

# Contractor Success Guide

**Cygnus**  
Business Media  
A supplement to

**PRO**  
A Supplement to Success for Professionals



## On the Road to Recovery

### ALSO INSIDE:

Fortify Your “Owner’s Mentality”

How to Stand Out in Maintenance

Build Your Superstar Workforce

What “Being Professional” Really Means

Grow Sales, Suppress Overhead Creep

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## Face the Future with Confidence

Dear Contractors,

Lou Holtz, author, television commentator, motivational speaker, and former NCAA football and NFL head coach, has said, "Ability is what you're capable of doing. Motivation determines what you do. Attitude determines how well you do it."



With the current economic climate, it's perhaps never been more important to utilize industry resources to hone your abilities, to motivate and be motivated, and to cultivate a positive attitude throughout your business. How we face the present business difficulties can mean the difference between just surviving and actually thriving in the future.

This issue of *Contractor Success Guide* is filled with valuable information and suggestions on topics ranging from building and motivating your workforce to differentiating your business. And the article "Putting the Owner in Owner-Operator" addresses how being an owner requires certain attitudinal and behavioral consistencies.

In challenging economic times, smart businesses take advantage of all tools to ensure long-term success. Publications like *PRO* magazine, the *Contractor Success Guide*, the *Crew Chief Success Guide* and learning opportunities such as the Professional Landcare Network (PLANET) Green Industry Conference at GIE+EXPO in Louisville this October are excellent resources. I encourage you to make the most of them.

Regardless of these uncertain times, you can face the future with confidence if you're prepared with the right knowledge and tools for your success.

Sincerely,

A handwritten signature in black ink, appearing to read "J. Keeler". The signature is fluid and cursive, written over a horizontal line.

John Keeler  
National Training Manager  
STIHL Inc.

Gregg Wartgow, editor-in-chief



## Road to Recovery

Quite a few indicators suggest that the road to economic recovery has begun. The housing market is starting to turn around. The pace of job losses has slowed. Consumers are beginning to show a bit more confidence. Heck, even the weather has cooperated with most maintenance contractors this year.

Yes indeed, things are looking up again. Unfortunately, though, they are looking up from an extraordinarily low level. In other words, while business conditions for landscape contractors are improving in many regions of the country, conditions still pale in comparison to the recent boom years. Don't get me wrong—there is plenty of cause for optimism these days. But there is even more cause for continued pragmatism.

Contractors who've done well in 2009 went into 2009 with a plan. They saw the downturn coming, and made the necessary changes with respect to staff, customer and/or service mix, underutilized equipment, etc., before it was too late. Then there are those contractors who ran head-first into 2009 with reckless abandon—only to get knocked on their butts like they were caught with an overhand-right from UFC legend Chuck Liddell. Fortunately, some of them have been able to get back up.

Whichever contractor you are, having a clear, strategic plan for 2010 will be just as important as it has been this year. Get close to your existing customers and determine what their needs will be. Solicit ideas from every member of your team to identify ways to improve operations and attract new customers.

Now's the time to really put your owner's hat on, even though many of you have been back working in the field. Factors such as the economy and weather can certainly pose significant challenges. But in most instances, a contractor's biggest obstacle is himself. This business isn't easy, especially nowadays. Taking time to prepare for the road ahead will make it a little bit easier.

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## Leadership

By Rod Dickens



# PUTTING the OWNER in Owner / Operator

*Whether you're a \$10 million, multi-branch landscape firm or a 30-yard lone ranger, being an owner requires certain attitudinal and behavioral consistencies, and sometimes changes.*

You've been in business for a few years now. You work hard, your crews work hard, and all too often days and nights run together. You like what you do, but may not want to work like this forever. You have a decision to make.

Do you want to stay at the owner/operator level, or do you want to grow your company and be able to spend more time, as they say, working on your business, as opposed to just in it?

Nearly every successful landscape and lawn maintenance contractor started out as an owner/operator. Some have chosen to remain small, and cannot be faulted for making that decision. Others have selected a different route, with an eye toward growing a business

and creating more opportunities for themselves and their employees.

Assume for a moment that you're in the second category. Where do you start? How do get from point A (where you spend 95% of your time in the field) to point B (where you can allocate several hours a day doing things that business people and owners do)?

### What do you want to be, and to who?

"My goal was to retire at age 36," says Kurt Kluznik, CCLP, president of Cleveland-based Yardmaster. "Of course, that was pure fantasy. But the point is, from the very beginning I wanted to become a businessperson and grow my company.

"Probably the biggest ques-

tion owner/operators should ask themselves is, 'What do I want to be?' If the answer is to be more of an owner than an operator, then they need to start thinking seriously about their service offering and customer base. They also may want to consider bringing in a mentor or another third-party individual to provide an objective appraisal of their business."

As Kluznik points out, when starting out, it's easy to get in a rut and focus on issues that are either out of your control or won't have a meaningful impact on business growth. A mentor may recommend that a new owner hire a key person, simplify equipment brands, or spend less time socializing with employees. A third-party perspective may

encourage the owner/operator to set up monthly P&L reports or even construct a budget.

“When I started in business in 1971, the main thing I measured each month was my checking account balance to see if I had enough money to pay the bills,” Kluznik recalls. “Most of us started that way, but it sure would have been great to be forward-thinking enough to have a budget and monthly P&L statements. Learning to take important financial planning steps would have made the transition to running a true business much less arduous.”

Green industry consultant and veteran landscape contractor Rod Bailey, CCLP, agrees. “Take a few courses in financial management before doing anything else,” he advises owner/operators. “Then, start looking at objectives. Develop a plan. What kind of business do you want to be in? What kinds of customers do you want and what kinds of services do you want to offer them? Once owner/operators identify their ideal customers, they can begin to target the good ones and weed out the bad ones.”

But it all starts by having a strategic plan, Bailey emphasizes. “Having a plan and focus, and setting growth goals for three to five years down the road, will allow owners to make good decisions about equipment and people.”

Bailey says he initially wanted to be a consultant, but needed five to six years of real-life experience

to give him credibility. Thirty years later, he sold his landscape contracting business to pick up where he left off.

“Over the years, one tends to forget those important first lessons,” Bailey relates. “When I talk with groups today or mentor individual contractors, I start out by asking them if they would plant a landscape without a landscape plan. Of

***“Having a plan and focus, and setting growth goals for three to five years down the road, will allow owners to make good decisions about equipment and people.”***

course, the answer is no, and the same theory applies to operating a business. It starts with a plan.”

### **Focus builds strength**

“My best advice to operators large and small alike is to focus,” says Dan Foley, CLP, president of D. Foley Landscape in South Walpole, MA. “One of the big challenges in this industry is to find a niche among so many different service offerings, customers and markets. It can be confusing, especially when starting out. I suspect that most successful landscape contractors have identified services and markets that were the most fun and profitable for them, and they placed their energies there.”

Foley emphasizes that the word focus applies equally to a maintenance company’s two biggest investments: employees and equipment.

“The labor issue can sometimes seem more difficult than it really is,” he remarks. “Planning ahead and forecasting needs can often head off most shortfalls in labor.”

The real challenge is to hire and retain employees who are willing and capable of taking on more responsibility, he adds. “We’ve learned to be more careful upfront and hire individuals who first and

foremost have the right attitude. It’s more important to bring in people who want to work and who will fit into your culture than it is to hire people based solely on their experience.” As Foley points out, you can train people but you can’t train attitudes.

This owner also challenges himself and his employees to find and develop talent every day. “We encourage supervisors to have one-minute coaching moments with their direct reports, and I strive to do the same with mine,” Foley tells. “I also set aside an hour a week to coach supervisors and managers. If you’re going to grow your company, you first have to grow your people.”

Equipment is a different matter altogether, says Foley. “Many of us, especially young owner/operators, become enamored with equipment and buy products that

are used sparingly. Knowing when to buy vs. when to rent vs. when to use subcontractors is part of the growing process. So, too, is buying equipment that lines up squarely with a service offering and limiting the number of brands in the shop. Having fewer brands simplifies maintenance and operation, and reduces parts inventory.”

Roscoe Klausing, CLP, president of the Klausing Group in Lexington, KY, calls this line of reasoning “having a product line focus instead of a product focus.” “When I started my company in the early 1990s, we had several different brands of equipment. I wanted the most powerful blower, the best string line trimmer and the most efficient mowers. In theory that was a good approach, but I ended up with several equipment brands and working with a couple of dealers. Now I stay with one brand and one dealer.”

### Put the owner mentality to work

Klausing started his business in 1992 while still in high school. He then incorporated five years later. “We were doing everything under the sun for everyone under the sun,” he recalls. “I made choices by default, and the idea that there were different markets and different segments never occurred to me. Then, in 2000, I brought in Rod Bailey to help me write our first business plan. I targeted the market with which we were most comfortable



It's more important to bring in people who want to work and who will fit into your culture than it is to hire people based solely on their experience.

(commercial maintenance), which is still our focus today.”

The young entrepreneur likes to say he has made the transition from being a landscaper to being a businessman in the field of landscaping, and hopes to have created a business entity that can operate in his absence. It all goes back to that original business plan, Klausing emphasizes. “I looked at our cus-

tomers base and decided I wanted to be in the commercial maintenance market. I attached a figure to the number of customers I wanted and how much revenue on average each would generate.”

Once owner/operators have a plan, they can move forward with commitment and determination, Klausing adds, noting that the biggest stumbling block from that point

## Nurturing a Business Mentality

- Decide who you want to be
- Create a plan of attack, set goals
- Obtain some financial management skills
- Seek out a mentor or join a professional group
- Find a niche
- Hire with "attitude" in mind
- Coach employees
- Strive for dealer and brand loyalty
- Stay committed
- Understand your customers
- Target steady, profitable growth



on is commitment. "You have to really want to grow and become a true owner, to the point that you spend off hours reading extra books and magazines. You'll even keep that appointment with your CPA despite the fact that work is backing up and days are getting shorter. In 2000, in addition to writing our first business plan, I also blocked out some time every day to get out

of the field to sell and plan, and to do those things that could help our business grow."

As Klausing points out, there's a difference between having an owner's mentality and actually putting that mentality to work. Like Bailey, Klausing advises owner/operators to either learn to work with business financials or work with a financial person who will work with you. "If you choose to hire someone to manage your finances," Klausing adds, "be prepared to listen and take their advice."

### Make it official

The above veterans have a few more tips on ways to develop an owner's mentality. "Decide if you're going to become incorporated or operate as a sole proprietorship," says Bailey. "Becoming incorporated as an LLC, S-Corp or C-Corp not only limits liability, but also alerts owners to the financial responsibilities that come with operating a business."

Too many owner/operators, Bailey adds, learn the hard way about tax laws, worker's compensation and other less-than-fun but requisite subtleties that come with being a business owner.

"Find a mentor, hire a consultant or join an association," advises Kluznik. "When I started, a couple of area contractors took it upon themselves to help me along. Their advice was instrumental to our early success. Consultants may be too costly at first, but their help can be invaluable when a company approaches the half-million-dollar to \$1 million level."

Foley adds, "All business owners, large or small, run the risk of spending so much time and effort thinking about their operations that they ignore the customer. I don't mean that they completely ignore them, but it's easy to forget that they have issues, too. Having an understanding of customers' concerns will help shape the type and level of service a contractor offers."

"Steady, profitable growth is what you're looking for," says Klausing. "I operate managers, now, instead of operating a business. I wouldn't be at that point without growing and creating career paths for employees."

Their advice is well taken for both small owner/operators and owners of large companies who spend too much time working in their businesses. Developing an owner's mentality begins with having a desire and commitment to be an owner—then creating a plan of attack. True, some people become successful in business by default. The majority of them, though, have a plan and follow through. **PRO**



# Maintaining SEPARATION

*How to make yourself stand out in the increasingly crowded maintenance arena.*

**By Rod Dickens**

One of the most effective ways leading landscape contractors have differentiated themselves from the competition is by becoming full-service providers. But what if you're purely a lawn maintenance contractor? How do you set yourself apart from the myriad of commercial cutters operating in your market?

The answer is this: No matter how big you are or how long you've been in business, the rules have changed. It's not business as usual, thanks in large part to an economy

that has crowded the maintenance market with competitors from all walks of life, putting incredible down pressure on pricing. Remaining competitive in maintenance today requires a fair degree of flexibility, creativity and discipline, along with communication skills that are second to none.

### **It's still a people business**

"The industry has changed over the years," says Maria Candler, CLP, president of James River Grounds Management in Glen Allen, VA.

"Expectations are higher. Quality, once a point of difference, is now a requisite if one is to successfully compete. Our customers expect quality. A company differentiates itself by the way it communicates and interacts with property managers and other customers. This is still a people business, despite the economic conditions."

Bill Leidecker, CLP, owner of Five Seasons Landscape Management in Reynoldsburg, OH, agrees. "In our niche, working with Homeowner Associations (HOAs)



and condominium boards, it's all about building relationships with property managers and making presentations to boards.”

Leidecker, whose company has between 25 and 30 maintenance crews and employs upwards of 150 people, also notes that price has become more of a factor in recent months. “We’ve always had to be competitive with our prices, but today you can get surprised by a long-time client who accepts a bid that is 30-40% below what he has been paying for years. Relationships can only go so far in today’s economy.”

### **But now it's also a thinking man's game**

According to Tom Oyler, principal of Wilson-Oyler Group, separating your maintenance company from the competition takes on another dimension during a down economy, especially when construction contractors and big maintenance competitors are looking at landscape projects of just about any size.

“You have to separate yourself from the competition by outthinking them,” emphasizes Oyler, a former landscape contractor. “You have to analyze your market segment and your customers’ pain, and adjust your pricing and service offering accordingly. Maybe you can help out a customer by adjusting your monthly billing (short of reducing your price of course) or by offering a different level of service. If you decide that you have to lower your price to compete, you will also have to adjust your

overhead to retain margins.”

Good mentoring is important, as well, Oyler adds. “Talk with people who have foresight into market conditions, and pay attention to real estate market trends. It’s very important to determine if current market conditions will be fleeting or long-lasting. Cutting costs, which is actually reducing your investment in customers and your business, will likely be necessary in a long recession. In a short-lived downturn, it’s best to avoid making any radical changes.”

### **Constantly communicate—and remain flexible**

For one of the first times in his company’s history, Bob Walker, president of Dependable Lawn Care in Oak Lawn, IL, says he is being asked to back off a bit on service to save clients money. “In essence, we’re

***“Especially in today’s very competitive environment, you want to make that call before a competitor does. Ask clients what you can do for them.”***

now put in a position to find a happy medium between price and service level for our customers,” says Walker, who has been in the maintenance business for 25 years.

“Last year, we picked up a new client who changed from a low-cost service provider to us,” Walker relates. “But our contact person left this year, and his replacement intended to shop around the project

for low bids. After we explained the project’s history to him, he agreed to continue to do business with us, but asked for a scaled-down maintenance program. The bottom line is that we still have the job, but we’re not offering quite as many services.”

In Martinez, CA, American Civil Constructors (ACC) general manager Bill Horn, CLP, CLT, emphasizes how important it is to be proactive with communication. “You can’t wait for a client to call—you have to call them first,” he points out. “Especially in today’s very competitive environment, you want to make that call before a competitor does. Ask clients what you can do for them. It may just be a matter of reassuring them that you’ll hold your price, or they may ask for a new price point. If it’s the latter, find creative ways to reduce costs without sacrificing the dignity of a property.

“Maybe you can put some detail work or planned new enhancements on the back burner and create more efficiencies,” Horn continues. “This is when it pays to have experienced people working for you. Remember, in our line of work, it’s all about labor and customer service. And now more than ever it’s also about the willingness to adapt to new market conditions.”



Being flexible doesn't just apply to the commercial market, Walker adds. Nearly 60% of his total revenue comes from maintaining homes. "On the residential side, we've been providing weekly maintenance service and a five-part lawn care program for several years. But now we're reassessing this approach in light of the new reality. We're seriously considering offering an every-other-week mowing service for customers during the slower-growing summer season. For our lawn care customers, we may offer a three- or four-part program alternative. We would have to raise the price for each mowing or application by 25% or more to offset lost revenue, and our customers would have to be willing to put up with a few more weeds."

### **It's in the details**

Troy Davis, owner of True Care Landscape Maintenance in Los Lunas, NM, was in the landscape installation business for 24 years. Then, last March, he decided it was time to shift gears and start taking care of the properties he had installed. He now has 16 residential maintenance customers.

"I'm different from the normal maintenance contractor," Davis notes. "Over the years, I've watched literally dozens of maintenance companies operate on site. For the most part, it's all about time and how efficient crews can be on a property, but they forget about the details. I think what separates me from the competition is exactly that: the details. I'll pick up sticks and other

debris from lawns, rake the gravel and check on the irrigation system. I'll take time to walk every property before I mow, and even stop mowing to remove an elm tree or other unwanted plant material growing up through a bush."

Despite the economy today, Davis says it's not always all about the money. "If you do a good job and take care of your customers' properties, your customers will take of you. It's not about maintenance, it's about people."

### **The basic fundamentals still apply**

Despite the changing rules, some of the fundamentals about being successful in maintenance still apply. "One of my suggestions for

anyone getting into maintenance is to do one thing and do it well,” says Roscoe Klausung, CLP, president of Klausung Group in Lexington, KY.

“Focus on commercial or focus on residential,” Klausung adds. “In our market, you will find residential contractors dabbling in the commercial market, but it’s not their strength, and it shows. On the other hand, our company is strictly commercial and we have no desire to get into the residential market. The two animals are completely different in terms of both service and customer expectations.”

Klausung says business has been holding up so far this year, but his company motto for ’09

has been “proceed with caution.” This approach includes a tight rein on capital spending, along with marketing his company’s strengths.

“In recent years, we’ve abandoned using colorful marketing pieces in favor of developing our website,” Klausung explains. “Having a presence on the Internet is important, but we’ve found that not having a four-color newsletter, marketing brochure and other collateral material has hurt our business.”

Klausung wants to be able to put images of his company’s work and remarks about its strengths right in the decision-makers’ hands. Among strengths (and points of difference),

he includes the availability of his staff to answer customer requests and questions, along with the understanding of how his customers want to communicate, whether it be via email, mail, fax or phone. Klausung is also taking advantage of modern technology by being able to scan and email contracts. “Since property managers are accustomed to doing business that way with other clients, we should be on board too,” he adds.

Education can work to separate one contractor from another. Every member of Klausung’s four-person management team has either a CLP or CLT after his name or an advanced degree in horticulture. “It’s one thing for account managers to understand production techniques and strategies,” he says. “It’s another for them to understand horticulture.” Understanding some of the science behind growing and maintaining plant material can be a real advantage,” Klausung emphasizes.

Creating other points of difference—such as maintaining sustainable landscapes or providing turf renovation services—can also give maintenance contractors a distinct advantage in an increasingly crowded marketplace.

But at the end of the day, quality and service are what matter most. Sharpening your communication skills, focusing on the details and remaining flexible will help you meet the standard of what quality service in today’s landscape industry really is. **PRO**

### Take-Home Points

- > Be proactive with communication. Beat your competition to your customer’s ear. Find out how customers prefer to interact with you.
- > Outthink your competition. Monitor market trends and offer different service levels.
- > Be flexible. Match your service offering to customer needs.
- > Maintain quality standards. Quality is a requisite in most markets. If price becomes an issue, find ways to reduce costs without sacrificing quality.
- > Maintain focus. Stay with your strength, whether it is commercial or residential.
- > Continue to market your company and service offering. Complement your Internet presence with colorful marketing pieces.
- > Educate to separate. Knowledge is power, not to mention a quick way for customers to distinguish one maintenance company from another.
- > Offer new services. Something new can pique interest.

## Personnel

# Culture Check Time

*Companies with a culture of professionalism are poised to prevail in this dog-eat-dog market.*

Many leading contractors are viewing 2009 as the year that has helped separate the men from the boys. Companies with strong operating systems and sales processes have been able to act and react much more swiftly. And companies with the best people and strongest culture have been able to rise above the horde of contractors begging for work.

Creating a culture takes time, and becomes a little more challenging during tough times. According to green industry consultant Gary Goldman, when things tighten up, and the words “bonus” and “raise” become forbidden in the English language, you must have something in your bag of tricks to convince your employees that it’s worth hanging around and giving it their all.

Companies that thrive during tough times have created an informal culture where employees buy into the owner’s long-term plans. The key word is informal. “When nothing has been mandated on the workforce, that workforce is more likely to accept and embrace the culture of professionalism,” Goldman says.



Photo courtesy of Big Sky Landscaping in Oregon City, OR, a 2008 Pros in Excellence Award finalist.

The big question is: What can go in your bag of tricks to help attain that employee buy-in? First of all, Goldman says you need to have a plan that you stick to, because that instills confidence

in your employees that you know where you want to take the company. However, it might be necessary to make adjustments from time to time in order to reach your goals. That's OK, because it too will instill confidence in employees that you're proactively managing the company to keep things on course. In either case, keep employees informed of what's going on. The more informed and involved they feel, the more likely they'll embrace the culture.

### Take a culture check

So, do you have a culture that will help your company stand out from the pack? Goldman says you should ask yourself these questions:

- Is the overall caliber of my staff better today than it was three years ago?
- Is my staff more efficient?
- Are my employees growing, learning and developing—or are they just doing what needs to be done plus a little more?
- Is your company continually attracting new applicants?

“There's one final question you then have to ask yourself,” Goldman says. “Are my clients happier today than they were three years ago?” If you don't have the right culture, they probably aren't. And if that is the case, you need to correct it right away. **PRO**

*Gary Goldman has over 20 years of management experience in the landscaping industry. He has a master's degree in business administration and is a licensed factoring specialist. For more information, call (508) 652-9771, email [gmanaf@msn.com](mailto:gmanaf@msn.com) or visit [garysgoldman.com](http://garysgoldman.com).*



## ASK A PRO: How do you build a strong company culture?

Creating an organization where every employee at every rank is committed to customer service is not an easy chore. Landon Reeve says it's something that must start at the top, where management establishes what it feels is important in how employees treat clients—and each other.

“You have to continually talk to employees about how important this is,” Reeve says. “If courtesy and good communication aren't happening inside the company, you can never expect it to happen outside the company.”

Reeve is the founder and chairman of the board of directors of Chapel Valley Landscape Company, an exterior design/build/manage landscape firm serving Maryland, Virginia and Washington D.C. He says conditioning employees to become proficient in customer service really comes down to communication and feedback. “It's like riding a bike,” Reeve relates. “Once you get them in the habit, they don't even have to think about it. But getting them in the habit takes a while, and probably a few spills along the way.”

Reeve says Chapel Valley conducts customer service training sessions on a frequent basis. “We spend a lot of time training employees on ‘how we do things in our company.’ We talk about appearance, how we talk to other employees, and how we act on a jobsite. Certain guidelines are made well-known, and ongoing performance evaluations allow us to track performance.”

One criticism of performance evaluations is that they don't happen enough. At Chapel Valley, Reeve says “performance development interviews” happen every other week. “We meet weekly to discuss scheduling, but every two weeks we also address other issues such as customer service.”

## Personnel

# Building Your Superstar Workforce

It may seem unconventional to most contractors, but right now is the best time to be hiring. While most landscape companies are reporting the need to lay-off staff as workloads decrease, now may be the best time to look for talented and dedicated employees.

As the available workforce continues to grow, with not only landscape companies but also many different industries laying-off workers, there is an ample supply of quality candidates to help you build your superstar workforce. Doing so now could help you to go further once more jobs start coming in.

Right now is the best time for contractors to start dipping into that deep labor pool to find the employees that can help them grow their businesses. Individuals from all industries are hungry for their next employment opportunity.

“There are two types of economies that we deal with,” explains consultant and former contractor Tony Bass. “In economy No. 1 it’s easy to get work. In economy No. 2 it’s easy to get people. Owners should now be thinking about building the best workforce that they have ever had in their company’s history.”

While now is an especially good time to be looking, contractors should be constantly evaluating their staff to be sure they are cut out for the job. “This is the time more than ever for you to evaluate your team and ask yourself the hard questions about individual performance and individual productivity,” says Bass.

### Skill vs. Personality

To build your workforce, you need to know what to look for in a potential employee. While some might think already having the necessary skills is a green light to hire, you may want to stop and think more about the individual’s personality. “You are probably going to be looking for things like past work history and skills,” says Bass. “The reality is that skills are something that can be trained and taught. What you really want to look for is attitude and aptitudes.”

Using a resume or application in your search for a new employee is great for gathering basic information, but won’t expose much about the applicant’s attitude toward work and learning. “You should never evaluate people based on their resume alone because resumes are designed to hide flaws and make people look

good,” explains Bass.

Asking the right questions during a phone or in-person interview can help in digging deep and learning about skill sets as well as attitude. “Simple questions can reveal a lot about people,” says Bass. “Ask about the things your company does and the things you will need your people to do. Just looking at how people respond to this basic skills test can give you a great deal of insight rather than if you were looking at a resume or application only.”

During the interview, study not only the applicant’s answers, but also their attitude. Individuals with a positive attitude, who are smiling happily during the interview, will usually make a better workforce than those who are negative.

A short phone interview before bringing the candidate in for a live interview can save time. Bass suggests giving them just five minutes over the phone to answer a few questions that could rule them out right away. Ask them why they would like to work as a landscaper, what gets them excited about work, or what makes them a top seller, if they are being considered for a sales position.



In their answers, look for positive responses about a job well-done and a sense of accomplishment. “With remarkable consistency, people who love the outdoors and look back at their work at the end of the day with satisfaction would likely be good people in the field,” says Bass.

### Tools to Help

Beyond a resume, application and phone interview, there are some very effective tools available to help you build that superstar workforce. “I had no idea until I brought in an expert that there were tools available to make me a better evaluator of employees upfront,” says Bass. With the two tools outlined below, you can make better-informed decisions in less time.

The “Wonderlic Personnel Test” is an intelligence test that reveals what goes on in the potential employee’s mind. It sheds light on the person’s ability to take information, evaluate it and

give a reasonable answer. There is a cost to use this tool, but Bass assures it is worth every penny. “It is a wonderful tool for someone trying to find value in the area of sales or management,” says Bass. “I didn’t use one for laborers, but when you start making decisions for management, senior management and sales, you need to have employee evaluation tools before you spend one minute of your time interviewing.”

Another tool, called the “Reliability Interview,” is a set of true or false questions. Once the interviewee answers all the questions, the answers are put into a computer program that tabulates the responses. It reports the likelihood that the person abuses drugs or alcohol, will have a safe work performance, and will be able to get along well with others.

“These are critical parts of whether or not a person is going to be an effective part of your organization,” says Bass. “And you save time not having to sit down

and ask these questions yourself.”

Bass suggests seeing a human resource consultant to get the software and needed help in implementing it. A consultant can also help the overall hiring and interview process run smoothly.

Regardless of the state of the economy, you should never stop looking for people whose skills and abilities can improve your company. Knowing what to look for helps the process run smoothly. And taking the time now to find the right people to build your superstar workforce will help everything run more smoothly as business conditions continue to improve. **PRO**

*Ex-contractor and trailblazing entrepreneur Tony Bass is now a successful inventor, author, consultant and speaker whose purpose and passion is helping green industry small businesses achieve their fullest potential. For more information, email [tony@superlawntrucks.com](mailto:tony@superlawntrucks.com).*

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Consumer Trends: What to Learn, What to Leave • Book Signing: 4 p.m. Booth #5074

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Thursday, October 29 9:30 – 11:00 a.m.  
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**Consumer Trends: What to Learn, What to Leave**

Speaker: P. Allen Smith

2:00 – 3:30 p.m.

**Sustainability in Practical Landscape Management: A Kinder Way to Care for the Landscape**

Panel of Industry Experts

Friday, October 30 1:00 – 2:30 p.m.

**Business Management: Weathering the Storm**

Speaker: Charles Vander Kooi,  
Vander Kooi & Associates, Inc.

### 2009 PRO Magazine's Pros in Excellence Awards



Sponsored by Ariens, STIHL and GIE+EXPO, the *PRO Magazine* Pros in Excellence Awards recognize landscape contractors who are successfully growing their businesses with professionalism and innovation. The two winning landscape contractors will be announced at GIE+EXPO and featured in the November/December issue of *PRO Magazine*. Visit [greenindustrypros.com](http://greenindustrypros.com) for more information.



## Administration

# The Right Help in the Right Places

*As business conditions improve, make sure you have the right administrative staff to help keep your company on track while it grows.*

**F**or most landscape contractors, the need to hire additional personnel has not been a concern this year. As business conditions continue to improve, though, and the opportunity to recruit top-notch talent to your organization persists, don't forget that quality admin staff are about as crucial to your company's growth as reliable equipment and new customers.

Many growing contractors in the green industry mistakenly turn administration into a chicken-before-the-egg issue. They believe they have to grow large enough to afford to bring someone into the office, when in fact they need administrative help to thrive and grow.

Some are trying to do the right thing, keeping overhead expenses low by burning the midnight oil, catching up on phone calls and paperwork themselves. Some stubbornly refuse to trust someone else to do the work. Others simply avoid certain office duties altogether. In all these cases, the decision to finally bring in help is usually made only when problems

become full-blown crises.

Filling an administrative role can and should be accomplished as early as possible, both as immediate relief for the owner and as a building block for long-term success. And it should be done with the same care and due diligence as other important parts of the business, like grooming field managers or growing a loyal client base. "You have to approach it systematically and with a plan," says consultant and former contractor Dickran Babigian.

### The big picture

As a broad rule of thumb, according to Babigian, owners should begin thinking about staffing an office when they reach about \$200,000 in sales. Of course there are many qualifications and exceptions to this rule, including how many accounts you're servicing; whether your company's services are administratively intensive, as is the case when you do a lot of landscape construction; and whether there are enough opportunities in your market to increase

sales and cover the additional overhead.

Babigian says that the decision-making process starts by looking at the big picture. "You have to ask yourself what there is to gain versus what it is going to cost, and put the numbers together. If you think the market is soft and you can only increase annual sales by \$20,000 or \$30,000, or if you're having operational problems in the field and can't handle the extra work, then maybe it isn't time to take the leap. But if the opportunity is there and you can go after it by getting the administrative stuff off your plate to focus on selling, then it makes sense."

On the cost side, one must be realistic and careful to take everything into account. Don't think you can simply hire someone for minimum wage without creating more problems than you're trying to solve. You should expect to pay a competent office manager at least as much as a lead foreman, depending on duties and workload. Also factor in benefits, taxes, workers' comp., etc., as



well as office space if you don't have that already.

### Dissecting office duties

Once those considerations are made and you've decided to move forward, it's time to get down to the nitty gritty. Babigian suggests making a list of all the administrative tasks you work on, describe what each entails and keep track of how long you spend doing them. Then break the list down into a more manageable and organized format, like daily, weekly, monthly and quarterly tasks. At this point it should start to become apparent what the office position will entail.

The new person might initially handle basics like answering the phones, job tracking, billing and/or basic bookkeeping, while

you hold onto trickier tasks like generating profit-and-loss statements. And since your first hire is likely to be a part-time position, you might also decide to outsource some duties such as payroll.

All of this may seem like an awful lot of spadework for a single payroll position, considering that you're already squeezed

***“One of the biggest mistakes I see owners make is assuming that an office manager is going to create an administrative system for them, or at least create their own job description as they go along.”***

for time and the whole idea was to make your life easier. But Babigian says the work pays off

many times over, both in the hiring, training and management processes for the office, and in the long-term development of your company's administrative systems.

And Babigian says it's critical that these boundaries be established before the hiring process begins, not improvised during and after. “One of the biggest mistakes I see owners make is assuming

that an office manager is going to create an administrative system for them, or at least create their

own job description as they go along,” he relates. “Even if the person you bring in is experienced, 99% of the time they were just maintaining an administrative system they didn’t develop themselves.

“They may have good ideas, but they don’t know anything about your company, how it operates or what it needs. You’re asking for trouble if you throw someone into an environment without any structure. What’s more, you’ll probably scare off the best candidates before they even take the job, because they’ll probably guess what they’re in for.”

### Hunting heads

Once you’ve examined your company’s administrative requirements, you can begin looking for someone to help meet them. Babigian says it’s important to cast the net far and wide.

“Don’t cut corners on advertising the position,” he advises. “Put it in the local paper and on the Internet at sites like monster.com and careerbuilder.com. You want as many resumes as possible. That way you can be choosy, calling a bunch of candidates for pre-interviews over the phone and scheduling a second interview with the best of the lot.”

Contractors are often surprised at the response when they advertise properly. In some instances, Babigian’s contractor clients have received more than

350 resumes for a full-time position and interviewed more than a dozen. Even part-time positions can be expected to draw scores of applicants in most locations.

“There are a lot of professional moms and others who because of their circumstances or preferences are looking for part-time work,” Babigian points out. “And many of them prefer to work at small businesses because of the flexibility, challenge and opportunity for growth they offer.”

Armed with your job description, confident in your administra-

tive plan and secure in the knowledge that you’ve searched out the best candidates, Babigian says the interview should be a breeze.

“If you’ve done your homework on the job description, you can use it as a guide during the interview. Ask them to describe their past work experiences—what they did on a daily and weekly basis—and measure it against the duties and skills you’ve listed.

“Some disagree, but I’m one who thinks that industry experience isn’t necessarily required

## Helping Employees Achieve Job Satisfaction

For contractors, assessing and promoting job satisfaction is particularly difficult in the office. Admin staff is usually more career-minded and the boss is out of his element. Below are some key questions from the employee perspective for which you should be providing answers.

- > **Question No. 1: What am I supposed to be doing?**  
Employees need to know the scope of their job. They need to know in advance what the goals of each task are, what their part in it will be and how long it should take.
- > **Question No. 2: How well am I supposed to do it?**  
Employees need to know what the standards are for each task, and you need to clearly communicate your expectations.
- > **Question No. 3: How am I doing?** Many employers do a poor job of providing feedback unless employees make a big mistake, assuming that employees believe “no news is good news.” But this sends the signal that you don’t care. Employees appreciate constructive criticism, and they also want recognition for a job well done.
- > **Question No. 4: How can I be more successful?**  
Employees want to know what they need to do to get a raise and to get promoted to the next level. But they also simply want to know how they can do their job better and what skills they should acquire to be more effective.

for this position, as long as the candidate has had similar experiences,” Babigian adds. “Can they use QuickBooks? Have they ever had direct contact with customers? Even more important is their chemistry with others and their work ethic. Can they work without direction? How do they handle stressful situations?”

### Reach for the brass ring

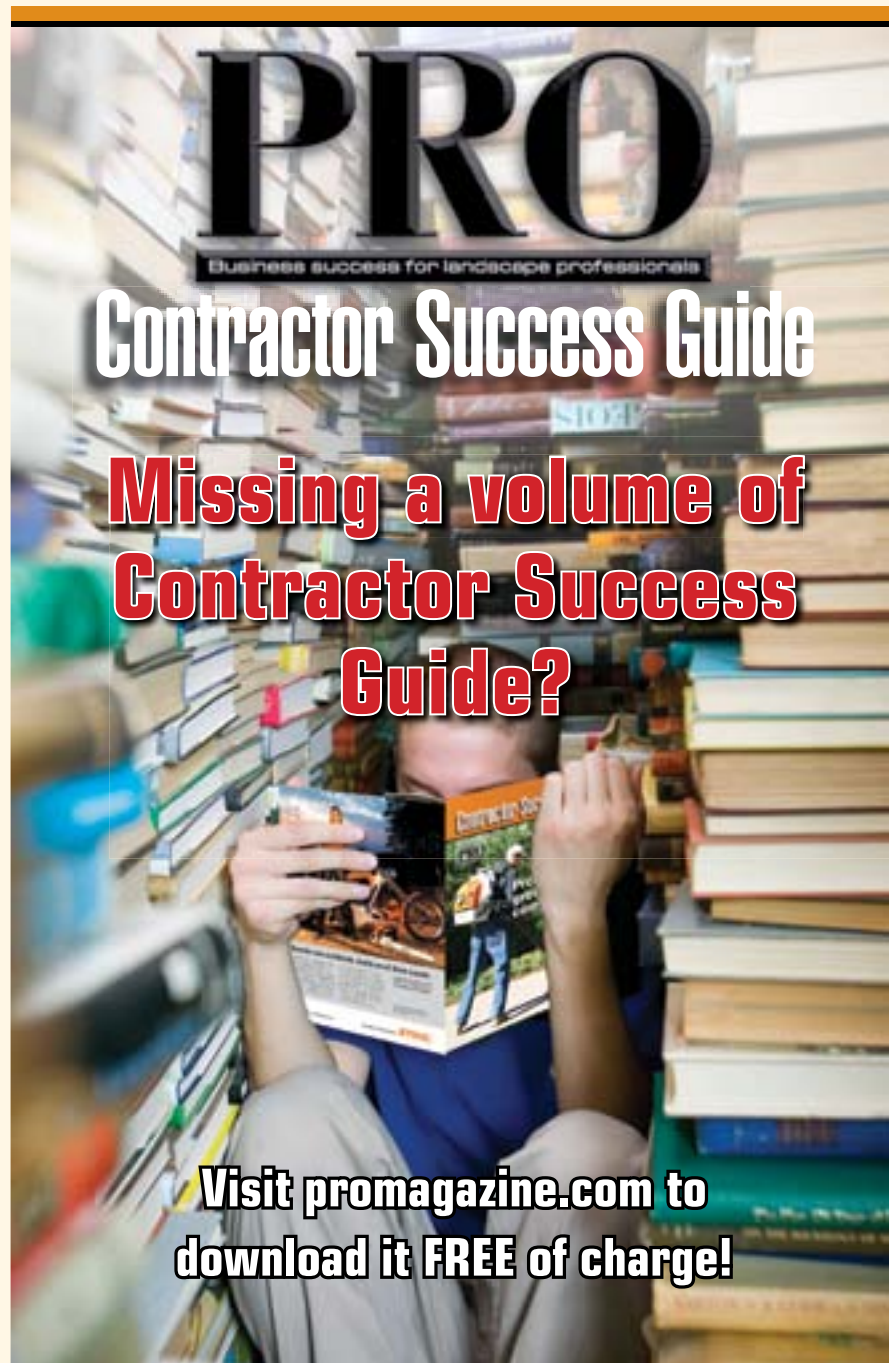
Perhaps the most difficult part of the hiring process is keeping your hopes and expectations up. Often it can seem that the right candidate is never going to appear. It becomes difficult to avoid the temptation to hire the next warm body that walks through the door out of panic or frustration.

Babigian says contractors tend to sell their own companies short, believing that qualified and experienced candidates would never consider working for them. Often they don't even try to seek out the best, settling for the friend of a friend who knows how to type.

“You shouldn't start with the assumption that, because the company is small and it's a part-time position, you'll only be able to fill it with someone inexperienced, less skilled or who doesn't know any better,” says Babigian. “If that's what you think, that's exactly what you're going to get.”

In today's economy where talent is as available as ever, don't settle for anything, or anyone, but the best. **PRO**

*See article on page 26 for more advice on how to effectively integrate administrative staff into your organization.*

A photograph of a person sitting in a library, surrounded by tall stacks of books. The person is holding a magazine titled 'PRO Contractor Success Guide' in front of their face. The magazine cover features a person working in a field. The word 'PRO' is written in large, bold, black letters at the top of the magazine cover. Below it, in smaller text, is 'Business success for landscape professionals'. The main title 'Contractor Success Guide' is written in large, white, bold letters with a black outline. Below that, in red, bold letters with a white outline, is 'Missing a volume of Contractor Success Guide?'. At the bottom of the magazine cover, in white, bold letters with a black outline, is 'Visit promagazine.com to download it FREE of charge!'. The background shows rows of bookshelves filled with books, creating a sense of a vast library.

# Filling the Leadership Gap

*How to cultivate crew members as future leaders.*

Landscape contractors expect a lot of their foremen. Nowadays, some are even asking their crew chiefs to help sell! Do you feel like you have the best foremen \$15 or \$20 an hour can buy? Whether you do or not, it's important to acknowledge the real reason many foremen fail: They aren't properly selected and trained, and don't have a clear idea of what is expected of them.

Consultant Kevin Kehoe says the root of the problem is in the selection process. Typically, that process begins only when the need arises, such as when a crew is added or an existing foreman needs to be replaced. In either event, the decision is often made in haste.

"Often a crew member is

promoted to foreman because he's the best worker," Kehoe says. "While ability and work habits are important, that doesn't automatically mean someone is ready to rise into a supervisory role. You may be setting both yourself and your employee up for disappointment."

Kehoe says the promotion process should be continuous, consistent and systematic. "Owners and managers should be looking down the ranks at all times, analyzing crew members' skill sets and constantly asking them about their aspirations."

If a crew member demonstrates aptitude and interest, the manager needs to begin clearly communicating to the employee exactly what skills they need to be

developing and how to do so.

"A lot of companies don't do this very well," Kehoe says. "That's because many managers don't understand that the vast majority of employees have no idea what their own strengths and weaknesses really are in relation to what the company is looking for. When you offer recognition for the former and constructive criticism for the latter, it can make all the difference in the world. Identifying potential candidates early on is critical, and the training process really begins even before the person is promoted."

## Define the skill sets

Often it's the manager, as opposed to the employee, who doesn't know what skill sets are

relevant. Even if they do know, managers can become distracted by personalities and vague notions like “gets along well with others.”

Kehoe breaks the required skills into four basic categories, while suggesting that managers continuously rank employees on a 1 to 5 scale for comparison with other candidates.

#### **Basic technical skills –**

These include such things as equipment operation, managing materials and understanding of work processes. Kehoe says, “A foreman has to rank pretty high in this area, because this is the baseline of the job and skills he’ll use every single day. Having a firm grasp of the fundamentals is also an indication that he or she is capable of training others.”

**Planning** – Potential foremen should be able to demonstrate some forethought on and off the jobsite. This is what really separates the A from the B candidates. “Detecting the ability to plan requires a lot of observation, along with the occasional question,” says Kehoe.

Are they doing anything at the end of the day to prepare for the next day’s work? Do they have a specific idea of what their specific goal is for both the morning and afternoon as they leave the shop?

**Delegation** – Leadership candidates should also be able to break tasks down into parts and determine how to complete each most efficiently. “This skill is diffi-

cult to judge until an employee is in a position of authority,” Kehoe explains. “But one might set up an experiment, maybe put an employee in charge of a small part of a job, like trimming.

“The employee should know enough not to put themselves in a primary job or on a primary piece of equipment where they can’t supervise others. And they should be able to juggle several supervisory tasks at the same time. For example, they should assign others to work in parallel and not in sequence, which is inefficient and wasteful.”

**Feedback** – Candidates should be able to communicate clearly and, most importantly, speak with others about their performance in a way that rewards good behavior and discourages bad. This is a hard task for a lot of people, because they don’t want to seem judgmental and dislike even mild confrontation. It’s a skill that can be trained, but there should be some indication of an innate ability to appraise co-workers’ performance fairly and to deliver bad news when necessary.

Kehoe says these four skill sets aren’t nearly a comprehensive list of what it takes to be a manager. But they are an easy way to categorize and remember the kinds of traits to look for. Then, each of the four broad areas can be parsed further into subsets, such as specific work processes under “basic technical skills.” But Kehoe

says he’s found that these four broad skill sets provide a useful way to keep them top of mind, and to communicate to employees what they should be thinking about if they aspire to move up.”

### **Speaking their language**

Consultant Monroe Porter also says it’s important to clearly lay out for employees the road to advancement in terms they can understand. “It can be difficult for owners and managers to see things from the crew member’s perspective,” Porter says. “They expect everyone to automatically see the big picture and the grand opportunities awaiting them if they just follow the yellow brick road. But that’s just not human nature.”

Employees are often baffled by what they see as an arbitrary process for advancement. They aren’t in on managers’ evaluations or deliberations, so they may have a completely inaccurate view on how and why people are promoted. Porter offers this checklist of remedies for common misperceptions:

#### **Questions are good –**

Employees may believe that asking a supervisor questions is an admission of failure or ignorance, when in fact they are an indication of interest.

**Consistency is key** – Some crew members, especially younger ones, may be under the false impression that occasional hard work and heroic feats make up for slacking off some days and/or

having a spotty attendance record. It needs to be clear that a reputation for dependability is crucial. It can only be built up over time, but can also be quickly ruined.

**Learn to communicate well**

– Field workers who are used to being judged solely on how quickly and how well they get their work done may underestimate just how important communication is in advancing a career. “It should be made clear to those with limited English skills that learning the language opens a lot of doors and is needed to communicate with customers,” says Porter.

**Forms and details –**

Leadership candidates should also understand that paperwork is a necessary evil in operating a company. Therefore, developing proficiency with forms and details is a skill valued by managers.

**Stand up and be counted –**

Another common misperception among employees is the belief that opportunity will eventually and automatically come knocking. “It can be hard for someone who has never advanced beyond an entry-level position to understand how important individual initiative is to managers,” Porter explains. “They should know that accepting responsibility for small things is much appreciated, like loading a trailer in the morning or making sure materials are delivered. After a while they might ask to be in charge of a small project, building experience and confidence.”



**Keeping the door open**

Kehoe points to another major potential obstacle in motivating crew members to seek out advancement: the lack of openings.

“I’ve worked with some companies that are locked into a vicious cycle,” Kehoe relates. “They’re afraid to make changes at the crew leader level, because it’s so difficult to find replacements. As a result, there are few opportunities for advancement in the field, and crew members get discouraged.”

In some instances, Kehoe has recommended a controversial approach known as “forced ranking” to break the deadlock.

Utilized by some major corporations, employees are evaluated and ranked. And those at the bottom are periodically cut loose.

“I’ve seen the approach work well in developing leadership at some landscape companies,” Kehoe points out. “Foremen are evaluated according to skill sets, and the lower-ranking ones either have to move up or out.

“It sounds tough, but it can be pretty effective in raising the bar,” Kehoe continues. “It also gives people in the bottom ranks hope that opportunities are going to open up for them on a regular basis.” **PRO**



# Four-Legged Stool

*Being a true professional requires technical expertise, great work ethic, social skills and personal character.*

PLANET president Bill Hildebolt, Ph.D., CTP, CTP-CSL, admits that becoming a true professional is easier said than done. It requires more than just wearing a clean uniform and driving a clean truck. In fact, being a professional encompasses several disciplines.

"I like to use the three-legged stool analogy when discussing the topic," says Hildebolt, owner of Nature's Select Premium Turf in Winston-Salem, NC. "A stool is only as stable as all three of its legs. If one leg is weak or fails, the stool will collapse. In other words, if an individual lacks all of the required attributes of being a professional, he or she will fall short of being a professional."

So, what are these three critical professional legs?

1. Having technical expertise in a chosen field
2. Working hard to achieve goals
3. Having the social skills to successfully interact with customers, suppliers and associates

However, Hildebolt says a fourth leg provides an even stronger foundation—and that fourth leg is personal character. "All the technical expertise, hard work and social skills in the world will not make up for flawed character traits, which are evidenced by not being open, honest, sincere, trustworthy and straightforward when dealing with people,"

Hildebolt points out.

No wonder it takes an industry so long to develop a truly professional reputation. One doesn't become a professional overnight. It requires practice and perseverance in each of the four critical areas.

**Technical expertise.** True professionals are the "go-to" people within the industry. They have the education, training, talent, certification and required licenses to engender confidence in their ability to get the job done.

***"All the technical expertise, hard work and social skills in the world will not make up for flawed character traits."***

*– Bill Hildebolt*



**Hard work.** If you're willing to work hard, anything is possible. Yet hard work goes beyond working up a sweat. It involves the commitment, dedication and willingness to overcome challenges, the discipline to stay focused on the task at hand, and the motivation to reach goals.

**Social skills.** Perception is reality. If green industry service providers look and act professional, then customers are more likely to view them as professionals. Having good social skills—the right attitude, an affable personality, and the

ability to communicate clearly and effectively—will also give landscape contractors and lawn care operators a competitive advantage over those who lack them.

**Personal character.** Lacking personal character cancels out every other leg of the now four-legged stool. An individual can be educated, work hard and have excellent social skills, but if he or she is dishonest or suffers from other character flaws, the professional designation will never be within reach.

There's one more caveat to the professional equation. "Professionals learn to maintain a balance at work, and they balance work and free time," Hildebolt explains. "Having a healthy balance at work and at home is critical to being healthy and living a long, rewarding life. Without this important balance, being a professional offers little reward." **PRO**

*For more information on PLANET, visit [LandcareNetwork.org](http://LandcareNetwork.org). For more on Nature's Select Premium Turf, visit [NaturesSelect.com](http://NaturesSelect.com).*

## Financial Management

By Gregg Wartgow

# Controlling Overhead

*Keep a close eye on office salaries, maintenance expenses and marketing investments as your business starts growing—in order to keep profits from leaking.*

**I**n landscape contracting, it's not uncommon for 25-30% of your total sales to be eaten up by overhead. Then, as sales grow and your business expands, certain overhead costs tend to creep out of control, eating away at your profit until you're left with less money than you had when you were a much smaller company.

To contain overhead creep, the first thing you need to do is put a detailed budget together. Then monitor it on a continual basis. Think in percentages, like contractor Joe Chiera of Impact Grounds Maintenance in Norton, OH, does.

"As our company has gotten larger, I've quickly learned that you have to stay on top of the numbers," Chiera relates. "Aside from making sure we recover our direct costs, I now watch every overhead line item in our budget. As we grow, I want to make sure that each expense stays the same as a percent of sales. Then we'll be OK."

Along with establishing a budget you continuously monitor, long-time industry consultant Charles Vander Kooi says it's also important to recognize that assets such as trucks and equipment shouldn't be considered overhead. You should know what

it costs to operate each truck and piece of equipment you own, and recover those costs separately on each job, just as you do with materials and labor.

That said, what *are* some of the more notorious overhead costs that have a tendency to creep out of control?

### Administrative and managerial salaries

Green industry consultant Kevin Kehoe says overhead creep can certainly be a problem for contractors, but a larger problem is revenue lag. "Most of the time, a landscaper takes on additional overhead costs with good planning and good intentions," Kehoe says. "But the revenue doesn't keep up with the added overhead, and it's usually a matter of poor sales efforts."

As of late, revenue lag for many contractors has been a matter of poor economic conditions. Regardless of the cause, paying close attention to one of the bigger overhead costs, managerial and administrative salaries, can allow you to suppress the creep and address the revenue lag at the same time.

"When you add a supervisor, he's not billable—he's overhead," Kehoe

explains. "He may be ineffective for a number of reasons, primarily because you don't have a good job description for him and you don't give him what he needs to succeed. You hired this guy to manage, but you don't give him basic information like job cost numbers. He becomes a glorified babysitter who's just chasing his tail until you finally fire him. Adding supervisors can cost 2-3% of sales, easily. If you don't have a plan for them to succeed, it's wasted money."

The same can be said for administrative staff. As you read back on page 18, quality admin staff are about as crucial to your company's growth as reliable equipment and new customers. However, haphazard hiring is not a good practice, and will not be the cure your company is looking for. Ask yourself: How much more volume will we need to do to recover the additional costs, and what we will do differently to add value and actually grow?

"Typically, as a percent of sales, overhead labor runs 11-15%," says Dickran Babigian, an industry consultant and president of Navix Software. "When a growing contractor adds one or two people, that can quickly jump another 20-50% in a single year. Without any corresponding growth,



Just as in the case of supervisors and office staff, you need a plan to keep your mechanic fully utilized so he's helping you make more money, as opposed to helping rob you of it.

it just eats at the bottom line. Very often I see contractors add an administrative person because there is one problem to address; perhaps billing and collections. But there has to be more than that, or it's not worth it."

To make it worth the additional overhead cost, your new administrative person should not only help you administrate, but also grow the business. On the administrative side, they can get prices on materials and help you put proposals together. They should be tracking materials and subcontractors, which can be done in QuickBooks, to make sure you're recovering these costs on each job. They can also start tracking hours to job, not just tracking payroll as a big block of time.

On the business growth side, your new administrative person should be following up with customers to confirm appointments, or even to simply make sure your

customers are happy. They should also be answering the phone to enhance customer service, and more importantly, track leads.

### Wasted advertising

Wasted advertising expenditures are another culprit of overhead creep. "I've seen a lot of contractors with boxes of flyers they've never distributed," Babigian says. "I met a guy who had a Yellow Page ad with the wrong phone number."

Tracking leads and making the most of them can help you cut back on other advertising investments. "Spend more money on making money with the leads you're already getting," Kehoe advises. "If you've been in business five years, your phone is likely ringing enough for you to make good money. Set up a lead tracking system, which can be done in Excel. You should still look for new business, but it's even more

important to manage the leads that are already coming in."

For most contractors, new leads haven't been coming in quite so fast and furious. When that happens, it's important to aggressively mine your customer list. Reaching out to existing and past customers is a great way to generate sales in the way of enhancement projects or maintenance contracts. Ask for referrals. Again, this is a great way to fully utilize your office staff.

### Breaking down

The bigger your company gets, the more trucks and equipment it's likely operating. And the more trucks and equipment it's operating, the more likely you are to see repair and maintenance costs balloon out of control.

Then the salary issue also comes into play in many instances. Once you start pushing past that

Properly training employees on how to safely transport equipment can go a long way toward reducing unnecessary repair costs.



million-dollar-a-year level, hiring a full-time mechanic might seem like a great idea. For many contractors, it proves to be just that. But just as in the case of supervisors and office staff, you need a plan to keep your mechanic fully utilized so he's helping you make more money, as opposed to helping rob you of it.

"We can help our mechanic control shop costs," contractor Joe Chiera says. "We put a limit of \$1,000 on his credit card, or he'd probably spend more. When that card starts nearing the limit one month, I take a look at what's being purchased." There's not much you can do about needed parts. But other shop expenses, such as hand tools and consumable supplies, can skyrocket if controls like this aren't put in place.

"Another thing you should do is set up a repair order system, which can also be done on an Excel spreadsheet," Kehoe says. "Mechanics in this business are notoriously unaccountable. But they should have time cards just like your employees in the field do. In fact, a mechanic's time should not be applied to anything if it's not applied to a piece of equipment and crew. Then it's easy to track down any offenders."

Controls should also be put in place to encourage employees to take better care of trucks and equipment. Kehoe says that once you hire a mechanic, operators and foremen have a tendency to get a little reckless because "someone's there to fix it if it breaks."

Morning checklists, typically

conducted by foremen and turned into the mechanic, are helpful in identifying small problems before they become huge, more costly problems. They also establish accountability; if Machine A was used by Crew A yesterday, and there's something wrong with Machine A today, Crew A has some explaining to do.

Keep in mind that equipment damage doesn't always occur on the jobsite. "Aside from operating equipment efficiently and safely, a lot of operators don't know how to load and store equipment on trailers properly," Kehoe points out. "Sometimes, equipment takes its worst beating up and down the highway."

Then there's the issue of simply running trucks and equipment that are beyond their productive life,

which more contractors have been doing the past couple of years. Chiera is trying to figure out when to get rid of older machines so there's less service that needs to be done.

"It's a fine balance, because we don't want our monthly payments to get out of hand, either," Chiera relates. "For instance, our truck payments are 6% of sales. We've been trying to keep half of our truck fleet as new and under warranty, while the other half consists of older models that we're trying to squeeze more life out of. But when you consider the growing repair costs and associated downtime with our older vehicles, it might make more sense to buy new."

The same can be said for your equipment, particularly mowers and other maintenance equipment that you're counting on day after day.

Babigian says worn-down equipment and the associated repairs is a distraction most growing contractors do not need—period. "You're in the business of selling hours," he reminds. "Chasing around for the best deals on equipment, or buying used equipment and trying to fix it up, is not where you make your money. It's a distraction that keeps you from doing what you really should be doing to grow your business."

In other words, buy good equipment that helps you do the job better and faster, and bid correctly so you can recover their costs. Sell effectively. And put a budget together so you can keep a close eye on overhead and recover those costs, too.

"Overhead is not a one size fits all," Vander Kooi points out. "I have found that some expenses must be spent for one contractor, but are not necessary for another." Knowing

what works for your company, thinking in percentages, and catching creep before it's out of control can help you stay profitable while you're growing. **PRO**

## Jeepers Creepers

Consultant Charles Vander Kooi says the five most dangerous areas of overhead creep are **salaries, rent, advertising, small tools and cell phones**. On paper, some of these expenses don't look like much. But they can add up quickly, and do some serious damage to your bottom line.

**Insurance** is another one. "We shop the heck out of insurance," Ohio contractor Joe Chiera says. "We've probably switched vendors three times in five years. Who can give us the best policy? Are there certain features we don't really need that will lower our premiums?"

**Worker's comp** is one area in particular you should watch. One on-the-job injury can cause your worker's comp insurance to skyrocket. "For example, a contractor may go from an experience modification rate of 0.92 (basically an 8% discount) to a 1.30 (a 30% increase) with an added ARAP rating of 1.4 (another 40% increase), bringing his total cost increase to about 78%," says consultant Dickran Babigian.

What can you do about it? Seriously focus on safety, of course. Provide ongoing training for your employees and have safety meetings. Many equipment manufacturers also provide safety lessons online or via DVD.

In the event that you do have an injury-free workplace, you should still keep an eye on worker's comp. Work with your agent to make sure your business and payroll are classified correctly, for example, so your premiums aren't higher than they should be.

Babigian points to several other areas of overhead creep you should keep a watchful eye on:

- **Rent** – As you're growing you might think you need a new facility. Carefully weigh the added cost vs. the necessary sales volume increase to cover it.
- **Gasoline** – In today's world of high gas prices, you really need to keep an eye on this. You must track gas usage by vehicle. Have the driver of the truck or the operator of a piece of equipment fill out a slip. This can be time-consuming to monitor, but could be a great job for that new office manager you may have hired.
- **Uniforms** – Babigian says he likes uniforms, but not uniform companies. Forgetting to return uniforms, logo charges, etc. can be costly. "Unless you're a large company with someone who can manage the process, working with a uniform company can be a huge profit leak," Babigian says.
- **Leasing** – Babigian is not a big fan of leasing. "It's almost never worth it," he says. "The only thing I'd lease is a copy machine, because they are so unreliable."

## Leadership

By Jeffrey Scott

# Getting to the Next Level

What does getting to the next level look like? Does it look the same for everyone? Can you go to a seminar and find your “next level”? Unfortunately, you really can’t. You can’t go to a meeting and learn a recipe that will personally take you to the next level. It takes a process—and determination.

The good news is that this process, along with your personal development, is within your control. The irony is that there tends to be one obstacle that holds people back from growth: themselves.

### Your strengths can hold you back

According to motivational speaker Marcus Buckingham, the definition of a strength is something you are talented at, skilled at and knowledgeable about. That’s why it is so hard to let go of. However, it’s important to recognize that the skills which got you to your current level will not get you to the next level.

In a recent peer group meeting of landscape professionals, we discovered that one contractor was so strong at running his business that we wondered why it hadn’t hit even higher sales targets. His business was doing extremely well and he had a lot to be proud of. But we wondered if his company had even more room to grow.

The problem was that this contractor continued to make decisions and get involved in areas where he could have been delegating to his key people. By sticking to his strengths, it seemed he was getting in the way of his people’s growth, and also his company’s.

When someone is over-focused on their strengths, it can lead to micromanagement, not trying new ways, not experimenting,

***“It’s important to recognize that the skills which got you to your current level will not get you to the next level.”***

not including others in the process, not delegating and teaching others how to do what you do, etc. A manager’s job is to work him or herself out of a job. It is not always easy to know where and when to do this, which leads to another obstacle.

### Not sharing

Many people try to figure things out by themselves. Perhaps they are afraid to show weakness to their boss or their peers. Perhaps they are used to counting only on themselves to grow. For whatever reason, people try to get

to the next level without sufficient help from others.

Growth can be a simple process when it involves sharing with others. Sharing can be a very uplifting and productive experience when done in the right environment. Sharing can mean sitting down with one person, or maybe with a group of people, and asking for their input to your situation. Sharing involves you giving an honest assessment of what is going on with your business or your job (or possibly your personal situation.) It involves being open to feedback from others.

When you are willing to let go of what got you here in order to get to the next level, you can be certain of one thing: You will grow. Growth is within your grasp. You just need to reach out and be open for it. **PRO**

*Jeffrey Scott is an author, speaker and green industry consultant. He facilitates peer groups for busi-*

*ness owners who want to transform and grow their businesses, and put more money in their pockets. To receive a free article on how peer groups will accelerate your company’s growth, email [jeff@jeffreyscott.biz](mailto:jeff@jeffreyscott.biz).*





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