

The Great Recession Is History, But Not Its Lessons



Source: www.TurfMagazine.com



It's been a long, tough slog back to growth for our industry following the housing meltdown of 2007. While many of us still had projects booked into the first half of 2008, design/build work soon thereafter evaporated. But even as our construction equipment sat idle, many of us kept mower blades whirring and our lawn care and irrigation techs busy making their rounds. While these mainstay landscape services retreated from their pre-recession levels, mowing and lawn care continued to generate revenue for many of us.

My how the outlook for the industry has changed over the past four years. Demand for construction, property maintenance and chemical lawn care has grown every year since 2010.

Judging by the enthusiasm and optimism that vendors and contractors displayed at the recent GIE+EXPO in Louisville, Kentucky, many of us have seemingly swept memories of the Great Recession into history's dustbin. Hopefully, we are not doing the same thing with the lessons it taught us.

The most obvious lesson is that as service businesses we must remain nimble and opportunistic, given that we can't control the weather and the larger economic forces that prevail in our geographic markets. Both the weather and the economy are constantly changing. They often change unexpectedly, and the changes can be dramatic.

How the housing meltdown changed us

The recession taught us many other lessons. Those of us in the landscape business and surviving the recession can write a book on what we learned.

1. Lean and green is the only way to go. The recession taught us we have to

produce more services using less labor, product and fuel to keep our companies competitive and profitable.

2. Don't ignore new technology. Ignoring technologies that streamline our businesses and boost the value of our services to customers is risking becoming irrelevant in the market.

3. Get social. Social media continues to grow in importance as a tool in our branding and marketing efforts.

4. Embrace day-to-day tech. GPS vehicle tracking, tablets and mobile data entry have long since ceased to be novelties and are now day-to-day business tools. Geo-mapping saves time and fuel in selling and offering services such as mowing and lawn care.

5. Recurring revenue services are here to stay. Designing and constructing showcase landscape projects generates profits, boosts companies' prestige and wins awards. Even so, nothing is so reassuring to most of us as being able to budget for and generate predictable recurring revenue. The flood of individuals and companies into contract mowing and the resurgence of interest in lawn care, much of it fueled by franchisors, profoundly changed our industry.

6. Marketing matters. The recession reminded us just how vital marketing is to the success of our companies. While it may seem counter-intuitive, when market conditions turned unfavorable during the recession, smart companies didn't retreat. Instead, they poured more money and effort into marketing and came out of the bad times with a head start on competitors.

7. Know the difference between good and bad debt. Even though we're coming off of a busy season and looking to 2015 optimistically, let's be careful not to burden our operations with too much debt. More than a few companies ceased to exist during the recession when they couldn't make their payments. Financing is a tool that almost all of us need to grow our businesses. Borrowing money on a line of credit for assets that *really* will generate more business for you is good debt. You won't know this, of course, unless you have an intimate knowledge of your companies' numbers.

The manufacturers who I chatted with at the recent GIE+EXPO told me they are expecting the industry to grow 4 to 5 percent during the next two years, at least. I found that encouraging, and you should, too. It takes manufacturers several years to develop a major new product or technology, and often at an investment of millions of dollars.

Interestingly, if their prediction focusing on the next several years holds true, our industry's growth may, in fact, outstrip growth in the U.S. GDP. Imagine that.