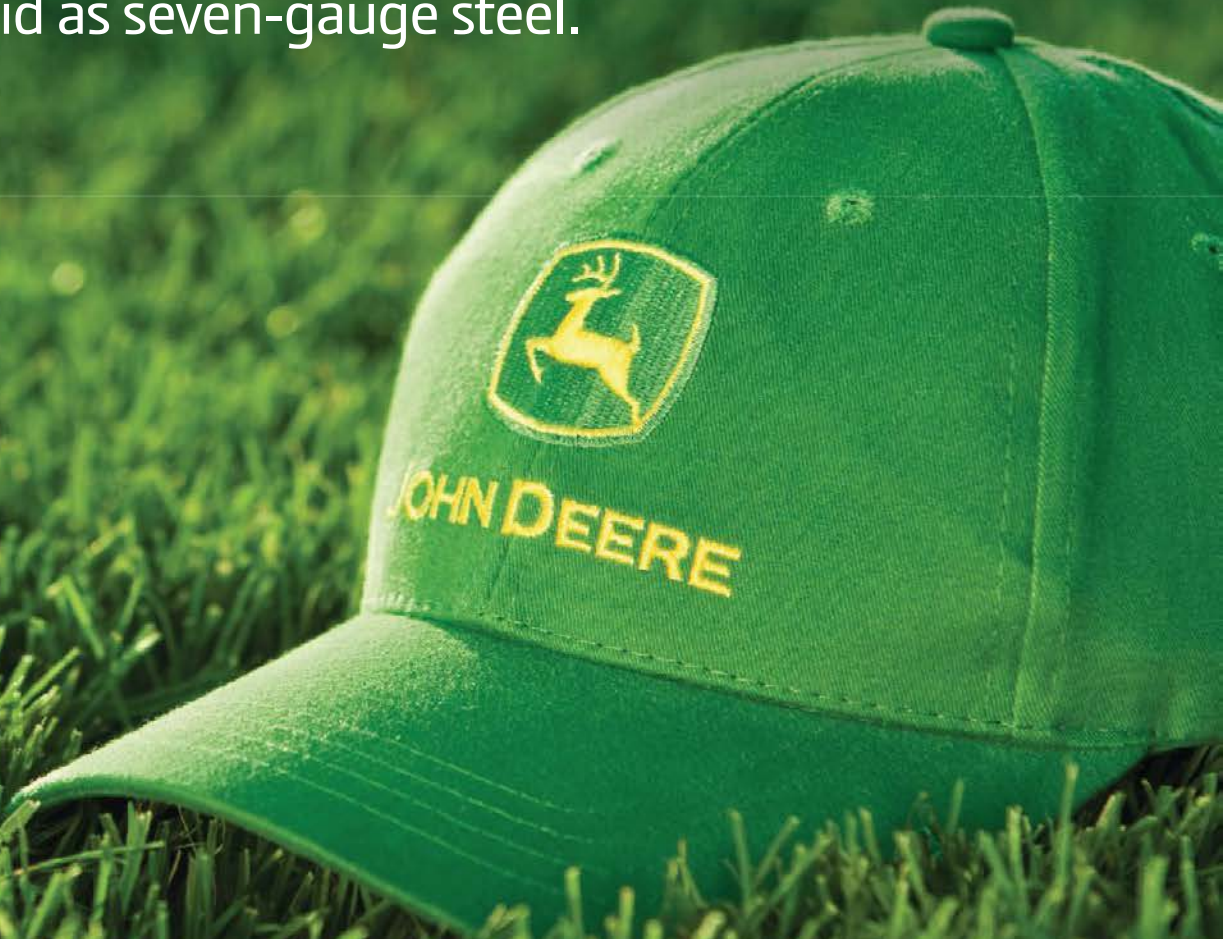


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By Heather Taylor

# A tale of two businesses

*Whether they've seen ups or downs in the past year, two full-service lawn care companies are working toward a similar goal.*



**A** snapshot of two lawn care and landscape companies over the past year conjures thoughts of the opening of Charles Dickens' classic, "A Tale of Two Cities" — "It was the best of times, it was the worst of times..."

That might be a bit drastic, but the fact is that the economy, weather and other factors are causing some contractors to suffer drops in one or more business segments this year. Still, others have enjoyed upticks in certain segments and are scrambling to bring in the appropriate help to manage the growth.

These two relatively new companies — each led by an industry veteran — differ when it comes to the level of success in certain areas of their businesses in the past year. They have at least one thing in common, though: a desire to fine-tune business practices to ensure that situations beyond their control don't batter their bottom lines.

## Selective growth

Curtis Depner has worked in the Green Industry for more than two decades, but it's the business aspect that has provided the biggest learning curve as he went out on his own.

"There are always things I'm learning," says

Depner, owner of Richmond, IL-based Landscape Services and Management. "Even to this day, after two years in business, there are new things I'm encountering — from managing the office to the field personnel and account managers. All ends of the business."

Landscape Services and Management employs 20 in the peak season and brings in about \$1 million per year in sales. Depner has seen revenues increase in all his service offerings over the past year.

Depner says the jump is partially due to his company's marketing strategy, which includes newsletters that are sent to clients every two months, small postcards that update clients at the beginning of each season, and letters introducing new hires. He and the account managers also put in plenty of face time with clients and prospects. This includes meetings with property managers at commercial properties.

In addition, Depner focuses on creating good word-of-mouth marketing by striving for good customer service.

"It's definitely an aggressive field; there's a lot of competition out there," he says. "Service is key — we're making sure we're visible and communicating with our customers."

He learned from the downfall of his last employer that maintaining an even business mix can be essential to survival. His customers are 50% commercial, 25% retail/commercial and 25% residential.

“I learned not to have all my eggs in one basket,” he says, adding that he wants to have other sources of income lined up when, for example, commercial customers may scale back on services because they’re trying to lower costs.

“Right now I’m seeing the residential end spend more in extras, such as additional planting, hardscape, retaining walls, mulch and flowers,” Depner says. “The commercial customers had to dig into their budget from the landscaping end to pay for snow plowing.”

Many homeowners are looking to add value to their properties, he added, acknowledging that business still isn’t what he believes it would have been if he were in business a few years ago.

He also tries to ensure business is steady by insisting on cross-selling maintenance and snow contracts, and he’s not opposed to turning down contracts if he doesn’t think that’s possible.

“When I look at contracts, I’m very selective,”

he says. “On any maintenance contracts, I look at opportunities to get the snow removal contract as well. I don’t like to just take one or the other. I also like to lock in the customer for a 12-month program.”

Depner also strategizes to make sure the company doesn’t bite off more than it can chew in other areas as well.

“I watch our overhead make sure we’re not too large,” he says.

He has rationalized a couple new hires — industry veterans — in recent months because of increased demand. He says the new employees’ experiences, reputations and contacts should help the business continue the healthy growth.

“I know it’s an investment that will pay off in time,” he says.

### Contending with Mother Nature

Lawton, in southwest Oklahoma, is a military town, so a good chunk of Brian Honeyager’s business could dry up when soldiers are reassigned. Still, Honeyager, owner of All American Landscaping and Lawn Maintenance, has found a way to increase his lawn care business 100% from last year to this

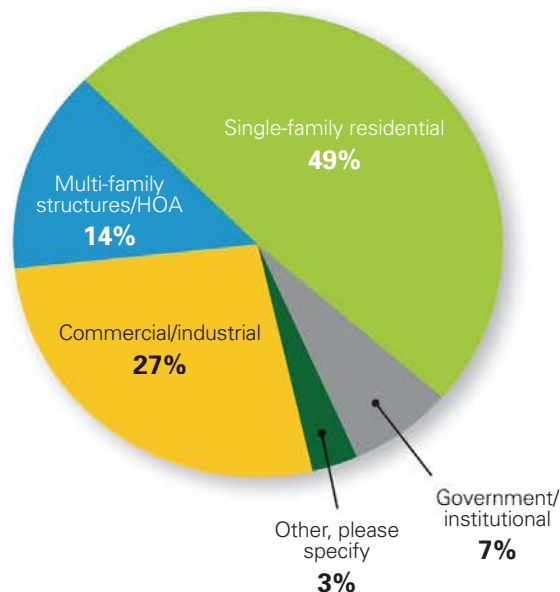
## FINDING OPPORTUNITY

Contractors rank the most advantageous revenue opportunities.

1. Residential design/build/installation renovation
2. **Commercial maintenance/mowing**
- T-3. Residential maintenance/mowing  
Snow and ice management
5. **Chemical lawn care services**
6. Commercial design/build/install renovation
- T-7. **Irrigation/water management**  
**Green/sustainability services**
- T-9. Water features/pond installation and maintenance  
Landscape lighting

## HOME IS WHERE THE MONEY IS

In which ONE customer segment do you see the best opportunities for growth for your company in 2012?



SOURCE: LANDSCAPE MANAGEMENT





year. His business is only a couple of years old, but like Depner, Honeyager has more than two decades of experience in the Green Industry.

He's also had uncontrollable circumstances to deal with in 2011 — the region has had about five inches of rainfall so far this year — extremely short of the annual average of about 30 inches. Drought-like conditions have persisted.

People don't want to replace their dead shrubs or plant new ones because they know it'll be a lost cause unless they can devote a lot of effort to watering. Honeyager doesn't try to persuade them otherwise, because he knows they will be disappointed with the results if they can't manage to keep up with the watering.

A more drought-tolerant, low-maintenance option hasn't sold well either.

"Customers are interested in the Southwest look, like you see in Arizona and New Mexico, until they realize the cost of getting sand or gravel and the different plant varieties in there," Honeyager says.

All of this leaves him with a 75% decrease in his design/build business compared to last year.

All American has been compensating with increases in other areas of the business. Honeyager had 70 lawn maintenance accounts in 2010 and lost 20 at the end of the season, mostly due to military relocations. This season, he's up to 110 accounts, and his weed spraying service is selling well.

Honeyager has also been focusing his efforts

on educating his clients about these other areas of business and learning what they want. He mailed a survey of about 30 questions to his clients to get feedback on the company's service and quality of work.

He also reaches out to prospects with marketing materials in an effort to uncover new leads. Last year, two employees took 5,000 flyers door-to-door. He sent an additional 4,000 pieces out this year and plans to increase his reach again next year.

Honeyager calculated that it takes 50 labor hours to distribute 5,000 flyers. It costs about \$200, as opposed to \$1,500 to \$3,000 for the same amount to send a mailer. The flyers produce about a 1% response rate.

To further spread the word, he created a Facebook page to keep clients and prospects informed about the business and share tips about good lawn and landscape maintenance practices.

Honeyager isn't too concerned about the near future. He expects his design/install business to come back in a big way next season — weather permitting — because of the postponed projects in the pipeline.

"I'm starting to pull out a lot of dead shrubs," he explains. "People are asking about replanting. I say wait until next year and see what (the weather) is going to do. I have a feeling my design/build business will be really good next year." **LM**

PULSE PROFILE

A TALE OF TWO COMPANIES: BY THE NUMBERS

## LANDSCAPE SERVICES AND MANAGEMENT

Richmond, IL  
Principal: Curtis Depner

Total revenue	<b>30%</b>
Irrigation	<b>up 10%</b>
Lawn Care	<b>up 15%</b>
Design/Build/Install	<b>up 30%</b>
Maintenance	<b>up 30%</b>



Curtis Depner

## ALL AMERICAN LANDSCAPING AND LAWN MAINTENANCE

Lawton, OK  
Principal: Brian Honeyager

Total revenue	<b>110%</b>
Lawn Care	<b>up 100%</b>
Design/Build/Install	<b>down 75%</b>
Maintenance	<b>up 40%</b>



Brian Honeyager

By **Beth Geraci**/Senior Editor

# Making it work

*Landscape companies are still feeling the pain from a poor economy, but it's not all gloom and doom.*

**I**t's no secret that the Green Industry is struggling from coast to coast. In an economy that presents challenges such as price undercutting, rising fuel and health care costs, and a customer base that is reluctant to spend, it's hard for many landscape companies to see a silver lining.

But even as they feel the dire impact of today's spiraling economy, landscape companies across the country are doing their utmost to carve a brighter future for themselves. We talked to some of them about the challenges they face today and their best hope for tomorrow.

In Winchester, VA, where Bruce Sheppard operates a Weed Man franchise, government restrictions are impeding his company's ability to grow as much as he'd like it to, he says. In some Virginia municipalities and others nationwide, landscapers are forbidden from going door to door and leaving fliers for free lawn care estimates, Sheppard says. "It just depends on how the sheriff wants to police it."

The bulk of Sheppard's business is residential, and having more leeway to knock on doors would fuel his growth.

## Fuel costs rising

Speaking of fuel, Sheppard's fuel costs are up 25% this year, and the rise has hurt his bottom line. "We weren't expecting it to be that much," he says. "I budgeted for 10%." Now he has to figure out how to compensate for the difference.

"Gas prices went up so quickly, we weren't

covering them in our proposals," says Jeff Swano of Dig Right In Landscaping, Brookfield, IL. "We raised our prices as a result. We literally had to double our prices."

Mark Lawrence, president of Simply Yards Landscape and Design, Anacortes, WA, spends \$4,000 a month on fuel. "Fuel prices just cut your profits down," he says. "It's done that substantially."

But fuel prices are just one player in the industry's economic meltdown, he says. "You can't just pin it on one thing. That's the hard part," he says. "It's everything that keeps adding up. It's just a snowball effect."

## Lack of financing, lowball competition limiting cash flow

Fewer handouts from banks contribute to that snowball effect as well. Swano's certainly not counting on any loans this year. "We know the banks are not lending," he says.

Lack of financing is hardly stimulating the economy, says Sheppard. "You have to figure out how to obtain financing to make things work. You can't go out and borrow money and not pay it back. That's why we're foreclosing on homes right now. The financial situation and housing situation just killed

**SIMPLY YARDS LANDSCAPE AND DESIGN SPENDS**

**4**

thousand dollars a month on fuel.



us, and it'll take us a while to get out of it."

"You go to the bank and ask them for money and they laugh at you," adds Simply Yards' Lawrence.

As if rising costs and lack of lending don't pose enough of a challenge, lowball bidders aren't doing landscapers any favors either. In fact, most landscapers who participated in our survey said price undercutting continues to be a major obstacle

for them this year.

"Inexperienced contractors are our biggest challenge these days," says Kevin Reynolds, president of Border Creations, Inc., Lutz, FL. "Customers are being misled, and it's translating into loss of sales for our company."

Lawrence has laid off eight workers — about 25% of his workforce — since 2009. "We're losing customers every day," he says. Lowball bidders, he adds, "go out and get a mower and blower and do work for free. They're offering work for 30% less or more than we are. And that's been brutal."

In fact, Lawrence, whose business is 60% residential, says has lost two customers in the last two days. "They say, 'We can't afford it anymore,'" he says. "In response, we've fine-toothed combed everything you could possibly go through — receptionist, gone. Every little thing from cell phones to rent to gas."

Lawrence says price undercutters have been a problem for the entire 30 years he has worked in the business, "but now they're getting gutsier."

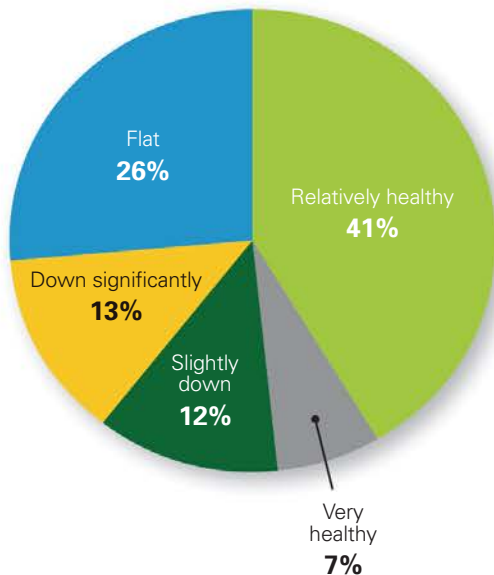
They're even getting gutsier out in Wyoming, says Aaron Rodolph, owner of Rodolph Brothers Inc., Casper, WY.

"Lowball bidders are out there, taking work off the table," Rodolph says. Price undercutting escalated in Casper in 2006, when Denver's housing bust drove Coloradoans to Wyoming in search of jobs, explains Rodolph, who works mostly in the residential market.

Workers immersed themselves in commercial

## TODAY'S PULSE

Describe the state of the landscape and lawn care service market in your region.



DUE TO ROUNDING, TOTAL ADDS UP TO 99%



landscape projects, driving commercial landscapers already in the business to the residential market, creating competition for Rodolph.

### Brighter future ahead

But overall, Rodolph's business continues to thrive in this economic downturn for two reasons: He diversifies, and Wyoming's economy has gone largely unscathed.

In 2010, after reading a business article, Rodolph Brothers hired a marketing firm to reach a wider audience, with the goal of doubling sales within two years.

"My whole thought process was, the owner has to be willing to throw everything he knows out the door in order to grow the business."

As the company moves into 2011-2012, Rodolph is optimistic about meeting his goal of doubling sales. From 2010 to 2011, sales were up 70%. And this year, Rodolph Brothers launched a lawn care arm, bought about \$250,000 in new equipment and hired eight people. "It's been a huge blessing," he says.

Swano's Brookfield, IL customers are investing more in hardscaping, an aspect of his business that has grown 12.5% in the last year. His maintenance business was up 50%, due in part to the fact that customers were attracted to organic yard care, which the company has been specializing in since 2008.

Swano's best opportunity for the coming year lies in residential design/build projects, he says. And fortunately for his organic-based business,

residents in the Chicago suburbs are growing more environmentally conscious.

"If I can get the education out that we provide those services, then we can make a connection," Swano says. "The brand is pretty strong right now, and we get a lot of word of mouth."

Dig Right In also is experiencing growth, by providing yard drainage solutions such as rain gardens, infiltration systems and piping. All the rain Illinois received in the last year helped create profits for the company's installation division.

In 2012, Swano aims to increase productivity, so when 2013 comes around the company will be in a better position to generate profits.

In 2008, Reynolds zeroed in on residential landscaping. The switch has given the company a big financial boost in the last year and a half, generating an additional \$250,000 in business. In 2012, Reynolds sees the most opportunity in his residential design/build business, especially patios, pools and decks.

In the coming year, Lawrence will continue to focus on diversifying, adding snow removal, gutters and windows to the mix and becoming more of a full service business.

"We'll do anything to try to make a dollar," he says. "But we've always done a certain level of work, and I'm not going to compromise."

Sheppard, too, sees greener pastures ahead. "The market is continuing to grow," he says, "and business will breed business." **LM**

## BEYOND YOUR CONTROL

Factors that will have the biggest influence on growth this year

1. Rising fuel prices
2. **Prolonged recession**
3. Rising health care costs
- T-4. Rising Taxes**
- Lowball pricing competitors**
- T-6. Consumer confidence
- Continuing housing market challenges
8. **Immigration/H-2B issues**
9. Increasing legislation on pesticide use
10. **Increasing legislation on water use**
11. Increasing legislation on noise/emissions



## CONTRACTORS' BIGGEST CONCERNS IN 2010

Contractors who ranked each of the following their biggest concerns for 2010

Prolonged recession	50%
High taxes	37%
Consumer confidence	21%
Properly and competitively pricing my services	14%
Lack of time to chase new opportunities	12%
Lack of staff to respond to business opportunities	12%
Accounts receivable	11%
Making payroll	10%
Accounts payable	8%

By Dan Jacobs/Editor-in-Chief

# Recession proof?

## It's all in the

*While other companies are tightening their marketing spending, Clintar Landscape Management bucked the trend and is reaping the rewards of focusing on efficiency and vendor relations.*

**I**t's no surprise that companies that have survived this economic downturn are leaner and more efficient than they were just a few years ago. Business owners have found ways to do more with less and the result has been a jump in productivity (what that means for quality or the physical and mental health of the people left in your organization are separate issues). Cutting back on "discretionary" spending is almost always the first step consumers and business owners take when money is tight. But it might not be the best solution. There's an old line "it takes money to make money" and Clintar Landscape Management has taken that notion to heart.

The company continues to spend about 3% of its revenue for advertising promotion and education. That's not much different from previous years. Instead the company has taken a closer look at where its marketing money is spent. As a result the



company has redirected money to increase "sales" education (more about that below). The result was a 4.9% increase in revenue from 2010 over 2009 and a 15.9% increase this year over last.

With the most impactful recession of the millennium still holding strong, the landscaping industry is picking up the pieces and rebuilding. Clintar Landscape Management is doing that by investing in marketing. We had the opportunity to talk with Bob Wilton, president of the Toronto-based company, to learn how marketing allows Clintar to grow in the current economy.

**4.9**  
% increase in  
revenue from  
2010 over 2009.

**Q.** Why is Clintar doing so well while other companies are struggling?

**A.** We are attributing Clintar's growth to a consistent, and 'over the top' marketing effort. Today, more than ever, there is an abundance of competition in every market we service. So what does that mean for us? It gives us great opportunity



to become the leader of the pack, or as we like to say 'getting out of the pile.' The Clintar brand has stood for consistency, honesty, and professionalism for almost 40 years, and we make sure our customers know that. We do what we say we're going to do, when we say we're going to do it and this is exactly what our success is accredited to.

**Q.** Can you describe your marketing efforts?

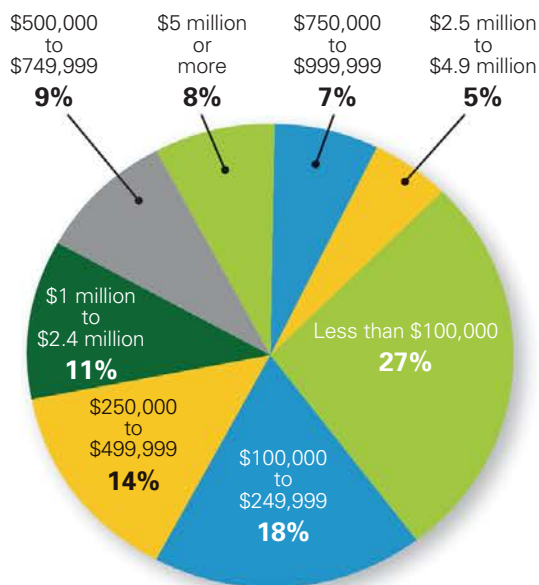
**A.** We're in the businesses of creating a crisp, professional and clean atmosphere for each of our customers on the outside; how could we sell the concept of perfection with a less than ideal looking crew, and sloppy machinery? Our crews and equipment alike are both famous for being the cleanest in the industry. Some statistics say that almost 50,000 people will see our trucks on the road on any given day, and we hear constantly that we are the cleanest on the road. What is your fleet saying about you?

Clintar has always been diligent when it comes to marketing. Our campaigns reflect our philosophy of services: consistent, professional, and reliable. Our intense direct mail campaign is a religion. Simply passing out a quarterly newsletter won't cut it either. We are sending out monthly postcards to each and every one of our customers to be on their desk as often as we can possibly be. These promote a different service to them just days before they started thinking about it themselves.

**Q.** It must take more than that?

**A.** Marketing is nothing without the follow up sales calls to back it. With each piece of direct mail we send our customers there are follow up phone calls. To make these sales calls more effective, each of our owners and their key staff are invited to a professional sales training seminar held by a professional sales coach periodically throughout the year. We have increased the frequency of this training in the last little while as a response to the recession, and the interest of our group (Which has embraced every minute of it). Our customer service is second-to-none in all our markets.

## WHAT WAS YOUR TOTAL REVENUE FOR 2010?



DUE TO ROUNDING, TOTAL ADDS UP TO 99%

**Q.** How do you ensure your message reaches the right audience?

**A.** Without your customers, you have nothing to sell, and with nothing to sell you don't have a business. Understand each of your customers on an individual basis. In our 40 years in operation we have never come across two contact people who are exactly alike. Find out what is important to them, and deliver it on a consistent basis. What are you providing to them that no one else is? Find this out, and make sure they know it. Use your differentiation as a marketing tool, and push it every opportunity you can. Bragging about your strengths

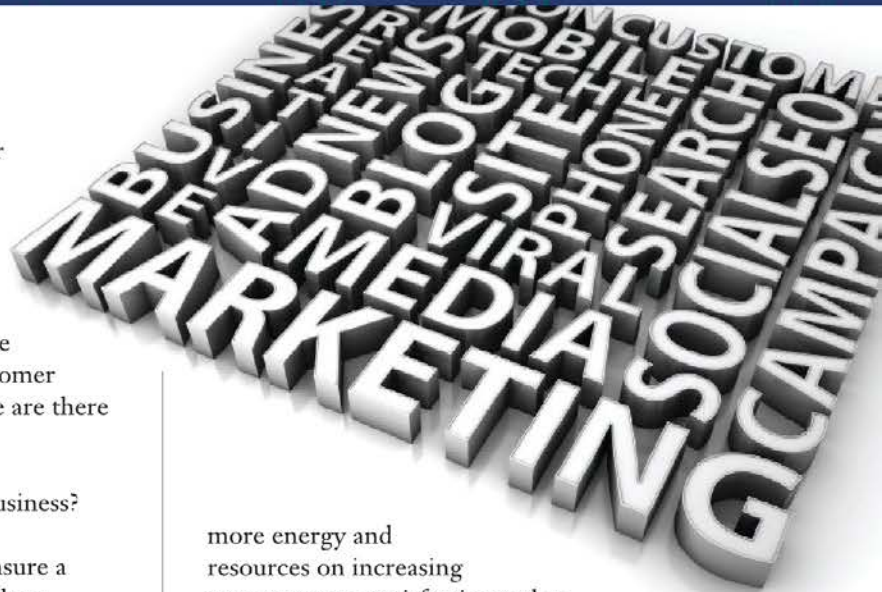




is what is going to separate you from your competition. Clintar has adopted a 24-hour live phone answering policy. This means that our customers can call at any hour, and they will be able to talk to a live person. This is invaluable when it comes to any client that needs to be able to talk to someone immediately. Our customer is our boss, and we need to ensure that we are there whenever they need us.

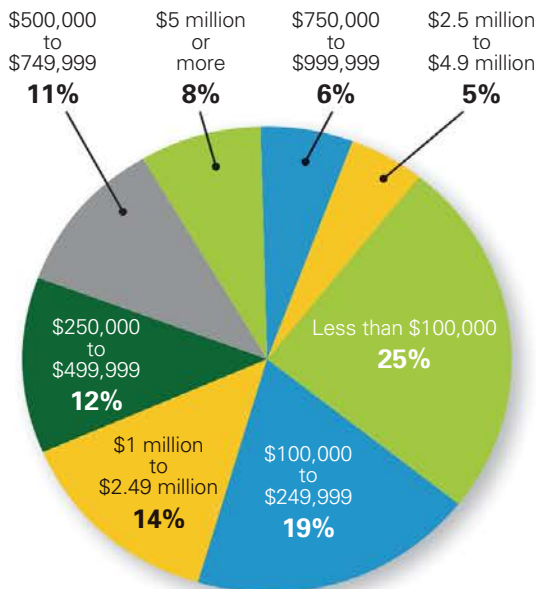
**Q.** What effect does this have on your business?

**A.** Customer service is the best way to ensure a positive cash flow, and losing touch with them can provide a negative effect. We have conducted formal survey systems to ask our customers simply how we are doing. The result: Issues are uncovered and resolved leading into more business. The net effect of these surveys allowed us to dig deeper into our services and find out exactly how our customer perceived us and in a few cases, resulted in extra work just for asking. If you could focus



more energy and resources on increasing your customer satisfaction rather than cold calling, you will be surprised on how much your business will grow financially and sustainably. Maintaining consistent service is one of the most predominant challenges any franchised organization must face, but with a successful program, we can use these services as their own marketing force. If our customers know that their property in Toronto is being maintained exactly to the quality they see at their condo in New Jersey, then they know that no matter where they go in North America, a local Clintar Landscape Management is going to be providing exactly the same quality. **LM**

## WHAT DO YOU EXPECT YOUR TOTAL REVENUE FOR 2011 WILL BE?



**WE ARE SPENDING ABOUT**

**3%**

of our revenue for Advertising, Promotion & Education.

**LAST YEAR (2010) OUR REVENUE INCREASED**

**4.9%**

over 2009, and this year we are up 15% over 2010.

Compared to prior years, we have looked more closely at where our marketing dollars have been spent, and as a result have re-directed monies to increase "Sales" education rather than increasing the % of total revenue spent.