
PHOTO BY: ISTOCK INTERNATIONAL INC.

Lawn and Landscape, near Finger Lakes, NY, planning for the transition in leadership has been taking place for years.

"I have had the young fellow who is taking over the business working with us for 10 years," says Stell. "Though his title right now is vice president, he's been doing the day-to-day operations — and is more like the chief operating officer right now. We developed a plan where he is buying me out over a period of time, but I still work here. At the end of the day, he'll own all the shares of the business. It's been a great arrangement for both of us."

Planning ahead helped set Stell up for a smooth transition. But in this economy, many landscape business owners are becoming desperate and looking for an "out."

"It's definitely not the easiest business to get out of, and I do really feel for those owners who are having a hard time trying to figure out their next steps," Stell admits. "Think about these things early on so that you don't wind up having to just sell your equipment and retire. That's never a good deal, after all your hard work over the years. Try to plan ahead and think about the transition now."

Advanced preparation for this eventual transition also means financially planning for it.

"Compensation programs for key personnel must be developed to adequately reward those who will be managing the business as my role lessens," says Senske. "These decisions are predicted on the decision I have made not to sell the business, but to have it continue as long as possible. There are two children, neither currently interested in participating today, but I want to leave that option open as long as possible."

While all of these industry veterans have combined experience of more than a century, none of them say they're ready to retire yet. They've just all learned the value in planning ahead.

Heaviland says he believes it's never too early to plan for the future.

"Don't carry a lot of debt, pay yourself a fair salary, and save as much as you can early on," he advises. "The earlier you start, the better off you'll be — and I can't stress that enough. That's really the takeaway point to this. Start now, and you'll find it paid off in your future." LM

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*Payton is a freelance writer with six years of experience covering landscape-related topics.*

# SUCCESSFUL SELLING

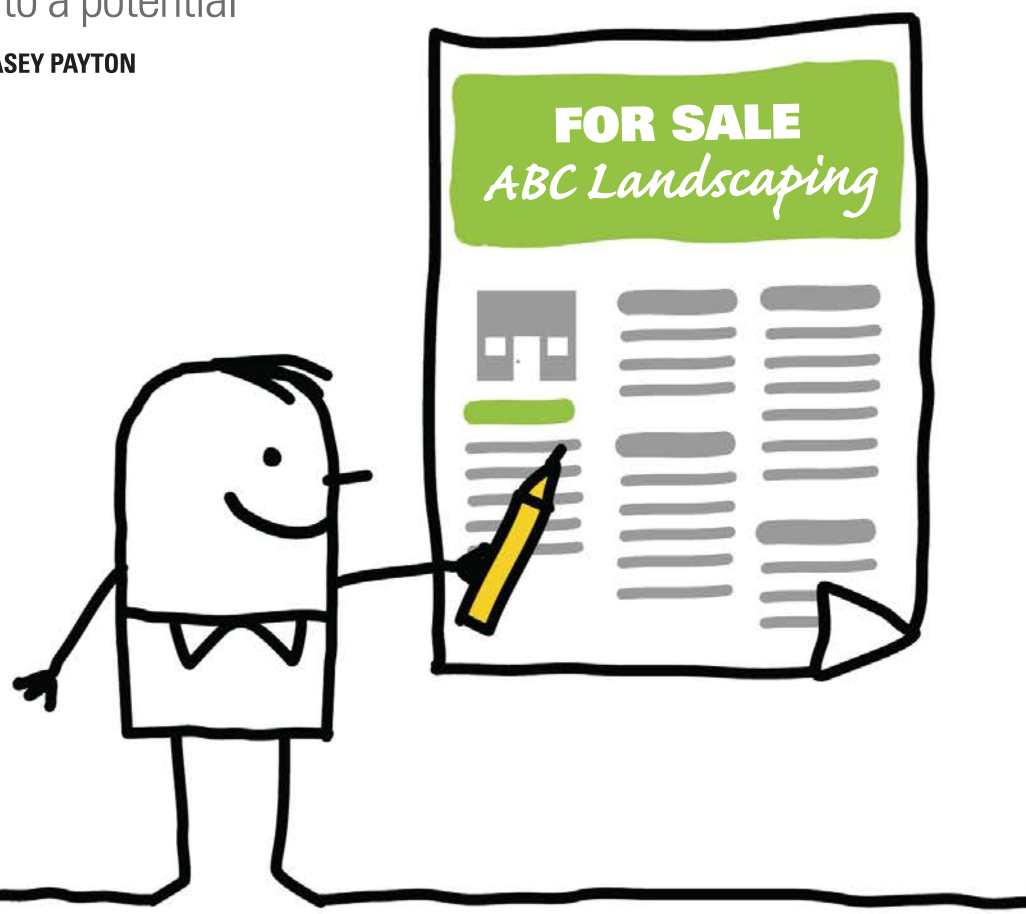
Simple steps you can take to make your business more attractive to a potential buyer BY CASEY PAYTON

No matter what your reason for selling a business, the state of the economy has certainly made this task more challenging. Even if it's something you think may be in your future, planning ahead can really pay off when it comes to making your business more attractive to buyers.

Mark Lawrence recommends that the No. 1 thing you can do to make your business more attractive is to get debt paid off. He recently bought Simply Yards, Anacortes, WA, from the previous owner, who was looking to retire.

"It's very difficult to deal with banking if there's debt in the business," Lawrence says. "Whether you're trying to acquire a business or sell one, banking can be brutal. The more you can do to make that process go smoothly, the better."

It also helps to maintain a strong reputation. "If you give out 15 references, make sure all 15 of those references are going to make you look like the King of England," says Lawrence. "Everybody



has ghosts in their closet, but when you're selling a business, those ghosts are going to try to find a way to come out. It's important to tie up as many loose ends as you can *before* people start looking into your company's history."

Ken Thomas, former business owner and Green Industry business mentor, says that while every buyer is a little different, they are going to be interested in how secure the business will be in paying off the purchase price and making a return on investment.

"Most buyers are more interested and will pay more for long-term maintenance contracts that will return a predictable revenue over time," he says. "The bottom line is that commercial maintenance contracts are more appealing to buyers."

George Morrell, who owned the landscape business Morrell Group and sold it to an investment group that bought four other Green Industry companies, agrees. The fact that 92% of his revenue was coming from recurring business made it very attractive to buyers, he says.

"It's a hard truth, but landscape companies aren't worth much today," Morrell says. "What buyers want is that recurring sales contract, and that comes from the maintenance side of the business. At the time, I had been diagnosed with cancer and needed to get out of the business quickly. Having a strong maintenance company made the business easier to sell."

To make sure you're making the right moves, it's important to consult with a number of professionals, adds Thomas, who has gone through selling several companies over the years. He says the most important expert is a qualified business broker who understands the landscape acquisition market.

"It's also important at some point to discuss the specifics of the deal with your accountant to understand the tax implications," he says. "I would also advise reaching out to someone else who has sold their business to get their advice."

While there are some ways you can prepare yourself to sell, the bottom line is that you have to be realistic, says Lawrence, who says he's witnessed other selling companies asking way too much in this marketplace.

"The biggest problem is that people still have an old vision of what their company is worth, but you have to be willing to throw out the old methods of calculating a business' worth," he says. "Many landscape business owners think their company is worth more than it is — and with that mindset, you're never going to be able to sell your business. To be successful at selling, you have to have a good game plan, make sure you do the planning with the right professionals, and accept a realistic view of what your company is really worth in today's market." LM

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*Payton is a freelance writer with six years of experience covering landscape-related topics.*

ILLUSTRATION BY: ISTOCK INTERNATIONAL INC.

## WHAT KIND OF BUYER DO YOU SEEK?

Ken Thomas, former business owner and Green Industry business mentor, says it's important to understand the types of buyers on the market nowadays. He believes there are three kinds:

1. **THE INDUSTRY BUYER.** These are larger landscape companies that are looking to grow by acquisition, according to Thomas. They know the market, and are savvy in terms of what they want out of an acquired landscape business. The big industry players today include Brickman and ValleyCrest.

2. **THE VENTURE CAPITAL BUYER.** "These are private investors who are looking to invest in large companies in order to grow them and ultimately sell them," he explains. "They are looking for efficiency, but they don't know the landscape industry the same way that the industry players do. They know a lot about business — not landscaping — and the way they'll look at your business is quite different."

3. **THE PRIVATE INVESTOR.** This buyer typically uses "private money, usually from an individual or partnership, to get into the landscape business," says Thomas.

Thomas says that knowing the type of buyer who is looking at your company is important because it not only changes the selling process, but the post-acquisition phase. In some cases, the former business owner and his or her team may be more valuable than others.

"Green Industry professionals who are acquiring companies may be interested in building upon existing market shares, and looking at a company as a tuck-in," says Thomas. "They are not as depending on the existing top management staying around for the long run."

# HOW TO WIN THE MARKETING WAR

In the battle for customers, winners and losers are determined by market share, growth and profitability. Are you prepared for combat?

BY **HARVEY F. GOLDGLANTZ**

Marketing and war: A strange juxtaposition of concepts in one sentence? I think not.

In Jay Levinson and Seth Godin's bestseller, The Guerilla Marketing Handbook, the authors clearly imply that using "guerilla warfare" as a tactic to conquer adversaries (competitors) will lead to overwhelming victory.

Each year, landscape contractors prepare to go to war against competitive forces in the marketplace. The winners and losers are determined by market share, growth and profitability. One thing is for certain: A battle plan is imperative for success.

## THE BIG PICTURE

Some companies grow; others do not. Many companies remain stagnant, year after year, and lament the reasons why.

The fact is that the big picture matters. The macro always precedes the micro.

If you don't plan for, prepare for and finance your war, you are doomed to defeat before the first salvo is fired. On the marketplace battlefield, preparation is the key to predictable success.

**Planning:** The military defines planning as a continuous process of preparation for future assigned or assumed tasks. The business world defines planning as identifying the goals to be achieved and determining the appropriate means to meet those goals.

**Leadership & Vision:** Both military and business planning — and success — demand effective leadership, which at its core requires vision. Vision is the sense of the future. Its power gives leaders a basis for positive actions, growth and transformation.

**Converting Vision to Action:** To achieve that vision, leaders must possess certain characteristics: ethics, professional skills, processes and organization. All effective leaders use these basic characteristics to implement and sustain their vision. The implementation of the leader's vision requires the use of these characteristics to develop the strategies to plan, and guide the direction of an operational plan.

## DEFINING & UNDERSTANDING STRATEGY

Strategy is used during the planning phase. It is not a learned process of planning and acting, but a combination of planning, interaction, evaluation and adjustment. Strategy is continually reshaped as market conditions change. This requires making decisions and taking action to anticipate and respond to customer needs.

One essential part of strategy is the speed of reaction. An organization must be able to understand customer needs, and must also be able to move quickly while maintaining strength and

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PHOTO BY: ISTOCK INTERNATIONAL INC.

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stability. Strategy lays out the goals that need to be accomplished, and the ideas for achieving those goals. Strategy can be complex, multi-layered plans for accomplishing objectives, and may give consideration to tactics, which refer specifically to action.

In the strategy phase of a plan, the thinkers decide how to achieve their goals. In other words, they think about how people will act (tactics). They decide which tactics will be employed to fulfill the strategy. The tactics themselves are the things that get the job done.

Strategies can comprise numerous tactics, with many people involved in attempting to reach an overall goal. While strategy tends to involve the leaders of an organization, tactics tend to involve all members of the organization.

## PREPARING TO GO TO WAR

Now that I have outlined the fundamentals of what it takes to prepare for our marketing war — leadership, vision, strategy, tactics, action, flexibility and speed — let's proceed by taking a historical look backward at what worked, what didn't, where we came from and where we want to go.

The last few years has been challenging, to say the least, for most businesses. Yet, a funny thing happened on the way back from the Great Recession; companies became leaner and meaner. Revenues may have sagged, but profitability soared in many sectors. Progressive companies demanded accountability in all departments, including marketing and advertising; they trimmed excesses in favor of fatter bottom lines. The "troops" had to regroup, so to speak. But it appears we are heading out of the recessionary abyss and into recovery. Are you prepared to go to war?

## THE FIRST BATTLE: THE COST OF WAR

War is not inexpensive. If you are to go to battle, you must be prepared to finance marketing and advertising costs. Many less intuitive companies have cut back on marketing budgets during the past few years. More progressive companies actually maintained or ramped up budgets. Those that were more aggressive are now in a position to reap the rewards of a proactive sales and marketing thrust. Those that took conservative positions will have to wait until new opportunities and market timing presents itself.

Who won this first battle, you or your competitor? Coming out of this recession, I suggest that most small to mid-sized companies' marketing/advertising budget be in the 7.5% to 9% of projected revenue range for 2010.

## THE SECOND BATTLE: THE MARKETING PLAN

Those who shoot from the hip almost always miss their target. Make certain that your marketing plan is well thought out in advance. Setting up goals and methodologies to meet those objectives should be plotted by date, media and projected budget cost.

## THE THIRD BATTLE: LOOK BEHIND YOU BEFORE YOU PROCEED

History is the great predictor of future successes. Look back at what marketing programs were successful and those that failed. Make certain that you were fastidious about tracking both successes and failures. Don't repeat costly mistakes by placing precious dollars into programs that didn't produce at least a 2:1 return on investment (ROI). To win the war, you must keep accurate records of which battles you won (produced desired results) and those you lost (cost you money).

## THE FOURTH BATTLE: DEFEND THE HOMELAND AT ALL COSTS

Your current customer base is your most precious asset. You must do everything possible to keep this revenue source contained. Customer cancellations and skips must be within acceptable industry standards.

Because most companies are now providing quarterly perimeter service, personal customer contact has become more challenging. It is therefore imperative to implement and maintain contact systems that encourage and sustain ongoing company-to-customer contact between visits. Examples include quality control calls, personal thank you notes, broadcast emails and e-newsletters.

## THE FIFTH BATTLE: PROTECT YOUR TROOPS

The past few years have presented the industry with the opportunity of taking a good hard look


Going into war — even in marketing — requires a well-executed strategy.

PHOTO BY: ISTOCK INTERNATIONAL INC.

at staff. The cream has generally risen, and the slackers have, for the most part, been eliminated.

Because there is a direct relationship between employee turnover and customer turnover, it is critical to limit turnover in both. Competitive salaries, generous benefit packages, regular praise, training programs and opportunity for advancement will help to sustain and invigorate the troops.

## THE SIXTH BATTLE: PICK YOUR BATTLES WISELY

An effective marketing plan is a well balanced one. Once your budget is completed, make certain that your distribution of funds includes internal (current) and external (prospective) customers. Internally, this can include newsletters, flyers, quality control surveys, calls, etc.

Externally, you should distribute your funds into previously effective vehicles, as well as a smattering of new media. That said, while most companies are wisely investing in efforts such as search engine optimization, pay-per-click, social networking sites, Internet Yellow Page sites, blogs, e-zines and broadcast emails, it is important not to place all of your eggs in one basket.

## READY TO GO TO WAR

Once your strategy is in place and your battle plans are in order, it is time for action. A well prepared and executed marketing plan will lead to victory. And to the victor go the spoils! LM

*Goldglantz is a small business marketing advisor. You can contact him at hgpcminc@aol.com.*

# GROWTH THROUGH ACQUISITION

## Finding the right business is more than just crunching numbers; it also involves blending cultures.

BY **CASEY PAYTON**

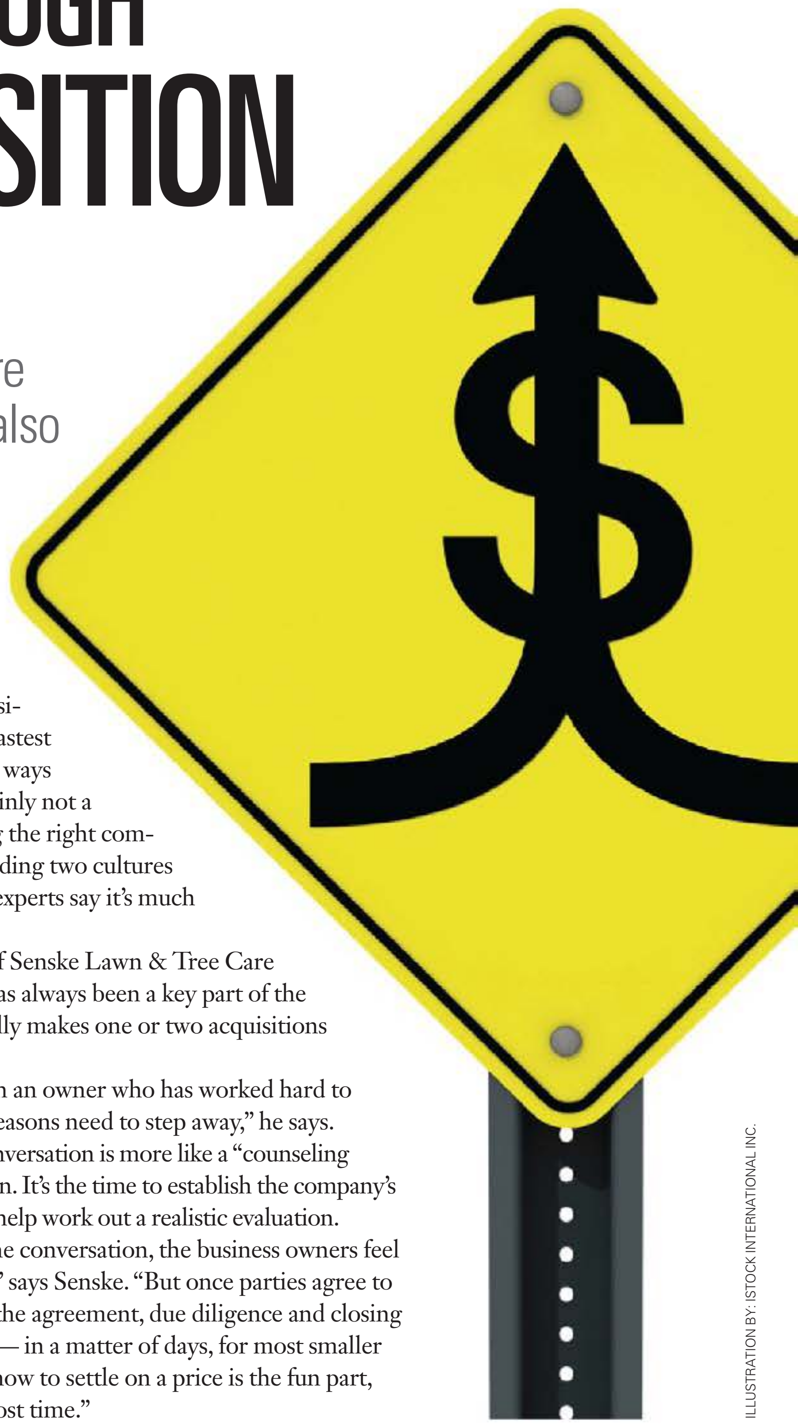

ILLUSTRATION BY: ISTOCK INTERNATIONAL INC.

Growing your landscape business through acquisition can be one of the fastest and most cost-effective ways to expand. But it's certainly not a simple process. Finding the right companies to merge with — and blending two cultures — takes diligence and care. The experts say it's much more than a numbers game.

For Chris Senske, president of Senske Lawn & Tree Care in Kennewick, WA, acquisition has always been a key part of the company's growth. Senske typically makes one or two acquisitions per year.

"It's a fun process to work with an owner who has worked hard to build a business and for various reasons need to step away," he says.

Senske admits that the first conversation is more like a "counseling session" than a business transaction. It's the time to establish the company's wants, needs and expectations, to help work out a realistic evaluation.

"Lots of times after starting the conversation, the business owners feel they should not sell the business," says Senske. "But once parties agree to an acquisition, I have found that the agreement, due diligence and closing process can happen very quickly — in a matter of days, for most smaller transactions. The chess game of how to settle on a price is the fun part, but also the part that takes the most time."

## THE SEARCH

In trying to successfully blend two companies, it's important to seek out those that are like-minded. This is not always a simple task. Larry Ryan, president, Ryan Lawn & Tree, Overland Park, KS, says that the strong value he places on his employees means seeking out a company that also highly values its own.

"It's really important to find a company that has the same attitude," he says. "We can't be selfish when it comes to mergers if we're being true to our mission. We have to think about our people and continue to make decisions that are best for them, too. That means finding companies that put the emphasis on their employees like we do."

Ryan says that looking for companies with matching cultures is not something that can be forced. They either share your values or they don't.

"We don't try to make two cultures fit if they don't match," he continues. "The statistics on incompatibility of mergers is really high. To put the odds more in our favor, we spend quite a bit of time looking at people and making sure their culture matches ours."

David DuBois, president and CEO of Mission Landscape Cos., Irvine, CA, says that culture is by far the No. 1 factor when it comes to acquisitions.

"Even if the dollars line up and the finances look right, if the cultures are wrong, it's going to fail," he warns. "You're better off to pass. Culture is such a huge thing. Making sure the similarities line up in terms of company culture and values is a priority — then move on to look at the numbers."

## OVERCOMING OBSTACLES

DuBois also recommends staying with your core competency — and not getting involved with a merger that will pull you away from it. He speaks from experience: Through a merger, DuBois pulled away from his maintenance core to focus on a landscape architecture firm he acquired. He says that hurt him when development and renovations came to a halt. Today, he's returned to focusing more on his maintenance roots.

"I know everyone is looking to diversify more in this economy, but you have to be careful that it's not going to hurt the business that you built everything around," says DuBois. "To owners and managers, I'd say to look at the company and the services you already offer, and see what has helped you and what hasn't. If you're turning your time and attention away from the core to try to grow a different segment, you may find that's a mistake if your core business starts to suffer because of it."

Senske says it's important to realize that the acquisition process takes time — and sometimes it's not always time that pays off. In some cases, commercial contracts may not be transferable, and may become null and void following a merger.

"There are also a lot of details to consider, such as existing contracts, phone books, telephone numbers, cell contracts, and leases of real estate and vehicles, which need to be discussed and resolved," he adds. "You also need to be aware, or make sure your advisors are aware, of all the laws and taxes related to an acquisition. For smaller acquisitions, we have created — with the help of an attorney — a standard asset purchase agreement. It saves a lot of time if that part of the process doesn't have to be replicated each time a prospect knocks on the door."

While there's certainly a lot to plan for, Senske says that growth through acquisition can also be very successful.

"One of the nice parts about an acquisition is that you get a great boost in customer counts immediately, without the long slog of selling new customers one at a time," he says.

But in the end, Ryan says, the most important factor is being willing to accept when a potential merger won't fit.

"We expect a lot out of our employees," he says. "We have a 'No Smoking' culture and are tough about using bad language, so we want to blend with employees who have those same values. That's not always easy. We've learned that you can't force it, so there have been many instances where we've had to walk away.

"The trick is being willing to walk away from it without looking back," he concludes. "You have to protect your company culture and values above all else." LM

*Payton is a freelance writer with six years of experience covering landscape-related topics.*

# FACEBOOK MARKETING

Ease of use has made Facebook the simplest way to engage in social media marketing, but like many other tools, it can fall prey to the same issues that dog most small business marketing efforts.

BY **JOE SHOONER**

When future generations look back on our times, they may call our current decade the "Facebook Era." There are more than 700 million Facebook users, and the number keeps growing. The average user spends more than 15 hours a month on Facebook, so it's no surprise that businesses are scrambling for a way to make use of this marketing channel.

Marketing is a process of communicating a specific message to a targeted group, and with any marketing effort you need to understand the scope of your audience. The United States has approximately 347 million residents; at press time, 168 million are registered Facebook users. This works out to an astounding 48% penetration rate! Admittedly, a large portion of these users are too young to buy your services, but Facebook reports that 35% of U.S. users are in the key 35- to 65-year-old age range, so there are plenty of viable prospects to go around.

Additionally, the next generation of consumers is deeply entrenched in the digital world. Forward-thinking companies are wise to plan ahead for a time when those 15- to 25-year-olds are starting families and buying houses.

Many Green Industry companies have turned to Facebook as a marketing venue, and across all industries its ease of use has made Facebook the simplest way to engage in social media marketing. With that said, Facebook marketing falls prey to the same issues that dog most small business marketing efforts — namely, that operational concerns take priority over marketing efforts, and any marketing project without a hard deadline gets pushed to the back burner.

The time when you can get the most mileage out of marketing channels like Facebook is in the spring, when your prospects are most interested in your services. However, without a plan in place, you likely won't make the time to properly exploit this venue. The solution: Create a simple plan this fall that you can — and will — stick with in 2012. If you make a plan and stick with it, new ideas will come to you throughout the process, and your Facebook presence will grow organically. The three criteria I suggest you consider when marketing with Facebook, or with any social media platform, are tone, content and frequency.

## TONE

Deciding on the tone you want to take is incredibly important when embarking on a Facebook marketing effort. Remember that people do not check their Facebook pages because they want to be sold to; they log on to socialize. If the tone of your Facebook presence runs counter to the overriding social aspect of the platform, you're going to have difficulty engaging anyone — and you'll run the risk of turning people off altogether.

**My suggestion:** Pretend you've been invited to a cocktail party with a lot of prospects in attendance. How would you act? You wouldn't hang up a billboard and start shouting a sales pitch through a bullhorn; it's simply the wrong tone to strike for the venue. When figuring out your tone, try to picture how you would deal with your audience in person. In my personal experience, whenever I read a company posting on Facebook, I still assume it's a person. Talk like you normally do, because that's what people want.