

It's that Time of Year for Landscapers

03/20/06

Question came in recently from a small landscape design company, asking if she should be thinking about growing her company this year. She wondered if there was any way to tell if the economy would favor growth, or if she should stay small again this year and wait for better economic times. She felt she couldn't afford a lot of risk, as she was just at a point of breaking event. She wanted some advice as to what to do.

Let's look at this question from several points of view. Let's hear what others in the landscape industry have to say. Let's take a look at the opportunities in Westchester and Fairfield Counties. And then let's talk about how companies are selling their services, and the how they go about growing their businesses.

We talked to some larger players in the landscape industry, asking about what they felt were the prospects for the 2006 season. The general consensus was that it is slightly early to tell how the season will go; by the end of March they really start to see how the season will unfold. A couple of decent days of warm weather, and people start to look at their yards, think about outside projects, and then the phone starts to ring. Everyone we spoke with talked about having worked through the winter on projects and proposals, which are now starting to come to closure. They

are generally optimistic about the economy, and the prospects for growth this year.

Everyone we spoke to said that they are seeing more big projects, involving more than straight landscaping and planting. Many of their projects had site work for drainage, and masonry included as part of the landscape plans. They are seeing more water features – waterfalls tied into swimming pools, or separate stand alone pools. Auggie Alvarez, of Perennial Gardens, located in Bedford, pointed out that water is a soothing item, and the sound of water is something a lot of people desire. Auggie is currently working on a couple swimming pools with waterfalls and raised Jacuzzis with waterfall spillways, which he maintains will be beautiful additions to the owners' properties. Karen Cadorette of Integral Tree and Landscape, located in Stanfordville, in Dutchess County, says she is also seeing more complicated projects that require lots of skills and trades, including electrical, plumbing, and masonry, as well as landscape design.

One note of concern we heard from those we talked with, regarding the 2006 season. The housing market has softened slightly, and people may be holding back on purchases because they feel larger homes may be over priced, or financing costs may drive down sales. As

cost to purchase, and financing costs, slow sales, that also lowers the number of new homeowners. It is a fact that some of the biggest projects most homeowners entertain are in the year just prior to sale, and the year just after sale. So the volume and price of home sales this summer may be an indicator of prospects for the residential landscape industry next year.

As for types of projects, the further north you go in Westchester, particularly as you cross north of 287, homeowners are going to more natural landscapes. They are looking for less structured designs, with more perennials intertwined. And of course, they are dealing with the ever constant deer problems. Auggie of Perennial Gardens said you have to be careful about what plants you select, suggesting boxwood, iris, lavender and other herbs as plants that will help to keep deer away.

There was general agreement that Fairfield is very strong area for the landscape industry. The feeling was that the higher land prices, and lower taxes in Connecticut, as compared with Westchester, create an environment where it's very important, and financially possible, to look good on the outside as well as the inside. The sense was that the higher tax rates in Westchester may be eating up money that might otherwise be invested in home

It's that Time of Year for Landscapers

03/20/06

improvements, including landscaping projects.

We asked owners how they sell their services. Lots of it is word of mouth, let your work speak for itself. People see work they like and ask who did it. Once the lead comes in, you need to get as much background as possible on the potential site. The best way to do this is to have an initial meeting, get to know the property, spend time getting a feeling for the client and property. You have to be willing to hold a customer's hand and guide them through the project.

Another source of work is architects. One firm we talked with has built strong relationships with several architectural firms, which accounts for many of the leads they get during the year. They make it their business to work closely with both the customer and architect, throughout the project, insuring that both are informed, getting good advice, and staying on schedule.

One firm owner said that they focus on responsiveness, as a means to getting and keeping clients. The owner tries to return 100% of his phone calls every day, regardless of how early or late it may be, getting back to customers and potentials before he calls it a day. The firms we talked with strive to give the best service available, being on time for appointments, not making

people wait a long time for concepts, design, and a second meeting. Being very attentive to customer needs and questions was a given.

Karen Cardorette's firm in Stanfordsville is focusing this year on organic gardening, lawn and tree care. In addition to addressing plant health care, tree take downs, and pruning, this year they will be rolling out an organic fruit tree program. Karen felt that she will see increased interest in environmentally safe products, in part because of neighbor notification laws. She is also seeing more organic companies advertising their products, which will increase awareness among consumers. She thinks organic will be a big trend this year and next, as people will want to see a choice in organic products.

Karen also pointed out that Dutchess County tends to follow the trends of Westchester and Fairfield Counties, lagging by 2-3 years. She said that she sees the Westchester and Fairfield Business Journals as a tool to keep in touch with business trends, which she knows will come north to Dutchess County, its only a matter of time.

One big challenge the industry is facing is pricing. It was pointed out by several people that the industry continues to face high competition and price pressures. As an example, we were told that

that snow plowing charges have remained flat even though gas and insurance have gone up considerably in the past few years. The same goes for many of the commercial landscaping projects, and maintenance work, which are regularly bid out by corporations seeking to lower their operating costs.

Another challenge we heard about repeatedly was finding enough unskilled and skilled labor. For most landscape firms, this is one of their biggest ongoing problems. The labor pool includes many aliens, who are struggling to gain legal access to work in our communities. Every landscape firm we talked with described the challenges they go through to insure they have properly documented workers.

One owner said they have been very successful attracting, training, and retaining workforce by treating their employees like family. They said, they are a family owned business, and they make it a point to talk to their people, and be involved in helping their people and their families. Perennial Gardens said something similar. Theirs is a third generation firm, started by Auggie's father. His son has been in the business several years now, affirming their commitment to the landscape business, and to family values.

Mark Sanfilippo, of the Brickman Group, a national company with



Trusted Advisor to Business Owners

It's that Time of Year for Landscapers

03/20/06

offices in Hawthorn, said that in order to grow, his company focuses on doing a great job of recruiting and training of employees, and developing deep relationships with customers. Mark says its more than the almighty dollar, it's about providing a great level of service, delivering product on time, getting a foundation of trust built, when customer calls on you, you'll be there. Put the customer first and build strong delivery teams, and profitability will fall in place, the bottom line will happen. A major portion of their success, Mark feels, can be attributed to their commitment to developing and using process, in order to deliver a uniform standard. That commitment includes everything from timesheets, to check offs on how work is completed.

In summary, it looks to be a good year for the landscape industry. It remains a competitive, price sensitive industry, with few barriers to entry, which means that owners will have to be on top of their game, running their companies, in order to thrive long term. Those firms that are focused on how to improve their services and relationships with their customers, using process to manage costs and control quality, are likely to see growth ahead.

Looking for a good book? Try 20 Secrets for Landscape Contractors by Robin Tulleners.

Business owners regularly turn to Ask Andi and Strategy Leaders for advice on how to grow profitable, successful companies. They find what they need time after time. Specific advice is available at www.AskAndiBlog.com. Ask Andi is also published weekly in the Westchester and Fairfield County Business Journals and Hudson Valley Business. Written by Strategy Leaders President, Andi Gray, the Ask Andi column is a rich source of advice for owners of established, privately held businesses.

If you are a business owner and you have a question or would like to discuss some aspect of your business, call [1.877.238.3535](tel:18772383535) or send an email to AskAndi@StrategyLeaders.com.