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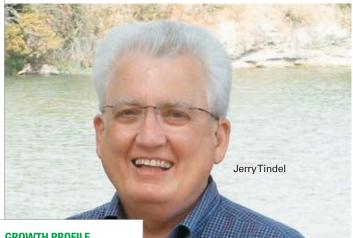




[CASE STUDIES ON GROWTH]

# Wisdom from water

Drought plus more service solutions equals growth for Cutting Edge. BY LINDSEY GETZ



**GROWTH PROFILE** 

Cutting Edge Lawn Care Austin, TX 2010 Growth: 10%

THIS YEAR Cutting Edge Lawn Care based in Austin, TX is on track for 10% growth in revenue. In fact, over the last three years they've managed to

increase by 10% each year, despite the weak economy. Jerry Tindel, business manager, says the fact that Austin did not experience as difficult economic problems as other U.S. cities is certainly one factor in their success.

However, there's more to it than that, as Austin wasn't without its own problems - including a drought. "A drought is probably the next worst thing that could happen to a lawn mowing company," Tindel says. "It lasted 68 days with temperatures more than 100 degrees. We had four summer months with a total of only 2 inches of rainfall. That's really bad."

So how did a company that does all lawn maintenance for 90% residential clients grow its business during a drought? "By making the biggest change in our business policy since we have been in business," says Tindel, adding they actually implemented the new policy in 2007, during the first really bad drought they experienced and that it has continued to help the company grow through the most recent drought. "We decided to only accept new clients who have a

sprinkler system, want weekly lawn services and would accept one of our annual service plans. That was a huge change, which resulted in us turning down five out of six prospect calls we received. Even though we turned down 86% of our calls for quotes, we grew 21.6% that year. The reason: Those new clients brought in almost three times the sales as the ones we formerly added."

Previously, Tindel says, four out of five customers were biweeklies who were not on contract. "In a drought year, we would mow them between 11 and 15 times," he says. "But for our new weekly contract clients, we mowed 43 times a year, which results in about three times the sales volume when you add in the mulch and other services they buy because they want a prettier lawn."

How did Cutting Edge Lawn Care secure such topnotch clients? With top-notch service and aggressive marketing, Tindel says. The company puts money into advertising in good times and in bad. "We always advertise," he stresses, "because good advertising works."

The company also doesn't miss an opportunity to market itself. It uses its trailers as billboards that advertise and promote the company in new areas. And Tindel knows how much appearance counts in this industry. Employees are professionally dressed and equipment is in good shape. "Too many lawn guys are in their old pickups and ragged clothes," says Tindel.

While Austin wasn't as hard hit as the rest of the nation, not everyone went unaffected, and Cutting Edge decided to help prospective clients who were experiencing harder times by modifying their annual service plan proposal to offer two different levels of service. "Our standard service has always been to quote the total cost of 43 service visits per year and include eight free ones so we visit our clients' properties 52 weeks a year," Tindel explains. "We changed the name of that to our 'Premium Service' plan and then offered a 'Minimum Service' plan, which includes only 37 service visits."

About half of new customers signed on for the Minimum Service plan — evidence it was a smart and much-needed addition to their offerings that likely helped them secure new clientele. Tindel hopes he can move these clients into a Premium Service plan when times get better for everyone. LM

GETZ is a freelancer with experience covering landscaping.

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[ CASE STUDIES ON GROWTH ]

# Master planners

### Considerable growth leads to expansion into new markets for DLC Resources. BY JOHN WALSH

DLC RESOURCES IS spreading its wings like an eagle soaring over deserts in the Southwest as it continues to grow. Jumping from \$16.86 million in annual revenue in 2007 to \$21.98 million in 2008 and \$22 million in 2009, the company recently expanded out of its headquarters into Tucson and Las Vegas.

With a niche of managing large master-planned communities, DLC is using its proprietary GPS software, water management system, environmental policies and talented employees to differentiate from competitors and boost business.

It seems to be working.

#### Keep track of it

The proprietary software using GPS technology, which was implemented five years ago, measures and tracks properties' assets - such as trees, playgrounds, mail kiosks, water meters and irrigation components - that require maintenance. DLC employees can do this via

Using the software, DLC plots all assets

on aerial photographs and, in the case of

handheld PDA devices.

#### **GROWTH PROFILE**

DLC Resources Phoenix, AZ

**2010 Growth:** 0% with 10% to 15% expected as a result of expansion into new markets



trees and other assets, can put a value (dollar amount) on each. The company keeps track of everything it prunes and stores the information electronically, allowing the company to look back five years to help it plan for future maintenance needs.

The software also helps DLC and the communities it serves regarding liability. "If a particular tree fails, causing damage resulting in a claim, we can demonstrate there's a plan in place to minimize a negligence argument," says Jeff Penney, CEO and co-founder of DLC Resources.

The most obvious edge DLC has over its competitors is the use of this GPS technology, says Don Schlander, head of business development.

"No one else does it like this," he says.

#### Every drop counts

Aside from the GPS software, DLC is using water management to set itself apart from its competition.

"The goal is to provide only enough water to the turf and plants to remain healthy but no more," Penney says.

The comprehensive water management program, which was implemented eight years ago, tracks all water meters (50 to 200) monthly per community, including previous years' water use. A water budget is implemented based on acreage and vegetation type. That budget and actual usage is compared to an association's budget.

"Our people who program the clocks know how much it costs to run a cycle (\$500 to \$4,000 per cycle), which is all the watering needed on a property for one night," Penney says. "We can save significant dollars per cycle because we're looking at water reports and weather conditions. We analyze the local conditions and work continually to balance the systems. We arm our people in the field with resources and knowledge, and then they're held accountable for the budget."

DLC's water management program saved Desert Mountain 30% on its water bill the first year it maintained the property. Penney says 15% to 30% is the norm for water savings for its clients. Another example: Johnson Ranch saved \$50,000 on water the first year DLC maintained the property.

continued on page 106



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#### continued from page 104 It's easy being green

Another way DLC tries to make a difference is via the environment. It recycles all the green waste that's generated on a property — 90% of all material removed from a site is green waste and processed in the company's yard with a horizontal grinder. Then it's hauled to a third-party recycler that makes lowgrade paper and mulch. An average of 25 tons of processed green waste a day is

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hauled away from the DLC yard. Even though DLC pays for that waste to be hauled away, it saves about \$10 a ton by not taking the waste in multiple loads to a transfer site or landfill facility. The other 10% of the waste is trash, which is nongreen. The company recycles half of that (cans, bottles, etc.).

Additionally, all managerial and supervisory employees drive Honda Accords, CRVs and Toyota Priuses instead of pickup trucks SUVs. Another environmental initiative: all two-cycle equipment (trimmers, chain saws, edgers, etc.) is sold annually, and the company buys new equipment, which has improved emissions.

#### **Growth spurt**

All aspects of DLC's operation adds up to growth — the company has been averaging 10% to 15% annually from its conception until '04 when it had two years of back-to-back 25% growth. It grew 30% from '07 to '08. And employee growth has been proportional to revenue growth. This growth is due mainly to the expansion of Phoenix, Penney says. Rapid growth has slowed in the tough economy — 2009 was a flat year, and Penney predicts 2010 to be flat.

DLC, which is 100% maintenance focused on master-planned communities (about 30 of them), has only one municipal project, which represents 5% of its business. That project is for the city of Phoenix and entails maintenance of the landscape buffer along the residential side of sound walls next to freeways throughout the city.

"We don't want to grow the municipal or commercial business," Penney says. "Large HOA (homeowners' association) is our market, and if Using GPSbased software, DLC tracks trees on customers' properties.

we continue to focus on that, we'll have continued success because we provide services other companies don't."

Most companies in Phoenix combine maintenance and construction, Schlander says. As the economy slowed, companies with a sizable construction business were hurt worse than those with a smaller construction business.

When comparing the Phoenix market to Las Vegas, Schlander says the quantity of target properties in Vegas are similar to those in Phoenix, and the competition in Vegas is similar to Phoenix, he says, citing three national companies (ValleyCrest, TruGreen, Groundskeeper) and one local company (Par 3 Landscape & Maintenance) competing for business in Sin City. The Vegas market, however, is smaller than Phoenix. It's metro population is 2 million compared to Phoenix's 4.5 million.

While trying to earn new business in Vegas and Tucson, Schlander says 90% of the sale is the presentation, the company's credibility and the work.

The economy is DLC's main growth obstacle, not new development. Second to the economy is cost pressure because there is more competition.

"We have one-third of the Phoenix market, and we can capture another third," Penney says. "We've opened offices in Tucson and Las Vegas, but it will take a year or two to get a foothold in these cities. Once that happens, we expect 10% to 15% annual growth."

Penney is looking to find managers in those two cities and says he'll take key players in Phoenix that desire the challenge and relocate them there. He'll oversee both offices but not the day-to-day operations.

To date, DLC has garnered four contracts in Tucson but none in Vegas yet. The revenue goal is to generate \$2 million through targeting masterplanned communities. As Schlander says: "We need better name recognition in those markets." LM

WALSH is a freelancer with experience covering the lawn care and landscape industry.

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[CASE STUDIES ON GROWTH]

## Maintenance is where it's at

#### **GROWTH PROFILE** Earthworks

Lillian, TX 2010 Growth: 20%

### Shifting focus toward maintenance over construction brought growth to Earthworks. BY LINDSEY GETZ

WHEN THINGS STARTED going downhill with the economy, Earthworks, a Lillian, TX-based company, decided to be proactive. "You can't fight the environment," says Chris Lee, president. "You have to look at how you can turn what most people see as a negative into something positive."

Lee says the more he looked at the situation his company was in, the more opportunity he began to see. He realized it was a chance to grow the maintenance end of his business. "Normally we wouldn't have the resources to grow our maintenance base," he says. "But suddenly we had that opportunity."

At the time, the business was doing about 60% maintenance work and 30% installation/rehab. But when the economy turned, a lot of the extras, outside of maintenance, were starting to dry up. There was no new construction in the area. So Lee made the transition to growing the maintenance division in place of installations. Today, he's closer to 70% maintenance and 20% installation/rehab. As people have started spending more this year, that maintenance base began increasing dramatically. Lee believes he's in a great place. "We're set up to not only maintain our business

through the recession, but to explode once it's over," he says. At press time, the company was tracking for a little more than 20% growth. "We're on target for bringing in \$12.7 million if everything continues as planned," Lee adds. "That's actually a little ahead of where we thought we'd be."

Chris Lee

Besides the ability to adapt by growing the maintenance side, the company was also successful this year because it embraced its clients and their situation. "They were in financial difficulty and their budgets were tighter," he says of his all-commercial clientele. "While some landscape companies got resentful and mad that their clients were bidding work, we tried to empathize with our clients' situation. We got out there and talked to them about how we could help them through these tough times so they weren't taking our jobs to bid. We started looking at ways we could re-negotiate contracts with clients who were really struggling. We embraced their situation and said 'Let's work together."

Along with that, many of Lee's clients were doing things like sprinkler repairs or flower beds in-house to try and cut some costs. "We decided that instead of being mad, we'd look at it as the 'new game," he explains. "It's the way things are now. So we decided if they were going to do it in-house, we could help them do it right. We viewed it as another opportunity to solidify our base by creating good will. So we offered nocharge irrigation classes where we actually taught them what to do and bought them lunch. Ironically, the more education we gave, the more our clients realized it wasn't so simple — there's a lot of complexity to irrigation systems, and they wanted beautiful and colorful beds. So we actually found we got a lot of jobs back that way."

Lee says he really believes the recession has ultimately made his business better. "We're truly a better company today than we were at the end of 2008 because it was easy to make money then," he says. "Now you really have to have a focus and a plan. The situation has forced us to adapt and it's pushed us to get better. We will be a better company for the future because of what we've been through today."

GETZ is a freelancer with experience covering landscaping.

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[CASE STUDIES ON GROWTH]

# Whiplash recovery

Having an owner who works *on* the business vs. *in* it and increasing marketing took Grant & Power Landscaping from its worst year in business to stable growth. BY LINDSEY GETZ

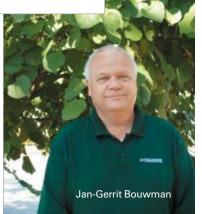
GRANT & POWER Landscaping has been through some major whiplash, but has come out better on the other side of things.

In 2008, the company had its best year by far. In 2009, it had its worst. "That catches you off guard," says Jan-Gerrit Bouwman, RLA, MLA, ASLA, senior landscape architect and partner of the West Chicago,

IL-based company. Now, for 2010, things have stabilized and the company is even tracking 5% to 10% growth over last year. With the economy still somewhat shaky, they're thrilled with that success.

#### **GROWTH PROFILE** Grant & Power

Landscaping West Chicago, IL 2010 Growth: 5% to 10%



This year, all departments grew over 2009 and estate maintenance is currently ahead of where it was in 2008 — the company's best year. Grant & Power has also seen huge growth in snow removal, due not only to a large snow fall, but to an increase in new customers as well as a 90%plus retention rate.

One reason for this year's growth, says Bouwman, is clients are loosening their grip on their purse strings. The company has a customer breakdown of

60% residential/ 40% commercial. "In 2009, customers were angry, anxious and not spending at all," he says. "In 2010, people are more relaxed, more secure and more value-conscious again. We are known for high quality and excellent service. Customers know we will be around, even with a bad economy, and that is now paying off."

But Bouwman says a lot of factors went into their

success this year, including the fact that with three partners, the company operates as a "triangle." "That's one of the strongest structures," he says. "Each partner works on their own areas of strength. Also, the owner works *on* the business — not so much *in* it. That makes a big difference."

Owner Gene Grant Jr. manages the company from his home office more than 2,000 mi. away.

The company also increased marketing efforts in 2009 and 2010 to try and keep their name out there, even when times were rough. "We do a lot of branding and want to convey ourselves as being the experts," says Bouwman, adding that in 2009 the company spent 2.4 times what it spent on marketing in 2008, shifting away from Yellow Pages advertising toward Internet pay-perclick advertising via the company's own website. "We try to be No. 1 in quality and service — not necessarily the biggest company out there."

Grant & Power Landscaping is also heavily promoting sustainability, forming a "Green Team" of several employees who meet and discuss ways to continue improving. The company offers native plants, rain barrels and rain gardens, permeable pavers and organic lawn care fertilization as greener options for customers. The company also reduces, reuses and recycles 95% of its green waste and started e-invoicing this January.

One of the hardest areas the company has had to overcome was the need for layoffs when things got really rough in 2009. They needed to lay off 20% last summer and Bouwman says it was important that the company do it as fairly as possible, while showing employees they really did care about them. The employees were obviously upset but understood the company had no other options. When things improved this year, all but one employee was hired back.

In the end, Bouwman says, it's those employees who have made the biggest difference in growth. He says it's the people behind the company that keep it strong. And to show their appreciation, employees were given an increase this year. "Our employees all push in the same direction and are truly caring when it comes to the company," he says. "And they are unbelievably hard working. Without them, we are nothing." LM

GETZ is a freelance writer with experience covering the lawn care and landscape industry.