

construction offerings. "That's an area where people are practically giving away work," says the president of Chicago's Christy Webber Landscapes. "I don't want to deal with that."

Recovery of nonresidential construction activity typically lags a wider economic revival, especially an improvement in employment, which drives demand for office and retail space. Development acquisitions are beginning to grow in many areas in what AIA describes as a buyer's market. The organization forecasts single digit gains in most commercial categories in 2011 with an overall 3.1% increase in nonresidential construction spending.

Some segments of the commercial market are faring better than others. Contractors report college campuses eager to attract and retain students as a growth area. "They recognize the importance of image, even in tough times," says Andy Felix, president of Foxboro, MA-based Tree Tech.

These customers are starting to realize "they have vacant buildings that are going to stay vacant if I don't make them look nice," adds Todd Dille, general manager of Minneapolis, MN's The Lawn Ranger.

And sometimes a negative is a positive in disguise. Developers cut services on their commercial properties back to the point where the banks took over in Tempe, AZ. "But the banks have the money, so they've actually been hiring us back," Golembiewski says. "If you stick around until the bank takes over, it can be a good account. We are back to the full level of service on some of those properties. Obviously, this isn't good for building owners who

have lost their properties to the bank, but it's actually worked out for us."

While many contractors are fighting low bids on commercial projects, Joanne Kostecky reports finding a few project managers seeking more imaginative landscape solutions. "They didn't want the typical 'just put it out to bid and have the lowest bidder do the installation of a poor design,'" says the president of Joanne Kostecky Garden Design, Allentown, PA. "They wanted something more creative."

Shying away from commercial maintenance, Webber sees opportunity in municipal work — where 65% to 85% of her business is now based. "Even some of our good municipal contracts are cutting back," she admits. "But a good thing about a lot of municipalities is they won't just take the low bid. They are fed up with contractors who don't know how to do their paperwork and don't send a good crew out — they know it costs them more in the long run. They have dealt with that before and don't want to put up with it. So they go for the middle bid, which is where we try to sit."

While the national office vacancy rate rose to 17.4% — a level unseen since 1993 — the underlying numbers that make up national figures are shifting toward a more positive outlook. With favorable supply conditions entering the downturn, office properties are poised to rebound much faster once aggregate demand ramps up, according to a report by Reis, Inc.

As the country emerges from the downturn, economists say there will undoubtedly be some surprises in commercial real estate. Though patterns of fluctuating rents and vacancies may seem counterintuitive, Reis says it's quite common to see such results at the inflection point of an economic recovery. **LM**



# 26%

U.S. commercial real estate sales in the first half of 2010 totaled only a quarter of the average of the previous six years as owners kept properties off of the market.

SOURCE: REAL CAPITAL ANALYTICS

## FOUR SQUARE

**New York, Boston, Washington & San Francisco**

Demand for commercial properties is the strongest in these four markets.

SOURCE: REAL CAPITAL ANALYTICS

## OFFICE SPACE

**1.4 million sq. ft.**

The national occupied commercial office space decline.

SOURCE: NATIONAL REAL ESTATE INVESTOR

## FACE VALUE

# 41

% commercial property values are down from their 2007 peak levels.

SOURCE: MOODY'S/REAL COMMERCIAL PROPERTY PRICE INDEX



# Spend smart

*Landscapers avoid frivolous spending and focus on efficiency and vendor relations.*

**W**hen it came to keeping crews outfitted with the right equipment to get the job done in 2010, landscapers on average maintained last year's spending.

The National Federation of Independent Business calls it being in "maintenance mode," replacing vehicles or equipment only as needed.

To carry this out, some have instituted policies to reduce excessive purchasing on unnecessary items. "We're big on equipment because if you want to do the job right, you need the right equipment. But our policy is no new equipment unless it's a must," says Matt Griffin, president of Prime Lawn/Prime Design, Kingwood, TX, who spent \$20,000 to \$30,000 on equipment this year. "There's really no need to go buy more if we already have what we need. And we have backup equipment available so if a machine breaks, we have something to replace it while it's being repaired."

Leasing or renting first helps Andy Felix solidify purchasing decisions. "We did replace a number of vehicles this year but haven't really added anything major," says the president of Foxboro, MA's Tree Tech. "We're kind of doing some wait-and-see to see what the economy will look like."

Just as the economy impacts consumer spending, small business spending is also affected. "We're

## VISUAL AIDS

Sometimes old equipment reaches a point where it doesn't best represent a business brand. That's when contractors realize spending the money may prove more beneficial than saving the cash.

"We don't like to show off junky equipment," explains Jeff Bowen, president of Stuart, FL's Images of Green, adding he has been able to stick to his equipment spending budget this year. "If something needs to be replaced, we do it. We have to. Our equipment represents our business."

really trying to conserve cash — there's too much uncertainty right now," admits Brian Golembiewski, president of Paramount Landscape in Tempe, AZ.

Others are avoiding incurring unnecessary debt loads. For Kirk Brown, business manager of Joanne Kostecky Garden Design in Allentown, PA, large equipment purchases are on hold. "We are being extremely cautious about purchasing anything that would increase our inventory holdings," he says.

While some landscapers were able to keep current equipment running longer, others realized "stuff wears out. You can't always wait to buy," points out Chris Senske, president of Kennewick, WA's Senske Lawn & Tree Care, who made approximately 70% to 80% of the equipment purchases he normally does this year.

Joe DiRoma agrees. "The bottom line with equipment is if we know we're doing a job and we don't have something, we'll get it," says the owner of DiRoma Landscaping, Lisbon, CT. "That's just what you have to do."

The NFIB September Economic Trends report concurs, stating that "spending (financed with credit



## TAKE-AWAYS

### 2010 Equipment Purchasing Setbacks

1. Incurring debt loads and excess inventory.
2. Concerns over spending cash.

### 2011 Equipment Purchasing Goals

1. Invest in necessary pieces; avoid frivolous spending.
2. Invest in equipment that improves efficiency.
3. Build stronger vendor relationships; negotiate with vendors.
4. Lease or rent before purchasing to ensure need.

# WHAT YOUR INDUSTRY IS BUYING

SOURCE: LANDSCAPE MANAGEMENT

EQUIPMENT TYPE	% PURCHASED IN 2010	% WILL PURCHASE IN 2011
Mowers	51	45
<b>Construction equipment &amp; attachments</b>	<b>13</b>	<b>16</b>
Sprayers & spreaders	51	30
<b>Aerators</b>	<b>12</b>	<b>13</b>
Handheld equipment	71	53
Trucks & trailers	46	43
<b>Alternative fuel vehicles</b>	<b>3</b>	<b>5</b>
Trees & shrubs	70	66
Annuals & perennials	71	66
Turf seed/sod	69	67
Hardscapes (retaining walls, pavers, etc.)	53	49
Water features	31	31
<b>Landscape lighting</b>	<b>38</b>	<b>40</b>
Irrigation systems & products	46	44
Herbicides	64	62
Insecticides	54	54
Fungicides	43	43
Fertilizers & fertilizer/pesticide combination products	69	63
<b>Plant growth regulators</b>	<b>19</b>	<b>20</b>
<b>Tree care chemicals</b>	<b>21</b>	<b>22</b>
Snow & ice control equipment and products	34	33
Computers & business/design software	47	38
Mobile phones/handheld devices/Nextel	53	35
GPS systems/software	23	18
Consultants	16	15
Subcontracted services	48	39

**6**  
*The number of equipment categories showing a predicted increase in spending next year.*

or out of cash) for new equipment, expansion or for new employees must generate enough additional value to pay off the investment.”

“And if you want to be efficient,” Senske adds, “you have to replace stuff.”

Efficiency actually topped the reasons for buying equipment this year. Pacific Landscape Management replaced his walk-behind mower fleet with stand-on zero-turning radius riding mowers. “It’s a smart capital investment because they’re more efficient,” says Bob Grover, the Hillsboro, OR-based company’s president. “If you don’t keep your fleet upgraded, you end up paying the same amount over time in repairs. So it’s better to continue that investment now. It’s either pay me now or pay me later.”

In some cases, lawn care and landscape professionals feel equipment can be a better investment than people. “Adding crews and hiring more people can be a problem — finding good people, having employee problems, plus paying their salaries,” says Giuseppe Baldi, landscape maintenance manager, Baldi Gardens, Arlington, TX. “Instead, I think we’re focusing

more on increasing our efficiency and using the same manpower but getting more machines.”

When companies have made purchases this year, improving vendor relationships to get the best deals has been a key strategy. Joe DiRoma tries to buy from the same two places because he thinks the more volume he can give them, the better offers he’ll get. “We have been trying to barter with suppliers a little more, asking them for the best prices,” says the owner of Lisbon, CT’s DiRoma Landscaping.

Christy Webber never questioned her vendors or their pricing before. But, this year, she took some time to shop around. Her usual vendors — places where she’d spent a lot of money in the past — weren’t “straight up with me,” says the president of Chicago’s Christy Webber Landscapes. “That was sad to find out. Because I didn’t shop around and question them, I wasn’t getting the best price. And it’s not just me — it’s happening to anyone who isn’t shopping around. This year, I shopped around and saved \$35,000 overall — that’s someone’s salary. That’s a lot.” **LM**



# The bad and not so bad of hiring today

*While applicants abound, contractors learn to hire smarter, control labor costs and build their management teams.*



It can be a gamble weeding through so many applications — you don't always know what you're going to end up with."

Labor costs remain under control, according to the National Federation of Independent Business' September Economic Trends Study — good news for those worried about inflation but bad news for workers.

And for those contractors looking to build or improve their management teams, "now is a good time if you're fortunate enough to do so," says Bruce Bachand, vice president of Orlando's Carol King Landscape Maintenance. "There may be more time spent weeding through applications for labor positions, but the managerial pool and available supervisor level individuals are more plentiful." **LMM**

## **I**n *Landscape Management's* survey

results and contractor interviews, there is one thing that was fairly unanimous: No one is having a problem with hiring today.

But that also depends how you define "problem."

While contractors are receiving an unprecedented amount of applications for open positions from what they describe as desperate people without jobs looking for work, this also means they are spending triple the time weeding through a lot of unqualified applicants to find the few who might fill the bill.

"There are a lot of people looking for work," explains Giuseppe Baldi, landscape maintenance manager, Baldi Gardens, Arlington, TX. He put an ad for an open position on Craig's List and within two hours got overwhelmed with calls. "But it's hard to find good people even though there are so many to choose from. A lot of people want to work but don't have experience in landscaping or don't want to work hard.

## TAKE-AWAYS

### 2010 Labor Setbacks

1. Overabundance of less qualified applicants.
2. Lengthened hiring process.

### 2011 Labor Goals

1. Build management team from newly available pool of applicants.
2. Hire slow, fire fast.
3. Retain good people as the economy improves.

## TODAY'S HOURLY RATES

	0 to 5 years experience	> 5 years experience
Mower operator	\$10.38	\$11.89
Spray technician	\$12.36	\$15.32
Construction worker	\$11.63	\$14.70
Irrigation technician	\$12.73	\$15.94

## TODAY'S SALARIES

Crew foreman/ team leader	\$30,444
Salesperson	\$45,556
Equipment mechanic	\$32,792
Landscape designer	\$41,108
Landscape architect	\$52,889



Account manager	\$40,752
Supervisor	\$44,782
Operations manager	\$54,845
Owner/president	\$69,738



# Budget crunch

*Loving the industry used to be enough. Now more than ever, 'you have to have business sense, too.'*

**W**here does the landscape marketplace fall short most today? "Bidding, billing and paperwork," explains the president of Chicago's Christy Webber Landscapes. "We're not savvy businesspeople."

The numbers don't lie. Only 56% of landscape business owners prepared a 2010 budget (which is actually down 4% from last year), and only 47% have a three- to five-year business plan (up 1% from 2009). The majority of those who have a business plan (29%) review it only annually. Last year, 56% of landscapers reviewed their plans twice a year.

A basic rule of thumb is updating financials, marketing and general company information quarterly; looking over specific plan chapters to make edits every six months; and conducting a major review of the whole plan and making alterations annually.

"Typically, we are in the landscape business for the love of it," Webber says, "But that's just not enough anymore. You have to have business sense, too."

In today's economy where price wars have escalated and customers are hesitant to spend "there's no room for you not to pay attention to your numbers," Webber stresses. "If you don't you will be out of money."

Chris Senske, president of Kennewick, WA's Senske Lawn & Tree Care, agrees. "In lawn care, job costing is not as big of an issue because you aren't using a lot of materials, but in landscape maintenance, the margins are so thin you really have to know exactly how much labor you're spending on every job every day."

What kind of effect can poor money and business management have on a company? In Orange County alone, David Norred, founder of Laguna Niguel, CA-based Nor-Land Landscaping Co., says up to one-third of landscape firms have closed or are closing.

But for every small business failure, others are finding ways to maintain or thrive despite economic panic.

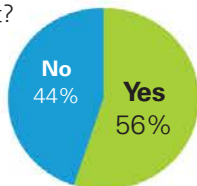
"Our industry needs to wake up," Webber insists, pointing out having outside advisory boards and networking with other business owners can help contractors benchmark and brainstorm survival tactics. "We're constantly reinventing the wheel" instead of learning from each other's mistakes and growing.

When planning, always overestimate expenses and underestimate revenue, stresses business coach Brad Sugars. "Being conservative in your numbers doesn't mean you are willing to accept those numbers," he says. "It just means you are arming yourself with information you can work with, so you can gauge the kinds of efforts you will need to put into sales and marketing."

Accept the fact that today "learning more equals earning more," he adds. "If you've never run a million-dollar business, you don't know how to run one — simple as that. But you can learn to run one." **LM**

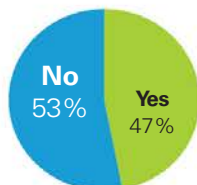
## BUDGET CRUNCH

Did you prepare a 2010 budget?



## PLAN OF ATTACK

Do you have a 3- to 5-year business plan?



## RAVE REVIEWS

How often do you review your business plan?

**29%** Annually   **24%** Quarterly   **13%** Once every six months

SOURCE: LANDSCAPE MANAGEMENT

## TAKE-AWAYS

### 2010 Budget Setbacks

1. Pricing work without understanding job costs.
2. Foregoing budgeting and planning.

### 2011 Budget Goals

1. Know your numbers and review them regularly.
2. Learn more so you can earn more.



Work with a partner who knows  
how to work the numbers.

## John Deere Commercial Solutions Mowing | Landscaping | Construction | Finance

You know you can count on John Deere for the best in commercial mowing equipment. But that's only the beginning. John Deere Credit makes it easier to manage your cash flow with seasonal payment options. Plus we also offer landscaping supplies and worksite products. Not to mention a nationwide dealer network and the best in parts and service. One hat does it all.



Your partner from the ground up.

[www.JohnDeere.com/Commercial](http://www.JohnDeere.com/Commercial)

It's hard enough to run a company in one country. **Robert Wilton**, president of Clintar Landscape Management, runs operations in two.

"Our growth plans are more U.S.-directed than Canada; we think we've got more to offer a larger population," Wilton says. "We're (currently) most concentrated in southern Ontario. To go west in Canada is not unlike the U.S. The population concentration is not in the Midwest. There's a lot of empty space."

*LM* recently spoke with Wilton to discuss the trends, obstacles and opportunities facing his North American maintenance business.

## TOP TRENDS

» **Reducing salt.** The environmental concerns are increasing. We see a lot more interest in doing the right thing — not only in our lawn operation, but also in our winter operation. Our customers like that we're attempting to reduce the amount of salt that we're using in the wintertime. All of our salt application equipment has onboard wetting systems to spray the salt as it leaves the truck. We can get just as good coverage of ice melting with less salt.

» **Reducing water.** The wallet always dictates. It does cost more to be green. Our green push is coming to the forefront. It's stronger in Canada than in the U.S., but it's there. We've partnered with a company to help us sell water conservation to our existing clients. We can keep landscapes alive with less water.

» **Increasing technologies.** We're probably pretty good at taking advantage of technology. We do have things like GPS. We have web-based accounting and job costing. The technology is there; it's learning how to use it. It's pretty nice for me to look at a computer screen and see where 300 or 400 vehicles are.

## TOP OBSTACLES

» **Labor.** Finding and keeping good people. Keeping, training and motivating people. We've taken the approach of increasing



## INSIDE INFO

**Company:** Clintar Landscape Management

**Founded:** 1973

**Headquarters:** Toronto

**Branches:** 23 (including HQ, branches are franchise-owned)

**Employees:** 300 part-time, nearly 200 full-time

**2009 revenue:** \$45 million

**LM Top 150 Ranking:** No. 18

**Key to being a maintenance leader:** Do what you said you were going to do. The industry is fraught with broken promises. If you promise to meet a client at 10 o'clock in the morning, be there at five minutes to 10. If you promise to get a job done tomorrow, get it done tomorrow. No excuses. Do what you promise. The industry has a very bad reputation for not doing that. We pound on it every day.

our training quite substantially. This isn't just technical training; it's management training, supervisory training. We're finding people like to be trained. We're getting good response from the training, which does include certification. We think it's paying off. We've always trained, but we've intensified it to combat some of the other competitive factors that we're facing.

The people thing is what stands out the most. If you have good people, you have efficiencies. The cash flow works. If I stand back and look at the question of what impedes our growth, it all comes back to our people. How smart are they? How hardworking are they? Do they have the right incentives?

» **Pricing push.** We read about price pressure. We think knowledge and efficiency are the ways to combat it. Our customers are suffering. Budgets are tighter. We chase a market that's not available to the disorganized, low-ball group. We tend to go after and keep larger, more professionally managed property management organizations.

## TOP OPPORTUNITIES

» **New service offerings.** We plan on doing things we don't currently do or doing things that we now sub-contract. For example, we don't do a lot of tree work. We get requests all the time to do tree work. We either turn it down or sub it out. We're now looking seriously at bringing that service in-house.

Because we're working on peoples' outdoor properties, there are a variety of things they spend money on, such as asphalt parking lot, hard surface maintenance. We see that we can push further into that. It requires investment, of course, but there are opportunities everywhere if we're running a good business, an efficient business. We don't have all the customers we want. We want more.

BROUGHT TO YOU BY







## CURLY DOCK

*Rumex crispus*

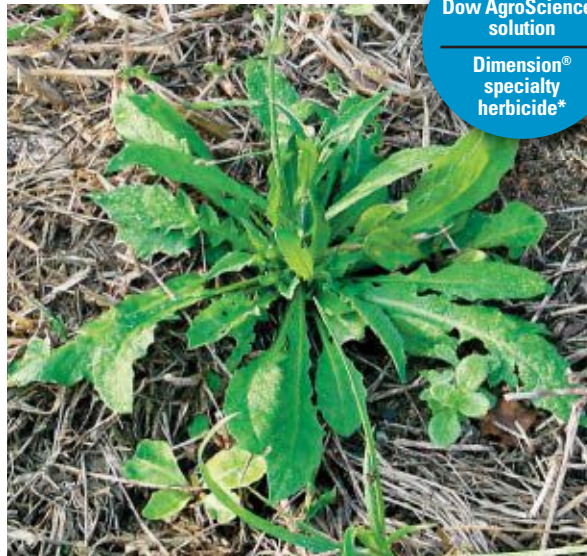
### IDENTIFICATION TIPS

- ▶ This taproot perennial develops a rosette of wavy-margined leaves.
- ▶ It features a membranous sheath at the leaf base and usually swollen nodes.
- ▶ Flowers occur in greenish clusters at the top of the main stem, and become reddish-brown as they mature.
- ▶ Stems are unbranched, thick, without hairs, ridged and often reddish in color.
- ▶ It usually grows in wet areas, such as those

caused by overwatering or standing water in low areas.

### CONTROL TIPS

- ▶ It's best controlled post-emergence in the fall or spring, with two-, three- and four-way broadleaf herbicides.
- ▶ Perennial weeds are capable of living more than two years, and thrive in weak, thin turf. Proper turf maintenance is the key to maintain control. Properly fertilize, mow and water to encourage dense growth.



## SHEPHERD'S PURSE

*Capsella bursa-pastoris*

### IDENTIFICATION TIPS

- ▶ This winter annual forms a basal rosette and tall stems.
- ▶ It prefers disturbed soil on many growing sites.
- ▶ Leaves range from smooth to deeply lobed (more lobed as they mature).
- ▶ The flowering stalk produces flat, heart-shaped seed capsules and tiny white flowers.

quickly after producing its seedhead. Proper mowing will reduce seed production, as the seedhead is erect.

▶ It does not compete well with actively growing turf. Maintaining a healthy turf stand is the best control option. It will develop in areas that have been damaged over the summer and have not filled in during the fall.

▶ Apply a pre-emergent herbicide labeled for control of shepherd's purse prior to germination in fall or spring.

### CONTROL TIPS

- ▶ Because it spreads by seed, the plant dies

\* State restrictions on the sale and use of Confront and Dimension apply.

For more information regarding these and other turf weeds — and related control technologies and tips — please visit [www.DowProvesIt.com](http://www.DowProvesIt.com) or call 800/255-3726.

BROUGHT TO YOU BY





**Dimension**<sup>®</sup>  
Specialty Herbicide

**Gallery**<sup>®</sup>  
Specialty Herbicide

**Snapshot**<sup>®</sup>  
Specialty Herbicide

 **Dow AgroSciences**



## It takes courage to admit there's a problem.

Meet Frank. He's got what you'd call a "problem" with hand-weeding. Fortunately, there's Dimension<sup>®</sup>, Gallery<sup>®</sup> and Snapshot<sup>®</sup> specialty herbicides from Dow AgroSciences. They give Frank the kind of group therapy he really needs by delivering serious control of the toughest weeds in lawn and landscape settings. So go ahead and skip the awkward meetings. Come learn more about the portfolio of products proven to help kick the hand-weeding habit at [DowProvesIt.com](http://DowProvesIt.com).

[www.DowProvesIt.com](http://www.DowProvesIt.com) 800-255-3726

\*Trademark of Dow AgroSciences LLC. State restrictions on the sale and use of Dimension specialty herbicide products and Snapshot apply. Consult the label before purchase or use for full details. Always read and follow label directions. \*The swinging golfer logo is a registered trademark of PGA TOUR, Inc. ©2010 Dow AgroSciences LLC T38-000-018 (2/10) BR 010-60665 DATOTURF9072

OFFICIAL  
CHEMISTRY  
COMPANY



**P R O V E N   S O L U T I O N S**

# A *SHIFT* IN THE FLEET

Trucks represent growth, expansion of business and the pride owners have in their companies. But the economy, like many other aspects of business, has started to change the way the industry purchases new vehicles.

BY **DAN JACOBS**  
MANAGING EDITOR

**Y**OU CAN ALMOST hear the pride in landscape business owners' voices when they start talking about their trucks. There is no equipment (with the possible exception of a mower) that embodies everything about the Green Industry the way a truck does — rugged, earthy, powerful.

These days, there's one other adjective to add to that list: older.

With a down economy affecting business, some owners are focused more on maintaining and extending the life of their existing truck and trailer fleets. "We're not buying as many trucks," says Maurice Dowell, president of Dowco Enterprises, Chesterfield, MO. "We're doing more maintenance on our existing vehicles. We've stretched them out."

According to *Landscape Management* research, 46% of contractors purchased new or used trucks this year and 43% plan to purchase them next year.

Industry trucks have certainly advanced. Years ago, contractors had fewer models from which to choose, explains Bob Johnson, director of fleet relations for the National Truck Education Association (NTEA).

"You ended up with more truck than you needed or a truck that was overloaded," he says. "Landscape trucks, historically, were the most overloaded trucks because they would get a 1-ton truck and use it for everything."

The good news is there are more classes of truck, and that gives contractors more options.

"With the emphasis on fuel econ-  
*continued on page 62*



Tom Heaviland prefers a clean and uniform looking fleet.

PHOTO COURTESY: HEAVILAND ENTERPRISES