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CYGNUS BUSINESS MEDIA

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# Showcasing Your Successes through Social Media

Dear Contractors,

As I look at the changes taking place in today's marketing, public relations and social media, I am struck by how important visual marketing is to landscape companies. Regardless of your specialty, the visual appeal of your finished projects is vital to telling your story. A quality visual representation will bring your work to life and help stimulate interest from customers and prospects.



In today's world, there are many cost-effective ways to promote your business. Social media, such as Facebook, Instagram and YouTube, allows you to showcase phototography and video of your biggest successes more extensively and cost-effectively than ever before in history.

However, before you dive in, it's important to have a plan to ensure your use of these tools complements your business strategy. You also want to be sure you have the time and resources to keep content current and responsive. I encourage you to check out the articles in this issue of *Contractor Success Guide* for tips to help you with your overall marketing efforts, including social media and PR.

For additional insights and assistance on how to grow and differentiate your business, look to the Professional Landcare Network's (PLANET) website (www.landcarenetwork.org). Please let us know what you think of *Contractor Success Guide* and how it has benefited your business at public.relations@stihl.us.

Sincerely,

John Keeler National Training Manager STIHL Inc.

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#### BUSINESS MANAGEMENT

By Gary Goldman

# Big Box Landscaping – Be Careful What You Wish For

It might look like the industry's giants are sitting atop the world. But "Big Box Landscaping" isn't all it's cracked up to be. Here are nine reasons why.

often have contractors tell me that someday they want to be just like the "Big Box Landscaper." The big guys have nice, new equipment, all of the account managers and supervisors have their own vehicles, they have fancy offices, and they seem to be able to purchase whatever they need whenever they need it.

Before you get too excited, I will warn you that the Big Box Landscapers have their limitations as well. Somewhere up the food chain there is a group of individuals that is watching the day-to-day operations, and many people are accountable to produce results. The pressure is constantly on to make it happen.

All contractors—small, medium and big box—are faced with the same issues on a daily basis. Whether it is managerial, marketing, operational or financial, these issues confront all of us at different degrees, day in and day out. The question is: Who can handle them more effectively?

4

Let's take a look at nine key areas where the huge landscape companies might not have it as great as you think.

#### 1. No Such Thing As Endless Capital

Many landscape contractors assume that if they had the "endless capital" like the big guys, their troubles would be over. Let's get one thing straight: There is no such thing as endless capital.

Capitalizing your company takes time, a great plan, discipline and hard work. The Big Box Landscapers would like you to believe that they have cash available anytime they need it; that it's as simple as making a call to corporate and the funds will be sent. Though they probably have access to more capital than most landscape contractors, it does not mean that they can slide their ATM card and access cash whenever they want.

All businesses, large and small, need to operate within their budgets and financial plan. I work with small and large companies that have ample capital. Successful companies develop relationships with their bankers, and operate within their business and financial plans. Over time these companies have set up processes and controls that have produced financial success by continuously building up capital which has allowed them to grow.

Remember that most things are relative. The Big Box Landscapers may have to answer to investors, private equity firms, or even stockholders that demand an ROI. Most of us have to answer to ourselves and sometimes a banker.

#### 2. Bad Cash Flow

When it comes to inadequate cash flow, size does not matter. In fact, small and medium-size companies may have a distinct advantage over the Big Box Landscapers.

Most contractors learned a lot about cash flow management over the past several years. When the economy took a slide back in 2007, it was easier for many of my small and medium-size

#### | BUSINESS MANAGEMENT |

companies to immediately scale back in order to preserve their cash. They did not have the pressure of having to deflate this fat and sassy operation that was fed by the ability to obtain cash whenever needed. When the well runs dry, it is dry!

It is a myth that the average landscape contractor is at a disadvantage when it comes to cash flow. The Big Box Landscaper may have a larger credit line and the ability to infuse more cash during tough times, but when they are forced to tighten their belt, it is much more difficult to loosen it as the economy improves.

All companies should practice proper cash flow management. Those where the owner signs on the dotted line have a much stronger pulse on the need to strictly manage their cash-burn rate. The Big Box Landscapers are forced to manage their employees and clients with their P&L statements. The human element as well as the commonsense approach to operating your business is thrown out the window when this is the mechanism used to measure success.

#### 3. The Planning Process

Poor planning is the reason why problems like capitalization and bad cash flow can happen to landscape companies of any size and scope. All landscape companies need to map out as comprehensive a business plan as possible, covering financial issues, marketing, operations, growth, and an array of other elements. Granted, for the small and medium-size company, this can be time consuming, as a well-prepared plan can take weeks or months to complete.

Now here's the problem for the Big Box Landscapers in particular. Most small and medium-size landscape contractors prepare their plan and move forward with implementation. The really big companies can get hung up in this process. I have been involved in this process on many different levels. The big guys may not even know when to end the planning process. They conduct meeting after meeting to discuss the same issues over and over. After a while you begin to realize that you are having long, lengthy meetings just to prepare for the next meeting.

Soon the systems, processes and procedures you have developed to help in the planning stage get tangled together-and an unprecedented amount of time is wasted. Most importantly, you lose focus on your goal of preparing and planning for the future. The larger companies are more apt to have a difficult time in the execution process because of their sheer size. Too many people involved in the process makes the communication and dissemination of information much more difficult.

continued >

#### BUSINESS MANAGEMENT

Smaller companies are much more focused and have the ability to implement the planning process in a more timely manner.

#### 4. Mushy Marketing

Your mother knows you are special, but what about your prospective and current customers? A marketing strategy that relies solely on the size of your organization is not going to work. The Big Box Landscapers love to tell their clients about their annual sales volume. Though a topic for conversation, it does not set you aside from your competition.

Small and medium-size companies often do a much better job of setting themselves apart so that customers can clearly see the advantages of working with them. Then, the marketing process needs to be in place 24 hours a day, seven days per week, and 365 days per year.

#### 5. Inadequate Flexibility

From stacks of cash to battalions of employees, every small and medium-size landscape contractor knows the advantages a larger competitor brings to the game. But one thing the large Big Box Landscapers can't necessarily do is turn on a dime. So that is something smaller and mediumsize companies can exploit.

Never forget to remain flexible. If a service isn't quite right or a marketing campaign isn't really flying, don't be afraid to tinker. Making those sorts of in-course adjustments is much more unwieldy for the big guys.

The Big Box Landscapers are forced to manage their employees and clients with their P&L statements. The human element as well as the commonsense approach to operating your business is thrown out the window when this is the mechanism used to measure success.

#### 6. Efficiency in Focus, Customer Support Gets Blurry

When you are forced to operate your business using standard operating procedures without the flexibility of dealing with the issues at hand, your staff and clients will quickly become frustrated. The small and medium-size contractors have an easier time emphasizing complete customer support, from doing things you don't have to do to offering thoughtful, useful advice that goes beyond the ordinary.

It is very difficult for the Big Box Landscaper to have their entire staff focus on quality,

Capitalizing your company takes time, a great plan, discipline and hard work ... All businesses, large and small, need to operate within their budgets and financial plan. service, responsiveness, value and communication. But all members of your staff need to be focused on operating in a proactive manner. The larger the company, the harder it is to get everyone on the same page.

This mindset often gets lost in the hustle and bustle of the day-to-day activities in the larger companies. Though it may be something that they are thinking about, there are too many other corporate directives that must be completed.

#### 7. Estimating vs. Buying Market Share

Small, medium and large landscape companies all need an estimating system in order to succeed in today's competitive market for landscaping services. Most companies have a checks and balances system in place to make sure that this process is not abused.

At different times throughout the year, you may be under incredible pressure to produce estimates and make sales. The small and medium-size contractor is going to develop an estimating process and plan and live by that system. These contactors will make sure that there is a set of internal controls in place to guard against a bunch of renegade estimators.

Unfortunately, Big Box Landscapers sometimes find themselves in a bit of a quandary when it comes to the estimating process. They are constantly under the gun to produce more revenue. The sales staff, which often is the estimating staff, finds itself in a position where it begins telling itself stories about a particular bid in order to reduce the price. The staff knows that nobody is going to check its work. The name of the game is new sales, after all.

The other myth is that because of their size, the Big Box Landscaper can do the work for less money. But remember that Material + Labor + Equipment + Subs = Price. Mere company size does not change the amount of any of these variables on a project.

Unfortunately, working for less money hurts everyone in a couple of different ways. First, some companies are putting work on the street for prices below what the market will bear, hoping that they can make up the margins with enhancements. But once you reduce the price of a project below market value, it is difficult to bring it back to the correct price.

Secondly, when you price work below the market price, your client suffers. There is no way that you can perform on a job if you do not have the correct amount of labor hours, material and equipment assigned to that project.

All contractors are affected by this push by the Big Box Landscapers to purchase market share.

#### 8. Big Company, Mediocre Staff

Inexperienced and unmotivated staff can bring down a solid business—even a business with a knowledgeable management team. In their rush to obtain market share, large landscape companies often forget the need to hire and train field personnel. Regarding business planning: Most small and medium-size landscape contractors prepare their plan and move forward with implementation. The really big companies can get hung up in this process.

Sometimes many of the Big Box Landscapers produce a country club atmosphere where everyone wants to be the boss. Many of the Big Box Landscapers have more than enough managers. In fact, they probably have more managers than they really need. This is not a "suite and tie" type of business where managers should be in meetings all day.

Your staff needs to be out in the field meeting with clients and spending time training new employees. When/if you are inundated with customer complaints, over very basic issues, you need to stop and ask yourself if your crews are properly trained and meeting the needs of your clients.

Not everyone can be the boss. You need key skilled supervisors, crew leaders and laborers to ensure that you produce a quality product.

#### 9. Uncontrolled Growth

Ironic as it may seem, businesses that succeed too quickly often push themselves into an early grave. If your production fails to keep pace with your demand, or necessary expansion coincides with insufficient cash, the growth that you dream about can actually threaten your company's very existence.

I work with contractors of all sizes who want to grow their businesses. Most realize that it takes time, a well-developed plan and patience. The Big Box Landscapers do not have the same options when it comes to growth. They are under the gun to reach very aggressive sales numbers on a regular basis. They will often do whatever it takes to achieve these goals.

With such a strong emphasis on growth, it is difficult to maintain a quality product unless you are totally committed to the process that we have touched on.

Keep an eye on the big guys and always remain focused on all of the things that have made you successful. **(** 



Gary S. Goldman has been a management consultant to the landscape and pavement industries since 1985. He travels throughout the United States consulting with

landscape, tree service and irrigation contractors, pavement companies, related associations, manufacturers and vendors conducting one-on-one consultations, seminars and workshops. Gary has over 30 years experience in the landscape and pavement industries. He can be reached at 508-652-9771, gary@garysgoldman.com, or garysgoldman.com.

# What Landscapers Should Do When They Hit the Tipping Point

Once landscape contractors get to that three-crew level, some serious soul searching has to be done—and some serious changes likely have to be made. Here's some advice from a contractor who's been there.

**G** rowing and scaling a landscape management business is tough. Factors such as employee retention, competition, equipment investment and cost management create constant pressure.

Like most Green Industry entrepreneurs, Bryan Clayton started his company as a oneman army. "Over a 15-year journey, I grew it to a 100-man organization with \$7 million in sales," he relates. Some of the most challenging points of that journey relate to the periods of balancing what he calls "in it vs. on it."

Below are Bryan's insights and advice for contractors facing these same challenges.

# When do you stop "doing the work," and what happens next?

In the early days, I physically executed services up until our seventh hire. At that point, I was freed up to take a step back to handle sales, business development, and simply run my small organization.

Getting to that point was difficult. I was "in it" all day running a crew while one or two other crews were also working. I would make schedules out at night, have a huddle with the crews every morning, and then go run my crew. This was my daily cycle for a few years.

My main challenge was developing key, reliable crew foremen that I could trust to perform quality work for our customers. I personally trained my early crew leaders, working alongside them for at least six months until I granted them the responsibility of their own route.

For several years I juggled the "in it" tasks and "on it" tasks. I would make sales calls, cold calling local businesses during the day while running my route. At night I would perform the bookkeeping. Over time, I was able to transition out of the field activities to begin to focus on the operation and growth of the business.

## Three crews change everything

When my lawn maintenance operation grew to three crews comprised of 10 employees, the dynamics of running a real business operation came into play. The flying by the seat of my pants was no longer sufficient for running a real business. It's at this tipping point that many landscape companies get into trouble, losing control of expenses, managing cash flow, and managing profit margins on maintenance accounts.

At this stage, many small business owners might feel that since they have worked so hard for so long, running the business from this point on is going to get easier. Nothing could be further from the truth. The challenges will also grow as the business scales, but the journey can be worth it.

Here are a few points of advice I would give to business owners at this stage of their growth, because at this stage it's time to run your small business like a big business.

Game plan creation. Where are you headed? Set one-, three- and five-year goals. Lay out milestones for sales and profit. Make a step-bystep plan of attack and hold vourself accountable to knock those milestones down. I would recommend working with a Green Industry consultant. There are many excellent consultants associated with the PLANET association. Spend at least a day with one and develop an ongoing relationship; they will help keep you on track and will be a critical contributor to your success.

**Budgeting.** Make a budget and review it monthly. The PLANET organization has a great budget template. This is crucial to keeping you on track and keeping control of your business.

Legal and compliance. Something often overlooked that can kill a business before it has a chance to flourish are the landmines associated with Human Resource compliance; legal issues and lawsuits from clients and employees; and compliance with local, state and federal agencies such as the Department of Labor, Department of Homeland Security, OSHA and IRS.

It is critical that you build relationships with a CPA firm and legal and insurance professionals. Now that your little business is growing into a bigger business, it will be a target. Your company will be susceptible to lawsuits from disgruntled employees and visits from a myriad of governmental agencies in search of needed revenue. It's best to be bulletproof and ready when it happens. At this stage, many small business owners might feel that since they have worked so hard for so long, running the business from this point on is going to get easier. Nothing could be further from the truth.

Equipment. As your business grows, it can be tempting to add equipment when it feels necessary, and even more tempting to finance it. I would strongly encourage business owners to use financing sparingly, as you can easily find yourself in business only to service your debt and nothing more. What's worse is that the equipment value is destroyed much quicker than it is paid off by monthly payments. It is business owners overextending themselves on debt that usually leads to a contribution to failure. Defer acquisition of new equipment until you can pay cash, and you'll increase your chances of successful and safe growth.

**Business development.** Now that you are freed from being "in it," you can apply focus to new sales and customer acquisition.

At this stage it is tempting to undersell work—and your competitors—in order to get more customers. I would strongly recommend that you do not attempt to undersell larger competitors. Their fixed costs are spread across a larger volume of revenue, and they probably have better systems in place to execute services and control costs. Rather than go head-to-head with them on pricing, focus on what they do not do well. Personalized service, the little details, and higher service quality are some places to look for competitive advantages over your larger competitors.

#### **Final observations**

While in business for 15 years, I continually observed small landscape companies trying to break through and become big operations-and nine out of 10 never did, mainly because they made critical mistakes with one or more of the issues I have outlined. I share these thoughts to help fellow Green Industry business owners succeed with scaling their operations. With hard work and planning, your little business could become the respected landscape organization in your city. As you scale your organization, you'll be able to add team members to focus on the "in it" tasks while you focus on staying "on it." **<** 



Bryan Clayton is a serial Green Industry entrepreneur who led his previous organization through successful acquisition. Bryan's

passion is building purpose-driven teams and companies in the Green Industry, creating value and opportunity for everyone he works with. Bryan is the co-founder of GreenPal. You can connect with him on Google+.

# How Much Should Business Owners Pay Themselves?

f you're a sole proprietor with no employees and very little business overhead, what you pay yourself is pretty much what you earn in sales minus your costs and taxes. But what happens when your business grows and you take on employees? How do you determine what your salary should be when you are not only operating in the daily grind of your business, but are also spending considerable time selling, planning, training and just managing?

As a business owner, setting your own salary can be a tricky task, especially in markets that see highs and lows. Here are a few tips to help you determine the best way to "pay the boss."

#### No magic formula

There is no magic formula for setting your salary because so much depends on the development stage of your business and how it's doing. For example, if your business is still in a startup phase, your salary may still be essentially what's left over after your operating costs and bills have been paid and this may not be a lot.

On the other hand, if your business has shown consistent profit, then you should feel free to take a percentage of those profits, or set a salary for yourself in accordance with industry and regional standards.

How your business is legally structured also impacts your compensation. Talk to an accountant or tax attorney about the best options for you, because overpaying yourself can raise red flags with the IRS. For example, if you operate a corporation, avoid taking too great a percentage of total revenue as your salary. Your accountant can help you determine what's reasonable.

Above all, be prepared to be flexible and accept that you may need to be flexible during down times or when cash flow is tight. And remember that you're not an employee; your primary focus should be on the long-term growth of your business, not your paycheck.

### How to set a salary as a percentage of profits

It's hard to forecast your profits for an entire year, so if you've been in business a few years, review your past performance and use it as a benchmark.



Determine what an appropriate percentage of that figure would be after factoring in your business costs, taxes and future growth plans, and set that as your tentative salary. Most small businesses limit their salary to 50% of profits.

If you are still in startup mode and have no profit history or aren't turning a profit yet, you might want to set your salary by reviewing your own personal costs. What do you need to support your modest, startup lifestyle? Defer everything above and beyond that.

#### **Check out the competition**

One standard practice is knowing the average income for your industry, field or peers. Take a look at SBA.gov's Income Statistics resources for information on income and earnings across a variety of occupations. Don't forget to factor in regional variations. And remember, you may not be able to pay yourself an equivalent salary yet, but you should know the average.

#### Factor in employee pay and what you give your business

Remember that the time you invest in your business may vary

considerably from the hours of your key employees. And while you don't want to overpay yourself, don't limit your salary because you feel that your hourly earnings are more than your number-two employee. This is your business, after all, and while you may be investing 50 hours one week, you may put in 65 the next. So your salary needs to reflect the elasticity of your time investment. So if you're using your hourly commitment to help determine your pay, make sure you account for the extra hours when you do your calculations.

#### Seek advice

Even if you don't have an accountant on retainer, seeking the counsel of an accountant to review your figures will help you factor all the variables that help determine your salary. These may include taxes, employees, operating costs, loans, personal costs, marketing and growth plans. Accountants, or even lenders, also can help you make related decisions about how to manage your profits. For example, it can be tempting to pay off loan financing as soon as you turn a profit. This, however, will reduce what you take as a salary and could affect your lifestyle.

Organizations such as SCORE, Small Business Development Centers, Women's Business Centers and more are available to help advise small-business owners on all aspects of running a business, which includes managing finances and paying the boss. **(** 

Source: sba.gov

### How Much Should a Landscape Company Owner Make?

Much like the methods used to estimate and price work, the manner in which landscape contractors pay themselves is all over the map. So is the amount that they pay themselves. That's for good reason, to a certain degree. Markets vary, as do services offered and the structure of the landscape companies themselves.

Ultimately, as the owner of his own company, it is the contractor's decision as to how much he pays himself. Many are just happy to be making a living doing what they love to do. But most would agree that they'd hate to be selling themselves short.

Consider the following statistics regarding salaries in the landscaping industry, but be sure to take them with a grain of salt—because your personal situation is yours and yours alone.

According to payscale.com:

> The average salary for a landscape contractor in the United States is somewhere between \$24,468 and \$92,972. See how much this can vary?!

#### According to May 2012 data from the Bureau of Labor Statistics:

- There are roughly 659,520 people employed in the landscaping industry. The average wage is \$14.61 per hour, or \$30,400 per year.
- Top executives earned an average wage of \$42.88 per hour, or \$89,180 per year.
- General and operations managers earned an average wage of \$41.50 per hour, or \$86,310 per year.

- Landscape architects earned an average wage of \$27.48 per hour, or \$57,160 per year.
- Foremen (first-line supervisors of landscaping, lawn service and groundskeeping workers) earned an average wage of \$20.61 per hour, or \$42,870 per year.
- Crew members (landscaping and groundskeeping workers) earned an average wage of \$12.07 per hour, or \$25,110 per year.

According to salaryexpert.com, average salaries for landscape contractors do vary by market. Here's a look at some of the bigger markets across the country:

- > Los Angeles roughly \$78,000
- > Atlanta roughly \$75,000
- > Dallas roughly \$60,000
- > Chicago roughly \$75,000
- > Miami roughly \$60,000
- > New York City roughly \$78,000

#### According to a landscape contractor peer group workshop attended by *Green Industry Pros*:

- A contractor with roughly \$860k in annual sales was paying himself \$43,000
- A contractor with roughly \$750k in annual sales was paying himself \$45,000
- A contractor with roughly \$535k in annual sales was paying himself \$60,000
- A contractor with roughly \$1.9m in annual sales was paying himself \$73,000

#### FINANCIAL MANAGEMENT

#### Insights from Frank Ross

# 3 Keys to Transforming Your Financial Future

inancial expert Frank Ross has worked with hundreds of landscape company owners over his 40 plus-year career. One of those contractors was Mike Rorie, who now shares what he characterizes as "the best thing he ever learned from Frank." Rorie's insights are then supplemented with commentary from Frank Ross (FR).

#### 1. Make a commitment

When you're talking about getting a better handle on the financial side of your company, you—as the owner—must embrace the concept.

Secondly, you may have some veteran, higher-level employees who get nervous when you start talking about this new commitment. Ultimately, they may clog things up and get in the way of progress. You have to be willing to change some people out or move them around. You need people around you who want to go and grow.

FR: I have found that most employees are "willing warriors" who, after goals are explained to them, will follow you (the owner) anywhere. Any valued employee will embrace your vision because they know that doing so will not only ensure the success of the company, but will also ensure their personal success, both professionally and financially.

#### 2. Keep it simple, focused

Think about the kinds of information and data you want to track. Don't make it too complicated. If knowing how much a quarter-gallon of gas or yard of mulch costs doesn't really help you make decisions, don't track it down to that finite a level. Less is more every time. Think about the information you need—then start asking for it.

FR: When ownership expresses its goals, try to stay at the 35,000-foot level; leave the details to your management team. Examples of that 35,000foot view might include:

- How much profit should we target?
- Are we planning any significant capital expenditures in the way of trucks, equipment, facilities, etc.? What level of revenue growth is required to cover those needs?
- What changes are we anticipating organizationally? Are we anticipating new hires and/or fires?
- What changes in personnel policies are we anticipating (wages, benefits, etc.)? Do we have the adequate cash

resources to cover these goals?

• How do this year's goals fit our three- to five-year vision?

These are just a few examples. The point is that your employees will not make these types of decisions; only you can. You lay the groundwork as to how much you are willing to risk. Then, a good management team will handle the detail.

#### 3. Use your budget to establish accountability

A budget is an essential tool because it allows you to plan and to measure where you are according to that plan. Also, budgeting is a way to get all of your key employees to collaboratively engage. You can then dish it down to levels of accountability.

Frank taught us to assign watchdogs to different areas of the budget. For example, why should the owner be obsessing over lawnmower parts? That could be assigned to the operations manager or lead mechanic.

When a landscape company misses its profit goal, it's almost always because it missed its revenue goal. That's usually because the key people didn't stay focused on hitting the revenue goal. You need to have a budget that establishes the Growing Dreams, Inc. INSTALLATION DIVISION

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4	Errect Labor	175,860				6,136	5,040	6,853	11.875	24,015	30,345	10,995	85,970	25,121	28,795	\$5,425	6,45
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11	Epupment Expense	\$6,650	367%		5.00%	1,275	8,807	6,618	3,345	6.498	4,233	4,179	4,458	8.346	8,260	4,208	3.36
32	Administrative Expense	302,955	23,21%			15,458	12,895	18,642	17,345	16,990	10,059	114,801	25,876	17,528	34,833	27,811	37,40
85	TOTAL OVERHEAD	374,530	.17.A3%	362,752	37.46%	25,653	33,548	37,638	34,000	34,305	34,624	28,407	36,112	33,027	31,459	33,838	29,519
14	NET PROFET PRODUCTIVE	39,999	1.00%	101.092	10.17%	121,000	(22,949)	08,390	6,745	11.134	17.636	15.458	4,483	17.308	10.011	6,795	00.340

goal—and then you have to keep your eye on capturing that revenue.

FR: Perhaps the absolute best management planning tool on the planet is one I call the rolling budget. Mike Rorie's management team used this document as their financial bible. Because of that commitment, I am certain Mike was able to steer clear of many of the pitfalls which mere mortals often fall victim to.

The report looks something like this (also see image):

• Take your annual budget and spread it by month

according to when you feel you will be generating revenues and spending money. The first two columns on the left (dollars and % to sales) show this original budget; these never change.

- The two columns right of that show the sum of the 12 months, or your rolling budget for the year (also dollars and % to sales).
- Looking further to the right, we have each of the 12 months of the year (only dollars). As you move through the year, you replace the monthly goals

Example of a rolling budget

with your actual numbers, month by month. These will re-total to the left (step 2) and will allow you to compare to the original budget.

Now, here's the beauty in this: Every month when Mike's management team would review the monthly and year-to-date performance, they would also re-budget the remainder of the year. That's right: Mike's team was always re-budgeting to make sure they had the clearest picture as to how they would complete the year. Then, if changes needed to be made, they could make them quickly. **〈** 

# 7 Disciplines That Make Good Managers Great

#### **1. Pricing and Bidding**

It's simple: Develop your pricing strategy around what it costs you to perform the work. Dismiss the myths of pricing jobs based on a multiple of materials or by forcing a gross margin. Use your own budget to strike the relationship between overhead cost and job cost, and price your work accordingly.

Secondly, know your breakeven point. This is especially important in flat markets where bidding is competitive, yet you don't want to bid a job at a loss.

Never bid work to maintain cash flow or keep a crew busy these tactics only dig your hole deeper. On the other hand, bidding thin is a legitimate strategy if doing so provides an opportunity for additional work at reasonable prices. Just make sure you know what you're doing, which is why knowing your break-even point and overhead costs are so important.

#### 2. Overhead

Inventory your organizational structure. Are your people in the right jobs? Are they maximizing their time for the benefit of the company? Can certain jobs be combined, or even eliminated, if revenue starts to lag?

Review each overhead account in detail. Make sure there is no unnecessary spending anywhere.

Review and reappraise the value of benefit packages.

Start with insurance benefits. Then move onto compensation plans, uniform policies, truck take-home and reimbursement policies, sick leave, holiday and vacation policies, overtime policies, club memberships, entertainment reimbursements, and so on. For each, ask yourself if the company is receiving the maximum mileage for the policies that are in place. Analyze whether each plan should be left alone, adjusted or eliminated.

Budget in detail each overhead account for the coming year. Then assign the responsibility of monitoring that account's spending to one of your key managers, or monitor it yourself.

> continued

By utilizing a unique training methodology known as A Better Way 2 Learn, financial expert Frank Ross can be present at all of your company's financial meetings for a fraction of the investment. Visit abetterway2learn.com/pro to learn more.

Produce an income statement each month which will show actual monthly spending compared to what was budgeted.

#### **3. Accounts Receivable**

An efficiently run company should experience a turnaround of 30 days from the time of billing to time of collection. Here are some tips:

- Develop an internal process for determining whether a client is a good credit risk.
- Succinctly define the credit terms in your sales agreement, and train your salespeople so they can explain those terms.
- Invoice work accurately and promptly.
- Create an aging schedule of accounts receivable and monitor it weekly.
- Create and enforce the collection procedures for past due performance.
- Understand your legal recourse if/when an account becomes uncollectible.

#### 4. Materials Inventory

Materials inventory is an area which, if not monitored closely, can become a huge black hole for cash. Here are some tips:

- Calculate the turnaround time for every material unit you purchase. Only stock those items which turn rapidly (within 90 days).
- Don't over-order a product just to "fill out a load" or earn a slight discount. If the extra material you bought ends up in the garbage, how much did you really save?
- Encourage suppliers to stockpile material for you until you need it. The fees you might

pay for this service are often far less than what it will cost you to care for the materials prematurely.

• Ask suppliers to ship materials directly to your jobsites.

#### 5. Fixed Assets

Investments in land, facilities and equipment take cash out of circulation. Thus, you should only make these investments if they will generate an immediate income stream. Any fixed asset that doesn't provide you the equivalent of a liquid return on your investment should be a candidate for sale.

Fixed-asset appreciation will almost always fall short of earning what liquid cash would if it were invested in the daily operations of your company.

As a rule of thumb on equipment, unless you're realizing at least 500 hours of production per year, it is probably better to sell a piece of equipment and rent a comparable piece when needed. Leasing your highly utilized pieces of equipment might also something worth looking into. In the long run, leasing will always cost more. But it offers an advantage of not requiring a hefty outlay of cash up front.

#### 6. Accounts Payable

Treat suppliers as you'd want your customers to treat you.

- Always monitor supplier balances via an aging schedule of accounts payable.
- Ask for terms. Most contractors don't realize that "2/10 net 30" means that if you can pay your bill in 10 days, you'll get a 2% discount.
- If you run into cash-flow problems and can't pay all

of your bills in their entirety, just make sure everybody gets something every month.

 Maintain constant communication with suppliers. Non-payment might make them uneasy, but non-communication will make them mad.

#### 7. Notes Payable

Every manager's goal should be to operate debt-free. Still, if you must borrow, the following hints may help:

- When setting up a banking relationship, always do so with a letter of recommendation from your attorney, accountant or other advisor. Then, always go to the highest bank officer possible.
- Understand that a banker is not a business advisor. They will look at your business with a very narrow focus: repayment of loans.
- Remember that it's easy to borrow money—until you convince a banker that you won't be able to repay them.
- Never borrow money to pay for past mistakes; change your standard of living to do that. Only borrow to promote future growth.



Specializing in the Green Industry, Frank Ross is one of the country's most highly regarded consultants. His indepth work on

several national industry financial studies along with roughly 40 years of hands-on experience with hundreds of the most successful companies in the country give him unparalleled knowledge of what Green Industry firms do to become profitable and what steps they must take to make money. Contact him at frank.ross@rosspayne.com.

#### FINANCIAL PLANNING

# 5 Reasons Why Contractors Aren't as Profitable as They Could Be

There are a lot of reasons why making a sweet profit in landscape contracting has gotten harder. Many of them are largely out of your control. But even during the Green Industry's boom era, many contractors were not as profitable as they could have been for reasons that are *well within* your control.

# 1. Not focused on profit

Too many contractors are primarily focused on hustling for more customers and growing their businesses at the top line. Each new client is a huge victory that feeds the desire to acquire yet another new client.

This is all well and good, as a steady flow of new clients can be essential to survival. But a state of reactive management can ensue. The contractor is constantly responding to leads, putting out fires, and scrambling to service existing clients adequately. No time or attention is spent on how this extraordinary, often chaotic effort is impacting the financial well-being of the company.

#### 2. Don't know costs, can't price correctly

A lot of contractors also lack a firm grasp on their costs. They have a pretty good handle on direct material costs for things like fertilizer, seed or pavers. But overhead is a mystery. Without an understanding of what your overhead costs are, and how to recover those costs job by job, you could still end up making a profit—but it would be due to sheer luck.

# 3. Not watching for profit leaks

Some contractors don't watch for profit leaks. Things like worker's comp rates, employee downtime, excess overtime, and poor marketing investments can drain your profits away. You have to keep an eye on these things and look for savings.

## 4. Too many loser accounts

Contractors should scrutinize each division/service of their company separately to see which are and are not profitable. They should do the same thing with their clients.

For example, let's say you have 50 customers. What if 10 are actually money-losing accounts, meaning that they don't pay you enough to help recover any of your overhead? You are basically charging them for your employees' time and the materials you use (direct costs). You'd be no less profitable if you didn't even do the job. Unless you're strategically servicing a no-profit account because of doors it could open in the way of additional work, take a hard look at dumping it.

#### 5. Trying to do too much, or maybe not enough

Some contractors spread themselves too thin in an effort to branch out. Their overhead goes up, customer satisfaction goes down, and the erosion ensues. Sometimes it's simply better to find good subcontractors to work with.

Conversely, some contractors sacrifice profit by not doing enough. Their clients are asking them to do more, but they want to remain focused and specialized. They see potential openings in the market, but want to remain focused. See a good opportunity for what it is, and realize that you don't always have to invest tens of thousands of dollars in new equipment to jump on it. Build a plan—with profitability at the core—and start working it. **〈** 

# Are You Ready for STIHL at GIE+EXPO?



PLANET Green Industry Conference at GIE+EXPO

The most highly anticipated landscape industry education and networking experience of the year, PLANET's Green Industry Conference (GIC) is a one-of-a-kind program designed to focus on education and networking to advance your business.

A speaker lineup composed of the industry's leaders and most successful entrepreneurs; an exposition floor, hosting nearly 500 exhibits; and an unparalleled opportunity to be inspired, learn about industry trends, and build new relationships make this an event you cannot miss.

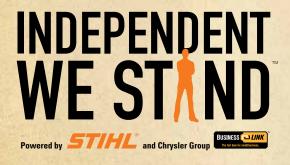
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- For product information or to find your nearest STIHL dealer: **STIHLUSA.com**



# 10 Marketing Mistakes Lawn Care Companies Make

# 1. Rely on a one-step marketing strategy

All marketing methods work to some degree. But relying on just one method can greatly reduce the return you get on your marketing investment dollar.

Consider this example: It's possible than 95% of your door hangers go straight into people's trash cans. That's because most people view the door hanger at a time when they are not urgently in the market for landscaping or lawn care services. But they still see your name, which is a good thing. When they do start shopping for lawn care services, they will be more likely to think of your company and feel good about giving you a call. Additionally, if they then go online to search for lawn care companies in their area and see your company pop up in the search results, they'll be much more likely to give you a call.

Every impression counts. And when everything is working together, it helps build awareness and generate leads at a much higher rate. That's why door hangers or direct mail often work well with online advertising, and social media works well with company newsletters, for instance. The trick is finding out what works best for you, and putting a good mix together.

#### **2. Copy competitors**

Many marketers, not just lawn care companies, make the mistake of trying to emulate the market leaders. Sure, there might be a thing or two you can learn from them. But you have no idea if what they're doing will work for you—or if it's even working for them!

You must remember that consumers are overwhelmed with communication today. You must stand out to get noticed. By copying your competitors, you simply ensure that you'll blend in with everybody else. And when you look like everybody else, price becomes a more prominent factor in negotiation.

Also remember that the success of a given lawn care company is the result of many factors, not just advertising. Years in business and skilled, tenured employees likely have a lot to do with it. These factors have nothing to do with marketing.

So quit trying to emulate your competitors. They likely aren't marketing experts either. There are many ways for you to stand out in your market. Look at what's being done and brainstorm ideas that are different. You want to catch the consumer's attention in a way that creates a favorable impression of your company. Then translate what you do into how it will benefit them.

# 3. Don't connect with customers enough

Failing to say in touch with existing customers is an extraordinarily costly mistake. The biggest asset your company has, along with its employees, is its existing customer base. Existing customers are not only a source for current business, but also for referrals.

The second your existing customers feel like you don't care about them, they'll become open to the notion of hiring a different contractor.

Many lawn care companies are afraid to contact their existing customers. They are afraid of bothering them. So these lawn care companies end up ignoring their customers except for those times when they need to send the customers a bill. What kind of message do you think that sends?

There are many sensible, nonintrusive ways to stay in touch with existing customers. You can publish a regular email and/or printed eNewsletter (quarterly or maybe even monthly). You can talk about your services, changes in your company, what's going on in the community, funny stories, people profiles (employees), and seasonal tips and advice. Just don't be boring. Most of your customers don't care about your latest seeding technique. Keep it conversational and "human." Be personal and strive to build a relationship.

## 4. Not real good on the phone

When a prospective client calls you, it's a hot lead. If you are unable to answer the phone, do you think that prospect will continue calling back until you pick up?

Roughly 70% of callers hang up without leaving a voice mail. Most are then calling another contractor on their list. You can't afford to let these opportunities slip away.

You should assign someone in your company (sales or admin) to answering the phone. If you're the owner of a smaller company and can't afford this type of support person, and are in the field working, you might want to consider signing up for a phone service that will answer for you after three rings. The monthly cost of this type of service could easily be offset by the amount of new sales you bring in. Like anything else, a call service like this should be viewed and measured as a marketing investment.

The other thing you could do is set up a creative, energetic voice mail. Use a lively voice, i.e. "Hi, this is John from John Doe's Lawn Care. I'm soooooo sorry I missed your call, but I'm helping another one of our valued customers right now. Please leave a message and I'll call you back by the end of the day. Thank you very much for calling John Doe's Lawn Care."

Then you have to call the prospect back by the end of the day. And when you or another employee does, don't sound tired and in a hurry. Anyone dealing with clients should be well-trained and monitored. Having well-oiled phone standards not only saves you and your employees' time, but will also increase your close and upsell rates considerably.

#### 5. No referral program in place

The incorrect approach to referrals is to sit back and wait for them to happen. They rarely do. You have to go out and get them like any other customer acquisition.

You might get some referrals naturally from your best customers. But the key to really jumpstarting the number of referrals you get is implementing a strategy that cultivates referrals from customers who wouldn't normally do it. You must have a process that reaches out to customers to ask for feedback on your service and work, and then invites referrals from those who've expressed satisfaction.

#### 6. Too eager to jump on the 'trendy' bandwagon

Many lawn care companies get bored with their current marketing efforts. Then when something trendy comes along, they ditch their existing marketing tactics and go all in on the new trend. This is very risky and can prove to be a terrible mistake.

If existing marketing tools are working well for you, it makes no sense to discard them. A great example is how some contractors think social media such as a Facebook page is now all they need to do in the way of marketing. After a year or so, though, the leads start drying up and they're left wondering what happened. Again, trendy things like social media, blogging or video marketing work best in concert with other forms of marketing. It's OK to jump on the trendy bandwagon, but don't forget that it's also OK to bring some of your tried and true marketing methods with you.

For example, if your primary marketing goal is to increase your customer lifetime value through upselling and seasonal services, you likely will benefit from a combination of email marketing and social media. If your goal is to increase business for a certain service you offer, you'll likely benefit from a mix of direct mail and/or door hangers, online PPC (pay per click) advertising and social media.

## 7. Don't build credibility

Prospects are skeptical. They won't do business with someone they don't trust. They also won't immediately believe what you have to say.

To establish credibility, present prospects with specific proof in a way the prospect can understand.

Just explain what you do, how you do it, and how the customer will benefit. Don't brag and try to impress them. If you act like a slick used car salesman, most prospects will respond to you as such. It's OK to point out your accomplishments, milestones and credentials. Just translate them into benefits so you make it about the customer.

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#### MARKETING

Testimonials are huge. With today's technology, video testimonials have become very effective. Work with existing customers to capture their testimonials on video so you can post to your website and share with prospects.

#### 8. Don't develop a plan ahead of time

Many lawn care contractors market by the seats of their pants. But without a plan, you don't know what you're doing. A marketing plan is the foundation of your business. It should have clearly defined goals and an outline of the specific steps needed to increase visibility, expand your customer base, and provide quantifiable results to measure your return on investment.

Don't delay your marketing plan until you think you need it; i.e. phone stops ringing or sales are way off. Schedule everything on your calendar and follow it throughout the year.

#### 9. Fall prey to ineffective marketing services

The marketing consultants running around the Green Industry and other service industries are a dime a dozen. And these days, the agencies promising to "help increase your website's ranking in the search engines" are a dime a hundred.

Beware of SEO (search engine optimization) companies that guarantee a No. 1 ranking on Google. Nobody can guarantee that because they are not Google. Plus, search algorithms change frequently. SEO is a continuous effort.

### How To Market For Growth

There are many different service focuses and other specialties which landscape contractors can use to position their companies in the marketplace. Some contractors want to be all things to all people. Others want to be all things to some people. Yet others want to be the best at a specific service.

Through thoughtful business planning, the first step to growing a landscaping or lawn care business is to identify which customer segment best suits your company. Contractors should focus on the right people, the right message, and the right advertising vehicles in order to build their businesses.

Visit greenindustrypros. com/10895521 to read more. Here are a few of the many takehome tips from the article.

If you're going to hire an SEO company to help you, make sure they are qualified in all aspects of marketing, not just SEO. The company should be able to offer the right combinations of online marketing tools like social, email, PPC advertising and reputation management. The company should also be a specialist in the landscaping or lawn care industry. A company that understands your business and the services it offers will do a much better job for you.

# 10. Failing to take action

Inaction and procrastination are killers of a lawn care business. Forward-thinking entrepreneurs avoid these mistakes at all costs.

- If you want to focus on residential landscaping and/or lawn care, you also have to identify the types of homes you want to service. Zero in on demographics like household income, home value, property size, and maybe even things like customer age and profession.
- The fine art of marketing messaging (i.e. advertising) requires you to translate features into benefits.
- Contractors market themselves in various ways: networking, yard signs, door hangers, direct mail and telesales (for lawn care companies) have been the most common. Websites, email newsletters and social media are becoming just as popular.

Successful lawn care company owners act on good ideas when they see them. Their businesses are constantly changing. They improve the way they do things so they can better meet the needs of their customers. Marketing is no exception to this mindset. **(** 

Based on a white paper by Andrew Potoschnik, the founder of Lawn Care Marketing Expert, a leading marketing agency for lawn care and landscaping entrepreneurs. Visit lawncaremarketingexpert.com for more information.

# PR Playbook for Landscape Contractors

Tips on using tried and true public relations tactics, along with how relationship marketing and social media can get you even more mileage.

Public relations (PR) is a very effective, low-cost way to market your service business. Many contractors think of PR as "sending press releases about design awards you've won." But PR can be so much more.

#### **Community Events**

Get involved in local events such as tradeshows, seminars, garden shows, house tours, etc. Invite your clients (and their friends) to join you, and alert the local papers. Aim to do two to four events a year.

#### **Host Your Own Event**

Don't sit back and wait for a good event in your market area; set up your own. Successful ideas can be:

- An open house at your shop
- A party for your clients and contacts
- A private tour of a local, famous garden
- A mini tradeshow you put on yourself

Invite clients, professional contacts, VIPs, prospects and the press.

#### **Charity Work**

This can range from offering your place up for a charity drive to offering up your services to your town or a local charity. Don't wait to be asked; identify work you want to do, and approach the politician or organization in charge.

Leading contractors from across the country are doing great things for their communities on an ongoing basis. For example, read about how Tim Worrell and Beechwood Landscape Architecture & Construction of Southampton, NJ, designed and oversaw construction of the Fallen Heroes Memorial in Shamong, NJ, which was dedicated this past June (greenindustrypros. com/10983513). Also, be sure to listen to Daniel Currin of Greenscape Inc. in Holly Springs, NC, talk about a recent project his company did in conjunction with PLANET's Day of Service initiative this past April (greenindustrypros. com/10939523).

#### Articles

Write articles on your area of expertise and offer them to local papers. Keep the topics timely and seasonal.

If you have good ideas but no time to write, you could hire a local editor to interview you and write the column for you. It could prove to be the best marketing investment you can make. Offer to become a columnist for a local newspaper or magazine, and turn this into a regular gig. It will pay off for those who persist.

#### **Press Releases**

Send press releases to your local newspaper(s) about your awards, product or technical innovations, recent hires and promotions, new clients, charity events, and other events already discussed. Set up a schedule and do six press releases a year.

The press releases must be written as "news," so don't get too fluffy or boastful. Stick to facts and make them sound newsworthy, as opposed to a commercial. Ruppert Landscape does an excellent job with press releases. Check out this example (greenindustrypros. com/10266055) to get a feel for how your press releases could be written.

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#### **Focus on Networking**

Most landscape contractors say they grow their businesses by referrals. That's easier to do in strong economies, but is still largely the case today. But you have to take a strategic approach, and get out there and get after it. Here are some tips on networking, which is viewed by many as yet another element of public relations.

Find your focus. Identify which area of your business you want to grow the most. For example, is it landscape maintenance? Lawn care? Design/ Build? Irrigation? Identify the client profile that is ideal for that area of your business. Focus your networking efforts around this target clientele.

**Identify key influencers.** Identify those people who know or influence this target client. They can be broken into two main groups.

The trade and professionals. Which groups and associations in your area are the best to target? Examples of trade groups include BOMA

### The Real Secrets to PR Success

Become an educator and be seen as the expert. Experts are "knowledgeable people who are sought after for their unique expertise." Give away your knowledge—and you will become sought after. Build relationships in order to build your PR. Take newspaper editors on trips to see your work. When they know you and like you, and know that you care, they will help promote you.

The golden rule of PR is pretty simple: Be seen as giving back, and people will want to support you.

local association of realtors. Start with one association for every one or two networkers in your company. Make assignments and teach your employees how to network.

The influencers. Which community organizations contain the most influencers and are most active within your target geography? Examples of community organizations include the Rotary Club, Chamber of Commerce, church groups and your local garden clubs. For every one or two people in your company who will be networking, assign them to one organization. (Expert networkers can join multiple organizations.)

Plan on going to every meeting. Also spend time with members outside of meetings at their offices, and over meals and outings. Also, try to bring these people on as your clients

Identify which area of your business you want to grow the most ... Identify the client profile that is ideal for that area of your business. Focus your networking efforts around this target clientele.

(Building Owners & Managers Association), ASLA (American Society of Landscape Architects), AIA (American Institute of Architects) and your so they can experience your services (even at a reduced rate, or for a partial service). Don't be pushy, though. Use a soft sale approach. **Stay in front of them.** By the end of 12-18 months, each networker at your firm should have built up a list of 25 people who are referring you or could be referring you. Stay in front of these people using direct mail, email and phone—along with the meetings you are attending. Don't go overboard, though. If you see them frequently at meetings, then adjust-down the other touches.

Keep the list fresh. Cull your list of key influencers you've been staying in front of. Drop some people who have no interest or potential. Then add new people to the list—so you always have about 25 people with whom you are nurturing relationships. If one of your top 25 becomes a client, have one of your employees now nurture that relationship. That will free you up to continue expanding your own list.

**Referrals and testimonials.** Ask for referrals only after you have delighted a new client. But instead of just asking for a referral, ask for a testimonial you can use—and ask for new clients to literally introduce you to potential clients.

#### Social Media Plays a Big Role Now

While trust is built though faceto-face contact, social media can help establish contacts and enhance your image and reputation. Facebook and LinkedIn are generally considered the most effective for networking, though Twitter is increasing in its effectiveness. Don't try them all right away. Pick one and experiment for a while.

Social media marketing can be a great way to get your business's name, products and services in front of potential and existing customers. When done right, social media marketing can lead to more customers and higher sales. Adhere to the following do's and don'ts, as offered by Pam Lontos, president of PR/PR (PRPR.net).

**Do be predictable.** You want people to know that they're going to get a message from you every Monday, Wednesday and Friday (whatever days you decide). So create a distribution schedule and stick with it. If necessary, put reminders on your calendar so you remember to post your messages on those days.

Do follow the right format for posts. Be sure that your posts include helpful advice, insightful tips or unique trends that your followers will learn from. This kind of information will grab their attention and make them want more. The more helpful and unique your messages are, the more interest you will generate.

Do send contacts to your website. The goal of your posts is to not only reach your target audience and help solve their problems, but also to drive them back to your website to sell your products or services. It's important to include your website at the end of all posts so visitors who want more information know where to go. Do devote time to social media marketing. Individuals who are successful with social media marketing spend an average of five to seven hours per week developing and working within their network. It's not always about the number of posts or contacts you make, but how targeted and quality they are.

Do make sure your profile is 100% complete. You won't be ranked in the social media searches unless your profile is 100% complete. A photo for your profile accounts for 20-40% of your ranking, so if you don't include a picture, you're setting yourself up for failure. If you want your message to spread through the Internet, make sure your profile is complete.

**Don't be negative in posts.** It's better to deliver a positive message in your online marketing because people are bombarded

with negative messages every day—and you don't want to get lost in the mix. Be the one positive thing in their day so they look forward to reading your next post.

Don't abandon traditional marketing. Don't assume that you can abandon everything outside of the social media-marketing realm once you start seeing success. Social media marketing is just one part of a marketing plan that attracts people to your products and services. It's useful and inexpensive, but you also need the credibility and marketing from other traditional publicity tools, such as newspapers, mailers, and radio and television commercials.

It's all part of an overall public relations strategy in an effort to grow your business. You'll get the most mileage when all components are working harmoniously together. **〈** 

### Handling Negative Social Media Buzz

When you see negative comments about your company on sites like Facebook and Twitter, your first instinct may be to remove the negative comments altogether. Depending on the negative feedback, that might not be the smartest idea.

"You have to spend a little time at first looking at whether or not the criticism you are getting is valid or not. That's a determining factor in if you should remove it," suggests Jeffrey Grau, eMarketer senior analyst. "If you are removing negative feedback just because you don't like what somebody is saying, then people may notice that and it's going to reflect poorly on you and your business." If the complaint is a legitimate one, removing it may seem like you are ignoring the criticism rather than addressing the problem. Spend time trying to understand if the comment or criticism is valid before taking action.

"It's important to have guidelines for under what conditions you would consider removing something that's negative," says Grau. "It's understandable if you remove racist, abusive or nonconstructive comments. On the other hand, if the site visitors are saying a product or service was defective or unsatisfactory, it would be better to acknowledge it and tell them how you are planning on addressing it."

Read the full article at greenindustrypros.com/10257934.



By Kelly Meeneghan

# Tips on Creating a Search Engine Marketing Campaign

A search engine marketing campaign utilizing tools such as Google AdWords can help Green Industry businesses generate tons of new leads—but you have to know what you're doing.

any Green Industry businesses have come to understand the importance of not only a nice company website and professional online presence, but also their representation on the major search engines of Google, Yahoo and **Bing. Through Search Engine Optimization** (SEO), business owners have been able to gain visibility on organic search results by enhancing their website content with photos, tips, blogs and videos. But once these changes to your website have been made, what's next?

The important thing to remember about SEO is that its success is not guaranteed. While it may be very cost effective, fierce competition makes prime search result placement a challenge. The only way to ensure that your business website appears in a preferred location on these outlets is to incorporate Search Engine Marketing (SEM) into your business strategy.

SEM allows businesses to prominently position their business details and URL in a "sponsored" location on search engine results. Accounting for nearly 75% of all search traffic in February 2013 (Experian), Google has proven to be the channel to receive the biggest SEM benefit. Therefore, understanding the process of creating a Google AdWords campaign is of great benefit for all small- to medium-sized businesses.

#### **Competitive research**

To begin, conduct some research of your own. Look into what your main competitors are doing in terms of online marketing and which promotions they are highlighting. Analyzing what techniques are being focused on in the industry will help mold the campaign.

#### **Customer research**

Consider your audience. Many web hosting companies offer analytics tools for users to evaluate the elements of their site. Data like where visitors are coming from, when they are visiting, and which pages are most popular can all be of great use for SEM. Use this existing feature to determine what time of day and which days of the week you should have your campaign live. Additionally, this will identify which areas (or pages) of your website your target audience is most interested in. If your lawn care page proves to be the most popular, you might want to make it the main focus in the advertisement.

#### **Keywords**

Keywords, or terms and phrases specific to your business, should be strategically decided upon. Think about what your customers search in Google to find a business like yours. If it is a service, your location or a specialty, be sure to incorporate these terms into the ad text.

#### Key considerations when determining a Google AdWords budget

- > Where are your current website visitors coming from?
- > What terms are customers using to find your business?
- > How popular are your ideal keywords?
- > How many visitors do you wish to attract each month?

> How geographically large is your target?

Though more industry jargon may seem to be more relevant in searches to you, your target audience may not be as well educated in the landscaping field. Therefore, they are more apt to use simpler terminology when searching. Your website's statistic reports can also help you identify which terms people are using to find your business.

#### Bidding

Once the keyword search terms are established, you will need to "bid" for their use. Some keywords have a high demand which may require you to make a greater investment. Luckily, smaller businesses are not highly subject to this so landscaping professionals should expect to spend between \$0.80 and \$1.25 for a keyword depending on its popularity. While you may appear as a "sponsored" result multiple times, you will only be charged the amount you bid when someone clicks on the link used in the ad.

#### Experts can help

The concept of AdWords can be rather complicated. Consider working with a third party to help execute the campaign.

#### Useful Terms

SEM (Search Engine Marketing): Process of marketing your website and gaining traffic through paid advertisements on search engines.

SEO (Search Engine Optimization): Process of utilizing keywords and enhancing their online presence to increase ranking of organic search results. Especially if you are a beginner, the process is not only complicated, but very strategic and time consuming. As a small business owner, you may have other priorities that consume these resources. An external partner will not only give you a great amount of expertise, but can also steer you in the right direction while you can focus on the operations of your business.

#### Evaluate and tweak as necessary

As the official medium for advertising on the search engine power player, Google AdWords is perhaps the most measurable marketing method. When committing to strategies that require monetary investments, being able to ensure a good return on investment is crucial. Statistical research is a sure way to achieve this.

As mentioned earlier, using your website statistics will help you start the campaign, but AdWords' very detailed reporting system can assist you in evaluating it after launch. For example, the data may show that most visitors are coming from Chesterbrook, PA.

**Keywords:** Important terms or phrases specific to your business and industry.

**Google Quality Score:** A rating of value determined by a number of factors including the relevancy of your advertisement and landing page as well as popularity, to name a few.

**PPC (pay-per-click):** An internet advertising method in which the advertiser pays a search If you don't want to serve that market, you may want to tailor your reach to specific location so money is not wasted on an irrelevant audience.

The first month of the campaign should be focused on driving as much traffic as possible to the promoted website. After the first month, use the analytic tool to evaluate what ads are working and which are not. Though you should review the data every month, you should only make changes after three months. This allows you to make proper comparisons for correct decisions.

Proven to offer businesses great ROI, Google AdWords has become one of the most popular forms of marketing and well worth the investment. With the ability to guarantee ideal placements on the search engine giant, your landscaping business has the potential to increase credibility and reputation, not to mention profits. **〈** 

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engine only when their ad has been clicked.

**CTR (click-through rate):** Measured by taking the number of clicks received divided by the number of impressions generated. Most small to medium-sized businesses should strive for a 1-5% CTR.

**Impressions:** The exact number of times a website has been accessed or viewed by a user.

By Gregg Wartgow

# 3 Phases of Growing a Landscape Maintenance Business

Ohio contractor Adam Mahon discusses how his approach to business development has changed during his 10 years in business.



ike many of today's successful contractors, Adam Mahon was working for another landscape company when he saw an opportunity to strike out on his own. Armed with a fundamental understanding of not only how to provide exemplary lawn maintenance services but also how to network and begin building a business on a shoestring budget, Mahon took the leap in 2003, founding Mahon Property Maintenance in Louisville, OH.

# Phase 1 – Target your base, build your name

Mahon immediately focused on the commercial market, as his previous employer had also done. "I knew the ins and outs of what to do, who to contact

#### Adam Mahon of Mahon Property Maintenance in Louisville, OH

and how it works," Mahon says. One example of "how it

works" has to do with timing. When you should be pitching your services often varies by client type. "We're in Ohio, and many of our commercial customers are making their decisions on lawn maintenance in February or early March," Mahon explains. "But a lot of the HOAs (homeowner associations) make their decisions in

July or August. I have no idea why, but they do—and you have to know that. Once I figured that out, I realized I should be ramping up my advertising at that time of the year."

Mahon says he did a lot of research on guerilla marketing, an advertising strategy in which low-cost, unconventional means are utilized. "I'd heard about how a consumer has to see your brand name at least seven times before they'd ever consider buying from you," Mahon says. "So I started thinking about the different ways I could put my brand name in front of my target customers." Here are some things Mahon did during his first few years in business:

- Decaled his trucks and made it a priority to keep them clean and in good condition
- Designed yard signs that would be strategically placed throughout his market area on friends' and clients' properties, and also at key intersections
- Scheduled some targeted classified advertising in certain area papers (depending on markets he wanted to penetrate)
- Scheduled large display ads in phone books
- Built a quality website (mahononline.com). "I was one of the first in my area to have a website right away in 2003," Mahon says. "Having a web presence early on helped tremendously."

Additionally, direct mail become a very important tool. "For the residential side of our business, we used the EDDM (Every Door Direct Mail) program through the U.S. Post



Office, targeting specific neighborhoods we wanted to be in," Mahon tells. "We also targeted neighborhoods we were already in but wanted more accounts."

For the HOAs he was interested in servicing, Mahon would handpick four or five individual homes and send them mailings; a personally signed letter from Mahon talking about his company and how he would like the chance to bid on their HOA. The hope was that those individual homeowners would then alert the HOA board about Mahon's request. For the most part, this tactic worked splendidly.

#### Phase 2 – Finding your focus

A big concern during Mahon's first five years in business was biting off more than he could chew. He continued to guard against that during his next five. "I'm a big believer in underpromising and over-delivering, A billboard campaign launched this past spring has proved to be a solid lead generator.

not the other way around," Mahon says.

It's not that Mahon didn't want to expand and grow. "I just didn't have the capital a lot of guys have," he relates. "I didn't inherit this company; I started it from scratch with the money I'd saved up pushing shopping carts at Sam's Club during high school." Regardless, Mahon's company did grow. He went from flying solo to employing four or five seasonal employees. Today he employs six during peak season.

Make sure your marketing is working. With respect to marketing, Mahon admits that he pretty much "winged it" during his first five years. His goal was to build name recognition through a variety of cost-effective means. He didn't really have a budget; he just did what he thought was necessary so long as it seemed to be working.

**>** continued

#### Mahon Property Maintenance in Louisville, OH

Years in business: 10

Website: mahononline.com

Employees: 6 peak season, 3 year round

**Customer mix:** 70% commercial, 30% residential

**Services:** Lawn maintenance, snow removal, light residential excavating and grading

#### Take-Home Tips

- Clearly identify your target customer
- Outline a multi-pronged marketing strategy based on timing and frequency
- Measure how each marketing method is working
- Do not ignore online!
- · Qualify leads and respond promptly
- Remember that as you develop business (grow sales), your business (company) must also develop and become more efficient

"One thing I have always done is track," Mahon points out. "When new prospects would call in, I always asked them how they heard about us. Most of the time it was a referral, or they saw our direct mail or phone book ad. But over time (2008-present), more and more it's because they found us online."

Thus, Mahon has stopped running expensive phone book advertising. He's reallocated some of those savings into his direct mail programs, which have continued to perform well. "The problem some contractors make is thinking they should send out 10,000 cards all at one time," Mahon says. "I've found that it's better to be really targeted, and then hit those key markets multiple times. So we might target 500 homes, and then send them the same mailer three, four, five times."

For residential, Mahon starts sending the mailers on a weekly basis in early spring. He'll often incorporate some kind of special offer, such as a free mowing with a seasonlong contract, \$50 off a mulch install, or 10% off a landscape renovation, for example. Then, for most commercial, he starts in late-February or early March (as pointed out earlier, the timeframe for HOAs is July-August). The goal here is simply branding; no special offers are involved, generally speaking.

Generating leads online. Mahon has also reallocated some of his phone book-advertising savings into PPC (pay per click advertising) on the major search engines. He's using not only Google, but also Bing and Yahoo. "It's interesting to see how many leads we get through Yahoo," Mahon says. "It seems to still be a really popular search engine among that over-50 crowd." Nonetheless. Google still outperforms Yahoo and Bing combined, Mahon is quick to point out.

A big key with PPC advertising, Mahon says, is being very specific in the demographic you are after. "We only target the six or eight service areas (cities) we want to be in," he explains. "We don't want to show up all over the state of Ohio. Our online advertising is extremely targeted. So when I get a lead from Google, Yahoo or Bing, it's a customer who's in a market we're already working in. We try to make our online ad enticing. We incorporate some kind of offer, such as Free Mowing."

Mahon's online PPC ads all click through to his website. He reiterates the importance of a good web presence today, saying, "Especially in lawn maintenance, you have to have a good web presence. You need photos of your work (nicely striped yards, attractive shrubbery, fresh mulch, etc.). Most importantly, you have to be accessible. Most people are doing research online these days. They have to be able to find you and easily get in touch with you."

Qualifying and responding to leads. When a new lead comes in, the first thing Mahon does is look the property up online. He finds it on bing.com/maps to see what kind of service area it is in. Then he heads over to zillow.com to get a feel for the property value.

"As my company has become more established, it's interesting to see how this process has changed," Mahon says. "Now, when a new lead comes in, I scout out that potential client to make sure they are a good fit for us. This is especially important on the residential side. I had some awful experiences when I was younger where renters hired me, and then they'd pack up and move and leave me hanging out to dry."

Many factors go into whether or not a client is a good fit for Mahon Property Maintenance. "I used to have a hard time, like every other contractor, of saying 'no' to new clients," Mahon says. "But I've learned over my 10 years in business that you need systems in your companyand both your employees and customers need to fit those systems. For example, we don't bag grass anymore, except for the fall months. I've also switched from riding mowers to stand-ons because I've found them to be a lot more

versatile and productive. I've had a few clients who weren't thrilled about that so, in some instances, we've had to part ways. But most customers were just fine with it."

#### Phase 3 – Where do you want to go next?

Having been in business for 10 years now, Mahon says he's not nearly as aggressive in seeking out new clients. The consistent brand messaging of his first 10 years is a big reason why; his company has become pretty well-known throughout his area. Nonetheless, Mahon still plans on doing many of the same things that have proven to work in the past, including targeted direct mail, a billboard campaign he started this past spring, and PPC advertising.

But now Mahon is starting to look at how his business as a whole could change. As pointed out earlier, he has recently switched from riding to standon mowers, and has stopped bagging grass. He'd sent out a letter to existing customers in advance of these changes being implemented. That letter also alerted customers to the new e-billing system Mahon was transitioning to.

"The (e-billing) program is through QuickBooks," Mahon tells. "We email customers a link to their invoice. There's a 'pay now' button on the electronic invoice, which we also include on our website and Facebook page. I'm trying to streamline the payment thing as much as possible so the whole 'check is in the mail' thing is out the window. Our customers can now pay online by having money taken out of a checking account or by using a credit card. So it's easier for the customer, and it has really helped my cash flow."

Service offering is also on Mahon's mind as he considers the next steps in his company's evolution. In June of this year, he added light residential excavating/grading services to his offering. What prompted him to make this move? "Last year's drought," he says. "We needed to find something new that we could do.

"If it doesn't snow or rain, we don't make any money," Mahon continues. "I just got sick of the up and down roller coaster



Mahon started a light residential excavating division this spring.

of maintenance. I mean, maintenance is great because it's recurring income. But last year (2012), when nothing was growing and we had three months where we didn't cut anything, what are you going to do? Especially when you consider how every Tom, Dick and Harry is out there cutting grass these days, you have to find something you can do that is different."

Light residential excavating was a logical choice for Mahon. When he was starting up his company 10 years ago, Mahon helped out a friend and fellow contractor with his excavating business. So he already knew the basics of this craft. Mahon was also confident that excavating wouldn't be a "commodity" service. "Most people aren't going to hire someone out of the phone book to re-grade their yard or put a catch basin in," he points out.

Mahon had finally tucked enough money away to buy a brand new skid-steer loader. He bought one, a Caterpillar, this past June. "They had some really good deals going on, and I just couldn't pass it up," Mahon relates. "The timing just seemed right."

The extension into excavating has been rather stressful thus far. "We already have our existing maintenance business going," Mahon says, referring to his two mow crews and one landscaping crew. "Getting all of the permits, trailer and other ducks in a row to get this excavating business going has been insane. But you have to do what you have to do." **〈** 

# How to Save Thousands in a Single Day

eff Billinger is a branch manager for OneSource Landscape & Golf Services Inc., an ABM Company. He points to several process improvements that have had a positive impact on his lawn maintenance operation's bottom line. One of the biggest is the switch to a four-day workweek.

**Fuel savings.** Billinger says fuel costs dropped nearly 15% as a result of having to mobilize crews one less day a week. That's due to longer yet more efficient routes, and less time driving to and from the shop.

Here's how it adds up: Let's say a crew burns two gallons of gas per day driving to and from the shop. By not working a fifth day, two gallons of gas are saved each week. Two gallons times 50 weeks is 100 gallons, and 100 gallons times \$3.60 per gallon is \$360. If you have six maintenance crews, that's \$2,160 you're saving on fuel just by not having to drive to and from the shop one day a week.

**Non-billable time.** A second area where you'll see savings is in non-billable downtime. "I'm talking about the time spent mobilizing crews in the morning and then demobilizing at night," Billinger says.

Even if you're very efficient and have these times down to 15 minutes per day, they add up to 75 minutes per man per week. By eliminating the fifth working day, you shave that down to 60 minutes. "That's a savings of 8.5 to 13 hours per year per man, depending on how many weeks your crews are working," Billinger points out. If your average employee makes \$10 an hour and works 50 weeks per year, it could add up to \$125 per year. If you have 20 employees, that's \$2,500 right to your bottom line.

If you're like the average contractor whose morning and evening yard times are more in the ballpark of 30 minutes, the savings are even greater. Using the same inputs of 20 employees at \$10 per hour working 50 weeks in a year, you could put \$5,000 to your bottom line by eliminating a fifth working day.

**Controlling overtime.** While it's difficult to put a hard number on this, Billinger says the four-day workweek is an effective tool to control overtime. "We start at 6:30 a.m. and work until 5 p.m. to get our 10 hours per day in," Billinger says.

Crews work Monday through Thursday. Some companies prefer Tuesday through Friday, saying that some customers demand their presence on Fridays. Other companies like to stagger crews so at least one is working every day. "We prefer Monday through Thursday because that leaves Friday as a rain day," Billinger says.

**Employee morale.** Billinger says crews have responded well to the four-day workweek. One benefit is that they get to enjoy a three-day weekend to either relax or work a part-time job. They also save a day's worth of gas driving to work, and in some cases a day's worth of day care.

Managers continue to work that fifth day on Friday. "This gives them a great opportunity for planning or catching up on paperwork and proposals," Billinger says. "We also have our production meetings on Fridays to review the past week and plan for the coming week. By having these meetings on Fridays, we don't have to pull the managers and supervisors out of the field away from their crews and sites."

Mechanics also like having the crews off on Friday as it gives them a day to service vehicles and equipment.

Decrease in absenteeism. Finally, the four-day workweek has resulted in a decrease in absenteeism. Employees now have Fridays to run their personal errands. Friday is also a more opportune time for managers and supervisors to take personal days off, since they won't miss being in the field with crews. **〈** 



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