

# PRO

THE BUSINESS MANAGEMENT RESOURCE  
FOR LANDSCAPE PROFESSIONALS


A CYGNUS PUBLICATION



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**Fewer Employees  
More Production**

## Key employees groomed for growth

*Long-term investing in employees has built a quality company now staffed to achieve major growth.*

*By Tom Hatlen*

*Client Michael Rafferty, contractor Chris James, forman Rick Banstra, crewman Marcus Touponse*

Three of Chris James' 6 field employees:

- Are paid over \$30,000, receive company-paid medical insurance along with profit sharing and bonus plans that can add 10% to 12% over salary

- Each receive \$2,000 in annual training
- Are year-round salaried employees right through the 3-month New Jersey winter
- Have 4+ years with the company
- Are Certified Landscape Technicians
- Are each trained to work in irrigation, maintenance or installation

His other 3 field employees also receive good training, benefits and bonuses; so turnover is low.

"We do have a lot of chiefs," admits Chris. "Right now, my supervisor to laborer ratio is 1:1. But that has poised me for growth. I feel the key people I have now are quality people with the ability to become the future managers of this company as it grows."

Chris expects the most immediate impact of having managers in place to come from his new irrigation division. Over the last 2 years, he has groomed Glen Kerger to start up and lead this profit center. Glen has done irrigation repairs and upgrades, taken coursework in design and system layout, installation, electrical

trouble shooting, job site management as well as passed his state irrigation license

On his other 2 key people, Chris feels James Kasliski has the potential to work into a future general manager position. And Rick Banstra is in training to hopefully become a multi-task construction manager. The goal is to have him one day manage a detail crew and 1 or 2 design/build crews.

"So I feel very good about the next 2 to 4 years of potential growth for my company because I have these key people in place."

### Steady planned growth

Chris hopes to see the company grow to \$1.2 or \$1.5 million in sales with 12 to 15 employees, but not much bigger. With a customer retention rate of 95% over 10 years, Chris is a believer in keeping his company at a manageable size with steady, profitable growth.

He says many companies who boast 20% growth don't mention that they also lost 15% of their existing clients in the process — meaning 35% of their client base consists of costly new customers.

He feels having the staff in place to manage new business will allow him to grow faster, but not at the expense of profitability.

### PROFILE:

**Chris James Landscaping, Inc.**  
Midland Park, New Jersey

**Owner:** Christopher James

**Founded:** 1981

**1998 gross sales:** \$625,000

**1999 projected gross sales:** \$800,000+

(includes new irrigation division)

**Customer mix:** 14 corporate, 55 luxury residential

**1998 service mix as a % of sales:** 45% maintenance and lawn care, 7% irrigation service and installation, 21% landscape design, construction and upgrade, 27% snow removal and deicing

**Employees:** 5 year-round salaried, 3 seasonal landscape, 10 seasonal snow removal

**Subcontractors:** 3 landscape-related services, 2 snow plowers

**Equipment:** Scag walk-behinds (3 - 36-inch, 1 - 48-inch, 1-52-inch, Scag SSZ riders (1 - 48-inch, 1 - 52-inch), 8 RedMax and Echo backpack blowers, 3 Shindaiwa string trimmers, 3 Shindaiwa stick edgers, 8 mixed-brand trucks (Chevy, Dodge and International), 1 Caterpillar wheel loader, 1 Michigan wheel loader, 1 Case backhoe, 1 Toyota skid steer

### Starting irrigation on the right foot

Chris hopes having the irrigation manager in place who has a history with the company will make for a profitable division. Not leaving anything to chance, he brought in consultant Joe Palamino of Vander Kooi and Assts. Joe visits 1 day every year, but added an extra day this year devoted solely to irrigation. After 8 hours of soul searching, brainstorming and number crunching, Glen, Chris and Joe had a game plan.

Chris expects irrigation repair and installation to grow 50% to 75% this year. In the past the company did mostly irrigation repair for existing customers. The new division will bring in new customers and include more installation.

"I would like to see that division explode so we're putting more of our ener-

gies there. That's why I want to see very controllable growth in my other markets. For example, if we achieve 8% to 12% growth this year in maintenance, I would be very happy."

### Advantages — even without growth

Even without his growth plans, Chris says developing a highly skilled staff offers many advantages and is well worth the cost:

- He says a small company has to have people with diverse expertise or the crews are always running short.

"When you only have 6 employees in the field, if one guy is out and he is the only one who knows how to use a backhoe or a certain size rider or whatever, your company can come to a screeching halt."

- Working supervisors still produce as many billable hours as a crew member. While 2 people can work around each other efficiently, Chris says additional people end up tripping over one another and waiting around for something to do. "With 2, 3 or 4 crew members, all of a sudden the supervisor does more supervising and little physical labor. You have to put 50% or more of him into an overhead capacity."

- A highly trained staff allows a small company like Chris James Landscaping to provide a real quality product and meet the range of customer needs quickly through the broad experience of the supervisor on site.

- When employees get to do different types of work applying the different skills they've learned, they stay interested in the job, feel accomplished and look forward to their next challenge.

### Train or take the blame

Chris developed a multi-skilled workforce by budgeting about \$10,000 a year to train himself and his people. "It's absolutely worth it. We offer our employees the best — the opportunity to expand their horizons and grow — so they can offer our clients the best. I've seen companies our size try to

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## Moving to residential as nationals move in

About 10 years ago Chris James witnessed a low-pricing national contractor enter a neighboring market. He says the contractor charged \$20 per hour in a \$30-per-hour market to quickly grab up market share: "They pushed the floor right out of the market — and it's never recovered."

Today, national competition has moved into his own backyard. With 60% to 65% of his business competing head on in the large-site commercial landscape management market, Chris is revising his business plans.

While corporate clients assure they'll stick by him and the personalized, high-level service he provides, he doesn't feel entirely secure. "My concern is when the economy weakens and everything comes down to the almighty dollar, I am diversifying to protect my business. I may not be able to stay in the corporate market for the long, long term."

### Marketing strategies

Chris says he's not backing away from corporate clients. Rather, he is more aggressively going after high-end residential clients. After all, Chris James Landscaping has 20-years' worth of residential references who perennially testify to the company's consistently reliable, high-level service.

To build residential business, Chris raised his 1999 marketing budget to \$10,000. Past marketing budgets of \$2,000 to \$3,000 went mostly toward corporate mailings. The additional \$7,000 or so this year will primarily target the "almost recession-proof" residential maintenance market.

In the past, Chris had little success advertising a few months at a time in local papers. Now he has a strategy. "This past late summer, we started to market more consistently and heavily to residential clientele and it has worked well for us. I noticed when we started advertising for many months in a row, we get a much better response.

"We will pick that up again in the spring."



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After eleven years in business, Arlan and Brenda King and their sons, Jared and Jordon, reflect on the progress of their company, Paradise Environments Inc. in Sun City, Arizona:

"Our company began in 1988 with a handful of small residential accounts we purchased from another contractor. We enjoyed slow but steady growth. Mowing with our 21-inch walk-behind was by far the most time and energy consuming chore.

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go to the next level with the client following to do so, but they struggle because they don't have the trained key people they need in place. If I don't train today for tomorrow, I may wake up tomorrow and not have anybody to blame but myself."

### Budgeting to train

Chris feels training is important enough that he budgets for it to make sure money is available when

- Associations announce seminars
- National landscape industry speakers come to town
- Someone needs to take a college course or certification program
- National and regional trade shows are announced

"It's built into our overhead just like advertising or capital expenditure on equipment. I really find that we have to budget for it. We can't just wake up half-way through the year and come up with \$10,000."

This year Chris will send 4 or 5 people to the Green Industry Expo in Baltimore for 3 or 4 days. While most training addresses industry-related topics, one employee attended an

2-day Spanish class.

For his office person, Mairead O'Brine, Chris is currently funding classes on computer accounting and human resources to help her receive her human resources certification.

### The curse of seasonal employment

Training can't overcome unemployment. "People work in an industry where they make good money for 8 or 9 months," says Chris. "Then all of a sudden winter sets in. How do you say to a guy who's been making \$500 or \$700 a week take home, boom: 'Hey go collect \$250 a week unemployment.'"

Employees develop lifestyles based on the money they make during most of the year. In winter, bills keep coming, big summer checks are forgotten and they look for a year-round job, even if it pays less annually.

Chris stretches the season just a few weeks with winter projects such as retaining walls, patios, construction, winter pruning, etc. He maximizes his snow removal work by seeking out clients like corporations who want their grounds cleared several times during a snow event. A handful of clients are on 12- and 36-month contracts and provide steady income.

Still, there are light winters. And during normal winters there are weeks of downtime. At these times, key employees work at least 3 days a week keeping the snow operation ready, fixing equipment or just doing odds and ends. This year they redid the corporate mailing list, and they prepared and mailed all residential contracts. Chris says the bottom line is year-round employment has been a key to keeping his key employees happy. And he budgets for weak winter income to make this possible.

### Employees are number 1

Training, solid wages, benefits, year-round employment, a future in management — this is how Chris keeps quality people in a tough labor market.

"We treat employees with respect. They have a great work ethic and attendance record. If you make your employees feel like they are number 1, they will, without asking, make your clients feel special — which they are." **PRO**



Chris James believes in equipment maintenance. Scag mowers — and safety. Changing oil once a week, he runs mowers over 10 years with 8,000+ hours on the original Kawasaki engines.



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