

Contractor Success Guide

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A supplement to

PRO
Business success for landscape professionals



Bland Landscaping takes proactive stance on environmental awareness

ALSO INSIDE:

- Keys to winning more contracts
- Better systems, less inefficiency
- Tracking important financial indicators
- Retaining employees through leadership

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Dear Contractor,

According to a recent survey by the American Association of Retired Persons, there are 40 million “green boomers” in the U.S. These boomers are more likely to purchase environmentally-friendly products and use services from companies that are socially responsible. Boomers also make up the most affluent segment of the U.S. population and have the most discretionary income – \$24,000 a year per household – according to The Conference Board.

Certainly, this audience offers a lucrative opportunity for green-minded landscape contractors. Because your business is, in essence, taking care of nature, you are in a unique position to capitalize on this opportunity, but I caution you to tread carefully before jumping on the green marketing bandwagon. It’s important to be able to genuinely support your “green” claims to avoid negative backlash from a skeptical marketplace. There are watchdog organizations that are monitoring marketing efforts for so-called “greenwashing.” It’s not enough to merely make vague statements of being “environmentally friendly” or “green,” you should demonstrate your claims with specific products and practices. You can find more suggestions for making “green” claims in advertising and marketing at www.bbb.org.

At STIHL, we believe that socially responsible environmental stewardship is not only the right thing to do, but can also be profitable and rewarding, as you’ll see in the Bland Landscaping profile in this issue of *Contractor Success Guide*. I encourage you to take an objective assessment of how you can make your business practices more environmentally responsible and ultimately benefit your bottom line by doing so.

Wishing you continued success,

A handwritten signature in black ink that reads "John Keeler". The signature is fluid and cursive, with a long horizontal line extending from the start of the name.

John Keeler
National Training Manager
STIHL Inc.

Gregg Wartgow, editor-in-chief



Welcome to Vol. 3 of the *Contractor Success Guide*, brought to you exclusively by STIHL Inc. If you'd like to download Vol. 1 or 2, visit promagazine.com and click on the *Contractor Success Guide* logo in the center of the page.

This edition aims to hit on each primary facet of running a successful landscape contracting business: marketing/ selling, field production, managing employees and financial management. This volume is also taking a look at today's big buzzword—green—through a case study of a leading contractor in North Carolina and a piece on how STIHL is rewarding contractors for upgrading to lower-emission debris blowers.

Everywhere you go these days, and not just events keynoted by Al Gore, you hear people talking about “being green.” Many landscapers are going in that direction, too, and are selling it as an advantage of doing business with them. Read about Bland Landscaping on page 4 for a shining example.

Another company that's been heading aggressively in the green direction is California-based Maximum Service Landscaping, who you'll read about in the March issue of *PRO*. Owner Kevin Burns says he's not 100-percent green yet, but he's doing what he can. That's because, Burns reminds, he also has to be profitable.

Buzzwords like “being green” get people's attention, and, thus, can be good points of distinction in your company's marketing message. At the same time, you're running a business. So your plan to become more green should also strengthen your company's market position without slicing profitability. If you do it right, it can be done, just as the articles in this issue point out. In fact, it can help you make even more money. More money ... now that's the kind of green I'm talking about.

Table of Contents



Preparing for the next opportunity

Contractor profile on Bland Landscaping in Apex, NC 4

Close encounters

Knowing who you're bidding against, and how to position yourself against them, is key to winning more contracts. 8

Systems for your company

Where to start and how to develop them 11



Hidden inefficiencies

Refine your processes to save time and money. 14

Know my numbers

Contractors talk about how they track their numbers, and how it affects their profit margins. 20

Great employees start with you

Tips on getting the most from your employees through superior leadership skills. 24

Figuring out factoring

New technology and features help make an old financial tool more attractive to growing businesses. 28

Contractor Profile: Bland Landscaping Apex, NC

By Rod Dickens, PRO senior editor

Preparing for the next opportunity

Successful companies often attribute their good fortune to a series of events, one big break, or a combination of the two. For Bland Landscaping in Apex, NC, success is attributed to luck, but not the kind of luck that is left purely to chance. “My father Tom says luck is where preparedness intersects with opportunities,” says company vice president Kurt Bland, CLP.

For this full-service landscape management company, being prepared means being proactive, and opportunity is defined by being centrally located in the ever-growing Research Triangle in North Carolina, surrounded by Duke University, North Carolina State and the University of North Carolina.

Founded in 1976 by Tom and Nancy Bland, Bland Landscaping has grown from its small general contracting roots into a \$10 million-plus full-service landscape management company. It offers a wide array of services, including design/build, maintenance, and lawn care to residential and commercial clients. In addition to its headquarters in Apex, the company has a branch and satellite facility, and employs 175 people.

“We have a diverse service offering that goes well beyond the more traditional landscape management services,” says Kurt. “We offer expertise in floriculture, install night lighting, and design and build water features and hardscapes. Our general contracting division is equipped to do the ‘out-of-ordinary’ work such as building parks, monuments and memorial gardens. We also install, maintain and audit irrigation systems.”

Gaining experience

Kurt operates the company with his brother Matt. The siblings grew up in the business. After



Matt (left) and Kurt Bland

graduating from college, they each worked elsewhere a couple of years, gaining valuable experience before returning home.

“Our family formed a pact that Matt and I would work for another company before coming back to work in the business,” Kurt relates. “Part of that agreement implied that we could return only after working in managerial positions.”

Matt graduated with degrees in financial management, economics and accounting, and went to work for IBM. Kurt graduated with degrees in horticulture and agri-business, and worked for a California landscape contractor. He returned home in 2002, while Matt came back a year later, both having fulfilled their obligations.

Today the brothers share management responsibility with two other company vice presidents. Their father still retains the title of president, but his role diminished after the family lost Nancy to cancer.

“I don’t think our father ever planned on retiring,” says Kurt. “But after our mother became ill, he spent time with her traveling and seeing as much of the

country as they could. She passed away shortly after our company celebrated its 30th anniversary. It was great that she was with us, and able to enjoy the celebration. We catered in food for 400 guests and had live music and a magician. As a surprise for Tom, we refurbished the 1977 Ford tractor that he purchased new nearly 30 years ago.”

Kurt emphasizes that even though the company is big and getting bigger, the management team strives to retain a family feel. In fact, six years ago, as a 25th anniversary present to the Blands, employees created an endowment fund at North Carolina State University in the name of Tom and Nancy Bland. The fund currently sponsors two \$500 scholarships, and is steadily growing.

“Every year since the fund was created, we have asked employees to contribute to it rather than give us a Christmas gift,” Kurt points out. “Our company matches their contribution. Just having our employees create the fund was a tremendous feeling for all of us. It not only confirmed the mutual respect we have for each other, but also reinforced the fact that we are all part of the same family, in this case working to give someone else an opportunity to join the industry.”

Protecting the environment

When asked to define their company’s success, Kurt brings

up the word “proactive” again. “I think we’ve always been viewed as a trendsetter in our market,” he adds. “One of our biggest attributes is our desire to be proactive, especially on issues that affect our environment. My personal feeling is that our company has benefited from our country’s prosperity. We have a responsibility, in turn, to do more, to be better at protecting the environment.”

Kurt gives two examples where Bland Landscaping is leading the way to help protect our environment.

North Carolina has several river basins that are threatened by runoff from the Central Piedmont region. To protect its water, the state has directed 45 communities with 50,000 or more residents to develop storm water plans. The plans may call for retention ponds, treatment facilities, wetland plants and other resources to filter and trap pollutants. Currently, Bland Landscaping has more employees than any other company in the state certified to inspect storm water structures, and management anticipates that clean water and managing storm water will be a top issue, if not *the* top issue, in years to come.

As another example, a couple years ago, the company started a program to lessen its own environmental impact (see “Environmental Initiatives”). For example, all of the

Environmental Initiatives

In 2005, Bland Landscaping began an initiative to lessen its environmental impact. Since then the company has taken the following steps:

- Uses synthetic mix oil at a 100:1 ratio instead of petroleum-based mix oil at a 50:1 ratio, using less oil and creating less waste.
- Recycles all the green waste it generates during landscape maintenance operations.
- Donates reclaimed pine straw baling twine to The Scrap Exchange of Durham for re-use in their not-for-profit children’s programs.
- Washes equipment in an enclosed wash bay that is connected to a four-chamber grease and particulate trap. The system then diverts the waste water into the sanitary sewer system rather than sending it into the storm sewer system.
- Fuels diesel trucks and machinery with B20 biodiesel.
- Recycles the scrap metal it generates from its landscape and irrigation operations, and from consuming canned beverages.
- Recycles office paper, blueprints, magazines, cardboard, and so forth.
- Recycles waste oil, contaminated fuels and other lubricants.
- Purchases STIHL handheld equipment with hybrid, STIHL 4-MIX engines instead of traditional two-cycle engines.

company's Chevrolet trucks and most of its off-road equipment now run on B20 biodiesel fuel, while STIHL 4-MIX engines, as opposed to traditional two-cycle, power all of its STIHL handheld equipment. Kurt explains, "The 4-MIX engines produce less noise and less hydrocarbons than their two-cycle counterparts, and they consume less fuel. Initially, the biodiesel fuel was slightly more expensive than regular diesel, but buying the B20 in volume has actually reduced fuel costs."

The company has also constructed an enclosed wash bay that keeps water out of the storm sewer system. "In good consciousness, we couldn't continue to wash our equipment on a gravel pad," Kurt relates. "All that waste water eventually finds its way back into our water supply. The new facility cost us around \$40,000 to build, but it has become an important part of us being responsible business people."

Being responsible, Kurt adds, comes with a price tag. But it will also generate economic rewards. The company is just now beginning to promote its "green-friendly" efforts in a new web page, while trucks are being fitted with new logos. Once customers fully realize Bland Landscaping's commitment to the environment, the effort should, if it hasn't already, translate into a competitive advantage.

The 50/50 rule

Kurt is only 32 years old, yet he and his brother have already



fashioned an aggressive growth strategy. "When I turn 50, the company will be 50 years old, too," Kurt adds. "By then, one of our goals is to make sure that Bland Landscaping is the premier landscape contractor in North Carolina." Getting there, he emphasizes, will require making the right choices.

Three years ago, the company made a right decision by applying lean management principles to its operation. Since then, its Lean Enterprise Advisory Board has initiated 60 week-long kaizen events, looking for more efficient ways to conserve fuel, service equipment and produce jobs in the field, to name but a few areas that are currently under scrutiny.

As the result of a single fuel-

conservation kaizen, the company replaced 63 backpack blowers with a new model that was 40 percent more efficient. Says Kurt, "Each of our older blowers was consuming approximately \$900 worth of fuel annually. In six months, we recovered the cost of the new blowers.

"The short-term reward of decisions like this pale in comparison to the real savings we realize over time," Kurt continues. "Thinking lean has become part of our company culture and has allowed us to engineer waste out of several processes."

The lean program also demonstrates Bland Landscaping's overall commitment to training its employees. Every year, the company holds

a safety day with hazardous training and hands-on training. There is tailgate training every Monday with topics sent to supervisors digitally. Other training venues include company-wide safety training every month, in-house pesticide training, Certified Landscape Technician (CLT) training, manager training sessions, and more.

“We have a training committee that sets up a yearly schedule for our employees,” Kurt tells. “It’s all part of being prepared and being proactive. My father attributes our company’s success to our employees, and giving them the tools to

get the job done. There’s truly no other way to get to the top.”

For Kurt, being a member of PLANET (landcarenetwork.org) has been beneficial, as well. He interviewed for his first job while attending Student Career Days as a student at North Carolina State. Since working in the family business, he has been an active PLANET member. He attends the Green Industry Conference (GIC), meets new people at the GIC Breakfast with Champions, and through his networking has met the likes of industry veterans Frank Mariani and Landon Reeve,

along with green industry consultant Frank Ross.

“Being a PLANET member has given me the opportunity to share my experiences with other contractors and to learn from them,” Kurt emphasizes. “This past year, I was also asked to participate on the annual Crystal Ball committee. Being in the same room with top industry veterans and talking about the industry’s future was an experience of a lifetime.” Also at GIC 2007, Kurt participated on a panel for Managing an Effective Equipment Training Program (organized and sponsored by STIHL).

Where will Bland Landscaping be when it celebrates its 50th anniversary 18 years from now? Kurt shrugs his shoulders and says, “If this part of North Carolina continues to grow and prosper, I can’t see any reason why reaching our goal as the top landscape contracting firm in the state should not be realized. Then again, who knows? I personally think that the availability of fresh water will be our country’s top environmental challenge in years to come. Maybe 18 years from now, our company will be doing more with water and with storm water management than we will with traditional landscape contracting services.”

No matter where the company ends up, though, luck, as in chance, will play only a small role because brothers Kurt and Matt will have it prepared to take advantage of every new opportunity. **PRO**



Marketing Your Business

Close encounters

Knowing who you're bidding against, and how to position yourself against them, is key to winning more contracts.

You think you may get the business, but you aren't sure. The presentation went well and the client tells you your price looks competitive. Your references tell you they have received calls from the prospective account, which means you have a great shot at getting the job. The initial job lead was a referral from a satisfied client. Things are looking good; in fact, you expect to start the job any day now. It's a slam-dunk ... right?

A few days, then a few weeks, and you wonder why your phone doesn't ring. The next thing you hear is that your competitor's truck is on the jobsite starting the project you thought you had. What happened?

To be direct, your customer found a better solution to their problem and, unfortunately, it was not you. Your competitor did an excellent job of positioning you out of the short list of finalists. What makes it even more painful is your competitor got the job and you know he isn't half as good as you are. His quality is poor and his prices are higher than yours. What is a landscape contractor to do?

This article will discuss how

to best stack your company up against four types of competitors: the incumbent, the in-house supplier, the regional player and the national player.

The incumbent

In order to effectively position your landscape firm against the incumbent—the company that had the job last year—you need to know a number of things about the competitive situation.

The key to getting this information is to conduct a thorough interview with the client about the other contractor. Find out which services are included in the contract, and if specific areas of dissatisfaction exist. Also find out about the company's people. Ask probing questions to get a clear picture of what the client likes and dislikes about his present landscape contractor.

Beyond these obvious questions, ask the "second and third questions." If there was a problem, try to quantify how often it happens, when it happens and what the implications are of this happening on your client's property. Observe how the incumbent is performing on the job. Physically

watch how his team functions on the property and identify his operational weaknesses. See what type of equipment he is using and how this affects efficiency and quality.

Once you have a clear picture of the incumbent and his performance record, the key is not to attack the existing contractor. For all you know, your contact was the one who hired this contractor. By attacking the contractor, you are attacking the credibility of the person who made the decision to hire this firm in the first place.

The better strategy is to have a conversation with your prospective client that's based on the weaknesses you observed or the facts you have been given. Involve your client in the process if they are not previously aware of the situation. It is commonplace for an out-of-town property manager to not have the entire set of facts on how their contractor is performing. Involve your client by asking him to observe specific areas of performance, and then let him draw his own conclusions.

The key is involving your client in the discovery process. Naturally, at the appropriate time, you could simply introduce

the way your firm handles these areas and the resulting impact on quality, customer service or consistency. The secret of helping you position your firm against the incumbent is knowledge of their strengths and weaknesses, plus the consequences of those weaknesses. Resist the temptation to pitch your services to the prospective client without involving him in the process.

The in-house supplier

The key to positioning your firm against an in-house supplier (a maintenance crew that is employed by the company you have targeted) is to understand why an in-house supplier seems to make sense for your client. There are specific beliefs your client has about having an in-house team.

First, they may feel it is less expensive than hiring an outside landscape management firm. Second, they may feel that, when selecting an outside contract, they may lose control of the property. Third, they may philosophically believe in not outsourcing any non-mission-critical functions. Fourth, they believe that hiring an outside company means a reduction in power for them within the organization. In other words, the

When bidding against an incumbent contractor, identify your operational strengths, which may include the equipment you use and how you use it.

in-house maintenance crew is a part of someone's dynasty.

Going after accounts that presently use an in-house supplier has pros and cons. On the pro side, the first landscape contractor to take over a project has the opportunity to demonstrate dramatic product improvements to reinforce management's decision to outsource. Secondly, the landscape contractor who helps a company go to an out-

side contractor can establish the specifications and scope of work that sets the standard for all contractors to follow. The landscape contractor can develop realistic specifications that will help the customer receive the quality of product he deserves.

On the downside, being the first contractor to take over an in-house operation means you'll be under a tremendous amount of scrutiny. Most likely, the dissenters



for outsourcing will be watching you closely and pointing out each and every failure in an attempt to show that outsourcing would never work.

The key to positioning your firm against in-house operations is to do so very carefully and skillfully. By gathering valuable information, you will be able to understand a client's motivation and philosophy clearly so you can explain your service in terms that best match their objectives for having an in-house operation.

One simple question to ask is, "Have you ever considered outsourcing services such as landscape management ... if it makes sense to do so would you be open to hearing about alternatives?" Asking this simple question will clue you in to the likelihood of this prospect considering outsourcing to a company like yours.

Though the sales process may be longer, the field may be thinner because other contractors may not have the patience to educate the client, cost-justify their proposal and understand the client's motivations for wanting an in-house operation.

The local or regional competitor

This competitor gives you the most trouble because they know your weaknesses and strengths sometimes better than you do. The local or regional competitor prices services similar to yours and may

be perceived as offering similar quality and customer service.

In this case your secret weapon in positioning your firm is to help your client identify other ways to receive greater benefit from your service. In other words, be proactive at suggesting concepts, improvements and changes to service levels or contract terms that will result in better benefits to your client. Pass along savings without being asked to do so. Tell your client something true that no one else has ever presented before. In other words, listen carefully for needs that your competitor is either unable or unwilling to address, or bring up ideas and concepts that your client has never before considered. Express a genuine desire to win their business and earn the contract through performance, quality and demonstrating how you would perform on the job.

The national player

The national player is probably the easiest to compete against. Most national competitors have lost touch with their customers and have gotten too big and too impersonal to respond to local needs. They are run by managers who are often out of touch and several levels removed from the actual day-to-day operations.

In fact, many of the local managers probably have different compensation programs, which drive them to focus on different parts of

the business. As a result, quality variances are large and efficiency and responsiveness is low.

Ask your prospective client to call their hotline and see how difficult it is to find someone who can help them. Have your client ask the national firm for a list of the clients who have terminated their services. In fact, suggest that your client put this requirement in the bid package so the national firm has to answer these questions.

When the results come in, your client will realize that a national firm is only beneficial if it can deliver a consistent quality of service. Many cannot. One way to position the large national players out of the picture is to simply say, "Oh yes, that firm is recognized for doing quality work with large properties and they have geared themselves for national accounts. We, on the other hand, are focused on local and regional work."

When it comes to stacking your firm against the competition, first decide what type of competitor you are facing. Next, gain a full understanding of why your prospect is considering this alternative. Finally, explain your company in terms that your client can understand and in ways that address their most pressing requirements, without insulting their decision-making process or philosophy. When you do this, the slam-dunk may become a reality after all. **PRO**

Systems for your company

Where to start and how to develop them

Systems. We all know we need them. But what exactly are they? According to Webster's Dictionary, a system is "a set of facts, principles, rules, etc. classified or arranged in a regular, orderly form so as to show a logical plan linking the various parts."

Looking at it that way, every business is a system. Within the business, there are many sub-systems that keep each area performing. Like so many things in business, they are all interlinked; one area of business is dependent on the performance of another.

Systems are important for quality, productivity, customer and employee satisfaction and, of course, to generate a profit and maintain a healthy business. Systems are also often a weak point for many contractors.

According to Michael Gerber, author of the famous "E-myth" book series, contractors tend to think about their businesses "tactically" instead of "strategically." In the book "The E-myth Contractor," Gerber says, "In strategic thinking, also called systems thinking, you, the contractor, will begin to think about your entire

business—the broad scope of it—instead of focusing on its individual parts."

Gerber adds, "Strategic thinking will enable you to create a business that works apart from you instead of because of you." He says that most people who go into business for themselves don't own a business, they own a job, because they work around the clock and try to do everything themselves. Therefore, they can't figure out how to take time off because the business won't run without them. "What happens when you can't be in two places at once?" Gerber asks.

The point is that you need to build a business that works, with systems in place that allow different areas of the business to run efficiently and allow you to focus on what you need to do to lead a successful company.

Business consultant and veteran contractor Tony Bass agrees. "Today, as competitive as this industry is, you can grow your business and remain profitable if you are efficient. If you aren't, your prices will be high, your market share low and your prospect for growth limited."

Where do you start?

Since systems are important in all areas of your business, it can seem like an overwhelming task to figure out where to even begin. The pages of *PRO Magazine* are just one place to help you figure it out. "The best thing you can do is learn from other people who are already doing what you want to do," says Doug Robbins of Robbins

Systems are important for quality, productivity, customer and employee satisfaction and, of course, to generate a profit and maintain a healthy business.

Landscaping in Richmond, VA. He says that most of the ideas he's implemented in his business come from other people. He reads, as he says, "everything he can get his hands on," talks to other contractors and even hired a business consultant (Tony Bass).

Robbins says to first take a look at the big picture—and what you want to be—before you decide what your company should be. "Sit down and take time to

figure out what you really want in your own life,” he says. “Then marry your business to that.”

Robbins developed a personal mission statement which he calls a “primary aim.” It includes the values he wants to accomplish personally, then tries every day to create a culture in his business that mirrors those values.

“Every success we have comes back to the team that we’ve built. It’s my job to encourage those around me to do their thing and then get out of the way.”

When you fail to plan, you plan to fail

Once you have your personal goals in order, figure out what you want out of your business and where you want to go with your business. In other words, make a plan.

“You’ve got to have a written business plan,” says Terry Delany of AAA Lawns in Fayetteville, AR. He says the plan should map out what you want to do with your business and guide you. That means the process of putting a business plan together isn’t merely an annual event, and it doesn’t just sit in the file cabinet. “You have to go over the plan and discuss progress with your team each and every month,” says Delany. “You’ve

got to know where you are going, and how to get there.”

According to Gerber in “The E-myth Contractor,” you should really have three plans: the business plan, the job plan and the completion plan. “The business plan determines who you are (the business), the job plan determines what you do (the job), and the completion plan determines how you do it (the fulfillment process).”

You are only as good as your people

In addition to financial systems, there are several other integral systems that will empower your company and you. A common theme with contractors has to do with your team and how they carry out the vision you created.

Building a team. “It’s all about my team,” says Robbins. “Every success we have comes back to the team we’ve built. It’s my job to encourage those around me to do their thing and then get out of the way.” What kinds of systems help you empower that team?

Develop thorough job descriptions. Bill White of Impact Landscaping in Morgantown, WV, says this is a crucial element to success, no matter what size company you have today. “By outlining each person’s duties and expectations, it eliminates the hassles in advance of ‘I didn’t know I was going to cut lawns too,’ or ‘Why can’t I wear a tank top?’” says

White. “Each person knows what they are assigned to do, and that is their job. There is no second-guessing.”

Even though White only has a couple of employees now, he’s ready for the future. “I have some degree of overkill in my policies and standards, but I have them in place now, so when the day comes to add two or three crews, the system will already be proven and in place.”

An organized system of training. Delany uses an orientation and testing system that every new employee must go through before they are officially hired. “New employees spend a day learning the equipment, safety, our policies and our expectations,” Delany says. “The next day they come in and take a test to show us what they learned. If they pass, they can clock in and go to work.”

Robbins says employee orientation is important, but refreshers for the company veterans are a good idea too—especially at the beginning of the season. “We just had our spring training day,” says Robbins. “In the morning, we had four hours of one-on-one training with each crew. Then we served a lunch. The afternoon was spent in an outdoor demo with every piece of equipment. Not only is this good orientation for the new guys and a refresher for the returning team, it’s a great way for everyone to get to know

each other.” Robbins believes that having a system in place for regular training also allows him to reinforce his systems for every other area of the business.

Use employee input to develop goals and create systems. Sometimes you know something’s not working, but you don’t know why, or what system you can develop to fix it.

Delany faced such a problem. Out of frustration, he did something that is now a valuable system that feeds fresh ideas into how he runs the business on a regular basis. “I took my team leaders to lunch, and I began asking questions,” he tells. “They told me 25 things we could be doing to improve the business.” Delany laughs, “They never told me these things before, because I never asked.”

From there he made a list and, through a series of meetings, together they found solutions for each problem. “Not only do experienced team members know what the problems are, they know how to fix it better than you do,” says Delany.

Now, Delany regularly surveys his employees (anonymously) to gauge attitudes and solicit new ideas. He also uses the survey system as a way to get employees on board with new policies, and to create a fun, bonding activity.

“At our last company meeting, we made a game out of the

survey results,” says Delany. “We played ‘Family Feud.’ We split the guys into two teams and gave prizes out to the teams who guessed closest to our survey results. It was much better than just reading the results to them. We would yell ‘Survey SAYS?’ to get our answers. We had a great time.”

A system that includes external partners

Robbins says you need to develop a system to maintain quality for the growing number of services your clients desire.

“We have married ourselves to a number of subcontractors who have a similar philosophy and commitment to quality,” says Robbins. This might include contractors in irrigation, fencing, paving, electrical, grading and more. Robbins has taken the time to learn about these companies and makes sure they will represent his business well. They are included in his estimating system. Robbins knows what these companies charge and can include them in his formula to determine profit.

Robbins has a system for choosing these “external partners.” There are many things he looks for in a sub company before he’ll include them in his proposals.

“I find out what people are saying about them. I watch them work. I look at everything from their equipment and vehicles to how their employees present themselves,” says

Robbins. “It’s very important that their company’s goals and professionalism match ours.”

Delany agrees that relationships with other contractors will do nothing but benefit your company. Not only can you share work, but you can share ideas as well. “Get to know your competition,” says Delany. “Invite them to lunch ... talk to them. You never know what’s coming down the road or when you might need them.” Delany tells his employees to wave at other crews. He says, “Some of them will be working for us some day.”

“By having some standard procedures, you are showing your customers that you know what you are doing.”

Expect nothing but the best

Ultimately, every system you employ in your business raises the caliber of your employees, your customers and your satisfaction as a business owner. According to Robbins, you owe yourself nothing less.

“It’s all about treating yourself as a professional,” says Robbins. “By having some standard procedures, you are showing your customers that you know what you are doing and that your time and services are valuable. Make them play your game. Get them to work on your turf.” **PRO**

Production



Hidden inefficiencies

Refine your processes to save time and money.

Running a business is a lot like running an engine. All the moving parts need to work together at top efficiency to get the necessary productivity. If even one component starts to malfunction, you'll lose valuable things like speed, optimal fuel efficiency or power.

As with engines, sometimes you know there's a problem, like when it doesn't start. On the other hand, there are times when you may not even know it isn't running at top efficiency. Still, you're not getting quite the fuel efficiency you could be, you're not getting quite the rpm's the engine is

capable of, and it slows productivity down just slightly. Over time, that extra fuel adds up. Over time, those minutes lost in productivity also add up. Sound familiar? Those same things could be said for most businesses.

As a business owner, you may notice certain inefficiencies, but you're just too bogged down with making sure things get done to really investigate if they are getting done at top efficiency. Over time, those little things can end up taking some big dollars off the bottom line.

Rick Carver of Carver's Lawn

& Landscape in New Castle, DE, gives this example. "Years ago, when I grew my company to five employees, I started losing money and couldn't figure out why. Turns out, one big problem was getting my guys out on time. It seems they were consistently out 15 minutes late. At first I thought, no big deal. What's 15 minutes? And then I started adding it up: 15 minutes x 5 guys = 1.25 hours of lost time a day. That's 6.25 hours a week ... or 250 hours of production time per season. We billed \$25 an hour back then, which meant we were losing \$6,250."

How did the 15 minutes it takes the crew to get another cup of coffee turn into over \$6,000? That's some mighty expensive coffee.

Getting crews out on time

To help you figure out where you might be spending thousands of dollars on pesky inefficiencies, several contractors offer their advice on improving different areas of the business.

It's probably best to start with Carver's example about getting the crews out on time. This seems to be the source of much lost productivity.

According to Carver, so much has to happen before the crews leave in the morning. Yet, we are fighting human nature to expect top efficiency from people just waking up. The solution? Move as much of your morning routine as you can to the previous day's end.

Carver says that at the end of the day, workers want to go home. They will be more motivated to gas up equipment and trucks, sharpen blades and clean out cabs in a much more timely fashion.

Dale Wiley of Landscape Specialty Services in Forest Grove, OR, agrees. Move the process to the evening, and then refine the fueling and loading process to shave as much time off of it as you can.

"Do a time and motion study of your storage process, of how

vehicles move in and out of your facility and how tools are stored and arranged," says Wiley. "Our vehicles come in, drop trailer, one guy unloads and washes and reloads equipment, and another guy dumps and fuels the pick-up. Then they load materials for the next day, re-hook the trailer and back it into the storage shed. We've refined the process until now, where they make a loop

"When I grew my company to five employees, I started losing money and couldn't figure out why. Turns out, one big problem was getting my guys out on time."

around the shop and equipment shed to accomplish this all in linear manner, with no wasted steps."

Not all contractors have the luxury of loading the trailer at night, since, for security purposes, they must put the equipment inside for the night, and for space purposes, they must store the trailer outside. But there is a lot that can be done the night before to get crews that much closer to ready in the morning.

Enclosed trailers

Some swear by the enclosed trailer or box truck as the way to go in this business, telling us that over time, they pay for themselves in lost production time.

Jan Walker of U.S. Lawns in Knoxville, TN, is slowly transitioning to cab-over trucks with the landscape bed on the back, saying they are even cheaper than buying a truck and trailer. "You get a smoother ride, a different turning radius, and you save money in insurance costs as well," says Walker. At her company, the foreman is the only one who loads the trucks. "It only takes 10 or 15 minutes, and we only have to pay one person to do that part of the job," Walker adds.

Tom Brannigan of Home & Garden in Matteson, IL, finds the enclosed trailers a great investment and a key part of refining the loading process and increasing efficiency. "We moved our maintenance crews to enclosed trailers so that everything is ready to go," says Brannigan. "Then we staggered our start times so we don't have people running into each other. Crew leaders arrive early to make sure everything's set when the crew arrives."

John Blake of Outdoor Sensations Landscapes in Columbus, OH, says his company moved to cab-over trucks with

continued on page 18

Blower Exchange Program Clears the Air

STIHL and South Coast Air Quality Management District Partner Again

California's South Coast Air Quality Management District (AQMD) blower exchange program was held this past summer in Los Angeles, Orange, Riverside and San Bernardino counties. AQMD exchanged 1,500 older, high-emission, backpack leaf blowers for new STIHL BR 500 models that feature less emissions and low noise. The BR 500 blower manufactured by STIHL was the only blower that qualified for the program for the second year in a row. The blowers were offered to professional gardeners and landscapers at a deeply discounted price of \$200, a \$270 savings off the suggested retail price of \$470.

"We are very pleased with the overwhelming participation in the program," said William Burke, Ed.D., governing board chairman of the AQMD, the agency sponsoring the leaf blower exchange program. "Gardeners did their part not only for clean air, but took

an important step in protecting their health by reducing their personal exposure to harmful smog-forming emissions."

According to a recent AQMD news release, the STIHL BR 500 blower exchanged through AQMD's program is nearly four times cleaner than the state's standard established for new blowers and is about 40 times quieter than the average new two-stroke backpack blower.

Also on hand at the event was Terry Roberts of the California Chapter of the American Lung Association who also thanked the AQMD and STIHL. "We truly live in one of the worst polluted areas of the country, and we'd like to thank those involved in these types of programs for their hard work in reducing emissions to help our patients," she said.

Mayor Dennis Yates of Chino, Calif., who also serves



This summer, 1,500 STIHL BR 500 low-emission, low-noise backpack blowers were exchanged through the AQMD program.



on the AQMD as a governing board member, pointed to STIHL's commitment to the environment saying, "We are very thankful to STIHL for making this event possible. We know there has been a tremendous commitment to lower noise and emissions from the company and as Mayor of one of California's most environmentally sensitive cities, we commend them for their efforts in making our city's air cleaner."

AQMD is the air pollution control agency for Orange County and major portions of Los Angeles, San Bernardino and Riverside counties. For more information on the efforts of the South Coast Air Quality Management District, please go to www.aqmd.gov.

To learn more about STIHL low-emission products, or to find a STIHL dealer near you, please visit www.stihlusa.com

STIHL Low-Emission Family of Backpack Blowers:

The BR 500 backpack blower exchanged in the AQMD program is one in a line of low-emission, low-noise blowers in the STIHL family. While the BR 500 is STIHL's quietest backpack blower with only 65 dB(A) per ANSI B 175.2, the STIHL BR 550 offers substantial blowing power, with a moderate price tag. The most powerful of STIHL's blower lineup, the BR 600 boasts a large, 64.8 cc displacement engine.

According to 2007 EPA statistics, all three of these models offer the lowest emission levels in their class.



According to a recent AQMD news release, the STIHL BR 500 is almost four times cleaner than California's standard established for new blowers.

INDICATE [250] ON INQUIRY CARD

STIHL®

14- and 16-foot enclosed beds. “The only equipment we take out of the truck at night are back-pack blowers and trimmers,” says Blake. “We then lock the rear door and back the truck up against the warehouse to protect the mowers. The equipment stays safe and dry, we have no more parking problems, and we have 10’ x 5’ moving billboards—which we’ve gotten many calls from.”

Blake says the enclosed vehicle offers other benefits, too. “We store extra trimmer heads pre-loaded with trimmer line, reducing downtime on the site.”

Fueling up

Gassing up the vehicles and equipment can also turn into a huge inefficiency depending on when and where it’s done, and who does it.

Wiley says this can be a big time-waster for crews. “Everyone goes to the local convenience store so they can stock up on cigarettes, donuts and sodas while they’re gassing up,” While points out. “The next thing you know, you’ve lost 10 minutes of the entire crew’s time. I’ve seen this cost as much as \$1,520 a month for some.”

His suggestion? “Purchase an on-site fuel tank and have a yard boy gas vehicles up,” says Wiley. “That allows your crews to stay in the field the maximum amount of time. The cost of putting in the



Think about how to motivate your employees to become more efficient, and encourage their suggestions.

tank at your yard will be offset by the extra billing time available.”

Contractor Dirk Bakhuyzen makes good use of time while gassing up. “Gas tanks at our shop have saved us time, as well as moving the dumpsters next to the gas pumps, so crews can empty trash at the same time,” Bakhuyzen says.

If that’s not an option for you, look for fueling alternatives. “We used to have fleet cards with a local chain where trucks would gas up,” says Walker. “A lot of time is wasted there. But then I found out about a company who has a fuel depot down the street. Now we have our crews fill up there at the end of the day before

returning to the yard. There’s nothing but a bathroom there; there’s nothing to do.

“Refueling in the afternoon is key,” Walker adds. “They want to get home and won’t waste time on the clock at that point.”

Tracking time

The common factor for all of these, of course, is saving man hours. Labor, after all, is your biggest expense. And gas stations aren’t the only places crews can waste time. “Last year we had several incidents of crews taking long lunches and spending too much time at jobsites for no particular reason,” says Krisjan Berzins. “We finally decided to

stop the madness and get a global positioning system (GPS). We've put it on all 14 trucks and made the drivers aware of what we could track now. We haven't had a problem since. It was worth the investment."

Maybe one of the best ways to track inefficiencies is to trace all steps taken on behalf of your company. "I didn't even realize what was really going on until I went back out with a crew and started mowing again," says Phillip Smithwick of Smithwick Outdoor Services in Lewisville, TX. "Talk about inefficient. In the last six weeks, I've trimmed nearly 20 percent of that crew's labor."

Think about how to motivate your employees to become more efficient. Walker has seen success with a new program to motivate her employees. "Each employee has a laminated card with their name on it," says Walker. "On the other side are rows of numbers. Well, every time that employee comes up with a better way to do things, or does something out of the ordinary, they get their card punched. Employees can trade those cards in for gift certificates, vacations, paid days and more at the end of the year."

Walker adds, "It really gets them thinking: 'How can I make everything as efficient as possible?' That's the way we want them to think." **PRO**

Shortcuts

Jan Walker of U.S. Lawns in Knoxville, TN, has spent quite a bit of time, well, thinking about saving more time. Here are a few things she and her team have figured out.

"I kept thinking, if those jiffy oil places can guarantee an oil change in 10 minutes, why can't we do that with our mowers?" says Walker. She asked around to find out what would streamline the process. She ended up purchasing a 55-gallon



air compressor that sucks the oil out—not unlike what's used at the jiffy oil places. "It saves lots of time, and didn't cost as much as I thought." She says it saves one to two man hours a week.

Keeping equipment in good shape is one thing; keeping the workers in good shape is another.

Walker says that many of their clients are small office properties where the job includes picking up a lot of small garbage items, such as cigarette butts. "Not only does it take a long time, it's very taxing on employees to have to continually bend over," Walker explains.

The solution? A litter stick that will pick things up without the user bending down. You can also take the stick on the mower, to pick litter up along the job. Couple that with a handheld litter bag, which has a structure to keep the mouth of the bag open, and the job gets even easier.

Financial Management

Know my numbers

Contractors talk about how they track their numbers, and how it affects their profit margins.

Don Zerby has been in business a long time. Fellow contractors bow to his expertise in the field. Zerby, however, will tell you that all the technical expertise in the world won't do you a bit of good if you aren't making a profit in your business.

"The bottom line is, we were floundering," says Zerby, who owns Ecolawn in Mentor, OH. "I always thought if we wanted to earn more money, all we had to do was get more customers and do more work. I've just recently figured out that it doesn't always work that way."

Many contractors follow that line of thinking. It seems logical; more business brings more money, so more profit should follow. Unfortunately,

that's not necessarily true. If you're not making a profit on 10 jobs, you still won't be making a profit on 100 jobs if you keep doing business the same way.

"I thought growth and success were synonymous," says Charlie Bourdages of Site Structures Landscape in Stratham, NH. "We got too big too fast, and I almost quit the whole deal. I was killing myself and losing money. I downsized, and have been much more successful since."

The numbers don't lie

Another common trait among landscape contractors is the "guesstimate." Some just hope for the best at the end of the year. "I used to just guess at what my profit margin was, and then con-

firmed it at the end of the year ... and I was never that close," says Jill Holly of Grassroots Commercial Lawn & Landscape in Fort Collins, CO. "Then I started tracking my numbers per job, per department, per contract, per month. Soon I was able to see where I was making the most money and where I was losing it. It became much easier to make decisions, particularly personnel decisions, because the emotion was taken out of it. The numbers don't lie."

Avoiding your numbers, and therefore not having the information you need to make decisions to increase profits, is not only hard on the business, it is hard on you. Contractors each have different stories about the

“wake-up call moment,” but the realization is the same.

“I’m the worst offender, because I did it forever,” says Zerby. “Eventually you hit a point where you realize there has to be a better way. You could even call it ‘self-induced slavery.’ You end up asking yourself, ‘Why incur all this risk for such a low payback? Why don’t I work for somebody else and avoid the headaches?’”

Track what you can control

Everyone says you have to “track your numbers.” What exactly does that mean? “That’s the first step in this process,” says Kenny Crenshaw of Herbi-Systems in Bartlett, TN. “The main thing a guy has to do is figure out what’s important to track. Then figure out what you can control, because it’s a waste of time tracking numbers you can’t do anything about. Once you’ve got those two figured out, the third thing to determine is how to measure it. Once you have a handle on these things, the actual tracking is easy.”

Here are a few ways contractors track their numbers.

Job-costing report. “By far, the one I look at the most is the job-costing reports,” says Dale Wiley of Landscape Specialty Services in Forest Grove, OR. “I have an estimating process that covers all aspects of the job on one side and the job costing on the other side. All labor and materials are entered into

“Then I started tracking my numbers ... It became much easier to make decisions, particularly personnel decisions, because the emotion was taken out of it. The numbers don’t lie.”

this sheet every day, and I know where the job is at all times.”

Production reports. “We track hourly and daily production for the guys,” Crenshaw says. “You can control hourly production gross profit by raising prices, lowering your expenses or being more productive. By evaluating production, you have several things you can adjust to improve your margins.”

The P&L. The profit and loss statement is an important document. Be careful, though. There is much more to the P&L than just the bottom line. Review all the numbers and analyze the accuracy of the profit margin. “I have set up my books to tell me more using my P&L,” Holly says. “I can divide it up by class, department, overhead, employees, billable time, etc. If you set up your QuickBooks right, you can really use the statements in there.”

Determine your break-even point

Before you can decide what profit margin you would like to achieve, you have to know how much you need per job to support the business. “Not knowing your costs for direct labor and overhead recovery on an hourly basis is basically throwing darts at the profit wheel,” says Wiley. “Every business should know their total overhead cost for the year, their direct labor cost for the year and what level of profit they can obtain with those numbers.

“You must also know the number of hours you have to sell, then divide it by your direct labor cost with burden and benefits and all your overhead (including owned equipment),” Wiley goes on to say. “This is your hourly cost, or what you need to break even. From there you can set a net profit level—and then refuse to ever go below it.”

“Now that we know our break-even point, we monitor what we are doing continuously,” says Zerby. “I make sure we are at or above that number at all times.”

When Zerby’s not getting the numbers he wants, there are things he can do to improve them, even if the contracts are annual and re-negotiating isn’t an option. “We’ll make small adjustments during the season to improve efficiency,” Zerby says. “Changes in routing, the equipment we use on a job and even the processes

we use to complete the project are constantly being analyzed and refined.”

Wiley uses a spreadsheet to help him keep track of these numbers. “One of the primary formats I use is an ‘hours sold’ sheet,” he points out. “This will have the months of the year on it, the direct labor hours, warranty and time bank allocations, and shop time allowances. This gives me the total amount of time I have to sell to cover these requirements.”

Separate the winners and the losers

Part of this process is figuring out which jobs—and which clients—are most profitable. “We had to learn what kinds of customers are best for us,” says Zerby. “We also had to find out the area we wanted them in for efficient routing purposes. Then we went through our customer list to figure out which current customers meet the criteria.”

Checking your accuracy comes into play here. “In an effort to know which accounts are making money and which aren’t, I re-measured every job this spring,” says Zerby. “It was an important exercise.” He gives an example of a property he had priced at 10,000 square feet. The measurements came to 21,000 square feet.

“That’s a big discrepancy,” says Zerby. “I guess I knew at the time that my price was a little low. But he was right in the middle of

four other yards in a neighborhood, and I thought I would make up for it because of the density of accounts in one place. But the truth is, I’m losing money by doing this property.”

“I narrowed my niche when I downsized, and now I’m in the process of narrowing it again,” Bourdages says. “I am aiming at where we make the most money. The company doesn’t need to grow, just refocus. All that means is knowing which jobs to take and which not to take.”

Crenshaw agrees that determining which customers are profitable is half the battle. “Do you want to protect your profit margin?” he asks. “Figure out your hourly break-even for tracking purposes. Then you have to do more jobs that you make money on and fewer jobs that you don’t make money on. It’s that simple. The hard part is knowing which is which.”

It’s been a real wake-up call for Zerby to see in black and white (and red) which of his accounts are profitable and which aren’t. “About a third of my properties are not profitable,” he relates. “When the contracts are up, I will attempt to renegotiate with my customers. I anticipate losing about half of those accounts. It’s a very scary prospect.”

Have the courage to make changes

It is human nature for a contractor to talk about the panic

that sets in when you begin thinking of “firing” a customer. The thought of turning away work and/or a willing customer is frightening.

The key is to put it into perspective. “Add up the hours on the money-losers,” says Crenshaw. “It’s all about the numbers. Imagine writing that customer a check for the money you are losing on that job. That’s exactly what you are doing if you keep working for someone when you are losing money.”

The same goes for certain types of jobs. “You might love doing pavers,” Crenshaw cites as an example. “But you never make money on them. You’ve got to quit doing pavers, even if you love it. Why pay for the privilege of working on someone’s project? It’s not worth it.”

It’s not just customers or job types that you may have to eliminate. Sometimes it is an entire service category. “Limit your services,” says Zerby. “When I figured out which jobs make money, I found out that we lose a lot of money by providing one of our services. I feel it is important to the menu of services we offer our clients, so it would be tough to eliminate it. I’m considering subbing it out next year.”

According to Crenshaw, it comes down to having the courage to make some changes in your business. That may seem scary and run against the grain of

what you feel you need to do to run a company.

“A lot of contractors avoid working their numbers because they are afraid of what they might see, and what they might have to do about it,” says Crenshaw. “I’ve got friends who won’t count their hours because they’re afraid of what they will find out. Instead, they will struggle and plug away for years with very little reward, because it seems easier than making big changes in the business.”

“Don’t get caught up in the emotion of the process,” says Wiley. “Know your numbers. When you know where your liability lies and what the bot-

tom line really is, you know what could potentially happen if you fall below that rate. It gets easier to make decisions.”

Keep watching

Learning your numbers is one thing. Tracking them is another. Using them on a regular basis to run your business though, may be the most important step in the process.

“Don’t wait until the winter to find out you lost money,” Crenshaw advises. “Watch your numbers and ask questions. If you didn’t break even on a job, figure out why. Review productivity. Could the job have been done differently, better or faster ... or was it mis-bid? Talk to

your people. If it was under-priced, raise your next bid.”

“Most overlook the importance of knowing to the minute what your costs are,” adds Wiley. “If you break it down that far, it puts a different perspective on operational efficiency. I look at my budget daily and can make adjustments as I see fit.

“Want to buy a new piece of equipment?” Wiley goes on to ask. “Plug it into the numbers and see how it fits. Want to give a raise? Plug it in. If you stay close to your numbers, they will tell you how you are doing and what you can afford. The last thing you want to do is subsidize the operation with net profits.”

PRO

Get help in the right places

Granted, it’s difficult to determine which numbers you need to track. Not to mention how to produce the reports you need to track them. “We hired a consultant that helped,” says contractor Kenny Crenshaw. “We tracked all kinds of numbers for years, but we didn’t know exactly what to do with them. Quite frankly, there is a lot of bad advice out there. It took a while to find the right person to give us the right advice.”

Crenshaw, as well as a couple of other contractors featured in this story, turned to Monroe Porter for help by joining his PROSULT networking group. Kenny gets advice from peers and experts, and learns solutions from others who have walked a mile in his shoes.

A good accountant can help you put together the numbers you need to get an accurate snapshot of your business. But Crenshaw says you need to give them proper direction in order for them to help you fully.

“Most accountants set up the financials to make it easy to do taxes,” says Crenshaw. “But that’s not

what you need to track. You’ve got to work with your accountant to find a good system. Bring your paperwork to the accountant and have them set your financials up like your production tracking system. Make sure it is a system you can use and understand.”

Contractor Dale Wiley says you don’t have to spend thousands on a complicated computer program to get what you need. “Take the time to learn Excel and make it work for you,” he says. “I have QuickBooks for financial needs and the rest is all Excel. I create all my own estimating programs and tracking programs through Excel.”

Reports, however, are just reports until you analyze them as they relate to your business. “The truth is, some of these specialized systems will report numbers to you, but they won’t help you if the numbers aren’t accurate, nor will they tell you how they impact operations and net profits. You have to understand the relations with the different numbers,” Wiley adds.

Personnel & Leadership

Great employees start with you

Tips on getting the most from your employees through superior leadership skills.

Developing efficient, productive, happy employees is a tricky proposition. Great employees thrive with a great leader. On the other hand, talent is often wasted when a leader doesn't do a good job of leading potentially talented employees.

You do your best to assemble the most qualified team. You try to provide the right training and competitive pay. What else can you do?

Quite a bit, actually, and most of it doesn't cost you much more than a concentrated effort to create a culture and an employer-employee relationship that your team will thrive on.

"Get to know them," says T.C. Zimirowski of EMG Associates Inc., a landscape architecture and construction company in Leominster, MA. "Invest in them with yourself. When you show you are on the same page, they will step up and prove themselves."

Reuben Butterfield of Helios Landscaping in Canada's Victoria, British Columbia, agrees. "By taking a little more time developing a relationship with my employees, I have been rewarded



greatly—by their performance, the way they treat other employees, and the greater confidence I have in my team," Butterfield says. "It works. You can actually see the physical changes instantly in posture and smiling. Creating a positive environment is extremely gratifying."

Really listen

"Really listen to the people who work for you,"

says Zimirowski. “They know more than you think. They are your biggest resource. Get them involved in everything you do.”

Show an interest in their lives and futures

Zimirowski makes a habit of sitting down with employees on a quarterly basis to discuss their long-term goals, both career and personal. He calls it U University.

“I’ve helped my employees set up a college savings plan for their kids, retirement plans, even their programs to help achieve their goals of getting in shape,” says Zimirowski. “They love it. It shows we care and that I want them to be happy. It makes a difference.”

Give positive reinforcement

It is human nature to seek out and thrive on positive reinforcement. “Make sure you find something legitimate and honest that you compliment to each one of your employees daily,” says Butterfield. “Don’t hesitate to compliment them in front of the other guys, either. Their egos eat it up, and others will work harder to get the same recognition.”

Zimirowski says the rewards can be inexpensive, but go a long way promoting top performance. “It’s part of our company culture,” says Zimirowski. “People know that if they perform, they will be rewarded. Maybe it’s a bottle of champagne in their room when they are on vacation. Maybe it’s dinner for two. Maybe it’s baseball tickets. Those little perks mean a lot and foster loyalty.”

Zimirowski uses a model for brainstorming on personal goals. He makes a triangle. In the center of the triangle is the employee. In the corner of the triangle is the word “Physical.” The next corner is “Financial” and the third corner is “Cultural.” He touches on each of these points with the employee and helps the person define where they would like to be.

Are you a good listener?

Your listening skills help shape how you’re perceived as a boss. If employees feel you are a good listener, you’ll likely be seen as confident, compassionate, aware and fair. If you’re seen as a poor listener, employees will probably describe you as arrogant, mean, out of touch and unfair.

If employees don’t feel you are a good listener, they will stop talking to you. Not only will that put distance between you and your employees, it will take you out of the loop. You won’t have information important to helping you manage your business.

It’s difficult to stop and be an active listener in the chaos of your day. Here are some tips from “The Boss’s Survival Guide” on being a good listener:

Give employees your full attention. Resist the temptation to multi-task by sorting mail, etc. Put everything aside and ask questions. Focus on what they are saying, not what you’ll say next.

Notice body language. Make sure the employee’s body language is matching what he is saying. You can learn a lot from that non-verbal communication.

Remember that silence is golden. Yes, employees want advice or information when they come to you, but they also want to be heard.

Repeat what you hear. It confirms you understand the employee, and reinforces that you are listening.

Think before responding. Choose your words carefully so you don’t say something you’ll regret.

Handle mistakes carefully

When things are going well, it’s a lot easier to be generous with compliments and perks. But when problems arise, this is your true test of leadership.

“If they do something wrong, no matter how stupid it may be to you, do not get angry,” Butterfield

advises. “Communicate your disappointment. Tell them we all make mistakes, and you are going to do your job in the future to make sure they know what they are doing in that situation.”

Butterfield says that before you cast blame, you should make sure the employee had all the tools and information needed to get the job done correctly. “This is based on the theory that employees, by nature, want to do a good job,” says Butterfield. “So you have to ask yourself, what made the job go poorly? Have I done my job of making sure they were well-equipped in the first place?”

“Did they even know what actually had to be done?” Butterfield continues. “A lot of bosses in this

industry are not good at communicating what they want to see done, and then get angry when it’s not done the way they wanted it. They forget that employees haven’t done this as long as they have.”

Empower your people

By empowering your employees to make their own decisions in the work environment, you are giving them the opportunity to take ownership of the project, the company and their own satisfaction in their jobs.

“Everything you do from the day you hire a new team member works to establish trust,” says Butterfield. “By empowering employees, you are in essence telling them, ‘I have confidence in your ability to do this for me.’ They



will rise to the occasion, and you will be shocked at the productivity you gain.”

Again, this is a leadership challenge at times. You want things done, well, how you want them done. Eventually you realize you can’t do it all yourself, and you also can’t spend all your time micromanaging and still get your own goals accomplished. If the job gets done, done well and on time—even if it was accomplished through a process you did not invent—you must give praise.

Butterfield tells, “I might say, ‘Man! You made that call on your own? Great job! I would have done things a bit differently, but you are making the decisions here, and we like the results!’” He adds that this behavior on your part instills confidence in the employee, among other benefits.

“I can leave a job now and go to a meeting with absolute confidence that everything is moving

Top 10 things to do to keep your best people

10. Hone your listening skills
9. Respect cultural values
8. Manage to get the best results
7. Recognize the value of emotional intelligence
6. Don’t underestimate the value of informal recognition
5. Keep employees in the loop
4. Vary your leadership style
3. Manage within the context of your organization’s culture
2. Share your expectations for employee behavior
1. Walk the talk

From “The Boss’s Survival Guide: Everything you need to know about getting through (and getting the most out of) every day”

forward smoothly, and that even if stumbling blocks are encountered, my people have the ability to make decisions,” Butterfield says. “This is invaluable to me.”

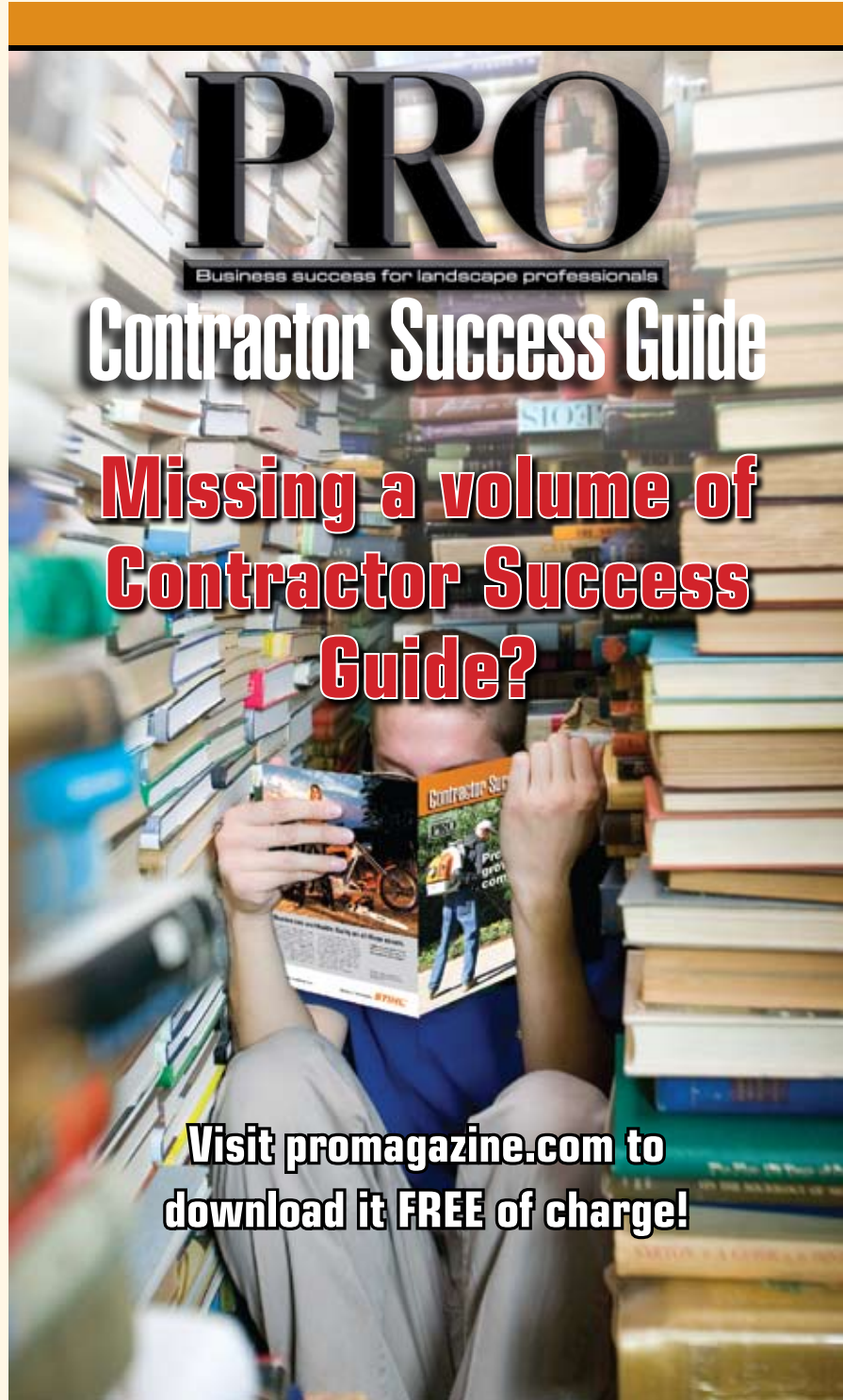
Zimirowski says that confidence comes from empowering employees after you’ve provided proper training. His company offers a series of training on processes, customer service, safety and more. “Always measure your training and employee performance,” Zimirowski suggest. “Great leaders will be found this way.”

Walk your talk

Zimirowski is a firm believer that you can’t expect excellence from your employees if you yourself are not prepared to exhibit that in your daily life. “Share your own goals, and be accountable for achieving them,” says Zimirowski “I can inject discipline and behaviors through my own actions. I foster good nature by doing this.

“It’s important to be consistent all the time,” Zimirowski adds. “Set a good example. Treat people the way you want to be treated. Promote healthiness and good habits. Employees return what you give. It’s that simple.”

Zimirowski says you have the power to develop the talent in your company. “Leaders set the example,” he exclaims. “Others will aspire to lead if leaders have the discipline to follow through and promote the culture. This will breed new leaders.” **PRO**

A person is sitting in a library, surrounded by tall stacks of books. They are holding and reading a magazine titled "PRO Contractor Success Guide". The magazine cover features a person working on a motorcycle. The word "PRO" is prominently displayed in large, bold, black letters at the top of the image. Below it, in smaller text, is "Business success for landscape professionals". The main title "Contractor Success Guide" is written in large, white, bold letters. Below that, in red, bold letters with a white outline, is "Missing a volume of Contractor Success Guide?". At the bottom of the image, in white, bold letters with a black outline, is "Visit promagazine.com to download it FREE of charge!".

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Financial Management

Figuring out factoring

New technology and features help make an old financial tool more attractive to growing businesses.

Managing cash flow has been a challenge since the invention of cash. It's an especially big headache for the modern small business owner, who often finds himself juggling receivables and revolving lines of credit to make ends meet. But in recent years, one ancient solution—factoring, or selling outstanding invoices in exchange for a cash advance—has been making a big comeback.

The trend is being driven by a number of things, most notably the increasing popularity of another old business practice: cash management, or big, commercial clients intentionally dragging out payments because vendors can't afford to lose their business.

It's also a result of the “factors”—another name for the

cash flow financiers—making the service better, faster and easier to use. Some have combined factoring with billing services and Internet technologies to make cash flow management “out-sourceable,” relieving the burden of tracking receivables. That not only reduces the overhead cost of such tracking, but it can free up time to pursue additional business financed by an advance on outstanding bills.

An alternative source for capital

Traditionally, factoring was utilized by businesses that needed to have a wide variety of stock on hand, such as clothes and shoe retailers. It was also used by businesses out of desperation after

they got into trouble, which tended to attract less savory lenders.

But the practice has been refined into a safe, useful tool for all types of businesses, evolved into a \$1 trillion industry. Mark Burton of CDS Capital, which has provided factoring and billing services for over 30 years, says it is especially attractive to companies that need a quick injection of capital for expansion.

“What I hear most from contractors is that there are a lot of premium jobs out there that they want to bid on, but can't front the equipment and manpower if they won't get paid for 60 days,” Burton says. “It stops a lot of companies in their tracks because they can't fill that gap.”

Burton adds that financing a

grab for the brass ring can be tough. “A bank is typically interested in what you’ve already done. We’re interested in what you can do, and we’re willing take the chance on the potential for growth.”

Factors can also turn a loan around in as little as a week, whereas a bank loan may require several. “You don’t need boxes of paperwork to get the advance (from a factor),” Burton explains, adding that subsequent accounts can be established with a phone call. Unlike a bank loan, the transaction does not have to appear as a liability in the books.

That’s not to say the factor will enable recklessness. Both the contractor and the potential client must undergo a credit check, and depending on the agreement with the factor, the contractor may still be responsible if the client defaults on the bill (in some instances a factor will assume liability in exchange for a higher fee).

Also keep in mind that rapid growth and bigger accounts require more than just capital to invest. More employees and more equipment means more management; careful planning and having the right systems in place are essential to successful growth.

Headache relief

Burton says factoring can also help ease management headaches, smoothing out the

cash flow process—if it’s used wisely.

“Every business owner who calls me thinks their cash flow problems are unique—sales are increasing, but cash flow somehow isn’t,” he says. “It’s probably one of the most common prob-

It’s difficult to plan when the money comes in drips and drops. It makes it a lot easier once you know that the money’s going to be there every month.”

lems for start-up companies, who are in effect financing their slow-paying customers by doing the work now and getting paid weeks later. It’s also difficult to plan when the money comes in drips and

drops. It makes it a lot easier once you know that the money’s going to be there every month.”

Technological solutions

Many factors also offer billing services, clearing up another common task that takes time and attention away from other managerial duties. “Some of our clients say they used to spend up to 25 percent of their time on billing and receivables—licking envelopes, making phone calls and updating records—or they’re increasing overhead to have someone else do it,” Burton says, also noting the costs that can be accrued in bank deposit fees, postage and mailing.

Some factors have developed online services, like CDS Capital’s





myreceivables.com, that allow companies to both upload billing information and instantly obtain information about their account. The system can be integrated with many brands of accounting software, such as QuickBooks.

The factor can create and mail invoices using the company name and logo, process payments and generate detailed cash flow reports. The client company can also check the progress and status of each account via the Internet, and download documents on demand.

Burton says the process can be customized to meet an individual company's needs, and pains are taken to not disrupt relationships between businesses and their customers. Companies can opt to charge late fees for overdue accounts, for example, or can request that no contact be made with the customer whatsoever. "We're not a collection agency," he says. "We won't harass customers with phone calls or letters."

Weigh costs and benefits

As with any type of outsourcing, the cost of factoring has to be weighed against the benefits, and a lot depends on your particular circumstances. If you're ready to grow, it may be a way to compete against larger companies that have greater liquidity. As the old saying goes, cash flow is the life blood of any business, and a factor can provide a quick transfusion.

The nuts and bolts of factoring

The basic idea behind factoring is selling outstanding invoices to obtain immediate cash payment, minus a percentage fee.

Mark Burton of CDS Capital says the amount of the fee is determined by the receiving company's credit history, the volume of sales being credited and how long it takes the factor to be paid by the customer. The percentage can be adjusted as those variables change.

For example, the fee could be set at 3 percent for the first 30 days, with an additional percentage point for each month the invoice is not paid. The base rate might also be lowered as the company establishes a track record and/or increases the volume of sales processed through factoring.

The lender also withholds part of the up-front payment in a reserve fund, which is used if customers fail to pay. The revolving fund is generally maintained at about 20 to 25 percent of the total outstanding balance. (The figure is also based on the three criteria: credit, sales volume and speed of payment.)

Burton says companies don't have to factor all of their accounts receivables, but he does recommend that all transactions for an individual customer be factored to avoid confusion. Commercial accounts tend to get better terms, as they present less risk, but a program is also available for residential/consumer accounts.

You may also be surprised upon examination at how the nickels and dimes are spent getting people to pay and keeping track of who has paid. Even more important, Burton points out, is the opportunity cost of spending

time on paperwork instead of improving the business and generating more income. "A lot of companies don't realize how many hidden costs there are, not only in overhead, but in lost opportunities," he adds. **PRO**



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