

The anatomy of a successful business



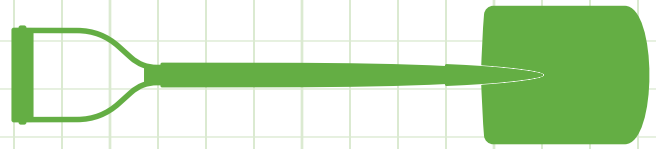
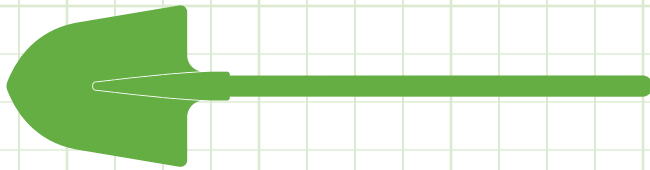
Hey doc, I don't feel so good. I don't seem to have any real direction and get up and go. My back aches, my legs are tired, and all my friends seem to be passing me by with new promotions at work and new projects at home. What do you think it is?

'You're suffering from an acute deficiency of SSPP,' he tells the patient. 'Here, take this and see me in two weeks. By then, you should be up and running at full speed.'

If only it were that easy to diagnose a lethargic company, create a healthy bottom line for it, and put it on the road to long-term health and success.

Companies define their health and success in different ways. Some owners want to make lots of money and grow by expanding geographically with a branch system. Others prefer to stay small and local and develop their specific niche markets, such as being recognized as the best-performing estate management firm or the premier homeowners association (HOA) service provider. Some develop a strategy based on a unique service or product portfolio, such as being an exclusively GREEN company.

All the above definitions are part of a company's grand strategy, relates green industry consultant Judy Guido, and an intelligent and market-driven strategy is a key element in the anatomy of any successful business. "In business 101, the professor will tell you that a successful business consists of four components: strategy, structure, process, and people. And, in order to be



successful, all four of these components need to be aligned and balanced.”

The strategy is its direction, including the services it offers and how it plans to offer them. Structure is how it is physically and organizationally set up to provide these services. The process is how it gets the work done and people, of course, do the work. You need all four to be a success, but it begins, first and foremost, with having a strategy that will give your company a plan or direction.”

Ideally, Guido added, your strategy should provide you with differentiation, competitive advantage, recurring profit stream, and longevity in the marketplace. “Creating something unique that provides value in the minds of the customers is especially important in the green industry where services often carry a commodity label. One can be unique by offering the

same services differently or by offering an entirely different service. In both cases, though, the market will dictate your strategy.”

Shifting sands

One of the most dramatic examples of how the market dictates strategy occurred with the recent economic downturn when design/build companies were forced to change their strategies or disappear. Michael Hupf, Landscape Industry Certified Manager, purchased Lifescape Associates in Denver six years ago, right at the economic peak. Two years later, the bottom fell out of the market.

“The company was 100 percent design/build when I purchased it,” he recalled, “but we had started to offer maintenance services prior to 2008. We wanted to develop a service that would nurture a reoccurring

relationship with our customers.”

The shift toward maintenance was prophetic as it helped his company weather the oncoming economic storm. But, it was not without its challenges as his staff had to bring in people with alternative skill sets and develop a different training regimen.

Still, other obstacles remained. Even though the design/build business didn’t completely disappear, the pool of high-end design/build customers had shrunk dramatically. “What saved our bacon were our changes in processes,” Hupf explained. “We tightened up everything and became more efficient. The truth is, if you’re working with less revenue you have to become more efficient.”

What his company wouldn’t and couldn’t do was devalue its services. That meant salespeople had to put more

Strengthen your supply chain links

What makes a strong supply chain? Having a strong relationship, said Bill Horn, Landscape Industry Certified Manager & Technician. “We have suppliers we never hear a peep from, and we have those who we hear from all the time. Certainly, if we had to choose between those we have an ongoing dialog with and those we don’t, we will choose the former. Not unlike my customers, I want to do business with someone I know, I like, and I trust.”

This 30-year industry veteran and vice president of Denver-based Terracare Associates said, “My suppliers’ prices have to be fair, just as my price has to be fair for my customers. But, it’s not all about the money. I don’t always buy from the lowest bidder because service and quality always trumps the lowest cost.”

KEI’s Executive Vice President Joe Kujawa, Landscape Industry Certified Manager, agrees. “We are willing to be fair on pricing. We’re not just looking for the cheapest price or putting everything out to bid. We want to work with our vendors. This helps when we need special consideration, and saves us time and money in the long run.”

Like Horn, Kujawa puts a premium on open and honest communication. “We always pay our bills, but more than that, we let our vendors know when they can expect payment. This helps them with their planning and builds trust in our relationship.”

Right solution

“As cliché as it sounds,” said Kujawa, “we work with our suppliers to develop a win-win solution. We listen to them and we ask ourselves what we can do. Can we be flexible with the timing? Can we pre-order? Can we use last year’s model? Can we wait? Sometimes we can; sometimes we can’t, but we’ve found being open about what is important helps us find the best solution.

“With our key vendors, we try to meet with them for their input and advice on special projects. Often, they have a better solution if it is their area of expertise. We also try to help them with their businesses if we can, either with recommendations or introductions. We do what we can to help.”

Forming partnerships

“Our key vendors are an extension of us,” said The Pattie Group’s Chief Operating Officer Frank Bonanno. “We involve them in community projects, invite them to company events, and keep them informed about upcoming projects that may have special needs.

“In return, our truck dealer, for example, will pick up our trucks for service, and then return them. Our

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emphasis on explaining to customers the value they were getting.

Hupf's background gave him some special qualifications for dealing with the new marketplace and financial exigencies. No, he didn't have years of landscaping experience under his belt, but what he did have was a bachelor's in business, a master's from Stanford University, and experience as a CPA for a Big Four firm.

"Strategy is important, but you just cannot focus on strategy alone," he explained. "Touching one lever, such as offering a different service, requires a business owner to touch all levers. I think people have to be aware of that before deciding to change course."

As he pointed out, and as many company owners undoubtedly have learned over the past few years, there's a difference between saying a company now offers a new service, and then being able to offer it

effectively and profitably. The key word is "profit." "It has to be part of any definition of success," Hupf emphasized.

Plan not, have not

As incredulous as it sounds, Guido notes that only 18 percent of all green industry service providers do any strategic planning or revising. Without objective analysis and planning, there simply is no strategy and no real direction. "Owners don't need a formalized five-year plan," she notes, "but they should strategize out at least two years and review the plan quarterly to accommodate a fast-changing market."

"Remember, it's not necessarily what you want or need that dictate strategy; it's what the market needs that truly counts. There are many forces driving the market. The economy is a big one, but regulations, market trends, political landscape, weather, competition, introduction of

new technology, an acquisition, and demographics all affect the market and your chances for success. Having somebody who knows how to read, leverage, and capitalize on the market is key to your success."

Guido agrees with Hupf that a change in strategy will likely impact all corners of an operation and recommends involving everyone, especially those team members impacted by a change, into the planning process. "Include your department heads, designers, mechanics, and sales people. Make sure a new marketing strategy, for example, aligns with sales goals. Bring in suppliers and value chain members, too. Get their input."

Strategy is a science and the foundation of a company, she adds. It's also the end game, the goal of which is to create something new and different that will help sustain your company now and in the future. ~



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—Michael Hupf, Landscape Industry Certified Manager, Lifescape Associates

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equipment dealer stocks parts for us on consignment at our facility and takes a monthly inventory. Both save us time and money. It's a relationship that's been built over more than 20 years of doing business with them.

"We try to place bulk orders of salt, fertilizers, and other supplies in the winter to negotiate a better price. The effort saves us money if not in price at least in payment terms during the cash-starved spring startup. It helps our suppliers better forecast their product needs for the coming year, as well."

Company President Steve Pattie, Landscape Industry Certified Manager, added, "Our lighting and irrigation vendors do a lot of training with us, too. This winter, 14 of our employees also received certification from a green roof supplier."

The partnership relationship doesn't end with vendors, either. The Pattie Group includes its swimming pool, stamped concrete and masonry wall, and arborist subcontractors in the same category. "We include them

in our needs process," said Pattie, "and reimburse them promptly, as a general rule, paying them 30 percent down on a project, 20 percent more during installation, and the rest no later than 30 net."

"I believe, young people just starting out in business don't understand how important their supply chain is to them. I didn't at first, but I learned quickly that our company could grow faster and be more profitable if I established a solid relationship with vendors and subcontractors."

Pattie and Bonanno note that their second highest number of referrals comes directly from their suppliers, and they, in turn, refer customers to those suppliers. Like Horn and Kujawa, they emphasize that a healthy relationship rests on a solid communication foundation. "If you get in trouble financially, call them," Pattie said. "If they overcharge on a product or service, pay them what the original agreement was and ask to talk about the overcharge. Keep things, and the relationship, moving forward."