



BEST PRACTICES

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Take the lead on pricing

The landscape maintenance industry has been fighting a low price-to-nowhere war for the last few years. Some think it might have hit bottom, but others see more of the same. In any event, selling value has become more difficult — if not impossible.

We all know that companies are now reducing scope and frequency to gain an edge in the price war. If they are not reducing the scope in the specifications they provide, they are reducing frequencies of service, cutting corners where they can in an effort to turn their low price into a marginally profitable job.

They are also trying to sell more enhancements and mark them up to make up for their low prices. After all, if the customer is going to just look at low price, contractors have to figure out how to make money and still provide enough service.

I think we can all agree that this is not a sustainable model.

Cost vs. value: the real bottom line

Your customers view landscape maintenance as a commodity. This is because, all things being equal,

most landscape companies are perceived to be the same: They're all saying the same things, marketing themselves using similar techniques, and customers think everyone is bidding to the same specifications.

You have an opportunity to shape the conversation on price by showing them the real cost of landscape maintenance.

Customers fail to realize (or are simply ignoring the fact) that a lower level of service and attention over time will cost them money in having a deteriorating asset: their landscape. Important maintenance practices are being deferred in many cases. Contractors are also, for the most part, the ones controlling the amount of water being used on the landscape.

Water has a cost. It is part of the cost of maintaining the property. The customer pays the utility, but the contractor decides how much water to use. Some customers pay attention to this by calling the contractor out on excessive water bills, but few connect the contractor selection process with the other costs of maintenance.

This provides you with a great opportunity to help customers reduce their energy bills. Show them that you can actually *save* them money when they look at the total cost of maintenance. The customer might pay \$500 more per month for maintenance, but save more than that on water cost. Also, if you can do a better job maintaining the property through better agronomic practices, it has the added benefit of reducing the costs for enhancements over time.

If you invest some time in figuring out the total cost for customers — the service contract plus water cost as related to irrigation — and what you can do to save them money by managing their water bills, you can offer true value for the service itself, and the service partnership you hope to have over the long term.

PARADIGM SHIFT: HOW NOT TO BE A COMMODITY

- » Use new software technologies, tools, skills and advancements that make your efforts and your business better and different.
- » Build your knowledge in related fields (sustainability, the environment — and their technology, tools and advancements), so you can add value to multiple points on the value chain.
- » Invest to build your awareness and brand to where you are not considered a commodity. This will create demand.
- » Reshape the conversation on price.