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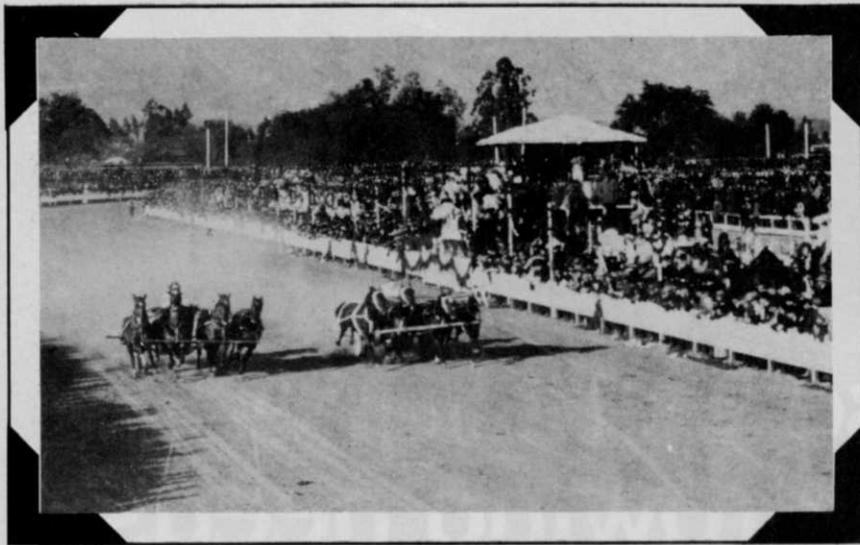
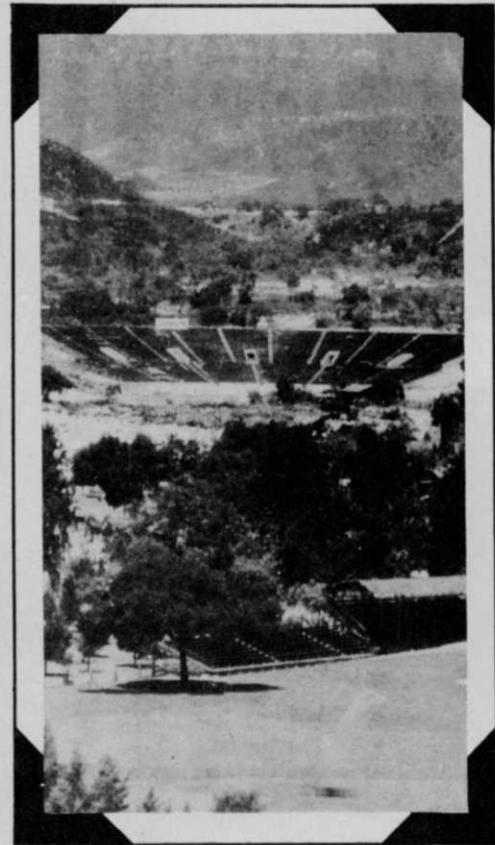
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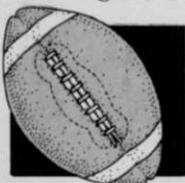
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Rose Bowl sights: (upper left), an earlier football game; (left) the trotters invade the bowl; (above) the stadium under construction.

## FROM GREASED PIGS TO PIGSKINS

Pasadena's annual Tournament of Roses offered unusual entertainment before finding football.



Millions of sports fans sitting in front of the tube watching a greased pig contest? Could have been.

That's one of the ways the Tournament of Roses Association celebrated New Year's Day in the beginnings of its

100-year history.

Football didn't enter the picture until 1890. Then it kind of sputtered along for awhile. Football, that is. The Tournament of Roses and its annual parade has always been a big deal.

In fact, the first intersectional, post-season college football game occurred in Tournament Park (now part of the Cal Tech campus) in 1902. Michigan thumped Stanford 49-0 and thus began and ended east-west football rivalries for 14 years.

Polo replaced football in 1903, followed by chariot races a year later. From 1903-15 Pasadena saw bronco busting, track and field, ostrich races, and—yes—even a race be-

tween an elephant and camel.

It wasn't until 1916 that a college football clash between Brown and Washington State Universities cemented the New Year's Day tradition sponsored solely by the Tournament of Roses Association. And by 1922, when 49,000 fans elbowed into tiny Tournament Park, association officials knew they'd better plan for the future. That meant a bigger stadium, hopefully by the next game.

Work began on the Rose Bowl Stadium.

Volunteers raised \$272,198 by selling seat subscriptions as construction teams, using horses to pull wagons and scrapers, cleared a section of the Arroyo Seco. Most of the work was hand work, picks and shovels. Hundreds of wheelbarrows carried yards of cement.

On Jan. 1, 1923, a capacity crowd of 56,000 saw USC take on Penn State in the first Rose Bowl game.

The popularity of "the granddaddy of bowl games" has necessitated improvements and renovations through the years.

By enclosing the south end of the original horseshoe and adding more seats, more than 105,000 spectators now enjoy the game annually. It's always a sellout.

Many legendary players and coaches—Pop Warner, Knute Rockne, the Four Horsemen, Ernest Nevers, O.J. Simpson, Howard Cassidy, Jim Plunkett—played here.

Many others brought fame to the Rose Bowl. Ten Heisman Trophy winners have appeared. Many other players have gone on to professional stardom.

—Dr. Kent Kurtz



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Bodies pictured are not available from Nissan, but are available through independent suppliers.



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## THE NAME IS NISSAN

# MONEY LOW AS A DROUGHT-STRICKEN IRRIGATION POND?

To fill the coffers during the off-season, landscape managers must apply fundamental credit strategies before, during and after a trip to the local bank.

by John B. Calsin, Jr.

**D**oes this sound familiar? It is winter. You wish you could sit back in a comfortable swivel chair and relax with your feet up on your desk. But next to your boots is a pile of bills, your accounts payable. Nearby is the checkbook, your balance as low as a drought-stricken irrigation pond. Scattered here and there on the desktop, like the first few flakes of a forecasted storm, are your receivables. And the purchase agreement for the desperately-needed new tractor continues to stay in the "pending" pile because of lack of cash. What are you going to do?

Borrowing money is a tricky proposition. Many people think that getting credit is a right, but it is not: it's a privilege offered to those who qualify.

## Approaching the bank

Depending on the bank or financial institution, loan qualifying requirements may vary some, but general guidelines are used by lending companies.

The landscape professional should be prepared to present to the lender the following:

- a written state of business (what you do, and how you get paid);
- three years of financial statements (balance sheets and income statements);
- list of receivables (include a list of your customer base, contracts for services, who they are and how much they pay);
- proposed plan of repayment in the borrowers' mind, if there has been

no prior banking relationship; and

- willingness to comply with a visit from the banker to your company location or place of business.

If you are a new customer, there may be some additional requirements:

- personal guarantee of the individual (even if you are incorporated);
- a personal credit check;
- a list of business experiences, and other companies you've worked for; and
- savings accounts or certificates of deposit as collateral.

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*If enough money is not borrowed at first, it may not be possible to borrow more at a later date.*

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Anthony J. Poluch, Jr., commercial loan officer with the First National Bank of West Chester (Pa.), says to "prepare a business resume telling the banker what knowledge they have of the business." He also suggests having a list of clients, especially those under contract. The list should include names, addresses, telephone numbers and amount of the contract.

A business resume and a client list mean extra work for the borrower, but it shows the banker your willingness to help.

The borrower-banker relationship is also an important factor when discussing collateral. "Once we get a customer who has dealt with us for a couple of years, and shown the bank they can handle repayment, we may

go ahead and start doing things unsecured, depending on the amount," Poluch notes.

Interest rates will vary depending on size of bank, market location, the borrower-banker relationship, and amount requested.

## Accountants

Landscape contractors should not be afraid of accounting professionals. They should learn to work with accounts as a team, because they know what banks and lending institutions are looking for, and how to properly prepare the necessary forms.

While it's never good to borrow more than necessary—money seems to have a way of dribbling away, and must be repaid—individuals or business people often have a tendency to understate their net worth. When applying for credit, as one accountant says, "that is to their detriment." If enough money is not borrowed at first, it may not be possible to borrow more at a later date.

## Optional credit sources

MTI Distributing, a Toro distributorship, is located in the Minneapolis suburb of Plymouth, Minn. Because of their northern location, president/general manager Jim Kaufman and vice president Glenn Rasmussen are familiar with possible off-season credit difficulties and cash flow problems.

Various financing plans, both through Toro and MTI, are offered to qualified customers. Kaufman and Rasmussen have some sound suggestions for someone considering an equipment purchase where financing will be necessary. The same rules could apply when approaching a financial lending institution.

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John B. Calsin, Jr. is a freelance writer in West Chester, Pa. At different times, he has been on both sides of the credit desk, as a borrower needing money and a bank manager lending it.



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# FINANCIAL STATEMENT

ASSETS	In Even Dollars			LIABILITIES	In Even Dollars		
Cash on hand and in banks-see Schedule 5				Notes due banks (sec.)-see Schedule 6			
Marketable Securities-see Schedule 1				Notes due banks (uns.)-see Schedule 6			
Non-Marketable Securities-see Schedule 2				Due to brokers—margin accounts			
Securities held by broker in margin accounts				Amounts payable to others—secured			
				Amounts payable to others—unsecured			
Real Estate Owned-see Schedule 4				Accounts and bills due on Automobiles			
				Unpaid income tax			
Other Personal Property				Other unpaid taxes and interest			
Loans Receivable				Real estate mortgages payable-			
Automobiles-see Schedule 7				see Schedule 4			
Cash value—life insurance-see Schedule 3				Other debts—itemize:			
Other assets—itemize:							
Vested Interest in P/S or							
Pension Plan				TOTAL LIABILITIES			
				NET WORTH			
TOTAL ASSETS				TOTAL LIAB. AND NET WORTH			

## TERMS

■ *Financial Statements*: a general term used to include both the balance sheet and income statement.

■ *Balance sheet*: also known as the statement of condition, and is a summary of the company's assets and liabilities on a given day.

■ *Income Statement*: for a specific period showing a company's income and expenses.

■ *Profit and Loss Statement*: (or P & L) another name for the income statement.

"We would look at the fundamental merits of the credit worthiness of the person seeking help," Kaufman says. While some customers know how to approach the dealer and make it easy for the dealer to make a credit decision, Kaufman and Rasmussen feel most people don't know what information is needed. "They have no record of continuous years in business, and no balance sheet," they echo.

Kaufman urges people needing credit for equipment purchase to prepare a formal letter with the following sections, before going to the dealership:

- an introduction (who you are, how long in business, how long in the area);

- a statement of purpose (goals and directions of the company, plus plans);

- and an accomplishments section (what you have done).

"This then becomes a good statement of mission," says Kaufman, "and is a good sales tool for your next customer." Customers are becoming more discerning, and this is just another step toward presenting a professional appearance.

A final additional benefit of the letter is that it can help act as a plan or guide. Without plans or goals, you

don't know where you're headed or how to get there.

"The customer should have ready a simple balance sheet, including figures on home ownership," Kaufman continues.

Often, the home is one of the major assets in the financial picture for many small or relatively new grounds professionals. An experienced dealer will recognize a thin financial presentation, but that does not mean the customer will not get financing.

"Don't be afraid to show your net worth," Kaufman suggests. Show how good your operation is; blow your own horn.

By preparing the suggested information for a dealer, you will have already some of the papers necessary when a trip to the bank becomes necessary. And the same statements can be used if leasing is being considered.

Jim Byrnes, advertising manager at the Jacobsen Division of Textron, Inc., says that financing is often available through manufacturers with leasing as an alternative.

The advantages to leasing, Byrnes points out, are:

- small initial cash outlay, preserving working capital for other activities;

- lease can be written with or without investment tax credit bene-

fits, depending on the company's tax situation (this is another area where your accountant teammate may play an important part);

- payment flexibility can be arranged so there are no payments during slow months.

## C's of credit

Banks have guidelines and restrictions to follow when making credit decisions. They are referred to as the *C's of Credit* by Edward F. Gee and Clifton H. Kreps, Jr., in their book "Analyzing Financial Statements, Fourth Edition." They are:

- **Character**: the willingness to repay, or the personal component;

- **Capacity**: ability of the borrower to repay, considering the condition of the business;

- **Capital**: sufficient other means of income or cash to repay;

- **Conditions**: the overall condition of the industry the borrower is operating in;

- **Collateral**: other items that may be sold to repay the loan, if some unusual condition arises.

While bankers often have some flexibility in a credit decision, the "character" element usually plays a deciding role. And that's the main reason to develop a good working relationship with your bank and banker.

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# DANGLING THE CARROT

Incentive plans: whether or not they're right for you depends on what your long-term goals are.

by Rudd McGary and Ed Wandtke

Incentive plans are key elements in the continuing growth of many service industries. Most firms have at one time offered employees an opportunity to make money above the annual salary with an income plan known as bonus or incentive.

These plans are used in order to achieve goals that may not have been reached with standard compensation. In 1985 many lawn service firms abandoned the use of incentives for their workforce, learning the hard way that employees depend on that extra income as a total part of their compensation.

Thus, when choosing an incentive plan, you need to gauge not only its long-term impact on your company but also the compensation expectations and needs of your employees.

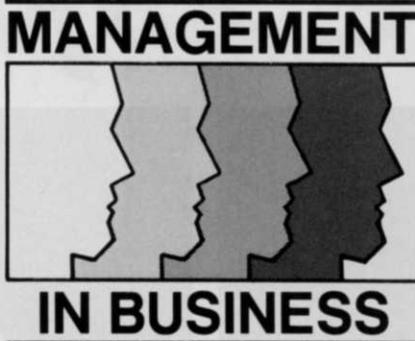
Incentive plans currently used in the green industries are either group or individual plans.

There are times when one type of plan is preferable but for most firms a combination of the two works best.

## Individual plans

The customer growth plan compensates employees for increases in new customers. The compensation, usually in the \$10-20 range per new customer, is spread over the fiscal year.

It allows for customers who cancel or do not take the full program and



also helps assure employee retention.

In maintenance and construction businesses this plan rewards employees with a percentage of the day's revenue.

**Pros:** All employees hustle to follow-up leads; cold sales calls become more acceptable to employees; customer call-backs to close a quote become more valuable.

**Cons:** Increased office record-keeping pressure; technicians may close sales not on their route resulting in potential problems if a customer cancels due to poor service; if plan limits a technician to only customers in their route area, plan may discriminate due to quality of potential customers remaining to be obtained; payouts may be so small that employees' interest is lacking.

## Setting goals

Another plan involves an individual establishing yearly goals. Ideally these goals should be quantifiable so that both employee and management can agree on how and when they are to be accomplished.

The compensation in this system is set by management and should be based on the goals and their attainment.

The maximum possible compensation should be the same for each individual in the plan. Payoffs seen have ranged from \$500-1,500.

**Pros:** Individual is in complete control of his or her own goal accomplishment; the incentive is sizeable

enough to encourage employee involvement; route location or size of customer base does not affect one's ability to earn an incentive.

**Cons:** Employee dissatisfaction with plan can arise if significant differences exist in the goals for different employees; it takes a year to learn what the payoff for the year will be; due to the variability of goals, it may be harder to manage the company; record keeping can develop into a complex nightmare.

## Performance plan

This plan rewards employees based on a mix of services performed each week or month. Various weighted factors are multiplied times the services an employee performs to determine a weighted work effort for the period.

Based on some published table, additional income is earned by the employee for effort over the base minimum performance criteria for the period.

Payouts usually are awarded monthly and range from 1-10 percent of a worker's pay during the period.

Designing this plan takes more time than with others but it seems to receive the greatest acceptance once implemented.

**Pros:** Frequent payouts resulting in a better motivated workforce; employees earn credits toward bonus payments for all duties performed in the course of the period; individual controls ability to earn better than average pay for services performed; individual can be motivated by peer pressure to increase performance to earn more money.

**Cons:** Periodic rewards may be so small that they fail to motivate; table of rewards can be set so high only one or two employees in a firm will earn any money in a given period.

## Group Plans

The customer pay period plan pays an incentive for attaining certain customer levels at the end of a fixed period of time.

The current trends are to set  
*continued on page 80*



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### INCENTIVES from page 78

payoffs at the end of April, July, and November. For lawn maintenance companies the fixed periods need recalibrated to correspond to the mowing season in your market.

The annual payment monies generally range from \$250-1,000.

**Pros:** Team effort is necessary; office personnel can easily be included in this plan; periodic payments keep workforce motivated; payouts are financially significant.

**Cons:** Individual stars are treated just like everyone else in the payouts; plan may not recognize dynamic growth results in the super year; external forces can destroy any chance of rewards under the plan.

### Direct profit

This plan rewards employees for meeting or beating the budgeted direct profit of a business for a month or longer period.

A percentage of the increased performance above the projected direct profit is shared with the employees. The payouts early in the work year are usually only a percentage of the total payment an individual would receive for the entire year.

For example, the direct profit amounts to \$10,000 over projected budget for the first quarter. Employees would be entitled to 10 percent or \$1,000.

However, at the end of this period only 20 to 30 percent of this compensation would be paid. The remainder would be paid out at the end of the year when final accounting is done.

**Pros:** Gets employees concerned with the profitability of company; involves the employees with more than revenue generation; encourages team effort of all individuals who may affect the direct profit line; provides periodic payouts to keep workers motivated.

**Cons:** May not drive employees to achieve customer growth goals desired; service quality is prone to deteriorate; payoff for stars may not keep the best personnel for the future.

### Assessing costs

The key to choosing a plan is to assess the costs involved as well as the reason you want to put a compensation plan in place.

Usually the first is done but the second is forgotten. The plans should help motivate the employees as well as generate growth for the company.

Be sure that you are attentive to not only how to prepare a compensation plan but also to why you are installing a plan. Your company will benefit in the future.

WT&T