



When to add

Knowing who to hire and when can be a challenge for landscape business owners. Can you justify a bookkeeper? How about another technician or crew? Or should you bring on a full-time salesperson? And which comes first?

We turned to three consultants and one industry executive for tips and answers.

Q Why is it so hard for lawn care and landscape firms to know when to add an employee in any capacity?

Tim Smith, LandOpt (TS): In the Green Industry, we're growing at 8 percent to 10 percent per year, where others in the service industry grow at 1 percent to 2 percent per year. Since we're growing at this rate, we get away with very informal business practices. If others would get as informal as we are, they would be out of business.

Jason Cupp, consultant (JC): Honestly, a lot of companies don't operate from a budget. That's one of most shocking things I see as I look under hoods of companies of all sizes. So, they don't know if they can afford to add someone because they don't know the ROI.

J. Paul Lamarche, JPL Consulting (JPL): Actually, what's difficult is the relationship between adding another cost and being unsure of increasing sales. In today's economy, having a

lean overhead is paramount to being competitive. Adding another employee can always be done if one realizes that the increase in sales or productivity will warrant the expense. **BY MARISA PALMIERI**

A classic example is a mid-size firm looking to hire a supervisor for the crews. A very common rule of thumb is the ratio of one supervisor for every five crews.

Q What are the most difficult hires to know when to make?

Ken Thomas, Envisor Consulting (KT): When companies start out there are a couple of key hires made first: admin and operations. This nucleus of a three-person team (owner, admin person and operations person) typically can handle around \$1.5 million in a maintenance business to \$2.5 million in a design/build business. After the start-up stages it becomes harder to determine how to build the team.

One of the most important things an owner needs to do is determine what his or her strengths are. Too many times owners try to replicate themselves, but they should be leveraging their strengths and hiring their weaknesses.

TS: Often you have an owner who's starting out at \$200,000 or so, and they're doing everything—sales, drawings, payroll. One of the first team members they hire is a bookkeeper/office assistant. Finally, they hand over the keys to the kingdom from a business perspective. But often this hire has not been formally recruited; their skills have not been verified. It's not uncommon to hear of office managers who end up stealing. An exhausted owner puts all the responsibility into their lap and the office manager, who has no ownership, risk, passion or vision, takes control of the business.

Take your time in identifying the first office manager you put in place, making sure there are checks and balances and the owner maintains business responsibility.

Also, I don't think it's necessary to put bookkeeping into that role. Outsource it and here's why: A professional bookkeeping service keeps a discipline and separation of church and state. You don't have to be concerned if your books are being done properly and they'll hold you accountable for check requests, etc.

Q Do you have any good rules of thumb to share?

TS: Your sales costs for an organization should be roughly 10 percent of your revenue, including salary and marketing. If we're at \$700,000 in revenue, I want to see \$70,000 going toward proactive sales. Even at a \$200,000 company, someone should be fulfilling the role of a proactive salesperson.

For design, the first full-time employee dedicated to the role of designer should be when an organization hits \$3 million or above. Prior to that, align your services with a subcontracted designer. In our world design is a service we provide. The sales professional is the one taking the prospect through the process. When the time is right, they introduce the designer.

JC: On the construction side, if the schedule got to five to six weeks out (when I ran a design/build business), we'd

add a crew. We always wanted to be two to four weeks out. I have (consulting) clients with a six-to-eight-week backlog and I'm encouraging them to look at whether they can afford to add a crew. In today's day and age, if you can't deliver on a job within four to six weeks, clients might go elsewhere.

JPL: A benchmark for a good office administrator is 3 percent of net sales. I've been in companies where two people worked full time to cover \$500,000 in sales and other offices where one person could manage a company twice the size. It's all about competence, direction of management and systems.

KT: In commercial maintenance, the need for crew foremen is pretty predictable based on volume. Based on your market and your market segment,

each crew will be able to produce a historical average volume of work each year. An average volume level per crew may be \$180,000 to \$220,000, depending on job size and crew size. So for every \$200,000 of new work sold you'll need a new foreman.

One of the key positions in maintenance is the account manager position. This hire can be directly tied to a volume range or number of clients. These metrics vary in different parts of the country.

A general rule in first-tier landscape markets on the East Coast is that an account manager can handle between \$800,000 and \$1.2 million, depending on the average job size and market density. Based on our sales pipeline and growth goals, we should be prospecting for our next account manager when we are close to these ranges. **LMM**

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