BRUCE WILSON | The author, of the Wilson-Oyler Group, is a 30-year industry veteran. Reach him at bwilson@wilson-oyler.com.

Coping with uncertainty

Landscape business owners find it difficult to plan as changes to familiar tax laws leave strategic decisions in limbo.

Owners facing new tax challenges will either need to absorb the costs (which few can do and remain profitable), cut other costs to help offset them, change their business structure to meet different criteria or pass the costs on to their customers. Here's a look at each of those options.

Cost cutting: Of these options, the cost-cutting approach is tapped out. Everyone in business over the past four or five years has gotten leaner to maintain viability or is out of business. Profits have been hit hard over the same period, with some companies able to maintain profit levels that are, in most cases, barely satisfactory.

Restructuring: Changing a company's operating model and infrastructure—increasing its use of part-time employees, outsourcing and other measures—might work in certain circumstances, but these are not likely to be strategic or long-term solutions for most companies. That leaves the option of passing on some of the costs, if not all of them, to the customer.

Price increases: For the most part, prices have not increased much in the last five years—but costs have. And for commercial landscape maintenance customers, it's been a boon for lower-priced services. As property lease rates and property values have decreased, a case could be made that it's the time for a well-planned approach to increase your prices.

If you take the price increase approach, follow these dos and don'ts:

DON'T

1. **Present a flat percentage increase based on higher costs.** Asking for a 3 percent to 5 percent increase for inflation, cost increases, etc., is not compelling and can result in the client bidding out the work.
2. **Present any request or announcement for a price increase through written correspondence.** When customers read it in writing, they assume it's non-negotiable and may go out to bid.

DO

1. **Do your homework.** Explain your case well and have the right person deliver the message in person.
2. **Present your increase months ahead** of when you need it so the customer has time to adjust.
3. **Be specific.** For example, if you're claiming an increase for fuel, explain how much, what percentage of your cost is fuel and how exactly it impacts price and cost. Remind your client that fuel affects costs of all materials through shipping and transport; many of the raw materials in landscape are petroleum related.
4. **Reinforce your track record.** Remind the customer that you've done much to lower your cost and their prices over the years you've been under contract. List examples. Do the math and ensure your appeal is fact-based, a true cost—not a number pulled out of thin air.
5. **Reiterate the value of the relationship** and the assertion that you're raising prices only as a last resort.
6. **Give them options.** Value engineer specifications to help them. They're facing some of the same cost issues in their own companies.
7. **Approach the discussion as a partner**, keep your customer's perspective in mind, and make it a win-win.

Sustainable business models, like any well-run machine, require constant recalibration and upkeep to function optimally and profitably. The new palette of economic challenges due to changes in the tax laws offers as much to complain about as it does an opportunity to stay creative, nimble and proactive.

If there's good news in this scenario, it's that your customers—business people like yourself—are experiencing the same hand wringing you are and will share your pain. And who knows, it may make you better partners.