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INDUSTRY INSIGHT:

4 Hidden Ways Your Landscaping Business May Be Losing Money

When it comes to running a profitable landscaping business, winning contracts and completing jobs is only half the battle. You must also develop an understanding of which processes and practices work best for your operation. Knowing how to scale your business consistently and where to concentrate your efforts is key to maximizing your company's growth and profitability.

Often, this means digging into the weeds to see where your time and money are actually being spent. Hidden expenses, inefficient business practices, poor communication, and mismanagement can cost you more than just money—they can jeopardize your company's reputation and its relationships with loyal customers and employees.

That's why it's vital to gain visibility into the areas where your company struggles and succeeds. Understanding what works and what doesn't can make all the difference in both today's and tomorrow's bottom line.

With that in mind, here are four frustrating yet preventable problems that can decimate your budget and restrict your company's cash flow.

1. Inaccurate Job Costing

Wrestling with business financials is a constant challenge. There's a lot of pressure to get every number right. And for good reason. Not accounting for all the associated job costs can equate to throwing money out the window or worse, working at a loss.

Incomplete or missing data like untracked crew hours, equipment repairs, and last-minute project changes can evade spreadsheets and wreak havoc on the running tally in your head. While it may be tempting to chalk these issues up to one-time events, they probably happen more than you realize. Ignoring the problem will not make it any less expensive.

If you want your landscaping business to consistently turn a profit, crossing your fingers and hoping your estimates are 'close enough' is not a plan. You must have a reliable and repeatable system for managing and tracking costs. Whether you choose to reconcile the numbers for every job personally, hire a dedicated accountant, or use software as a solution, it's imperative to do something—today.

Not only will streamlining job costing make your life easier, it will also ensure higher profitability by keeping your figures accurate and up to date.

2. Miscalculating Labor & Materials

Like job costing inaccuracies, failing to calculate the right amount of materials and labor can result in expensive delays and eleventh-hour shopping trips. For many landscaping contractors, there is nothing worse than having to stop mid-job to retrieve more supplies or wait for additional crew to arrive.

Aside from lost productivity and unbillable time spent ferrying resources back and forth, acquiring last-minute materials from big box stores or specialty retailers can cause you to miss out on bulk discounts and add up to expensive and unanticipated bills over time. If you want to eliminate preventable losses, accurate forecasting is non-negotiable.

No matter how hectic your schedule is, you must plan for labor and material needs before your crew leaves the parking lot.

Whether this means generating new punch lists and pulling supplies a day early or double-checking job tickets against loads before leaving the yard, cutting back on inefficiencies is crucial.

Regardless of whether you prefer a high-tech solution or an informal approach, proactivity is key. Having a process that allows for complete visibility and foresight will help ensure your crews arrive prepared and your costs remain manageable and predictable.

3. Ineffective Communication Practices

If you've ever had to track down an employee or co-worker for a simple status check or a straight answer, you understand the frustration that poor communication causes. Not everyone answers the phone when you need them to, and emails can go unnoticed or unanswered altogether. Two-way radios and mobile team applications are also popular options. Still, equipment and subscriptions can get pricey, and the technology isn't always appropriate for every setting.

Unfortunately, there's no such thing as the perfect solution. In truth, the only effective system is one you'll use—and utilize consistently.

If you want to put a stop to phone or email tag, it's important to pick a company-wide communication method and stick with it. That means getting everyone on board with the process and comfortable with the technology. No matter which option you choose, make sure it's reliable and accessible for all team members.

Although it seems like a simple change, enhancing staff communication can be one of the easiest ways to improve team performance and boost productivity.

4. Inconsistent Billing Processes

Reliable, consistent billing processes are essential to your company's cash flow. Yet, while these processes are a critical part of operations, they are often the most overlooked. Whether due to a lack of time or resources or a reluctance to change, it's important to overcome issues and tighten up your billing processes.

Why? Because billing errors can cost your company dearly.

Not only does underbilling or overcharging for services result in delayed or disputed payments, but these actions can also make your company look incompetent. In turn, this can result in lost business or strained relationships with your customers.

If your company is struggling to send timely and accurate invoices, it's time to reexamine your processes. Adopting a flexible and customizable solution that allows you to easily generate, verify, and distribute invoices will help ease frustration and ensure your company maintains positive cash flow.

RECOGNIZING & RECTIFYING THE ISSUES.

Now that you know what to look for, it's time to take action. Keep in mind you don't have to solve every problem overnight. And you don't have to do it alone.

Today, there are business management software platforms like Aspire that are built for the landscaping industry that can help streamline your processes to enable your teams to work more effectively while providing the visibility you need to make better decisions.

Above all, make sure you involve your team in the selection process. Remember, your staff is invested in your company's success. Along with first-hand knowledge, they can offer valuable insight to help you find the right solution to accommodate your company's current and future needs.



Aspire Software offers a business management system built specifically for companies in the landscape and snow/ice industries. Aspire makes a real difference in customers' lives with a cloud-based platform that offers the end-to-end functionality contractors need to gain full visibility into their business, make better decisions, and increase profit margins.