



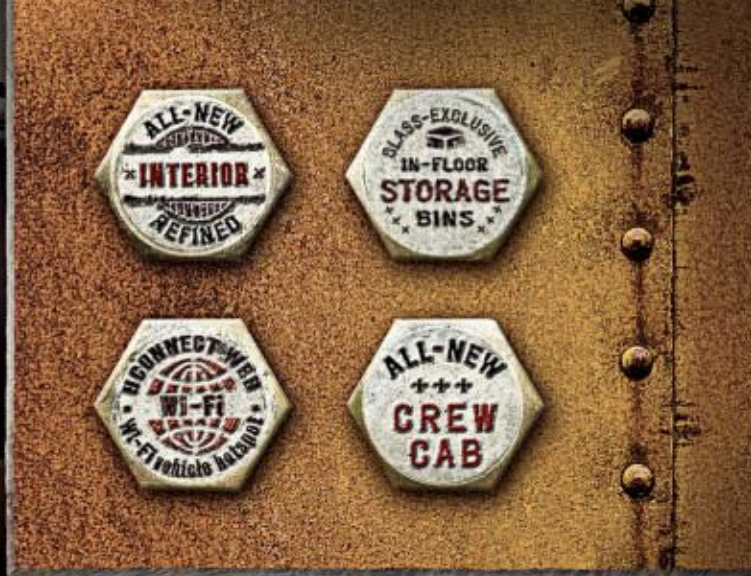
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CONTENTS

SEPTEMBER 2010
VOL 49, ISSUE 9



Presenting *Landscape Management's* guide to the thought-provoking trends that, for better or worse, are shaping the industry right now.

And the No. 1 trend is...

18 Landscapers surrender to low prices

How to put away the white flag and drive profit
BY NICOLE WISNIEWSKI

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SPECIAL SECTION

45 LIVESCAPES
Consumers are looking at ornamentals in a new light.

DEPARTMENTS

- 34 LM Reports**
Blowers; Seeding and turf repair
- 38 Lawn Care Pro**
Andre J. "Frenchy" Rheault, Denton, TX
BY RON HALL
- 40 Weed Watch**
Ground ivy; Goosegrass
- 53 A Cut Above**
Clarence Davids & Co., Matteson, IL
BY DANIEL G. JACOBS



34

COLUMNS

- 4 First Cut**
BY NICOLE WISNIEWSKI
- 6 The Hall Mark**
BY RON HALL
- 32 The Benchmark**
BY KEVIN KEHOE
- 42 Best Practices**
BY BRUCE WILSON
- 56 Whit's World**
BY MARTY WHITFORD

IN EVERY ISSUE

- 54 Classifieds** **55 Resources**

ON THE COVER
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LD/B Solutions

An Arizona landscape architect figures out how to design around a 40-year-old pool, which dominates a relatively small back yard.

Get Growing

A survey finds getting orders on time and landscapers' lack of knowledge are the biggest issues growers have when selling to landscapers.



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FIRSTCUT

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Price is not always right

Online forums like Yelp.com and [Yellow Pages.com](http://YellowPages.com) give customers the ability to write reviews about small business services and ask each other questions about things like price.

Recently on About.com, I came across a customer named "Cindy." Her landscape had become too big for her to handle, so she contacted landscapers for maintenance quotes. She got a price of \$36 an hour for a two-man crew plus \$20 per hour for additional help. The work involved maintenance, weeding, mulching, small planting, watering and fertilizing. "If they worked five full days (40 hours), it would cost me \$1,440. Does that sound reasonable?" she asks cyberspace.

The first response: "I'm not shocked at the \$1,400-plus price. It's a big commitment of resources for a small business like that to have two people working 40 hours for one client. And it's just not labor you have to figure in, but costs for such things as transportation, equipment and insurance."

Not a bad understanding of business costs. However, the next part is what Cindy ends up listening to: "A more cost-effective way for you to get the job done would be to try to locate what is, admittedly, something of an endangered species: Namely, a neighborhood kid who wants to earn a few bucks. Of course, you'd have to take a supervisory role when it came to matters such as planting and fertilizing, but it sure would save you money."

"Sounds like a good idea," Cindy says.

And the landscape professional loses the sale.

Just like that your work, experience, systems, degrees, licenses, etc. are reduced to work a high school student can do for less than half the price.

Price is driving decisions over property pride, quality and brand.

In today's economy, price drives decisions over property pride, quality and brand. Contractors who once had the edge with the value-driven clients they built relationships with are now battling bids as much as 50% lower than theirs.

It's been a consistent complaint from contractors, and we knew we had to cover it — no matter how uncomfortable the topic. As a result, we found some contractors who were able to pick themselves up, dust themselves off and find profit-driven strategies. Their stories begin on page 18.

You never know when a willingness to engage with possibly uncomfortable topics might have an upside. Thinking about the landscaper who bid Cindy's job ... Since 84% of consumers say customer reviews influence their purchasing decisions, per Opinion Research, paying attention to and being active in these forums can provide free marketing, drive referrals and increase business. Maybe if that contractor would have responded, restating the benefits of hassle-free service over managing the teenager next door, Cindy would have chosen differently.

Landscape Management

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THE HALLMARK

RON HALL EDITOR-AT-LARGE

Ron has been in the Green Industry for 26 years. Contact him via e-mail at rhall@questex.com.

Surviving in this Wal-Mart economy

Everybody in my economically challenged city in northwest Ohio is becoming a contractor of one ilk or another, or so it seems. Many are suddenly landscape maintenance contractors.

This is one reason, although not the largest, why you should be moving to become a lower-priced service provider in your market. Of course, that means finding ways to cut costs to continue making an acceptable margin. Yes, quality is still important, but — borrowing a phrase from the world's largest retailer — every day low prices increasingly determine who gets the work.

As you surely now realize, customers are in charge. They're demanding lower prices and willing to consider multiple offers even when they've been satisfied with the quality of service you've been giving them. More contractors are willing to meet their demands, even those that you might consider unreasonable.

Each week pickup trucks I have never seen before pass through my neighborhood. The trucks are pulling trailers, each loaded with a zero-turn mower, a small trim mower, a rack of handhelds and a red gas can or two. Apart from the signage on their doors, the parade of unfamiliar trucks rattling down our normally quiet city streets looks pretty much the same to me.

"It's no secret it's getting tougher to maintain what many of us consider 'fair' price for providing landscape maintenance."

Landscape maintenance has become a favorite career choice of the unemployed and the under employed. Officially, unemployment in my community is 9.6%. Unofficially, it probably approaches double that figure. Who can fault individuals for working and trying to make a living in these tough times? Many of you probably started with a single truck and a mower, too.

But, judging by the size and robustness of our industry, many of you wised up and survived. You became businesspeople and not just grass cutters. You learned the true cost of providing service and of meeting customers' expectations at a price that provides you and your employees reasonable compensation, and with profit left over to reinvest.

While business basics never change, conditions that shape them change. A new reality is always arriving and demanding appropriate response.

Acknowledging that, it's no secret it's getting tougher to maintain what many of us consider a "fair" price for providing landscape maintenance, a cornerstone of our industry; this has been a measurable trend for a decade or longer. Indeed, the middle-of-the-pack pricing strategy that has been so successful for so many small, independent companies appears to be under attack.

National and regional companies rely upon tightly managed systems and operational efficiencies to meet the low prices demanded by the property managers of multi-family, commercial and industrial locations. A steady stream of inexperienced, take-what-they-can-get operators churn residential markets. Only a few will be around next season, to be joined by a new crop of newcomers. They establish a price floor that most established, quality-service companies find difficult to meet.

What to do?

In reality, there's only one thing that can be done — lower your costs of doing business. In light of this economy and the uncertainty of any significant improvement soon low price will loom even larger in determining who gets the work.



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THE *Five* BIGGEST IDEAS OF THE YEAR

Presenting Landscape Management's Ideas Issue – a guide to the thought-provoking trends that, for better or worse, are shaping the industry right now.

BY **NICOLE WISNIEWSKI** EDITOR-IN-CHIEF

DIVERSIFICATION IS YOUR LIFEBOAT

Las Vegas enjoyed an overinflated economy for 15 years. “Even though land prices and construction costs were very high, money was easy to come by so developers flocked there and bought land and built everything from residential to multi-family to commercial properties,” says Donnie Garritano, president, Las Vegas-based D&K Landscape.

Garritano realized once he saw a grocery store on every corner that the bubble would eventually burst, especially when it involved design/build/construction. And it did at the end of 2008/beginning of 2009.

His solution: better balance.

The previously 70% construction company — mostly commercial — is now a 33%/33%/33% split between construction, maintenance and playground equipment sales and

5

playground design/build for both commercial and residential customers. The recurring revenue model of maintenance helped cash flow and the new playground equipment sales and design/build division brought profit.

Feel like your drowning in a sea of recession, consumer confidence, low sales and even lower prices and profits?

Jump on the diversification lifeboat like Garritano did. Design/build and maintenance can no longer cut it alone, contractors say. New services are taking over — but not in terms of a percentage of dominance. Maintenance and design/build still rank as the most offered services by landscapers, according to *Landscape Management's* survey.

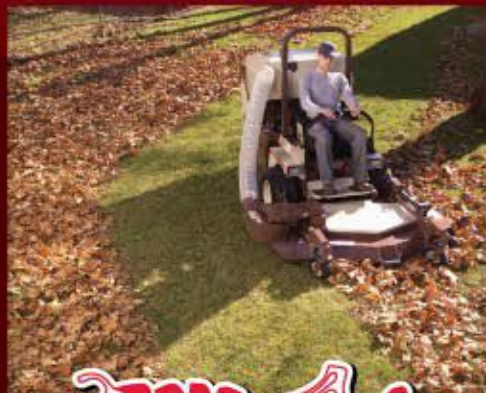
So, what new services are the best to incorporate today? Unfortunately, it's not cut and dry. No one can tell you exactly which services are doing well and which ones aren't overall. It's different based on your region, business model, competition, customer base and strategy. >>

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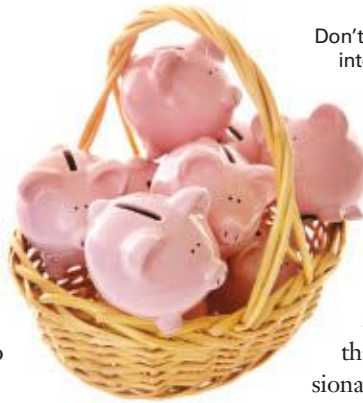
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But, as Susan Wilson Solovic points out in ABC News' *Reboot Your Small Business by Reinventing*, "sometimes shaking things up a bit — in a large or small way — can ramp up revenue opportunities. Look at the way you make money now — are there other revenue streams you could create that might be more appealing to your customer base?"

Looking at current trends can give you ideas as to growing customer needs. Senior care, for instance, repeatedly makes lists of best business opportunities because the 77 million Baby Boomer population represents at least 25% of the population, ranging in age from 61 to 79 until at least 2025.

While a landscape business may not feel comfortable pro-



Don't put all your resources into one service basket.

viding senior care services, they are present at seniors' homes or senior care facilities to maintain the landscapes so they could consider adding an errand-running service or incorporate some senior-specific elements into landscape design for those customers, such as ramps or specialized outdoor areas that are wheelchair accessible, industry professionals suggest.

No matter what new services, customers or service repackaging works for you, Wilson Solovic encourages: "Don't be afraid to trying something seemingly unorthodox. Collaborate with a competitor. Target a new industry. Go virtual. Reinventing your business may be just the boost you need to rebound from the recession." **LM**

It's not *easy* being green

4

A very famous frog once said, "It's not easy being green."

Maybe he was talking about running a sustainable business in a recession.

The green movement picked up some tremendous steam during the past decade, leaving many business owners stymied over what the word "sustainability" really means, yet racing to keep up. Some offered greener services. Some started using greener equipment. And some improved operations to eliminate waste.

Then they touted these internal sustainable practices and green service offerings in sales and marketing because customers seemed to respond. According to a Gallup survey, 53% of Americans rate the overall quality of the environment as only fair or poor, and 68% worry in some fashion over the state of the environment. Even 22% of Americans admitted they are feeling green guilt for not recycling more or replacing their regular light bulbs with the more energy-efficient variety, though 89% said they recycle something, says the Rechargeable Battery Recycling Corporation's 2008 study.

But then the recession hit. One

year later, only 12% of Americans are feeling the green guilt.

The problem? Going green is not cheap for businesses to implement, particularly if they want to embrace a sustainable culture inside and out. And, for customers, the desire to be green does not always outweigh the price of going green. No demand = no service growth.

"People want to say they are green or be green, but no one wants to invest in green," says John Gibson, president of Denver's Swingle Lawn, Tree & Landscape Care.

"Environmentalism is deeply rooted in the consumer mind-set," explain Paul Flatters and Michael Willmott of Trajectory, a consumer trends forecasting consultancy. "But green consumerism has definitely slowed in the recession. Consumers are cutting back on pricey displays of green credentials but they're ramping up cheap and discreet methods of reducing waste."

For contractors struggling in the recession, balancing dwindling customer demand with their desire to tout greener services and practices is particularly challenging. "I'm not about to switch all my mowers to propane

— I'm not willing to spend the money just yet," says Terry Delany, president of Fayetteville, AR-based GroundServ. "And not one customer is asking me

about my 'green' services. They don't care. They don't even ask me if I have insurance anymore. But they do ask me how cheap my service is. So I have to focus on that. To be truly green is just too expensive to do right now."

But, Flatters and Willmott predict, the green trend "will likely accelerate again in three to five years." So for those who believe in sustainability, don't give up on it just yet.

"It's not just a phase," agrees David Snodgrass, president of Portland's Dennis' 7 Dees. "It's a trend that will be a part of everyday business." **LM**

