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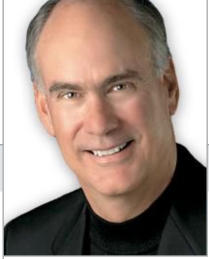

FRANK ROSS | The author is owner-manager of 3PG Consulting. Reach him at frank@3pgconsulting.com.

Before you fire a customer…

As you think about renewing maintenance agreements for next year, do you identify jobs that are underperformers and develop strategies to deal with them?

For many of us, the thought process is, "I don't really know how the job performed and don't much care. Just let me renew it!"

OK, I get it. None of us wants to see revenue go away. But, if a job is not contributing to the overall goals of the company, you might have to fire the client. I challenge you to face the cruel reality that not every job is a winner. Where to start?

The first thing I would do is run a revenue-per-hour report (see sample report below).

Revenue per hour is calculated by taking the contract amount and subtracting from it all the non-labor costs plus their individual markups. To find those markups, go to your estimating system. There you will find your typical markups for the recovery of overhead and profit. Once you subtract the non-labor costs plus their markups from the contract amount, what you have left is what you earned with your labor, or labor revenue. Divide this amount by labor hours and you have what you earned per labor hour on the job.

Pay particular attention to the gross margin percentages and the revenue per hour. A high-margin job does not necessarily mean a high-profit job. Analyzing anything using margin percentages can be risky and lead you to the wrong conclusions.

Let's take the first job in our sample report (contract value of $40,500, revenue per hour of $17.96). There's every reason to believe this job is a stinker. Our break-even point for performing maintenance work is $23. This job, at $17.96, is 26 percent below our break-even point.

Before we fire this client, or any client, here are 10 things to consider:

1. Is the information correct?
2. Is the job part of a larger portfolio? Analyze the entire portfolio to see if this job is the runt.
3. Is there add-on work?
4. Can the job be "value engineered" to make more sense? (Consider its position in the route, the equipment used, mow patterns, etc.)
5. Does the job fill out a route?
6. Did I intentionally low ball this job to create new opportunities? If so, does it still make sense to keep this underperformer?
7. Is this a marquee job?
8. Is this a "loss leader" job to stimulate future opportunities?
9. Are we attempting to keep a predator away from a valued customer?
10. Can we raise the price of the job?

If all justifications are exhausted, raise the price of key underperformers, and if you lose them … so what?

SAMPLE REVENUE-PER-HOUR REPORT

Contract amount	Labor hours	Labor cost	Material cost	Sub cost	Other cost	Total job cost	Gross margin	Gross margin %	Revenue per hour
$40,500	1,750	$21,000	$4,650	$1,000	$750	$27,400	$13,100	32.35	$17.96
$23,300	850	$10,200	$1,750	0	$260	$12,210	$11,090	47.60	$23.96
$12,680	245	$2,940	$300	$5,200	0	$8,440	$4,240	33.44	$24.45
$7,180	200	$2,400	$950	0	0	$3,350	$3,830	53.34	$28.78
$19,325	650	$7,800	0	0	0	$7,800	$11,525	59.64	$29.73
$53,500	1,120	$13,440	$5,270	$5,000	$1,500	$25,210	$28,290	52.88	$33.75
$28,570	650	$7,800	$1,675	0	0	$9,475	$19,095	66.84	$40.09

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BESTPRACTICES

BRUCE WILSON | The author, of the Wilson-Oyler Group, is a 30-year industry veteran. Reach him at bwilson@wilson-oyler.com.

The power of planning

This is the time of the year when most companies go through an arduous task: budgeting for next year. At the same time, many firms also engage in strategic planning, crafting a three- or five-year plan.

I've always been enthused by this process. If done well, it's a road map to success and a great tool for tracking performance and continuous improvement.

Unfortunately, despite our best intentions, things go awry. When that happens, the strategic plan is also your best diagnostic tool. One thing I believe in and that always works when we find ourselves off course is engaging in a lessons-learned review that documents the problem and commits to a different solution next time (rather than playing the blame game). I also recommend conducting a quarterly budget analysis, looking at budget-to-actual variances and identifying the reasons for those variances along the way.

This approach lays down the specifics you need to begin your annual budgeting and planning process. Here are some things to consider before you get started:

Make it strong but keep it simple

1 **The buck stops and starts in the corner office.** Don't delegate implementation and oversight of the process. As a leader, you set the tone and vision and drive the strategic-planning process. Determine who is going to be involved, how they will be involved and how the broad-based strategy, measurable objectives and specific tasks are going to be assigned and communicated.

2 **Create a strategic planning task force.** Identify, invite and involve your core team of organizational leaders in the planning process and make them accountable for clearly defined results.

3 **Set aside time, a day or two or three**, depending on the size of your company, to develop and fine tune your strategic thinking about the future, refine a long-term growth plan for the company and develop ideas for how you will manage to achieve the budgeted results. The direction you take should be broad enough to include all areas of impact but narrow enough to define a clear path. Make it strong but keep it simple.

4 **A key part of your plan should include a pivotal employee development initiative** designed to build a high-functioning team that will support your desired growth and provide bench strength.

5 **Each department should develop its own set of goals** for departmental improvement.

6 **The strategic planning piece should contain action items**, a timeline for deliverables and a point person responsible for each initiative.

7 **Establish a quarterly review** to analyze milestone and status updates of all initiatives. (I recommend having new initiatives completed by the start of the busy season.).

How helpful are facilitators?

Because each company has a unique situation, a facilitator can help you articulate your company's needs and show you the tools and techniques that will help you achieve the results you want in a manner that works for best for you.

A facilitator can help create a vision or review a vision in the context of your goals, help set goals and objectives and develop a well-thought-out action plan.

A facilitator also provides neutrality that enables candid participation, removing barriers to good participation, creating an open discussion on issues and generating ideas from staff that they might not otherwise share with senior management.

If your company is overwhelmed by tactical efforts and pet projects, you may reach your goals, but it may take you a little longer and it will certainly be more difficult. Aligning with a strategy to attain your goals is not achieved by accident.

What does success look like to you? Plan now to make it happen.

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PURPLE DEADNETTLE

Lamium pupureum

IDENTIFICATION TIPS

› With square stems and purple-red flowers, this winter annual closely resembles henbit (*Lamium amplexicaule*).

› Opposite leaves with pointed tips often have a purple tinge. Leaves grow on short or long petioles dependent on where the leaf is located on the plant—unlike henbit, where leaves lack petioles.

› Purple-red flowers grow in clusters of three to six in the upper leaves.

› Deadnettle, a member of the mint family, reproduces by seed.

CONTROL TIPS

› Purple deadnettle germinates in the fall and flowers in the spring. It thrives in thin turf and moist, shady sites.

› Dense, lush turf is the best way to reduce spread and encroachment of winter annuals. Properly mow, fertilize and water in spring and summer to minimize thin turf areas.

› Apply a preemergent herbicide containing dithiopyr prior to germination in the fall.

HENBIT

Lamium amplexicaule

IDENTIFICATION TIPS

› This member of the mint family, from the same genus as purple deadnettle, features a square stem.

› Commonly confused with deadnettle, henbit leaves are also opposite—but circular to heart-shaped, without petioles for attachment but with clasping leaves on the petiole.

› Pink to purple flowers grow in whorls in the upper leaves without petioles.

› Primarily found in turfgrass and landscapes, henbit prefers thin, nutrient-rich soil.

CONTROL TIPS

› Henbit germinates in the fall, reproducing by seed and flowers in spring.

› Dense, lush turf is the best way to reduce spread and encroachment of winter annuals. Properly mow, fertilize and water in spring and summer to minimize thin turf areas.

› Apply a preemergent herbicide containing isoxaben prior to germination in the fall.

PHOTOS: DR. SHAWN ASKEW

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BUSINESS PLANNER 2013

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HOW-TO

Define and manage your brand

BY LARA MOFFAT

When was the last time you evaluated your brand? What process did you use to define it, and how have you managed your brand? What's branding? Simply, branding is how you and your business are viewed in the marketplace. However, it's not that simple. A brand takes a process to create, time to develop and consistency to endure.

Branding isn't solely a marketing concept—it plays a part of how every aspect of your business is communicated and perceived. The saying might be cliché, but perception is reality in the eyes of the consumer, and you want to be perceived favorably. Think about all the contact you have with your team, clients and community. How are you and your business viewed?

When defining your brand, there are several basic questions to ask:

1. What core services or products do we offer?
2. Are we servicing what our market wants?
3. Do we need to modify our business model?
4. How are we perceived by our employees, clients, competition and prospects?
5. Does our team have a clear understanding of its role in our success?

By answering these questions, you'll be on your way to clearly specifying your services, identifying your market and differentiating your company, which will help determine how to manage your brand. Use the following guidelines to help define your brand and develop a plan.

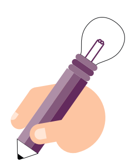
STATE WHAT SERVICES OR PRODUCTS YOU'LL OFFER. The more specific you are about stating what you do, the more likely you'll be able to communicate accurate messaging to the community. This includes internally to your team and externally to your customers, industry colleagues and prospects. If you're routinely contacted by consumers about services you don't offer, it's time to review what message (i.e., promotional materials) you're sending to prospects.

DETERMINE WHAT MOTIVATES THE DECISION MAKERS IN YOUR KEY MARKET. Knowing your target audience is essential to marketing to any given audience effectively. Identify the consumer behavior—the study of when, why, how and where people do or don't buy a product or service—that motivates your specific group. Consumer behavior will vary greatly from residential to commercial and from tree sales to high-end landscape construction projects. Additionally, it's important to note people don't buy a service because of it; they buy it because of its benefits.

PROMOTE WHAT DIFFERENTIATES YOUR COMPANY FROM ANOTHER. At first glance, many landscape companies offer the same services from the consumer's perspective. But your clients aren't concerned with the service—it's the benefits they receive that are paramount. Define a personality that speaks authentically to your target audience, business model and community culture. Focus on a client's lifestyle, a company's involvement within the community or its sustainable practices.

NOW IT'S TIME TO MANAGE YOUR BRAND. Develop a plan that reviews and integrates all contacts your business has with the marketplace: employees, clients, industry colleagues, collateral, marketing, equipment, etc. Every impression makes an impact on branding, and professionalism tops the list as the way to build a positive brand. Think about the individuals you respect. I bet you have a high regard for them because they're professional in the way they talk, act and look. The same is true for your business.

Train your employees to be professional by valuing what they do, and that investment will have a high return. By engaging your staff and making it aware of the business direction, you'll build ownership and develop a team mentality. Set expectations first through leading by example and second by holding yourself accountable. Put tools and guidelines in place that enable all to achieve. Then expect attention to detail, from the cleanliness of the fleet to the consistency of marketing materials. Acknowledge the successes, and constructively correct the misses.



QUICK TIP

Determine what motivates the decision makers in your key market.

Each year devise a focus. During