

People & companies



RedMax promoted **Jim Gabrielson** to Deputy General Manager of Sales and Marketing.

ValleyCrest Companies was named recipient of the 2003 "Publisher's Award" from the *San Fernando Valley Business Journal* for leadership, longevity and continued community commitment.

Jacobsen has awarded the employees of its **Johnson Creek Mfg. Facility** the 2002 Textron Award of Merit in recognition of achieving one million hours of operation with a lost time injury.

Jacto, Inc. promoted **Lee Richey** to Vice President.

ALCA announced that **James E. McCutcheon, Jr.**, of HighGrove Partners, LLC, Smyrna, GA, recently passed the Certified Landscape Professional exam.

Exmark named **Blalock Mfg. Co.**, College Park, GA, as the 2002 Exmark Distributor of the Year. Blalock's **Dale Stark** was named Exmark's Salesperson of the Year for the Southeast Region.

Bozzuto Landscaping Co., Greenbelt, MD, was named "Business of the Year" by the Baltimore/ Washington Corridor Chamber of Commerce.



Skinner Nurseries has hired **Roger Claybaugh** and **Mike Vlcek**

as sales representatives.

Valent hired **Chris Threadgill** as sales

rep for the Midwest Division of the Professional Products Group.

Schiller-Pfeiffer, Inc., manufacturer of Mantis and Little Wonder branded lawn

& garden power equipment, has announced that **Dave Navroth** was named President of Associate/Affiliate Board of Directors for the Outdoor Power Equipment and Engine Service Association.

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- Large properties can be trimmed and blown in 25% to 35% less time.
- Less fatigue and greater productivity equals higher margins and lower employee turnover!!!

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Stihl talks expansion, emissions on facility tour

BY JASON STAHL

VIRGINIA BEACH, VA — In this cozy seaside town one name reigns supreme in the corporate world: Stihl Inc. It may not be the largest company in town, but its name is everywhere.

Stihl Inc., a subsidiary of German-based Stihl Holding AG & Co., has called Virginia Beach its U.S. headquarters for 29 years. The company doesn't plan to move elsewhere any time soon, as is evidenced by a

Emissions legislation is expected to hit Europe in 2007.

recent announcement that it will be undertaking a \$60.8 million expansion. The expansion will create 200 new jobs and add 228,000 sq. ft. to its Oceana West Corporate Park facility.

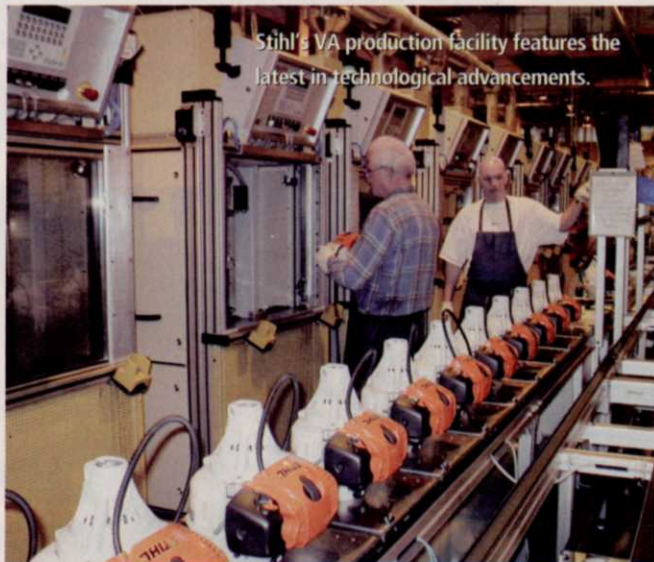
You couldn't pick a better home office location than Vir-

ginia Beach, as trade press editors from the U.S. and Canada found out last month when Stihl invited them to tour its production plant and test new outdoor power equipment. The editors could see the Atlantic Ocean from their hotel rooms, and a daring few even dipped their feet in it, closed their eyes and tried not to think of sub-zero temperatures back home.

A serious message

But the trip was not all fun in the surf and the sand. Stihl had a serious message to get across, and that was this: Only strong companies in the outdoor power equipment business will survive.

All equipment has to provide solutions to future emissions regulations set forth by the California Air Resources Board (CARB) and the U.S. Environmental Protection Agency (EPA). Canada and Europe will also be held to stricter emissions regulations in the future — emissions legislation is expected



Stihl's VA production facility features the latest in technological advancements.

to hit Europe in 2007.

"Emissions is the biggest single challenge facing this industry," said Thomas Elsner, Stihl's National Service Manager, emphasizing that companies will continue to make significant investments to comply with stricter emissions regulations.

That investment was obvious on the tour of the Stihl plant, where editors saw emissions labs that cost Stihl \$1 million each to build. Also seen

were machines showing the latest in technological advancements, another key to survival in the face of increasingly strict emissions laws.

With an eye on survival, Stihl has established a list of criteria for its equipment:

- ▶ Powerful engine
- ▶ High reliability
- ▶ Compact design
- ▶ Comfortable, low weight
- ▶ Simple maintenance
- ▶ Low emissions



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10 Hottest Housing Markets*

Market	Increase	Median Price
Sacramento, CA	26.7%	\$224,200
San Diego, CA	26.6%	\$379,300
Providence, RI	24.6%	\$206,100
Nassau-Suffolk, NY	23.6%	\$333,600
Monmouth-Ocean, NJ	22.1%	\$261,700
Melbourne-Titusville-Palm Bay, FL	20.9%	\$115,600
Hollywood-Pompano Beach, FL	20.8%	\$204,800
Anaheim-Santa Ana, CA	20.4%	\$434,600
New York-Long Island-North NJ	20.2%	\$320,300
Bradenton, FL	20.1%	\$156,800

* Based on year-over-year change.

10 Worst Housing Markets*

Market	Increase	Median Price
Biloxi-Gulfport, MS	-6.0%	\$100,400
Albuquerque, NM	-5.1%	\$134,900
Charleston, WV	-3.6%	\$106,400
Beaumont, TX	-2.4%	\$81,500
Kalamazoo, MI	-2.0%	\$116,500
Peoria, IL	-1.8%	\$87,000
Ft. Wayne, IN	-1.7%	\$93,100
Toledo, OH	-0.5%	\$108,400
Austin/San Marcos, TX	-0.5%	\$151,000
Columbus, OH	-0.4%	\$135,700

SOURCE: NATIONAL ASSOCIATION OF REALTORS

UNIT SHIPMENTS MODEL YEAR BASIS (model year Sept.-Aug.)

	2000	2001	2002	2003 (forecast)	2004 (forecast)
Walk-behind powered mowers	6,201,000	5,622,000	5,824,000	5,879,641	5,954,582
Percent change	4.7%	-9.3%	3.6%	1.0%	1.3%
Rear engine riding mowers	157,369	139,550	104,501	85,139	74,825
Percent change	8.2%	-11.3%	-25.1%	-18.5%	-12.1%
Front engine lawn tractors	1,359,540	1,213,680	1,343,400	1,382,427	1,427,762
Percent change	6.8%	-10.7%	10.7%	2.9%	3.3%
Riding garden tractors	198,450	180,651	151,500	154,423	161,076
Percent change	2.5%	-9.0%	-16.1%	1.9%	4.3%
All riding units	1,715,359	1,533,881	1,599,401	1,621,989	1,663,663
Percent change	6.4%	-10.6%	4.3%	1.4%	2.6%
Commercial intermediate walkers	48,122	48,088	43,014	43,473	44,843
Percent change	-3.7%	-0.1%	-10.6%	1.1%	3.2%
Commercial riding mowers	109,406	114,884	113,781	123,981	133,104
Percent change	24.4%	5.0%	-1.0%	9.0%	7.4%

SOURCE: OUTDOOR POWER EQUIPMENT INSTITUTE

WHAT ARE YOU WORTH?

The Professional Grounds Management Society recently polled grounds personnel on how much they get paid. The study, based on 2002 historical data, suggests the continued elevation of the grounds management profession as evidenced by increased reported salaries even as the American economy has faltered. Here are some of the results of that survey:



Avg. salary for superintendents/managers

► \$27.87/hr.

Avg. hire rate for superintendents/managers

► \$21.95/hr.

Avg. years on the job

► 21.69

Avg. base salary

► \$58,145

Avg. vacation time

► 17.73 days/yr.

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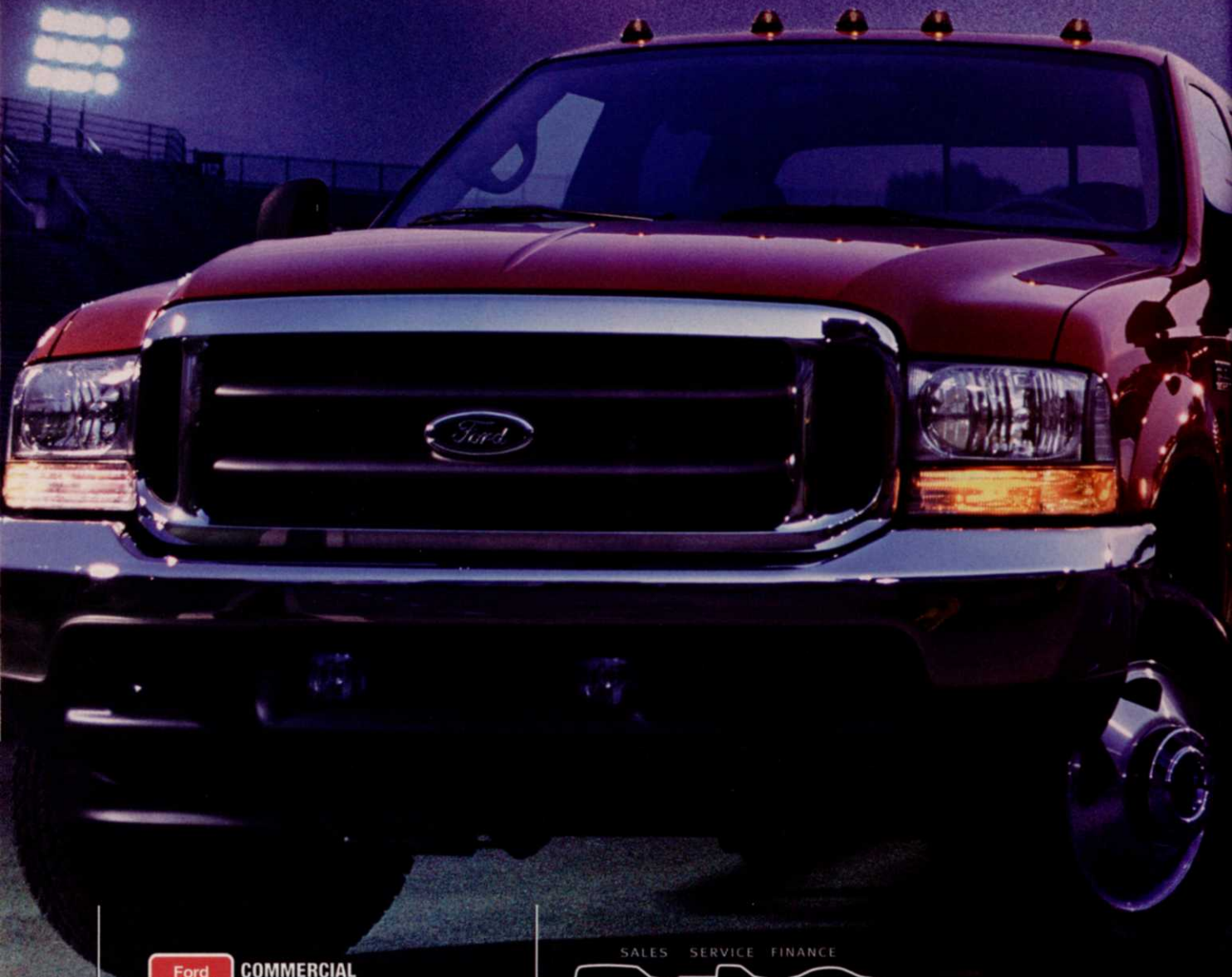
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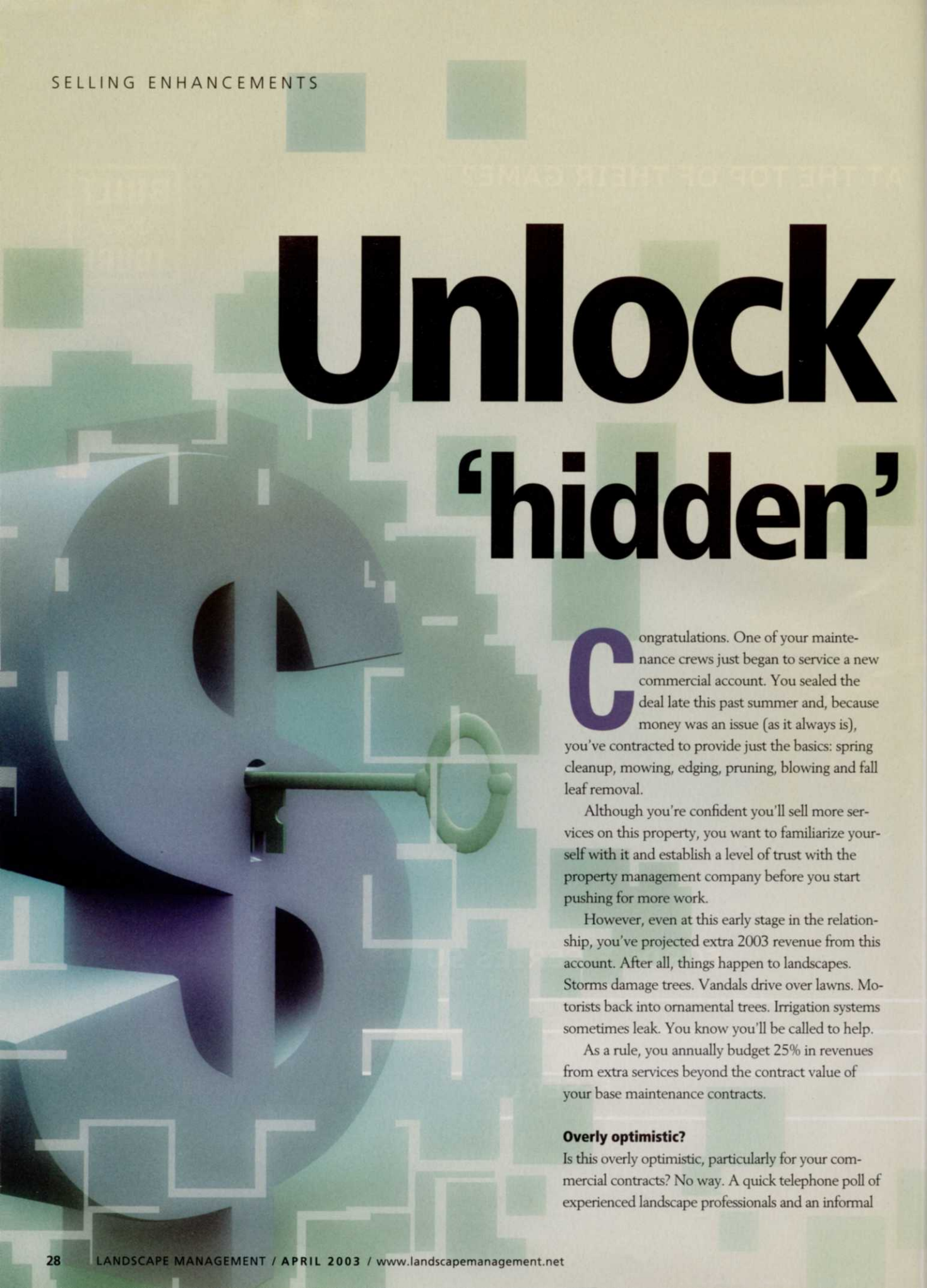
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Unlock 'hidden'



Congratulations. One of your maintenance crews just began to service a new commercial account. You sealed the deal late this past summer and, because money was an issue (as it always is), you've contracted to provide just the basics: spring cleanup, mowing, edging, pruning, blowing and fall leaf removal.

Although you're confident you'll sell more services on this property, you want to familiarize yourself with it and establish a level of trust with the property management company before you start pushing for more work.

However, even at this early stage in the relationship, you've projected extra 2003 revenue from this account. After all, things happen to landscapes. Storms damage trees. Vandals drive over lawns. Motorists back into ornamental trees. Irrigation systems sometimes leak. You know you'll be called to help.

As a rule, you annually budget 25% in revenues from extra services beyond the contract value of your base maintenance contracts.

Overly optimistic?

Is this overly optimistic, particularly for your commercial contracts? No way. A quick telephone poll of experienced landscape professionals and an informal

Read this if you're not generating 25% or more in extra revenues from each maintenance account

BY RON HALL / EDITOR-IN-CHIEF



Some companies include annual bed installation as an 'enhancement.'

revenue

Landscape Management on-line survey this past winter suggests that most expect to sell 20% to 30% more in extras. The percentage should be



Paul Siciliano

even higher for upscale residential properties, believes Paul Siciliano, owner of Siciliano Landscaping in New Jersey

Siciliano says about half of the maintenance revenues of his 19-year-old company, which grossed \$600,000 this past season, come from maintaining upscale residential properties in pricey Bergen County. In fact, he often doubles the revenue of some of his annual base contracts on residential properties by providing extra-charge services each season—extra mulching, additional pruning, turf renovations, flower pots/beds, landscape debris removal and

major tree work. The tree work he subs at a fair markup.

"Many of my customers have been with me 10 to 15 years. When we get

them, we generally keep them," says Siciliano. "They tell me, 'Paul I want my property taken care of,' because when they come home from work they expect it to look a certain way. When they have people over, they expect it to look a certain way."

Where is this extra work?

You say you're not getting this extra work? Or, at least, not at the level you think you should? Keep reading.

Most landscape company owners refer to these extra sales as enhancements. Others call them remedial services, add-ons or upsells. Whatever services

you include in your particular definition, most owners agree these enhancements are crucial to their company's long-term success and growth.

Joe Skelton, business consultant and former owner and president of Atlanta-area Lifescapes, Inc., describes enhancements as "any services provided that are not in the base contract and therefore an additional charge to the client." They may be as simple as replacing a single plant on a property or as complex as a total redesign of a property, he says.

This additional revenue is often "hidden" to the contractors whose main concern is fulfilling *just* the maintenance agreement letter and flying to the next job site. Experienced owners, however, see enhancement opportunities in just about every corner of a property, especially if they're ac-

quiring a landscape that hasn't been properly maintained or is starting to show its age.

The key to unlocking these revenue opportunities is "educating" clients by telling them how extras will make their lives and jobs more pleasant or easier. Property owners and managers warm to any suggestions for landscape improvements that:

- ▶ improve the safety of the property,
- ▶ improve the site's curb appeal,
- ▶ lower monthly expenses, such as improvements to an irrigation system that offers substantial water savings, or
- ▶ replace dead or unsightly plants before customers complain.

"Most property managers are stressed because they're short of time, over budget, have low occupancy or are dealing with complaints from owners or tenants," says Skelton. "Anything your company can do to address any of these issues will make you more valuable to them."

Landing a maintenance account, in all but the most cold-

blooded bid situations, should signal the start of a long-term business relationship. The contractor gets this "partnership" off to a good start by meeting with the person managing the property, getting to know as much as they can about the property (paying particular attention to its budget) and then presenting



Munie often lands installations from maintenance work.

the manager with a proposal that meets his/her needs.

"During an initial meeting with a property manager, you have to have your ears open and your ballpoint pen turned on so you can write things down," says Rick Kier, owner of ProScapes, Inc., Jamesville, NY. "One of the first questions

Why enhancements are good

- This "value-added" service can differentiate you from your competition.
- You can create strong, lasting relationships with property managers.
- Your cost-saving recommendations may allow you to renew contracts without a price increase (or even a price reduction).
- It can help you build strong synergies between your maintenance and contracting departments.
- The potential is incredible. In one year, my company had base maintenance contracts of \$2.3 million. It added \$360,000 in seasonal color and \$800,000 in enhancements (35%).
- In addition to maintenance enhancements, you can land sizable installation and/or construction projects on the site.
- If you don't offer this service, your competition will.

— Joe Skelton

- It's easier to sell to current clients than find new ones.
- You're actively answering a customer need instead of reacting to a problem.
- You can increase your company's revenue without adding more clients.

When enhancements are bad

- They're proposed as a result of a customer's complaint.
- They're unanticipated and not in the client's budget.
- The client expected the service to be included in his/her monthly contract.
- Your proposal doesn't demonstrate a cost savings or show its value to the property.
- The customer cannot justify the proposed expense.

— Joe Skelton

that I always ask is, 'What didn't work out so well for you in the past?' or 'What services did you like on your landscape?' I want to find out exactly what they're thinking."

Kier's 25-year-old company derives about 70% of its \$1.2 million revenues from commercial maintenance. Kier does all the selling for his firm and offers potential clients a

full palette of maintenance services up front. They choose what they want, depending upon needs and budgets.

"When I present the contract, I have it broken out by service. I then go through each service and explain it to clients so they understand the value of it," says Kier. "We get a lot of people who understand

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