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## THE BENCHMARK

JEFF HARKNESS

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# Crossroads of a partnership

**E**very once in a while you need to take a step back and look at how far you've come in business. Smell the roses, as they say. Things have not been easy, but hopefully there has been some growth and success up to this point. The question is, where do you go next? What's the plan and which road map are you going to work for the next three years? Who's on the bus?

As you begin to reflect on your 2012 season, you might realize the same team and business model that got you this far can't or won't get you to the next level. Have you had any sleepless nights? The cause might be pending contracts, approaching payroll or operations issues, but what if it's simply you don't see eye to eye with your business partner? These symptoms are not those of a growing landscape contractor, but rather emotions felt by a business owner who realizes he or she must end the relationship with his or her partner.

I know the thought puts a sick feeling in your stomach, but a closer look will reveal you really are frustrated, a little angry and certainly not focused. Let's be clear. You can't and won't grow in that mindset. Here are some tips to help guide you.

**1 Seek council from an adviser.** The fact is most business partners are parents, siblings, in-laws or best friends. This means the process is an emotional ride and you need someone in your corner who's

not emotionally vested. Confide in an adviser, and let that adviser help you list what specific challenges you're facing in the business. Common challenges include differences in the business model, work habits, time contributions, compensation, personal issues, retirement or differing management styles.

**2 Review your corporate documents.** Take inventory of the specific language in any buy-sell agreements, employment contracts, operating agreements or articles of incorporation. There's often language in these documents that govern or outline a process or methodology. Disagreements, retirement and death are typically addressed.

**3 Value the company.** You don't need a full-blown appraisal, but get a qualified adviser to walk you through the mechanics and methodology of putting a number on the business. Be sure to include the impact of balance sheet items such as working capital and debt. Focus on the last 12 months of performance and include the two most recent fiscal periods. Take a defensible position.

**4 Create a cash-flow projection.** Create a five-year cash-flow projection, which includes the new debt associated with a buyout or separation. Operating profit should be one-and-a-half times the debt service requirements of the business at a minimum. Two times is more optimal. Include capital expenditure requirements and existing debt in the projection. Qualify and quantify the three "big Cs" prior to getting your banker involved: Cash flow, credit and collateral will determine whether the deal can get done.

**5 Take action.** Yes, this means confronting the issues head on with several meetings or interventions. Have your adviser help mediate the process. Expect your partner to be initially defensive, or maybe even angry. This situation will take time to navigate, but it will be worth it in the long run.

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## ORCHARDGRASS

*Dactylis glomerata*

### IDENTIFICATION TIPS

- ▶ This grassy perennial weed grows in bunches. It develops early and grows quickly, reaching 10 in. in height.
- ▶ In its younger stages, there is a papery membrane where the leaf attaches to the main stem.
- ▶ Mature grass consists of a dense tuft of basal leaves that grows from low vegetative shoots, and slender culms with a few alternate leaves.
- ▶ Culms are light green and hairless; they later become straw colored.

### CONTROL TIPS

- ▶ Orchardgrass grows best in the cool weather of spring and fall and can adapt to shady areas, as well as frequent mowing.
- ▶ For areas with extensive growth, apply an herbicide containing pronamide as a preemergent or early postemergent, depending on the time of year.
- ▶ When there are a few weedy patches, orchardgrass can be removed with a shovel. Be sure to cut down 3 in. to 4 in. into the soil to remove the stems.

\* Kerb is a federally restricted-use pesticide.



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## YELLOW FOXTAIL

*Setaria glauca*

### IDENTIFICATION TIPS

- ▶ This clump-forming summer annual has a seedhead resembling a fox's tail.
- ▶ Its leaves are rolled in the bud. Leaf sheaths are hairless, but the leaf blades have long silky hairs on the upper surface near the leaf base.
- ▶ Stems are erect, often flattened and without hairs, with a reddish tint at the base.
- ▶ Its seedhead is a cylindrical bristly panicle, which turns yellow at maturity.

- ▶ Yellow foxtail grows in moist, fertile soil during the mid- to late growing season.

### CONTROL TIPS

- ▶ Maintain turf density and health through proper cultural control. Avoid close mowing and summer fertilization.
- ▶ Apply a preemergent herbicide containing dithiopyr one to two weeks prior to germination in the late spring or summer. Consider a postemergent herbicide if the weeds are small and actively growing.

\*\* State restrictions on the sale and use of Dimension specialty herbicide products apply.

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ORNAMENTAL



BY **BETH GERACI**  
SENIOR EDITOR

# FIRED UP

It's been said time and again that there's more joy to be had in life's simple things than its big things. A mere smile, thank you or compliment can go a long way in making people feel valued and in generating positive results.

And if that's true in life, the same can be said for life on the job.

Through creative incentives that motivate employees, contractors are giving their businesses an added spark.

## FIRED UP ABOUT TEAMWORK



**Company:** *NaturaLawn of America*

**Headquarters:** Frederick, Md.

**2011 revenue:** \$38 million

Whether it's through targeted incentives or by creating fun work environments, some companies are finding that there are many ways to motivate employees—ways far more meaningful, creative and effective than the traditional Christmas bonus.

“Some of the more powerful rewards are not financial,” says Phil Harwood of Pro-Motion Consulting. “They affect your morale. People want to grow and have an opportunity, so you have to create an environment where people feel valued for what they’re doing.”

Here's a look at four Green Industry employers who have taken creative measures to show their workers they're valued. And they're seeing results. ▶▶

“The whole staff dresses up as elves. It's goofy. It's funny as hell. We got on the front page of the newspaper last year.”

Such is life at NaturaLawn of America headquarters, where the focus is on teamwork and creating a positive work environment every day at the office.

Above, NaturaLawn founder, president and CEO Phil Catron was describing the company's annual holiday ice melt giveaway, when its staffers dole out free ice melt to local businesses downtown.

It's just one example of the efforts NaturaLawn



NaturaLawn of America hosts an annual pumpkin carving contest for its employees. Founder Phil Catron is below, right.



takes to make work fun and its employees feel like family. The activities and perks hardly stop there. The company gives its corporate staff an annual \$5,000 ownership credit toward the purchase of a NaturaLawn of America franchise and gives out turkeys at the holidays.

It closes the office early for pizza and movie parties, ponies up for soup on drab, dreary days and hosts monthly birthday parties. It takes trips to the theater, holds an annual pumpkin-carving contest and goes for carriage rides downtown.

The long-term impact of its incentives is hard

## COVER STORY

to estimate, Catron says, but the immediate impact is clear. “They motivate employees and keep them looking forward to the next time,” he says.

In offering its perks and activities, NaturaLawn has no goal other than to create a memorable work experience. But if generating profits isn’t the aim, that doesn’t mean the company doesn’t benefit.

“I suppose you could track the benefits somewhat by looking at the average length of employment here—eight to 10 years,” Catron says. “You could track it by looking at the number of people who come in even though they may not be feeling well. The way people come in early or stay late, even knowing they don’t have to.

“You could track it by the numerous comments we receive from vendors indicating that they are impressed by the way we all seem to actually enjoy working together,” he continues. “That’s what is important and meaningful.”

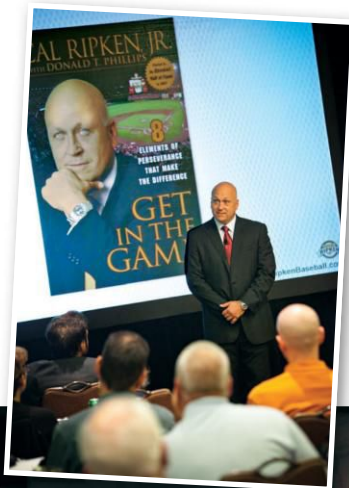
The pinnacle of NaturaLawn’s events is the company’s annual two-day awards banquet and conference. It takes place in downtown Frederick, and NaturaLawn puts both its local staff and employees from its three corporate-owned franchises up at a local hotel for the event.

Catron says he’s not sure which of its incentives generates the most positive results from a business standpoint, “but from a personal growth perspective, the motivational speakers at our conferences have the largest impact, especially the ones who can deliver a secular message with spiritual overtones,” Catron says. “These types of presentations speak to the heart and that is where life changes are made.”

The enthusiasm that results from treating its employees well trickles down to customers. “When you treat your staff like they’re No. 1, they’ll treat the customer that way, and the customer will reward you by giving you repeated business,” says Catron. “A lot of people don’t think of that as being part of your brand, but it’s a big part of it.”

NaturaLawn’s perks don’t come cheap. It spends about \$50,000 year on extracurriculars, including its annual meeting. Nevertheless, “it’s money well spent,” Catron says. “The staff works very, very hard, and they work together. Everybody here takes the mental tenant of ‘let’s solve the problem and get the job done.’”

NaturaLawn spouse Dave McFalls, left, performs at Howl at the Moon; Cal Ripken Jr. speaks at NaturaLawn’s annual conference.



## FIRED UP ABOUT PROFITABILITY

**Company:** Lakewood Landscape Group

**Headquarters:** Dothan, Ala.

**2011 revenue:** \$900,000

The guys behind Lakewood Landscape Group wanted to motivate their workers but weren’t sure how. So they turned to consultant Jason Cupp for help.

Cupp devised a plan that Lakewood implemented in April—a bonus incentive program based on gross margin. Every month 2012 shows a year-over-year increase in gross margin over 2011, Lakewood workers get a bonus check.

“Every employee plays a role in the accountability of gross margin, and we wanted to make sure everybody participated in the benefits of that,” says Grant Faulk, who owns the company with his twin brother, Kyle.

The Faulks distribute the incentive checks monthly “so they can feel it and taste it every month,” Faulk says.

The program has revitalized and invigorated Lakewood’s workers. “Our employees have more of a self evaluation of themselves and their own efficiency than they had in the past,” Faulk observes. “They’re seeing how they can really play a role in getting the work done for less.”

The company is showing results in virtually every aspect of the business. Workers are reducing the time they spend filling up at the gas station, they’re taking shorter routes to jobs to conserve time and fuel, and they’re not forgetting anything back at the office anymore.

Although Faulk can’t estimate dollar amounts just yet, he anticipates the end





Kyle Faulk, left, and his brother, Grant, say their new bonus program has motivated their workers.

of the year will show significant savings in fuel and labor costs. "If you can save one crew from having to drive over to this customer's yard 20 minutes away because you're right there, that saves money immediately," he says.

The monthly bonus checks average \$135 per worker, and Faulk estimates his workers have pocketed a total of \$10,000 in gross margin bonus checks since the program launched. It's indicative of the positive change in gross margin Lakewood has seen so far this year.

"We tell them upfront it's not guaranteed," Faulk says. "It all depends on the year-over-year comparison." That said, there's been only one month since April workers didn't get a bonus check.

That the bonus program's producing positive results is undeniable. Most notably, Lakewood's crews are thinking globally now, promoting the company's services across the board instead of focusing strictly on their own responsibilities.

"We've seen communication among different crew leaders, and the customer service is getting better. As a result, our customer retention is going to be higher," Faulk says. "I also feel like everybody has taken a little bit more ownership, a 'This is our company' mentality. They're thinking more about what everybody else is doing in relation to each other."

Another twist to the gross margin bonus program: Workers who are late more than three times in a month aren't eligible for that month's bonus. Since the program started, Lakewood's seen a 66 percent jump in on-time arrivals.

Not only are workers showing up on time, working more efficiently and problem solving on the job, they also feel valued.

Consequently, "I think we'll see when the whole season's behind us that customers' needs will be met more thoroughly," Faulk says. "We're starting to see a bump in customers, and

that's what it's all about. If we provide better customer service, that's the end goal, and to make our employees feel part of a team.

"No matter what," Faulk continues, "we'll always have something to incentivize them. Whether it's this way or another way, we won't go back, that's for sure."

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## COVER STORY

### FIRED UP ABOUT **SAFETY**



**Company:** ValleyCrest Cos.

**Headquarters:** Calabasas, Calif.

**2011 revenue:** \$850 million

Ten years ago, ValleyCrest Cos.' insurance and workers' comp claims rose to an uncomfortable level. Its annual insurance costs were approaching tens of millions of dollars. To stop the bleeding, ValleyCrest hired Senior Vice President Mike Dingman to establish loss control programs.

"I volunteered to come up with a plan to get our costs back under control," Dingman says. "All we did was get everybody focused and try some new things."

Those "new things" involved centralizing its safety programs in 2002-2003 and managing them all from its corporate offices. The move enabled

ValleyCrest to set up a much more focused department that handles safety standards uniformly for all its offices throughout the country.

As part of the initiative, ValleyCrest CFO Andy Mandell threw out the idea of having a truck giveaway to inspire field workers to ramp up their safety efforts on the job. The results were overwhelming.

"The first year, the results were dramatically greater than we ever expected," Dingman says. Claims dropped by more than 20 percent, and "not only did the safety message step up tenfold, the reaction of the employees that the company would actually do something like that for them was a morale booster," Dingman says. "It affected people's overall happiness about their jobs, and it



trickled down into the field."

In the 10 years since the truck giveaway program launched, ValleyCrest's insurance claims have plummeted by more than 50 percent and safety has become a major part of company cul-

### FIRED UP ABOUT **WELLNESS**

**Company:** Gachina Landscape Management

**Headquarters:** Menlo Park, Calif.

**2011 revenue:** \$20.3 million

At Gachina Landscape Management, motivation begins within. More specifically, it begins with the Viva Gachina wellness program.

"We advocate living a life that revolves around health, vitality and energy," says Gachina Director of Human Resources Denise Ritch. "If we're feeling that way while we're working, we're going to be more productive, more positive and make a greater contribution to our teams."

Gachina began making health-oriented changes around the office in 2007. Providing healthy dietary alternatives was a big part of the initiative in the beginning, and it still is. Instead of offering doughnuts at morning meetings, the company provides yogurt, fruit, bran muffins and granola bars. At lunch, the company offers salads and vegetarian options.

Gachina's wellness movement began with its health-conscious safety officer, Santiago Martinez, who in 2007 rallied Gachina staff to participate in a breast cancer walk. The following year, the company made a more formal commitment to health on the job when it partnered with the Santa Clara County Health Department to implement a walking club, a



Gachina Landscape Management safety workers are led in morning stretches.

stretching program and most instrumentally, a "soda-free summer," in which employees committed to abstaining from soda all season.

The initiative was so successful that Gachina has not

offered soda at a company event since, opting instead for juice and water. "It's important," Ritch says, "because when people are feeling good they're full of energy, they're more productive, they're more creative."

And Gachina has observed all of those things among its workers. Ritch says the growing number of employees partaking in the wellness offerings each year proves they're working.

Gachina also has a training room where in the winter employees hold weekly exercise classes. And every morning before work, field workers are led in 10 minutes of stretching as a safeguard against injury.

The workouts act as a de-stressor, Ritch says, and employees at Gachina's branches are catching on, too.

If energizing its workers and ensuring their well being are at the program's core, Gachina also advocates its wellness program for the impact it has outside its office walls.

"At Gachina, we're very much a family organization," Ritch says. "It has a family feel. We want to promote healthy lifestyles, because we want our people to be healthy at work and at home for their families."