \$40,676-58,800 New York: \$41,540-\$67,193 California: \$42,179-\$66,395

SALARIES BY EXPERIENCE

Less than 1 year: \$29,892-\$41,158 1-4 years: \$35,283-\$50,577 5-9 years: \$41,690-\$62,010 10-19 years: \$44,914-71,840 20 years or more: \$46,236-\$76,890

Landscape Contractor

OVERVIEW

Nat'l salary: \$36,720-\$73,407 Bonus: \$850-\$9,887 Profit sharing: \$2,500-\$40,000 Commission: \$509-\$19,442 Total pay: \$33,529-\$68,092

SALARIES BY STATE

North Carolina: \$39,305-\$101,736 Illinois: \$45,000-\$81,951 California: \$51,500-\$92,500

SALARIES BY EXPERIENCE

1-4 years: \$37,000-\$57,519 5-9 years: \$34,583-\$50,868 10-19 years: \$44,748-\$81,748 20 years or more: \$44,219-\$77,425

> Source: PayScale, February 2011 *Source: PayScale, March 2011

The benefits



	seasonal labor	employees	management team	
BENEFIT	% OF CONTRACTORS OFFERING			
Paid vacation	52%	78%	75%	
Paid personal days	12%	43%	47%	
Paid sick days	2 15%	46%	46%	
Paid holidays off	52%	62%	67%	
Health insurance	24%	50%	55%	
Dental insurance	11%	20%	21%	
Vision insurance	7%	14%	13%	
Life insurance	6%	16%	21%	
Disability insurance	7%	12%	11 %	
401k plan	22%	34%	31%	
Profit sharing	7%	13%	23%	
Company-supplied uniforms	66%	54%	49%	
Use of company car	20%	47%	80%	
Use of company cell/smart phone/PDA	30%	63%	80%	
Performance bonus	25%	37%	33%	
Year-end/holiday bonus	53%	50%	38%	
2011 raise/pay increase	40%	36%	31%	

Source: Landscape Management, February 2011

Health inspector

empe, AZ's Paramount Landscape is right around the 50-employee mark.

As a result, "I'm really on the fence on whether to pursue growth or not — all based on healthcare," says company president Brian Golembiewski.

The reason for Golembiewski's trouble is the Health Reform Act passed by Congress in 2010, requiring employers with more than 50 employees to provide health insurance or pay fines of \$2,000 per worker each year if any worker receives federal subsidies to purchase insurance.

And he isn't the only one who's worried. The new health care legislation tops the list of

landscapers' employment concerns this year, followed closely by the lack of ability to offer all employees health care at No. 3 and competitively offering all employees a full array of benefits at No. 5.

As written right now, the current legislation could cost Golembiewski \$100,000 a year.

"The incentive to grow over 50

Health care costs could make or break

growth for Brian

Golembiewski.

employees is just not there with this issue," he explains. "Why would I want to grow my business and put up with these headaches? It's just not worth it. Small businesses are trapped. If something

doesn't change, I'm going to be in a holding pattern."



TOP EMPLOYMENT CONCERNS

- 1. New health care legislation
- 2. Ability to fill middle management positions with qualified employees
- 3. Lack of ability to offer all employees health care
- 4. Recession's affects on employee morale
- 5. Competitively offering all employees a full array of benefits
- 6. Retaining employees as we come out of recession

PricewaterhouseCoopers says landscape businesses offering health care will see their costs jump 9% on average this year with most employees paying higher deductibles as a result. — NW

The workweek

HOURS LOGGED

How many hours per week do employees work?

	HOURLY/ SEASONAL EMPLOYEES	SALARIED EMPLOYEES	OWNER/ MANAGEMENT TEAM
Less than 40	15%	9%	5%
40-45	57%	40%	13%
45-50	18%	32%	16%
50-55	8%	13%	25%
55-60	2%	3%	17%
More than 60	0%	3% 2 1 3 3 10 10 9 8 7	24%



5 DAYS STILL REIGN

What is the length of your

Source: Landscape Management, February 2011

Employee experiment:

Working weekends to better utilize equipment

any contractors have wondered, "How can I get more utilization out of my equipment to get a better return on my investment?"

Kurt Kluznik is one of them. "Like most contractors, we typically worked Monday through Friday, so our equipment was idle nearly 30% of the time, not counting the five months of winter when the mowing fleet sits idle all of the time," he says in *Innovate or Die: How Green Industry Companies Will Thrive in the New Economy*, PLANET's 30th Crystal Ball Report.

"For 128 hours per week, your equipment sits idle," agrees Langdon Morris, owner of Innovation Labs LLC, Walnut Creek, CA. Morris discussed Kluznik's case study during PLANET's Executive Forum & Leadership Meeting Feb. 15-20 in

Amelia Island, FL. "Adding Saturday and Sunday to your schedule would give you a 33% utilization boost."

Landscape Management
research shows 82% of the industry
follows the standard five-day
workweek, but Kluznik decided to
"try something different" and give
working weekends a try.

Potential gains started adding up. "We could avoid rush hour traffic delays and work on commercial sites when parking lots were empty, allowing us to complete jobs in less time and minimize hand trimming around parked cars."

The big challenge was employees. "It's difficult to find qualified account managers and supervisors who want to work weekends," Kluznik says. "To solve that problem, we developed a rotating schedule where each account manager covered one weekend a month and took a day off during the week."

Kluznik also experimented with crew scheduling. Each week, one set of crews worked four 10- to 12hour days and another set worked three 12-hour days. Every crew worked four days one week and

30
% OF TIME YARDMASTER'S EQUIPMENT SAT IDLE

three days the next. The rotation meant "no crews got stuck working all of the weekends, and everyone enjoyed working long days so they could get three or four days off each week," he explains.

The advantages piled up, but so did the challenges. Different crews

on sites could lead to continuity and quality losses, Kluznik recognized. Better documenting site and customer requirements to maintain service levels improved customer expectations and company operations.

"Another benefit was that since we always had people with days off every day, we were able to call them in to cover for absences," Kluznik adds.

Yardmaster operated this schedule for a few years. "We were able to improve profits, acquire new equipment and gain new customers," Kluznik says. But in the end, we went back to a five-day schedule because our managers really didn't like alternating weekends or the longer workday routine."

Even though the experiment is over, Kluznik calls it a success, saying it helped the business get to where it is today. "We would not hesitate to go back to this schedule," he points out, "if business needs required it." — NW

Saying goodbye to cost-of-living boosts

nly 11% of U.S. employers say they award cost-ofliving adjustments to employees, according to a recent WorldAtWork study called "Compensation Programs and Practices."

A cost-of-living adjustment is defined as an across-the-

ing for work," agrees Ron

LLC, North Street, MI. In

Skover, owner of Greenlawn

board wage and salary increase designed to bring pay in line with increases in the cost-of-living to maintain real purchasing power. Despite its low use, the practice still dominates in many workers' perceptions of their raises, believing they are given to cover cost-of-living increases rather than reward them for job performance.

Pay rai to motive empl motivation.

The more prevalent types of pay increases are characterized as promotional (94%), merit (92%) and market adjustments (76%).

"From a rewards perspective, it doesn't make sense to base pay raises solely on

the Consumer Price Index," explains Kerry Chou, compensation practice leader, WorldAtWork. "Pay raises are a tool to motivate and retain employees. How motivating can it be for the top performer to receive the same base pay increase as a low or average performer?"

When asked how base salary increases are determined,

89% of U.S. employers select individual performance against job standards and or "management by objectives" over a general increase.

Eight out of 10 employers assess performance either formally (65%) or informally (15%), the study also showed. "Given the prevalence of typing pay to performance," says Alison Avalos, research manager for WorldAtWork, "we expect the number of employers awarding cost-of-living increases to stay flat if not dwindle in the coming years." — NW



Pay raises are a tool to motivate and retain employees. How motivating can it be for the top performer to receive the same base pay increase as a low or average performer?"

Kerry Chou, WorldAtWork

FLOODED MARKETS

With a 12% unemployment rate in Florida, "we get plenty of applications," reports Bruce Bachand, vice president of Orlando's Carol King Landscape Maintenance. The problem is quality.

"Unfortunately, in most cases, people are looking for short-term jobs so they can continue seeking 'better' opportunities or they are lower caliper individuals who can't meet our qualification requirements or have previous problems," he explains.

Finding good, talented workers "is something that hasn't changed just because there are more people look-

fact, where unemployment rates are highest, contractors seem to be having the most problems finding quality employees.

Here are the latest

unemployment statistics by state, ranked from lowest to highest. Florida and Michigan are two of the top 10 worst states when it comes to unemployment. — *NW*



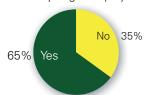
UNEMPLOYMENT RATES BY STATE

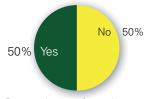
UNEMPLOYMENT RATES BY STATE				
Rank	State	Rate		
1	North Dakota	3.8		
2	Nebraska	4.4		
3	South Dakota	4.6		
4	New Hampshire	5.5		
4 5	Vermont	5.8		
6	lowa	6.3		
7	Hawaii	6.4		
	Wyoming	6.4		
9	Virginia	6.7		
10	Kansas	6.8		
	Oklahoma	6.8		
12	Minnesota	7.0		
13	Montana	7.2		
14	Maine	7.3		
15	Maryland	7.4		
16	, Utah	7.5		
	Wisconsin	7.5		
18	Arkansas	7.9		
19	Louisiana	8.0		
20	Alaska	8.1		
21	Massachusetts	8.2		
	New York	8.2		
23	Texas	8.3		
24	Delaware	8.5		
	New Mexico	8.5		
	Pennsylvania	8.5		
27	Colorado	8.8		
28	Connecticut	9.0		
29	Alabama	9.1		
	New Jersey	9.1		
31	Illinois	9.3		
	Washington	9.3		
33	Arizona	9.4		
	Tennessee	9.4		
35	Indiana	9.5		
	Missouri	9.5		
38	Ohio	9.6		
30	West Virginia	9.6		
40	District of Columbia	9.7		
41	North Carolina			
42		9.8		
43	Mississippi			
	Georgia	10.2		
44	Kentucky	10.3		
45	Oregon	10.6		
46	South Carolina	10.7		
47	Rhode Island	11.5		
48	Michigan	11.7		
49	Florida	12.0		
50	California	12.5		
51	Nevada	14.5		

Source: Bureau of Labor Statistics, December 2010

TRAINING DAY?

Do you have an employee manual you hand out to workers when they begin employment?





Do you have a formal employee training program you conduct with workers when they begin employment?

Source: Landscape Management, February 2011



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WAGE & BENEFITS REPORT

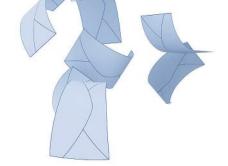
YOUR EMPLOYEE PROBLEMS

\$30

\$2

\$2

9



SOLVED!

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Texting. "No employee in the 18 to 24 age range will leave their phones alone during work," says Chad Combs, owner of Landmark Lawn & Landscaping LLM in Janesville, WI. Sure, one text message is no big

deal, explains Tony Brown, Tony Brown MBA Consulting. "You lose a minute or so of productivity per text message," he says. It's when those minutes add up "when someone receives and sends 30 text messages an hour as they carry on at least three conversations."

SOLUTION

Linda Gravett, owner of Ohiobased HR consulting firm Gravett & Associates, advises companies to set up a code of conduct about text messaging and communications on the job.

The reason? Employees presume they have a reasonable expectation of privacy in their personal communications (even on employer-issued devices). Thus, employers must draft policies that effectively limit their employees'



expectations of privacy, advises David B. Ritter, who chairs Chicago's Neal Gerber Eisenberg's Labor & Employment Practice Group where he represents management in all areas of labor and employment law.

"But employment communications policies are only effective if they are clearly communicated and consistently implemented," Ritter says. "And any review of employee communications should be limited, reasonable and conducted in accordance with existing and upto-date policies to avoid employer actions getting them into litigation trouble with employees."



Employees who regularly arrive to work late and call in sick on a more than usual basis.

SOLUTION

Today, employees call in sick or show up late at a disturbing percentage. A study by HR and employment law firm CCH, part of Wolters Kluwer/Croner, found personal illness accounted for only one-third of unscheduled absences by U.S. workers. The remaining two-thirds were a result of employees calling in sick last minute because they feel entitled to a day off, were stressed or burnt out, didn't want to use up precious vacation time or had a family or personal commitment to which they didn't want to admit.

More than two-thirds of employers also reported a discernible pattern in unscheduled absences with the most noticeable being workers calling in sick on Mondays and Fridays, followed by holidays and during flu and hay fever seasons.



Regardless of current policies or programs, make sure rules about tardiness and sick days are clear and up-to-date in employee manuals and communicated regularly.

When employees break rules, be firm but reasonable. If a worker shows up 4 to 5 minutes late occasionally, do not make a big issue of it. However, be careful not to let this become a habit by any individual or it will become an office wide problem, says **FireHow.com**.

Incentives may also work. One landscape company responding to *Landscape Management's* Wage & Benefits Report survey pays a \$1 bonus for employees who are on time every day and don't call in sick for each entire two-week pay period.

PROBLEM 3

"We still have problems with people passing drug tests and having valid and trouble-free driver's licenses," shares Bruce Bachand, vice president of Orlando's Carol King Landscape Maintenance.

SOLUTION

Drug testing is an important safety practice in the workplace. The U.S. Department of Labor estimates drug use at work costs employers \$75 to \$100 billion dollars annually in lost time, accidents, health care and workers' compensation costs. Sixty-five percent of all accidents on the job are related to drug or alcohol, and substance abusers utilize 16 times as many health care benefits and are six times more likely to file workers' compensation claims then non-abusers.

As a result, the best thing to do in

this case is to keep testing to avoid these additional costs, says Pre-Employment Drug Screening (PDS).

A drug-testing program should not be implemented without first establishing policies and procedures, the organization says. The most common type of testing program is pre-employment. Courts have consistently upheld the legality of requiring a pre-employment drug test as a condition of employment. It is a best practice to obtain consent and clearly indicate drug testing is an employment requirement.

For landscape contractors planning to conduct post-hiring testing for current employees, they should include training and education for supervisors and employees, as well as guidelines for discipline in the event of a positive test. Post-employment testing includes random testing for safety sensitive positions, post-accident testing, individualized suspicion testing and testing that is

legally required in certain industries (ex. Department of Transportation requirements concerning truck drivers). Each of these types of testing is legally sensitive, and an employer should have a program in place before starting.

continued on page 37

Finding people who want careers over jobs. "Our greatest challenge is
getting competent and caring workers
who are looking for career positions in
one of the green industries and not just
short-term employment," Bachand says.

"It's not so hard to find a laborer but it's hard to find someone who really wants to do the best they can and

are committed," agrees Jason Raney, president, Raney Landscape, Little Rock, AR.

Ron Skover, owner of \$570,000 Greenlawn in North Street, MI, says workers in his region have "a fac-



tory mentality. They want to come in, put in their eight hours and then clock out for the day."

But Skover is in a unique position — he wants an employee who can recognize a long-term career opportunity. "I'm at an age where I'm looking to scale back," he says. "I need to find someone who wants a career and can care about this business like I do."

SOLUTION

Raney tries to alleviate this problem during the hiring stage. He has noticed a pattern. "Most of the time, a single guy in his 20s isn't as committed," he says. "But a family guy has people to support and is more likely to be long-term."

When it comes to managing and motivating Generation Y employees, Fortune's management and career expert Annie Fisher says they may need more direction on tasks that require face-to-face contact. For instance, if they are going to greet customers, be specific and explain you want them to make eye contact, etc. Then demonstrate how you want it done.

For Generation X employees, provide them with job descriptions so they feel like valued co-workers and additions to the team.

Incentives that enhance or grow employee careers in the landscape field may also help. Skover is offering students the opportunity to win a \$2,000 scholarship per year to Michigan State University if they pursue the turfgrass/landscape management field. "I'm hoping it will draw someone to work here and consider my business for a future career," he says.

NEB EXTRA

PHOTO BY: ISTOCK INTERNATIONAL INC.

For PLANET's analysis of 2009 compensation practices, check out the 2010 Employee Compensation Report for the Green Industry in the LM Bookstore at shop.landscapemanagement.net. "Even if it turned into an internship initially, I want to help someone who is interested in the field, and who's really going to try and do a good job and enjoy what they do." LIM

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