

Optimism prevails at '02 ALCA Student Career Days

BY JASON STAHL

PEORIA, IL — The Associated Landscape Contractors of America's (ALCA) 26th Annual Student Career Days went off without a hitch here in late March with over 1,100 students, faculty and industry representatives gathering to discuss Green Industry career opportunities.

Optimism abounded among the 78 companies present regarding the current job market and business prospects for 2002.



J. Landon Reeve (left) and Jeff Korhan both seem to think the job market is turning around.

"The job market has definitely improved in that it's not hard to get people," said William Dickerson, owner of Dickerson Landscaping, Tallahassee, FL. "If you're on top of things, you're trying to get in early while a pool of good people is still there. You want to hire now before the job market returns to where it was two years ago, and it will return there. There's too much money being spent in this industry for it not to."

J. Landon Reeve, president of Chapel Valley Landscape Company, Woodbine, MD, said 2001 was his company's best year ever, and 2002 looks "pretty steady." His company is currently hiring, although he said they're being very selective.

"Despite what the economy is going through right now, it's still a matter of finding the right people for the right situation in any market," Reeve said.

Some people have positions open not because employees left but certain areas of their business are experiencing strong growth.

"We're ahead of last year with sales of

design/build work, so we're looking for a couple landscape architects and a production supervisor," said Jeff Korhan, president of Tremendous Landscape Com-

pany, Plainfield, IL. "We're not in a hurry, but if we see the right person, whether they're experienced or right out of school, we'll take a hard look at them."

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PLCAA adds football star Theismann to conference lineup

NASHVILLE, TN—Two-time Pro Bowl NFL player Joe Theismann recently joined the lineup of speakers at the Professional Lawn Care Association of America's Green Industry Conference held in conjunction with the Green Industry Expo Nov. 13-16.

Theismann, quarterback great of the Washington Redskins, will open the industry's top landscape and lawn show for PLCAA at its grand opening session sponsored by Syngenta on Thursday, Nov. 14 at 8:30 a.m. at the Gaylord Opryland Resort and Convention Center.

After a 12-year NFL career, Theismann left the Redskins in 1985 due to a severe leg injury. His career highlights include a 27-17 Redskins victory over the Miami Dolphins in Super Bowl XVII. In 1983, he was voted the NFL's Most Valuable Player and Pro Bowl's Most Valuable Player. He's a native of South River, NJ, and a 1971 University of Notre Dame graduate and All-American athlete.



NFL great Joe Theismann

Now a football analyst for ESPN and author of *"The Complete Idiot's Guide to Understanding Football Like a Pro,"* Theismann shares hard-earned lessons of life in his presentation, "Managing to Win."

Theismann headlines PLCAA's educational conference program that offers a mix of business, technical and industry topics. PLCAA's conference runs on a new Wednesday

through Saturday schedule this year. PLCAA's pre-conference activities begin Wednesday, Nov. 13 with a golf outing and afternoon pesticide recertification workshops, and the event closes on a high note Saturday evening, Nov. 16 with an optional outing to the Grand Ole Opry. The GIE trade show takes place Friday and Saturday with the product field day on Thursday.

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People & companies



Valley Crest appointed **Christina Briggs** to vice president/national business development.

Tecumseh named



Jonathan P. Gorman vice president, marketing and product development-

worldwide for its Engine & Transmissions Group.

ProSource One has hired several people as sales representatives. **Mike Bailey**

will manage turf accounts in the Palm Beach Co./Vero Beach area. **Virgil Beaven** will cover Kansas City. **Geer DuBose** will handle the forestry, vegetation management and aquatics markets in North Carolina, South Carolina and Georgia. **Bill Gauwitz** will cover Minnesota. **Dan Jones** will focus on central Florida. **Theresa Luke** will cover the turf and ornamentals market around Savannah, GA and throughout South Carolina. **Brian McGuffin** will cover Chicago. **Bill Plante** will service turf markets in southeast Georgia and north Florida.

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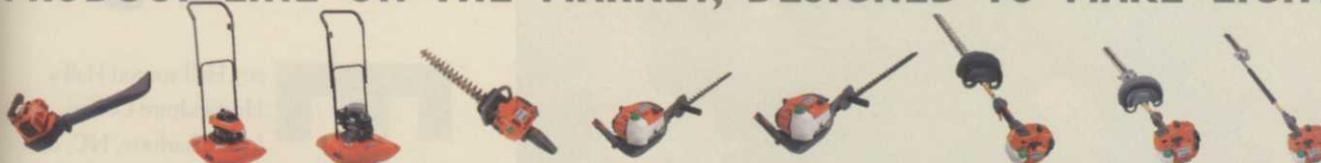
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Troy Hall started Hall's Horticulture Design, Inc., Charlotte, NC, in 1994 convinced he could parlay his commitment to service and quality to business success in landscaping.

Five years later, exhausted from hard work, Hall found himself in the hospital owing vendors \$240,000 and his business in big trouble.

What went wrong? Almost everything. Yet, while many business owners might have thrown up their hands in futility, Hall became passionate about learning from his mistakes. Because of his positive attitude, he turned his business around. "We're living our dreams right now," he says.

Hey, this is easy

Hall's firm offers both maintenance and design/build services, including lighting, irrigation, patio work, all types of stonework, waterfalls and ponds. But, let's start at the beginning.

Business went fine for Hall's first four years. It was going so well, in fact, that he eyed rapid expansion near the end of 1997.

"At the time, we were doing almost all residential work," he says. Even though this work was highly profitable (\$507,000 in sales in 1997 with an 18% net profit), Hall felt he needed to take on large commercial landscape work, too.

His residential clients turned out to be a

Troy Hall (right) with the two managers who helped him refocus his business: Will Sutterlin (left) and Matthew Posvar (middle).

your game

good source for acquiring commercial jobs. "We had several residential accounts where the owners were either in property management or construction," he says. "For example, one residential client was the president of a real estate development corporation. We got to talking, and he was looking for someone to help him out and asked us if we'd be interested in bidding."

Over time, as he began working with more construction contractors, he got to know the foremen. "When they moved on to other jobs, they called us to see if we wanted to bid on their new jobs," he adds.

By the next year, Hall's sales had doubled to \$1.1 million and, instead of nine employees and four trucks, he was managing 26 employees and 11 trucks.

Profit, however, imploded. "We ended up with a 3% net loss," he says, recalling his shock upon discovering this at year's end.

He now realizes that he'd focused on growth instead of profits. "I'd been telling the managers to push crews as hard as they could, and overtime costs were killing us," he recalls. "I spent all my time pushing for more sales. I never looked at whether the work was profitable."

Here's what went wrong

In analyzing his situation, Hall isolated four major problems in four different areas:

Estimating. "We had no way to tell whether we were profitable, so I ended up bidding lower than I should have, often

How Troy Hall refocused his business and saved himself from financial ruin

BY WILLIAM ATKINSON

just as a way to get the work," he says. His commitment to superior service and quality compounded the profit problem. For example, on one \$130,000 job Hall ended up spending \$150,000. That construction contractor, as well as others, encouraged him to cut corners, but he refused. He'd staked his reputation on quality work and he wasn't budging.

Labor costs. He wasn't paying attention to overtime costs. "I was having my managers work the employees as hard and as long as they could, and many of them were putting in 60 hours a week," he recalls. "Payrolls were costing \$25,000 every two weeks. It was a nightmare."

Inventory costs. Hall also found it difficult to compete with larger companies since most of them had their own nurseries. "We ended up having to spend quite a bit more for plants than what they spent to grow the plants themselves," he explains.

Cashflow. Payments from commercial accounts were slow. "In our residential work we operated with 50% down and 50% on completion," Hall says. On the \$130,000 commercial job, for example, it took him nine months to get paid. "There

was a lot of red tape and paperwork to getting paid, and this led to a major cash-flow problem, especially since we had hired so many new employees and had invested so much in new equipment."

By the end of 1999, Hall's invoices with vendors were reaching 90 and 120 days and he owed them \$240,000. "Some of my vendors wouldn't let me charge anymore," he says. "I was even struggling to make payroll."

Hall's work habits were also taking their toll on his health. "I had been working 16 hours a day, seven days a week for a long time and finally ended up in the hospital," he says. "This was a turning point for me."

Let managers manage

Hall committed himself to working smarter. He called on two of his managers to help him refocus the company — Will Sutterlin, manager of the services division, who had been with him since the beginning, and Matthew Posvar, who took over as manager of the landscape division. "They took so much weight off my shoulders," says Hall. "I couldn't have turned this business around without them."

Together they redirected the company's

Simple changes that cut labor costs

When Troy Hall's debt threatened to kill his company, he began to pay more attention to running the business rather than focusing all his time on selling. One area of concentration was on slashing payroll. The company did this in three ways:

Have employees show up earlier. Before, four managers and 21 laborers clocked in anywhere between 6:30 and 6:45 a.m., but they weren't getting into the field until 7:45 or 8:00 a.m. "They spent their time loading up the trucks, sitting in the trucks, trying to back up around each other, and so on," Hall explains. "I was so busy planning my day that I didn't even realize

what was going on out there." So it became a requirement that all of the managers and two laborers show up early to sharpen mower blades, get equipment ready, and load trucks and park them at the front of the shop. When everyone else would come in at 8 a.m., their trucks would be loaded, they'd get their work orders, and be gone in five minutes. Since this policy was enforced, Hall says he's saved over 100 man-hours a week in overtime and cut payroll dramatically.

Keep track of things better. To do this, Hall began using a software program called CLIP, which helps route jobs and cut travel time between jobs,

as well as track crews' locations and lunch times. CLIP also helps Hall manage production. "It tells the crews exactly how long they have for each job," he explains. "If they hit their numbers, they get a bonus at the end of the week."

Eliminate gas cards. Before, seven or eight trucks would be sitting around the gas station with everyone talking before, during and after fill-ups. Hall took gas cards away he'd previously given to foremen. Now, there are designated days where everyone goes to the gas station: Mondays, Wednesdays and Fridays.

The result? Work hours have been cut from 60 a week to no more than 45.

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Hall goes over a design plan with Sutterlin, one of the managers who he said was crucial in helping him turn his business around.

involved billing in advance rather than billing in arrears.

The first month, of course, ended up with double billing. He billed his cus-

tomers at the end of the month, then also for the next month's work.

"I can't tell you how scared I was when I did this," he admits, "but I only lost one

focus. "Before, we focused on sales, growth and competition with the big boys," Hall says. The new vision was to recapture the original plan to offer high-end residential design/build and maintenance services capitalizing on the company's commitment to service and quality.

"We decided to get almost completely out of dealing with large commercial contracts, with the exception of a small number of general contractors who were friends and where we could get some solid, dependable business," he explains.

Hall decided to perform 60% of his maintenance work on residential properties and 40% on commercial properties. On the design/build side, 85% of the work would be residential.

Profit is king

Hall then drew a bead on profitability. First, he sat down and created a detailed chart of accounts that actually reflected how the company did business. The next step was to create a budget and live by it. Hall then began using CLIP software to job-cost all of his jobs.

This led to some startling realizations. For example, Hall learned that he'd never calculated the real cost of liming. "We had a standard price but if pH was down a lot on a piece of property, we might have to put down 20,000 lbs. and end up losing money," he says. As part of the new contract, liming was considered an extra cost.

Hall also changed his billing schedule. "At the time, we would work for a month, bill for the work, and get paid 15 to 60 days later," he says. "I wrote a letter to all my clients, explained my situation, and explained my new program." The program

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Nine ways to improve cash flow

BY WILLIAM J. LYNOTT

1 Never allow money to lie idle.

Deposit daily receipts into a money market account where they'll immediately start drawing interest. Link it for online transfers to your checking.

2 Use other people's money.

At today's low interest rates, careful use of credit can be one of your most effective business-building tools. Beware of extensive use of credit for personal affairs. When it comes to business, it's a different matter.

3 Consider leasing.

Leasing makes sense if you'll be able to use the cash in your business or investments to earn a better return than the cost

of leasing.

4 Diversify to keep cash flowing.

When you and your employees are idle, any work is better than no work. Performing a variety of maintenance services at prices that don't satisfy your usual parameters of profitability can make sense when they provide work and some cash inflow.

5 Don't rush to pay your bills.

Hang on to your cash as long as possible to keep money available to draw interest or to work in your business. But don't jeopardize your credit standing by paying bills late.

6 Aggressively collect accounts receivable.

When a customer is

late paying a bill, don't hesitate to get on the phone to ask if the bill has been overlooked.

7 Maintain a cash cushion.

Keep enough cash in interest-bearing accounts to cover normal operating expenses for three to six months.

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