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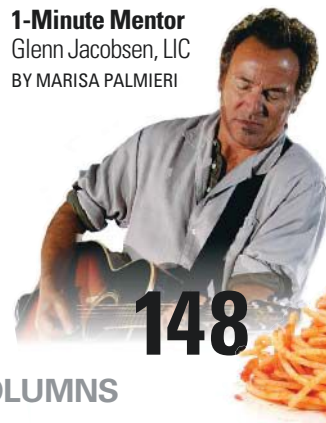


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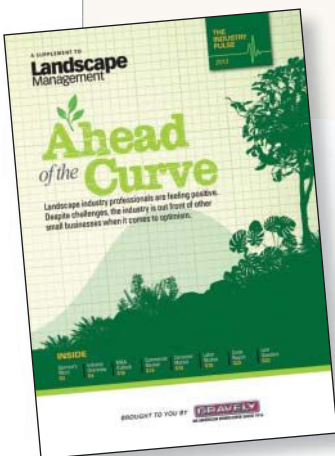
Photo by Tracie Martinez

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THE INDUSTRY PULSE: AHEAD OF THE CURVE

Landscape industry professionals are feeling positive. Despite challenges, the industry is out front of other small businesses when it comes to optimism.



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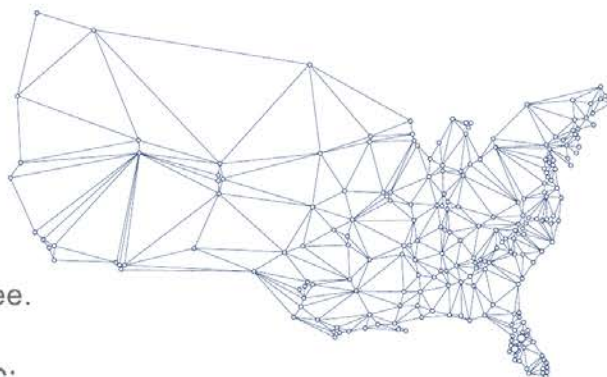
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EDITOR'S NOTE

MARISA PALMIERI EDITOR

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Help vs. hype

Welcome to the Business Planner 2014 edition of *Landscape Management*. I sat down to write an editor's note about the importance of the three areas we focus on in this issue: leading, running and growing your business. But I can't get the last one, *grow*—which focuses on sales and marketing—off my mind because I'm fresh out of attending the Content Marketing World conference in Cleveland.

Content marketing: What does it mean, precisely? For marketing expert Jay Baer, who keynoted the event, it's as simple as helping people. As he says, "If you sell something, you make a customer for today. If you help someone, you can create a customer for life."

Baer says marketing should be about *help* and not *hype*. It all boils down to a concept he calls "youtility" (he's authored a book by the same name). One of his favorite examples is *Taxi Mike's Dining Guide*, which started out as a simple yellow printout distributed by a taxi driver in the ski town of Banff, Alberta, and has grown into a website. Taxi Mike distributes this guide—"like a one-man Trip Advisor"—for free in bars and restaurants. He makes genuine recommendations about the best places in town and distributes the content to a touristy, bar-going contingent that may need his services down the road.

This is not a new concept. Have you ever wondered why one of the most prestigious rating scales in fine dining is associated with a tire manufacturer? In 1900 in France, Michelin began publish-

ing a guide for drivers with restaurant reviews to create demand for cars and ultimately for car tires. *The Michelin Guide* is published—and respected as an authority—to this day in France, most European countries and select cities internationally.

Likewise, John Deere has published *The Furrow*, a print magazine to help farmers succeed, since 1895.

Although this approach isn't novel, it has a new life due to consumers' access to information via mobile and social media tools. Consider that 64 percent of U.S. mobile phone owners have a smartphone, according to Nielsen. That means any prospective customer is just one swipe away from researching any type of product or service he or she wants to purchase or learn more about, including lawn care or landscaping.

In 2010, the average consumer needed 5.3 pieces of information before making a purchasing decision. By 2011, that figure rose to 10.4, according to Baer, and likely has skyrocketed since then. Why? People know they have nearly all the world's information in the palms of their hands, so they dig around a bit before calling for a quote or making a decision.

"If you make a bad decision now, you're just lazy," Baer says. But if you help customers and prospects make good decisions—whether they choose to work with your company today or sometime down the road—you just may be a hero to them.

Remember: The difference between selling and helping is only two letters, Baer says. But those two letters make all the difference in the world.

Landscape Management

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BEST PRACTICES

BRUCE WILSON

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Finish strong for a good year

Whatever your economic outlook, ending your business year positively is important.

Avoid slipping from a good year into a so-so year by never letting your guard down. It's imperative, when things are looking up, not to ease up on the sales efforts and watch your profits slip away.

To that end, if your year has been disappointing, don't give up. You can certainly make it better with a strong focus.

There are two sides to finishing strong: revenue management and cost management. And focusing on both sides at the same time will give you the most leverage.

Improving revenue

One of the most immediate opportunities is in upsells or enhancements. Make this a focus. Some companies run contests or give incentives to those who sell the most or exceed their targets. Give guidance to less experienced employees who might start to nickel and dime your customers by trying to oversell or sell things that clients don't need. Give them ideas or consider promotions that move inventory—these can be especially effective.

Fall is a great time to sell renovation and overseeding so lawns look great next season. Some other proactive, customer-centric ideas include: helping clients prepare for winter; offering enhancements related to drainage as a

result of heavy rains, replacing wear spots in turf and beds from wear and tear; removing plant material nearing the end of its life cycle; freshening entry areas or vacant spaces to increase property value; or reducing maintenance costs through water savings, modified irrigation or using drought tolerant plant material.

Another efficient technique is to offer discounts to get pending proposals closed if done before Dec. 31.

Managing costs

Your best opportunity to recover savings is to productively manage your labor. For example, don't replace positions if someone leaves. You'll most likely be reducing labor as winter approaches, so it's more beneficial for crews to work some overtime than to add an inexperienced replacement who has to be laid off in a month or two. Also, a common mistake is not reducing labor quickly enough. Field managers always hang on to people too long because they think they might need them and they don't like to lay people off.

Senior management has to drive this labor reduction process or labor dollars will be wasted, either ruining a good year or adding to a bad year. You get only one chance to do it right.

Another savings area is a well-managed inventory control system. Create a detailed database of equipment assets and supplies to prevent adding unnecessary purchases or spending money you don't have.

Hold off on requests for equipment or tools that you probably can get by without. The workload is declining and with a little effort, you likely can move equipment around and postpone purchasing until next season's buildup.

For a successful yearend, you must drive the last quarter strategically. Delegating could work, but if you delegate to an employee who loses focus or gets busy, even the best intentions slip. If you own the focus, you own the results.

It's imperative, when things are looking up, not to ease up on the sales effort and watch your profits slip away.

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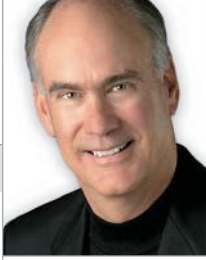
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THE BENCHMARK

FRANK ROSS

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Confessions of a budget freak

I am all about eliminating the guesswork we face in our businesses. Yes, I am a budget freak.

Some of this stems from what my mentor, Emol Fails, Ph.D., instilled in me a long time ago. One such morsel was the construction industry is the second most risky business behind restaurants in the U.S. That doesn't say much for us on that side of the landscape business—but think about it: We're in the business of selling labor, the greatest variable of all. We perform our work outdoors, so we have weather to deal with every day. Most times we're at the mercy of others for payment for our services, and, to make matters worse, we're uneducated in the art of financial management. Only one of every 10 contractors who opens his doors will see his 10th anniversary. Now, that's a horrible statistic.

I'm also all about maximizing profits. It's what my partners and I do everyday, and we do it by eliminating bad decisions. Fails taught me to make a plan to reduce bad decisions. That's what a budget is—a plan. Think about this: Would you ever commit to doing a job without an estimate of costs, overhead and profit? Of course not. So why, I ask, would you ever start a whole year of jobs without a budget? You wouldn't.

Fails also told me without a well-conceived plan, we have the chance of making the right decision about 55 to 60 percent of the time. *With* a well conceived plan, Fails follows up, the odds of making the right decision increase to 65 to 70 percent. Now, some of you might think increasing your chances of making the "right" decision by 10 to 15 percent isn't worth the effort, but believe me it is. A well-defined business plan will more than double the profits generated without a plan.

Say when

So, when do you prepare a budget? Budgeting is a perpetual process. If you're a calendar-year operator, you'll begin the process for the coming year around August and it's a monthly scrub for the next 16 months (August of this year through December of next year).

In the fall, we'll initiate the plan for the coming year with a "pricing budget." Every fall we'll set our pricing

strategies for the coming year. If we're in maintenance, our commercial customers are setting their budgets for next year in the fall; if we're in installation, many of the projects we're proposing in the fall will not be installed until the spring. The point is to make sure we can effectively estimate and price the work.

To that end, we'll want to know how we'll be spending money in our company next year. That requires a preliminary budget to set what growth we anticipate, what capital expenditures for vehicles and equipment we'll need, what are the labor wages and benefits we anticipate, will there be changes in material unit costs, what changes in overhead spending might we experience, etc. This preliminary forecast will tell us if and how much of a price adjustment we'll require for the coming year to achieve our net profit goals.

Preparing the "detailed budget" for next year will likely span a time frame of mid-October to mid-January. Count on it being a fairly involved process. I encourage involving our key people in this project. The more they know of our plans, the more ownership and accountability we will create among them. This tactic creates buy-in and does nothing but heighten our chances of surpassing our goals. An effective budget is a team effort.

Once the budget for the year is set, spread the results by month to create a "rolling budget." With each month that passes, replace the budgeted figures for the month with the actuals for that month and re-total the year—actuals plus the remaining budgeted months. Do we like what we see?

Now comes the real strength of the process: Every month, we'll look forward 90 days at all of the budgeted assumptions and challenge our abilities to achieve them—sales, labor control, overhead spending—the entire gamut. If there's an area where we feel we'll either exceed or fall short of goal, *change the budget!* Yep, change it. Then repeat this process monthly.

Sure, I'm a budget freak and proud of it. But, more importantly, I am a profit freak—budgeting is just one way I do it.