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# Win big with used gear

Tips to save you money and headaches whether you're a buyer or a seller

BY CALLISTA TOMALLO & YOGITA SHARMA

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hen Joe Loyet, owner of Loyet Landscape, trucks to job sites in St. Louis, he sees a lot of "old friends" on the

trailers of other landscape professionals. The old friends in this case are older commercial mowing units that Loyet traded in for new Ferris walk-behinds and Toro zeroturn riders.

"I know they were ours because of the way we marked them," says Loyet, who generally puts about 3,000 hours of use on his mowers over the course of three seasons before replacing them.

His story is a common one. Large landscape firms generate the used mowers, trucks and other pieces of expensive landscape equipment that feed the equipment needs of smaller landscape professionals and the inexhaustible number of start-ups. Because there are no "lemon laws," it's buyer beware. Even so, there's always action in used landscape gear.



Many dealers offer remanufactured equipment, like this early (pre-1996) Walker 16-hp mower. "If you have a walk-behind belt-drive unit that starts and runs and cuts, it's worth \$600 minimum. If it's a hydro, it's probably worth closer to \$1,000 minimum," says Scott Muehlhauser, Scotts Power Equipment, St. Louis. "A rider is going to be worth \$2,000 to \$3,000 if it cuts and is not falling apart."

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Junk? Not to the small operator or the cash-strapped beginner who can coax a season of production out of a unit.

In spite of obvious pitfalls, here's how both sellers and buyers benefit in the used equipment market.

#### **Sellers have several options**

- They can:
  - sell the units themselves,
  - trade them in or
  - use them creatively.

Rob Estes, owner of Estes-Landers Landscape Design, Atlanta, is considering using them in a satellite operation where appearance isn't so critical and they'll receive less use. Kurt Kluznik, president of Yardmaster, Painesville, OH, regularly turns over his big equipment. He cites two reasons: he doesn't want a huge capital expense all at once and he wants to take advantage of the latest labor-saving technology.

"Getting new equipment is a great way to motivate your crews," he adds, saying that manufacturers have focused on increasing operator comfort and safety as well as boosting productivity.

#### Give me a price

The ways to price and market your equipment are endless, but don't count on referencing a value or depreciation guide. Why?



Kurt Kluznik



Tom Tolkacz

Because there isn't one. Most landscape professionals come up with a list of their own factors to use.

"We take the price of a new piece of equipment and compare it to the replacement cost and what the cost is to us to repair it," says Randy Abshier, vice president of Bozzuto Landscaping, Laurel, MD. "We also take into account years, hours, new parts and labor we have put into the equipment."

For instance, if a new mower has a life expectancy of six years and it costs \$6,000, the price for each year of the mower's life is about \$1,000. From that, take any necessary deductions for repairs, parts and labor to arrive at a reasonable resale price.

As far as marketing your used equipment, Tom Tolkacz, president of Swingle Tree and Landscape Care, Denver, CO, says beware. "We don't want to

sell our equipment to anyone who might gain a competitive advantage over us. That's why we sell outside of our service area."

#### **Buy smart**

Tips to consider before buying used equipment from landscape companies include:

### The dealer perspective

Dealers have no standardized way to price used equipment. While some deduct the depreciation value of a used machine from its original price, others assess its price by comparing it to new machines in the same category. Deductions are often made from this price based on the machine's depreciation, the cost of parts replaced and the labor required to refurbish it.

Tim Watson, president, Graham Lawn Equipment, Douglasville, GA, has his own way of determining a used piece of equipment's price. "We usually take into account a 20% depreciation from its original value and add the cost of refurbishing to that," he says. The final selling price of any used equipment is up to a 60% of its original value.

Muehlhauser at Scotts Power Equipment takes both trade-ins and consignments. "If somebody trades in a used unit, we take about 30% off of retail for the wholesale price, and if we consign it we get 20%. If an owner consigns a piece of used equipment, they make an extra 10%," he explains.

#### **Buying from dealers**

While it's generally true that an operator knows his machine, there are some guidelines that those buying used equipment from dealers should follow before making the purchase.

The most important aspect of the transaction is the relationship between the customer and the dealer. Therefore, it's important to go to a dealer you can trust.

It's also important to take into account the reputation and quality of the manufacturer, suggests Ray Badger, president, Turbo Tech, Beaver Falls, PA. He also adds that buyers should ask if there's a warranty on parts. Most dealers who sell used equipment do offer a warranty or a service contract with the sale. Watson offers a 90-day guarantee on all used equipment and service and everything else he sells.

Minute details like whether a walk-behind mower has been overused or if Roundup was used in a spray tank are essential to find out about.

Tom Delaney, vice president of the Professional Lawn Care Association of America (PLCAA), says it's also necessary that you ask for the service log in order to keep track of the number of replacement parts. It also comes in handy while procuring a user manual from the manufacturer, which is helpful while servicing used equipment.

It's also important to get the equipment checked by a reliable mechanic before taking the plunge.

#### OPERATIONS

Talk to employees who have used the equipment. Often, you can't do this, but if you can, it's highly recommended.

Talk to local dealers who sell similar equipment. "Ask them the hours and years for life expectancy of the equipment," Abshier says.

Ask for specific documentation. "Always ask to see the service record to find out what has been done to the equipment," Tolkacz says. "Also, ask to see the title of the equipment."

Acquire a maintenance/ users manual for the equipment. Get equipment checked by an experienced mechanic.

Since there are many different types of landscape equipment, how do you know which types are worth buying used?

"Hand-held power equipment usually gets worn out after one season and would not be worth buying used," says Bozzuto's Abshier.

Kluznik says hours of use are a better indication of the life left in a bigger piece of machinery than its age. Even so, he's leery about buying anything older than three years old.

#### **Views from the makers**

Manufacturers see the used equipment market as basically a good thing. "If the person buys a used piece first and really likes it, he or she will probably buy a new piece of equipment from the same company," says Bob Walker, Walker Manufacturing, Fort Collins, CO.

Adds Brad Paine, associate marketing manager of Sitework Systems/The Toro Company, Bloomington, MN: "I have no problem recommending the purchase of a used piece of Toro equipment."

In support of this philosophy, some manufacturers offer



**Bob Walker** 

programs for rebuilding their equipment. "We have a program called ProConditioned where equipment with 1,800 hours or less can be reconditioned per factory specifications and retailed back into the market with a one-year warranty," says Catherine Blackwell, director of client services, Epley Associates/John Deere, Raleigh, NC.

Most manufacturers' used



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"Always ask to see the service record to find out what has been done to the equipment. Also, ask to see the title of the equipment."

products are sold through dealers, which is where they believe you should begin your search. "The dealer is best equipped to deal with the issues inherent to the used equipment market," Paine says. "The buyer should go with the product and dealership that is best going to service their business and make them more successful."

#### How to maintain it?

Tom Delaney, president of the Professional Lawn Care Association of America, suggests that the best way to maintain used equipment is to go back to the manufacturer and get a user manual because the original is usually lost. Then, follow the proper maintenance schedule procedure while carrying out the regular repairs after a season.

The maintenance for used equipment is usually preventive, says Doug Hague, president, Lawn Classics, Findlay, OH, since one needs to get the maximum out of the machine in order for it to be cost effective. **LM** 



Swingle Tree & Landscape Care purchased this used truck at an auction from a company that went out of business. After buying a second used truck, Swingle was able to use two trucks for the price of one.



Visit our Web site's "This Month's Features" page to learn the advantage to searching for used equipment on the Internet, and also for a list of Web sites where you can buy used equipment.



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## 10 steps to success with subcontractors

Experienced landscape pros share their secrets to achieving profitable and pain-free relationships with outside firms

#### BY MIKE PERRAULT

here is no quick and easy way to have successful, profitable relationships with subcontractors. Building such relation

ships is one of the headaches of the landscape and irrigation business. It's hard but not impossible.

The key is experience. Landscape Management interviewed seven experienced Green Industry professionals about dealing with subcontractors. They offered 10 tips to help you avoid the pitfalls they encountered.

1. Outline the "perfect" project. Jeff Korhan, president of Treemendous Landscape Co., Plainfield, IL, sets up a meeting to define expectations for subcontractors and contractors. He tells subcontractors to forget about budgets and time frames. "I ask them to pretend it's three years later, and everybody is happy with the relationship," says Korhan. "Then I ask them to de-

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scribe what happened in those three years that caused us to have a good personal and professional relationship. If they don't have an answer, they may be saying, 'I don't see myself working with you in three years.'"

2. Walk a managerial tightrope. Micromanaging is a mistake. The last thing subcontractors want is to be told how to conduct their business. Also, micromanaging subcontractors squanders valuable resources, particularly your time.

A hands-off management style can be equally disastrous. Subcontractors need guidance.

"Communication is the biggest issue with subs," says Dave Tollefson, president of Urban Farmer, Inc., a 16-year-old full-service landscaping firm in Englewood, CO. "You pull a group of entrepreneurs together, set the stage right up front and let them know what the expectations are." The goal is to foster a cooperative, not an adversarial, relationship.

**3. Exceed customer expectations.** How else will your landscape company stand out to



Subcontractors are often chosen for their expertise in a particular task.

clients? When selecting and working with subcontractors, insist that they exceed customer expectations. That is far from easy, says John Chiarella Jr., president of Ultimate Services, Inc., Waterbury, CT. "Some subcontractors will talk the talk but won't walk the walk."

Korhan believes everyone in

the business process has expectations of each other, and those, too, should be exceeded. "In that sense, working with a subcontractor is no different than working with an employee or a client. Be open to problems and opportunities and ask, 'What is our plan to take advantage of those problems and opportunities?'" Decembra Const. and use: then



"I ask subcontractors to pretend it's three years later, and everybody is happy with the relationship. Then I ask them to describe what happened to build this good, professional relationship." — Jeff Korhan, president,

Treemendous Landscape Co.

4. Establish clear objectives and standards. Although contracts are important for outlining the scope of a subcontractor's work, don't rely too heavily on them. Confusing legal terms sometimes scare subcontractors away.

Consider conveying important objectives and standards and soliciting feedback from subcontractors during informal preconstruction or weekly progress meetings, Tollefson suggests. "Have them tell you they're having a hard time working around you in this or that area, for example."

Korhan has someone write down agreed-upon terms during informal meetings, which subcontractors and contractors then initial. One such agreement might be that the subcontractor commits to showing up on time, fulfilling specific work requirements and leaving sites clean.

Also, consider writing business letters that clearly state what work will be done, when and for what price, says Ed Laflamme, former president of Laflamme Services, Bridgeport, CT.

5. Do your homework. Selecting a good subcontractor may seem easy but it's not.

Take the time to evaluate, compare and select good subcontractors. Make decisions based on your company's priorities. Laflamme believes your number one search criteria should be reliability. "He has to do 100% of the job. Some subcontractors will do 95% and leave your client unhappy. Then, you have problems."

Consider also references and reputation, flexible contract terms, resource scope, cultural match, location and additional value-added capability. Word-of-mouth often helps you find subs fulfilling at least some of these criteria. "It's the best advertisement," says Les Lightfoot, president of Lightfoot's Landscape in Vidor, TX.

Tollefson looks for subcontractors who are like his own employees. "We look for the same temperament, ideals, attitudes and values," he says.

Price is important, but the location is sometimes even more crucial, both to the subcontractor and the landscape contractor. The landscape contractor wants the sub to be located within a reasonable distance from the job site, and the sub doesn't want to travel that far, either. The closer the sub to the job site, the better pricing a landscape contractor will get.

Don't forget to check out subcontractors' customer testimonials, contact numbers and resumes. Also, check to make sure they have liability insurance, and ask how their workers are trained.

6. Subcontract for the right reasons. Landscape companies subcontract to reduce and control operating costs, improve company focus, gain access to specialized services, free up internal resources for other projects and share risks. Subcontractors are often chosen for their extensive knowledge or certification involving everything from pesticide applications to large tree work.

"In the beginning, I tried to buy everything and do it all myself," Laflamme says of his efforts 30 years ago. "You quickly realize it's often more efficient to have a subcontractor handle some of the work."

Subcontracting makes sense from a risk-sharing standpoint, too, says Chiarella. "In-house, you have to pay for insurers, taxes and workers' comp," he says. "If you screw up, you have to pay. If a sub screws up, he's responsible or he doesn't get paid."



"Insisting that subcontractors exceed customer expectations is far from easy." — John Chiarella, Jr., president, Ultimate Services

Korhan primarily subcontracts irrigation and complex masonry work. "You may have the resources for a project in-house, but if those resources are committed elsewhere, you might sub out other things," he says. "If it's a large sod installation, you might sub that out because you want your crews working on the higher margin detail work that's going to reflect most heavily on the finished project."

7. Treat subcontractors as insiders. Some landscape company managers say they're surprised that many of their peers view subcontracting merely as an easy way to simplify their lives. Although they readily team up with subcontractors to satisfy clients, they continue to treat them as outsiders.

Laflamme took an opposite approach by inviting subcontractors to parties. He invited contractors and clients, too, creating bonds and cementing relationships. More landscape contractors say they're beginning to view relationships with subcontractors differently. They now it's about establishing networks and relationships among the most clever, best subcontractors in their fields. They share information with and learn



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from ambitious subcontractors, and use them to keep pace with change, to innovate, and to pursue efficiencies.

8. You scratch my back, I'll scratch yours. Rockecharlie prefers subcontractors who promptly respond to job requests, send professional proposals in a timely fashion and attend meetings. "That gives your firm the necessary turnaround time to submit bids for the total bid package," he says.

Likewise, pay your subcontractors in a timely manner. "Subcontractors who get nickeled-and-dimed don't like working for those contractors and they do a lousy job," says Chiarella. "It's to no one's advantage." A smarter approach is to reward for performance.

Don't let control issues or egos get in the way of establishing good reciprocal relationships. Avoid adversarial relationships when determining who will choose the specific pesticides to apply, for example. Also, improve communications with subcontractors. One of the quickest ways to end a relationship with a good subcontractor is to tell them a job is ready when it isn't — that hurts their bottom line.

9. Timing and scheduling are critical. The art of subcontracting is the timing and scheduling, landscape managers say. It can also be subcontracting's toughest aspect. It's not uncommon to underestimate the time necessary to complete a job or fail to take into consideration outside factors. Communicate before, during and after a job. Try to get a commitment from subcontractors that your firm is among their top priorities.

Chiarella points out what he considers to be an ideal relationship. "I was on a job site in Westport, CT, where I saw a problem and called one of my tree expert friends," he says. "I talked to him on a Thursday, he was there on a Thursday afternoon, and he was injecting the trees on Friday."

Laflamme says he views scheduling will