# Sleek and Wiser

## As construction picks up, the landscape industry should not forget its efforts in cost control, renovation, product efficiency, and customer education.

**By Bruce F. Shank, executive editor**

The ability of the golf and landscape industries to weather economic storms has been proven once again. Relatively unscathed and trimmed down to fighting weight, the landscape industries have begun modest growth. From most indicators, that growth should accelerate significantly beginning this fall and next spring.

In the simplest terms possible, the landscape industries do well in recession because two primary segments, golf and lawn care, are relatively independent of recession. A third segment, landscape construction, has bolstered its cash flow with maintenance and cut its labor and supply costs. The sod and nursery markets, however, have suffered in some areas.

The service industries, such as landscape maintenance, tend to fare well during recessions since they can cut back quickly and carry smaller overhead than manufacturing industries.

Parts of the landscape industry dependent upon government funding have dealt with frozen budgets at worst during the recession. Public demand for athletic areas has created strong support for funding.

Trends toward multi-family housing and contract landscape maintenance have shored up declines in single-family housing construction and added to the demand for outdoor recreation. Housing starts have now picked up significantly while these trends continue.

Service industries tend to fare well during recession.

*Weeds Trees & Turf* monthly market surveys have shown equipment purchases by landscape and golf managers were affected more than chemical purchases. Equipment buying has been limited to necessary replacement and types of equipment which reduce labor costs. Older equipment and an increasing awareness of equipment efficiency should combine to cause a major equipment buying spree in the next two years.

The war against labor costs will continue. Advances in herbicides and growth regulators are being accepted by landscape managers. As agricultural chemical companies seek to bolster income lost from a weak farm economy, they renew their interest and investment in the specialty markets.

Uncertainty in the agricultural markets, however, with the Payment in Kind (PIK) program and lagging exports, is causing a few agricultural companies to pull back in all areas. Nearly 40 percent of the nation's cropland has been removed from production under the PIK program.

Farm seed companies are taking the blow from the PIK program the hardest. Herbicide makers are warning farmers of the problems caused by neglecting weed control in fields that will be put back into production. Fertilizer manufacturers are also facing drops in sales.

Amidst the problems in agriculture, the landscape market stands out as a reliable, healthy customer.

The good future for the landscape and golf markets adds to stability. The U.S. Commerce Department says builders began on

new houses and apartments this winter at the fastest pace since 1979. The National Golf Foundation reports nearly 350 golf courses are under construction. NGF reports 80 percent of these new courses are tied to real estate developments as compared to an overall average of 20 percent. Golf is being helped by the popularity

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of condominiums and recreation-minded communities.

In residential construction alone, there will be approximately 1.75 million starts in 1983. That not only means opportunity for landscape construction, but enough new maintenance business to support creation of another 220 lawn care companies averaging $250,000 per year at a market penetration of 20 percent.

It's very important to note that the majority of both new housing and golf course starts are in the South, the state of Texas especially. Northeastern and North Central starts are lagging behind.

Sod producers especially hope for recovery in construction as soon as possible. New technology gives them the ability to increase supply more rapidly than in the past. With netting, aggressive new Kentucky bluegrasses, and improved nutrition programs, sod growers can produce sod in under six months instead of a year. Modern harvesting equipment also reduces labor and adds speed.

A recent *Weeds Trees & Turf* survey indicates sod producers realize they can offer the latest varieties of turfgrass sooner than seeding contractors do. They are also working hard on cost control to increase profit margins rather than selling sod of cheaper, disease-prone turfgrasses. The American Sod Producers Association has made customer education of the benefits of improved turfgrasses a priority.

Seed growers continue their progress with Kentucky bluegrasses, perennial ryegrasses, and fine-bladed tall fescues. They have made significant steps toward disease resistance, lower nutrition requirements, and most recently, insect resistance.

Turfgrass selection efforts by the seed companies and organizations such as the USGA Green Section have made development of turfgrass varieties a world-wide project.

Winter overseeding is a market which helped seed growers while construction held sales down. Overseeding has great potential for golf-courses and other turf areas on the South.

Overseeding mixes for sports fields should grow in sales as well. Cultural practices, including overseeding, will need to improve in the 80's to enable fields to withstand increasing use levels. The more seed used in maintenance the less dependent seed growers will be on construction.

The nursery market, like sod and seed, has felt the pinch of lagging construction, northern nurseries

New technology enables sod growers to increase supplies more rapidly than in the past.

more than southern. Like sod, it is on the verge of technology to cut costs with tissue culture. Nurserymen with this production capability may have the advantage in the future. Production of regional cultivars by large regional nurseries may begin to erode the market share held by single-state growers with national shipping.

A predicted 4 percent inflation rate and Treasurer Bill and certificates of deposit down to 8 percent will encourage investment in industrial parks, shopping centers, and multi-family housing. Mortgage rates between 12 and 13 percent will spur single-family housing and condominium sales. Again, the majority of the construction is taking place in the South and West. Nevertheless, other areas will get their share.

Landscape installation work for single homes should recover in the fall. Commercial project landscaping probably won't recover until 1984.

The importance of landscape renovation should continue to grow. Renovation is important to many segments of the golf and landscape market and consequently should be a primary marketing

Maintenance contractors should take the lead in recommending landscape renovation.

concept. Appropriate information on the aging of plant material should be distributed. Residential landscaping is beginning to move away from the foundation into the yard. Overgrown material abounds in all types of landscapes. There are ways landscapers and nurserymen can take to increase plant sales for existing property. Maintenance contractors should take the lead in recommending landscape renovation.

Renovation of golf courses to achieve maintenance efficiency, golfer challenge, and a more natural appearance is a vital part of the golf market. Water is one of the strongest reasons for golf course renovation. Reducing high maintenance areas to conserve water, labor costs, and chemical costs is justifiable. There is considerable disagreement on how to reduce high maintenance areas between golf course architects and superintendents, but gradually superintendents are getting away from wall-to-wall fairways.

The increasing demand for outdoor recreation and rising property values are giving renewed luster to the golf course. Housing around golf courses tends to attract buyers not as affected by economic problems as the general public. Without the golf course, the housing might not attract this type of buyer and the real estate developer would face greater risk. The value of the course therefore increases as does the importance of the superintendent caring for it. The fact that 80 percent of new course development is tied to real estate developments is a healthy sign for the game of golf. Once established, these courses are more financially secure than other courses.

Two areas have been wrought with price cutting in the past year more than before, lawn care and distributors. Profit margins in these two segments of the landscape market are lowering their attractiveness.

Without the golf course, housing developments might not attract the type of buyer free from economic woes.

Lawn care firms have always faced competitive zeal in cutting out a market share. Ethics in pricing is a major reason for the creation of the Professional Lawn Care Association of America. But, with less new business this year, price cutting was more intense. Also, contractors entering lawn care to bolster cash flow lost from construction, created more pressure for customers. One large lawn care company tried neighborhood pricing, offering lawn care to each homeowner in one neighborhood at one low price to increase business while cutting down on travel time. In many cases, other lawn care companies holding those accounts just matched their price.

If lawn care companies don't differentiate their services from their competitors, they face continued price cutting. However, a recent *Lawn Care Industry* magazine survey indicated an 88 percent customer retention rate. Stealing customers from competitors has not been very successful.

There has been considerable price cutting by equipment and chemical distributors recently. One medium-size distributor told *Weeds Trees & Turf* prices are down to cost in some bids for government and industrial customers. The problem is more with chemicals than equipment. In the final analysis, the result is less profit, less service.

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The market area considered by many to have new potential today is athletic fields and recreational areas. The demand for recreational facilities is clearly evident. What is not clear is how government agencies (schools and parks) will respond to the demand. The increase of special park districts operated by trained managers and supported by taxpayers is a good sign. Existing facilities are getting worn out. Who consults parks and schools on field repair measures is critical. Who maintains these fields and by what standards are also important. The potential is tremendous, but in the wrong hands it might never materialize.

To rely on construction alone to solve all our problems is a definite mistake.

Just to know construction is returning should be good enough news. To rely on construction alone to solve all our problems is a definite mistake.

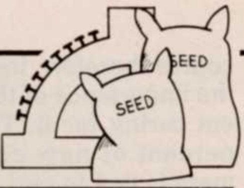
The landscape markets need to continue their work toward cost control, renovation, differentiating service, new product efficiency, and customer education.

A critical part of productivity is good management. Investments in management training for supervisors pays off with better organization, fewer mistakes and greater productivity.

Marketing programs should be reviewed for effectiveness. Selling is a discipline equal in importance to technical ability. Ability needs to be communicated to potential customers. **WTT**

# BOUNCING BACK

## Sod industry fights back with customer education and higher quality turfgrass




**Average Seed Expenditures**

| Year | Amount |
|---|---|
| 1980 | $6,318 |
| 1981 | 5,577 |
| 1982 | 4,394 |
| 1983 | Insufficient responses |

1983 will be the year the sod market recovers, according to the results of an informal WEEDS TREES & TURF survey.

All respondents were owners, presidents or in top supervisory positions within the company. On the average, they managed 276.5 acres of sod. Sod production is the primary business of over 80 percent who replied. Others raised cattle, were in nursery sales or land development and maintenance.

Half of the respondents have reduced their sod acreage in the past two years to crops such as wheat, soybeans, corn, tomatoes, mint, vegetables, trees and tobacco.

### Challenges ahead

Four challenges surfaced as major concerns for sod producers.

Growing higher quality sod at lower prices was mentioned frequently.

"For us, selecting the varieties and species that will satisfy the cities so sod can be used instead of rock or other ground covers is one of our concerns," said one sod grower from Colorado. "This (alternate ground cover) is brought about by some water shortages in our area and from this, some cities like Aurora, CO, have enacted ordinances against bluegrass above certain quantities."

Keeping expenses under control was a concern for all, but depending on the size of the company, seems to be handled in different ways.

"The profit margin is very low compared to five or more years ago."

"I have a second job during the winter months," explained one sod producer. "My wife also works. That's O.K. for a small producer like me to get by, but a large sod operation would have to diversify into other crops in order to survive. The solution to the whole problem lies in the ability to lower interest rates and housing costs."

Another respondent said, "The uncertainty of demand brings about low production and low prices. The profit margin is very narrow compared to five or more years ago."

Education, not only of sod producers in state-of-the-industry developments, but of the public in the short and long-range benefits of sod over seed, was one of the largest areas of concern.

As one sod producer put it, "We need to have consumers recognize the value of quality sod over seed."

Another sod producer thought indiscriminate buyers were a problem. "We have to educate buyers to the importance of quality sod. Indiscriminate buyers that go for the lowest price sod regardless of quality, often hurt the image of all sod producers because the sod they lay often turns out poorly (weed-infested) and is often of mixed varieties. Low-quality producers are kept in business and prices in general are held down."

The threat of over-production was another challenge. While some areas are depressed, in others the demand for sod is there, but the money isn't.

"At present, we could sell more sod than we could grow," said one respondent. "We plan to continue planting as soon as we can afford to do so."

### Elusive answers

The answers to these and other challenges aren't simple. According to the survey, there is a definite need for more aggressive advertising and marketing; more communication among industry members; lower interest rates; emphasis on good business practices and quality products; and more research at the university level for finding more disease-resistant strains.

Employment numbers of both full

**Importance of Buyers in the Sod Market***

| | Important | Moderately Important | Not Important | No response |
|---|---|---|---|---|
| Landscape Contractors | 46 | 5 | 1 | 5 |
| Homeowners | 30 | 16 | 7 | 4 |
| Cemeteries | 6 | 17 | 20 | 14 |
| Golf Courses | 5 | 28 | 20 | 4 |
| Garden Centers | 13 | 20 | 14 | 10 |
| Schools/Parks | 15 | 19 | 11 | 12 |
| Other | 2 | | | |

*based on 57 responses

Average Number of Employees

| Year | Full-time | Part-time |
|---|---|---|
| 1980 | 7.28 | 8.0 |
| 1981 | 7.54 | 8.0 |
| 1982 | 8.0 | 7.0 |
| 1983 | 6.08 | 6.0 |

and part-time employees have noticeably declined over the past four years. In 1980, the respondents employed 7.2 full-time employees on the average; in 1981, 7.5; in 1982, 8.0; and in 1983, 6.8. Part-time employees went from 8 in 1980, stayed the same in 1981, dropped to 7 in 1982 and dropped again this year to 6 on the average.

While the number of employees declined, few respondents have sold any of their sod acreage in the past two years and less than 30 percent have sold any equipment.

Some respondents maintain business is better than ever. Most, however, see 1983 as the year the sod business will pick up. Reduced interest rates were a prime factor listed in boosting sod sales.

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In the chemical expenditure categories, 1982 was the year the most money was spent on fertilizers, herbicides, fungicides and insecticides. An average $2,160 was spent, based on 36 responses. Insecticides came out on top with an average of $2,240 being spent.

Equipment-buying has been held to a minimum over the past two years. Sixty-five percent of the respondents have postponed buying mowers, 46 percent have postponed buying sod harvesters, 40 percent forklifts, 44 percent trucks and 40 percent sprayers and spreaders.

Seed-buying has experienced a significant drop since 1980, although not enough responded to accurately judge seed sales for 1983.

In 1980, on the average, $6,318 was spent on seed. That dropped to $5,577 in 1981 and $4,394 in 1982. A little more than 50 percent of the respondents anticipated their seed purchases to increase in 1983, and again, a little more than half agreed the prices would pretty much stay the same. Fifty-four percent indicated they would be more inclined to try more expensive, improved seed varieties.

Landscape contractors are the most important category of buyers, followed by homeowners, schools and parks, garden centers, cemeteries and golf courses.

## Challenges, solutions

Sod producers had other challenges facing them including lawn disease control, increasing productivity to keep prices down, oversupply in certain areas, government spending and sanctions, collecting on accounts receivable, selecting varieties and species of seed, finding workers, uncertainty of the market, slow down in building trade, not undercutting each other, being able to make a profit, cutting overhead and expenses, keeping ahead of hydraulic seeding, and, in general, being able to survive. Sod producers saw as solutions less acreage with higher quality seed varieties, sensible people elected to government posts, an improved economy, sod organizations to be better organized and to have those associations better police production, better water management, develop more disease-resistant seed varieties, have less government intervention in migrant labor problems and develop custom blends of sod that buyers can't get by using seed.

One individual, though, seemed to sum up a pervading feeling. The solution is simple enough—work like hell.

LANDSCAPE MANAGEMENT

# A NEW BREED

## Oregon Turf Farms sees renovation market growing; users finding sod cheaper in the long run

By Maureen Hrehocik
Associate Editor

**Sod is stacked** *on pallets as harvester keeps cutting.*

"The concept of renewing a turf area is relatively new. Traditionally, people thought lawns would last a lifetime. That just isn't the case."

Will Lighty, manager of Oregon Turf Farms in Hubbard, OR, is building part of his company's future on that opinion.

"The people in the 25 to 30 age range are a whole different breed," Lighty continued. "They're looking at new options and a new approach to everything, including sodding instead of seeding. Some people who are buying homes and who may have seeded once, are turning to sod for their second home or when they decide to renovate their lawn."

**Modern sod equipment** *(Princeton harvester shown) increases speed and reduces handling.*

The concept of renovation is also helping Oregon Turf Farm sales.

"New home construction isn't the only source of buyers for us," said Lighty. "Renovation of old homes and property is a market we will continue to concentrate on. People are realizing the advantages of the adaptability and immediacy of sod.

Lighty has managed the 350-acre production area since the company's founding in 1976. Lighty holds a Master's Degree from Colorado State University in Ornamental Horticulture and Turf Management. Oregon Turf Farms is owned by Tom D'Armond.

On the average, Lighty spends $6,000 to $8,000 a year on seed and works with a staff of five.

"We use a ryegrass, bluegrass and fine fescue combination, but we're always looking for improved types," he said. "We're a very quality-conscious company."

Among his bluegrasses, he uses Shasta and Sydsport; Citation, Manhattan and Pennfine ryegrass; and Jamestown fine fescue. He is also "looking at hard fescues." Because of the lack of demand, he grows no bentgrass sod.

"Landscape contractors and retail garden centers are our main customers, however, we do get

**Will Lighty,** *right, in the field with Chuck DeJardin.*

homeowners buying directly from us," he said. "We have felt some side-effects of the recession, but there is still a demand for sod."

In fact, Lighty has seen the demand for sod steadily increase over the past five years. Contractors are rethinking the cost of sod in light of the scope of an entire project.

"Immediacy is important in the case of resorts, hotels, and restaurants," explained Lighty. "Seeding requires six to eight months of maturing to achieve the same net result that sod gives as soon as its laid. Appearances are very important on jobs like these because appearances attract people to businesses."

Lighty also pointed to the fact that some maintenance contracts require as much as up to a year for seeded jobs, while for sod, it's usually a 60-day contract.

"This is especially important if a job is located far away from the home-base of the company," he said. "In this case, sod may be initially more, but it pays in the long run."

While the company hasn't reduced the amount of care it gives to its turf, it has reduced irrigation costs by getting the fields in good condition and irrigating less.

Lighty uses a commercial nitrogen fertilizer, sometimes straight, other times blended with phosphate, potash and sulphur.

"We still use netting, but the material is more mature at harvest time," he said.

The company's greatest marketing tool is word of mouth. It tries to live up to its slogan, "We're easy to get a lawn with."

"The quality and reputation of our product is the key to our sales," Lighty said. "Success of our product is always a concern. We try to help our customers utilize the product in a way that will be successful."

The adaptability of Oregon Turf Farm's sod was proven in a shopping mall where sod was laid on asphalt and is doing beautifully.

"The future of the industry looks excellent," Lighty says. "Sod is a useful tool in the builder/developer's bag of useful tools. All people who are serious in using property as a money-maker, must seriously consider sod.

"It's really a matter of being an educational process," Lighty continued, "showing people options they may not have been aware of."

LANDSCAPE MANAGEMENT

# KEY IS EFFICIENCY

## Long Island sod producer uses pragmatism to adjust to current market trends

By Ann Reilly

**Efficiency of** *McGovern's equipment is a principle concern.*

You know it's spring on Long Island when the boom trucks carrying pallets of sod roll down the Long Island Expressway.

Chances are strong that McGovern Sod will be lettered onto many of those trucks, and that they will be headed to Shea Stadium, West Point, or a cemetery, park, landscape contractor or retail garden center somewhere in metropolitan New York City, New Jersey, Connecticut or Long Island.

McGovern has been selling sod since the turn of the century when James McGovern cut old pastures and golf courses for sale to the residents in Brooklyn. McGovern's first farm of 15 acres was purchased in 1936 and the operation has increased over the years to its present 600 acres in three locations (Melville, Calverton and Mt. Sinai) on Long Island.

Like many sod farmers, the McGoverns bought and sold land, moving outward to new locations as the population multiplied, and constantly tried to upgrade the operation. Expansion became possible through successful real estate transactions and the production of the highest possible quality sod due to Long Island's ideal soil structure and water percolation and good climatic conditions. Today McGovern Sod Farms owns 60% of its land and leases the remaining 40%. Cousins and partners Richard T. and Edward C. McGovern operate McGovern Sod Farms today, a far cry from the business started by their grandfather over eight decades ago.

Dick McGovern considers the efficiency of his operation to be primary. His grandfather no doubt ever envisioned today's mechanization, irrigation equipment, regular programs of fungicide, insecticide and herbicide controls available, radio controlled operations between the field, the office and the trucks, and deliveries within 24 hours.

The trend in the sod growing industry in recent years has been to increase efficiency since it is an industry with high capital investments in mechanization. Since the early 70's, the development of modern harvesting equipment has lowered manual requirements from 15 men to five men to do the same job and has eliminated hand stacking. McGovern's crews harvest an average of 5,000 sq. ft. per hour per machine allowing for down time; the harvesting equipment can actually cut and stack 6- to 7-thousand sq. ft. an

**Ann Reilly is Executive Director of the New York State Turfgrass Association and the Mailorder Association of Nurserymen. She lives on Long Island.**

**Dick McGovern,** *left, and dispatcher Tom Hunt.*