Clockwise, from top: Bartlett founder Francis A. Bartlett; a Bartlett crew member today; and a team from Bartlett's early days

lems. That's something we've seen throughout the entire 104 years we've been around." That's why much of Bartlett's business focuses on pest management, Daniels explains.

Despite its progress, the Green Industry in general and the tree care business specifically will continue to be challenged economically and legislatively in the near future, Daniels says. Thanks to low enrollment and cuts in arborculture and urban forestry programs at universities nationwide, none of those challenges will be greater for Bartlett than nurturing qualified employees, says Daniels.

"There's less of a pool of people at these universities," he explains. "That puts a greater emphasis on investing in and training your own people."

Fortunately for Bartlett, company leaders saw it coming years ago. "We saw a couple things. Our own needs were growing as Bartlett was expanding. We needed more qualified and trained employees," says Daniels, who has been president of the company for 12 of the 36 years he's worked there. "Number two, we saw the college programs, Green Industry programs, diminishing."

So in 2007 Bartlett's Charlotte, N.C. arboretum and training-research facility was upgraded. The 350-acre campus, established in 1965, is now home to 10 training programs covering technical skills, production, leadership and sales, Daniels says.

"You ask 'how can we better care for trees while dealing with tighter regulations?' It all comes down to training," he says. "We have increased regulations because we do use pesticides. We drive vehicles that require special licenses to drive. We employ immigrants. So there are many things that have to be done today that weren't as commonly done 15 or 20 years ago."

It's why Bartlett has staff designated for monitoring regulations and ensuring Bartlett complies with them. It's also why Bartlett makes employee safety and training top priorities.

Bartlett's foresight throughout the last century propelled its success. The company's ability to anticipate what's coming and prepare accordingly enables it to thrive to this day.

"We're very proud of the fact that the company is 104 years old," Daniels says. "Very few family-owned businesses stay in business that long." He attributes Bartlett's longevity to the fact that "we have a clear vision, we've been able to stay ahead of the research curve and we've always had dedicated employees. We know where our company wants to go and we've been able to change over time."

So where does Bartlett want to go?

"We want to be known as the best company to care for and preserve trees," Daniels says. "And we don't necessarily have a goal to be the biggest tree care company. You've got to meet or exceed industry standards. Nothing can stand in the way of providing a safe work environment for all our employees and the satisfaction of our customers."

Barnes Nursery

Barnes Nursery Inc., Huron, OH, recently joined the social media scene. The family-owned company realized it needed a presence on Facebook and Twitter. It hired an experienced vendor to guide it because it wanted its digital presence to reflect the quality that's always been associated with its products and services.

Entry into social media is the most superficial and easiest step the company is making into what Sharon Barnes, vice president, sees as a rapidly changing business environment. She says the company has seen a fundamental shift in its market since the 2008 recession. It's now in the process of addressing that change and adjusting the company's direction to meet the regional economic challenge posed by the loss of high-paying union jobs, high employment and rising food, fuel and utility costs.

"Where are we going to be a year or more from now?" asks Barnes rhetorically. "We'll be at a different place, and I don't

Jeanne and Harold Barnes, founders of Barnes Roses, with a younger Robert Barnes, co-owner with his wife Sharon of Barnes Nursery.

mean as far as physical location. But we'll be doing things differently."

Making changes to one of the largest and most respected Green Industry companies in northern Ohio is a huge challenge, admits Barnes.

The company owns a 450-acre tree nursery, operates two garden centers, owns and runs a 3-acre compost facility and offers a complete palette of landscape services. Few Green Industry service providers anywhere in the United States offer a broader range of horticultural products and services.

The third generation of the Barnes family, brother and sister, Jarret and Julie Barnes Foster, are taking over operations of Barnes Nursery from parents Robert and Sharon, seated.

The company is acknowledged as a leader in terms of quality in its regional market. Its design/build services have earned multiple awards over the years. Quality and reliability come at a price, says Barnes. She admits that it's now difficult for many cash-strapped prospects to accept that.

"We're looking at the future as being exciting and having a lot of opportunity, but it's more than a little bit intimidating, too," she says. "The challenge for us is to find the niches that have the most potential."

To that end, the company is re-examining its diversification and scrutinizing each and every service in terms of margins and customer acceptance.

This will not be the first time the Barnes family has reassessed its business model or turned the company to meet market opportunities. In fact, they have shown an enviable ability to adapt to changing economic conditions and markets.

The company dates to 1950, when Harold Barnes and his wife, Jeanne, planted 11,000 rose bushes on their property in the sandy loam soil just south of an expansive marsh on Lake Erie's south shore. The couple made the move a few years after Harold's return from WWII and his studies at The Ohio State University. The 50 acres they purchased on Lake Erie's south shore proved to be a good location for growing roses. The plants

continued on page 15


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RAIN BIRD®

continued from page 12

benefited from the warming effect of the lake in the autumn and its cool, moderating breezes each spring.

The couple grew their company, Barnes Roses, through the 1950s until it peaked in 1962 with 150,000 bushes in their fields. When California and other regions with longer growing seasons got into rose production the family realized it had to steer the company in a different direction. In 1966 it decided to quit growing roses and instead began planting and growing shade and ornamental trees.

In 1969 Robert "Bob" Barnes returned to the family business with wife, Sharon. The company, under the couple's guidance, soon began adding talent along with landscape services and expanding the company's nursery acreage.

In 1991 Sharon initiated the company's 3-acre compost facility, located within a mile of its headquarters. The licensed operation recycles more than 20,000 tons of yard trimmings, food, agricultural and industrial residuals into quality soil products each year.

Sharon looks to the company's compost facility, something she's devoted much of her professional life to developing, as an example of the company's commitment to meeting tomorrow's landscaping challenges.

> "NOWADAYS, IT SEEMS LIKE CUSTOMERS ARE **LOOKING FOR THE BEST DEAL**, AND THEY'LL JUMP SHIP OVER A NICKEL."
>
> — MICHAEL KRAVITSKY IV, GRASSHOPPER LAWNS

Nevertheless, it takes financing to move a company like Barnes Nursery into the future, and that's the goal of the company — shoring up its financial future so that it can continue to innovate.

Fortunately, it can count on the experience of Bob and Sharon, who remain active in the day-to-day operations of the business with the third generation of the family now learning as part of the management team.

Grasshopper Lawns

One of the beautiful things about so many landscaping companies is that they are family businesses, passed from one generation to the next, with each new management team working with and learning from the previous one.

Michael Kravitsky IV is president of Grasshopper Lawns, Larksville, PA. His younger brother, Shawn, is vice president. Both represent the second generation to run Grasshopper Lawns.

"We kicked our dad out officially about two years ago," teases Kravitsky, who nonetheless learned the business from his father from a very young age: "I remember being 5 years old and going with my dad on estimates."

As a teen, Kravitsky even learned to drive by operating the company tractor that pulled the combine that would aerate, seed, roll and fertilize all in one pass. Sometimes he would drive the tractor to school and at other times, "I would skip school a lot and work in the business."

At 48, Kravitsky is only a few years older than the company his father, Michael Kravitsky III, started in 1964 with a Lawn-A-Mat franchise. By 1985, with Michael IV and Shawn firmly in the family business, the father and sons were considering leaving the Lawn-A-Mat franchise (which is no longer in business) and heading out on their own. A chance meeting between Kravitsky III and a friend, a former Lawn-A-Mat dealer who'd started his own lawncare company in Connecticut more than a decade earlier, cemented the idea. He even borrowed, with permission, the Connecticut company's name of Grasshopper Lawns.

"The grasshopper is a sign of good luck," Kravitsky IV says. "That's why they picked it."

And perhaps the image, which adorns the company's bright orange vehicles, has been a bit of a good luck charm.

Like any company nearing its fifth decade in business, the company has been through its fair share of economic downturns.

"We don't have the crystal ball. We try to gauge what's going on," Kravitsky says. "We think the economy is going to stay steady. We don't think we're going to get the big gains, like we've had in the past. We think it's going to be a slow rise to the top."

Whether it's the economy or social evolution, things have changed over the years.

"Nowadays, it seems like customers are looking for the best deal, and they'll jump ship over a nickel," Kravitsky says. "The customers are a little bit tougher. There's no loyalty there. In the old days, you had a customer until they died or moved."

Quality service is still important, however, and many of those customers eventually realize that a few cents cheaper up front doesn't bring them the same results.

"Usually, after (customers) try somebody else, they're back to us in one to two years," Kravitsky says. "Sometimes a little bit longer, but we get an awful lot of old customers back."

Customers, of course, aren't the only things that have changed. Equipment and the products Grasshopper Lawns' 20 employees spread have improved. Equipment has changed for the better, says Kravitsky, who remembers the days when "we had those cheap little cyclone spreaders with the plastic wheels on them. Now, our guys have these heavy-duty spreaders that you can push with one hand."

The technology is changing inside the trucks, too.

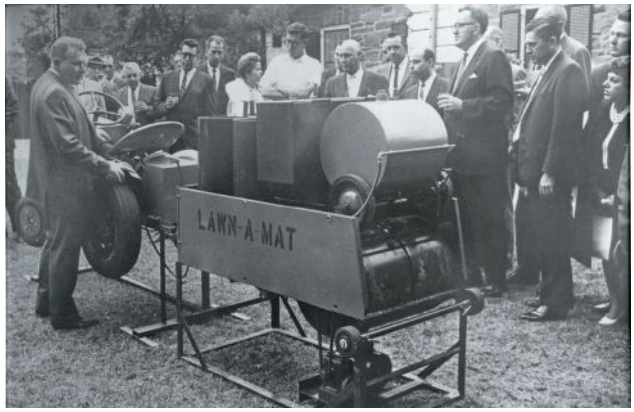
"We're moving forward with computers in the truck," Kravitsky says. "We'll have a history of everything that's gone on with that lawn in the past." Gone are the days of the service cards — long, legal-size forms that were kept year to year.

And despite having been around awhile, the Kravitskys refuse to look the part of the stodgy, curmudgeonly company.

"We have solar power on the top of the building; we're trying to be green by doing our part," Kravitsky says. "It's a good thing to do. I'm very happy with it."

But then again, not everything needs to be modernized.

"We're from the old school," Kravitsky concludes. "We don't need to spout off to everybody how great we are. We've been here since 1964. We know what we're doing." LM



Michael Kravitsky III (far right) watches a demonstration before opening his Lawn-A-Mat franchise (now Grasshopper Lawns). Co-owner Shawn Kravitsky with one of the company's newer vehicles.

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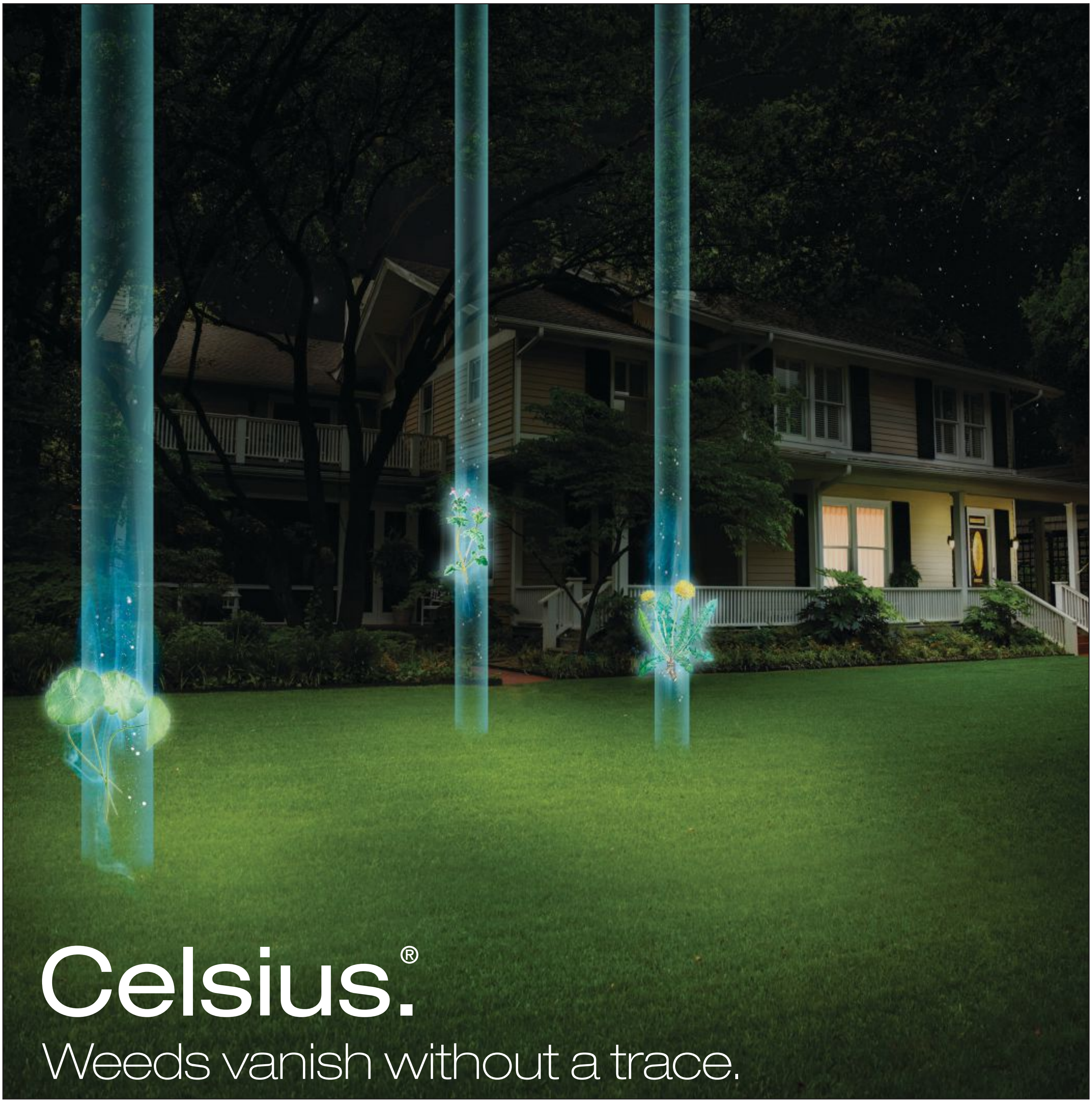

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THEBENCHMARK

KEVIN KEHOE | The author, owner-manager of 3PG Consulting, is a 25-year industry veteran. Reach him at kkehoe@questex.com.

Let's talk money and cash flow

There's an old song by the band Simply Red called "Money's too Tight to Mention." Why do I mention this? Because the chickens of three years of lower prices have come home to roost in the form of tight cash flow for many contractors this spring … and money is too tight to mention.

The combined effect of overhead and capital requirements, in relation to lower gross margins, is biting profits — ergo cash flow.

A little math helps us understand the roots of the problem and solution. Table 1 outlines the calculations. In the "Old Days" column when pricing and gross profit margins were good (Line B), contractors could afford to live at benchmark numbers of 25% Overhead to Revenues (Line D), 45 day accounts receivable (Line E), and equipment returns of $8 of revenue for every dollar of annual capital equipment costs. As the "These Days" column shows, those benchmarks at 45% gross margins lead to negative cash flow.

We need new benchmarks to get there.

As Table 1 demonstrates in the "Future Days" column, we need to see improvement in all these numbers. Overhead cost to revenue can only be 20% to 22% of revenues (See the Frank Ross Chart of Accounts for indirect and administrative expenses), accounts receivable (working capital) must average 30 to 35 days maximum, and revenue to equipment must be at least $9 for every dollar of annual capital equipment costs.

Less overhead with better systems and fewer staff, faster billing and collection, and slightly extended life and equipment care can make it happen. Just being a little better in these three areas improves cash flow and gets you a few more restful nights of sleep.

Now, I have that darn song going through my head and probably won't be able to sleep tonight.

TABLE 1: THE CALCULATIONS

Financial number	Old days		These days		Future days	
A Revenue growth		$100,000		$100,000		$100,000
B Gross margin		55%		45%		45%
C Gross profit dollars		$55,000		$45,000		$45,000
D Overhead cost	25%	$25,000		$25,000	20%	$20,000
E Working capital required	45^	$12,329		$12,329	30^	$8,219
F Equipment capital required	8.00*	$12,500		$12,500	9.00*	$11,111
G True net profit	5%	$5,171	-5%	($4,829)	6%	$5,670

A *Assumed level of revenue growth*

B *Estimated profit after DIRECT JOB COSTS are subtracted from INVOICE:*

C *Line A times Line B*

D *Business expenses to run the office and pay non-production staff: The Overhead percentage (25% assumed here) times Line A.*

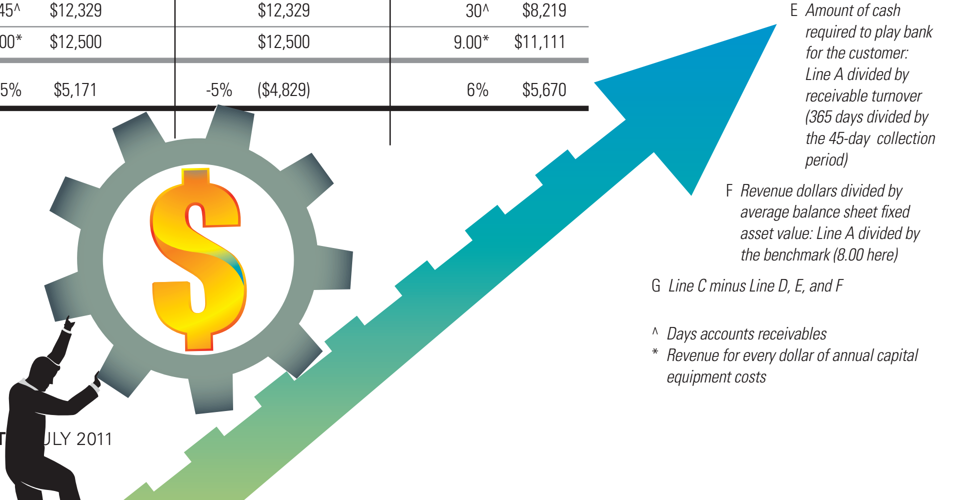
E *Amount of cash required to play bank for the customer: Line A divided by receivable turnover (365 days divided by the 45-day collection period)*

F *Revenue dollars divided by average balance sheet fixed asset value: Line A divided by the benchmark (8.00 here)*

G *Line C minus Line D, E, and F*

^ *Days accounts receivables*

* *Revenue for every dollar of annual capital equipment costs*



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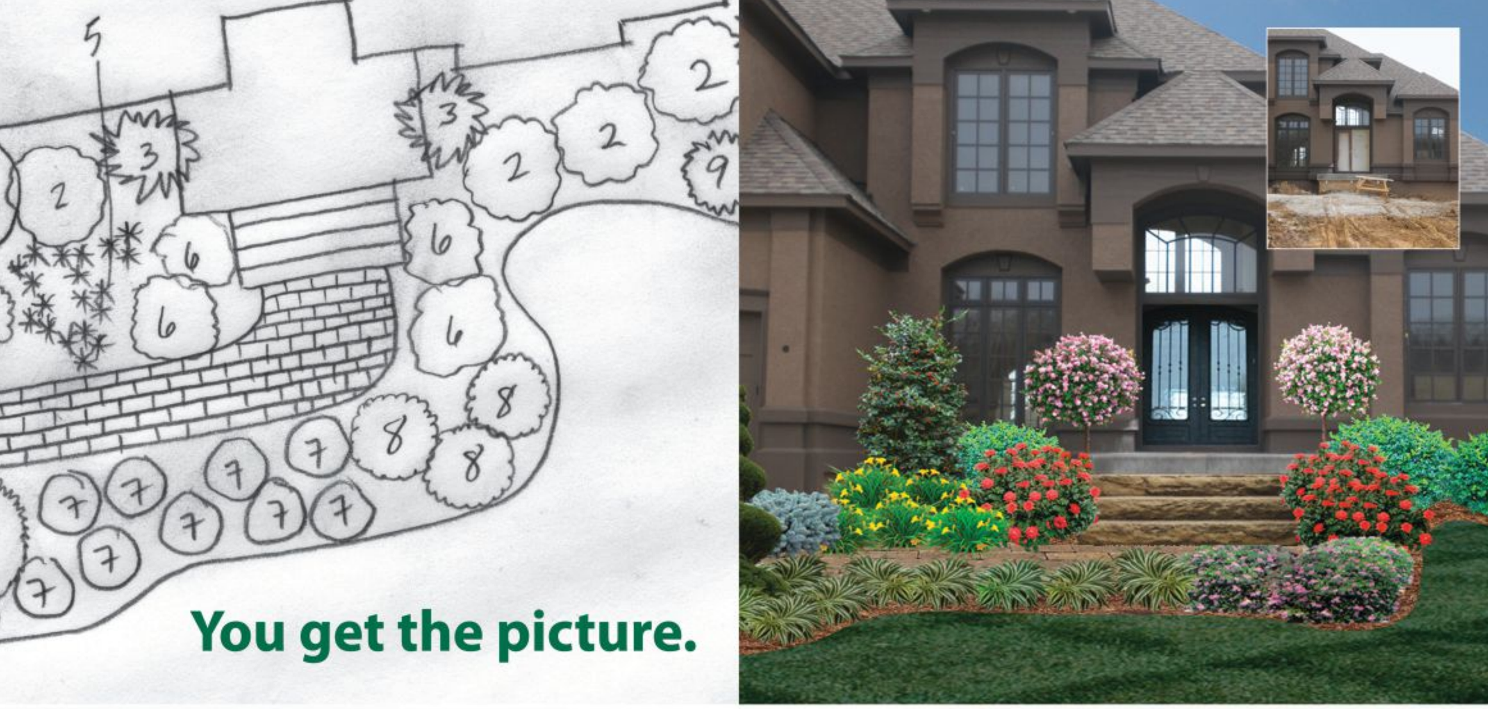

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LM'S OPERATOR OF THE MONTH » BY RON HALL

Brad Wolfe loves to ski. While he wanted a career, he also wanted freedom to ski his favorite slopes every winter. He solved that dilemma as a student at the University of Colorado by starting a successful lawn care company offering "organic" lawn care services. His company, Organo-Lawn, has outgrown its Boulder, CO, birthplace and has added a surprising (and growing) winter service.

How and why did you found Organo-Lawn? I was attending the University of Colorado, and wanted to keep my winters free so I could ski. I didn't want to be tied down with a part-time job, so I knew that I could make enough money to support a college student's lifestyle by aerating lawns — and about every customer I serviced asked me if I could also fertilize their lawns. I found a good organic fertilizer and started doing fertilization applications. Then customers started asking if I could take care of their weeds, and before I knew it, I was pretty darn busy.

How has your company evolved since its founding in 1997? Organo-Lawn has evolved mostly in the products that we're using. When we started, the only organic weed control available was corn gluten meal. Now we can control about any weed situation completely organically. We have 100% organic products that work great in the rock and mulch beds, and last year we finally figured out how to get a high weed control rate in turf post-emergently without damaging the grass. This was a huge breakthrough for us.

The other biggest change is fuel prices. However, just like our organic products, we've been aggressive about staying ahead of the curve. We started converting our fleet to run on waste vegetable oil in 2004.

Boulder has a reputation for being "progressive." What does it mean in terms of lawn care? Boulder is extremely progressive. It's also affluent and educated. The people of Boulder will quickly adapt to new ways of thinking, but they will also stop buying services that don't work. Even though some of the customers in Boulder can be difficult to please, they make us better as a company. For instance, if we are going to bring a new product to market, we will typically do field testing on the product for one to two years before we release it as a service.

What other business opportunities do you see for Organo-Lawn? Presently, the biggest opportunity for Organo-Lawn is building our winter business, Colorado Ski Tunes. We basically provide ski and snowboard tuning with free pickup and delivery services. Last year we did about 1,500 tunes and feel like building this winter business is the key to our ability to grow.

What's the biggest difference between organic and traditional lawn care? With our organic focus, our goal is to build a healthy foundation, which means we build the soil. To have a healthy soil, there needs to be a large population of beneficial microbes and bacteria. To achieve a living soil, it must have aeration. It needs warm temperatures and adequate moisture, and it must have food, which is provided by organic matter. If the soil is living, the lawn will use less water and fertilizer; it will naturally fight off fungus and insects, and it will have less weeds.

Traditional lawn care doesn't build the soil because the fertilizer provides no organic matter to feed the microbial populations.

AT A GLANCE

ORGANO-LAWN

FOUNDED: 1997

HEADQUARTERS: Boulder, CO

TITLE: Brad Wolfe, founder and president

YEARS IN THE INDUSTRY: 14

SERVICE AREA: Boulder and Ft. Collins, and Front Range communities in between

NUMBER OF LOCATIONS: Two (Boulder and Ft. Collins)

EMPLOYEES: 15

SERVICES: Lawn and tree care (organic fertilization, organic and synthetic combination weed control), humate and RainMaker applications, aeration, power raking, lawn spider mite control, top seeding, tree fertilization, non-spray tree insect control and related services, sprinkler start-ups and blowouts

HOBBIES: Skiing, mountain biking, kayaking, travel, photography

FAMILY: Single

WEBSITE: OrganoLawn.com

"CUSTOMERS STARTED **ASKING IF I COULD TAKE CARE OF THEIR WEEDS**, AND BEFORE I KNEW IT, I WAS PRETTY DARN BUSY."