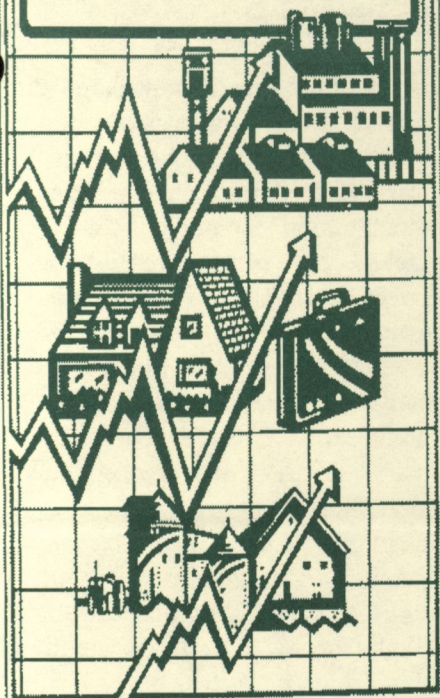


AUG / SEPT 2000



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BUSINESS MANAGEMENT

Turfgrass Producers International

U.S. (Perhaps World) Economy Shows Cooling

Residential Building Declines

Residential construction, the driving force behind the unprecedented economic expansion of the last 9-10 years is showing definite signs of a slow-down according to both the National Association of Home Builders and the F.W. Dodge Division of The McGraw-Hill Companies. While these reports focus on the U.S., concerns are also being raised around the world.

Turfgrass sod producers finalizing fall planting plans may want to closely examine construction trends and projections in their market areas before proceeding with plans that may have called for acreage expansion, or even maintaining the status quo.

At least within the U.S., current sales, sales expectations, buyer traffic and the sales of new and existing homes have all lost ground according to the National Association of Home Builders (NAHB). The latest F.W. Dodge report also notes, "residential building continued to lose momentum, falling for the third month in a row."

Although the current inventory of residential projects now being completed will provide an excellent turf market for many more months, savvy producers will start to look at sales potentials one to two years into the future. In addition, producers who have tended to rely almost exclusively on residential projects may

begin to consider ways they can expand their markets. Niche markets such as sports fields, golf courses, highway projects and even home lawn renovation may be areas for consideration by more producers.

Also worth exploring may be so called-nonbuilding and nonresidential construction markets. Funded by city, state and federal tax dollars, these two areas that include projects such as convention centers, schools, public buildings, sewer and water supply projects have all experienced considerable growth and show few signs of slowing.

Market trends show considerable variation and producers are encouraged to carefully examine their particular market before making any significant alterations to their operation.

ITPF "Share The Water" Brochure a Valuable New Aid

To help "ensure a fair and reasonable distribution of water," TPI's Water Policy Committee teamed-up with the International Turf Producers Foundation to produce a valuable new brochure titled, "Share The Water."

In step-by-step fashion, the four-color pamphlet describes how turf producers and other green industry professionals can coordinate their information and efforts to protect the environment and economy.

TPI members are encouraged to distribute copies of the brochure to as many green industry groups and individuals as possible. Copies can be purchased from TPI at a cost of \$20 for 100 or \$75 for 500, by calling 800/405-8873 or 847/705-9898, fax orders to 847/705-8347.

Benefits to Stop for Non-Renewals

Farms and firms who have not renewed their TPI membership for 2000-2001 will stop receiving benefits, including this newsletter, "Turf News" magazine and other valuable services.

To determine renewal status, contact the TPI office at 800/405-8873 or 847/705-9898.

Taking Care of Business: How to Compute the True Cost of a Loan

Source:

The Business Owner newsletter

Discounted notes. Compensating balances. Commitment fees. Bank clearing days. All of these added loan charges increase your overall cost of capital. Knowing the components and the calculations in these overall costs will help you negotiate a better loan package and more intelligently compare loan options from different lenders.

Too many borrowers look only at the stated interest rate in comparing loan packages and choosing lenders. But the effective interest rate is a better measure of total or overall costs. Based on the following example, you can calculate the effective interest cost for each of the components that make up the loan package, as well as the total cost of the loan.

Example:

Amount of Loan	\$100,000
Interest Rate	12 percent
Compensating Balance	10 percent
Commitment Fee	1 percent

Discounted Note—When a lender discounts a business or personal note, it takes the interest in advance, at closing. For example, \$12,000 (interest) divided by \$88,000 (net proceeds) equals 13.6 percent (13 percent increase above 12 percent.)

Compensating Balance—When compensating balances are required on a loan, the borrower has to maintain a certain percentage of the loan amount in the business checking account. For example, \$12,000 (interest) divided by \$90,000 (net proceeds) equals 13.3 percent (11 percent increase).

Combined Effect—Collective example, \$12,000 (interest) divided by \$78,000 (net proceeds) equals 15.4 percent (28 percent increase). *The \$78,000 net proceeds is the \$100,000 loan less discounted interest of \$12,000, less the compensating balance of \$10,000.*

As you can see from these loan examples, when both discounting and compensating balance requirements

are part of the financing package, the effective interest rate is substantially higher than the quoted 12 percent interest rate. In this case, the actual interest rate is 15.4 percent—an increase of 3.4 percentage points, or 28 percent additional cost of capital.

Commitment fees—Sometimes lenders charge a commitment fee, usually a percentage of the loan amount not taken down (borrowed) at closing and are similar to origination and application fees or points charged on a mortgage loan. These fees must be included in computing the effective interest rate by adding the points to the interest cost and subtracting the points from your proceeds.

Bottom Line—On any financing, don't be so blinded by the stated interest rate that you fail to consider the impact of other charges on the real cost of your loan. Those real costs should be the basis for comparing financing offers from different sources of capital.

Marketing Tip Using the Telephone Effectively

Wendell Mathews
Contributing Editor

TPI members place great importance on the telephone as a promotional and advertising tool. It is the primary link between their businesses and their customers. Consequently, the same professionalism that goes into developing effective promotional or advertising materials should also be applied to using the phone.

To help you and your staff members get the most out of every phone conversation - especially with customers - consider the following questions and personalize them for your specific operation.

1. What is my purpose in calling (to inform, inquire, persuade, document or create goodwill)?
2. What do I want my listener to do, say or decide?
3. What images (company, product

or myself) do I want to project?

4. What approach (or style) should I use to satisfy the person I'm calling to get the results I want?

You may want to plan your phone conversations ahead of time by creating an outline that answers the above questions.

You also need to recognize other factors that can affect phone results, such as whether you are:

1. Selling yourself with confidence and enthusiasm, taking responsibility for the call's resolution and paying attention to details.
2. Knowledgeable about your products/services by relating customer benefits (not just features).
3. Putting the customers at ease with humor or general comments to make the interaction enjoyable.

4. Demonstrating understanding of each customer's unique needs through proactive listening.

I highly recommend tape recording your voice and playing it back. Listen carefully to your clarity, volume, pronunciation, speed, tone and use of slang. Do you add variation by changing your rate and volume? Do you listen more than you talk (60% listening is best)? Do you have a telephone smile (facial expressions and general body language transmit to your voice's tonal qualities)?

Addressing these variables and enhancing your telephone speaking effectiveness are critical to your company's success. Your customers will show their appreciation by reacting positively

There you have it!

Are You a Slave to Time?

Getting Rid of Gridlock

Are there so many demands on your time that you can't squeeze another second out of your schedule? If so, you have "timelock." Just as gridlock stops traffic, timelock stops productivity. Here's What to do to get unlocked:

Think of what you want out of life—not how much you can get done. Assess all your activities. If they add to your life, keep them; if not, eliminate them whenever possible.

Understand your body clock. It is irregular and not as uniform as time from a clock. Identify its peak times. That is when to schedule especially difficult work.

Don't crowd every minute with some task. If you do, tension rises and effectiveness declines.

Slow down. Do not be addicted to rushing. Ask, "Why am I rushing? What will happen if I don't? Know the difference between necessary haste and impatience.

Subtract an old activity or project of lesser importance when you add a new one of greater priority.

The Five Major Time Wasters

Along the same lines of reasoning, it is good to be aware of the major time wasters that cause gridlock. They are:

Spreading yourself too thin by trying to do too many things at once. *Suggestion:* You must set priorities for each day and, if necessary, each hour. Get the most important things done first.

Being afraid to delegate. *Suggestion:* convince yourself that it is not necessary to do everything yourself. You can still be certain that things are being done the way you want them to be when you delegate.

Not wanting to say "no" to requests. *Suggestion:* You cannot possibly do everything you are asked to do. Simply decide what you must do - and what to do - and say "no" to all other requests.

Being tied to the telephone. *Suggestion:* Use an answering machine or have others screen your calls until you can schedule an hour to return calls.

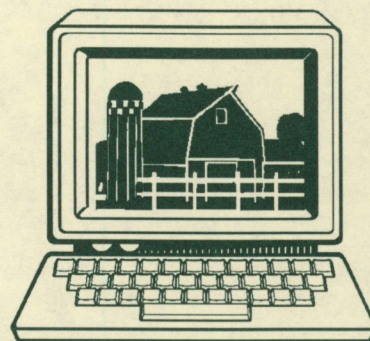
Procrastinating. *Suggestions:* Do the unpleasant chores first. Divide large tasks into smaller ones. Reward yourself when you accomplish something.

Shrewder Computing

Go Back...

One way to avoid problems with your computer back-up procedures is to let the computer do the work for you. The best laid plans for backing up your files will fall short in several circumstances:

- If you only use one week's worth of back-up disks, your back-ups are limited to files less than seven days old.
- If your system crashes in the middle of an application, your back-up may not have yet saved a recent version of your work.
- You're sure you've backed-up a file, but now you can't retrieve it from your back-up media.



Many systems allow you to schedule automated, periodic or overnight back-ups, but the best we've seen lately takes backing-up to a new level. "GoBack" by Adapted in essence takes a 'snapshot' of your system configuration, as well as every file you open. The software then catalogs the files by date/time and name, making retrieval a breeze! You can also take advantage of its "hard-drive revert" function which allows you to return your hard-drive to the way it was a minute ago...or any moment in the past when it was working the way you wanted it to.

You decide how much hard-drive space you want GoBack to use for its history/catalog, and you have the option of clearing the history file to free up disk space. GoBack is easy on the wallet too...under \$80 U.S. If you need it only once, you'll find that it pays for itself!

Communicate Better at Work

Employees often express concern about the quality and quantity of communication at work. While some claim that management gives only lip service to open communications, doing little to really communicate with them, others criticize their managers for believing that posting notices on bulletin boards and sending out memos provide adequate communication.

*"Communication isn't Over
when you finish
delivering your message."*

Still others say they receive vague instructions that are difficult to follow.

Ineffective communication often results in poor cooperation and coordination, lower productivity, undercurrents of tension, gossip and rumors, and increased turnover and absenteeism.

Experience shows many ways exist for managers to improve internal communication.

Here are some things you can do:

Understand that communication is a two-way street. It involves giving information and getting feedback from employees. It isn't finished when information is given.

Put more emphasis on face-to-face communication with employees. Do not rely on any one form, like bulletin boards, e-mail and other written communications.

Ask yourself, each time you give an instruction, if the message is clear. For example: If an employee spends too much time chatting with others, be specific.

View information as "service to" employees and not "power over" them.

Listen to employees; show respect for them when they speak and ask questions to show interest and clarify points.

Conduct one-on-one meetings to exchange ideas on how you can help him or her do a better job and vice versa.

Concentrate on building credibility and a climate of trust with employees.

TPI Action

CONNECT TO TPI'S WEBSITE (<http://www.TurfGrassSod.org>) for up-to-date information on the turfgrass sod production industry. The site is being continually expanded, with new links also being added on a regular basis. The "members only" section offers brochures and background information that can be of special assistance to individual firms. (Follow the on-screen directions to obtain the revised password to this section.)

In addition to the TPI site, the organization also manages the Lawn Institute site (<http://www.LawnInstitute.com>), which is directed more to consumer issues and questions.

TPI'S "RESOURCE DIRECTORY 2001" is now being planned and members are encouraged to suggest information topics they would find useful. Distribution of the annual publication is scheduled for December, 2000. Advertisers who are looking for a means to keep their name and products in front of turfgrass sod producers throughout the year should contact the TPI office for rates and closing dates.

FOUNDATION FUND-RAISING EFFORTS OFFER OPTIONS that all members can support. These include the following:

1. Annual Campaign--contribute \$2.00 per acre to support general research
2. Auctions--contribute an item (vacation condo, sports tickets or mementos, hand-made items, etc), or bid on donated items to support research
3. Water Right Campaign--donations from \$15,000 or less support turf and landscape, water-related research and education
4. Al Gardner Memorial Golf Tournament--support water related research while enjoying a fun round of golf at the TPI Midwinter Conference.

To Receive Additional Information On Any of These Items, Contact the TPI Office

Phone: 800/405-8873 or 847/705-9898

Fax: 847/705-8347 or e-mail: Turf-Grass@msn.com

Website: <http://www.TurfgrassSod.org>

Jest For The Fun Of It

Things to Ponder...

You must learn from the mistakes of others because you can't possibly live long enough to make them all yourself.

Be tolerant of those who disagree with you; after all, they have a right to their own ridiculous opinions.

Golf is a game where the ball seldom lies as well as the player who hits it.

Is this How Life Really Works?

- If you love something, set it free.
- If it comes back, it will always be yours.
- If it doesn't come back, it was never yours to begin with.
- But, if it just sits in your living room, messes up your stuff, eats our food, uses your telephone, takes your money, and doesn't appear to realize that you had set it free...

...you either married it, or gave birth to it!

BUSINESS MANAGEMENT

Turfgrass Producers International
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