



## HURRICANE

Vermont isn't generally the first state to come to mind when most people think about hurricane damage.

But as it slid along the East Coast and headed north, Hurricane Irene was both figuratively and literally on the radar of Tami B. Blanchard, president and owner of Homestead Landscaping in the ski resort town of Bondville.

"You find yourself checking the weather every time you walk by the kitchen and the iPad is sitting on the counter," Blanchard says. "You're pulling up the weather report and hoping that little weather bug warning isn't the first thing that pops up on the screen. You're listening to the rain outside. Is it heavy? Is it the rain or is it the wind blowing the trees around? You don't sleep. You wonder what's going on."

What was going on was the rain from Hurricane Irene. It began pounding the community on the night of August 27, a Saturday. Blanchard, along with her husband, Steve, moved the company's 24 trucks and other equipment to their home located not too far away, but on higher ground.

Steve returned to the business Sunday morning around 8 and started moving more equipment. Blanchard recalls trying to call him a few times without success.

"He called back, probably around 10:30 to let me know the place was under water, and I needed to get down there now," Blanchard says. "The

river had jumped its banks up the road and come across the back of the library, which is right across the street from us, and then right through the front of our property."

A river behind the company's property would later jump its banks and wash away 20-30 feet of the property.

"We had water in the office. We had damage to two of our storage sheds. We have three large landscape venues that were completely silted in," Blanchard says. "Our front parking lot was gone. We lost a lot of material — gravel and driveway surfaces throughout. The irrigation in our nursery was totally destroyed. Our irrigation pump was filled with silt."

The company also lost about \$40,000 worth of nursery materials, much of which were to be used for installation jobs later that season. Between cleanup, lost materials and equipment, and damage to structures, the Federal Emergency Management Association (FEMA) estimated Homestead took a \$290,700 hit.

But that's just the damage to the exist-

ing structures. It doesn't take into account the effect it will have on future business.

"I expect to take a 5% hit to our bottom line," Blanchard says. "Our bottom line this time of year is very susceptible to weather. If we can get through November with no snow, we can work installation longer. If it starts snowing November 1st, and installation is shut down, that impacts our bottom line."

It also has an effect on her employees.

"We were pretty clear with our guys about what that means — no new trucks this year. It probably means no profit sharing this year."

The company is eligible for a Vermont Development Economic Authority loan and for loans through FEMA.

"Most of the damage we have, we've resigned ourselves to the fact that it's going to go back together over time and we'll make it work," Blanchard says.

And that's just what they've been doing.

"We were back mowing lawns on Tuesday," Blanchard says. "We had to be. It's amazing the things that are changed or gone and the things that are still here. There seems to be no rhyme or reason as to how that happened. You can't curl up into a ball and cry about it."

Workers from Homestead Landscaping, Bondville, VT, clean up after Hurricane Irene; Waters rise in Vermont after the storm (inset).





## TORNADO

Hurricanes are monstrous storms that generally wreak havoc across areas measured in the hundreds of miles. Tornadoes generally inflict their damage on a comparatively smaller area — generally. From April 25-28 a super outbreak of more than 300 tornadoes impacted areas across the South, Midwest and Northeast. No state was hit more intensely than Alabama.

Harvest, AL, home to Nitro Green Lawn Care and that house now sitting on a treeless patch of land, was one of the hardest hit communities. Harvest was struck by an F5 tornado, the most severe designation for tornadoes.

“Everyone in the community had their televisions on because the weather was so terrible,” recalls Pittman. Sitting in the midst of the tornado belt, it’s not unusual to hear a meteorologist track a tornado as it travels from one community to the next.

“That particular day they were coming through about every 15 minutes,” Pittman says. “You’d hear them say, ‘There’s one that’s just been spotted at Highway 72 and Wall-Triana (Highway) and now it’s heading up to this area.’ My family and I were watching television, and every time they would do that, we would go, ‘Oh my goodness, it’s coming right at us.’”

April tornadoes created extensive damage throughout Alabama, such as these post-twister scenes in Harvest.



Fortunately, the business and Pittman’s home and those of her employees were largely spared. But the city was without power for a week.

Pittman contacted all of her employees on their cell phones on Thursday, the day after the tornadoes, and told them to meet her at her home on Friday. Pittman drove to the office and looked through the company’s files to find her employees’ net pay for a 40-hour week.

“I came down here and handwrote paychecks for all our staff,” Pittman recalls. “Of course, they’d only worked two days that week, but people have to have food and pay their bills. The next week the power did not come on until Wednesday. So again, we paid our employees for the entire week.

“It was about two weeks without doing lawns, which in our busy season really put us behind. There were a lot of lawns where we couldn’t really do anything. We contacted all the customers we could to find out who might have lost their homes to see if we could do anything to help them.”

Pittman sent her employees out to take notes on which customers’ lawns

could be treated. If they got there and there was debris all over, they would put that in their notes and Pittman would put a reminder in the computer system to check back with them a couple weeks later to see if the debris had been cleared off.

“Our policy has always been, if weather or something like that keeps our employees from working, we continue to pay them anyway,” Pittman says. “At the beginning of the year, we had snowstorms and freezes that were unheard of in Alabama. Usually we start to do our lawns the first week of January. This year because of storms that kept us — in one case — in our house where we couldn’t even get down the driveway, for 10 days. Our employees couldn’t work those times either. In January, instead of a normal month, we only had five days where they could go out and work on customer lawns. We paid them for the whole month.”

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## FLOOD

The damage from a hurricane and a tornado, while severe, is short-lived — like ripping off a bandage — painful but over quickly. The potential devastation Justin Hill, president, Hill's Lawn & Landscape, Platte City, MO, faced was a slow, lingering one — like waiting days or weeks to hear back from the doctor about medical tests.

Fortunately for Hill, this disease was a false positive.

The worry began around Memorial Day, when Hill was returning from an

out-of-town trip. The rumor around town was that the Army Corps of Engineers was going to open the Gavins Point Dam, more than 300 miles to the north in South Dakota. Platte City, which had been facing a drought, would soon get more water than it wanted.

The Missouri River soon began to overrun its banks, the water slowly working its way up the side of the town's levy. By August the water was three-quarters up the levy, the highest point it would reach.

But just because the water stopped rising didn't mean the danger was over.

"A levy is made out of dirt," Hill says. "Any time water sits against it, your days are numbered. It's a big sponge. If water

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## PLAN OF ATTACK

By **Beth Geraci** Senior Editor

When meteorologists forecasted that Hurricane Irene would hit the East Coast hard, Stamford, CT-based Eastern Land Management (ELM) wasted no time in preparing.

Irene was due to make landfall Sunday morning. Seventy-two hours before that, ELM got busy devising its response plan, relying on detailed information from a weather service for assistance.

Through that service, ELM learned the hurricane's estimated arrival time, its wind speed and the amount of potential rainfall expected. Consequently, ELM was able to create a detailed post-hurricane program for its customers, informing them of the company's response initiative that Friday.

"We didn't want to give them any false pretenses," says ELM president Bruce Moore. "We are not, you know, going to jeopardize our crews. We're not going to be there until the storm is over."

Keeping customers abreast of ELM's plans was important, Moore says, because "we wanted to give them peace of mind. We want our customers to understand we're kind of their third eye. We want them to know we're watching out for their properties, and we're not just there to cut the grass."

ELM not only ramped up its communication with clients, it also ramped up its equipment supply. It reserved two chipper rentals and bought a few new chainsaws, rope and miscellaneous items. "The uncertainty is the hardest part about preparing for one of these storms," Moore says. "We prepared for the worst."



A tree smashed through the roof of a home in Trumbull, CT, near Stamford.

The company focused most on readying its crews. That meant pulling workers off jobs to prepare, moving trucks to locations where they couldn't be damaged by falling branches, and holding a managers meeting three days before the hurricane to create a checklist of potential problems and how to prevent them.

"Everybody rallied to the cause and everybody worked hard to cover all the bases," Moore says. ELM even booked hotel rooms for its crews in case they had trouble getting home.

When Irene finally did hit, ELM sent out 12 crews, mobilizing them by 4 a.m. Monday. But when the workers inspected the sites in ELM's 35-mile service area, they saw that Irene didn't create nearly as much damage as expected. It was good for the Stamford community but bad for ELM's business.

"In some cases there was work to be done, but ultimately the storm didn't do a lot of damage," says Moore. "We bought three chainsaws, which are probably still in the box."

Moore's crews were engulfed in cleanup for only a day and half after Irene, bringing in about \$6,000 in revenue. That was drastically less than the roughly \$30,000 ELM earned in March 2010, when one storm kept Moore's crews busy for more than a week.

But ultimately, Moore says, the lengths ELM went to in preparing for Irene were worthwhile. "We got very positive feedback from clients," he says.



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## COVER STORY

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is three-quarters up the levy and sits there for 60-90 days, it gets your attention on a daily basis.”

Hill and his team are part of the levy district responsible for monitoring the levy. They, along with much of the rest of the town, worked to fortify the area's flood defenses by filling more than 50,000 sandbags.

“We have dump trucks. We hauled sandbags with those trucks,” Hill says. “We converted our salt spreaders that are used in snow. We designed a chute to fit on our salt spreaders, which funnels the sand and drops it right into the sandbag.” That allowed crews to fill 50 bags in five minutes.

“It's kind of neat to take your snow equipment in the middle of summer in 100-degree weather and put it to use,” Hill says. Hill donated the use of three or four trucks and three Bobcats to the efforts.

“There'd be times a guy would have

Justin Hill and his team in Platte City, MO, joined the community in filling 50,000 sandbags to contain floodwaters from the Missouri River.



to check the levy at midnight or 1 o'clock in the morning. And you're back at your facility at 7 a.m. to get your guys going.”

Hill didn't lose any business during the extended levy watch. He rotated his work schedule and continued to pay his employees, even when they were doing the volunteer sandbagging work.

All these companies faced serious, potentially business-ending natural

disasters and survived. Perhaps it has as much to do with their attitudes as it does with being prepared. That's best summed up by Blanchard, who says, “I feel very fortunate that all we lost was stuff. We didn't lose our home and we didn't lose people. It can all be replaced. It's just going to take some time and that's perfectly fine.” LHM

PHOTOS COURTESY: JUSTIN HILL

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# THE BENCHMARK

KEVIN KEHOE

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## Retention: The silent profit killer

The email or letter comes out of the blue — it's never a phone call. *This is your 30-day notice — we're terminating your services.* Whatever the reason, the impact is traumatic personally and financially. Personally as in “we jumped through hoops the last eight years for those guys and this is the thanks we get.” Financially as in it drains away profits faster than anything else in your business, as the following example demonstrates.

Let's assume a scenario where you retain 99% of your monthly contract value each month, where the average Gross Profit Margin on this work is 50% and you started with an original budget of 15% and 25% equipment and overhead costs as a percent of revenues, respectively. See Table 1.

The impact of a 99% monthly retention rate has the following cumulative effect on annual revenues. You lose \$1,000 in January and each month for the rest of the year. The total loss is \$78,000 at the 50% gross margin. See Table 2.

The result — as shown in the Table 3 — is a 3% decrease in net profit or a \$38,520 reduction in cash flow. The primary reason is that overhead expenses don't change that much, even if you consider that

you will save some money for fuel and repairs for now unutilized equipment. Ouch!

### What do you do?

You need to maintain and manage an “At Risk List.” At risk customers are those who have a change in ownership, management, or personnel. They are also those you rarely see or with whom you've changed an account manager. They're ones who do not return your calls, or purchase enhancement services, are very new to you or have been with you a very long time. Yeah, it's a big list.

You must talk about more than landscape with your customers. You must talk business as in “How is your business doing? What are your challenges this year? How can we help?” This might come as a shock, but most of your customers have business concerns that greatly outweigh their need for a perfect landscape. These business concerns can be put in two categories — their budgets and their bosses. Their first instinct always is to keep their jobs.

You will be more successful bringing them cost-saving ideas like changes in job specs or enhancements that decrease maintenance costs *before* they ask you. If they are smart enough to appreciate it — and you are bold enough to show them the return on investment that enhancements can make in terms of lower vacancies, happier tenants, and higher rents — they might deem you indispensable and keep you around a long time.

It's worth the effort, given the costly alternatives and the unpleasantness of those depressing termination emails and letters.

TABLE 1: ASSUMPTIONS

Monthly contract revenue	\$100,000
Monthly retention	99%
Monthly losses	\$1,000
Gross margin	50%
Equipment	15%
Overhead	25%

TABLE 2: REVENUE DRAIN

January	\$12,000
February	\$11,000
March	\$10,000
April	\$9,000
May	\$8,000
June	\$7,000
July	\$6,000
August	\$5,000
September	\$4,000
October	\$3,000
November	\$2,000
December	\$1,000
TOTAL	\$78,000

TABLE 3: PROFIT & LOSS

Revenue	\$1,200,000		\$1,122,000	
Gross profit	\$600,000	50%	\$561,000	50%
Equipment	\$180,000	15%	\$168,300	16%
Overhead	\$300,000	25%	\$300,000	27%
Net profit	\$120,000	10%	\$92,700	8%





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## AT A GLANCE

**TITLE:** President

**COMPANY:** Dr. Green

**REVENUE:** \$10 million

**YEAR FOUNDED:** 1985

**YEARS IN THE INDUSTRY:** 17

**EDUCATION:** Masters in philosophy from Queen's University, MBA from Wilfred Laurier University

**HOBBIES:** Sports, running, traveling and most importantly, growing our business

**WEBSITE:** [www.doctorgreen.com](http://www.doctorgreen.com)

**Ryan Van Haastreht** started working in the family business as a 12-year-old boy delivering fliers after school alongside his father, Lou. The elder Van Haastreht launched Dr. Green in 1985 after discovering lawn care at a franchise show. But instead of buying into an existing concept, he went out on his own. "Dad ran the company and grew it to more than 10,000 customers by 2002," says Ryan, now president. "During high school and college my brother Lee and I worked on the trucks. In 2002 Lee, our current VP of operations, and I joined the company full time."

**Where did the name "Dr. Green" come from?** Dr. Green came from the concept of providing preventive care to people's lawns. (My father) thought it would be clever to have a mascot of a green blade of grass in a doctor's outfit, and this was an immediate hit with women and children.

**What makes your company unique?** We are able to offer compelling programs with very friendly service at a relatively low price. What allows us to do this is our productivity in sales and operations. Having an efficient delivery system and a lower cost per new sale than our competitors allows us to be competitive with our prices and aggressive with our promotions. Many competitors have indicated that our prices are too low, yet we make 20% profits almost every year and have an average annual growth rate of 17.6%.

**Can you describe your market and your customers?** We are 100% focused on the residential lawn care market, and we only provide lawn care

services (no landscaping). We used to do landscaping and we dabbled in commercial, but we discovered we are better off doing one thing very well. We currently serve three markets (Ontario; Calgary, Alberta; and the Chicagoland area).

In the past few years we have seen an increase in the number of female buyers. We are also experiencing a large increase in the number of online purchasers.

**What challenges do you see in the lawn care segment of the industry?** By far the greatest challenge to our industry is the increased attention and pressure to prohibit the use of many pesticides, herbicides and fertilizers.

**How are you addressing those challenges?** We have not let these threats impact our company culture. Fear is

the worst thing because it consumes your energy and it paralyzes the development of new ideas.

**What changes have you seen in the industry?** Social media and the emergence of online marketing. It used to be that if you had one unhappy customer they would tell seven or eight of their friends. Now you can have one unhappy customer connect with hundreds of friends and/or strangers via Facebook, Twitter and other online social media sites. In the coming years growing your company and your profits will be more about service than ever before.

**What is your strategy for growth?** In the past our strategy for growth has always centered around telemarketing, door-to-door and flier delivery. Today we

are moving back to more of a guerrilla marketing approach whereby no one method of selling dominates the others. We need to create a lot of synergy through many smaller campaigns (telemarketing, door to door, flyer delivery, direct mail, email, social media, Google ad words, lawn signs, referrals etc.) Another aspect to our growth model is to improve service. We need to improve retention to improve our marketing ROI.

**FEAR IS THE WORST THING BECAUSE IT CONSUMES YOUR ENERGY AND IT PARALYZES THE DEVELOPMENT OF NEW IDEAS."**