2016 State of the Industry Report

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The right direction

JOHN DEERE IS PROUD TO ONCE AGAIN SPONSOR LAWN & LANDSCAPE'S STATE OF THE INDUSTRY REPORT.

Each year this report helps us to better understand our industry by sharing trends, identifying concerns and allowing us to see what is on the horizon for the landscape industry.

2016 proved to be a significant year, with many changes across the industry. Landscape contractors are more confident than ever, with many expecting increased profit and growth. This is completely different from just a few years ago in 2011, when 20 percent of respondents reported they were not confident the industry would grow. What a difference a few years can make! But this also illustrates how quickly our industry can change.

While the outlook is positive, there are still many challenges landscape contractors continue to face as they navigate the tricky business waters. Labor and wages continue to be a concern for business owners, and as regulations change, it is going to be vital for business owners and managers to stay on top of the rules and adjust their businesses accordingly.

Because of these challenges, landscape contractors need to understand their true costs of operation. Fully examine your business, review all of your expenses and determine where change is needed. Research new technology and industry offerings. Also, identify manufacturer initiatives, including John Deere's NeverStop program, which can help your business stay up and running, getting the most out of your equipment.

Also consider professional associations, like the National Association of Landscape Professionals (NALP) and the National Hispanic Landscape Alliance (NHLA). These organizations are dedicated to promoting the landscape industry and advocate for policies and laws that protect the future success of landscape professionals.

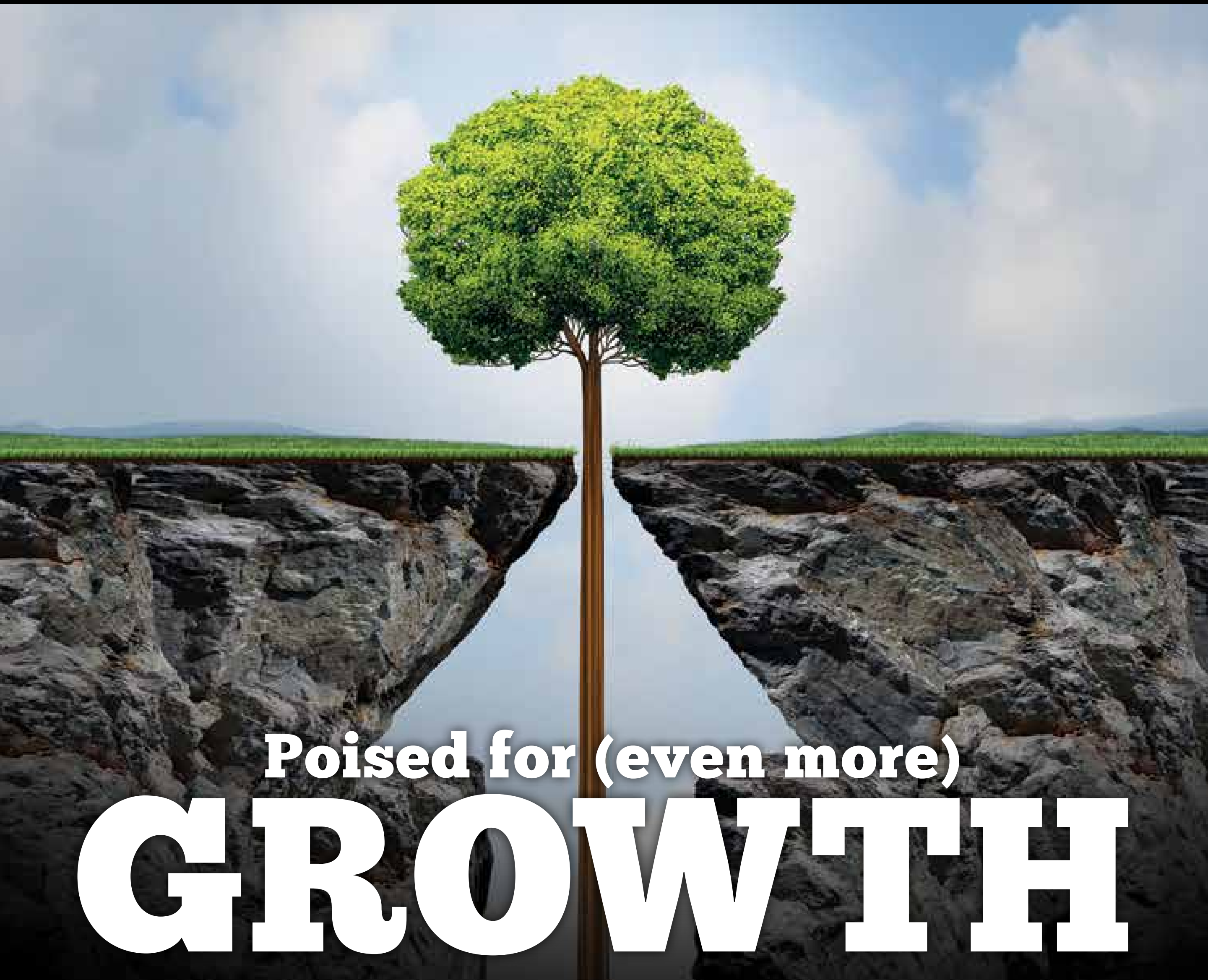
At John Deere, we are also dedicated to supporting the landscape industry, as well as you, the professional landscape contractor. We are continuing to expand and improve our equipment, offering a full line of solutions. Additionally, our extensive dealer network is a dedicated partner for your business, ensuring that you are supported from purchasing to maintaining your equipment after the sale.

Through business solutions like NeverStop, and customized financing through John Deere Financial, John Deere can help you and your business grow and prosper. We are committed to offering the best equipment, programs and dealer support in the industry, and we welcome the opportunity to earn your business.

We hope you have a safe and prosperous year!

KEN TAYLOR, CLP

General Manager
John Deere Corporate Business Division



Poised for (even more) GROWTH

Dig into our data to find out what's going on in the industry.

THE OUTLOOK IS PROMISING in the green industry, but there is always uncertainty. That's what we've gathered from this year's State of the Industry report. Contractors continue to express greater confidence in growing revenue and turning a profit compared to last year.

Lack of quality labor, health insurance costs, weather and government regulations can keep optimism from getting too high, but contractors like where they stand.

Contractors continue to have trouble finding workers and with questions surrounding new overtime/salary rules from the Department of Labor, contractors may now have issues with how to pay current employees. The average landscape company pays its salaried employees less than $47,476, and these positions will become hourly and eligible for overtime when the new rules are implemented.

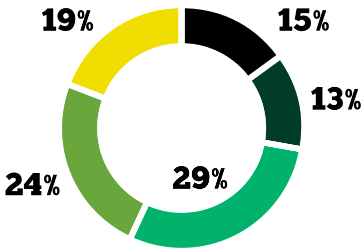
Maintenance continues to be the fastest growing service, while design/build continues to get a big boost as consumers spend on hardscapes and outdoor living features. Lawn care is third and irrigation is fourth.

Finding quality labor is once again the top concern (45 percent) while health insurance, worker's comp costs, personal stress and low-ball competitors round out the top five.
– Brian Horn

NOTE: Not all percentages will equal 100% due to rounding/non-responses. Not all answer options are listed here.

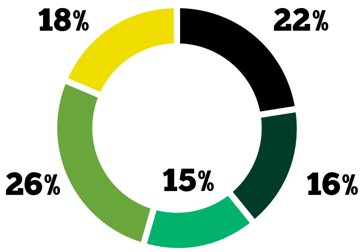
WHO ARE YOU?

How many years has your company location been in business?



- Less than 5
- 5 - 9
- 10 - 19
- 20 - 29
- 30 or more

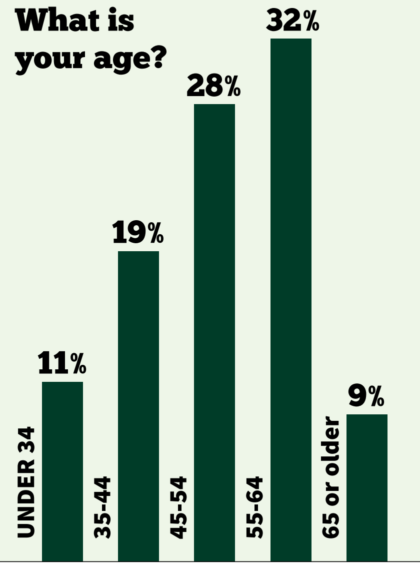
Approximately what was your location's gross revenue in 2015?



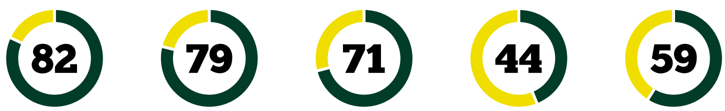
- More than $1 million
- $999,999-$500,000
- $499,999-$200,000
- $199,999-$50,000
- Less than $49,999

THE INDUSTRY CONTINUES to get older as the 55-64 demographic has a larger percentage of respondents this year compared to the 45-54 age range last year taking the largest percentage. Last year, 55-64 made up 27 percent of the response rate while 45-54 was 33 percent.

What is your age?

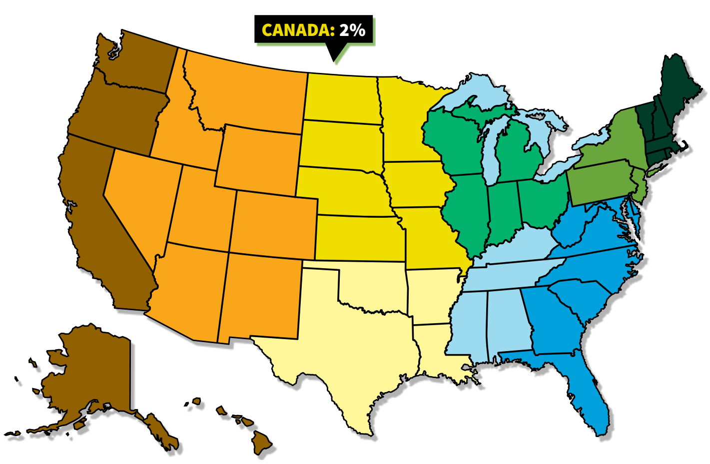


Which of the following services does your location offer? (Listed in percentages)



Lawn care/ chemical application · Landscape maintenance · Landscape design/ construction · Irrigation · Trees & ornamental

Where is your company located?



NORTHEAST

- New England: CT, MA, ME, NH, RI, VT 8%
- Middle Atlantic: NJ, NY, PA 9%

MIDWEST

- East North Central: IL, IN, MI, OH, WI 21%
- West North Central: IA, KS, MN, MO, NE, ND, SD 9%

SOUTH

- South Atlantic: DC, DE, FL, GA, MD, NC, PR/VI, SC, VA, WV 22%
- East South Central: AL, KY, MS, TN 3%
- West South Central: AR, LA, OK, TX 10%

WEST

- Mountain: AZ, CO, ID, MT, NM, NV, UT, WY 5%
- Pacific: AK, CA, HI, OR, WA 9%

Median revenue nationwide was $256,000 this year compared to $217,000 last year.

FEELING GOOD

CONTRACTORS ARE MUCH MORE CONFIDENT than they were last year, and much more confident than 5 years ago. In 2015, 84 percent said they turned a profit, compared to 78 percent in 2014. In 2011, 20 percent said they were not confident at all that the industry would grow in 2012, while just 2 percent said the same about 2017. And 77 percent are confident or very confident their location will grow in revenue compared to 71 percent last year.

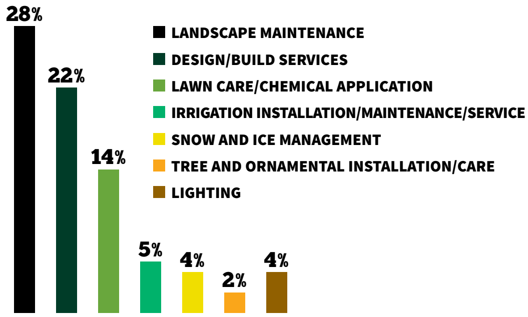
What percentage of your location's 2015 gross revenue came from each of the following services?

Landscape and mowing maintenance	42%
Landscape design/construction	20%
Lawn care/chemical application	12%
Snow and ice management	6%
Irrigation installation/maintenance/service	6%
Trees & ornamental	3%
Other	10%

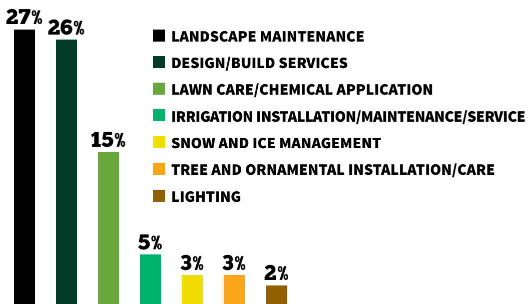
What was the MOST PROFITABLE service your location offered in 2015?

Landscape maintenance (mowing, edging/trimming, pruning)	30%
Design/build services	21%
Lawn care/chemical application	15%
Snow and ice management	9%
Irrigation installation/maintenance/service	6%
Tree and ornamental installation/care	4%

What was the FASTEST GROWING service for your location in revenue in 2015?



What do you predict will be the FASTEST GROWING service for your location in revenue in 2016?



MONEY MAKERS

42 PERCENT

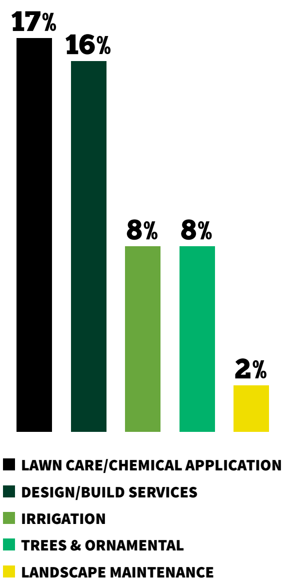
AVERAGE OF HOW MUCH MAINTENANCE ACCOUNTS FOR GROSS REVENUE

MAINTENANCE IS ONCE AGAIN THE CHAMPION when it comes to gross revenue at 42 percent, down from 43 percent last year. Single-family residential continues to dominate the properties you serve, though it makes up the smallest percentage of property types serviced by companies with more than $1 million in revenue. Maintenance also maintained its lead for fastest growing service, but design/build is catching up. In last year's report, 36 percent said maintenance was the fastest growing service, but in this year's report it was only 28 percent, while design build went from 15 percent in last year's report to 22 percent in this year's.

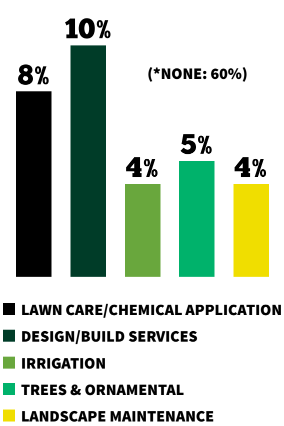
SURVEY METHODOLOGY

The survey sample of 8,627 was selected in systematic fashion by Lawn & Landscape and Readex Research. The sample represented 17,253 recipients (or 25 percent of Lawn & Landscape's entire circulation of 70,800) at the time of sample selection. The survey ran from July 18-25, and the margin of error for percentages based on 330 usable responses is ±5.3 percentage points at a 95 percent confidence level.

Which of the following NEW services does your location plan to offer next year?

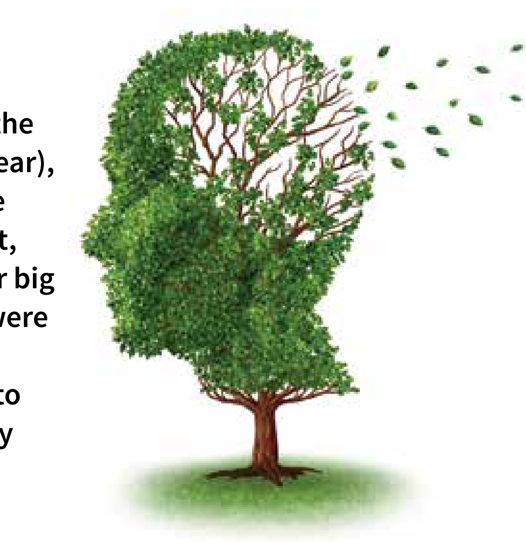


What services has your location STOPPED offering in the past THREE YEARS?*

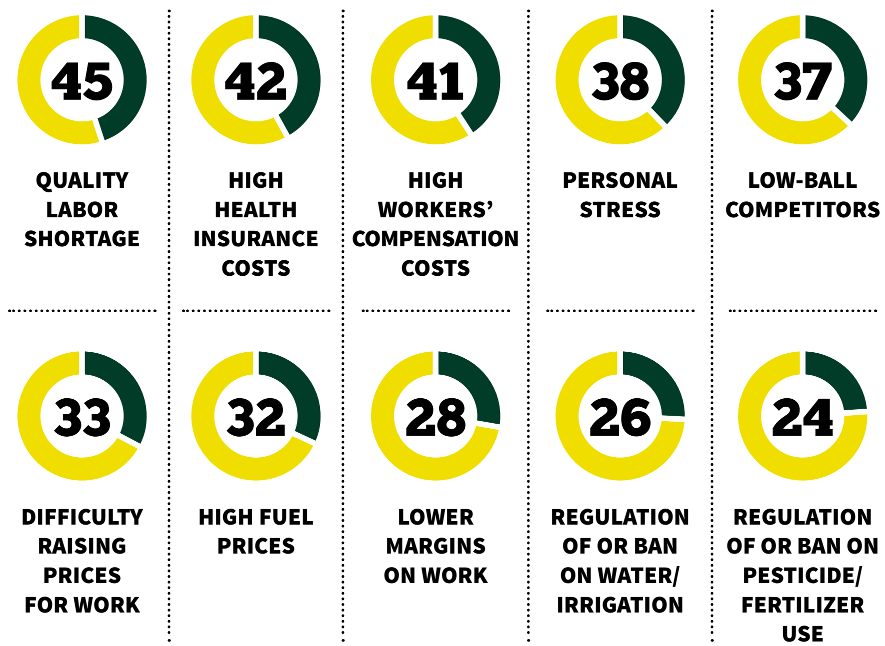


WHAT'S WORRYING YOU

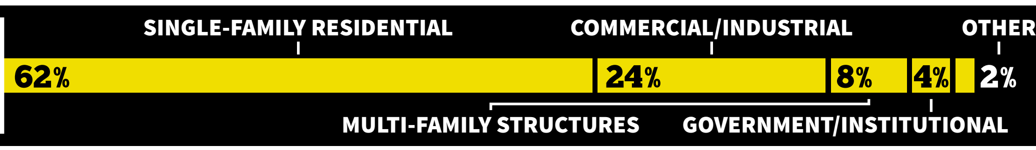
WHILE QUALITY LABOR IS STILL THE TOP CONCERN WITH 45 PERCENT SAYING SO (the same percentage as it was last year), low-ball competitors, a top three concern last year with 44 percent, dropped to 37 percent. The other big changes in this year's numbers were high fuel prices, which received 41 percent of the vote, dropped to 32 percent this year and difficulty raising prices for work dropped from 39 percent to 32 percent.

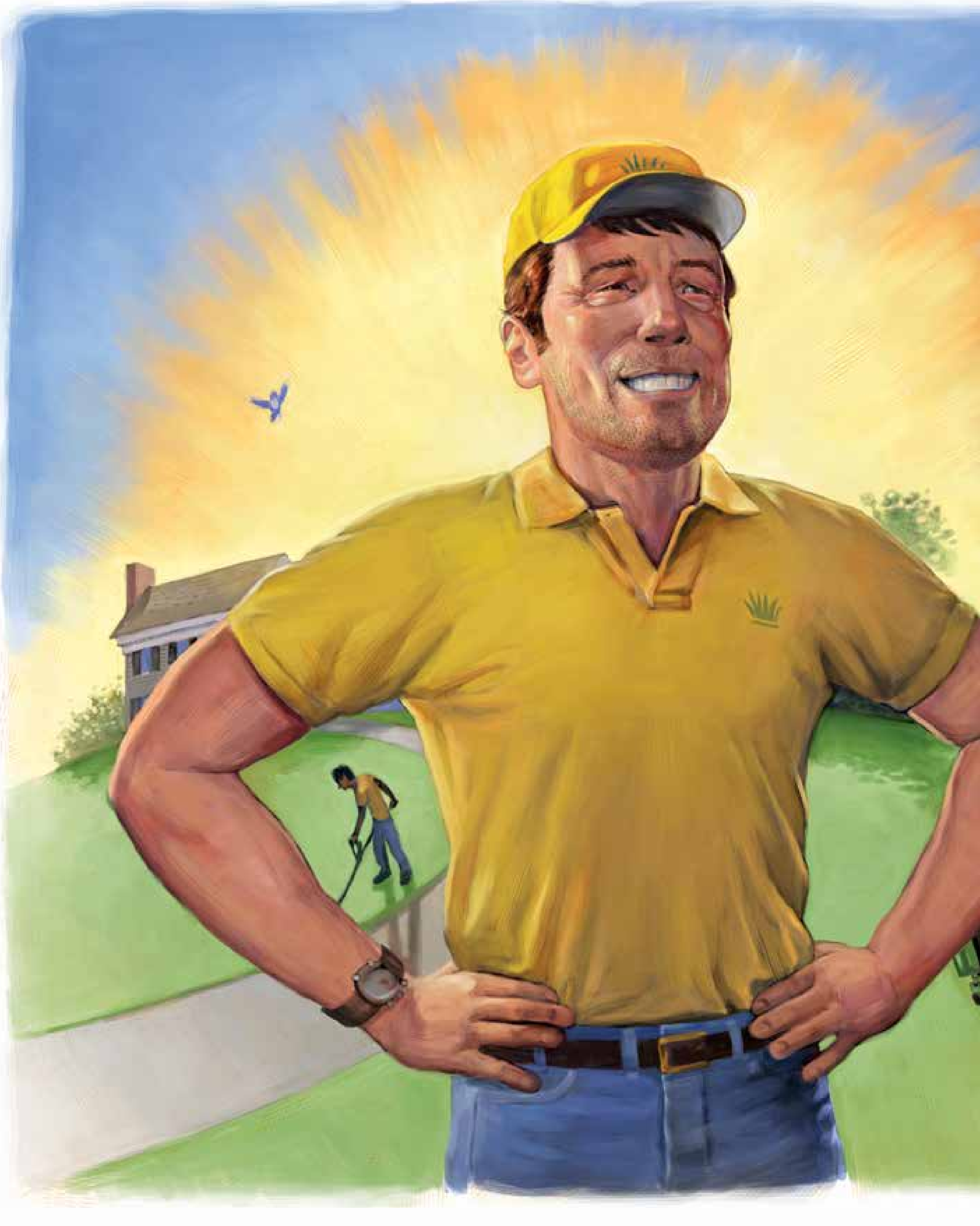


Which one of these issues would you rate as a top concern for your business in the next three years? (Listed in percentages)



What percentage of your location's 2015 sales came from each of the following property types?





“We’ve seen an uptick of younger people asking us to maintain their property,

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Blue skies AHEAD

Contractors forecast steady growth for the industry heading into next year. **By Katie Tuttle**

CONFIDENCE IN THE INDUSTRY IS HIGH.

In our State of the Industry survey, we asked respondents how confident they were that the green industry will grow in 2017. When we asked the same question back in 2011, 20 percent of respondents said they were not confident in the industry at all. This year, that number dropped and only 2 percent said they had no confidence in the industry's growth.

"I know the industry is going to grow," says Daniel L. McCurry, branch manager of Father Nature Landscapes in Birmingham, Alabama.

"People are craving what we have and it could be because the labor force sucks so bad, people are having a tough time finding companies that really care about the details because the laborers don't really care much about the details."

whereas before they'd maintain it themselves." – Chris Capone, Capone Landscape

In 2015, with 28 to 32 fulltime employees, Father Nature Landscapes had a revenue of $4.2 million. Currently, the company offers design/planning, outdoor living rooms, plantings, driveways, custom mailboxes and hardscape services.

"We have more leads than we know what to do with," McCurry says. "Right now, we're sending work away."

Because of a lack of skilled employees, the company currently subcontracts out portions of excavation, irrigation, driveways, tree work, block and brick work, electrical, plumbing and carpentry, depending on schedule and technical skill.

Chris Capone, office manager at Capone Landscape in Wakefield, Massachusetts, says the economy – as well as the company's reputation – is the reasoning behind this.

Capone Landscape provides maintenance, lawn service, fertilizing, aeration, spring and fall clean-up and remulching as the bulk of its business. Last year's revenue was $1 million.

"We just went through the busiest spring ever," she says. "We were drowning this spring, absolutely drowning in work. We feel as though the business will continue to grow into 2017."

> **"People are craving what we have and it could be because the labor force sucks so bad, people are having a tough time finding companies that really care about the details because the laborers don't really care much about the details."**
>
> **Daniel L. McCurry, Father Nature Landscapes**

She also credits this growth to the younger generations, who are growing up with different ideals than their parents and grandparents.

"I think that the younger generation has decided that they can afford to have their lawn mowed, which is the bulk of our business," she says, "We've seen an uptick of younger people asking us to maintain their property, whereas before they'd maintain it themselves."

GOING SOUTH UP NORTH. While confidence in the industry is strong for contractors, there are problems in some parts of North America. In Canada, the shift has come in the opposite direction, and it's happened in the past few months.

Darren Kovacs, COO and founder of Exact ET in Calgary, Alberta, Canada says the oil and gas industries are the major market drivers in his area. Within the past six to 12 months, they took a bigger drop than anyone in the area anticipated, which has resulted in people being tighter with their money.

"The market isn't what it was," he says. "There's so many people in that (oil and gas) industry it really impacts. For example, there's been a significant number of business closures, I think 4,000 this year alone in the Calgary area, because of the indirect relationship with the oil and gas."

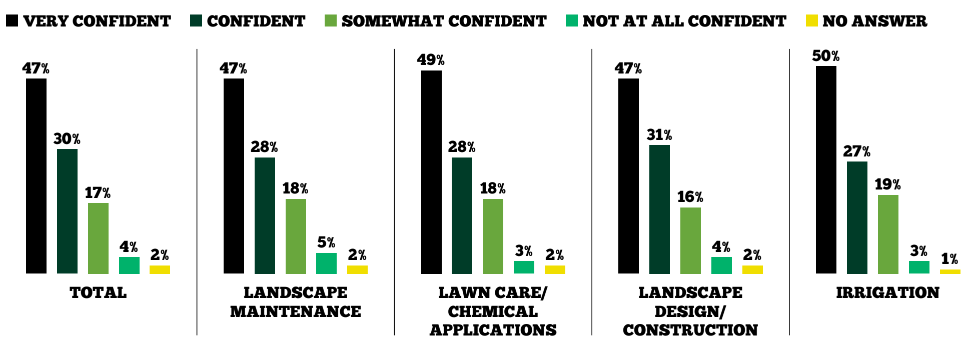
However, he says they're staying optimistic about 2017 and into 2018 because oil and gas markets are reciprocal.

"So, by that time around I can see that either companies have become extremely efficient in what they're doing, and naturally they can survive on a lower value for oil, or by that time I think the market's going to come around," he says. "There's still a fair amount of investment that's gone into this area. As soon as it comes around I think the market's going to be good."

TO MARKET, OR NOT. McCurry credits some of the revenue growth to grassroots marketing, such as advertising on Facebook.

"You can get your name around so easily for less money

How confident are you that your location's business will grow in revenue next year?



than you've ever been able to," he says. "We've cut our marketing budget back to ridiculous numbers. We might hit half a percent in marketing."

McCurry says that with Facebook, his company is able to target a specific client based on a set of qualifications, including age, what services they might want and where they're located.

The cost isn't high, and McCurry says they've been able to reach more potential clients than ever.

"The wealth is being spread massively," he says. "We're very acute in how we market. We don't broadcast market, we just try to communicate to our clients. We have more leads than we know what to do with."

In Shelton, Connecticut, Robert Hansen, owner of Robert Hansen Landscape, which currently employs eight to nine full-time employees and a total of 21 in season, doesn't credit the growth to marketing.

"I have friends in the business and they're way more adept to the younger generation with social media," he says.

"I don't do any advertisement at all, other than through our website or word of mouth."

He says the growth is because a lot of homeowners, as well as business owners, are looking to hire others to do their landscaping, maintenance and yard work.

"Nobody wants to do it themselves, and I think that opens a market for landscapers," he says. "There's plenty of work out there. Plenty of competition out there too, but it's not competition that really affects us in our area."

Capone doesn't advertise either, something that is surprising since her company had so many inquiries this spring.

"Phone ringing off the hook, and we did zero advertising," she says. "I was telling people, 'I'm sorry, I can't attend to that work right now,' if they called in April, but, by the end of July, we could probably get to it. And some people wait for us."

THE POLITICAL CLIMATE. Normally, a year with a presidential election can cause uncertainty in the business, but, while McCurry has heard a few customers mentioning they'd have to cancel his services based on the outcome of the election, he isn't worried about a big drop-off.

"You know, I think a lot of people are scared right now, and I feel like a lot of people are going to find, just like Y2K, the day after the election the world isn't going to melt," McCurry says.

"We have a lot of people that are still doing work with us, and a lot of them are threatening to say after Hillary or after Trump, we're going to have to massively cut back, but how many times over the past 20 years have we heard people say that?"

Capone says she doesn't see much of an effect on her company, although she doesn't know if that rings true for others in the industry.

"We're very fortunate that all of our employees are here legally," she says. "I'm sure there are landscapers out there who will be hit hard."

McCurry says we've all experienced these Armageddon-type moments in life and it takes an emotionally mature person to understand what your client is going through and is patient about it.

"People go through their emotional ups and downs," he says. "Everything's going to come back and balance out."

Being in Canada, Kovacs says he doesn't know how the upcoming election might impact his business.

"There's a direct relationship between Canada and the U.S.," he says. "They're the largest trading partners."

INTO THE FUTURE. Confidence is high, but do landscapers see it waning anytime soon?

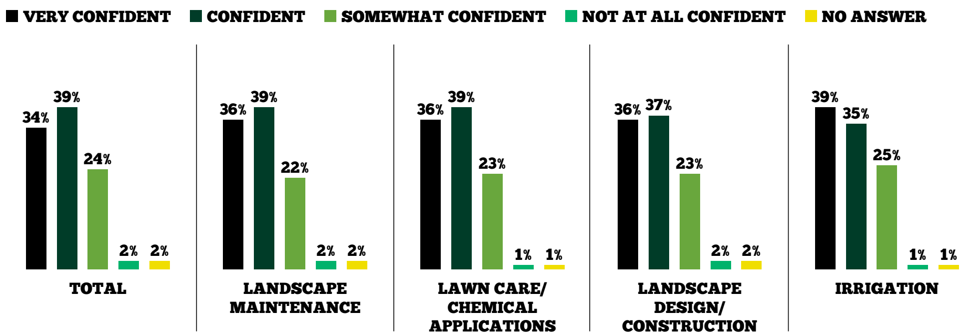
"I feel confident in my business," Hansen says. "I can't answer for other people, but I see continued growth. We're to the point where we can keep growing. We always have work."

Capone says she also doesn't see her company losing confidence, but isn't as sure about other companies.

"Landscapers who are out there and have specific crews just for design or construction, they were the ones hurting in 2008," she says.

"We don't expose ourselves to that level. Grass always grows and here in the Northeast, there's always people who need their lawn mowed."

How confident are you that the national landscape industry will grow in overall revenue next year?




TOP

PUNCH THE CLOCK

New rules from the Department of Labor could mean big changes to your payroll.

By Kate Spirgen

GET READY. BEGINNING DEC. 1, EVERYTHING YOU THOUGHT YOU KNEW ABOUT OVERTIME IS CHANGING.

Starting in a few weeks, any employee making less than $47,476 annually will be eligible for overtime pay, more than doubling the former threshold of $23,660. And for the first time, employers will be able to meet up to 10 percent of the salary level with bonuses and commissions.

The rule will impact 4.2 million workers, according to the Department of Labor.

In response to the new overtime rule, employers can:

- Pay time and a half for all work performed over 40 hours per week.
- Raise workers' salaries above $47,476 per year.
- Limit workers' hours to no more than 40 hours per week.
- Combine any of the above.

Moving forward, the salary level will be increased every three years beginning in 2020 based on the 40th percentile of full-time wages in the region where that level is lowest. But it's not just how landscapers are going to pay their staff, they'll also have to keep records.

"Landscape and lawn care professionals should be aware that these new regulations will change the way their employees are paid, but most importantly, the record-keeping requirements to track hours for salary and hourly employees is now even more important than ever before," says green industry consultant Jason Cupp. "I've seen cases in the DOL that have been decided by the lack of proper record-keeping, so that is paramount."

Beau Hartman, manager of Hartman Landscaping in Zanesville, Ohio, had been planning to create more salaried positions in the coming years, but says that's now impossible. Instead, he'll have to move his employees from salaried to hourly.

Hartman Landscaping's revenue falls into the $800,000 to $1 million range with a staff of 12 crewmembers, Hartman and one office staff member. He started the business in 2005 and the it became his primary source of income in 2011.

Hartman says salaried positions were something he had just started considering two years ago.

Only two of his staff will be directly impacted by the Department of Labor changes, with his operations manager being the most affected.

Hartman had planned on creating a third salaried position but says he is no longer able to do that due to the changes. He had also been planning to move a couple of his snow team members to a salary of about $25,000 in the next few years, but now that idea is impossible.

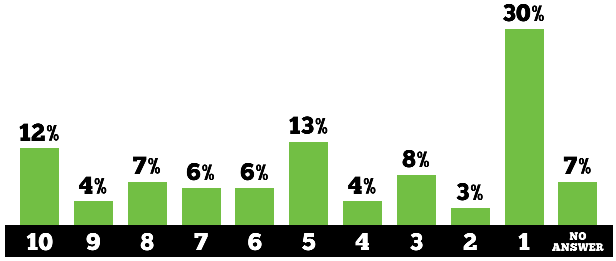
"We don't really have much choice other than to go back to hourly," he says.

Rich Arlington, owner of Arlington Lawn Care, an all-season, full-service landscape construction and maintenance firm in Erie, Pennsylvania, says 31 of his 41 employees will be affected by the change. He's been preparing by putting new rules in place, and educating and training employees.

"We have instituted a rigid no working after hours policy and have made it a termination offense if they break the policy," he says.

Arlington Lawn Care has also stopped supplying company cell phones to all employees except executive and on-call staff.

WHEN CONTRACTORS WERE ASKED how they would rate their concern the DOL overtime change would have on their location's business in the next three years, the result was a 4.6, which ranked 14th out of 25 options. (10 = very concerned, 1 = not at all concerned)



THE EMPLOYEE REACTION. The response from his staff was negative but Arlington has told them that they need to get out and vote if they want to see anything change.

Hartman says he was surprised by the reaction he got from his employees when he first discussed the changes with them a few months ago. He was expecting them to be in favor of the possibility of more overtime to earn some extra money, but that wasn't the case.

"They liked the fact that they didn't have to worry about timecards," he says, adding that they've worked at the company long enough to know what is expected of them, and they enjoyed knowing that they would have the same paycheck every week no matter what.

He says his operations manager expressed concerns since he knows the cost of running a small business and agreed to the salaried position knowing that he might be working 50 or 60 hours one week and 30 the next, but that it would all even out.

"We're a small company so it's definitely tough to get up from $23,000 to $47,000 or $48,000," Hartman says. But since his operations manager is not far under that threshold, he is hoping to move him back to salaried position in the next couple of years.

"But in the meantime, he's going to have to go back to punching that time clock along with the other guys as well."

Hartman originally started offering salaried positions primarily to retain employees during the off season. "It made it a little bit easier to stomach the fact that we're going to have more guys here through the winter that might now be doing very much some days aside from maintenance and some sales."

THE MAN-HOUR COSTS. Overall, Hartman is expecting an increase in labor costs, but isn't quite sure how much that will be yet. He plans to reevaluate hourly pay for his workers and make sure that they're happy with where they are. "It will probably increase our costs slightly. I don't think it will be too terrible though," he says.

While he would like to increase the billing rate, Arlington says that in the current climate, customers are wanting more for less. "There is no way to increase our price to the client so we cannot increase pay to the staff," he says.

In terms of selling jobs, Hartman expects his capacity to remain generally the same, but says it will make it more difficult to bring on a new team member or offer a year-round salaried position. "We can't offer a mowing crew $48,000 a year here in Ohio," he says. "I wish I could but unfortunately, I can't."

Arlington also doesn't expect to sell fewer jobs or service fewer accounts. He plans to just keep selling and hire more employees to make up for the end of overtime.

The biggest challenge, Hartman says, will be getting his crews to remember to clock in and out again.

HOLDING OUT

MANY CONTRACTORS WE SPOKE with said that while they're concerned about the changes to overtime, they haven't come up with a plan on how to handle the new rules yet. And they may not have to make such drastic changes if a group of 12 bipartisan House members are successful in their effort to phase in the new salary threshold over the next three years. Their proposal is to increase the limit to about $36,000 and gradually increase until 2019.

And 21 states have filed a lawsuit against the federal government over the new rule, arguing that it's unconstitutional because it issues fiscal mandates to states. Led by Nevada Attorney General Adam Laxalt, the suit claims the administration has overstepped its authority.

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* Program applies to John Deere OEM parts listed in the Keep Green and Suncare Commercial Parts Guide. Qualifying orders must be placed by 3:00 p.m. local distribution center time, with a participating dealer. Some restrictions apply. Contact your John Deere dealer for program availability and full program details. Available only at participating dealers.

Seats to FILL

Hiring continues to be at the forefront of what is holding landscaping companies back from growth. **By Katie Tuttle**

WHEN WE ASKED CONTRACTORS how much a lack of quality employees hindered their growth, the following said it does not hinder at all: **25 percent** in the Midwest; **23 percent** in the Northeast and South and only **11 percent** in the West.

Read on to find out how contractors across the country assess their market when it comes to hiring and what they are doing to get ahead.

1. Sean Sandri, Dallas

SEAN'S LAWNS AND LANDSCAPING

I could, generally speaking, say that staffing has been a growing challenge. The qualified labor pool has diminished as the demand for skilled workers has increased. There has been a corresponding spike in demand for higher wages. Compared to last year, the challenge has increased.

We've found basing starting wage on experience and then increasing incrementally sooner rather than later based on merit has been effective in retaining labor.

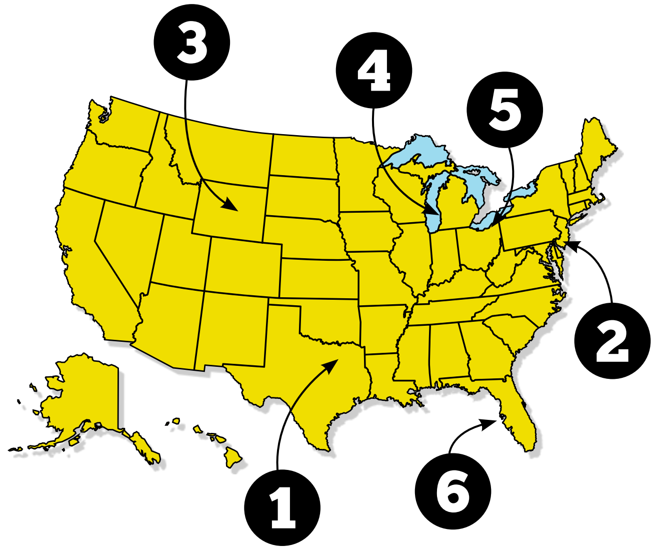
2. Christian Nardi, Southampton, N.J.

SOD SERVICES

We've always hired guys right out of high school approximately 18 to 22 years old. I've come to notice that there are very few 18- to 22-year-old people that are mature enough to handle a job and take it seriously. They are out there but they're hard to find. It's been very frustrating trying to build around people like that. So, in the winter of 2015 into 2016 I hit the reset button. I went out and hired people specifically older than the age of 25. I do have to offer higher starting pay. I've come to realize with getting the older, more mature guys you have to start them out between $14 and $16 an hour.

If they have experience, they're worth more and usually I'm starting them out between $16 and $18 per hour. Most of these people have families and a lot more financial obligations than kids fresh out of high school. I've come to realize that these people have more willingness to learn and do things efficiently. It's almost as if they just flat out care more. I think it has to do with the maturity level. In the long run, it's money worth spending.

These are guys that need a job. They have wives, kids, families to support and bills to pay. This year has been great. I've had cooperation like I've never had before. I also have people that will actually take the job seriously and do things correctly. It's hard managing people who have their minds on everything else other than work. I learned my lesson the past few years and I have run myself ragged trying to babysit. I'm done doing that.



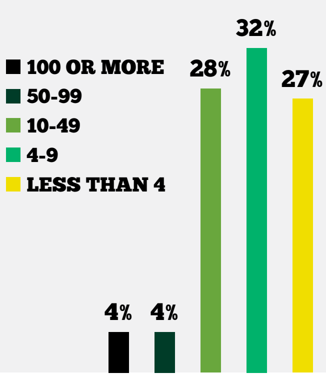
3. Aaron Rodolph, Casper, Wyo.

RODOLPH BROTHERS

Here in Casper, Wyoming, there's a bit of a recession going on in the oil field, so we've actually hired some really great people because they lost their job in the oil field. We have a little bit of a glut of people to hire right now, ever since the oil market crashed in late 2014.

We're highly dependent on the price of oil here in Wyoming. Unfortunately, of course during the boom years it's hard to find anybody. We pay almost twice what anyone else in the industry pays because of the energy industry. Those guys are making $30 an hour so for us to come in and have to pay them $25 dollars an hour, which is really high for our industry, they're still taking a pay cut but the benefit is they're working in town and not working out of town all the time so they can be home with their families.

How many full-time, part-time, and seasonal employees does your location currently have?



"I have had to change my philosophy to reflect this new market. It is no longer hire

4. Jim Zylstra, Byron Center, Mich.

TUFF TURF MOLEBUSTERS

I am in the second largest city in Michigan. The labor market is the worst it has ever been in my market. The chamber of commerce reports that for every job opening there is half an applicant. We have been looking for an administrative assistant for over two months. We have very little employee turnover and we pay higher than anybody else in the industry. We pay our office staff more than most companies in any industry. We had a dozen candidates that we called back for a second interview that had already accepted a different job within hours of their initial interview with us.

We are seeing a lot of wage inflation. We had one technician leave us to work for a trash company. Our supervisor has friends in the trash industry and was surprised to find out that our former technician was starting at a higher wage than people that had been with the trash company for nine years. They were also paying for all his CDL training and testing, which can be several thousand dollars.

I have had to change my philosophy to reflect this new market. It is no longer hire slow, fire fast. Many companies have taken the approach of hiring decent candidates at the first interview so as to eliminate the candidate going on other interviews. I am embarrassed to say we tolerate employee behavior that we never would've before. The reality is if we have to replace somebody, we will be paying a person with little or no experience more money than our veterans.

5. George D. Ward, Jr., Eastlake, Ohio

WARD'S LAWN CARE & LANDSCAPE CO.

I would have to say that the hiring/labor force in my particular area (Northeast Ohio) is the same or slightly worse than it has been in the past.

Our continued difficulties are finding people that have valid driver's licenses or, I should say, would be able to be insured to drive our vehicles. DUIs or crashes are automatic scratches.

If we do find a person that is eligible to drive, very few times do they have experience. If they are able to drive and have experience, there is usually some crazy reason why they are no longer working.

This is our 30th year and I have yet to find a solution to this problem. We pay well and offer competitive benefits. Finding someone that is willing to work and show up to work every day has been quite the challenge.

6. Alaina Bible, St. Petersburg, Fla.

MJ'S HOME AND LAWN CARE SERVICE

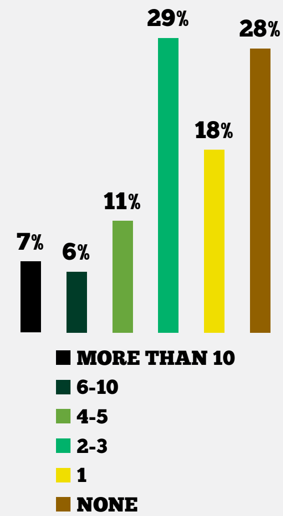
We were actually in the market to try and find, basically, a partner so we could start up a second crew. When I initially posted for the listing, we had 80 people within a matter of an hour until I realized I forgot to put on there that a driver's license was required. That went from 80 people in one hour to five people in three days just to find somebody with a driver's license that wanted to make a percentage of the business. I mean, there's always a whole bunch of people that are willing to work. We have problems actually finding good quality people. There's always a quantity of people who are helpers, it's finding good, responsible candidates. ●

slow, fire fast." – Jim Zylstra, Tuff Turf Molebusters

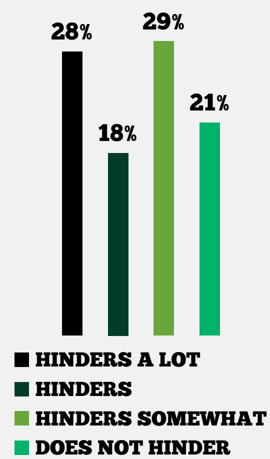
"We have a little bit of a glut of people to hire right now."

Aaron Rodolph, Rodolph Brothers

How many new employees does your location typically hire each year?



How much does a lack of quality employees hinder your location's growth?



A burden of a BAN

A moratorium on pesticides in one Maryland county is putting the industry on watch. **By Kate Spirgen**

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LAWN AND LANDSCAPE PROFESSIONALS IN MONTGOMERY COUNTY, MARYLAND, WILL SOON BE LOSING AN IMPORTANT TOOL IN THE TOOL BOX.

Beginning Jan. 1, 2018, all cosmetic pesticides will be banned in the county with some exceptions for athletic fields, golf courses and invasive species treatments.

Mowing & More in Chevy Chase, Maryland, services about 450 residential clients in the county, about 150 of whom receive lawn care applications. Chad Stern, manager, says his company will continue to do the best it can, but he knows that the quality of his customers' lawns will suffer if the ban goes into effect.

"I guess I'm kind of waiting to see what happens as far as this legislation actually being enforced. I'm kind of keeping my fingers crossed for perhaps some last-minute modification to this that wouldn't make it into such a cumbersome and heavy-handed bill," he says.

There are no enforcement provisions in the ordinance, which is leaving many to wonder what will happen to those who don't abide by the new law.

"I have heard that applicators are concerned because it was never the county's intention to enforce this," says Karen Reardon, vice president of public affairs for Responsible Industry for a Sound Environment. "And the Department of Environmental Protection in the county has told us they will not be enforcing it because the law is silent on enforcement."

CURRENT EFFECTS. Brandon Sheppard, owner of a Weed Man franchise in Maryland says Montgomery County was a big part of his expansion plan until the pesticide ban was passed.

He currently services areas west, east and south of Montgomery, and the size of the county plus the affluent demographic made it attractive. But those plans were scrapped when the ban was passed.

When the ordinance was first introduced, Stern alerted his customers via email, and if the ban goes into effect in 2018, he'll do his best to explain the situation to them. He also plans to include the information on the yearly renewals he sends his customers.

"If there are clients who are dissatisfied with the lawn care service, then I would explain to them the situation and how our hands are tied because we can't use herbicides, and we can stop that part of the service and then continue with other services," he says.

He says his company has been asked to


O
MICALS
LEAVE THOSE WEEDS ALONE!
GET OFF THAT LAWN!
NO SPRAY NO WAY

stop using herbicides by several clients in the past who then called Mowing & More to complain about weeds. “It’s kind of like there’s a disconnect between us not being able to use herbicides and there being weeds in the lawn,” he says.

POTENTIAL IMPACT. Sheppard has seen the effects of bans like this and says the impact is “catastrophic.” He and his family ran a lawn care company in Tillsonburg, Ontario, before joining Weed Man and although they sold the business before the ban took effect, he saw the impacts it had.

“Many of the offices in Toronto have yet to recover their sales that were lost after that,” he says. “And we’re going more than 15 years out since they passed the bill and they still can’t make the sales dollars back from it.”

He says that the bans being proposed in the U.S. very closely mirror those that have been passed in Canada and expects similar results in Montgomery County. The problem, he says, is that LCOs and landscapers don’t have the ability to achieve the same results they once did, but customers’ expectations don’t change.

“Over the years, I’ve realized that if you just sit back, then there’s always an abundance of people who have great ideas that could be harmful to your company and unless you’re actively involved in the regulatory process, then your business will just kind of get steamrolled.”

Chad Stern, Mowing & More

“Many of the products that are allowed for weed control and pest control are just simply not very effective and so you have increased cost of the material, reduced effectiveness and a massive jump in the labor required to deliver the service because of the number of reapplications you have to do with a less comparable product,” Sheppard says.

WHAT HAPPENS NEXT. Although there are state laws regarding the safe use of pesticides, Maryland is one of seven states that does not have preemption laws. This means that local ordinances, like the pesticide ban, can override state laws. The others are Alaska, Hawaii, Maine, Nevada, Utah and Vermont. A recent ban in South Portland, Maine, and a movement to spread the ban to the city of Portland, has many in the industry keeping watch on the issue. The National Association of Landscape Professionals is still trying to assess the impact and look at the options available. Both NALP and RISE have said that taking the issue to court is on the table.

“I think any state that does not have pesticide preemption – they should be cognizant and vigilant about this. We’re monitoring those states in particular,” says NALP Vice President of Governmental Affairs Paul Mendelsohn.

He says one of the key steps is getting a better handle on the business and practice impacts, which have been difficult to monitor so far. “We’re not really hearing of members who have clients who have called them up and said, ‘We’re not going to have you providing service any longer,’” he says.

Some say that the ban could spread quickly, while others say that only those in states without preemption need to be concerned. But Sheppard says everyone should be ready. “I think anybody who thinks it’s not going to happen is kidding themselves,” he says.

WHAT YOU CAN DO. Industry professionals say the issue is that anti-pesticide groups are only telling their side of the story, and while there is scientific research supporting responsible pesticide use, it needs to get into the right hands.

“For every study that they cite, we can also cite research that was done that finds the opposite,” Mendelsohn says. “The jury on this is very much out and there’s a lack of consensus in the scientific community about the impact, so we’re trying to make sure that when communities make decisions, they’re well informed."

Sheppard stresses the importance of putting a face on the industry and showing those in government the benefits of what landscapers do in terms of public health.

“The argument that is always made against it is health and safety but we’re the ones protecting the public from the very real dangers of things like Lyme disease, West Nile and now Zika,” he says. “I’ve had Lyme disease. As a relatively, young, fit guy, it was like getting thrown down a flight of stairs with a bag of hammers. Those are very real, tangible risks and we’re often confronted by groups that oppose us with risks that are essentially academic. They’re hypothetical and theoretical.”

In Montgomery County, Stern has gotten involved in County Council hearings during the debate and agrees that industry voices need to be heard.

“Over the years, I’ve realized that if you just sit back, then there’s always an abundance of people who have great ideas that could be harmful to your company and unless you’re actively involved in the regulatory process, then your business will just kind of get steamrolled,” he says. ●


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