TruGreen/Scotts LawnService Deal a Win-Win-Win

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Everyone in the green industry knows by now that **TruGreen has merged with Scotts LawnService**. Also, almost every lawn care business owner who competes against either of those two companies has formed an opinion on what the merger means to their businesses and to the industry, in general.

I have an opinion, too. It may or may not agree with yours, but having watched and reported on TruGreen these past 30 years, I'm going to share it, nevertheless.

I see the TruGreen/Scotts LawnService merger as a win-win-win. TruGreen wins. Scotts MiracleGro wins. You, as independent owners win. In fact, the entire lawn care industry itself wins. Everyone benefits once this deal becomes final.

Let's start with TruGreen, which is owned by private equity firm Clayton, Dubilier & Rice. For starters, the addition of Scotts' customers allows TruGreen to build route density in key markets. Yes, there will be overlap and pruning—including the loss of good people in some departments and locations. But consolidation of administrative and operational functions will result in real savings for the larger company, too.

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New York-based CD&R isn't merging Scotts LawnService with its TruGreen investment to make the largest lawn care company in the world even larger yet. It's all about return on investment. CD&R's analysts and number crunchers came up with compelling financial reasons to do so, and the company moved. One of these reasons includes the possibility of an IPO somewhere down the road.

Scotts Miracle-Gro wins because it gets $200 million in the deal and retains a 30 percent stake in the merged company … and possibly a nice payoff in the event of a future IPO. Beyond that, Scotts can now concentrate on its increasingly diversified consumer and retail turf and garden businesses.

This past year, Scotts, through its subsidiary Hawthorne Gardening Co., purchased California-based General Hydroponics Inc. and Bio-Organic Solutions Inc. That deal put Scotts in the marijuana market. In October 2014, Scotts acquired Fafard and Brothers Ltd., a Canadian manufacturer of peat moss, compost and soils.

OK, I did mention that the merger of TruGreen and Scotts LawnService should benefit those of you owning and operating local and regional companies and the lawn care industry overall, right?

Some of you independent owners will soon be competing against a single national company rather than two national companies. On the surface, that would seem to be a plus, although perhaps not a very large one.

The larger question is whether the bigger TruGreen can do a better job than it traditionally has of retaining customers and keeping them from migrating to other companies. Customer retention is a big issue throughout the industry. Owners of the local and regional lawn care companies I have spoken with do not see the larger TruGreen as any more of a competitive threat than the TruGreen they competed against in previous seasons.

Also, some of you may benefit by picking up the experienced managers and lawn technicians who will be shed or decide to leave TruGreen. Every merger or acquisition brings its share of pruning and defections. This merger will be no different.

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My final point is — rather than bashing TruGreen, perhaps we can all agree the industry needs the marketing clout of a strong, nationally recognized company spending millions of dollars reminding homeowners of the many benefits of professional lawn care. Promoting the message of healthy, beautiful lawns to tens of millions of consumers benefits everyone in the lawn care industry.

The way I see it right now: If we get favorable weather in most major U.S. lawn care markets this season, and if there are no unanticipated shocks to the economy, we’re in for a pretty nice season—all of us. Admittedly, those are two pretty big “ifs.”