Brickman/ValleyCrest: Culture clash?

A look at their cultures, what defines a national company mentality and TruGreen LandCare comparisons. BY **SARAH PFLEDDERER**

As the two largest landscape companies work toward merging into one, the rest of the Green Industry is a split crowd sitting on the sidelines. Some spectators are biting their nails out of nervousness, while others have pulled up a seat, waiting to pick up employees and customers from the deal.

Many questions remain about the joint Brickman Group/ValleyCrest Landscape Cos. entity. The news of their merger came in late May, after a month of rumors about such a deal. Questions include: Can such a large national company flourish? Is this merger comparable to the failed TruGreen LandCare marriage? How will the culture mesh?

Landscape Management tracked down a few former employees of ValleyCrest and Brickman, among other professionals, for their reactions to the deal and to gauge the challenges and opportunities.

TruGreen LandCare comparison?

A few former employees and professionals compared the Brickman/ValleyCrest deal to ServiceMaster's merger of LandCare USA with its commercial landscape maintenance business to form TruGreen LandCare in 1999.

The Brickman/ValleyCrest merger trumps the size of the TruGreen LandCare one, forming a nearly $2 billion company versus one with about $500 million in annual revenue. But the latter transaction involved integrating several companies instead of just two, says Judy Guido, founder and principal of Guido & Associates, who was CMO of LandCare at the time.

LandCare was made up of multiple companies, she says, creating the struggle of integrating many cultures and personalities. It was an even greater challenge than the overlap of personnel and territories, adds Guido, who also previously served as an executive at Environmental Industries (ValleyCrest's name before rebranding in 2002). On top of that, TruGreen's commercial maintenance business also was a roll-up of many companies.

"A culture is the personality of a company, made up over time by multiple stakeholders and experiences and is embedded into the DNA and fabric of the organization," Guido says. "When you merge multiple strong, independent and intelligent cultures, there's bound to be a convergence of intense passion, ideation, conflict and excitement."

The difficulty perhaps was too much. Private equity firm Aurora Resurgence Group purchased TruGreen LandCare from ServiceMaster for $37.8 million in 2011. ServiceMaster valued the 1999 merger at $250 million.

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Internal challenges: Different cultures

Not surprisingly, observers are questioning how Brickman and ValleyCrest will merge their cultures.

Brickman, former employees say, is a process-driven organization. ValleyCrest is built on an entrepreneurial mindset, prior staffers say.

Bill Collester, Southeast regional business development manager for equipment manufacturer Ariens Co., had two stints at ValleyCrest, working in business development from 2002 to 2004 and 2007 to 2009. He left to become a partner at Landscapes USA, and he credits the professional development opportunities he received at ValleyCrest with helping him do that.

He further praises the organization for "working on their business and not in their business."

Backing his outlook is Don Crawford, resident regional director of grounds at SSC Service Solutions in College Station, Texas. Crawford worked as a branch operations manager for ValleyCrest's maintenance division in Chicago for three years. He says the company's systems and capitalization, plus its reliance on consultants and former staff from McKinsey & Co., drove its financial success over the last 10 to 15 years.

He also recalls an unflattering part of the entrepreneurial-driven culture: That is, "making money" is a priority above all else.

Mike Rorie, CEO of GIS Dynamics, the parent company of Go iLawn in Loveland, Ohio, says that type of mindset goes hand in hand with being a national player.

"The national idea is a good one, but in reality you can't respond to the needs [of customers] as effectively as a scaled regional player," says Rorie, who sold his company, GroundMasters, to Brickman in 2006. "It's the difference in having one owner who is committed to their business versus a group of investors and a decentralized management team."

Rorie stayed on as a division vice president at Brickman until 2010. In that time, he found his regional leadership style wasn't fit for a national level. Operationally, he had to make changes to do things "the Brickman way."

"Eventually everything was different," he says. "We lost a lot of focus on what we did best."

Yet, Rorie says Brickman's processes and eye on costs and measuring, plus its organizational structure—its national, regional and branch levels and the personnel who communicate between them—are what make the company successful.

Phill Sexton, founder and managing director of consulting firm WIT Cos., recalls Brickman's standard operating procedures being a large part of the organization when he worked there for 11 years. For some of his tenure, he says, the company empowered him with responsibility, similar to how some people describe ValleyCrest's ownership culture. He left in 2011 from the role of corporate director of national snow operations when there was talk of private equity group KKR acquiring the company. (It did in November.)

"The culture was beginning to change," Sexton says. "It seemed the writing was on the wall that, that sense of ownership, at least on my level, wasn't going to be the same."

Bob Grover, president of Pacific Landscape Management in Hillsboro, Ore., knows what that's like. He was a regional manager for TruGreen at the time the company merged with LandCare. Before that he worked for 15 years at Northwest Landscape Industries, which was acquired by TruGreen. He left TruGreen LandCare in 2000 because it took on a different business model, he says.

He spent his days focusing on "financial methods," working numbers, instead of enjoying the reasons he went into the industry, which are landscaping, plants and helping customers. Adding to that, he was losing a local focus.

"We lost that local control and ability to deal with local problems," Grover says. The company solved problems on a national level without consideration of differing markets and customers, he adds.

Now, Grover wears the hat of a regional competitor with sympathy for the employees in the middle of the Brickman/ValleyCrest deal. His concern for them is the overlap of markets and job roles.

EXECS' VIEW

Landscape Management conducted a joint Q&A with Brickman CEO Andrew Kerin and ValleyCrest CEO Roger Zino about the merger. Kerin will become CEO of the yet-to-be-named joint company. Zino will serve as vice chairman.

Andrew Kerin

Here are a few key points:

› Kerin sees potential for organic growth and said the company will consider strategic acquisition opportunities.

› No members from the companies' founding families will be involved in the joint entity's operations, although both retain some ownership.

Roger Zino

› The landscape market is in a good position. "People are building again. People are improving again. There's a greater commitment to great landscapes out there than we've seen in years," Zino says.

For the full interview, visit **buff.ly/1r1dsn9**.

It turns out there will be nil overlap in his market, as Brickman has a presence there but ValleyCrest does not. Now, Grover has only two national competitors, TruGreen LandCare and the new Brickman/ValleyCrest entity, whereas before ValleyCrest could have entered as a third national competitor.

"I really think it impacts us very little," Grover says. "We've even talked that it's a positive. We've always said ValleyCrest will get here someday."

Sexton also shed light on the positives of the merger.

"A lot of people like to hate the Brickmans and the ValleyCrests of the world, but it's important for us to keep in mind that we need them to be successful," he says. "If the biggest player isn't able to grow, then it hurts the entire industry. If the biggest player isn't successful, then the industry isn't." LM