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Circle No. 115

Don't let lowballers



Lowballer — it's not a four-letter word but many lawn care and landscape company owners think it should be. It's a word that many of us like to toss around, maybe too loosely. Some of us, in fact, use it whenever we lose business to anybody that undercuts our prices.

Is it justified? In many cases, an emphatic "yes."

Every industry — particularly an industry with low barriers to entry like landscaping — has its share of unethical operators. We're not unique. Even so, all of us have, at times, lost jobs to competitors offering lower prices because of operating efficiencies.

They just don't know

Mostly though, the competitor that always comes in with unrealistically low prices is uninformed; they're not knowledgeable about business and their local marketplace. Few succeed in the long run (not unless they wise up, anyway), but the real damage they do is to the marketplace by giving clients and potential clients a false read on professional landscape and lawn care's value.

Rod Bailey, a consultant at Alder Springs Enterprises in Woodinville, WA, says that lowballers are a fact of life even when the economy booms. Learn to deal with them, he says.

BITE

into your profits

A guide to keep you from playing the "we'll beat any price" game in your marketplace

BY STEVE GREENWALD

Know thy customers

"Choose your customers wisely," adds Steven Glover, consultant, Symbiot Business Group, Sandy, UT. "Don't go with customers that are likely to drop you for price alone."

Scott Brickman, president of The Brickman Group, Langhorne, PA, agrees. "It's the lowballers themselves who often complain the most about lowballers," he says. "The quality-oriented companies don't complain about them as much. Go after markets that appreciate quality work."

Bailey advises that landscape and lawn companies promote their reputation and stability. "The lowball customer isn't where you should be selling," he says. "You can't afford to drop pricing; the quality of your services is what you're selling. Every time my wife hears me complain about

them, she says, 'Well, I guess they know what their work is worth.' It's a good thought to pass along to customers tempted to the lowball side."

Management at Kujawa Enterprises, Inc. (KEI), Cudahy, WI, pays little attention to lowballing. "We don't cater to that market," says Chris Kujawa, executive vice president. "Our clients won't put up with them. If the grounds look bad, it's the client's facilities manager who looks bad, not us. So our clients pay us not just to do the work but to manage the site, which is the image of their company."

Rick Doesburg, owner of Thornton Landscape, Inc., Maineville, OH, concurs. His business is 100% design/build, which lowballers, too, but not as many. "I don't sell plants. I sell creativity and results," Doesburg says. "And you need

experience to sell those, which eliminates lowballers."

Lowballers can't get work on any other basis but price, Kujawa points out, and they won't last because they'll run out of money if problems arise.

And they always do. He says if a contractor is already separated from competitors on a price level, he must separate himself on a professional level as well.

The low-price game

"Prices are beyond your control," he says. "What's not is how you deal with the rest. You can't eliminate the price difference, but you can mitigate it by educating your client on your level of professionalism."



Steve Glover says to choose 'good' clients

Kujawa lists things his clients should know on a contractor checklist — items such as the competitor's number of certified professionals, licensed staff, association memberships and years in business.

He lets clients know about things like KEI's specialty crews, the photo IDs used by the staff, clean trucks, and "everything that makes us stand out," says Kujawa. "Point out the quality of your people, their level of training, longevity and trustworthiness."

Other considerations, says Kujawa, include the worth of KEI's monitoring the site. "We are paid not just to do the mowing and pruning but also to manage the site," he says. "All of these are cost items that

have to be passed along to the customer and recouped through our price."

It's also important to explain the simple mechanics of insurance, he says. "If you have liability insurance, the client's insurance burden becomes lower, so he must either pay your fees or the insurer's fees."

Glover adds that landscape and lawn professionals can point out to customers other things to look for when selecting a contractor:

- ▶ Are workers legal residents?
- ▶ Do they have worker's comp?
- ▶ Are they licensed to spray?

Combating inexperienced lowballers can mean reporting those who are spraying illegally, he says. "Perhaps it's petty, but you have to keep the industry image up and level the playing field." He suggests a visit to Symbiot's Web site, www.symbiot.biz or www.symbioticsolutions.com, to learn more.

"You never run down the other guy, but you do build yourself up," says Kujawa. He shares the numbers behind his estimates with clients, telling how many hours it should take and at what labor costs.

Brickman agrees. "You can actually show customers what



Chris Kujawa markets to his firm's strengths

your costs are and then work with them so that they bid to the right specifications. And then if another bidder comes in with a lower bid, you can explain how he must be underestimating either the number of labor

hours to do the work or the amount the labor should cost."

Relationships work

Building a relationship with your customer base through education benefits both parties and makes the profession stronger. One well-known advocate for relationship building is Rick Doesburg. "Relationship building is unequivocally the most important thing you can do," he says.

Build your circle

Doesburg suggests joining not only professional landscape and lawn associations but also groups your clients belong to such as builders and facility managers. Be active, and support them with time and money. "It starts out for business purposes, then it becomes fun, and finally it becomes a professional responsibility."

Building these relationships, Doesburg says, means your clients know you understand their business and can explain how your services can help them meet their goals. "I can tell them what actual results my work will have," he says.

Know when to go low

The decision to lowball should be a deliberate one. If you want to lowball, says Bailey, budget for it, and treat that job as a loss leader. Don't give it away, he suggests, but price it down to the lowest margin possible.

Doesburg warns that landscape contractors, especially those in design/build, should "decide up front how important the account is. If it can put you on the map, take it out of the marketing budget," he suggests.

Kujawa adds a few other strategies that bring lowball strategies back into a more businesslike mode. If you pick up a job where a client is consolidating properties, he suggests bidding low to pick up the larger volume. He would call that a volume discount.

Or, if you're faced with a client with a budget limitation, Kujawa advises, reduce your program to meet his budget. "That's negotiating — that's salesmanship," he says. "Just lowering your price to get the job isn't. If you back off to meet a price, you look like a fool for offering the higher price in the first place. You have to stick to your guns. You have to use salesmanship."

Relationships, he says, make it easier to be honest and communicate effectively.

If you're going to educate customers about how prices are derived in order to hold lowballers at bay, you must first know what your costs are. According to Glover, you must be able to keep up a high level of service at your given price or you'll lose any credibility you've gained. On the other hand, he notes, you have to stay competitive and minimize any discrepancies between you and the lowballer.

Doesburg concurs. "You have to know your costs and times for labor and material, to track your expenses very thoroughly and carefully." He suggests learning these skills from professional associations such as ALCA.

Plus, it's vital to compete fairly. "If a lowballer is going after you, you have to be sure to compete on an apples-to-apples basis," says Doesburg. "Have consistent criteria across the board and a consistent budget." That way, you can tell the client what you can do for "x" amount of dollars to meet the client's specific needs.

Oddly, knowing your numbers may keep you from being a lowballer yourself. "Many lowballers aren't really lowballers," says Bailey. "They're the guys who don't know the true value of what they're doing. They may not even know they're lowballers."

Frank Ross, a consultant at Ross-Payne & Associates, Inc., Barrington, IL, agrees. "I think a big percentage of contractors

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are guilty of this. They don't lowball intentionally, they just don't understand the financial and management issues involved. However, with good financial management, they can make a fair return on the job."

"If people complain about you being a lowballer," adds Brickman, "it may be that you're just efficient. If you know your true costs and have good estimating and tracking systems, you can price lower." He says it's vital to actually measure the site and have exact counts for things like mowing

times and costs, the number of trees and linear footage of bed edges so you can compute costs.

When it can work
Ross says there may be times when underpricing a job is valid.

"You have to know when to go after a job aggressively and when to stay away," he says. "If you price at a loss to maintain a cash flow or from worry about your competition, that's wrong. You should



Scott Brickman: not all low prices are lowballs

only go below the break-even point when you're building something other than the job itself. You should always have a profit motive in there."

Says Glover, "Times are few and far between where lowballing makes

sense — when you want to expand in a market where you already work — to build route density, for instance, if you can do so inexpensively. Or to get exposure with a 'name' client.

Or to build a relationship with a customer with a large portfolio when you can make up the costs in volume. But be clear as to why you're doing it and how long you'll do it."

Bailey adds that one legitimate time to lowball is for an extended term contract. You can bring your overall costs down by factoring the marketing costs, which should be from 2.5% to 6.5% of the bid, out of future work. "But it's a short-term tactic," he says. **LW**

The author is a freelance writer who lives in Cleveland, OH



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Lighting it up

Contractors pool talents to give big GE property in NY ecologically sound landscape

BY GEORGE WITTERSCHEIN

General Electric Corp.'s decision to upgrade an aging industrial plant in upstate New York has turned out to be a win-win-win — for the environment, for General Electric and for landscape contractors involved in the work.

"We want to do whatever we can to make our employees feel good about their work environment," says Craig W. Radliff, facilities manager in Schenectady, headquarters of GE Energy Products, where the company manufactures steam turbines and generators.

Major renovation

During the last decade some of the older landscapes had been removed and others renovated, adding space, turf, trees and flower beds to greet visitors at the entrances. GE also invested in a state-of-the-art health center, a new dining facility, recreation fields and a half-mile cinder track for employees.



Numerous contractors turned the GE industrial site into a park-like campus.

GE is pleased with the results, Radliff says. Although it's difficult to do a quantitative measurement of the impact of the site upgrade, the benefits of the campus-like atmosphere and other improvements are appreciated by employees and draw positive comments from guests. The National Arbor Day Foundation recognized the environmental makeover with a Project Award.

Also pleased are the landscape professionals who worked on the site upgrade. They report that the projects were profitable for them, and in some instances that they deepened their relationship with

General Electric and earned themselves other business. Besides, they feel being part of the broad ecological trend is a positive step for the Green Industry.

One of the contractors, Jim Catella, an engineer and general manager at The Clark Companies, feels his company's work on the GE Schenectady campus was financially successful, roughly coming in within its usual profit guidelines. The Clark Companies, based in Delhi, NY, is a 53-year-old construction company that specializes in athletic field construction. The company, employs about 70 and has built or reno-

vated sports fields for the New York Giants and New York Jets football teams, the Olympics and a number of universities in the Northeast. When the firm got a call from General Electric it was in for a new experience — doing athletic field work for a major corporation.

Lots of work ahead

GE, it turns out, had a substantial amount of work in store for The Clark Companies. The athletic fields for the Schenectady plant site included softball fields, tennis courts, volleyball courts, horseshoe pits, bocce courts and soccer fields. "These were fully irrigated, and we put in the irrigation," says Clark's Catella. "We also put in 14 acres of sodding."

Another company involved in the work at the site was Pakatar Landscaping, owned and operated by brothers John, Thomas and James Pakatar. The Waterford, NY-based company, which grosses about \$500,000 in revenue a year with mostly commercial customers, performed a lot of the installation and planting work for GE Schenectady. "We were invited to bid on the GE job as a result of a referral from our landscape architect," says John Pakatar. The result has been several years' worth of work at the site, most of it installation.

"Basically, the plantings have been native material," Pakatar says. "We use Norway spruce and Canadian hemlock, for example, red maples, Douglas firs...and we put in 700 evergreens along a railroad cut that separates the office railroad area from the perimeter of the office complex and parking lot. That includes balsam firs, Douglas fir and Austrian pines."

Gary DeLuke, CEO of White Birch Nurseries, Inc., a 50-year-old company started by his parents, also feels he did well by the project. It fell to DeLuke to submit a design, especially for trees, that would help turn the industrial site into

Is being ecologically sensitive good for landscape companies?

Jim Catella, Clark Companies: "I would say yes to that question. We've bid on and performed other ecologically sensitive projects. We've been involved with the construction of wetlands and habitats, both for the State of New York and for private customers who got an approval to build somewhat on wetlands. To get approval they had to agree to create new wetland elsewhere. Much of our work involves seeding and mulching and sodding and erosion control. The first and last thing we always do on a project is provide for erosion control measures, and stabilize the site, and then remove those measures at the end after everything is stabilized.

"Everybody in this industry is in an ecologically sensitive business, whether they know it or not" he says.

"Our industry as a whole is evolving in that direction," adds John Pakatar. "We've built a niche business, namely commercial installation, and ecological concerns are becoming a noticeable element in that niche. If ecology is an important part of your niche, you owe it to yourself to develop expertise and a good reputation in that area."



About 700 evergreens were installed between a railroad area and the GE office complex.

something more like a park or campus. "I think they enjoyed the design," DeLuke says. "We won the job." DeLuke says GE managers did much of the tree selection while fellow contractors installed many of the trees.

Everyone was motivated

DeLuke claims that the GE work was profitable for his firm because it kept his employees motivated about their work and their role in its success. Plus, he has a unique self-designed program to keep his employees informed and motivated about their work and their role in the company's profitability. "As a result, we get very productive and efficient work from our people," he says.

The company also got a lot of positive exposure at the GE campus, resulting in more work elsewhere. "People who work in the offices there saw us, and some of

them gave us residential work on their own homes," DeLuke reports.

White Birch is an ecology-minded company to start with, leaning away from pesticides and chemical fertilizers and towards organics. "The pesticides and chemical fertilizers are getting harder to use anyway," says DeLuke. "Everybody has to be certified to use them and you have to notify everybody and his brother, all of which cuts down on your profits."

DeLuke also likes to minimize his impact on the environment by choosing trees appropriate for the northerly Schenectady climate. "I try to use plant material that's going to require the least amount of maintenance and still look good. I've become something of a zone five expert." **LJM**

— The author is a freelance writer who lives and works in Mendham, NJ. He is a frequent contributor to LM.



Save that mature tree

Former landscaper perfects methods to move large valuable trees

BY RON HALL/ EDITOR-IN-CHIEF

Moving mature trees or even semi-mature trees is a job few landscape companies want to try. That may change. Bryan

Williams, 49, says that he perfected techniques and developed inexpensive equipment that Green Industry companies can use to lower the cost of such an operation. He says that his methods will allow the landscape companies to rescue and relocate large trees when executing projects.

Williams, owner/operator of Worldwide Tree Moving, Oxford, MI, calls his system "the modular sled system."

He says that he's been developing the system since he traveled to England in 1996 to study techniques used there to move semi-mature trees. One of these techniques, the Newman Tree Frame System, is regularly used to move trees with up to a 12-ft. diameter root ball weighing 60,000 lbs. or more. In fact, Williams says he's used the same system to move trees with 20-ft. rootballs weighing 120,000-lbs.

Beautiful giant gets moved

Even so, Williams needed a different way to move a copper beech in downtown Plymouth, MI. The 90-ft.-tall, 120-year-old beech has a trunk diameter of 56 in. and weighs 400,000 lbs.

Residents of Plymouth prize this stately tree, which needed to be moved to make room for a new condo complex. The tree came to the United States on a sailing ship from Holland over 100 years ago. Its first home was a tree nursery in Chicago.

Movers take their time

Williams moved the tree in stages, starting by pruning its roots in late spring 2001 and monitoring it for two months for stress.

Then he used a horizontal boring unit to drill six holes five feet underneath the tree's root ball. He passed steel cable through the channel to the other side of the root ball and attached it to a 5-ft.-wide, 30-ft.-long rectangular piece of steel, 5/16-in. thick.

Upper left, the copper beech has a 56-in. diameter trunk. Right, Williams and his crew spent weeks getting the tree ready for its move.

Using two D-8 Caterpillar bulldozers (one acting as an anchor and connected to the second Cat by a cable and pulleys), an operator pulled the steel sled under the root ball. "It's pure brute force, but it's really just simple physics," Williams explains.

Williams repeated the process six times until there were six panels of steel, making a 30-ft. by 30-ft. sled beneath the root ball. The bulldozers pulled the tree on the sled to the planting site 150 feet away where the steel sleds were removed one at a time.

Williams says there's a great need for companies that can move large trees. "I want to teach others how to move trees that are larger than tree-spade size. There is no place to go to learn this," he says.

To learn more about large tree moving call Williams at 248/568-4492 or visit the Web site www.treemoving.com. LM

