



EDITOR'S NOTE

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People are talking

Are your ears ringing? They should be. People are talking about the collective landscape industry, and it's a good thing. Who do I mean?

▶ Investors at private equity firms like KKR, which bought the Brickman Group last year for \$1.6 billion. KKR also is reportedly in talks to acquire ValleyCrest Cos. for around a billion dollars.

▶ Readers of *Forbes*, which recently published a report online by financial information company Sageworks. According to the study, average landscape company sales were up 12 percent in 2013 with profit margins at 7 percent.

▶ Global management consulting firms (Bain & Co. and others) that occasionally ping us for information on the landscape market for research projects.

You might say, "I don't give a hoot." Here's why you should care.

Image matters. Industry members have said for years that they could charge more if only the public put their craft on the same plane as other specialized vocations, like plumbing and electrical work.

Some landscape pros have suggested professional licensing as a way to command higher prices. Of course, some industry licensing already exists. But is licensing for all a panacea? Probably not for the red tape it creates. Others point to certification. It's beneficial to those who go this route, but is a voluntary initiative a true market lifter? Again, probably not.

Yet, the awareness that comes from investors' attention seems like a PR boost that can only help. Not to mention, it requires no association efforts, government intervention or the like.

Future of the market. Don't forget, these investor-connected communities have spheres of influence. Within those are their children, some of whom may one day wake up and say, "I'd rather be outside, than behind this illuminated screen all day." They may ponder the jobs they can do outdoors and declare to their parents they'd like to pursue landscape design or construction management as a career. And maybe, just maybe, mom and dad will recognize the landscape industry as a serious business, so they won't talk them out of a career here in favor of teaching or accounting.

Trickle-down effect. Finally, more private equity interest could create a shift toward a seller's market for owners looking to exit. But it's no secret these types of buyers are looking to scoop up large commercial maintenance firms. If your company's in a sweet spot, geographically or size/service-wise, that's excellent news. If you're not, think about how you can leverage the trickle-down effect of these regional or larger local companies that will be grooming themselves for an acquisition. Are you a small maintenance provider with a mix of residential and commercial accounts? Maybe a regional player would like to buy up your accounts to add to its service area or top line. Are you a lawn care, design/build or irrigation firm? Maybe you could pursue a subcontracting agreement or formal referral partnership with a maintenance-driven company that often fields calls for work that's not in its wheelhouse.

In any case, listen to that ringing sound. It's telling you to think about how the light shining on the landscape industry is an opportunity for you.

Landscape Management

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