

INNOVATIVE APPROACH

POWERING THROUGH A RECESSION

Recessions are great at teaching company leaders how to trim the fat from their enterprises. But it's true that you can't cut your way to prosperity. *LM* interviewed executives at three companies to learn their strategies for growth.

THE BRICKMAN GROUP

If any company knows about surviving economic fluctuations, it would be the Brickman Group. The company has survived through feast and famine since its inception in 1939. Today, the Brickman Group maintains a presence in 29 states through 165 branch offices, and wrapped up 2011 with a projected \$850 million to \$900 million in revenue.

The company focuses on commercial work, with landscape maintenance as its core business. Two other core competencies include enhancement services and snow removal, with the latter recently expanding. Value-added services include design, water management, irrigation and technical and horticultural expertise.

Brickman President Mark Hjelle says one of the company's successful strategies is focusing on "constant improvement" of quality, service and efficiency, despite the economy's status. While some companies may make snap deci-

Company executives offer their solutions for surviving challenging economic times.

BY CAROL BRZOZOWSKI

sions in challenging economies, Hjelle points out the service business calls for setting reasonable goals with work teams, inspiring employees to do their best.

"We stay focused on great service and strong client relationships, regardless of economic conditions," he says.

Hjelle says the focus on customer and employee needs are the two biggest metrics in determining the health of the company's business.

"With solid leadership and constantly improving business processes, the financial results follow," he adds. "A lot of times in this type of environment, people try to chase revenue, and if you're not disciplined, there can be a lot of challenges being successful with that strategy."

The company focuses on "delighting" its customers, Hjelle says: "Foremost is taking care of those long-term relationships. We listen to the things that are changing for them, and ask how we can adjust to accommodate their needs. We offer them the additional technical expertise they may desire to look at issues on their sites."

The company focuses on core

values such as doing a task right the first time, and using data to plan its corporate direction. Other values include keeping one's word, making decisions that benefit the team as a whole rather than just one person, and being fair and honest in all dealings, Hjelle says.

The Brickman Group endeavors to train and retain good



employees to maintain its success.

“We talk a lot about great crews, great branches, a great company,” says Hjelle. “A lot of it is treating them the way you would want to be treated.”

THE GREENERY

The establishment of an Employee Share Ownership Program (ESOP) has made a difference for The Greenery in Hilton Head, SC. Led by Lee Edwards, The Greenery covers coastal South Carolina and Georgia, doing mostly residential work in Hilton Head and commercial in its other markets; services are 70% maintenance, 30% installation.

It took time for employees to embrace the concept of having ownership in the company, but once they started seeing the value of their shares rising on their annual stock certificates, they started to realize the role they created in the company success, Edwards notes.

“A lot of people think businesses are created to make jobs,” says Edwards. “That’s not the

case. Companies are created to make money for the owner. We’re no different. We’re trying to be a profitable company. But in this case, everyone who works here who is vested starts to see the profits going back to them — and they develop an ‘ownership’ mentality.”

The company’s mission statement is to be the highest quality landscaper in the markets it serves — not to be the cheapest, most expensive or the biggest, Edwards says.

The Greenery team has maintained its philosophy throughout the recession, and has worked with clients who have taken a hit by the economy through decreasing hotel bookings, empty office space or foreclosures. That creates a tendency for property owners to seek the lowest bid for landscape services.

Edwards tells those clients his company has been with them in good times, and will continue to partner with them in bad times.

“We’ve told them, ‘We know the income is not what it used to be, so let’s tailor a program for this

property that will make it look the best it can for what you can afford,’” he says, adding that as times improve for those clients, the previous service level is reinstated.

Still, there are some who will go elsewhere.

“We lost a little business like that,” Edwards says. “We had an awful 2008 and 2009, but we grew in 2010 and 2011.”

The Greenery also has acquired smaller competitors to expand its market share, and has pursued municipal work in an effort to diversify.

“It used to be there was always lots of new construction happening, and as soon as we built an entrance or an amenities center in a new community, we’d roll into the maintenance,” Edwards says. “Those days are over. We’ve had to find new ways to bring in new clients, and that’s going out and knocking on a lot more doors than we used to.”

Keeping an eye on the health of the business has meant tracking labor costs and other expenses on a daily basis, Edwards says. He’s asked vendors for early pay discounts, reducing the MOD rate on the Worker’s Compensation, and canceling services that are “nice,” but not necessary, such as coffee services.

“What’s enabled us to grow in this economy is the employee ownership,” Edwards says. “I can’t stress that enough. When clients see our employees on their job working with pride, showing up looking sharp and doing a conscientious job, people notice it.”

AMERICAN LANDSCAPE SYSTEMS

American Landscape Systems began in 1985 doing residential work. Today, the company’s sole focus is on the commercial market, with services in landscape and irrigation installation, maintenance and hardscape in the Dallas/Fort



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Worth region. The company also does irrigation repair, and serves as a general contractor for several park and streetscape projects.

“We didn’t want to be reliant upon any one type of commercial work,” Joseph Angelone, vice president of American Landscape Systems, says of the company management’s decision 10 years ago to switch its focus. “You don’t want to be doing all residential work, and then the residential bust happens and you’re basically starting over. We wanted to be able to perform in different markets, so when one goes down and the other goes up, we’d still have an even spread of work.”

Today, the company is finding work in the municipal sector.

“Municipalities are still building schools, streets and new parks because they build their bond packages over four and five years, so you really don’t get that up and down you get on the private development side,” Angelone says.

A company’s bonding capability is critical for government work, Angelone notes.

“If you don’t have the

financial stability or the capability to provide the bond, you can’t do work for them,” he says. “That will separate you from your competitors quite a bit, because there are a lot of new or smaller companies that don’t have the financial capability to do so. A bonding company won’t stand behind them.”

Bonded work currently comprises 75% of the company’s business, Angelone says.

American Landscape Systems also has a network of subcontractors, which enables the company to act as a general contractor for larger landscape and irrigation projects. Plus, Angelone says his team is always seeking new revenue streams. For example, the company provides construction of playgrounds and screen walls, which block noise and provide privacy for developments.

“There’s a lot of money that goes into those,” says Angelone, noting that the first one the company did was a \$100,000 playground.

Looking ahead, the company’s goal is to become more service-oriented,

Angelone says.

“Service contracts — ongoing maintenance for clients — are 25% of what we do. We’d like it to be at 50% or 60%,” he says. “You can rely on it, because it’s an annual agreement that gets renewed each year. That allows you to count on parts of your business that are going to be there, no matter what happens in the market.”

American Landscape Systems has from 90 to 115 employees. “That’s a small fluctuation for a company of our type,” Angelone says.

American Landscape Systems offers its employees health insurance and the opportunity to make overtime pay.

Managing the company’s cash flow means making sure accounts receivable are paid within 30 to 45 days, Angelone says.

“If you’re putting out enough work that you’ll have money coming in a timely fashion, the basic investment we have as a company is 30 to 45 days of payroll, and we’re able to keep going,” he says. “If we grow the company, we’re going to grow the revenue, so in turn that takes care of the payroll situation.”

It’s also important to have positive credit alliances with vendors, Angelone says.

“You’ve got to keep your vendors and give them a complete understanding of what’s going on with your company,” he says. “If vendors know what’s going on with their invoices, it means a lot to them. Alliances with vendors are just as important as your employees, and being able to have six to eight weeks of payroll invested in the company before you receive a dollar back is how we do it.” ■

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