

Want to know the focus of Southwest Landscape Management, a 22-year-old firm based in Columbia Station, OH? A line in President **Steve Rak II's** email signature sums it up: "We put maintenance first."

The company, which Rak runs with his father, Steve Rak Sr., specializes in commercial maintenance (and snow removal), although it has been increasing its enhancements business over the past few years, marketing mulching and cleanups to homeowners in developments where it has the master homeowners' association contracts.

Rak recently shared his outlook on the maintenance side of the landscape industry with *LM*.



Steve Rak II says pricing has become more stable as of late.

INSIDE INFO

Company: Southwest Landscape Management

Headquarters: Columbia Station, OH

Employees: 20

2011 revenue: \$1.1 million

Key to being a maintenance leader: This might sound simple, but keeping up with the industry trends and staying on top of the education. Go to PLANET's Green Industry Conference, get involved with local associations or attend the SIMA symposium. That's where you see the leaders.

When I got to these meetings, I see Frank Mariani [of Lake Bluff, Ill.'s Mariani Landscapes, a \$35 million firm] taking notes. If he's taking notes, I should be taking notes! Continuing your education and being a part of the industry is one of the things that's going to help set you apart and be a leader.

TOP TRENDS

> **Expanding services.** Everybody is ramping up enhancements, trying to be the service provider that can do everything. We consider extras like this to be the gravy, so to speak. We've also been pushing snowplowing services and multi-year contracts across all our services.

> **Pricing stability.** It finally seems like pricing is starting to level out. It's still very competitive, but at least people aren't asking us to lower our prices like the last few years. Customers had been saying, "If you can't keep prices the same or give us a 5% to 10% reduction, we're going to put it out for bid." And if it's out for bid you may be looking at a 20% reduction. We didn't lose any clients, but we had to do some negotiating. We had to cut some services – maybe we didn't mulch as much or fertilize everything. This year I didn't see hardly any of that.

> **Subcontracting for national companies.** Right now we're working with the property management divisions of a few national companies, Affiliated Grounds Maintenance Group and Brickman Facility Solutions. They're bidding some national accounts and subbing it out to us. The jury's still out on how that's going to pan out for the national companies, but it's keeping us busy.

TOP OBSTACLES

> **Getting used to the new economy.** Becoming lean is huge and so is thinking about the way you do everything. For example, we generally buy all Ford trucks. Before I didn't care if Ford cost a little more, but we just bought our first Chevy because it was a better price. You definitely have to change the way you do things.

> **Finding the right people is always a challenge.** Even with the bad

economy and high unemployment the past few years, we still have trouble hiring employees. Our foremen work year round, but there are still 10 to 15 people we need only April through November.

> **Increased competition.** In Cleveland there are so many more companies out there than when we started 22 years ago.

Design/build guys used to say, "I don't know how you make any money cutting grass," but now they're getting into maintenance for cash flow and stability. There are 90-some legitimate landscape companies within a 20-mile radius of us. And they're good companies, too, with websites, logos on their trucks and uniforms. It's an obstacle, but it's a good obstacle.

TOP OPPORTUNITIES

> **Acquiring smaller companies.** For longer-term growth, an opportunity for my company would be to pick up a small company with a nice book of work that may need some support. We did an acquisition a long time ago and I've talked to three other companies over the years, but none of them had their books in order.

> **Partnering with the national companies.** Subcontracting has been good for us so far, but I wouldn't go too heavy with one company. Our rule of thumb is not to go more than 10% or 15% with any one customer, and that would be the same for subcontracting. Even though the property maintenance divisions are separate from their own companies' maintenance branches, what if, God forbid, one day they decided to take all the work in-house?