

# Contractor Success Guide

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A SUPPLEMENT TO  
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**PRO**  
Business Strategies For Landscape Contractors

## “Sharpen Your Saw” with Training Tools

Dear Contractors,

Famous motivational author and speaker Stephen Covey advises that one needs to “sharpen the saw,” meaning that you need to be in the habit of renewal and continuous improvement. You can help your employees “sharpen the saw” in the figurative and the literal sense by ensuring they have access to whatever training resources they need to shore up their skills.



Some landscape contractors host annual safety days for their staff and include safety training on everything from fire extinguisher safety to power tool safety. Investigate training resources available to you through your suppliers and how they can assist you.

Some servicing dealers offer outside sales representatives to provide training for commercial customers; likewise, some manufacturers, like STIHL, do, as well. STIHL can help you get the most from your equipment and help your crews reduce the risk of injury. Our distributors offer a network of experienced application instructors to demonstrate the proper use of our equipment and keep you up to date on relevant equipment information. Seminars can be tailored to fit your specific needs and group size. You can find more information on STIHL’s Professional Instruction Program under the “Information” tab at [www.stihlusa.com](http://www.stihlusa.com).

Also, I encourage you to explore the training resources available through the Professional Landcare Network (PLANET) at [www.landcarenetwork.org](http://www.landcarenetwork.org). There are many resources available, including *Contractor Success Guide* and *Crew Chief Success Guide*, to help you and your employees “sharpen the saw.”

Sincerely,

A handwritten signature in black ink, appearing to read 'J. Keeler', written over a horizontal line.

John Keeler  
National Training Manager  
STIHL Inc.





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# HOW TO Survive the Next Two Years

It's time to develop your A game, because even when the market strengthens it's going to take a while for prices to climb back up.

**“We’ve got a mess on our hands, and the only thing that is going to pull us out of this is good old, ingenious capitalism.”**

Those are the words of Frank Ross. His 35 years of experience and in-depth work on several industry-wide financial studies give him unparalleled knowledge of what Green Industry firms need to do to become profitable.

What do Green Industry firms need to do today? “My partners (Kevin Kehoe and Jeff Harkness) and I are advising our clients that we are in this present condition for the long haul,” Ross says. “We’ll be here for a minimum of another two

itive management and decision making, lots of tracking, and an astute awareness of how your company functions.”

## Prices stuck

Construction is a big part of our economy’s gross domestic product, and housing is a big driver of construction. So until housing improves, the economy will not improve.

“Housing has many facets to it,” Ross says. “There’s fundamental supply and demand. We certainly have a supply, but there is no demand. People aren’t buying because they don’t have the jobs that will allow them to buy.”

As a result, Ross expects pricing on landscape maintenance



focused on maintenance.

“The average property manager has figured out that his landscape maintenance vendor will bend because there are other contractors knocking on his door offering greater value at a lesser cost,” Ross says. “We’re simply training customers to expect lower cost. Even if the economy jumps up several ticks tomorrow, the pricing situation won’t turn around for a couple of years—we’ll need to retrain our market not to expect lower prices.”

Ross is quick to remind that the service world, which includes landscape maintenance, remains very vibrant. There’s still work and a lot of opportunity. “Companies still can make a solid return in the service world,” Ross says.

Following are best practices Ross has seen from some of his clients who’ve continued to perform very well over the past couple of years.

## Tracking

“I don’t have a client that is successful that doesn’t track everything they do daily,” Ross

**“We’re simply training customers to expect lower cost.”**

years. Don’t assume that there’s relief right around the corner—because there probably isn’t. What is right around the corner is a lot of hard work, more intu-

to diminish another \$1-\$2 per man-hour per year until the situation improves. Why? Because virtually everyone in the landscaping business remains



make errors and sell work that's a loser going in."

**Part 1: You have to know what your costs of material and labor are.** You should never "blue sky" these units. It makes no sense, for instance, to estimate 80 hours if you know it's going to take 100.

**Part 2: This is where you finish pricing the job according to what the market will bear.** "If you don't have an accurate foundation on which to make this pricing decision, which is where you recover your overhead and generate your profit, you will invariably under-price the job," Ross says. "If the marketplace is tough, like it is now, you may very well have to give up a portion of that profit—if not all of it. You may even have to bid a job at a loss for very pragmatic reasons. But at least you're making that decision from an accurate base of knowledge."

### Cash flow

Ross says his top clients are working extra hard to stay on top of cash flow. Some of the best contractors he works with have aging of less than 40 days. There are two reasons they are able to collect this quickly:

- They do great work and have happy clients
- They educate their clients as to what the expectations are.

"Most companies that have a receivables issue right now can point to the fact that sales or admin staff are inhibited about saying to the customer, 'Here are our credit terms, this is how

we invoice, and this is how we expect to be paid ... and is that OK with you?'" Ross explains.

### Profit is not a dirty word

When asked what an average, fair profit is in landscape contracting today, Ross says it's too across the board to pinpoint. However, one thing is clear: Top contractors are now shifting their focus from profit margins to profit dollars.

"Let's say we have an overhead structure of \$1 million," Ross begins to illustrate. "It used to take \$2 million in revenue to cover that overhead and make a decent profit. Today, because prices have collapsed, we might need \$2.5 to \$3 million in revenue. So percentages move around a lot.

"What we're interested in is 'the new math,'" Ross continues. "It's no longer a 10% profit. We're talking about how many sales dollars you need to generate in order to maintain cash flow. You now have to measure profits in real dollars. A contractor should sit down in his planning process and plan how many dollars he needs to retire debt, refurbish fleets, support working capital, pay taxes and reward employees. Add all of that up—because that's your end game." ◀



Frank Ross is a highly regarded management consultant who has spent the past 35 years working hands-on with hundreds of the most successful companies in the Green Industry.

Send an email to [frank.ross@rosspayne.com](mailto:frank.ross@rosspayne.com) for more information.

says. Because of the downward pressure on prices and upward pressure on spending, you have to heed what the numbers are telling you.

"I'm talking about tracking hours every day," Ross continues. "You have to get the 'ownership' of the hours down to the level of crew leader, because that's where the action is. You can't control hours in the boardroom. The crew has to understand what needs to be accomplished and the number of hours they have to accomplish it. They need to know that information every morning when they pull out of the yard."

### Estimating

Ross says there is one mistake that's often made in the estimating and pricing process. His best clients are careful to avoid it. "Estimating is a two-part function," he explains. "If you don't treat it as such you'll



By Rod Dickens

The contractors who'll continue to survive are the ones who are finding ways to deliver more for less.

**O**ver the past three years, less fortunate Green Industry service providers have gone out of business while others have either completely changed their service offering or found other industry niches. Others have heavily tweaked their operations to accommodate the New Normal: an environment in which customer service expectations have gone up and the price consumers are willing to pay for services has gone down. One might refer to these business owners as industry survivors, each of whom share a common bond: the ability to adapt to a very challenging marketplace.

### Customer value

"There's no question that our clients are more conservative about how they spend their money," relates Glenn Jacobsen, Landscape Industry Certified Manager, owner of Jacobsen Landscape Design & Construction in Midland Park, NJ. "Customers want more value for their dollar and they



"Customers want more value for their dollar, and they want an even higher level of service." – Glenn Jacobsen





“Our clients want to do business with one company that does many things.” – *Jeff Bowen*

want an even higher level of service.”

Jacobsen has met the challenge in part by restructuring his service offering to include a property management department that combines what was once a separate irrigation/sprinkler service. “The idea is to be even more proactive when it comes to taking care of clients’ properties,” he explains. “The move creates a better line of communication between our irrigation staff and maintenance crews who are on site weekly and in a position to observe watering issues.”

To fill in the gap caused by the falloff in the housing market, Jacobsen also created a combined department strictly for residential maintenance called Property Management Group (PMG).

In Albuquerque, NM, Heads Up Landscaping faced a similar challenge in the housing market. “Ours has been a ‘take away’ market for a few years now,” explains Eric Spalsbury, Landscape Industry Certified Manager, vice president/maintenance business development. “There have been relatively few new properties being built, so new work has to come from competitors. This has driven prices down to levels we have not seen for 20 years.

Customers have become wise to this and are shopping around for the best price.”

Heads Up has since been right-sized, accentuated points of difference in its service offering to the customer, and pursued work in new markets. Says Spalsbury, “We have become more aggressive in areas we previously ignored in healthier economic times, such as residential irrigation, multifamily housing and public work. Our biggest push has been in residential irrigation, and despite the temptation to be conservative we’ve increased our marketing efforts there with billboards, TV and radio time, vinyl wraps on city buses and company cars, and through social media vehicles including Facebook.”

Jeff Bowen, Landscape Industry Certified Manager, owner of Images of Green in Florida, started revising his company game plan three years ago. The plan included wrapping his arms even tighter around 700 customers and providing some of the services he had previously subcontracted out.

“Over the last three years, we’ve added irrigation, pest control and lawn care services,” says Bowen. “We’re even considering offering tree care and possibly pool cleaning. Our clients want to do business with one company that does many things, and it’s imperative for us to be that company.” By bringing additional services in house, the Images of Green owner is not only getting closer to his customers, he’s also adding a few margin points to his bottom line and making his service

Some maintenance contractors have more aggressively pursued the multi-family housing market.

# Model

offerings more competitive.

Bowen has also become more vigilant about staying in touch with customers via his company Facebook page, email and a quarterly newsletter. Heads Up, too, has placed an emphasis on communication through a monthly e-newsletter and by rolling out a web-based help desk that gives clients access to the company's work order system. "The program allows them to enter, track and close the loop on requests, something clients really love," says Spalsbury.

### Offering a la carte services

Oregon-based Willamette Landscape Services (WLS) has always prided itself in delivering a complete horticulture package to customers, most of which are HOAs. With the state's unemployment hovering over 10% in recent years, clients have asked



**"This economy has demanded extraordinary measures to remain in business." – Tom Fochtman**

for some relief. Neither wanting nor willing to cut back on quality, or pursue other markets, WLS chose to offer an a la carte service, giving customers the option to select a modified pruning or aeration schedule, or to cut back in areas where curb appeal is not an issue.

Company vice president Matt Triplett explains, "Our goal is to maintain both the pricing on

individual services and our high standards. Just because times are tough doesn't mean you have to sell your horticultural soul, perform cut-rate work, or give up washing your equipment like we've seen in other places." Triplett is a Landscape Industry Certified Manager and Technician.

Breaking out the company's service offering, Triplett says, empowers HOAs to save money at a time when foreclosures of individual condo units have gone up. But as he points out, there are other ways to help customers save money without cutting out technical services such as pruning. Upgrading irrigation systems is a prime example, something that can dramatically

## How we did it

- > Streamline services by combining divisions
- > Bring in previously subcontracted services
- > Offer a la carte services and other ways for customers to save money
- > Take advantage of social media tools to increase brand awareness
- > Redouble efforts to retain current customers
- > Refocus on selling the company's strength and point of difference
- > Reconnect with customers via e-newsletters
- > Ensure that doing business is easy and seamless

reduce water bills during the state's long, dry summers.

### Paying dividends

All the hard work and revisiting business and marketing plans will likely deliver returns for the "survivors" of the Great Recession, according to Tom Fochtman, Landscape Industry Certified Manager and a former partner with Denver-based CoCal Landscape. A survivor himself, he sees plenty of room for optimism this year. "I think 2012 holds a lot of promise for those companies that took the necessary measures to navigate this economy," says Fochtman, who is now a consultant.

"Design/build/install companies that downsized or right-sized in time, or found other market niches, should be in good shape by now.

"This economy has demanded extraordinary measures to remain in business," Fochtman continues. "But for those that responded, especially those with a strong maintenance footprint, 2012 should be a bit of a break-out year." ◀



# AVOID

## These Estimating Mistakes

**A**ccording to Green Industry veteran Mike Rorie, many contractors make the same common mistakes in estimating that result in a loss in profits and customer satisfaction. Rorie is a former landscape contractor himself who is now CEO of GIS Dynamics (Go iLawn).

### Step #1 in relationship building

First of all, recognize that the estimation process is the start of the customer relationship. Not realizing this is one of the most common and unfortunate mistakes a contractor can make. Be professional, on time and thorough from the very start.

### Take-offs

Not letting estimators do take-offs can also get in the way of making a complete estimate. A take-off allows the estimator to look at a blueprint or landscape design and determine the needed quantities of items such as plants, pavers, sod and mulch, etc. Not having a plan and/or enough information before doing take-offs can lead to poor estimating.

### Consistency

The estimation process should remain consistent, possibly with the help of a form that requests the same information each time an estimate is requested. Estimates should be done in a complete manner, with data consistently stored in a database.

### Tools and procedures

Avoiding these common and damaging mistakes can be easily done with the right tools, procedures and training. Begin by standardizing the process. Create a form for employees to use that lists the standard operating procedure for measuring and estimating.

Select a few people who can be authorized to execute take-offs and train them all to do it in the same manner. An online computer-generated take-off is an excellent tool for accuracy and consistency.

Keeping data online allows for fast validation as well as quick and accurate take-offs. Products such as Go iLawn allow landscape contractors to spend less time and money building bids. This online service decreases the time to

measure a property and produces accurate measurements. Measurements can be saved and loaded back into the Go iLawn application for any additions or changes. Since your business is purchasing the landscape supplies, this allows you to be sure you know exactly what inventory is needed.

### Accuracy from the beginning

The mistakes contractors often make can have a seriously detrimental effect on profits, the quality of work and customer service. You can start on the wrong foot by proposing the wrong information and displaying a lack of competency.

In the end, inaccurate measurements can cost everyone more dollars. Without knowing what you're agreeing to, you can't possibly turn over estimates to other key staff in the next step of the project and measure them with consistency. Your whole job-cost system requires accuracy from the beginning of the process in order for cost and time estimations to ring true at the finish. ◀



# THE FIRST STEP TO GROWING YOUR COMPANY

Getting the right people in the right places is even more important than buying new equipment or landing new accounts.

**H**aving an eye toward sustained and successful growth requires you to also have an eye toward an efficient and effective organizational structure. Without the right people on your team doing the right things, your dream of building a bigger and more profitable company rarely amounts to anything more than just that, a dream.

Your company's organizational structure allows you, as a business owner, the ability to magnify yourself by leveraging employees. Thus, developing this structure properly will offer your organization opportunities for growth while maintaining your quality and profitability as you manage more work.

Keep this in mind: The current business environment lends itself well to an inspired entrepreneur who is committed to improving his staff. The best-run landscape companies are starting to grow again. You can join this elite group when you put your focus in the right place.

### Step 1: Identify how you plan to grow

Strategically evaluate your organization to determine exactly what your present emphasis is and what service lines you intend to offer and/or expand. Does this offer the sales opportunity you are striving for?

For example:

What services do you currently offer your clients?



- Landscape management
- Enhancement services
- Irrigation services
- Tree care

What services could you expand into?

- Landscape construction
- Water management
- Parking lot sweeping

Or, can you continue with fewer service *types* and expand into different types of *projects*?

- Residential or commercial services
- Estate work or resort properties
- Government work or municipal projects

To answer these questions you have to know your market and recognize where your passion is—and how that passion can help you grow your business.

## Step 2: Identify who you'll need to grow

Once you've outlined the manner in which you can grow your business, evaluate your current staffing and determine what positions are necessary to adequately service these projects. This will be your organizational chart.

Each primary segment should have a manager with appropriate support staffing. You may find that from a practical standpoint, individuals will wear multiple hats until you have enough volume to adequately support a full-time commitment.

Here's an example:

- Landscape Maintenance Director – additional project managers may be included under this position

- Landscape Construction Director – additional project managers may be included under this position
- Office Manager (you must have office support when you want to grow) – human resources and accounting positions may be included under this position
- Sales Manager – estimators may be included under this position

There are additional staffing needs you'll also develop as your company grows, such as mechanics and IT support. These positions are typically covered by outsourcing; only the really big, multi million-dollar firms have these types of support staff on the payroll, in most cases.

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Once you've outlined the manner in which you can grow your business, evaluate your current staffing and determine what positions are necessary to adequately service these projects.



## Your 10 Commandments When Trying to Grow

1. Do not set your business segments up in such a fragmented fashion that you are unable to deliver. Sometimes more is less.
2. Analyze your marketplace and try to drive your services to meet the market.
3. Never overpromise. Promise less, deliver more.
4. Have fun with your plan and set it up in a way that meets the passion you have in your business. There are good reasons why you started your business—so remember what they are.
5. Take your time with your job descriptions and be thorough. When you are done, cross reference them with your organizational chart and make sure they flow.
6. Get the word out about your hiring needs. There are many opportunities to communicate your needs through online sources, print advertisements, posting at vendor locations, networking, and the list goes on.
7. Give your undivided attention to interviewees. Remember, they also have choices, so sell yourself and your business on its strengths, potential, goals, vision and values.
8. Never settle, though. This is a hirer's market, as employers are in a good position with more candidates available than there are jobs.
9. Check references.
10. Focus on what you're great at, and then surround yourself with great people who can fill in the blanks.

### Step 3: Putting the team together

Write a detailed job description for each position you identify—all the way down to your field staff. Going through this exercise will help you better understand your hiring needs—and how to advertise and interview for these positions. Job descriptions should include responsibilities, reporting relationships, specific tasks, salary range and commitment.

area to get the word out on the positions you have available. Set specific times during the day during a given week to schedule one-hour interviews. Choose a time when you can offer uninterrupted attention to candidates. Use your job descriptions as talking points during those interviews.

Take your time through this process and choose employees who can buy into your plan and vision for your business. Remember, you are hiring them

your business and what it offers. Most importantly, get them focused on providing excellent services. Good businesses stay focused and keep their eye on the ball.

Finally, you must ask yourself: Where do I fit in as an owner? Ideally you want to sit as a manager on top of these new positions you've created and oversee activities. If this is not your forte, you must hire someone to do it. Think about what you are best at and enjoy the most. ◀

## The current business environment lends itself well to an inspired entrepreneur who is committed to improving his staff.

Remember, it is an excellent market for hiring right now. Use this to your advantage by starting with a good plan and a thorough job description. With this in place, identify the best employment sources in your

to help you grow. And when you grow, they have an opportunity to grow as well. This is a win/win arrangement your prospective employees need to be made aware of.

Get employees excited about



Jon Ewing has over 30 years experience in the Green Industry. He was the founder of Landtrends Inc., a multi-state landscape construction and maintenance firm based in San Diego, and was also the co-founder of Miramar Wholesale Nurseries. Visit [jonewingconsultingservices.com](http://jonewingconsultingservices.com) or call (858) 229-9893.



# Production Success Factors

Small companies can become big ones when the owners focus on production, administration, sales and leadership.

**The most successful landscape companies have a plan to make their employees as smart as they can be. They also have a plan to capitalize on what Mike Rorie likes to call “successful intelligence,” which means you focus on strengths while neutralizing weaknesses.**

Rorie is one of the most successful landscape contractors of the last 20 years. He sold his \$30 million-plus company, GroundsMasters in Cincinnati, to The Brickman Group in November 2006. Today Rorie is CEO of GIS Dynamics.

Rorie has outlined a series of “production success factors” that landscape contractors must take into account if they want to prosper in the new economy.

## Production

Clearly defined markets and services are a must. “Your employees, customers, vendors and competitors should all be able to describe who you are and what you do,” Rorie says.

Great estimating ... proper equipment ... highly trained foremen ... a sound job-costing system ... a clear strategic plan ... these are all key production success factors.

## Administration

Do not forget the primary reason you’ve added administrative support personnel to

your company: to make things easier and more user-friendly for production.

Technology is important for administrative efficiency. Take advantage of industry-specific software programs that streamline budgeting, job costing, payroll, etc. The less data entry that has to be performed, the better. The smaller the amount of paper to be printed and filed, the better.

Establish a process for generating sales and leads. Quantify that process so you know what it takes to produce a sale.

Join a peer group to learn best practices that have worked for other successful landscape companies.

“Find your customers,” Rorie advises. “Nobody can hide. Everybody has an address. Everyone pays taxes. All that information is out there—so go

“Good managers don’t always make good leaders. That’s OK if you’re a big company, because you need both.”

The administrative leader must have a sound understanding of all jobs within the company.

Checks and balances are indeed important, but be careful not to over-complicate things by adding unnecessary policies and procedures.

“Think about some of the most successful franchises in history,” Rorie relates. “How many had highly educated, well-paid people working at their outlets? Not many. They were successful because they took the hard stuff out; their companies run on systems.”

## Sales

Clearly define your target market, service offering, scope of work and estimating process so they are clear for sales staff.

find your target customers.”

Don’t be fooled: Hiring another salesperson does not guarantee increased sales. The other sales success factors listed above are even more important than more bodies.

## Leadership

“Leaders are the least ‘growable’ group of people you have,” Rorie points out.

Make sure the leaders you choose have core characteristics. They must be capable of being selective. They must have the ability to prioritize instead of trying to do it all.

“Good managers don’t always make good leaders,” Rorie reminds. “That’s OK if you’re a big company, because you need both.” ◀

# HOW TO Develop a Sales Process

Continuously feed your sales engine by following five steps that carry you from lead generation through life after the sale.

**S**alespeople who consistently outperform their rivals follow a sales process. Do you have a sales process in place? Many contractors think they do, but it's often ineffective, misunderstood by employees, and/or inconsistently followed.

An effective sales process follows five basic steps:

- Generate lead
- First appointment
- Prepare proposal
- Validate the relationship
- Life after the sale

The great thing about the fifth step is that, when executed effectively, it starts the process of generating new leads via additional services and landscape upgrades, not to mention referrals. That's right: By following this five-step sales process, you can continuously feed your sales engine with new leads.

In order to get your sales process put in place, start by asking yourself the following questions.

**Would you and/or your team be able to give a consistent elevator pitch?** That's a short summary used to quickly and simply define a product, service or company—and the value a consumer can





## Creating and Improving Your Sales Process

- > Define the current process
- > Draw-out what you want that process to look like
- > What changes need to be made in order to make this happen?
- > Start making the changes
- > Write out the new process
- > Measure the results
- > Repeat

expect to receive when doing business with you. If not, collaborate with your team to get something on paper, refine it, and read it over and over again until it becomes ingrained in your minds.

### **Can you describe with confidence how your company will manage the next lead you receive?**

There is nothing more frustrating than taking a phone call or grabbing a business card, and then you can't find it three weeks later. It's important to have a sales process that starts as soon as you put your hands on a new lead.

### **Do my salespeople know the goals of a successful first appointment with a prospect?**

You can almost liken this to playing chess: You know what you want the end result to be; it's getting to that point that can be a challenge. You certainly want to arrive on time, look professional, and know the names of the people you're meeting with. You want to exude confidence and instill confidence in your potential client.

But what else? Do you simply want to get into the nitty gritty of the proposal or estimate? Do you want to convey your company story? Do you want to learn more about the client so you can establish more of a personal connection? Do you want to share more personal information about yourself? These are things you and your team should agree

upon, and then make it part of the process that everyone follows consistently.

### **Is there a defined set of tools to use in that first appointment to set your company apart from the competition?**

There are some basic items you should bring to that first appointment, including a brief history of your company and list of your credentials, client testimonials, and before and after pictures, to name a few.

Some successful organizations create information trees, which help salespeople figure out how to react when a customer answers a question a certain way. It's scripted so well that it gives the salesperson a solid game plan. It removes confusion, creates preparedness, and ultimately helps salespeople build confidence and close more sales.

### **Have you reviewed and/or revised your proposal package in the past year?**

Things aren't what they used to be. It's more competitive, and it's more difficult to close sales. Does your proposal package tell the prospect everything he or she needs to know? Does it bore them with things they don't care about? Does it help you stand out from your competitors?

### **Could a 12-year-old put a proposal together for you?**

You want this process to be simple and straightforward, in template-type fashion. When your people clearly understand what is and is not to be included

in your proposal package, both efficiency and consistency spikes.

### **Do you know your closing ratio?**

There's nothing like the exhilaration one feels after closing a sale. And there's nothing like scorekeeping to help improve a company's sales closing ratio. How many jobs did you bid on? How many jobs were you awarded? Figure out the percentage and challenge your team to start raising that bar. Something as simple as checkmarks on a chalkboard is all you need. Awareness is what it's all about.

**Do you role play?** Role playing is a very effective form of sales training. Practice asking for the sale, overcoming objections, etc. Just like anything else, selling takes practice.

### **Does your sales process continue into life after the sale?**

Do you intentionally go after additional business and/or referrals from your existing clients? This is the most cost-effective way to grow a landscaping business. Staying in touch with existing clients, and asking them for testimonials and/or referrals, must be part of your process. If you're not doing this, identify some simple things you can do immediately to get started, such as calling five existing clients a week just to say you were thinking of them. ◀



For over 20 years Jim Paluch and the JP Horizons Team have been helping landscape companies Work Smarter and create A Better Way. Learn how they do it at [www.ABetterWayCommunity.com](http://www.ABetterWayCommunity.com), or email [jim@jphorizons.com](mailto:jim@jphorizons.com).

[ABetterWayCommunity.com](http://www.ABetterWayCommunity.com), or email [jim@jphorizons.com](mailto:jim@jphorizons.com).

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**Mark Chisholm**

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Back by popular request, 2010 International Society of Arboriculture (ISA) International Tree Climbing Champion (ITCC) Mark Chisholm will share some of the techniques he has learned as a third-generation, ISA-certified arborist over the last 25 years in the industry. Learn tree removal strategies that can help save time, reduce the risk of injury, and increase your profit margins while satisfying your clients' tree care needs.

### About Mark

Mark Chisholm is a three-time ITCC and is certified by the state of New Jersey and the ISA. As a third-generation arborist, Chisholm conducts educational seminars nationwide on behalf of STIHL Inc. Learn more about Mark at [treebuzz.com](http://treebuzz.com).



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# STIHL®



By Rod Dickens

# FROM Bid/Build to Design/Build

Flipping your approach requires a reversal of the way you think—and a lot more emphasis on salesmanship, scheduling and reputation.

**M**any landscape installation contractors have had to shift from bid/build to design/build over the past few years. That's easier said than done—especially if you fail to recognize how different the two business models are.

The bid/build approach presents several challenges for contractors, not the least of which is the concept that the lowest bidder wins. Winning a bid/build project isn't all roses, either, explains Town & Gardens president Don Sussman. (Town & Gardens was acquired by Ultimate Services

earlier this year.)

“When the focus is on the bidding, the bid package controls the project,” Sussman points out. “Furthermore, a bid package is usually several hundred pages long and created by individuals or groups, some not even directly involved with the actual design or construction.”



Over the years Town & Gardens has worked on numerous high-profile projects, including several well-known Manhattan rooftops.

The results, Sussman adds, can be both unrealistic and dangerous for the landscape contractor and the property owner.

- The entire relationship between the parties involved becomes sidelined. There is little investment in how the parties will work together.
- The bid/build contractor is at the mercy of the general contractor's schedule. This affords little or no control over how a company can manage what's in its project pipeline.
- When the general contractor takes over a project, the landscape architect may lose control of the actual construction. If that happens, neither the original design nor the project the property owner had in mind is fully realized.

Developers are among the biggest players driving the bid/build market. "They need to get their prices going in," Sussman says, "and they don't take into account potential change orders down the road."

Keep in mind that there is definitely a place for bid/build—some bid/build projects can actually be quite rewarding. For example, Sussman's company initially made a name for itself by installing a rooftop garden for Donald Trump, a bid/build project at the time.

### The design/build alternative

Unlike bid/build, when the general contractor presents the landscape contractor with "done-deal" specifications, the property owner comes in with a set of "desires" and "wants"

when in a design/build situation.

"We sit down with clients and discuss what they want to accomplish, take a look at the site's attributes and constraints, and then talk budget," Sussman explains. "Usually, the client's budget comes into the discussion shortly after we talk about how we can help. We don't want to waste anyone's time if numbers and expectations aren't close.

"With bid/build, the landscape contractor is considered to be just another number. With design/build, the property owner usually does an ample amount of due diligence before contacting a landscape firm. The property owner will invest some upfront time looking at the landscape contractor, the type of people the contractor employs, and the kinds of projects it has previously constructed.

"Then there's the issue of scheduling," Sussman continues. "You can space out design/build projects and control work flow using price incentives with the property owner. You can say, for example, 'If you want the project built this spring it will cost you \$15 compared to \$12.50 if we build it in the summer.' This is a huge benefit for any landscape firm that struggles to keep employees on the payroll. We have 50 full-time staff here, and it would be difficult to maintain this number if we were a bid/build contractor."

What isn't difficult to maintain is expertise and reputation. Over the years Town & Gardens has worked on numerous high-profile projects, including

several well-known Manhattan rooftops. "Among our areas of expertise are green roofs," says Sussman. "The more we do, the more we are asked to do. As a general rule, design/build projects are more challenging for us than bid/build, giving us the ability to showcase strengths and push the envelope. In such an environment, word of mouth is very effective, and not just from clients. We have formed some great partnerships with electricians, interior decorators, building architects and suppliers, all of whom have become great sources of referrals."

### Making the switch

Town & Gardens threw a hat in the design/build arena after bringing its first landscape architect on board. However, having in-house designers is not a requisite for a design/build company.

"One can always partner with a landscape architect on a design/build project," Sussman points out. "Operating with an in-house design staff has its advantages, though. Among them is being able to spread out design fees over the entire company and offer top-quality innovative design services at a substantial discount compared to a typical landscape architecture firm. Conversely, if we just designed projects and didn't install them, we would go broke." ◀

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EDITOR'S NOTE: Town & Gardens was recently acquired by Ultimate Services Professional Grounds Management based in Wolcott, CT. The two companies will continue to work together toward fulfilling their mutual goal of being the premier service provider in the southeastern Connecticut/New York City region.

# Ways to Offset Rising Fuel Costs

While judicious price increases and temporary surcharges help pass costs onto customers, reducing fuel consumption and wasteful expenses in other areas of your company help keep your overall bottom line intact.

**B**efore we get too fired up about the effects of sharply rising fuel prices, let's put this in perspective, because when you do you'll see that this is well within your control.

A contractor with annual sales of roughly \$700,000 will rarely see more than 6% of sales going toward fuel. Most say it's more like 4%, so let's meet in the middle and use 5% as an example:

$$\$700,000 \times 5\% = \$35,000$$

By mid-April, fuel prices had gone up roughly 40% since the start of the year

$$\$35,000 \times 1.4 = \$49,000$$

Provided this contractor will burn the same amount of fuel, he'll spend about \$14,000 more than he would have spent had fuel prices stayed where they were at the beginning of the year. While this is nothing to sneeze at, it's important to keep

in mind that this is only 2% of this contractor's revenue; hopefully not enough to drive him into the red. Regardless, there are several strategies that can help him recover that additional cost—and they can work just as well for you, regardless of the size of your operation.

## 1. Be selective with price increases

If you have written contracts with your customers, do not increase your prices on a percentage basis for all customers all at once. While this may appear to be the fairest way to spread your pain, it is probably not the smartest.

When you are looking at increasing your prices, focus on the bottom 10-20% of your clients, as opposed to your most profitable and loyal clients whom you want to keep happy. Identify those weaker accounts where you're not making your

target profit margins and start there. Chances are you're not charging these customers enough in the first place, and if a modest price increase triggered by a spike in fuel costs is enough to encourage these customers to fire you, you might not want them as clients to begin with.

## 2. Fuel surcharges

The "fuel surcharge" is a more straightforward strategy that can also work very well. You simply add a line item to your service agreement that says something to the effect of, "This price is good until the price of fuel hits (insert dollar amount), at which time a fuel surcharge will automatically be added to your invoice."

One upside to using fuel surcharges is that the client knows upfront that it could happen. Another upside is that this type of surcharge is almost



always viewed as temporary by the consumer; if fuel prices go back down, the surcharge will go away. Generally speaking, consumers are very agreeable to things like this—and will not hold it against you.

### 3. Adjust equipment hourly rates

Savvy contractors have established hourly operating rates for each piece of equipment, and bill customers accordingly. It makes sense to adjust your

fuel-efficient vehicles, and improving routing.

Since \$4 gas first reared its ugly head three years ago, there have been some technological advances that give contractors additional tools to help conserve fuel consumption. For example, in 2008 there was not a commercial-duty truck with significant payloads that could get 15 miles per gallon. Today there is. I even test drove several electric-powered commercial-duty trucks at the

to increase productivity.

Remember that \$700,000 contractor we used as an example earlier? He's probably spending an additional \$14,000 on fuel this year. How much could he save by increasing productivity 5%? Check out this example:

7 employees working 225 days a year = 1,575 days

The average employee wastes at least 6 minutes per day

That's 9,450 minutes – or 157.5 hours

When you are looking at increasing your prices, focus on the bottom 10-20% of your clients, as opposed to your most profitable and loyal clients whom you want to keep happy.

hourly operating rates since your equipment is burning through the majority of your fuel.

For example, let's say your hourly rate on a 60-inch zero-turn is \$8/hour. With the way fuel prices have gone up, you might need to raise that rate to \$9/hour. This is a logical way to recover your additional fuel costs because you are charging customers extra for the use of your fuel-burning trucks and equipment, as opposed to your labor force.

### 4. Reduce fuel usage

There are all sorts of things contractors are doing to reduce fuel consumption, such as: reducing truck warm-up and idling time, training crews to refrain from operating trimmers and blowers at full throttle, having managers travel in more

Work Truck Show this past March. There are also propane-powered trucks on the market today, not to mention propane-powered mowers and other equipment from more than a dozen manufacturers.

### 5. Eliminate waste and reduce labor cost

We started off this article by pointing out how the average contractor spends anywhere from 4-6% of sales on fuel. Although by no means peanuts, this expenditure pales in comparison to your largest expense: labor.

Most landscapers spend at least 35% of sales on labor, with labor-intensive companies like lawn maintenance contractors spending more than 50% in many cases. Given this fact, one of the best ways to offset rising fuel prices is to find ways

\$20/hour for wages and benefits x 157.5 hours = \$3,150

By simply finding ways to remove those six minutes of wasted time per day per employee, this contractor can recoup more than 20% of his increase in fuel expenditures.

Although nobody wants to pay more for fuel, being forced to search for ways to offset the effects of this rising cost of doing business could end up being a good thing for your company overall. So start searching right now. ◀



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# Making the Case for Paperless

An electronic document management system can save you thousands—paying for itself in less than a year.

**I**ncreasing business efficiency is the most compelling reason to invest money in a project. According to research from Cabinet NG, investing in an electronic-based document management system can not only help you increase efficiency, but also save thousands of dollars a year.

A comprehensive electronic document management system (EDMS) can provide a method for storing all relevant documents in your office. If the EDMS can be integrated into the point software solutions that each department uses, significant gains in productivity and efficiency can be gained.

For instance, the accounting department could access documents (orders, invoices, contracts, etc.) online from their accounting application. Sales could access documents from their CRM (customer relationship management) software. The goal of an EDMS should be the software glue that ties the different software packages together in such a manner that all departments in a business gain efficiencies.

## What is a document management solution?

Simply put, a document management solution is a system that can replace not only the paper files and documents in an office, but enable the user to send an electronic document through the same steps a paper document or file would follow.

For instance, an installation crew's job sheet likely has to make its way from the crew/foreman to the appropriate manager to the accounting department. A document management system must provide this same path. Along the way it must also protect documents so that only the necessary people can view them.

An EDMS is a step up from the point solutions like spreadsheets and word processors as the entire office must be capable of using them. Therefore, an EDMS



must be easy and straightforward to use—and ideally would integrate with other applications the office is already using with a minimum of effort.

### Benefits of a document management solution

Documents are stored in an electronic format which is easily backed up and can be copied offsite relatively easily. Multiple copies of the documents can be made easily and cheaply. *A paper-based system requires copies of each piece of paper as they are generated. At 5 cents per page, this can become prohibitively expensive.*

Filing documents is relatively easy, particularly if the electronic document management system is integrated with other software packages your company uses. *Filing paper documents requires a trip to the filing cabinet. This can cost you nearly \$100 or more per month in lost productivity depending on the size of your company.*

Misfiled documents can be easily found using the search capabilities built into the electronic document management system. *Misfiled documents in a paper-based system can be impossible to find depending on how and when they were misfiled. Ultimately, they can cost you hundreds of dollars a month in lost productivity, missed billings and angry customers, etc.*

Moving documents from one point in the workflow to another is simple. Determining who has a document or folder in workflow is available at all times. *Finding a paper folder somewhere in a workflow can be difficult at best, particularly if*

*it's buried on someone's desk.*

Using electronic forms allows data to be pre-filled, eliminating many of those common human errors. *Filling out paper forms can be tedious and prone to human error.*

### The cost of remaining paper-based

In addition to the benefits of going paperless listed above, there are other paper-based costs you should consider:

- How many people handle each document?
- How much time does it require to retrieve a paper document?
- A standard four-drawer filing cabinet requires at least 12 sq ft of office space, and each square foot costs about \$15 per year. How many cabinets do you have? If you have six, they're costing you more than \$1,000 a year.
- Do you rent an offsite storage facility? What is the monthly cost?
- How much do you spend on filing supplies per month?

By now it should be evident that an EDMS can be a very valuable tool for small to mid-size businesses. When you add up all of the productivity gains and other incidental cost savings, a solid EDMS can normally pay for itself in less than a year, oftentimes in eight months depending on the size of your operation. ◀

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Article based on a White Paper written by Andrew Bailey, President of Cabinet NG. Download it free of charge at [GreenIndustryPros.com](http://GreenIndustryPros.com), search for 10362521.



By Lisa Danes

# Changing the World One Intern at a Time

Hiring interns is a cost-effective way to staff in the summertime while educating on the importance of helping others.

**M**any contractors will hire seasonal help in the form of college students who are home for the summer. While the summer help is needed and the students look forward to the paycheck, there can be more to gain on both ends in the form of an internship.

“Our business is seasonal, and during the summer we need more employees,” says Wade Martinez of College Bound Students (CBS) Services in Spring, TX. “Offering scholarships enables us to recruit and hire some very intelligent students who are self-motivated.”

Martinez saw an opportunity to share his experiences and

create new ones for students in an internship program at his landscaping company.

“College was an especially life-changing experience for me,” says Martinez. “Being able to help students provides a great win-win situation for both the students and me. The students earn money, scholarships and learn about business. I gain the satisfaction of helping make a difference in their lives.”

Martinez offers internship opportunities to students in all areas of study, not just the landscape industry. His vision is more about paying it forward and teaching students to do the same, rather than what the students can do for him.

“I really want students to graduate and make a big difference in the world,” explains Martinez. “Good students can help our company today. They also learn the lessons of positive thinking, problem solving and philanthropy that I try to demonstrate during the internships.”

## Paying the way

By scouting for the brightest students, Martinez ensures that

he is bringing on intelligent additions to his workforce that will be ready to jump in right away.

“Bright students can enter our company and be up to speed almost immediately,” says Martinez. “They provide a quick learning curve, a pleasant attitude, a willingness to learn, and no unemployment costs to incur when the seasonality of our business slows.”

Mary Lyman learned about the internship at CBS through a local advertisement done by Martinez in the area in which she lived and where the main office was located. She has worked with CBS since May and will continue to work there until she returns to school in August.

“I work in the office and I’m gaining experience in many aspects of small business management including customer service, marketing and public relations,” says Lyman. “I am also editing a book that Wade (Martinez) plans to publish.”

Lyman is pursuing a business degree at Brigham Young University and has been able to gain a lot of applicable experience working with CBS. She



Wade Martinez of College Bound Students (CBS) Services



Martinez works closely with students in all areas of studies to build on their real-life experiences.

has also learned quite a bit about the industry, and her interest in it has grown.

Students are well-paid for their work from the start and are given the opportunity to earn bonuses and incentive pay throughout their time at the company.

First-year interns receive a minimum \$1,000 scholarship, and bonuses and incentives can add up to thousands more.

Returning interns receive a bigger base scholarship. All of the money given to students for pay and bonuses is tax deductible. The number of students hired depends on projects and marketing needs.

### A bright future

Students who work in the CBS program are gaining real-life experience in their individual areas of study as well as

learning about the landscaping trade. All of the learning will benefit them in their future careers in many ways.

“One of the pros of working here is that I have learned so much about landscaping and sprinkler systems,” says Lyman. “I have learned not only business management strategies, but also specific skills and knowledge of the landscape industry.”

Martinez plans not only for the future of his company and the bright future of his students, but also to take his philanthropy to a new level. He will continue to provide opportunities for students to learn through invaluable experiences and help pay for their schooling.

“One of the projects that an intern has worked on this summer is the business plan for a new non-profit company that will raise money for students on a much greater level than our company can provide,” explains Martinez. “We are hoping to put together a board of directors and begin operations in 2012.”

The students that work with Martinez are learning the value not only of real-life experiences and a good education, but the importance of supporting others through volunteering and charity.

Martinez assures that students are not the only ones who benefit. “With good students, there is really no downside,” he says. “Helping students while helping your business is a great win-win situation.” ◀

# HOW TO

## Build Client Loyalty While Fending-off Lowballers

Turn your “sales calls” into “conversations” and determine where value truly lies with each customer.

**You can't retain clients long-term by lowering your prices down to the level of the lowballers. If you attempt this route, you will have to reduce your level of customer service so low that you will lose the customers who bought you for your service. You'll compromise your ability to react to your better customers, and you will lose all ability to be a “proactive” service provider.**

Of course, you do have to be flexible with your service offerings and pricing in many instances. Here are some tips from consultant Jeffrey Scott on how to do that without diminishing value in the eyes of the consumer.

### Landscape Maintenance

#### **Paring down services.**

The thing to keep in mind is that the client's property may not look as good in a year or two. “You have to manage that

expectation,” Scott points out. “Make it clear what's being cut—and that you'll have to re-address it in a year or two.” It's good to convey these things in writing. Taking before-and-after photos of the property is also helpful in convincing the client to add that service back in down the road.

**Have conversations on what is most important on their property.** What you personally think should be cut isn't as important as what the client thinks. For example, some clients might be OK with you just taking care of the front but not the back. “Every client has a different values system,” Scott reminds.

**Have conversations on what is most important to them personally.** The more you understand a client's personal values system, the more they are going to like you.

Initiate conversations about:

- Family – What do you like to do around the property? Do you have kids who like

to play soccer in the backyard? When do they play in the yard? How else do they use the yard? “The point is to figure out what's important to the family so you can better integrate what you do,” Scott says.

- Upcoming events – Do you have any big parties or special events planned? What can we do to better prepare you for this event?
- Pet peeves – Again, you never know what a client's values system is. “I once had a client who loved a particular plant but hated the flower,” Scott relates. “She asked us to deadhead the flower. We would've never thought of that on our own. It took having in-depth conversations with her to come to that conclusion.”

Through all of this, it's useful to consider The 5 Whys method of asking questions. In short, you must ask “why” at least five times to ultimately get to the root of a problem. “You must



have this deeper conversation that unwraps what the client's real needs are," Scott says.

**Give them more, not less.** It might be hard to imagine these days, but often in landscape maintenance the client wants you to give them more than what they're getting. They may be complaining about price, but really they are unhappy about the level of service they are getting for the price, or because you are forcing them to use multiple contractors to get all of their needs attended to. Being too narrowly focused can lead to lost clients.

**Treat it like you would treat your own property.** Walk properties proactively, with and without clients present. Provide updates and recommendations. Helping clients avoid costly problems in today's busy world is very important. "People often switch to a low-baller because their contractor isn't giving them what they were promised or what they want," Scott says. "If that's the case, you can't really blame the client for switching."

**Do small things for free.** "I'm a big believer that clients don't mind paying bigger bills as much as they mind having to pay small bills," Scott says. "In other words, they don't want to be nickel and dimed." Doing a few little things for free, and letting the client know, leaves a warm and fuzzy feeling with the client that can go a long way.

## Design and Installation

**Understand pricing issues before taking on a client.** You never want to chase bad leads, so qualify them before

paying them a visit. Chasing bad leads is bad for two reasons: 1) it wastes your time, and 2) it can undermine your confidence. "If you're trying to sell yourself to someone who is shopping on price, you might end up *under-selling* yourself to clients who are less concerned about price," Scott says.

**Understand their goals, wants and desires.** The 5 Whys method comes into play here. What in the client's personal life is driving them to invest in landscaping? For example, if a homeowner is soliciting bids on putting in a hedgerow separating them from their neighbors, you have to find out *why* they are doing this. Are they putting in landscaping to create a private oasis, or to block out a nuisance neighbor, or because their spouse asked for it, or because they think it will make it easier to sell the home later on? It may be a combination of these reasons, but which is most important? Take the time to get to the root of their motivation, and you will do a better job of gaining and keeping the client.

Regarding this example, Contractor A who bid \$3,000 on the hedgerow lost out to Contractor B who bid \$23,000 by changing the specs and proposing a larger, more mature row of plantings. Contractor B uncovered the client's real needs (nuisance neighbors) and gave a more immediate and believable solution.

**Offer pricing choices on materials and quantities.** You never know where a client will want to spend more money

and where they will want to spend less money. For instance, maybe they don't want to spend on trees but they will on hardscapes, or vice versa. You have to give them choices in terms of both materials and quantity.

**Unique design can be cheaper—and better.** "We built a pool for a client with a multi million-dollar house," Scott relates. "But the client didn't want to spend a lot of money on the patio around the pool; he simply didn't value the patio. So we designed a patio that interlaid large panels of grass. It looked more unique and attractive but cost less money than a traditional hardscape patio. This allowed us to keep costs down and our margins up."

**Do small things for free.** Just as we pointed out in the first section on maintenance, don't nickel and dime your clients. Find small things to do for free. Finally, don't bill them for tiny change orders; they will be more likely to accept your larger change orders if you don't. ◀



Jeffrey Scott is an author, speaker and Green Industry business consultant. He facilitates peer groups for landscape professionals who want to transform and profitably grow their businesses.

To learn how owners are raising their profits in this economy, visit [GetTheLeadersEdge.com](http://GetTheLeadersEdge.com).

# Ways to AVOID FAILURE

One Colorado design/build company was forced to close its doors this year. Here are some things the owners could have done to avoid this worst-case scenario.

**A**fter being in business for 27 years, Robert Howard Associates closed its doors back on January 10. It wasn't a move the owners wanted to make. To the contrary, the Boulder, CO-based design/build firm had been riding high from 2004-2006. Two years later, though, the market started to deteriorate—and in 2009 it cinched up tight.

"Our forte was outdoor living spaces, and the work just dried up," relates Rich Wilbert, who with partner Mike Ransom

had purchased the company in 2002. "We had some work in the pipeline but not enough to cover overhead, and we already had been pouring a substantial amount of our own money into the business to keep it going. So we made the very difficult decision to call it quits."

It wasn't just the economy and loss of work that forced the partners' hands. In 2006 they discovered that an employee had stolen \$150,000 from the company. Wilbert said the ensuing 1.5 years prior to going to trial and getting a conviction caused them to lose focus. As he put it, it was "the perfect storm."

Still, despite the economy, loss of work, intense competition and theft, Wilbert says they could have dodged the inevitable bullet by following some of the following business tenets that the experience was late in teaching them.

## **1. Protect your business from employee theft**

Wilbert says that the employee theft fiasco created the most havoc, primarily because it caused the owners to lose focus. Wilbert advises company owners to open the mail instead

of giving the responsibility to an employee. Match credit card receipts to the job tickets. Actually make bank deposits yourself.

**2. Diversify** “It would have been easy for us to offer landscape maintenance to existing customers, but we were totally focused on design/build,” Wilbert admits. “We could have looked at other business opportunities as well, including washing windows and performing other full-service property maintenance services.”

**3. Hire the right salespeople** It goes without saying that Robert Howard hired the wrong person when she ended up stealing from the company. But Wilbert says their company also struggled to find design people who understood the sales process. Looking back, he says it would have been more productive to have a salesperson devoted to selling instead of expecting designers to also wear a sales hat.

**4. Plan at least six months in advance** No matter how much work you have today, plan at least six months in advance. Also, establish firm deadlines. “Hoping that something

will come in is not going to work,” Wilbert says. “Having contingency plans in place is also important.”

**5. Retain a consultant or business coach** Wilbert says a consultant would have encouraged them to diversify sooner and find a salesperson. That advice, if implemented correctly, could have helped save the business.

**6. Keep a cash reserve** This is easier said than done for two reasons. “There’s always a place to spend the money, and most businesspeople hate to see money just sitting in a bank account and not working for them,” Wilbert says. “Still, it’s important to have sufficient capital to weather any economic storm. Plan to have at least six months in reserve, or maybe more, depending on the mix of work.”

**7. Pay attention to financial indicators** The business climate can change quickly, so it’s important to monitor sales revenue, labor numbers and material purchases. “Numbers are your livelihood,” Wilbert emphasizes.

**8. Stay focused on the task at hand** Again, Wilbert became so wrapped up in the employee theft fiasco that he lost sight of business goals.

**9. Realize you’re not alone** Other companies have been through hard times. Talk with their owners about ways to cope. If nothing else, it helps to know that your circumstance is not that unusual.

**10. Act before it’s too late** “When the economy or other factors that influence your business cause you to stray from your business plan, face reality,” says Wilbert. “Determine the cause, or in our case the causes, and make adjustments.”



Rich Wilbert now owns a business called SiteSource Business Coaching for landscape contractors. He wants to help landscape contractors identify those areas in business that are vulnerable, and prevent what happened to his company from happening to them. Visit his website at [SiteSourceBusinessCoaching.com](http://SiteSourceBusinessCoaching.com).



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