2021

State of the Industry Report

A SUPPLEMENT TO

Lawn&Landscape

Embracing change at every turn

THIS INTRODUCTION TO THE STATE OF THE INDUSTRY is not a reprint, but in many regards we're in the very same uneasy situation as a global community as we were just one year ago. The pandemic continues to impact our personal lives and our profession in ways that we could not predict even just a year ago.

It has been said that the one constant is change itself. As a manufacturer, we know this to be true and have had to embrace constant change at a faster pace than ever before, as have Kubota dealers, nimbly pivoting to respond to customers' needs in extraordinary ways.

In a recent conversation with a commercial cutter, he explained that he hasn't seen anything like the current environment in his 30 years of doing business. At the center of his uncertainty is the rapid pace of employee turnover and simply not having enough people who want to work. While recruitment and retention have always been high on the list of challenges, owner and operator fatigue may now outpace it. The daily charge is to keep the employees who do show up healthy, productive, and coming back to work, day after day.

At Kubota, this is exactly where our efforts are focused. Our work helps you improve your operator performance to yield better results and reduce time on the job. We design, develop, and continuously improve our commercial mowing equipment with your business goals in mind. And our commitment is to not only be your equipment provider but your business partner.

We recently added more flexibility to both our financing and our fleet program to offer more contractor solutions to better suit a wide range of changing needs. This ability to stay nimble is designed to allow you to better compete, remain profitable and, most importantly, to grow your business, even in challenging times.

So, as we near the year's end, we remain optimistic about the outlook for 2022 because we believe in the resiliency of our industry. Just like the 30-year industry veteran I referenced said, "We'll get through this, we always do." It is this sentiment that has us looking forward with an unwavering commitment to the turf segment to deliver new products and finance offers to help you better navigate this ever-changing business landscape.

In the meantime, let's stay positive, forward focused, and together we will embrace the change at every turn. ●

It has been said that the one constant is change itself.

Best regards,

Todd Stucke
Sr. VP Marketing, Product Support & Strategic Projects, Kubota Tractor Corporation
Vice President, Sales & Marketing, Kubota North America

COVER ILLUSTRATION BY MICHAEL MARSICANO

A slight step back

LAST YEAR, COMPANIES WERE BURSTING at the seams with work. Yes, there were challenges like lack of labor and supply chain delays, but overall, business was good for those in the landscape and lawn care industry. The numbers this year are still solid, but the percentage of companies that made a profit declined. This year, 79% said they turned a profit, while 87% said the same last year. As far as revenues, the mean increased to $1.29 million compared to $1.03 million in last year's report. The median took a slight dip, falling to $273,000 — which was also the median revenue in our 2019 report — from $297,000.

But confidence in growth next year for the industry overall is trending up. Only 3% are not confident the industry will grow in 2021 compared to 10% last year. But landscape and lawn care professionals aren't as confident in their own business growing with 8% percent responding they aren't confident at all that they will grow. But that is still an improvement compared to 11% last year.

Labor is still a top concern, but for the first time in years, fuel costs ranked slightly higher.

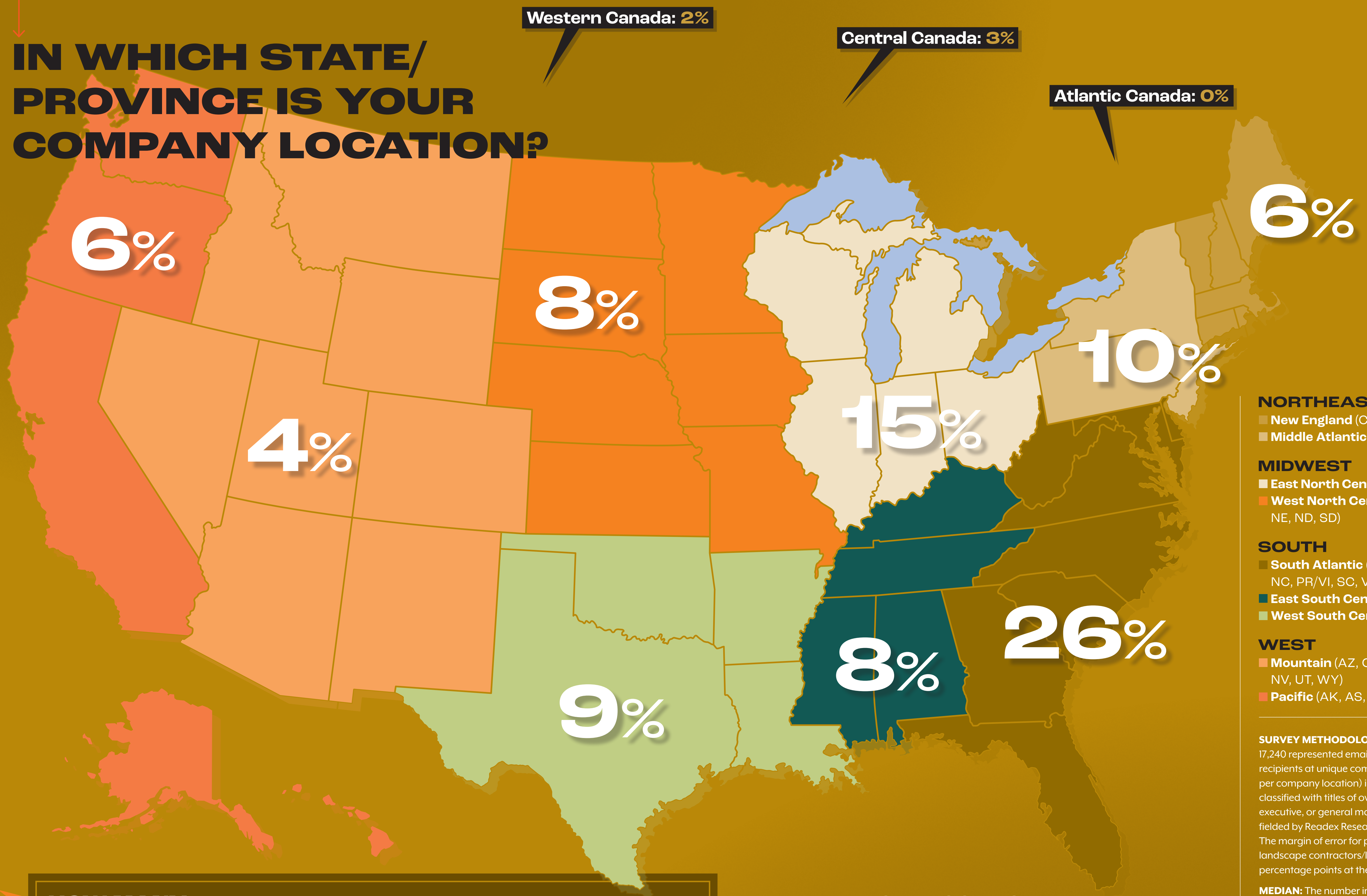
Even though only a quarter of you anticipate selling your company in the next 10 years, one number that did climb was the percentage of owners who have an exit strategy — 52%. That's up from 43% last year. The median age increased from 51 to 54 years old, which could have factored into that increase, as could the continued interest from private equity firms. Whatever the reason, it's a good sign that owners are prepared if and when they decide to retire or move on to a new opportunity. *– Brian Horn*

25%
Number of respondents who anticipate selling their company in the next decade.

-8%
The difference between 2020 and 2021 of respondents who say they turned a profit.

21
The average amount of years companies in this survey have been in business.

IN WHICH STATE/ PROVINCE IS YOUR COMPANY LOCATION?



NORTHEAST
- **New England** (CT, MA, ME, NH, RI, VT)
- **Middle Atlantic** (NJ, NY, PA)

MIDWEST
- **East North Central** (IL, IN, MI, OH, WI)
- **West North Central** (IA, KS, MN, MO, NE, ND, SD)

SOUTH
- **South Atlantic** (DC, DE, FL, GA, MD, NC, PR/VI, SC, VA, WV)
- **East South Central** (AL, KY, MS, TN)
- **West South Central** (AR, LA, OK, TX)

WEST
- **Mountain** (AZ, CO, ID, MT, NM, NV, UT, WY)
- **Pacific** (AK, AS, CA, HI, OR, WA)

SURVEY METHODOLOGY: The survey sample of 17,240 represented emailable Lawn & Landscape recipients at unique company locations (one record per company location) in the U.S. and Canada classified with titles of owner, president, partner, executive, or general manager. The survey was fielded by Readex Research from June 3- 15, 2021. The margin of error for percentages based on 424 landscape contractors/lawn care operators is ±4.7 percentage points at the 95% confidence level.

MEDIAN: The number in the middle where extreme outliers are removed like respondents with extremely high or low revenue.

MEAN: The average of all respondents.

Some charts don't total to 100 percent due to rounding and omission of some answer options.

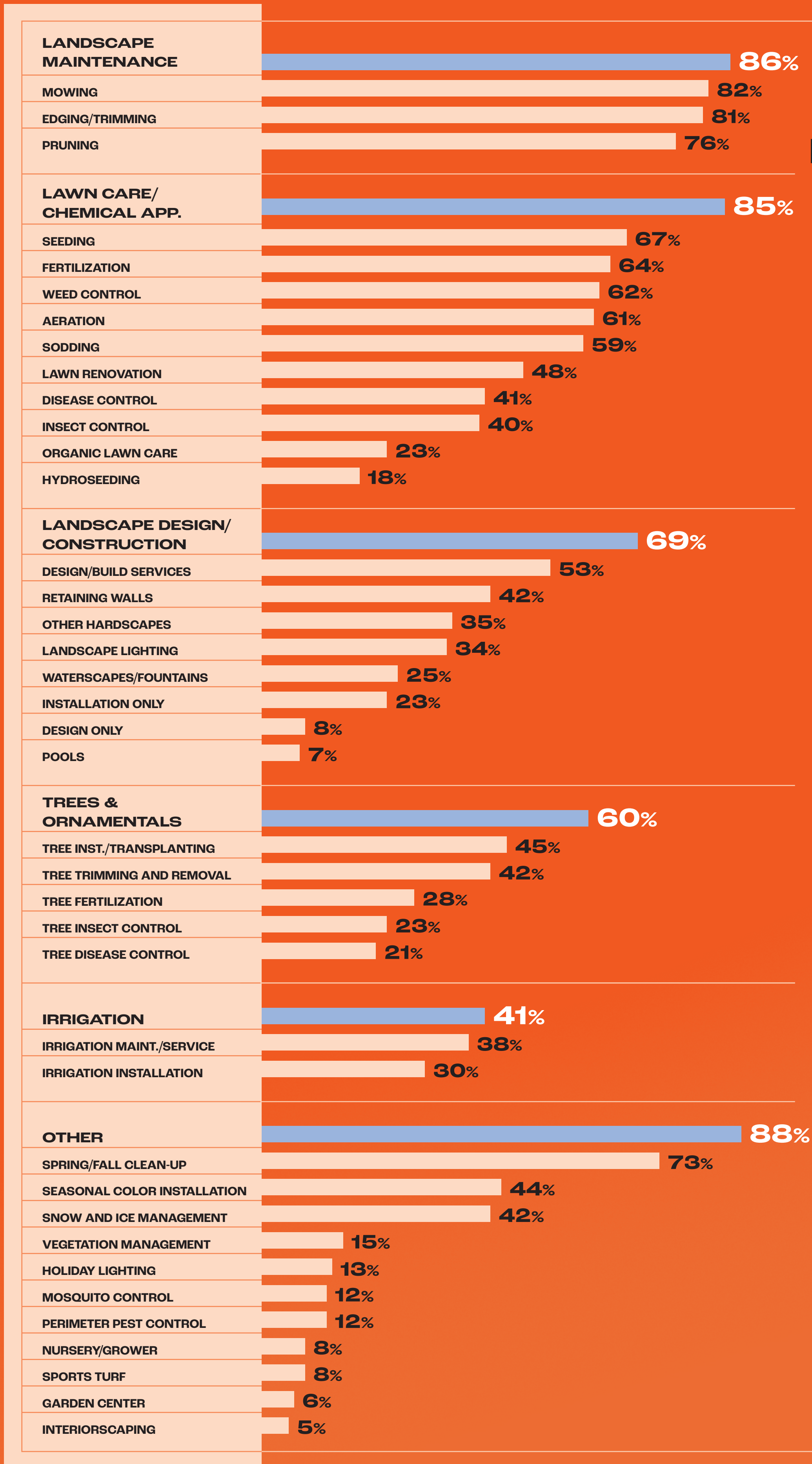
HOW MANY EMPLOYEES DO YOU HAVE?

16 FULL-TIME
5 SEASONAL
2 PART-TIME

DID YOUR LOCATION TURN A PROFIT IN 2020?

YES	79%
NO	20%

WHICH OF THE FOLLOWING SERVICES DOES YOUR LOCATION CURRENTLY OFFER?

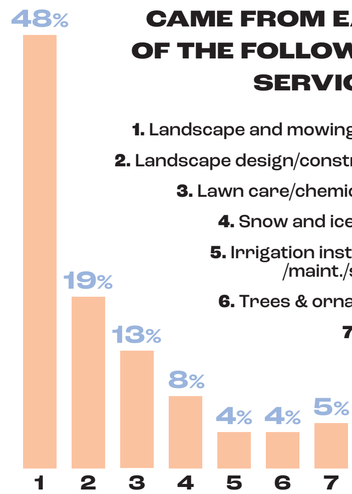


"If someone calls us for a job right now, **we're four to six weeks out because we have such a backlog,** and that's just our short-term jobs."

Justin Lingo,
Green Shade Trees

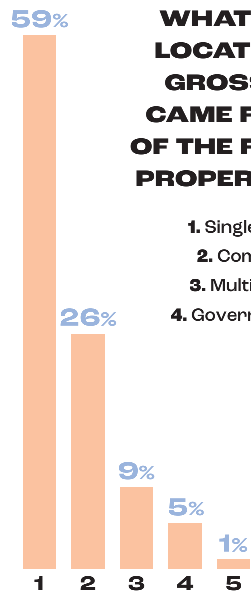
APPROXIMATELY WHAT % OF YOUR LOCATION'S 2020 GROSS REVENUE CAME FROM EACH OF THE FOLLOWING SERVICES?

1. Landscape and mowing maint.
2. Landscape design/construction
3. Lawn care/chemical app.
4. Snow and ice mgmt.
5. Irrigation installation /maint./service
6. Trees & ornamental
7. Other

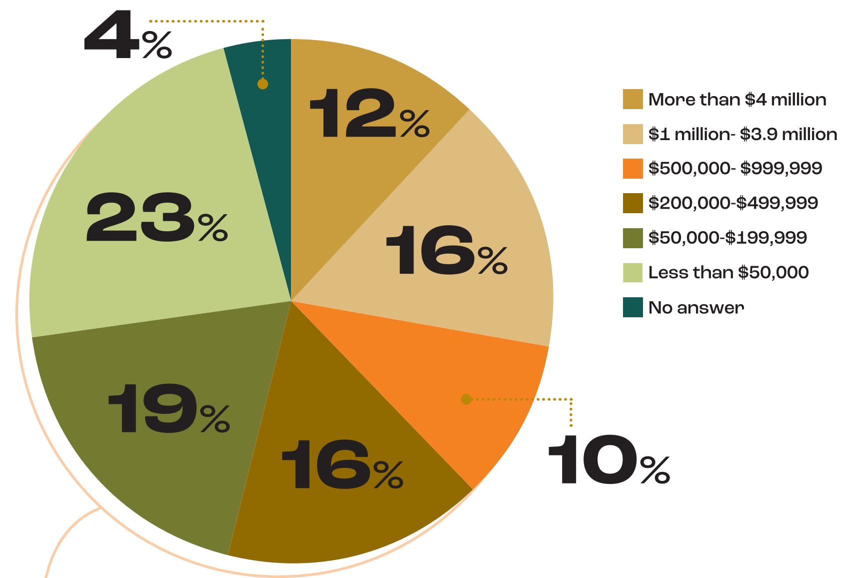


APPROXIMATELY WHAT % OF YOUR LOCATION'S 2020 GROSS REVENUE CAME FROM EACH OF THE FOLLOWING PROPERTY TYPES?

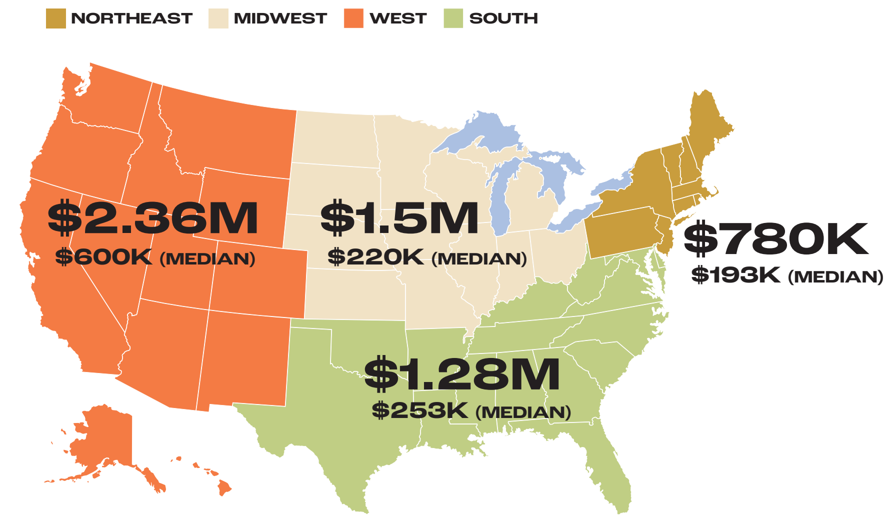
1. Single-family residential
2. Commercial/industrial
3. Multi-family structures
4. Government/institutional
5. Other



APPROXIMATELY WHAT WAS YOUR LOCATION'S GROSS REVENUE (IN USD) IN 2020?



REVENUE BY REGION (MEAN)



HOW CONFIDENT ARE YOU THAT (YOUR LOCATION'S BUSINESS/ THE NATIONAL LANDSCAPE INDUSTRY) WILL GROW IN OVERALL REVENUE IN 2021?

	Very confident	Confident	Somewhat	Not at all
Your location's business	50%	24%	17%	8%
The national landscape industry	43%	34%	17%	3%

Results with worries

Story by **Kim Lux and Jimmy Miller**
Illustration by **Michael Marsicano**

EVEN WITH LACK OF LABOR TO SUPPLY CHAIN ISSUES, SOME LANDSCAPE AND LAWN CARE COMPANIES ARE STILL GROWING AT AN IMPRESSIVE PACE.

Dee Larson

Owner, Landscape Gal • Northfield, Minnesota

IT'S BEEN A BANNER YEAR for the residential, custom design/build business as the pandemic continues to put an emphasis on outdoor living.

"2020 was record-breaking for us. It was really good and busy," Larson says. "COVID definitely attributed to the success — especially here in the Midwest...2021 has been absolutely no different. We're already nearly sold out for the year."

But despite all the growth, Larson says COVID has exacerbated one problem — labor.

"The challenge, which happened before COVID too, is finding people who are willing to work with their hands," she says. "Finding someone who is not afraid to work outdoors instead of in front of a computer is hard...It's not just digging holes. There's a lot of skill to it."

To combat this, Larson says she's been willing to pay up.

"Finding people to do the work is the most difficult part, to be honest," she says. "As a result of that, you have to pay people a living wage. You have to pay them a wage they can raise a family on, a wage they can pay a mortgage on."

With an already small team of just five employees, Larson says paying a fair wage is essential to keep them from looking for work elsewhere.

"I have one employee who drives quite a distance to work, and he thought he could drive somewhere closer to home and work for someone else," she says. "He found my pay rate was $3 to $4 more an hour than they were willing to pay him for his skillset, so he stayed."

It seems to be working out for Larson, who says her employees are incredibly loyal.

"The shortest tenure on my crew right now is two years. I've got some who've been here for seven or eight years — they're long-term employees," she says. "They really become cohesive as a team, too. And company culture becomes really important."

However, Larson acknowledges that because she's paying her team more, her rates have increased. While it's caused some perspective clients to price compare a little more, Larson says she isn't concerned.

"Often landscape projects have sticker shock because of that," she says. "Then they shop around and find out that it's really the going price, and then they commit... I don't know if society is accustomed to (increases) already, but they're not going to have a choice."

Justin Lingo

Owner, Green Shade Trees Inc. • Yukon, Oklahoma

LAST YEAR, THE COMPANY grew 100% and doubled in size. Revenue hit $8.4 million. For 2021, Lingo says he expects the growth to be closer to 30-40%.

"This year has been a challenge," Lingo says. He adds the majority of issues are surrounding supply chain disruptions.

"Almost everything from plants to PVC pipe to equipment is four to six weeks at a minimum," he says. 'We've been waiting three months now for some new equipment to come in just because they don't have a chip for it, or they don't have a hydraulic valve or something else. That's been our biggest frustration."

As a commercial landscape company and tree farm that services the whole state of Oklahoma, Lingo says they rely on renting trucks to transport material.

"Trucking shortages are a big issue for us right now," he says. "We can't get semi-trucks to haul material for us because they are in such high demand."

Additionally, Lingo says the supply chain problems has caused prices to skyrocket. For example, the company is paying about $100,000 per week just for PVC piping. Because of this, Lingo says they've been forced to rethink their job costing.

"Our new estimates that we put out reflect the current price at bidding, plus an allowance," he explains. "We're putting 10% allowance on all materials, whereas a couple years ago, we'd just bid it at what the rate was. We think it's going to go higher, so we're putting a higher rate on there."

However, most jobs are booked a year or so out, so Lingo says they are taking a hit for materials in that regard.

"For the jobs we already have contracts on, we're having to eat the increases," he says. "So, there's no change orders because of higher prices."

Lingo says the increased prices is attributing to more competition when Green Shade goes out to bid.

"The market is tighter than it was before," he says. "This spring was very tight. There are a lot of guys bidding for the same work, and as the year's gone on, some of those companies have quit bidding as much just because there is a lot of work right now. So, everyone's replaceable."

Despite this, Lingo says the work keeps coming in.

"If someone calls us for a job right now, we're four to six weeks out because we have such a backlog," he says. "And that's just our short-term jobs. We have long-term jobs that won't be done until August of 2022 and work that won't happen until 2023."

Dan Walmsley

Owner, Island Environments • Hilton Head Island, South Carolina

WALMSLEY SAYS OPEN communication with his customers has led the full-service landscape company to new heights these past two years.

"2020 and 2021 have been phenomenal years for us sales wise," he says. "In 2020, we saw 40% growth and then we're on pace to beat that this year."

Setting clear expectations with new customers is at the forefront of this growth.

"We have open and honest conversations with our clients," Walmsley says. "We tell people right off the bat that we're not the cheapest company and we're not the most expensive, but you'll get the most bang for your buck with us."

Pricing competitively on the island can be tough at times. Walmsley says he's had to fend off lowball offers.

"One of the bigger problems we have around here is that we've got about 64 registered companies on Hilton Head and probably another 40 or so that are unregistered," he says. "Trying to establish pricing to compete with people who don't have the overhead is hard, but so is getting the clientele to realize that the people who don't have the overheard usually don't have the knowledge or knowhow."

Even so, Walmsley says he won't let the threat keep him from losing quality just to deliver a lower price.

"We're trying not to look at any competition," he says. "We're trying to look at ourselves and how can we be the best Island Environments tomorrow and how can we be better tomorrow than we are today. So, a lot of our focus going into the winter will be on how to improve our own processes and procedures to deliver the best we can for our clients."

Walmsley says his team will be ramping up training during the offseason and he experts there to be a few internal promotions as well.

Quality is essential to Island Environments, and another threat to that has been the labor shortage.

"Currently, we have 30 employees," Walmsley says. "Normally we are in the 38-40 range."

In order not to lose quality, the company has transitioned to smaller crew sizes and is looking at making additional changes to its maintenance routes.

"We've tried having thinner crews," he says. "We're on the verge of evaluating whether or not we need to drop some maintenance accounts. Normally, we like to run three-man crews and we just don't have the people to do that at the moment. So, two-man crews have been the norm for us this year other than for our prime accounts."

How concerned are you about the impact of each of these issues on your location's business in the next three years?

10: VERY CONCERNED • 1: NOT AT ALL CONCERNED

High fuel prices	7.3
Quality labor shortage	7.1
High workers' comp costs	6.4
High health insurance costs	6.1
Economic recession	5.8
Personal life stress	5.7
Low-ball competition	5.5
Bad weather	5.4
Lower margins on work	5.3

Ken Silvers

Owner, Ken Silvers Lawn Care • Findlay, Ohio

WHEN SILVERS RESTARTED his business in 2014, he admits things were pretty stagnant for the first few years, but not anymore.

"This year, things have doubled," he says. "All because I answer the phone and I'm out there and I'm recognized."

Silvers credits his spike in sales to really focusing on his branding along with social media promotion.

"I got my website and I'm all over Facebook, so I'm being found," he says.

Silvers says he's posting Facebook Stories daily — featuring everything from his dog, Molly, to his hats, his mowers and his truck.

"The people in Findlay know who Ken Silvers is," he says. "They see my truck parked at coffee shops with the big, giant logo on it. People ask me if I'm Ken Silvers and they'll say, 'I see your truck all over town.'"

Utilizing google and staying on top of SEO has also allowed Silvers to reach a wider audience in his town. He recommends taking the time to fill out a detailed Google Business Profile.

Silver says by embracing his name as the company's, people form more of a personal connection with him.

"My name's on there, and I'm doing the service," he says. "I'm not trying to hide behind some other name."

Silvers had a different landscaping company back in the 1980s, and he says that one got quite large. But now, he says by staying small he's able to deliver better, high-quality service.

"I used to be big, but I decided that's not who I am," he says. "I'm Ken Silvers and I want to service my customers and I have to have the time to do it. So, I won't take on another customer if it takes away from the 30 or so I have now."

Keeping his work within a close radius is also helping Silvers to grow the business.

"I'm not in a big, giant market," he says. "I do not go outside of Findlay within five miles. I can't afford to go 20 miles one way for a lawn. So, I stay small."

Even being a one-man operation, Silvers says he's able to keep up with the competition and charge a fair price.

"People aren't charging enough," he says. "I'm charging $10 to $15 more than most people."

Kim Bius

Owner, Kim's Home and Garden • Huntsville, Texas

THE 36-YEAR-OLD COMPANY Kim Bius runs offers many clients annuals, perennials, ornamentals and even wind chimes. But Kim's Home and Garden also has a landscape design branch for multifamily, commercial and estate clients, and they've been taking new orders every day. Bius says the company is solidly booked through October.

"We're the folks in the industry who people will come to if they want something incredible made," Bius says.

With six employees in the division, Bius also cites the labor shortage as a reason for consternation, even amidst steady revenue flowing in. The division alone — led by a foreman and a landscape designer who's been at the company for 20 years — has produced roughly $600,000 in revenue in 2021 and will continue to rise.

Yet the labor shortage is familiar territory for Bius. What wasn't familiar this season was uncharacteristic weather in Texas pushing back the start of their season and holding up production overall. The Texas freeze in February and, later, 36 inches of rain in a month pushed back when the company got rolling.

"The weather has been bizarre in my part of Texas," she says. "We didn't get kicked off until late April."

Bius says that thankfully, her team managed the storm well. Despite a foot of snow around Valentine's Day, they took every plant they had into a retail facility just to keep the plants alive. Then, when it was over, they had two giant storage containers with heaters in them for the materials.

It's been a while since Bius had to move swiftly like that for freezing weather: She says the day she opened on January 2 in 1985, there was a major ice storm. With a strong sense of déjà vu looming as she kept up-to-date with Texas weather reports this year, she opted to move quickly.

"I just had a feeling how bad it was going to be," she says. "I didn't want to lose $100,000 in plants. It was my dime, so let's get it done."

Is there an exit strategy — an articulated plan to sell your location's business?

52% Yes **36%** No **12%** Don't know

Kody Ketterling

Owner, K.J. Lawn Maintenance and Spraying

Twin Falls, Idaho

STRONG RELATIONSHIPS HELPED Kody Ketterling's company deal with the early goings of COVID-19, and now they're helping the Idaho-based company manage supply chain complications, too.

Interestingly, Ketterling says he's never met two of his clients, and there was one he met last year who lives all the way out in Pennsylvania but owns a property in Idaho. But frequent communication via an app and Zoom meetings has allowed his five-person team to stay close with clients. Ketterling says that nobody has canceled their services with him despite delays in when jobs can get done caused by an industry-wide shortage in supplies.

"You're set out six, seven, eight months – you better order before you even need to order," Ketterling says, adding that his "one-stop shop" company has seen delays in getting parts. It's not just irrigation sprayers or plant materials — it's pretty much everything. "Everything's just been pushed out weeks and weeks and weeks," he says.

The company largely does commercial work and has dealt with a lack of materials by not maxing out the number of jobs the company can ordinarily take on; instead, they're largely servicing the same clients they usually have, albeit some jobs take another day or two because labor is as scarce as supplies. What's more, a heat wave earlier this summer put parts of the West Coast through dangerous temperatures, which meant plants were also more susceptible to dying off early. So, Ketterling contacted his customers and offered a compromise.

"We told all of our customers, 'You can either do this and void your warranty, or you can let us wait until it cools down,'" he says. All of his customers opted for the latter.

Ketterling adds that his company benefits from having had many of their customers for five to 13 years, so those relationships helped in difficult conversations. Besides, it wasn't as though other landscapers in the area weren't also dealing with intense heat, labor shortages and supply chain issues.

"We strive on quality versus speed, so we work pretty close with our clients," Ketterling says. "We don't care if we know you (from in-person meetings) or not, our deal is to do it and to approach it as if you're there all the time. We don't skip steps."

Dana Irwin

Vice president of operations and COO, ExperiGreen • Mishawaka, Indiana

WITH SIX LOCATIONS SPREAD across Indiana, Ohio, Illinois and North Carolina, ExperiGreen has operated since 2016 and does 98% of its chemical lawn care work at residential sites.

As a newer company, the early goings of COVID-19 were frightening — Irwin can readily admit that now. In the Detroit market, pandemic restrictions were particularly tricky to navigate, as they had been shut down all of April when the season started in 2020.

"That was all of production, all the sales, so that really hurt us right when the season started," Irwin says. "I think people were just kind of freaked out."

But that was then, and this is now: Irwin says during the pandemic, his team beefed up its digital marketing unit and the results have been "especially good." The business grew amidst the early goings of COVID, but in 2021, the company is growing past its targets.

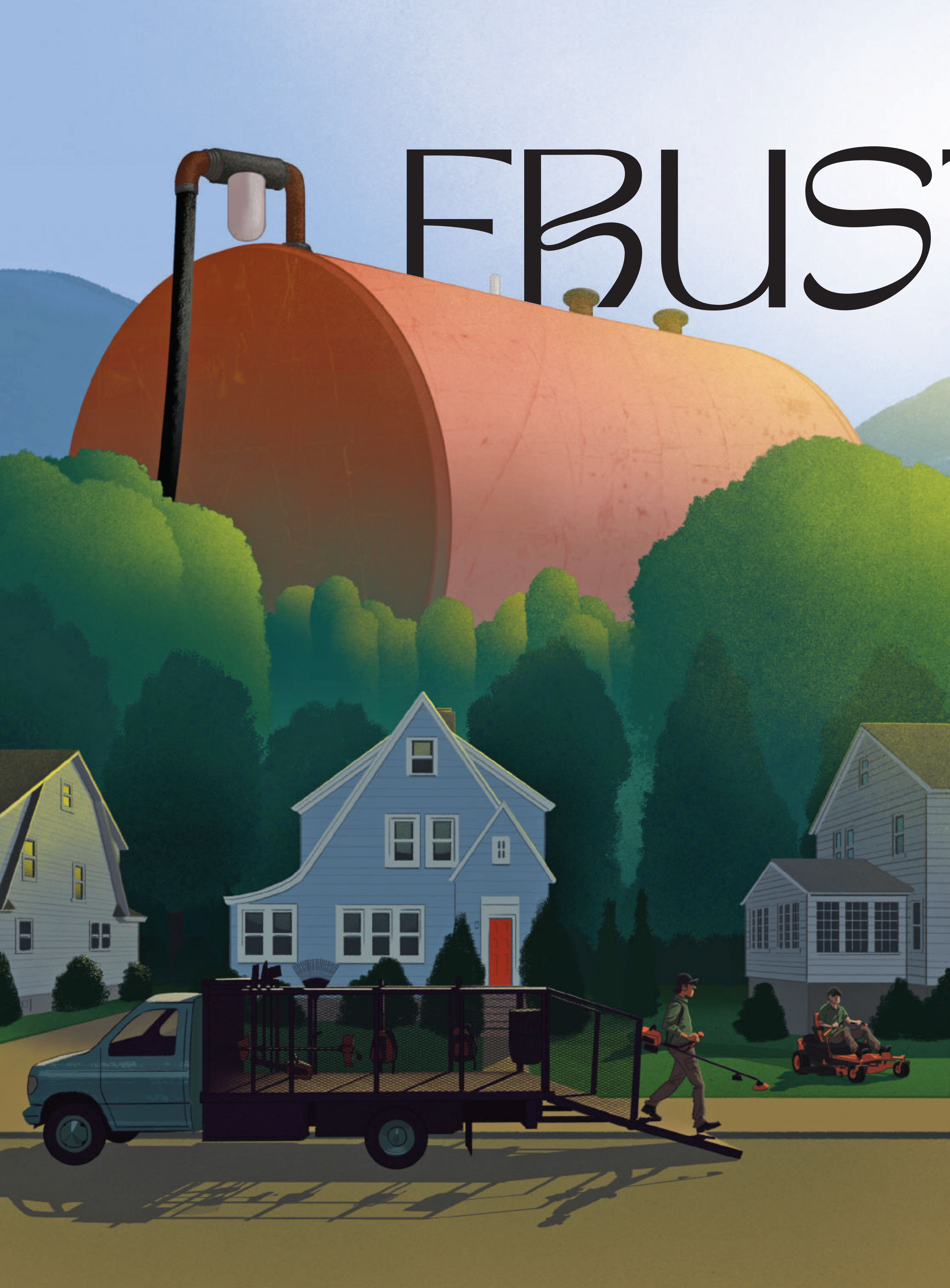
"I think our digital presence and our digital marketing has really taken off this year," Irwin says. "We have our own marketing team with a marketing director and a digital marketing manager, and she has really done a lot for us in building our website, improving our website, making it more interactive."

ExperiGreen puts up two blog posts a week during the season and keeps up with its social media platforms. Irwin says the renewed focus on digital presence during a time where face-to-face has declined has helped — the company even redid its website just before the pandemic began and digital sales have skyrocketed.

"We built up some digital credibility," he says, adding his company's clients (single family homeowners) were able to still spend during COVID and were aided by stimulus money. "I think that demographic is a lot more confident about their economic situation, their job security."

Of course, not all is perfect for ExperiGreen, but Irwin says their problems are issues the whole industry faces, namely labor. The unemployment rate continues to create high competition among companies trying to fill their trucks with new employees, and that also means a race to pay the best in the area has intensified.

"You've probably heard this from other guys, but the recruiting, hiring, staffing situation has just gotten that much more difficult this year," Irwin says. "It's tougher than it ever has been, and we're paying more, too." ●



FRUSTRATED by FUEL

Story by
Kim Lux

Illustration by
Michael Marsicano

RISING GAS PRICES HAVE BECOME A CONCERN, AND CONTRACTORS ARE TRYING THEIR BEST TO CIRCUMVENT THEM.

AS PRICES AT THE GAS STATION continue to rise, landscape contractors say the increases are irritating but a necessary cost of doing business.

Zack Stratton, CEO of Stratton & Bratt, says the Utah-based company's fuel bill is reaching $20,000 a week. However, Stratton says he isn't too worried about the expense.

"For a company of our size, our fuel costs are really just a marginal part of $20 million in sales," he says. "Even a $100,000 bump in fuel costs doesn't really move the needle much for us."

Stratton and Bratt is spending on fuel to power the fleet and equipment needed for crews to be operating at peak performance. During the height of the season, Stratton says there are about 250 employees.

"We have north of 100 trucks, 30 skid-steers in the fleet, mowers, mow crews and the whole bit that goes along with that," he says. "It's pretty extensive."

Over in Healdsburg, Calif., Peter Estournes, vice president of Gardenworks, says high fuel bills are nothing new. But recent spikes in gas prices have been difficult to deal with.

"We're used to it in California," Estournes says. "We hate it. Our fuel bill last month was like $5,000 and typically it's around $2,000 or $3,000."

In September of 2020, gas prices in California averaged about $3.24 a gallon, according to research by AAA. Now, prices have been steadily over $4 a gallon.

"It's showing over on the financials, but the reality is there's nothing we can do about it, and it happens all the time here," Estournes says of the increase. "We're already paying the top amount for fuel in California anyway. The fact that it went from $3.29 to $4.39, it's definitely a bother."

WORKING AROUND THE INCREASE.

Both Estournes and Stratton say their businesses are working to find ways to ease the financial burden of the fuel increases as best they can.

Years ago, Stratton & Bratt developed a strategy for implementing fuel surcharges when prices began to creep up too high.

"We thought about it six years ago when there was another big spike in fuel costs. We got together with the team and added at the bottom of all our contracts the opportunity for us to come back and give a surcharge if fuel costs rise above a certain amount," Stratton says. "At the end of the year, we sat down and made that mark. Last year, we decided that for anything over $3.25 a gallon, we reserve the right to add a surcharge to the bill."

So far in 2021, Stratton says they've been selective in utilizing the surcharge.

"We've exercised it on a handful of our larger accounts that use a lot more fuel and a lot more equipment," he says.

And while some might think that a surcharge would be a surefire way to upset clients, Stratton says his customers have been surprisingly empathetic.

"I think by and large our client base has been pretty receptive and understanding to price increases," he says. "Just because of the overall competitive landscape of what's going on… Obviously, they have their limits, but a 3% increase hasn't been much for them to swallow."

At Gardenworks, Estournes says the business does whatever it can to avoid fuel surcharges. He adds they instead try and weather the uncertainty through thoughtful, thorough financial planning.

"We write it into the budget and write it into our crew average wage, so the burden is on the project," he says.

Estournes says the most effective strategy to lower the costs is by simply utilizing less fuel.

"What we try to do is manage the accounts tighter for lawns and jobs that use power equipment," he says. "So, we'll do a lot more management with the irrigation systems and fertilization. So that most of the summer we can get by with every other week mowing on a lot of projects because we just stop fertilizing so it doesn't grow as fast."

Estournes says having crews be mindful about what equipment is necessary for a job has helped curb their fuel bill.

"We just don't let the guys take the hedge trimmers and things out without knowing what they're going to use them for," he says. "We try to manage the usage of the equipment."

And being water conscious is another contributing factor.

"We're real strict on our water budgets so we aren't inducing extra soft growth," Estournes says.

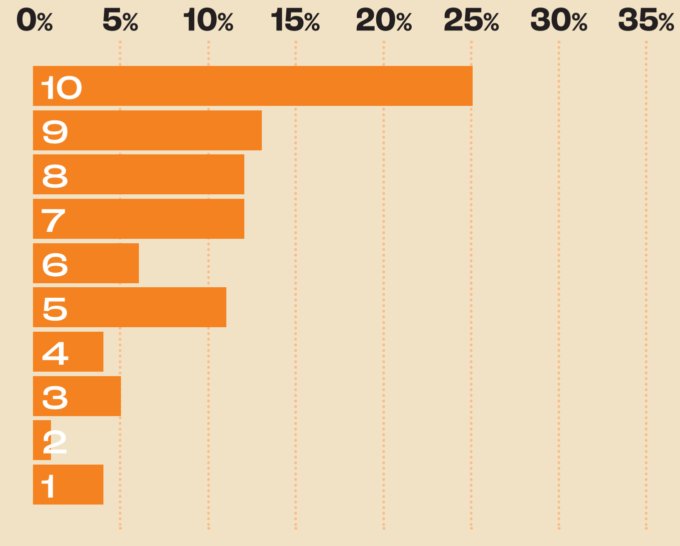
FINDING FUEL ALTERNATIVES.

Since fuel costs are so high and are expected to stay that way for some time, some landscaping companies may consider making the switch over to propane- or battery-powered equipment.

Gardenworks, which averages about 30 employees, isn't ready to go that route just yet though.

How concerned are you about the impact of high fuel prices on your location's business in the next three years?

10: VERY CONCERNED • 1: NOT AT ALL CONCERNED



AVERAGE SCORE BY REVENUE

7.5 Less than $300,000 **7.4** $300,000-$999,999 **6.7** More than $1 million

> "WHAT WE TRY TO DO IS **MANAGE THE ACCOUNTS TIGHTER** FOR LAWNS AND JOBS THAT USE POWER EQUIPMENT."
>
> **Peter Estournes,** vice president of Gardenworks

"We're too small and it'd be too much," Estournes says. "We're looking into it and looking into battery-powered technology. It just doesn't seem to be a good fit yet."

Estournes says the biggest hesitation he has when it comes to adopting battery-powered equipment is the massive overhaul it would take.

"It's a standardization thing," he says. "You'd have to train all the guys to make sure they know to have enough batteries in the truck and that there's a power source to plug into so you can charge…whether that's solar panels on the roof of a trailer or the new trucks out there."

Estournes notes that right now, with all the supply chain problems caused by COVID, replacing an entire fleet of trucks would not be practical.

"We don't have any plans to buy new vehicles right away — especially with the availability of new vehicles and costs," he says.

In fact, Estournes says costs are another reason the company isn't switching over anytime soon.

"They would probably have to bring the cost down a little more," he says of the equipment.

Cost is also associated in Stratton and Bratt holding out from going electric.

"The cost is still a little bit high when you map it out," Stratton says. "There isn't a ton of data on the longevity of that sort of stuff yet. Once data is produced, it's really easy to build a financial model and say, 'We'll pay this off after X amount of years, and this will be our ROI.'"

Stratton says the company has been doing some initial research into battery-powered equipment.

"We've definitely talked about it and are looking into it," he says. "What attracts us to it more than anything is the autonomous mower market. We are always looking into that."

The ongoing labor shortage has made autonomous mowing look even more appealing to Stratton.

"We're no different than anybody else — filling those front-line positions is really challenging," he says. "I tell the guys as we start to look into this, that they won't lose their job. They will just have the opportunity to get retrained and make a higher wage…it really creates an opportunity for them."

Overall, Stratton says he feels his market, and most of the country, isn't quite ready to accommodate the change.

"The challenge we're facing is that we are probably five to seven years away from where the public works infrastructure is set up for us to really consider doing that on scale," he says. "There has to be enough gas stations that have propane or natural gas, or there are enough fueling stations or places to plug in the trucks for electric charging."

AN UNBOTHERED BOTTOM LINE.

Despite paying more at the pump, 2020 and the early part of 2021 has been successful for Gardenworks, yet Estournes expects growth won't be quite at last year's level.

"2020 wasn't too bad, the pandemic notwithstanding," Estournes says. "We managed to meet our budget. Our margin wasn't as good as previous years, but we made our sales budget.

"And it's been about the same," he adds of this year. "Margins are still eroding but we're on track."

The same goes for Stratton and Bratt.

"Revenue is up. Profit is up. And everything is just up across the board," Stratton says.

He also predicts that the fuel prices will be plateauing in Utah sooner rather than later.

"I don't anticipate it doubling or anything," Stratton says. "In Utah, I see it topping out at $4 a gallon, and then holding there before coming back down." ●

THE PANDEMIC BEGAN
WELL OVER A YEAR AGO.
**WHERE DOES THAT LEAVE
CONTRACTORS TODAY?**

Uncertainty still in bloom

Story by **Jimmy Miller** • Illustration by **Michael Marsicano**

GABRIELE LASCO STARTED HIS landscaping company in 1995, at one point managing roughly 500 clients in his area of Texas and employing four people.

But 2020 was particularly difficult for Lasco. Over the last few years, he reduced his staff to just a one-man operation, and he's found a steady decline in the amount of work he once booked. The pandemic served as his company's death sentence: He didn't have the resources on his own to navigate COVID-19.

Larger businesses in his area could equip their employees with proper PPE and disinfect their materials after use, and Lasco found he lost nearly all of his clients who seemed "terrified" to meet with him. Other companies had better resources allocated toward advertising, while Lasco says he never garnered an audience on social media like some of his peers at larger companies.

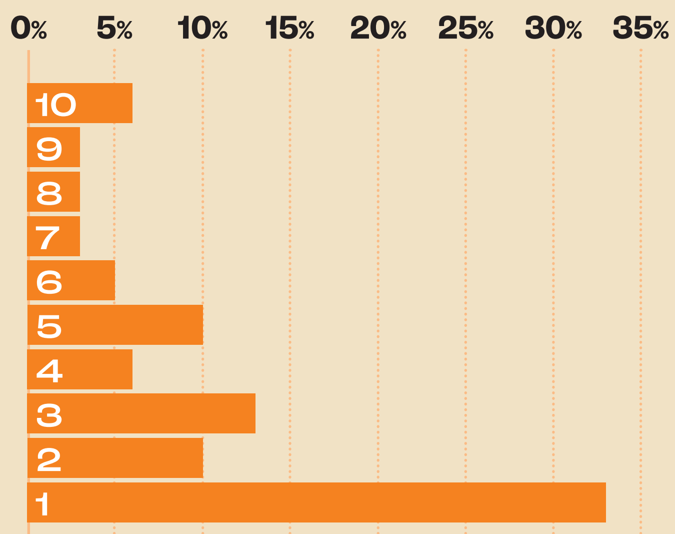
Earlier this summer, Lasco decided to close up shop. His company that earned him money through thick and thin — even the Great Recession in 2007-2009 — could no longer support him. Lasco is still deciding what's next for him. He could go work for another landscaping company, or he might end up leaving the industry altogether.

"That's life. There's nothing you can do about it," Lasco says. "It is what it is, and it's nobody's fault. Nobody wants this. I guess everybody's struggling."

COVID might not have decimated most companies like it has Lasco's, — in fact, some had record breaking years — but uncertainty remains

How concerned are you about the impact of COVID on your location's business in the next three years?

10: VERY CONCERNED • 1: NOT AT ALL CONCERNED



AVERAGE SCORE BY REVENUE

3.5 Less than $300,000 **4** $300,000-$999,999 **3.4** More than $1 million

RESPONDENT'S COVID CONCERN (FROM 1-10) **IN 2021 COMPARED WITH 2020**

3.5 2021 **5.5** 2020

around what's next in this pandemic that remains. The State of the Industry research indicates most contractors are worrying less about COVID than they were in the year prior, but as phrases like "Delta variant" and "booster shot" become more common, so does the precariousness of the pandemic.

"(I went) months and months and months with no money," Lasco says, adding he just recently sold his truck as well. "I just couldn't keep hoping something happened."

MANAGING AMIDST COVID.

While Lasco's company faded during COVID, Ben Whagner in Virginia decided to start his own. In June 2020, Whagner opened the doors to Rivah Lawn and Landscapes and says he has no regrets starting a company in the pandemic.

That's not to say there aren't still struggles. Whagner says his company didn't receive the same grant money other small, local businesses received at the very beginning of the pandemic, and of his initial four employees, two have already left the company. Finding new labor is a chore, and even after some unemployment money from the government dried up, Whagner says he still hasn't seen a good number of applications come in.

Even through that, Whagner says his company has managed to succeed. But COVID itself — and not just the lingering economic consequences — has also caused issues at his company. Just recently, Whagner spent $500 to put one of his employees up in a hotel because the rest of the employee's family tested positive for COVID. Whagner spent more money to help his employee get a test and then paid his employee for two workless days while they awaited test results.

The test came back negative, and the employee returned to work. Still, Whagner says he's going to continue to roll with the punches as COVID has forced him to do several times already.

"I'm concerned," he says. "COVID's not gone, and I don't know when it's going to be gone. I think we've got some serious issues coming down the pipeline."

Whagner says that he's balanced being a responsible employer during COVID with also allowing his employees to get the job done without being overbearing.

"I'm not overprotective, but I keep a mask with me, and we're not usually together a lot," he says. "We usually drive separate, and they've got masks."

LINGERING EFFECTS.

Ted Glaser's company has managed to return much of their daily processes to normal. Operating out of Lincoln, Nebraska, Summit Lawns is back to working fully in person, including in the office. There are exceptions, like when the team needs to buckle down to prevent the spread of COVID. When Glaser was interviewed for this story, he was working remotely because he was exposed to someone who tested positive.

"We follow whatever local mandates are in effect," Glaser says. "If we know someone had direct exposure, we keep them out of the office."

He added that getting supplies and equipment has been more challenging than in years past, but there could be plenty of other contributing factors in 2021 than just COVID. Weather is a big factor, like the Texas freeze, and hot, dry climates causing problems with low grass seed numbers in Oregon. But Glaser says his company is definitely feeling the pinch: He's kicking himself for not ordering tractors he needs for snow removal season because now he's not sure he'll get them in time.

"Here I am trying to get tractors for snow removal that'll be here when the grass is green in the spring," he says.

Of course, like Whagner mentioned, the other issue is labor. Glaser laughs when his friends from other industries bring up their recent labor shortages that arose because of the pandemic. In the green industry, that problem's long been plaguing companies.

"We've been in a shortage for several years — welcome to the party," he says. "Labor has been extremely difficult, and COVID has not made it any easier."

LOOKING AHEAD.

It's uncertain whether things are getting better — Glaser says his city just reimplemented a mask mandate — but operating in COVID also doesn't feel as foreign as it did when the pandemic first began.

"We're working pretty day-to-day," Whagner says. "We just don't know what's going to happen with COVID."

While Whagner started a company in the pandemic, Glaser has improved his. He doesn't know if he can directly attribute his company's aggressive growth path to COVID or to improved processes — he admits that maybe it's a bit of both. He has owned Summit Lawns for the duration of its nearly 10 years in operation. With roughly 20 employees helping the company earn $2 million in revenue this year, Glaser says his company has evolved dramatically in the last 12 months.

"On one hand, people have said since people aren't traveling, people are investing in their homes. On the other hand, we've built up on the infrastructure of our business... our processes are better. We are a better company," Glaser says. "I think being in a scenario where if you're going to survive, you need to adapt and adapt quickly... scenarios like this will put you in a place where you go, 'YOLO. Let's huck it.' I would say we're probably a little more open to making big changes quickly (since COVID began)."

There are some silver linings for all the contractors operating in COVID, even for Lasco, who had to shut down his company. He says he has no hard feelings about the tough luck, adding that he had fun running the company and it helped him learn lessons about perseverance.

"I realized my dream: a house," Lasco says. "It's all paid off. That's what the sacrifice was all for."

> "...SCENARIOS LIKE THIS WILL PUT YOU IN A PLACE WHERE YOU GO, **'YOLO. LET'S HUCK IT.'** I WOULD SAY WE'RE PROBABLY A LITTLE MORE OPEN TO MAKING BIG CHANGES QUICKLY (SINCE COVID BEGAN)."
>
> **Ted Glaser,** owner, Summit Lawns

19% more of our respondents were very concerned about COVID's effect on the industry in 2020 compared with 2021.