



Ted Hofer

At Plainfield, IL-based Spring-Green, Chief Executive Officer **Ted Hofer** has a lot on his mind. To start the new year, he took a minute to opine about financing, marketing, the strength of the industry's customer base and other issues affecting his business and the industry overall.

## TOP TRENDS

► **Educating the customer.** A customer's cultural practices are a deciding factor in the quality of their lawns. One of our challenges in lawn care has always been to make sure customers understand that mowing at the right height and watering properly are important to the aesthetics of their lawns. In addition to the aesthetic appeal, there are extensive environmental benefits gained from having properly maintained turf, so now we take it one step further and let the customer understand that by mowing and watering properly, and by using our service, they are having a positive impact on the environment.

► **Lawns are still being maintained.** While the lawn care customer base may not have grown over the past few years, it's not declining severely, as you may have seen in other industries. Many people are spending more time at home than ever before. They're eating in more frequently and taking fewer vacations, so they want their homes and their properties to look good. Despite the economic downturn, and the unpredictable future ahead, most lawn care users have kept their service.

## TOP OBSTACLES

► **Access to credit.** Many Spring-Green franchises are looking to expand and accelerate their growth, but the lack of access to credit has slowed a business's ability to achieve its long-term goals. This is true for most small businesses today. They would like to grow but are often unable to get financed through traditional means. In today's lending environment there are still plenty

of million-dollar deals getting done, but the lower loan amounts (\$25,000 to \$200,000) have been more difficult to secure.

► **Increasing costs.** This past year has seen significantly increasing costs in fertilizer and fuel, two key components of our business. To offset some of these cost increases, Spring-Green franchises went back to the basics and utilized a daily driver's report to track product usage and vehicle mileage. They made sure their equipment was properly calibrated and tracked their fertilizer usage daily. They used routing software to schedule tight routes for each day's work. Then they monitored the mileage being driven each day. Lawn care businesses certainly experienced a tightening of margins in 2011 and I'd expect 2012 pricing to reflect the increasing costs of doing business.

## TOP OPPORTUNITIES

► **Increasing our marketing complexity.** Although I think of lawn care as a service that you don't want to over-complicate, there are some areas of our business, such as marketing, in which we can delve deeper. We want our franchisees to keep a "database mentality" when it comes to marketing, and they do so by maintaining detailed customer and prospect databases.

► **Annual plans.** One of the great things about lawn care that many companies don't take advantage of is that it's fairly easy to put together an annual business plan. During winter, the Spring-Green support team works with franchise owners to create a plan for the upcoming year that focuses on areas of the business such as staffing, equipment and marketing. After the spring sales season, our team revisits the plan, evaluates where the business will be at year's end, then makes educated managerial decisions during the second half of the year to improve bottom lines. By maximizing potential cash flow they are able to fund next year's marketing investment and keep the cycle turning.

## INSIDE INFO

**Company:** Spring-Green

**Headquarters:** Plainfield, IL, with 122 franchises in 26 states

**Employees:** 350

**2010 revenue:** \$34 million

**Key to being a maintenance leader:** In lawn care, a leader needs to run an operation that can generate business and get the work done on time. So at Spring-Green we make sure our franchise owners have a strong operational focus while also maintaining a marketing mentality.

In lawn care, there are operational realities that can't be ignored. A certain amount

of work needs to be completed each year and a schedule has to be maintained throughout the year to finish on time. Our franchise owners track their progress against their production schedule while accounting for real-life factors such as weather and employee turnover.

As they deal with daily operations, our franchise owners need to be able to maintain a marketing mentality in order to take advantage of each sales opportunity. They execute and follow through on their marketing activities with the same passion as the production side of the business and train their staff so that everyone feels comfortable making sales.