

# Contractor Success Guide

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A supplement to

**PRO**

Business success for landscape professionals

## Environmental Alternatives With P. Allen Smith

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Young Guns Talk Industry Change

*Photo by Kelly Quinn*

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## Strengthen Sales in a Tough Economy

The media bombards us daily with stories about the seemingly insurmountable economic challenges facing our nation...and, for that matter, the world. At STIHL, we see three key areas to help drive sales and profitability in such times: products, training and marketing.



Just as new products are the lifeblood of manufacturers, services are the lifeblood of landscape contractors. Now may be a good time to evaluate and extend your service offerings to increase revenue, attract new customers and take advantage of the latest consumer trends, including the "green" wave. See the interview with P. Allen Smith in this issue for more information on what consumers want.

Second, invest in training. Perhaps, the economy will necessitate reducing your travel budget for staff training and education, but explore the Professional Landcare Network (PLANET) on-line learning opportunities and other resources, as well as using publications such as this one and *Crew Chief Success Guide* as resources for learning.

Finally, a recent MarketSense study chronicled that during the 1989-91 recessionary period, leading brands that wisely increased their advertising investments experienced far superior sales and market share growth than those that did not. Now is *not* the time to withdraw your marketing investment and become invisible, though it *is* more important than ever to be wise about where your investment is going and the return you're getting.

You don't have to give up on profitability in 2009 if you invest in your business and in your people, manage costs responsibly, and provide exceptional customer service.

Wishing you continued success,

A handwritten signature in black ink, appearing to read "John Keeler". The signature is stylized and written in a cursive-like font.

John Keeler  
National Training Manager  
STIHL Inc.

Gregg Wartgow, editor-in-chief



## Defining Moment

I've been talking to a lot of people about the current state of the economy, and what that means for the green industry. One of the main themes that continues to come up is the fact that times like these can prove to be a defining moment for landscape contractors.

Defining in a bad way? Sure—some contractors are going to tank this year. But times like this can also be defining in a good way. Here are a few reasons:

- If “inferior” companies go out of business, you have access to an increased labor pool—many of whom are talented and experienced
- If “inferior” companies go out of business, or simply begin to provide sub-par service because they're struggling and cutting corners, “superior” companies start to pick up new clients—especially in the maintenance and lawn care sectors
- If “inferior” companies go out of business, the market is less crowded when demand starts to pick up again

How is this year going to define you? I suggest you follow Todd Reinhart's lead of Reinhart Grounds Maintenance in Bloomington, IL, a 2007 Pros in Excellence Award winner. Listen to my conversation with Todd at [promagazine.com/procast](http://promagazine.com/procast) (post date February 17). Todd, like many leading contractors, is not going to let this year define his company. Reinhart Grounds Maintenance is going to continue defining itself.

As Todd points out, succeeding in a market like this is largely the result of positive, consistent behavior over a sustained period of time. This issue of *Contractor Success Guide* is designed to help you find a way to succeed by addressing some of the very things Todd talks about. So enjoy—and here's to your success.

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## Leadership

# It Starts With Structure

*Don't let your work ethic ruin your business.*

**A**s management consultant Dan Kohler points out, running a small business sometimes requires long, hard hours. But the key factor determining a company's success is sound management and inspired leadership.

"We're all taught growing up that working hard gets you ahead in life ... that everything will work out if you just put your nose to the grindstone," Kohler says, adding that contractors in particular have a notion that they have to pay their dues and accumulate battle scars before they can relax and enjoy success.

Ironically, it is contractors' strong work ethic that's one of the biggest obstacles to good management. Compelled to shoulder all of the company's burdens, they

don't have the time, energy or creativity left to lead the company to success.

### **Falling into the trap**

Initially, a contractor's dedication and attention to detail help his company thrive. Customers respond enthusiastically to good service. Before long word spreads

and the company grows, along with demands on the owner.

Energized by the thrill of entrepreneurship and urged on by his work ethic (as well as the belief that he has no other choice), the owner puts in addi-

tional hours in the field and on paperwork. But there's an additional, hidden burden that most contractors don't recognize until it begins to overwhelm them: the ever-increasing complexity of the business.

"Most of the stress the owner of a growing business experiences is directly related to the number

of decisions he has to make," says Kohler. "He has to weigh the possible consequences of each decision and follow through on each outcome. He may make 100 decisions in any given day, and have five reasons for making each.

***Ironically, it is contractors' strong work ethic that's one of the biggest obstacles to good management.***

“Studies have shown that a person can realistically hold seven items at a time in short-term memory. That’s a problem for an owner who’s running the entire business out of his head. When something goes wrong he can’t remember what he did and why he did it. That makes it hard to fix the problem and avoid making the same mistake in the future.

“Meanwhile, there’s always something new screaming for his attention—a skid steer breaks down, the next job is coming on line. More and more things begin to fall through the cracks, creating more and more problems, but he can’t do anything about it because he’s trapped in the day-to-day.”

### **Wrong diagnosis, wrong remedy**

Most small business owners don’t adapt quickly enough to the increasing complexity because they don’t recognize that the business requires an entirely new way of thinking.

“An owner who’s trapped in the day-to-day is like a person who has to think about when to take a breath and blink his eyes,” says Kohler. “He simply can’t focus on the higher functions of the business if he’s distracted by daily details.”

Owners commonly misdiagnose this as a lack of organization, and attempt to keep track of things with day planners and to-do lists. But Kohler says this is

akin to writing notes reminding yourself when to take a breath and blink your eyes.

“Making lists only sinks you deeper into the day-to-day, making you task-orientated instead of project-orientated. Now you have to remember to write things down, and then reconstruct what you were thinking.”

***“An owner who’s trapped in the day-to-day is like a person who has to think about when to take a breath and blink his eyes.”***

Another common mistake is trying to off-load part of the growing pile of details, decisions and tasks onto employees. While this may seem like the logical solution, like to-do lists, it actually increases an owner’s stress.

“I see 80% to 90% of contractors I talk to making this mistake,” says Kohler. “They’ll say something like, ‘Could you do the take-offs on this job and get them to me ASAP?’ But it doesn’t get done. Not only does the owner have to scramble to make up the work, they think they can’t trust their employees.”

Kohler adds that many contractors try to relieve the detail

burden by hiring office help. But often they find that the pressure of meeting the additional overhead burden is greater than the relief from paperwork.

“Many times, the first overhead person is hired not because it’s part of a plan but simply to relieve pain,” Kohler explains. “It’s an avoidance mechanism. There’s no thought given to what that person’s role is and how it fits into the company goals. But the underlying problems are still there.”

### **The cosmic wake-up call**

Eventually, the entrepreneurial energy that sustains a contractor’s superhuman effort to single-handedly sustain the business drains away. It may take two years or 10, but all dropped details begin to overwhelm. In some cases it’s a family emergency or a health problem that forces a change.

If the business doesn’t collapse under the strain, an owner may decide to scale back to where things are manageable. Or, they may begin to wonder how other companies made it past the pinch-points of growth.

“It’s one of those things that hits you at 3 a.m. in the kitchen, when the only light is coming from the light over the stove and the only sound is from the clock ticking,” says Kohler. “You feel a big emptiness in your life, and decide that you just can’t do this to yourself and your family anymore. It’s

time to make a change.”

An early morning epiphany isn't required, Kohler explains, but the “cosmic wake-up call” does require a realization that blood, sweat and tears are not the only ingredients for a successful business.

“It's a deceptively simple concept, but it can be hard for an entrepreneur to get his brain around, especially when he's in the thick of things. He forgets that the bicycle has more than one gear, and that one can go faster in fourth gear than in first—with less effort.”

### **Commitment to change**

That insight—that less can be more—is crucial to making a change, as is a commitment to letting go of the honorable but short-sighted work ethic of the start-up entrepreneur.

“Too often an owner will tell himself ‘I have to step back,’ but they really haven't convinced themselves,” says Kohler. “Then a key customer calls in saying one of his guys just ran over a prize rose bush. His good intentions just can't compete with that.

“If you fall back into your old habits, you'll be in worse shape than when you started because it will shatter expectations. You and your employees become convinced it isn't worth trying to change because it will just end in failure. You have to make a covenant with yourself

and your employees.”

Of course, things won't change overnight. The cosmic wake-up call is an important first step but it is just that—a first step. Kohler says it's a mistake to think that everything will come naturally and easily once the commitment is made.

“There's no voodoo involved in learning to be a good manager and leader. It's a process every bit as tangible as, say, learning to build a retaining wall. It's not a matter of going to a half-hour seminar or reading a book—although those things can inspire you. It's one step at a time, with a lot of trial and error.”

*“It begins with creating structure in your work week, instead of letting events pull you in different directions.”*

### **Setting the schedule**

The most difficult step is the first. It can be overwhelming when one thinks of all the components of a business that need to be overhauled—pricing, service mix, marketing, operational systems, strategic planning and on and on. There's also the question of where to start, which can seem like choosing which strand of a knot to pull on.

Kohler says the best place to start is with managing your own time. “It begins with creating structure in your work week, instead of letting events pull you in different directions.

“The best way to get a handle on it is to plan an off-site meeting with your office manager or, if you don't have one, a trusted employee, friend or mentor. It's critical to get away from the office, where all the day-to-day stuff is swirling.

“Sit down and go through the week, hour by hour, and determine what needs to be done and when. It shouldn't be a detailed to-do list, but a general schedule of when a given function will be performed—like sales, budgets, estimates, etc. It should be realistic, and it should be followed religiously.”

### **Systematize for success**

Not only is the schedule a means to get organized, it's also the first lesson in learning to think in terms of systems instead of tasks.

Kohler reiterates the example of the basic mistake contractors make when assigning employees a task. “Instead of saying ‘Could you do the take-offs on this job and get them to me ASAP?’ you say ‘Have these take-offs in my office Thursday at 2 p.m.,’ because that's the time you've allotted for performing that function.

“Now, instead of having to remember that you've delegated

## Taking Control

Roscoe Klausing, owner of the Klausing Group in Lexington, KY, knows how painful the stress trap can be to both owners and the company.

It wasn't long after its founding in 1998 that Roscoe and his brother Brook found that the business had taken over their lives. "We were both working 60, 70 or more hours a week," says Roscoe. "When we started, we were pretty much able to set our own hours. But it got to the point where we hated it."

A drought brought more pain, as the brothers were forced to lay off all their employees. Roscoe says his "cosmic wake-up call" came soon after.

### Investing in people

Observing other successful companies in Lexington and networking with other contractors through the Professional Landcare Network (PLANET), Roscoe says he identified employees as the keystone to success. "People are motivated when they have an opportunity to improve their lot in life," he says. "Hitting a ceiling encourages mediocrity." That meant he had to grow the company to allow employees to grow with it.

### Making time

Roscoe says his first step was to carve out a piece of his day dedicated to improving the business. He was fortunate

that his brother could take charge of operations, but he says if he hadn't had a partner he would have worked with a trusted employee.

He spent his mornings on office work, but also made time to study for PLANET's Certified Landscape Professional exam. That, in turn, set off a chain reaction: developing a long-range plan, creating an organizational chart and job descriptions, establishing a budgeting process for filling those positions, and so on.

Roscoe says it soon became apparent where he should be spending his time. "It's become a constant process of working myself out of a job—building processes for sales, budgeting and accounting, human relations, etc., and handing them over as we build the management team."

### Good stress

Roscoe says the process hasn't been without its up's and down's, and it's taken three full years to get where he really feels confident and comfortable in his ever-changing role.

As pieces of his plan fell into place, it eliminated major problems. A 300% employee turnover rate years ago is now an almost 100% retention rate. He still feels stress, but he says it's "good stress" resulting from striving toward a goal, not from events spinning out of control. "There's nothing worse than the feeling that you're just along for the ride in a business that's out of control," he says. "It's much better to be in the driver's seat."

that task—or worse, discovering you've forgotten when you need the information—you can forget about it until your schedule alerts you. Your employee knows what's expected of him, and that he will be held to account if he doesn't meet the deadline.

"You've just created a system," adds Kohler. "'Thursday at 2 p.m.' is the basic building block of successful management."

### Setting out strategy

The schedule should include time for creating systems that help clear away the details, as well as longer-term strategic thinking.

"It gets easier the more you do it, because you're freeing up more and more of your brain

to think about the business," says Kohler. "Now, there's an irreducible minimum of things that have to be done on the spot and can't be done on a schedule. But it should cut down on the things you have to remember by at least 60%. Owners are usually surprised by how much they can clear off their plate.

"I've talked to owners who thought they had Attention Deficit Disorder because they had so much on their mind they couldn't focus. But as they created a little breathing room for themselves by creating some structure, they said things like 'I can't believe how much higher my I.Q. is!'"

Although not a remedy for all that might ail a struggling business, the schedule should help free up time to focus on

those problems as well as avoid future ones. Eventually, the owner can begin to think about strategic planning.

"It's very important to get to a point where you can look ahead, because those goals should be driving everything you're doing now, from job descriptions to marketing decisions," Kohler says. "The idea is to create a structure of what your business will look like five years down the road, filling it in as the business grows."

Perhaps most importantly, systems and strategic plans help an owner escape the stress trap and enjoy their personal life as well as their business. They also help restore the creative entrepreneurial energy that is vital to a growing, thriving company. **PRO**

## Strategic Management

# Better Business Planning

*Avoid these most commonly made mistakes when charting a path for your business.*

Just about any contractor you talk to will tell you that having a vision and a plan for the business is important. Most will even tell you having a formal annual business plan and even a long-range plan is important. When pressed, however, most will admit they don't have a plan much beyond what the bank requires. Even more will tell you they don't use it as a regular tool to steer their business.

Admitting there is a problem is half the battle. Here are some of the most common mistakes contractors make in their business planning ... and how some contractors have overcome them.

### 1. Not doing it ... or not doing it formally

"The biggest mistake in planning is not to plan," says Douglas

Pitkin of Southern Outdoor Services in Pineville, NC. "We all get caught up in our daily routine and are guilty of pushing off something to the next day. You've got to make time to plan, because before you know it, you'll be pulling your hair out."

"I think most people are good planners," says Dan Foley of D. Foley Landscape in South Walpole, MA. "However, many are not deliberate or conscious enough about it. Many times they are planning 'in their heads' which makes it very difficult to evaluate, think strategically, monitor progress, share it with others, link it to other plans or build off of it for the future."

Foley says that whatever time a contractor can commit to planning will pay a huge return on investment. "If you can't find time

to plan, make an appointment with yourself in your calendar, just as you would to see a client or do a job," says Foley. "Then use that time to work on the future of the business, rather than work in the business for that moment."

According to Maria Candler of James River Grounds Management in Glen Allen, VA, there is some form of planning that takes place every day, whether you recognize it or not. It's not much of a leap to get yourself into "planning mode." For instance, "I've tried to retrain my brain to always think in terms of months and years, not days," she says.

### 2. Getting hung up on the answer, not the process

The idea of long-term planning can be overwhelming to many contractors. "This is our



first year of developing—and now implementing—a solid plan for our company,” says Pitkin. “We finally decided that in order to be a truly professional company, we have to act like one by planning for all situations.” Pitkin admits, though, that it takes some getting used to. “My partner and I are good landscapers and managers, but we aren’t naturals at running a business.” A consultant they hired, Dickran Babigian, recommended developing a plan that would give them focus.

“Planning is about the process, and in the process you develop a visualization of your goals,” says consultant Monroe Porter of PROOF Management. “Through that visualization, you can avoid some of the business hurdles and issues.”

Foley says the level of detail depends on you. “A plan can still be very strategic and effective if it is short, organized, logical and specific.” He emphasizes the word specific. “Avoid making general assumptions and goals,” says Foley. “The more specific the plan and relative goals are, the more successful you will be.”

Richard Lindsay of MowCow Lawn & Landscapes in Fairfax Station, VA, agrees to keep it simple and specific, but warns not to get lost in the minutia. “I would start a plan, get too detailed and then get overwhelmed and never finish it,” says Lindsay. “I would get frustrated, and end up throwing

the baby out with the bathwater.”

### 3. Not using the plan to benchmark progress

A business plan is just that, a plan. Plans change with different circumstances, and it is good to adjust as you go. But the plan also gives you a tool to navigate, and

***“A plan can still be very strategic and effective if it is short, organized, logical and specific.”***

***– Contractor Dan Foley***

helps you stay on course. “One of the biggest mistakes is not to follow the action outlined in the plan, and not to keep score as to how the organization is doing relative to the plan,” says Foley.

He compares that to flying a plane. Your business plan is your flight plan. You couldn’t get to your destination without it. However, the pilot is constantly monitoring the performance and flight conditions, and making adjustments along the way, all with the goal of arriving to your destination safely and on time.

Pitkin says he goes into great detail when implementing a plan, and the goals set vs. actual performance throughout the year help him know if the company is on track. “I review every month

to see where we are at, what we need to adjust and what didn’t work,” says Pitkin.

### 4. Not being flexible

Foley says to remember that nothing ever really goes exactly as planned. “Early in my career, I used to get frustrated if things didn’t go as I’d planned them,” he relates. “A good planning effort will develop a great deal of emotional ownership, accountability and responsibility. However, you can’t give up or ignore the plan if you go off course. The real benefit of a good plan is having a benchmark with expected milestones.”

### 5. Not having enough money in your pocket

“Undercapitalization is one of the biggest mistakes a contractor makes,” says Dave Lindoerfer of InsideOut Services in Silver Spring, MD. “You’ve got to plan ahead to have enough money to start your business, and to make it through the dry spells. A lot of companies end up throwing in the towel too soon, not because it won’t be a successful company one day, but because they didn’t have enough money to sustain it during the growth periods.”

### 6. Thinking you can do it all

“I think people tend to overestimate our personal strengths and what they can do for the company,” says Lindoerfer. “I never had a lack of confidence that I

would sell the company or get the work. But I've realized I'm weakest in the production role. I just don't make the best production decisions ... it's not my specialty." Lindoerfer has compensated by taking on a partner (with 10% ownership) who specializes in the operations side of the business, allowing him to focus on his strengths in growing the company.

Some company owners aren't stuck on thinking they can do it all, but imagine that their companies can. "The biggest mistake we make is over-planning and under-doing," says Candler. "We get so excited in these big planning sessions and you leave thinking you can take on the world. I've learned you have to be realistic. Make your long list, but pick the top three most important initiatives and just work on those."

Pitkin agrees on the importance of being realistic. "I look at everything as a realistic view and worst-case scenario," he points out. "Taking this approach gives you a good middle ground to use and apply."

### 7. Keeping the plan a secret

Some contractors feel the only path to success is keeping your team up to speed on the goal and the plan to get there. "The best thing you can do with a plan is share it with your team," says Foley. "This is important for all size companies. If you don't have a team, share it with a friend, advi-

sor or colleague who will help you celebrate the wins and keep you accountable for the outcomes."

Lindsay is a firm believer in having an "outside set of eyes" review the plan, especially if you are new to the planning biz. Hiring

***"I've learned you have to be realistic. Make your long list, but pick the top three most important initiatives and just work on those."***

***– Contractor Maria Candler***

a consultant was the best thing he ever did. "It made all the difference," Lindoerfer says. "Putting together a good plan for the first time can be uncomfortable, but the exercise was a powerful tool. It clarifies everything in your business in a much more rapid fashion. We just wouldn't have known which areas to focus on without the help of a third party who could see clearly where our issues and opportunities are."

Consultants and mentors aren't the only people you need to bring into the loop. As Foley says, your team needs to be in on the plan to maximize productivity and to ensure their efforts support your goals. "It's critical that you create a plan that your whole team buys into," says Candler. "They need to understand how solid planning

makes their jobs better."

Foley agrees that communicating the big plan helps employees take ownership of the growth. "If you can communicate the 'score of the game' or how you are doing relative to the plan, you will keep your 'players' (staff) more interested and engaged throughout the year."

### 8. Buying too big and too much ... without a plan

Most contractors are very hands-on. And many are self-proclaimed "gear heads." They constantly look for the equipment or the vehicle that will do the best job. They tend to love bells and whistles. That's a good thing and a bad thing.

"When it's time to buy a new truck, some contractors will go straight for the biggest, shiniest truck on the lot," says Lindoerfer. "Yeah, it's pretty and it's powerful. But a lot of times it doesn't really serve their needs, forget the fact it only gets 6 miles to the gallon." Lindoerfer suggests being very in tune with your needs and buying only what you need and have planned for. Put the rest on your wish list to evaluate when putting together next year's plan.

That's not to say your needs won't change as your company grows. "When I first invested in trucks for the company, I thought a regular cab was plenty," says Lindoerfer. "Now I know never to buy anything but an extended

cab pickup truck. The investment pays for itself by being more versatile. I found I needed the option of carrying more people to certain jobs.” He built that into his long-range equipment budgets.

“In the past, we operated on an ‘if we need it, buy it’ mentality,” says Pitkin. “Now we give a lot of thought in our planning about what is needed in line with our plans for growth, as well as when we will make the purchases throughout the year. Today I can’t imagine how we did it without a plan.”

Lindorfer also recommends renting certain equipment until you have enough work to justify a purchase ... never assume you will generate work to support the equipment.

Whatever you do, he advises, stay lean. “Buy only what you need to do the job and then stretch it to the limit,” Lindorfer adds. “I don’t buy it unless we need it. Not in the budget? Forget it.” He jokes about his frugality. “When we are spending money on the company, we act like we’re going bankrupt tomorrow.”

### 9. Not anticipating all the expenses that come with growth

“Plan for new equipment, plan for more people, plan for more repairs and plan for more overhead,” says Pitkin. “Base your plan around the sales goals you have set for the company. If your sales goal is a high number, but

you don’t plan for all the other things that surround that growth, it will make the transition to do the sales incredibly hard.”

Lindorfer says to remember all the little things as well. Here are a couple of examples:

**Add a spare.** As Lindorfer added trucks and trailers to his fleet, he also planned for the investment of all necessary accessories, like a trailer jack and a spare tire on the trailers. Recently, a tire blew on one of the trailers. Changing the tire took 15 minutes. If a spare and jack weren’t already on the trailer, it would have meant hours of downtime for an entire crew.

**Check the letterhead.** Sometimes it makes sense to order letterhead, invoices and business cards in bulk to save money. But oftentimes growth can mean a new location, which will mean a new address and sometimes a new phone number. Lindorfer says that when planning for growth and all that comes with it, remember the expense of replacing such items, and order accordingly.

### 10. Not walking your talk

Making a plan is one thing, but implementing it is quite another. “Our plan is departmentalized with clear goals—and then strategies to achieve those goals,” says Candler. “The most important thing to remember in the planning process is action, action, action. Be extremely clear about who will champion each phase and when.”

Candler has a system that helps her company stay on task and stay loyal to the plan. “The most helpful thing I have done for myself in planning for the company is to implement a master operations calendar,” she explains. “This calendar includes every initiative that we have for the year, everything from random drug screen intervals to client social outings to gate checks for safety.”

**“Our plan is departmentalized with clear goals—and then strategies to achieve those goals.”**

– Contractor Maria Candler

According to Candler, the calendar is sorted by department, so the finance, human resources, sales, etc. departments each have their own. “We no longer leave anything to memory.”

Ultimately, it’s important to remember that planning doesn’t have to be complicated. But it should be a regular part of your business regimen. “My advice is, don’t give up on the planning process,” says Lindsay. “If you aren’t doing it now, start. Just start. Start asking questions. Start figuring out the ‘what’ and the ‘how.’ Eventually you will have a good plan. And with a good plan, magic will happen.” **PRO**

## Strategic Management

# Plan to Have a Plan

Some contractors are going to say, “Yeah, yeah, I need a plan. But I don’t know where to start!” You’re not alone. Here are some tips from contractors who used to be in the same spot.

### The purpose of the plan

Developing a business plan is not just about creating a map that will get you where you want to go. Much of the value of the business plan is the process. By going through the exercise of developing a business plan, many business owners say it helps them get a true gauge of the business today, not just what they want it to be tomorrow.

“Our first real plan forced us to look at our pricing matrix, what our equipment was costing us and more,” says Richard Lindsay of MowCow Lawn & Landscape in Fairfax Station, VA. “It forced us to take a hard look at the way we do things.”

A good business plan is a business tool in many regards. Here are a few purposes it can (and should) serve:

**It allows you to declare a goal.** According to Dan Foley, CLP, of D. Foley Landscape in South Walpole, MA, this is a basic document that identifies where you want to be someday.

**It is a benchmark.** Plans change as the year progresses. But by benchmarking, you can see where you are in relation to your goals. “We review it monthly,” says Lindsay. “Once those numbers are set in that original plan, we can tell right away when we are deficient. It gives us the opportunity to identify problems and make up our losses before it is too late.”

**It is a “to do” list.** A good plan doesn’t just list goals. “Our plan is departmentalized with clear goals and then strategies to achieve those goals,” says Maria Candler, CLP, of James River

Grounds Management in Glen Allen, VA.

**It is a template for next year.** “Our first plans didn’t include as much detail as we wanted, but it was a starting point,” says Lindsay. “As the years have gone by, we’ve gotten more practice, and our plans include more detail.”

“You will make next year’s planning process easier,” Foley adds. “It will provide a great starting point for the next series of planning activities.”

### What goes in the plan?

Business plans come in all shapes and sizes. The level of detail depends on the contractor and his needs. Foley includes three main components:

**A sales and marketing plan.** For Foley, this includes current contracts, identifying renewal goals, listing the top “no takers” and setting sales goals

for each division.

**A financial plan.** This, according to Foley, is a very detailed plan where a budget is developed for every account. “It includes financial forecasts for different types of revenue, each type of expense and planned capital investments in assets such as trucks or equipment,” says Foley.

**A people plan.** Foley starts with an organizational chart that provides an overall picture of what the company will look like when they achieve their goal. “Then we work backwards to where we are today to create an organizational chart for the current year.” The plan also outlines current staffing levels and recruitment needs.

Those basic elements are found in many plans. “We have a whole model,” says Lindsay. “Not only do we have our annual budgeting process, but we include the addition of personnel. We plan in terms of calendars, marketing and sales.”

Dave Lindoerfer of InsideOut Services in Silver Spring, MD, includes a detailed budget (with a description of all 63 line items), a competitive analysis, a section on the company’s niches and services and another on goals ... all his goals, for the business and for himself. “When your goals play true, you get more confidence in your plan,” says Lindoerfer. “But be prepared for things to change

too. That’s what a good plan is all about.”

### Making time to plan

Lindoerfer will be the first to tell you that his first business plan—the one he used to start his business—was, as he says, “To die for.” However, it took seven months to put together. Most busy contractors don’t have that kind of time. But if you are organized, it won’t take you that long. Make planning a priority.

Break up the process if that helps. “We do our sales and marketing plan during mid-July through early September,” says Foley. “This allows us to be organized and ready for the sales renewal season.” Financial planning for D. Foley Landscape takes place in the January through March timeframe.

Other people make it an event. “The management team has an annual retreat that takes place in the fall, in conjunction with the budget process,” says Candler. “We try to have representation from every department: finance, production, personnel, sales and marketing.”

### The process of planning

“For each business area, we dive into our biggest challenges and brainstorm initiatives for improvement,” Candler continues. “Once we’ve developed our strategies, we can then fit any new programs/initiatives into the bud-

get for the following year. After this process is complete, all key employees are met with individually to discuss their annual performance and the role they will play in the master strategy. They then develop their own plans.”

Foley uses the development of the sales and marketing plan as an example of the process. “Overall the plan focuses on four main areas: 1) Brainstorm on ideas of how we can improve and become more client-focused, 2) Identify existing business that is under a multi-year arrangement, 3) Develop a renewal plan by account manager, and 4) Develop strategy for new sales. Develop your planning process so you can stay on track and be productive.”

Lindoerfer says that as you put the plan together, it can be as fancy or as simple as you want—just make sure it is easily utilized for your needs. “I have my plan in a three-ring binder with dividers,” he points out. “It reads like a book. It is organized and easy to use for reference.”

Lindoerfer warns not to get too complicated. “There are so many books on how to write a business plan,” he points out. “But you don’t need all that. Make the document your own. Make it relate to your business. Make sure you have the elements you need in it, not just the ones some author who doesn’t know your business decided on.” **PRO**

## Training & Education

# Continuing Business Education

*A lifetime of experience in landscaping doesn't mean you should ignore opportunities to hone your business skills.*

**E**ntrepreneurs, especially contractors, have a proud tradition of rejecting “ivory tower” business school theorizing in favor of practical, pragmatic experience. It’s only natural, after all—the very definition of an entrepreneur is someone who invents new ways of doing things.

Many contractors strike out on their own because they believe they’ve thought of a better approach to business. And as we’ve all seen over the past few years, many an MBA graduate has fallen flat on their face when handed the reins of an actual company.

There’s also the time factor, of course. The typical owner/operator has precious little time to work his own numbers, much less attend class. What little time there is is often devoted to technical horticultural subjects, helping the contractor improve his work.

All that aside, “book learning”

has its place in the green industry, as contractor Jason Garber of Lawn & Landscape Professionals and Envirotexx Inc. discovered. When his business grew out of control, he went looking for answers.

“I knew I had to take the company to the next level and work my way out of dealing with daily crises and focus on the bigger picture,” Garber says.

### Looking for answers

Garber and his partner Lonnie Hance Jr. had experience—7 and 10 years, respectively—working in the green industry, including stints as managers. Garber also had some experience in college-level accounting, which he put on hold when the business took off.

Their knowledge and experience proved invaluable, and the company quickly built a stable of satisfied customers. Along the

way, however, the business had also amassed a dizzying number of cogs and gears—three divisions and almost two dozen employees. When the company ran into trouble with its construction division, Garber sought advice.

In addition to conversations with fellow business owners, he signed up for a series of classes on strategic management with the local Small Business Administration branch office. The classes covered 12 topics, ranging from cash flow management to strategic planning.

“I think the part that helped me the most was on time management,” Garber recalls. “It really helped me realize how much time I was spending putting out fires, when I should have been setting the course for the company. I had to step back and tell myself that I can’t solve every little problem that comes across my desk and that I need to delegate.”

## Getting certified

Garber didn't stop there. His next stop was the Professional Landscape Network's program. The rigorous, six-hour test covers seven areas deemed essential for running a professional organization in the green industry.

"I think the CLP program helped even more than the SBA classes, because it's more industry-specific," Garber says. "But they both reinforced each other. The CLP made me think more strategically. I started a strategic plan and thought through each piece—cash flow, marketing and so on."

Another big benefit of the program was personal, Garber says. "It's a big confidence booster. It helps get rid of the feeling that you're reinventing the wheel all by yourself." He adds that although the CLP designation is not yet widely known among his client base, it has been useful in establishing credibility—some of his commercial clients now even require bidders to be certified.

## Dangers

A third component of Garber's quest for knowledge was bringing in consultant Jim Huston to examine the company's budgeting and pricing practices.

"We didn't have big problems, and there weren't any big surprises, but we'd been missing some bids on parts of our maintenance program," Garber says. "I'd

read about Huston's estimating systems, and I wanted an outside opinion on our costs and budgeting process. He helped us identify where we were off on pricing and improve the accuracy and efficiency of our bidding. He also helped us recognize that there are a number of different ways to look at estimating, and helped us understand how our competitors may be approaching it."

***"The (PLANET) CLP made me think more strategically. I started a strategic plan and thought through each piece—cash flow, marketing and so on."***

*— Contractor Jason Garber*

## Don't be overwhelmed

Garber says that at times he was carried away by his thirst for knowledge and "big picture" thinking. "At first it was hard to force myself to put aside the time for studying and thinking," he elaborates. "But as I got into it, it became easy to get carried away."

In the beginning, Garber says he was overeager to learn business fundamentals and implement them in his company all at once. "One of the big

reasons I started studying was because I was tired of being completely stressed out," Garber relates. "But at first I added to the stress by trying to change everything at once. Eventually I began to take things one step at a time, keeping the goal in mind: make the business a well-oiled machine that doesn't require my daily input."

Conversely, Garber says he also had to learn to resist the temptation to ignore all the daily details and get lost in high-level strategizing. "It's a balancing act," he points out. "Once you start thinking about the long-term, it's easy to lose yourself in the future and forget about the present. I still set aside time to close my office door and just sit and think, but I put a time limit on it."

## Sharing the wealth

Garber has also introduced a number of employees to the benefits of business education, taking supervisors of all levels with him to PLANET events and other conferences. A few employees have even passed the CLP exam.

"It's pretty amazing how deeply people get interested in learning if they're given the chance," Garber says. "It's really helped the team come together, because they have a better understanding about where the company's going and how to communicate about our goals." **PRO**

STIHL BR 600

# The Backpack Blower That Pays for Itself

Porsche Engineering Group GmbH Finds STIHL BR 600 More Fuel Efficient Than Competitors

## STIHL BR 600 Backpack Blower

- > Up to 28% more fuel efficient
- > Up to 20% less weight\*
- > Up to 12% more air volume power\*

### Save Money, Increase Your Bottom Line

A study conducted by the Porsche Engineering Group GmbH found that the STIHL BR 600 backpack blower is up to 28% more fuel efficient than competitive models, which can provide significant fuel savings per unit in just two seasons!

These results are pertinent given that the Professional Landcare Network (PLANET) found in a recent member survey that one of the top concerns for landscape contractors is the cost of fuel. To calculate savings, go to [www.stihlusa.com/fuel\\_calculator](http://www.stihlusa.com/fuel_calculator).

### Cutting Edge Technologies

The STIHL BR 600 led the competitors' models in the Porsche study, ranking the highest in fuel efficiency. The value-priced STIHL BR 550 was also tested in the Porsche study, and was found to be 16% more fuel efficient than the BR 600.

"Our priority at STIHL is the development of products that provide the best in power and performance, but are also fuel efficient and environmentally responsible. These results



showcase the dedication we put into the products on every level," said John Foster, manager of product compliance at STIHL Inc.

To learn more about STIHL products and the results of the Porsche Engineering Group GmbH test commissioned by STIHL, visit [www.stihlusa.com/BR600](http://www.stihlusa.com/BR600). For more information on EPA reporting, visit [www.epa.org](http://www.epa.org).



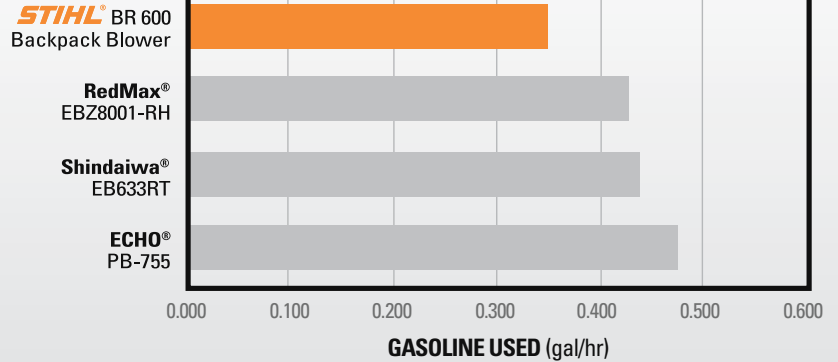


Powered by one of the cleanest-running engines in its class—the STIHL BR 600 Backpack Blower blew away the competition in head-to-head comparison tests. See how it saves you money at the gas pump.

### Fuel Savings

- The STIHL BR 600 backpack blower is up to 28% more fuel efficient than competitive models.
- You can realize significant fuel savings per unit in just two seasons. To calculate savings, go to [www.stihlusa.com/fuel\\_calculator](http://www.stihlusa.com/fuel_calculator).
- The BR 600 is also rated as having some of the lowest emissions in its class per information posted at EPA Web site (October 2008).

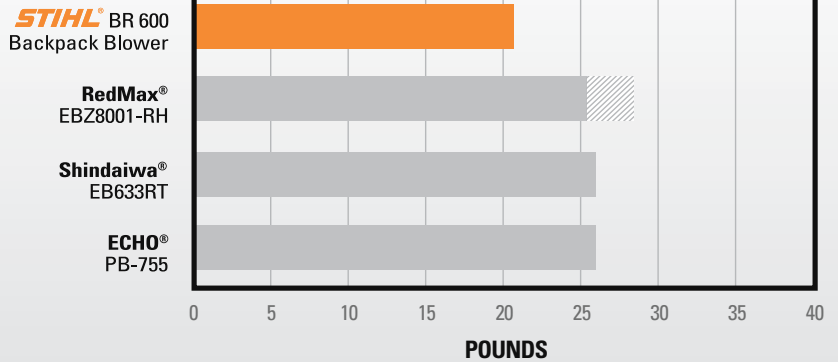
### COMPETITIVE FUEL CONSUMPTION COMPARISON



### Less Weight

- The BR 600 is up to 20% lighter than competitor brands.
- Specifications from manufacturers' catalogs and Web sites were used to draw this comparison.

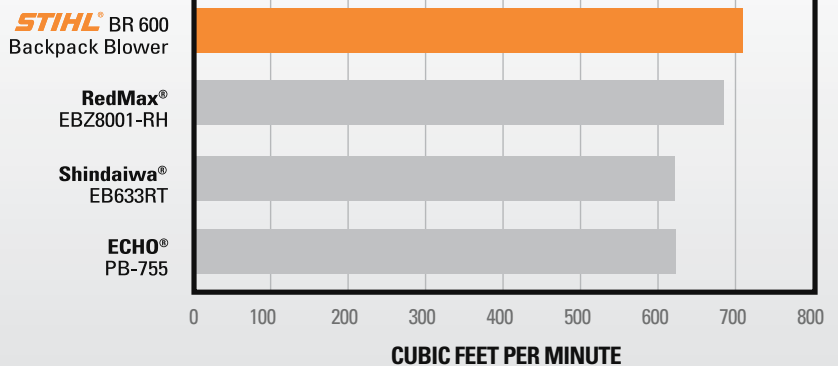
### WEIGHT COMPARISON



### More Power

- The STIHL BR 600 provides up to 12% more power than competitive models tested.
- Air velocity for all machines is between 199 and 204 mph.

### AIR VOLUME POWER



\*Weight and air volume comparisons were based upon specifications from manufacturers' Web sites and catalogs. RedMax® published data is without tubes. STIHL, Shindaiwa® and ECHO® weights are with tubes. Air volume measured with tubes. Air velocity for all machines is between 199 and 204 mph). All blowers featured in the comparison have similar air speeds.

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# The Ultimate Pricing Guide

*Follow these sound principles to make price less of an issue for customers.*

While leading landscape contractors haven't figured out a way to make the low-baller vanish completely, many have been able to make low-ballers irrelevant as competition. More importantly, leading contractors have figured out a way to price their own services for profit—and still keep their calendars jammed full.

Monroe Porter, consultant and president of PROOF Management Consultants, says that although it can be difficult to sell your price, get the money you want and compete with the low-ballers, it's being done all over the country by savvy contractors. "You have to seek out the customers who are willing to pay more to

get good service and have things done first-class," Porter says. "You have to sell them on what the difference is: You're insured, you provide better service, you have a track record."

### Compare your profession to others your customers need

Porter says that sometimes the best way to illustrate that message is to talk about other industries. Tell prospects something like, "I'm sure you have a hard time finding someone dependable to work on your car." "People as a whole are willing to pay more for dependability," Porter points out. "You've got to know your customer."

Dickran Babigian, a consultant and principal with Navix Inc., sees it much the same way. "You have to decide what your value proposition is to your client and you have to decide what your niche is," Babigian explains. "Are you a volume player at the low end, and are you really going to build your volume? Are you going to be middle of the road? Are you going to provide something completely different so you're closer to the high end? You've got to see where you really fit in—both yourself and your staff. The next step is to build your operational plan around what market you're ultimately going to embrace."

## Identify your niche— and start prospecting

For Lee Buffington, owner of Turf Tamer Inc. in Fort Payne, AL, choosing a niche was very important. He got started in the business cutting lawns during his high school years. After his initial partner and he split, Buffington decided to take the business to a higher level.

His next step was finding the customers he wanted to serve. “I rode around and found large properties because I wanted to make the most money as a one-stop shop,” Buffington relates.

Even after you identify the niche you’re going to serve, Porter says there are still a couple common mistakes you should be careful to avoid:

**Not pricing according to time.** “Many contractors price things according to units,” Porter points out. “For example, if they go to do someone’s yard and there’s a patio there, they charge so much a square foot. But what’s the drainage situation? You can never give anybody a square foot price because things just don’t work out that easily.”

**Bidding plants.** If azalea costs \$20, they’ll charge \$40 or \$60, or maybe go off a price list that includes installation. But none of those prices are tied into time, which is a very important factor.

At times a contractor will make an attempt to loosely tie it

to time by dividing an hourly rate by the time they believe it takes to plant the tree or azalea. “That just doesn’t work,” Porter says. “In general, they make money where there are a lot of plant goods on a job because they’re marking them

you could conceivably make money on each individual job and still run your company at an overall loss.

“Overhead is a fixed cost,” Vander Kooi explains. “It does not rise or fall based on what



A big mistake many contractors make is not pricing according to time.

up. On the other hand, they tend to lose money on labor-intensive jobs like seeding and edging.”

## Know your overhead burden

Porter estimates that, when following the above methodology, as much as 40% of a contractor’s work is done at a loss. How do you stop the bleeding?

Step one is knowing what your overhead is. Consultant Charles Vander Kooi says that, if you don’t know your overhead,

you charge for a certain job. You do not need to find out what others charge for overhead and charge the same. Overhead is not charged, it is recovered. And you don’t make any profit until you recover your overhead. To do this, you must budget overhead, spend overhead within that budget, allocate overhead properly and recover it.”

Vander Kooi tells his clients this: “Contractors make their profit in four to six weeks. From January to mid-November (for

year-round firms and at other times for seasonal ones) they are just recovering overhead. Sometime in mid-November they start making profit—everything they do in the last four to six weeks of the year is their profit.”

### Calculate your volume

Once you figure out what your overhead is, then you need to know how much of various types of business you’re going to need. “I wholeheartedly agree that pricing needs to be looked at in terms of your whole operating and pricing matrix,” Babigian says. “Where you *want* to be really drives what your volume *need* to be.”

The next point at which contractors have difficulty, according to Babigian, is in the bidding or estimating process. “Most guys already think they’re too high priced because they lose work. They’ve got to understand that the response to price comes from the expectation that we should win almost everything we bid. But you normally lose twice as much as you win.”

Communication is also key. “The biggest reason we make price an issue is because we do a bid and mail it out,” Babigian says. “We don’t contact the customer; we just hope they call us back. If we do call them back, we don’t go in and make a presentation as to why we’re better than the competition.”

Babigian says he’s seen contractors mail bids for \$50,000 jobs. “You make it all about price then. You’ve simply provided a menu of services. If someone wants to order from you, that’s great. But with that approach, where’s the salesmanship?”

***“The biggest reason contractors make price an issue is because they do a bid and mail it out.”***

### Spend more time on sales

Babigian says contractors end up with way too much on their plates when they follow the mail-it-in approach. They bid absolutely everything instead of qualifying leads. Going out and estimating everything—and not making the customer feel good about what they’re getting—isn’t the preferred method. That’s simply throwing out prices and hoping they stick.

Getting bids out late isn’t going to help your close ratio either. “It’s a proven fact that the longer it takes you to get back to people, the lower your close rate becomes,” Babigian points out. “Make up your mind to provide a certain number of prospects with bids, and then do a great job of getting back to them.”

For David Gardner of Metro Lawn Care in Chattanooga, TN, an extensive reworking of his

business allowed him to take his company to the next level. In 2000 he extensively reviewed of his operations—expenses, revenue and ways to stabilize revenue throughout the year.

“We decided to transition from a mow, blow and go company to a full-service landscape maintenance company,” Gardner says. “In a polite way, we cancelled (by doubling our rates) everyone we just performed mowing, trimming and blowing services for. If they took the doubled rate, then we were making good money. But if they didn’t, it gave us time to sell landscape maintenance contracts.”

Gardner then made the decision to sell only one package: all maintenance duties and services or none. Although he says the transition wasn’t as traumatic as it could have been, there were some challenges.

“We’ve overcome the lowballers by spelling it out to the customers,” Gardner says. “Basically, we ask them what they’re looking for. What’s their most important thing? At Metro Lawn Care, our three most important things to provide are high-quality work, customer service and communication, and price. If the customer is looking for the same things in the same order, we’re a good fit. For those who are most conscientious about price, we’re probably not going to be a good match.”

## Use history as your guide

Porter says that, although you can have a decent business mowing turf, it really is the toughest of the services. He says a broader service offering is the most efficient way of overcoming the low-baller. “You should be offering other services, but you have to know what services you make money on and those you don’t make money on,” Porter reminds.

What’s the best way to know? For Buffington at Turf Tamers, a simple spreadsheet serves as a database for work and bids the company has previously done. Data is entered systematically using history from previous jobs. Dimensions, materials and man-hours are entered into the spreadsheet.

“The spreadsheet tells us what our highest profit areas are, which is where we want to focus,” Buffington points out. “If we have a \$50,000 budget on a given job and we quote \$80,000, we want to be sure that the highest-margin items are in that \$50,000 and the lowest-margin items are those that get cut.”

Porter says he appreciates the tricky nature of pricing. “When you’re in business, no one is yelling at you to raise your price,” he says. “There’s a lot of pressure to keep your price low, but there’s no pressure to keep your price high unless you do it with budgeting and self knowledge.” **PRO**

## Secrets to Pricing for Profit

- 💰 Price work according to how long it takes to complete a task. Make a budget to figure how much money you can generate. Do it by number of man-hours or number of people on a crew, but it has to be tied to time.
- 💰 Understand who it is you want to sell to.
- 💰 Decide what your value proposition and niche are: volume player, middle of the road or high end. Then build your operational plan around what market you’re ultimately going to target.
- 💰 Focus on prospects who want and can afford a professional.
- 💰 If a customer focuses on price and you’re not a volume mower, they’re likely not a good fit.
- 💰 Make personal contact.
- 💰 Don’t just mail bids. When you don’t have contact with your prospects, you miss a valuable chance to sell them on your superior product and service. You also miss an opportunity to add value and suggest additional services.
- 💰 Don’t expect to win every bid.
- 💰 You’ve got to know your closing ratio, which means tracking your bids. A good contractor can expect to close about one-third of the bids made. If you win almost every estimate you make, your prices are likely too low.
- 💰 Don’t get desperate.
- 💰 Don’t sell work for cash flow. Getting desperate creates a vicious cycle because it only exacerbates your cash flow problems.
- 💰 Don’t compare your rates, because comparing your hourly rates to those of another contractor is a false indicator. He may have higher overhead, or your crews may be much more efficient, etc.
- 💰 Know your overhead and recover it.
- 💰 Overhead is a fixed cost. It doesn’t rise and fall based on what you charge for a certain job. Budget overhead, spend on overhead within that budget, allocate it properly and recover it. Base your pricing on what your costs are.
- 💰 Don’t assume this year will be like last.
- 💰 Don’t simply raise your prices by \$1 an hour. That means little. What are your increased costs going to be? If you understand them, you’re less likely to over- or under-adjust prices.

## Personnel

# Performance Appraisals That Actually Improve Performance

*Adopting a “values and system performance process” will help bring the best out of your organization as a whole.*

Ah ... the annual employee performance appraisal. It's a popular tool of many business owners (85-90% of all organizations use them), although it's also one of the most frustrating and ineffective. As a matter of fact, Wally Hauck is working hard to make sure the traditional performance appraisal, in its current form, could become downright obsolete.

### Why the current performance appraisal isn't effective

Other than a firing, the performance appraisal meeting is the most disliked task of managers today. Why is the current performance appraisal tool so frustrating and ineffective? To better understand, it's helpful to identify what a performance appraisal really is—and why it often doesn't work.

“Performance is the way in which someone functions, while an appraisal is a process to evaluate or judge,” said Hauck during a December teleseminar with green industry consultant and author Jeffrey Scott. “The typical performance appraisal is a dreaded, mandatory event that rates individual performance for a specific time period—usually a year,” Hauck adds. By changing some of these characteristics we can make it more effective.”

Hauck tells a story to illustrate: “I love Dunkin' Donuts coffee. Nearly every morning I will pick up a large cup just before a client meeting. I always

order a large decaf—and I don't like sugar. For years I ordered my coffee with this process: ‘May I have a large decaf, cream no sugar?’ About 10% of the time I would get sugar. They were always friendly about replacing the coffee, it was just a hassle to go back and replace it.

“One day I ordered a coffee, got in my car and headed to my appointment. I tasted the coffee and sure enough, it was with sugar. I got angry. I decided to go back and complain loudly about how they don't seem to hire people who can speak English. By the time I got to the store the realization of needing to confront the store manager with my emotional outburst gave me pause. Perhaps my process was not working. Why was I mentioning sugar

### Take-Home Points

- > Employee performance/mistakes could be the result of a process or systems flaw
- > Focus on improving systems and processes to improve both individual and team performance
- > Provide immediate feedback, and brainstorm as a team to improve processes

at all if I didn't want any sugar? I decided at that moment to change my process. I began asking for a 'large decaf, just cream.'

"In the four years since I changed my process, I have not gotten sugar once. As it turns out, our brains have a difficult time hearing a negative. If you ask someone to stop thinking about pink rabbits, they will think about pink rabbits. If you ask for no sugar, they will hear sugar. It was the mention of sugar (the process) that caused the problem. The Dunkin' Donuts worker was not the root cause. Once I changed the process, the problem disappeared."

This illustrates why Hauck believes performance appraisals are often counterproductive and result in the following:

- **They blame the person and ignore the influence on that person by the process** – He was going to blame the Dunkin' Donuts employee.
- **Blame creates anxiety** which stops creative problem solving (innovation).
- **They focus on the person, not the process** – Being angry at the employee takes the focus off the real root cause and prevents us from identifying real solutions (not mentioning sugar).
- **They create unintended negative consequences** – Employees looking for a good rating in their performance

appraisal may hide mistakes to prevent a lower rating. They may also withhold information from co-workers to compete for bonus money.

"While the traditional appraisal tries to improve the quality of the individual parts (employees), the systems approach tries to *continued next page*

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## When Employee Behaviors Don't Match Company Values, Raise a 'White Flag'

Employees and managers can provide feedback to each other using the "White Flag" process. The White Flag is a metaphor for, "Don't attack me, I have valuable information and am just here to help." Here's how it works.

When an employee or manager observes behavior that is inconsistent with company values, they have permission to approach the person and assume they are unaware of what they did. They ask, "Are you willing to hear feedback on the values?" If there is too much emotion, they wait for a better time. If the employee says "yes" they can then explain what they saw and/or heard. They can explain how it does not fit the agreed upon values. They say, "I just wanted to let you know." They provide any clarification if needed. And they say "thank you!"

The White Flag enables feedback in a safe and caring environment for the purpose of learning. It's not for the purpose of evaluating the employee—it's for the purpose of providing insight to the employee on any deviations to the standard and learning how to change the processes. The White Flag feedback is the consequence of not following the values. More importantly, it provides the opportunity to discuss the real root cause which most likely can be found in the process. ■

*"White Flag" is a registered trademark of Supertraining Inc.*

improve the quality of interaction between all parts—therefore making the team better as a whole," Hauck explains. An example of this is how the quality of the interaction between Hauck and the Dunkin' Donuts employee was improved to reduce waste. Simply evaluating the performance of the Dunkin' Donuts employee misses the influence of Hauck's communication on that employee's performance.

### A new approach to optimizing employees

Implementing this concept requires the contractor to take a whole new look at employee performance. Then, to really improve performance and get the most out of your team as a whole, Hauck says business owners should adopt the "values and system performance process." Under the systems approach:

- Managers focus on

improving processes in order to improve both individual and team performance.

- Evaluating employees is avoided because it often destroys motivation, commitment and risk taking.
- "Pay for performance" is also avoided to prevent competition and the hoarding of information.

This new, effective approach can then do the following:

- Create personal responsibility and accountability
- Provide instant feedback through coaching, not criticizing
- Improve individual challenge and performance
- Accelerate "de-selection" by non-performers (in other words, they decide to leave the company)
- Improve team results

### Values & Systems Issues

There's another concept employers must come to understand when adopting this mindset. When there is an issue in an organization or with an employee, it is

either a "values" issue or a "systems" issue.

A "systems" issue means there is a flaw in a process or company policy that is resulting in mistakes. For instance, damage to turf could be the result of a mower operator not having proper training. A crew forgetting tools could be the result of a poorly organized shop and/or lack of a morning checklist. Even a lack of motivation, which might seem like a personal employee issue, could very well be a systems issue; not providing adequate training, feedback, incentive, etc. It's your responsibility to fix the system so these issues aren't recurring and destructive to your company.

On the other hand, a "values" issue means that the employee is behaving in a way that is out of sync with the accepted norm of the company. This disconnect is caused by the employee, not by the process. Values issues might include lying, yelling, passing blame and not accepting responsibility.



For example, if the Dunkin' Donuts employee had purposely added sugar just to spite Hauck, that would have been sabotage, which is a values issue. Instead, the real problem was a systems issue; he was getting Hauck's verbal instructions confused.

### Immediate feedback leads to increased accountability

An effective way to increase accountability is to provide immediate feedback to the employee on any values issue (see "White Flag" sidebar on previous page). The effective strategy for systems issues is to brainstorm, as a team, and implement a process change just as Hauck did by stopping the use of the word "sugar" in his ordering process.

This strategy offers two major benefits. First, it provides a constant flow of new ideas to improve critical processes such as "getting the right tools to the job process" or "the clean-up process" etc. Secondly, it provides the owner of the business with a way to

detect those who belong in the organization (those who share the organizational values) and those who do not belong. Asking those who do not share the same values to leave can save management time and increase profitability.

### Start by clarifying your values—and the behaviors you expect

To start using the values and systems performance process, begin by clarifying the values of your organization—and do it by describing the exact behavior you expect (see sidebar on this page for an example).

By clarifying the values, asking your people to follow those values, "raising a White Flag" when values are broken, and then brainstorming a process change with your team so the values don't continue to be broken, your organization can shift to a "systems way of thinking." It will take some time and getting used to. But anything worthwhile does. In the end, it can bring the best out of your organization as a whole. **PRO**

## EXAMPLE: The Value of Integrity

Below is Wally Hauck's example of one of the typical key company values: integrity. It describes the specific behavior Hauck recommends being adopted by everyone in the organization. Employee behavior must match this value, or a flag should be raised immediately (see 'White Flag' sidebar on previous page).

NOTE: Hauck says you will likely need to tailor your company values to your unique circumstances and business plan, soliciting input from all key "influencers" in your company. For a thorough discussion on this subject, look for the Online Feature entitled "Setting Values" at [promagazine.com](http://promagazine.com).

At any rate, below is a great starting point when it comes to the universal value of "integrity":

- Make only agreements you intend to keep
- Act upon your agreements to the best of your ability
- Communicate when you can't keep agreements to those who need to know
- Communicate openly, honestly and responsibly; say what you mean and mean what you say—and don't say it mean (tone of voice)
- Admit when a mistake is made and look at the system as a team for a solution (no blame, make no excuses, no complaining)

*Wally Hauck is a nationally known speaker and facilitator. His company, Supertraining Inc. in Milford, CT, is a source of insight for organizations and individuals to improve cooperation. Wally's Values and System Model helps leaders who struggle with morale and attitude problems to improve performance and make more money with less effort. Visit [wallyhauck.com](http://wallyhauck.com) for more information.*

*Jeffrey Scott is a green industry consultant and runs the innovative "Leader's Edge" peer group. He has also just published the book "The Referral Advantage: How to increase sales and grow your landscape business by referral." Visit [jeffreyscott.biz](http://jeffreyscott.biz) for more information.*

**For a thorough discussion on the subject of setting company values, look for the Online Feature entitled "Setting Values" at [promagazine.com](http://promagazine.com).**

## SPECIAL FEATURE: Second-generation contractors talk industry change

By Rod Dickens

# Young Guns

*What will the industry look like 10 years from now? One thing is for sure, it will have a different complexion, thanks in large part to second-generation owners and other youthful operators assuming more decision-making responsibility.*

*The following “young” landscape contractors discuss what they feel the industry’s major challenges are today and how they plan to deal with them in the future—where they see growth, opportunity and success in the industry and in their careers.*

*Not surprisingly, words such as aggressive, technology and balance comprise part of their vocabulary as they look to move their companies—and the green industry—into the next decade.*

### Jumping right in

When Andy Doesburg, CLP, graduated from Coastal Carolina University in 1999, he joined the business his father had recently purchased in Maineville, OH. With a degree in recreation and leisure management, he was trained to manage a recreational facility.

But today Andy works alongside his father Rick as a salesperson and production manager for Thornton Landscape Management. Andy recently initiated the company’s LEAN management program and is president of the Ohio Nursery & Landscape Association.

“As I look down the road, I will be a little more involved in production than my father is,” says Andy, who has

recently assumed more management control of company operations. “My father is wired to sell, and he is good at it. Yes, the owner needs to be the rainmaker; fortunately his abilities have given me the luxury of working up to it. And we both believe in placing people in the positions they are best at.”

Thornton Landscape Management operates three design/build crews and four maintenance crews, having recently purchased a small maintenance company. “In our market, maintenance is where the growth will be over the next 10 to 20 years,” Andy explains. “I look to grow the commercial side of maintenance to complement our design/build operation. One of our goals is to double our maintenance

business over the next few years. Of course, the economy will have something to say about that.”

Among trends, the younger Doesburg thinks the industry has been lagging behind in technology, and he sees companies jumping on the wagon to catch up with latest in GPS and GIS (Geographic Information Systems), to name but two technological advancements. All this, he notes, will be part of the overall need to continue driving costs out of operations.

Two other trends, Andy adds, will be here to stay as well. “We’ve been very dedicated to our LEAN management initiative, and it has been magnificent, giving us an open forum to talk about wastes. LEAN will help us reduce wastes in both our

design/build and maintenance departments, although it has proven to be more effective in maintenance where crews replicate tasks. But design/build has some inefficiencies that LEAN can also address.”

Andy and Rick agree to disagree on the other trend: sustainability. Andy says that his father sees sustainability as more of a fad than a trend, whereas the second-generation Doesburg sees it as something that’s here to stay.

“No matter who is right, we both agree that developing sustainable landscapes is good for the environment and good for companies looking to expand their installation and service offering,” Andy relates. “From my perspective, this movement isn’t



**Bruce Moore Jr.:**  
*"One of my goals is to continue building relationships like my father has and to develop even stronger client relationships. I believe this will be a key to our future growth."*

new—it's just finally hitting the mainstream."

### Labor of love

"Our company has grown by leaps and bounds, but it would be difficult to start a landscape company today and compete in this very competitive environment," says Brett Lemcke. "I'm fortunate to be in a long-standing reputable company that has good momentum working for it."

Brett's talking about R.M. Landscape founded by his father Rick in 1973. Design/build customers account for two-thirds of revenue for this Rochester, NY-based company, although Brett, like Andy, sees opportunity and growth



**Brett Lemcke:** *"Our high-end customers are hungering for good maintenance ... Customers today are beginning to realize the value of quality."*

in maintenance.

"Maintenance is hot, at least in the Rochester market, and our high-end customers are hungering for good maintenance," Brett relates. "Since this is our niche, one of our best marketing tools is our long-standing reputation.

"As our industry continues to mature and customers become even more sophisticated, there will be more emphasis on quality and professionalism from service providers. I truly believe that customers today are beginning to realize the value of quality."

Working in the family business full time since graduating from SUNY-Cobleskill eight years ago, Brett now heads up the company's mainte-

nance division. "Yes, I have my dreams of being larger, maybe through acquisitions, adding other services or just growing our customer base," he notes. "But right now my emphasis is on continuing my education and learning as much as I can from my father."

Unlike some areas of the country where landscape contractors rely heavily on guest workers, Brett says R.M. Landscape has an ongoing pool of college students from which to draw summer laborers. "We haven't looked into the H-2B program yet, but I anticipate hiring more Hispanics, especially in maintenance, this summer," he adds.

### More customer rapport

"One of our biggest challenges is to contain overhead amidst all the new technology and rising costs," says Bruce Moore Jr., an account manager for Eastern Land Management whose president and founder is his father, Bruce Moore Sr., CCLP.

"The price we receive for our services

just isn't increasing fast enough," Bruce Jr. emphasizes. "Like other landscape contractors around the country, we have to continue to find ways to be more efficient. We practice LEAN management, and continually look for ways to leverage new technology and drive down costs.

"Our account managers, for example, now have laptops and can make proposals right on site," Bruce Jr. continues. "Although we don't have GPS yet, we anticipate getting a system this year. The move will help with our routing and decrease our exposure to equipment loss, which is important because we had some equipment theft this year."

Located in Stamford, CT, Eastern Land Management was founded in 1976 and today generates approximately \$4.5 million in revenue from 60 to 70 large commercial clients. As Bruce Jr. points out, clients are not only paying less today for services than they paid 15 years ago, competition is keener too.

"Because of the economy, we're seeing



**Andy Doesburg:** *"I look to grow the commercial side of maintenance to complement our design/build operation."*

more construction companies in our area getting into commercial maintenance," Bruce Jr. says. "This means we have to be more vigilant communicating with clients about the value of our services. Unfortunately, this need is coming at odds with another trend in commercial maintenance: the transfer of decision making away from the facility manager and toward a central purchasing department. One of my goals is to continue building relationships like my father has and to develop even stronger client relationships. I believe this will be a key to our future growth."

Although primarily an account manager, Bruce Jr. sells a fair amount and wants to



**Ed Furner:** *"One of our focuses today, especially because of the poor economic conditions, is to retain our customers by working even more closely with them."*

get more involved in the business development side of the company. "As we become more engaged with bigger corporations, there will naturally be a greater demand for us to act as a site manager and offer a variety of diverse services such as sweeping, pavement maintenance, hardscaping, irrigation and arbor care," Bruce Jr. points out. "Some we will contract out, others we may bring in house.

"Green and sustainable landscapes will provide new opportunities—in irrigation for more efficient systems and in landscape maintenance for unique ways to maintain and mow the ever-growing number of green roofs," he goes on to say. "Who knows what the

future will bring, but the industry will look different than it does now."

Getting ones arms firmly around the customer and growth in sustainable landscaping projects are two trends that Ed Furner, CLT, identifies as important for continued growth in his market.

Ed is 28 years old. He has worked for Mariani Landscape, a well-known residential design/build company located in Lake Bluff, IL, for seven years. In his position as a client rep, he works closely with clients and focuses on building strong rapport with his production team, including the production manager and crewleaders.

"One of our focuses today, especially because of the poor economic conditions, is to retain our customers by working even more closely with them," says Furner. "Because of increased competition, we're sending out contract renewals earlier than usual, just to ensure that we have their ear and business."

Like Bruce Moore Jr., Furner sees more rooftop gardens in the company's future,

especially in urban landscapes, and more sustainable landscapes in all types of environments. "Sustainability and the green movement have the capability to change our industry in big ways," adds Furner. "We have felt the impact right here at home, having recently constructed a wash platform, and we now recycle water. This is a trend that's here to stay."

### Life balance

Having been raised in a successful family-owned landscaping company, brothers Jonas and Brian Pattie have a deep-rooted passion for the industry.

"When you spend your whole life watching a company the way we have, and sharing and experiencing the blood, sweat and tears your family goes through to be successful, you can't help wanting to be involved in sustaining and improving on that success," says Brian.

The Pattie Group does close to \$8 million in sales annually, with 85 employees during the peak season. At age 31, Jonas is the director of

## Take-Home Points

- Continued emphasis on maintenance, with expansion of service offerings
- Sustainable landscapes are here to stay
- LEAN is also here to stay, and contractors will need to drive out waste
- Develop closer relationships with customers
- Customers looking for that professional service provider are more sophisticated than ever
- Investing in technology will continue to be important – GPS, smart irrigation, fuel-efficient machines
- Emphasis on recruiting and retaining personnel
- Create a balance between work and family

sales and marketing for the company and a graduate of the design/build program at Columbus State. He is one test section away from becoming a Certified Landscape Professional (CLP). Brian, five years younger, is a Certified Landscape Technician (CLT), has his business degree from Baldwin Wallace, and manages the company's west side branch.

The economy notwithstanding, the brothers agree that the biggest issue today is labor and the guest worker program.

"We've really stepped up our recruiting efforts," Brian explains. "Even though it takes an astronomical amount of time, effort and resources, we are making some serious headway toward being 'H-2B free' and are acquiring some really talented people."

For his part, Jonas has spearheaded a total revamp of the company's employee evaluation process, creating specific and measureable deliverables for every employee in the

company. "We are getting better at educating and measuring our employees on exactly what it takes to be considered an exceptional employee," he relates. "By doing this, we are laying the foundation for sustainable performance, better training, easier duplication, and the obvious growth that would follow."

Speaking of sustainability, the brothers see sustainability as another big issue. "The green movement has become a top priority within the industry and our company," says Jonas. "Our customers are requesting and government is mandating a greater degree of sustainability in landscapes and landscape services. We're doing our part to be on the cutting edge by designing compost bins in most of our residential property designs, and plans are underway to begin composting material at our office.

"We're selling and installing sensor-driven smart irrigation systems that operate more efficiently, use native

plantings in our designs, devise water recycling on some properties through the use of bioswales and cisterns, and we have converted to bio-diesel in much of our truck operations. We are working hard in all of these areas to reduce our carbon footprint."

In an effort to put their stamp on the company's future course, the brothers speak of maintaining the Christian values and ethics on which the company was built, keeping family first and maintaining life balance.

"A family business is no easy thing—and over the years it has definitely tested the strength of our family," says Brian. "Our father Steve has given 40 years of his life to this business and has made sacrifices for our family, the business and for this industry, almost to his own personal detriment," adds Jonas. "We realize that we will make great sacrifices after purchasing this business. But God and our personal families will come first, our business family will

come second, and the extras such as speaking, mentoring and serving the massive green industry will take what is left. In the end when our time on this earth is done, it is your family around you that will matter the most, and you can never take that for granted."

What will the industry look like 10 years from now? If these contractors have their say, it will be greener, and company owners and managers will be more efficient, more technologically advanced, and even more tuned in to customers than they already are. There will be more emphasis on quality and professionalism from service providers. Labor, along with guest worker issues, will have to be resolved.

Despite the what if's, these young contractors possess all the enthusiasm of their predecessors. Their experience and passion will surmount challenges and create new opportunities for their companies and the industry. **PRO**

## SPECIAL FEATURE: Green industry celebrity talks environmental landscaping

# Environmental Alternatives

**Q.** While industry associations such as the American Society of Landscape Architects (ASLA) and Professional Landcare Network (PLANET) are diligently working to advance the cause of environmental landscape practices, many contractors say their customers are not yet willing to pay a higher price for these services. What are you seeing, and what is your advice to everyday contractors with respect to environmental landscaping?

**P. Allen Smith:** It's true that many customers have heard about environmental approaches to lawn care and landscaping, but when it gets right down to it, cost is king. Recently, I was working with a client who plainly said, "I don't care about the environment, I just want the least expensive product that will make my lawn green."

While I'm not an advocate of pushing products or ideas on people if they clearly don't want them, I've found that in certain markets and with some groups of people, it is a benefit to your company's bottom line if you can offer your clients environmental alternatives.

Since landscape design and maintenance is a service industry, anytime you can provide customers with "extra care" services, they view you as someone who is looking after their interests; and then they naturally turn to you for information and advice. That is a key element in creating loyal customers, which is always helpful for your bottom line.

It is worth your time to educate yourself about the differences between organic and synthetic fertilizers, as well as exploring effective organic products, so you can advise your customers about various products to deal with plant pests, insect damage and disease control. Consider preparing a brochure or adding information to your website that describes the options and costs.

The very act of telling someone that you care about their immediate environment and want to offer alternatives can be a good selling point for your company. Some of your customers, particularly those with young children and pets, may be especially sensitive to environmental issues and interested in knowing about alternatives.

Anyone who has been in the landscape maintenance business very long knows that even the regulatory agencies argue among themselves about the long- and short-term effects of the chemicals used in our environment. Products that were labeled as safe to use in the 1950's are now banned, and as more testing and effects are discovered, more products come and go from the market.

But there is no doubt that concerns about water shortages, air pollution and chemical usage are in the news more these days, so businesses that can provide their customers with answers to their questions as well as environmentally friendly products and landscaping have an edge over those that don't. I've found that customers like the idea that you are looking after them, so offering these services at a fair price is in the best interest of your future, too. **PRO**



As host of two nationally syndicated television shows and a regular contributor on "The Today Show," P. Allen Smith is in touch with all the hot new living trends that customers want. Visit [pallensmith.com](http://pallensmith.com) for more.

Photo by Kelly Quinn

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*Brandon Phillipie  
Bland Landscaping  
Weston Parkway, Cary, NC*

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