

Consumer confidence is rising and backlogs are getting bigger for design/build contractors across the country. By [Kate Spirgen](#)



RIPE for the picking

LANDSCAPE COMPANIES FROM COAST TO COAST HAD A GREAT YEAR IN 2014, and while most say that the market has still not fully recovered to pre-recession numbers, things are looking good. Consumer confidence is on the rise, and coupled with a healthy housing market, jobs are really starting to take off.

Mirror Landscapes in Dixon, Ill., grew 10 to 15 percent last year, with most of the new work coming from the design/build side of the business.

“When we were looking at jobs and talking to customers, there was definitely a little bit more confidence – a little bit more willingness to spend more money,” says Operations and Sales Manager Jason Hemmer. “We actually had one very large job that probably wouldn’t have happened a couple of years ago with the way the economy was.”

A willingness to spend has led to comfortable backlogs and good profit margins for most, giving them a strong foundation for a great 2015. Of 160 respondents to our survey, 96 percent say customer confidence is either strong or average, and 26 percent have a backlog of five weeks or more.

Companies are still struggling to find and keep talent on their teams, and to educate customers about the value of the work they do in order to charge reasonable prices, but in general, things are looking up.

A STRONG MARKET. As the economy and the housing market recover, customer confidence is up from coast to coast. With more money to go around, projects are increasing in numbers and in scope.

“The area we’re in is very agriculturally based and so last year was a real good year for farm prices, so that always helps us,” says Dave Wright, president at Kimberly Nurseries Landscape & Irrigation in Twin Falls, Idaho.

A solid year for farmers, plus a generally improving local economy has his company already 10 percent ahead of budget for the year. Many contractors report that their customers are staying in their homes longer and investing in projects they’ve had to put off due to the financial crisis in 2008. Homeowners seem to be leaning toward backyard renovations to enjoy the time they spend at home.

ProGreen Lawn and Landscape in Birmingham, Ala., is up about 18 percent over 2014, which CEO Wade Horton says is due to increased consumer confidence. His company deals mainly in high-end residential accounts, and he says he sees people updating and investing in the homes they’re in. “They might have had a mediocre backyard before and now they want an ultimate backyard that’s as nice as can be because they’re going to stay there another 20 years,” he says.



To learn more about the state of the design/build industry, including the most popular design elements and projected revenues, see our exclusive research on **pg. 66**. For more photos of design/build projects by landscapers in this article, turn to **pg. 68**.

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STAYING ON TREND.

Gone are the days of the basic hot tub and flat patio designs. Nowadays, homeowners want to bring the indoors out, and they're asking for fire pits, outdoor kitchens and other elements to turn their backyards into more enclosed outdoor living areas.

"What we're working on now is a lot of intimate home space for people, so things like fire pits, water features, pergolas – things that really add character to their outdoor living space," Wright says.

For Bahler Brothers in South Windsor, Conn., patios, walk-

How would you categorize customer confidence in your market?



- Strong – 53%
- Average – 43%
- Weak – 4%

ways and retaining walls have been the staple for 30 years, but landscape lighting has recently seen a lot of growth. The company added residential putting greens to its offerings this year and has gotten a great response.

"We had quite a few people requesting it last year, so we started doing some research and figuring out this might be a little niche we can carve out for ourselves," says Jen Kloter, landscape designer and salesperson, noting that it's a natural fit since the artificial turf goes on the same base as pavers. "It's a good fit for the type of client that we're going for."



How to hire construction crews

Good help is still hard to find (and to keep), but there are ways to do it. Look for a good attitude and a willingness to learn, landscapers say. Some experience is nice, but many say they would prefer not to hire employees that could bring bad habits to the shop.

As a growing company, Hiner Landscapes had 100 percent turnover last year – twice. Owner Matt Hiner says it was the hardest year he's gone through. Jobs that should have taken two weeks were taking four. The labor shortage in Colorado Springs made it easy for employees to chase that extra dollar an hour, and because Hiner was locked into contracts with existing labor rates, he was stuck.

"This year, I just didn't play around with it," he says. "I raised my rates and I've since hired guys that are much more expensive than I'm used to but it's what I had to do." His bids have increased about 5 percent to deal with the increased cost.

He built his budget around the increased labor costs, stuck to his guns on pricing and hasn't seen an impact on sales because of it.

Greg Omasta, founder of Omasta Landscaping in Hadley, Mass., has been in business for 36 years and says he never steals employees from other companies. He prefers to teach his crews the right way to do things from the start. And with the University of Massachusetts and the Stockbridge School of Agriculture right next door, he's looking to hire more people with some college background.

Mike Iatona, vice president of operations at Desperate Landscapes in Dunmore, Penn., goes through around a dozen

employees a year, but now he has a good crew of four guys – all referrals – he can rely on to get the job done right. The crew is almost like family now. He'll fire up the grill and throw a few steaks on after work on Fridays. "They are employees; that's first and foremost," he says. "But we treat them good and they treat us good so that's really it."

Treating people the right way is also key for Rich Schipul, president of Designing Eden in Connecticut. He tries to make sure his estimates are realistic so he isn't acting as a task master.

And it's crucial to show crews that they're not only appreciated, but there are opportunities for them to grow with the company. "I think it's important to see that there's room to grow," says Kevin O'Brien, landscape designer with Lifestyle Landscaping in Ohio. "It's not a dead-end company; it's not just a job."

Younger customers are leaning toward low-maintenance and sustainable options like pollinator-friendly plantings. They don't want their mom and dad's garden. Instead, they're looking for an easier option. "They feel

like they're contributing to a bigger cause and maybe that's part of it," says Kevin O'Brien, landscape designer with Lifestyle Landscaping in North Ridgeville, Ohio. "I think with that age group, they want to make sure

that the money they're investing is at least perceived as serving a greater good."

In Colorado Springs, Colo., Matt Hiner, owner of Hiner Landscapes, says his company is putting in a lot less grass than

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before. “We’re high plains desert here so everybody is trying to follow xeriscape rules,” he says. “Long gone are the days when you put down grass because that’s what you do. Water is such a precious commodity here that people don’t want to waste it.”

EDUCATING THE CUSTOMER. One of the biggest challenges for companies offering design/build services is showing potential customers the value of what they’re buying. With all of the do-it-yourself shows on TV, plus competition from “fly-by-nighters,” as Mike latona says, an emphasis on quality craftsmanship is key.

The biggest challenge right now for latona, vice president of operations at Desperate Landscapes in Dunmore, Penn., is customer perception. Potential clients either think a project will be too expensive for their budget, or people who think the price is much higher than it should be.

He gets around the problem by giving free estimates, then spelling out the price line by line with the client. “There’s really no way around it other than ‘Here’s the price,’” he says. “Education is the biggest key.”

Wright uses advertising and social media to show customers the value of what he does. Existing clients are all asked

to take a survey once their projects are complete and Wright shares the results that show high satisfaction and good value for the dollar spent. He also shares written testimonials from happy clients with potential customers.

In Ohio, O’Brien also tries to show the care and passion he and his team have for their work. Rather than showing potential clients what his company does, he tells them why. He uses the company blog, social media and marketing to showcase his team and humanize the work, which helps the company find the right kind of customer – one who isn’t just focused on a cheap price.

“It gets people to get to know them so we’re not necessarily showing built patios anymore; we’re kind of showing our people and why our people are excited about what they do and that excitement kind of translates to the job,” he says. **L&L**



ABOVE: Stone paver patios ranked at the top of the list of design elements requested by customers this year. **BELOW:** Also high on the list were pergolas, retaining walls and firepits. Turn to pg. 66 for more.



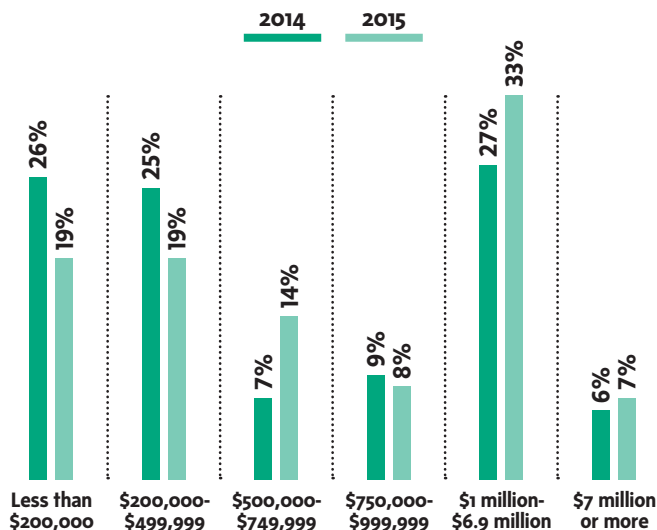
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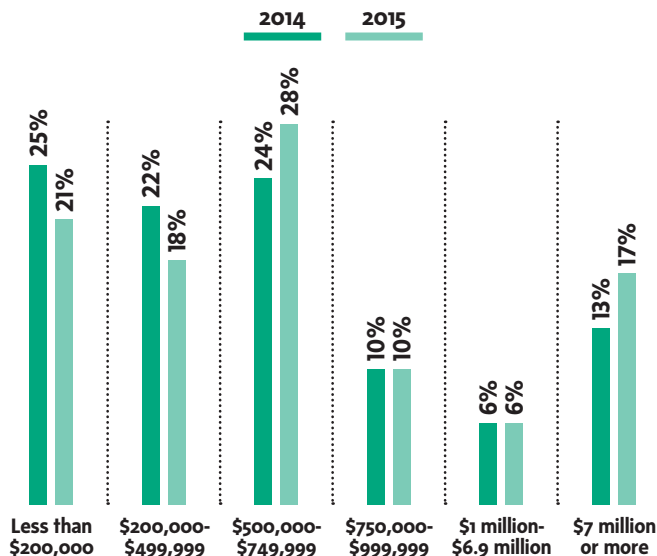
Design/build is on the rise

We asked 160 landscape contractors about the state of their design/build business this spring. The responses were overwhelmingly positive with good backlog and high levels of customer confidence in the market, as well as revenue growth in 2015. Top challenges include finding good, reliable employees, low-cost competition and managing customer expectations.

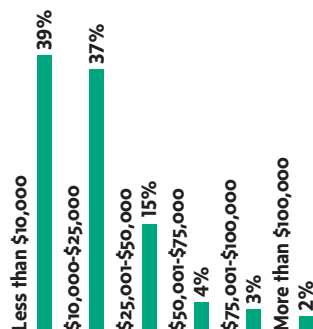
What is your company's overall gross revenue for 2014, and what's your company's projected overall gross revenue for 2015?



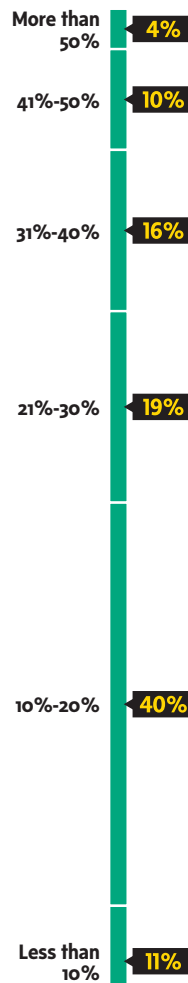
What is your company's construction or design/build revenue for 2014, and what is your company's projected construction or design/build revenue for 2015?



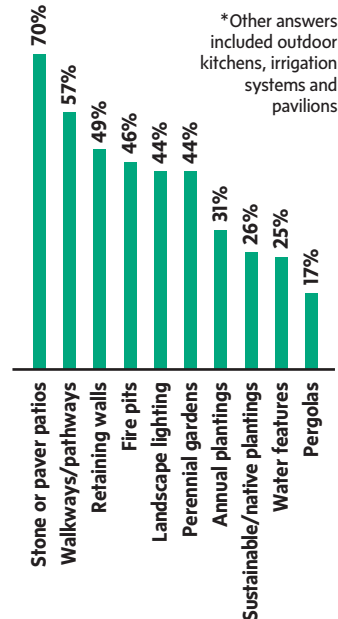
What's the average price for a design/build job for your company?



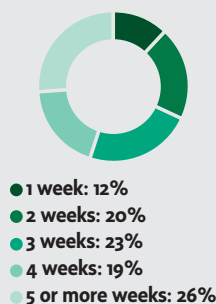
What's your average gross profit margin on design/build or construction work?



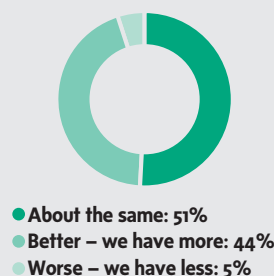
What were your customers' most-requested design elements last year? These are the top 10 responses:



What is your backlog for construction projects going into the 2015 season?

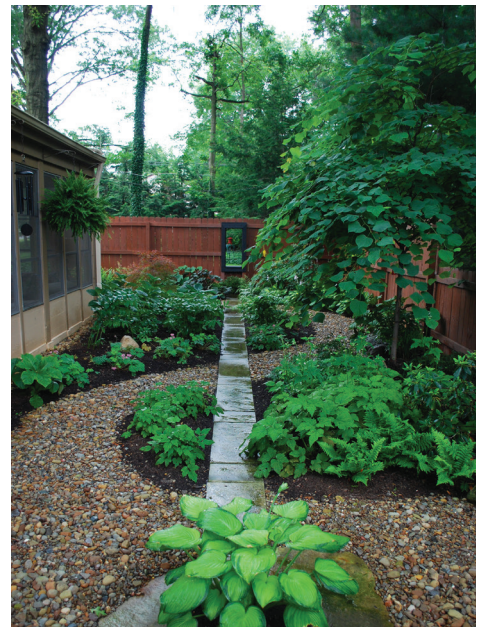


How does your backlog compare to the same time last year?





Bahler Brothers



Lifestyle Landscaping



Hiner Landscapes



Designing Eden



Lifestyle Landscaping



Lifestyle Landscaping

► Customers are focused on outdoor living and connection with nature. Their most-requested design elements include stone patios, walkways, firepits and water features.