

OCT/NOV 2000



ISSUE HIGHLIGHTS

Financial Controls Page 3
Effective but Tough Steps to Boost Your Growth and Bottom Line

4th Quarter Close-Out Page 1
Effective Year-End Tax Actions

Jest for the Fun of It. Page 4
TPI's "funny business" Department

Marketing Tip Page 2
Paying Attention to Customers Can Increase Sales

Shrewder Computing Page 3
Training and Printer Considerations

Taking Care of Business Page 3
Should Turfgrass Farms Install Sod?

Tax Deductible Page 1
Four Ways of Contributing to ITPF to Help Support Sod Research

TPI Action Page 4
— *Nominate a TPI Board Candidate*
— *Be Pro-Active in Sharing Your Concerns/Expertise*
— *For U.S. Members, Voting in Upcoming Election Can Impact the Future*

Turf News Editor Retires Page 4
Help Us Surprise Wendell Mathews

BUSINESS MANAGEMENT

Turfgrass Producers International

4th Quarter Close-out

Effective Year-End Tax Actions

The most effective way to reduce taxes is to act throughout the year in ways that maximize deductions and minimize the actual tax load, right to the positive edge of permissibility.

While the concept may be very desirable and even well intentioned, too often not enough gets done to reduce taxes until the accountants sit down after the first of the year, work through the numbers and give you the results...a severe case of too little (tax reduction), that is, too late (to be effective).

Although specific tax laws will vary (perhaps considerably) from country to country, many have common features that can effectively reduce tax burdens. Specific advice should be obtained by qualified tax counsel on the following:

1. **Capital Purchases**—putting depreciable capital equipment to work before the end of the year could gain full-year tax benefits and give your farm longer use of the equipment.

2. **Defer Income**—if next year's income is anticipated to be less, defer as much of this year's income into next

year's to reduce the effective tax rates.

3. **Advance Income**—if next year's income is expected to be higher than this year's (especially if tax rates are expected to increase) take as much income this year as possible

4. **Charitable Contributions**—in the form of cash, stocks, goods and services (that have a stateable value), will reduce taxable income for the company and provided much needed income to organizations such as the International Turf Producers Foundation (ITPF).

5. **Take short-term losses**—in stocks, etc., in the fourth quarter to reduce total and perhaps taxable gains, especially if capital gains tax rates are exceptionally high and not expected to go down in the near term.

6. **One-time family gifts**—for example, in the U.S., parents may give up to \$10,000 each to any family member on a tax-free basis. Transferring wealth in this manner can help fund future college needs, weddings, home purchases and even business ownership transfers. Typically, the gift is not taxable to the recipient.

Tax Deductible ITPF Contributions Support Sod Research

Every year, the *International Turf Producers Foundation's* ability to select and fund research specific to the turfgrass sod industry is totally reliant on the amount of money it can raise from interested and concerned members. To offer a variety of programs and support levels, contributions to ITPF can be made in one or more of the following fund-raising programs:

\$2.00/Acre Annual Campaign—for general research, farms contribute an amount equal to one mowing of their turf or \$2.00 per acre.

Silent (and not so silent) Auctions—accept donated items from farms and exhibitors at the Conference

or Convention that are then auctioned to raise money for general research.

Al Gardner Memorial Golf Tournament—golfers of all skill levels gather at the Winter Conference to raise funds for water-related research,

Water Right Campaign—with a \$500,000 goal for water-related research and education, accepts cash contributions from members and vendors in four different levels, ranging from Champions (\$5,000/year for three years) to Advocates (under \$1,000 a year for three years).

Contact ITPF at 1855-A Hicks Rd., Rolling Meadows, IL 60008 or 847/705-9898 for more information about contributing to support sod related research

BEARD
COLLECTION

Taking Care of Business: Turfgrass Farms and Sod Installation

Gene McIlwean
Mackilwean Turf Farm
New Burn, NC

Should turf farms be involved with sod installation?

In the past 15 years the sod industry has made giant strides in new turfgrasses and the development of a wide array of harvesting, sod handling and installation machinery. To meet the demands of the public, turf farms have evolved in a number of directions:

- Earlier sod farms grew sod and sold golf course grasses; some also provided sprigging for golf course construction.
- Later turf farms began selling residential and commercial lawn grasses and offering installation.
- Smaller turf farms—200 acres or less with smaller work forces—leaned toward installation services.

Of course, there are advantages and disadvantages in whatever direction your turfgrass business goes. Growing and selling sod—and leaving the installation to others—has the advantage of requiring a smaller work force, which translates to

less personnel problems. Also, you don't have the worry of about competing with potential customers, such as landscapers or contractors.

Installing sod can be a profitable part of your business. Compared to equivalent size farms that do installation, your grass sales may be the same while your gross sales could be as much as 50 percent less. At approximately \$1 per sq. yd., the average residential installation will contribute \$1,000 to your gross income at an estimated cost of \$500 in additional labor and machinery for a typical one-day job. There are cost efficiencies to be gained in larger jobs.

Before committing to installation, however, give careful thought to the fact you will need to add personnel and machinery, and be willing to contend with increased management concerns.

Another consideration is the risk of competing with your best customers. With Mackilwean Turf Farm, installation has been an evolutionary process that has

grown with the business, creating its own customer base. When potential customers call in, whether landscape professionals or homeowners, they are told about the product (sod) as well as delivery and installation services. If they are interested in installation, an appointment is made for someone to visit the location and develop an estimate.

Contractors often take advantage of our installation capabilities and the 25 to 50 cents per sq. yd. discount, which helps them get the job done with no increase in labor and at a profit. It requires a combined marketing and public relations effort to present it in the best perspective to let contractors know we're not trying to take away their business or undercut them.

The bottom line is that all sod has to be laid and someone is going to get the job. The name of the business is money. Those who have the resources should give it a try. Just be prepared to deal with new issues and challenges because, after all, increased net profits rarely come easy.

Marketing Tip Paying Attention to Customers Can Increase Sales

Eugene Roberts, Jr.
Fairwood Turf Farm, Inc.
Glenn Dale, MD

To start at the beginning, Fairwood Turf farm is a busy place. We serve approximately 25 to 50 customers each day, depending on the season, and the phones are constantly ringing. We have men working on several farms, harvesting all day, generally every day. We have all the responsibilities that other turf farms have: supervising employees, machinery, mowing, seeding, delivering and so on.

We generally have two crews out laying sod or preparing ground to lay sod. I usually rush in and out of the office with these things on my mind. And, fortunately, I usually take the time to answer customers' questions, now, more so than ever but that's getting ahead

of the story. However, upon answering a customer's question I hurry on to the next situation that needs my attention.

One day a couple of years ago, a customer asked me a question and I answered it. Then he wanted more information, including the difference between several varieties of bluegrass. I decided that showing was better than just telling, so I invited him to see our test plots and several of the mixes we were using in our fields at that time.

That customer turned out to be the landscape supervisor for a large country park and recreation system located on the other side of town, which was also in a different state.

Interestingly, there are five good sod farms located considerably closer to his facilities than our farm is. However, since our first conversation, Fairwood Turf Farm has been awarded a respectable portion of that curious customer's business. In addition to conventional sod sales, we have just finished the third playing field for him.

The moral of this story is: Gene Roberts pays more attention to the people coming in to pick up the sod.

The customers enjoy seeing the larger picture of the overall operation. The better they understand your product and your operation, the more likely they are to remember you at purchasing time.

Help Create a Big Surprise for Retiring *Turf News* Editor Wendell Mathews

You may be aware of the fact that, after 23 years, *Turf News* Editor Wendell Mathews is retiring and that his last TPI convention will be the 2001 TPI Midwinter Conference, February 5-9, in Albuquerque, NM. To help make it his most enjoyable and memorable event ever, we would like to present Wendell with a very special surprise—an album containing letters of “Congratulations and Best Wishes” from his many friends throughout the industry.

To be part of this special gift, just put in writing your memories, best wishes and other kind thoughts of Wendell and send

them to Bob O’Quinn at the TPI office.

Don’t put it off too long, otherwise February will be here before you’re ready and we want to include everyone!

The album of “Congratulations and Best Wishes” will be presented to Wendell during the TPI Midwinter Conference banquet, Thursday evening, February 7. We hope everyone will be there to join in the fun and share this special moment.

And remember this is a surprise, so help us keep it a secret from Wendell who, by the way, is not on the mailing list to receive this newsletter.

Financial Controls To Boost Your Bottom Line

If you want your business to grow, focus on the tough steps that affect long-term profits and facilitate growth. Following are examples of areas for consideration.

Don’t Pay Too Fast—Too many businesses pay their bills quickly in order to score points with suppliers and other creditors. But if it is at the expense of having less cash on hand, you may unnecessarily create the need to borrow. If the industry norm is “payment in 60 days,” you would score the same good will as paying in 10 days by paying in 40 days.

Caution: Treating your payroll taxes as a payable—like a supplier’s invoice—by stretching out payment, however, can increase your overall costs because of government penalties and interest.

Speed up Deliveries—The faster customers receive their goods, the more quickly they’re likely to pay. And, faster shipments increase potential re-orders.

Also, keeping an eye on shipping schedules can pay big dividends in cash flow by helping you track the activities that take place between the time an order is placed and delivered.

Consider Financing—Businesses often make the mistake of paying cash for

their equipment when it would otherwise make good sense to finance such purchases because of its positive affect on the company’s revenue.

Reason: You avoid a large up-front capital outlay and take advantage of potentially increased revenue that more than covers the interest payments. This allows cash on hand to be used for short-term needs. To help decide whether to finance a purchase, consider the payback period and equipment’s useful life. Factor in interest as additional equipment cost.

Watch Customer Credit—Preventing customers from extending payments beyond the due date might seem obvious but few businesses actually adhere to it. It takes time to monitor receivables but even more time to telephone late payers.

Action Needed: Have a report prepared that flags past-due accounts. Read the report regularly and phone the past-due customers right away.

Myth: Loyal customers will resent calls that remind them of an overdue bill.

Fact: Reliable customers expect their suppliers to operate in a professional manner. With diplomacy and a business-like manner, any resentment is unlikely.

Shrewder Computing

Don’t be Cross...Cross-Train!

“I don’t need to know how to run the computer’s billing program ... Betty has been here 10 years and knows our system inside and out.”

Sound familiar? While it’s important to have at least one person in your company who is well-versed in how your computer programs work, it is equally important to have a back-up. If “Betty” gets hit by a bus, does anyone else know the basics of your computer system?

Two Good Options: “Betty” train one or more people on the operation of the computer system; or, you can have her create a how-to guide for basic computer operations and procedures. Either way, you’ll have a bit of insurance.



Time to Update Your Printer?

It depends on how satisfied you are with the speed and quality of your current printer. If the print-quality is only fair, or even poor, you may want to consider how your printed output looks to customers.

What does poor quality printing say about your company, and your attention to detail?

Good News: Some ink-jet printer prices have fallen as much as 60 percent over the past year. Before you buy, estimate your typical number of pages printed per month to determine the printing capacity you need.

Lastly, ask about rebates, and remember that even at computer-discount or office supply stores, prices may be negotiable.

TPI Action

NOMINATE A TPI BOARD CANDIDATE by submitting the name of a Class A member (sod producer who is willing to accept the position) to the TPI office or Nominating Committee Chairman Bryan Wood. Leadership positions to be voted upon at the Summer Convention in Toronto are two Trustees, with terms of three years each, as well as the Secretary-Treasurer and Vice President, with one-year terms. Candidates must be willing to participate in four Board meetings each year (paying for their own transportation), as well as extended meetings in the summer and winter. **Contact information for Bryan Wood is located in the TPI Directory, page 3.**

AIR YOUR CONCERNS & MAKE SUGGESTIONS AT THE MIDWINTER COMMITTEE MEETINGS that will be conducted Feb. 6-9 in Albuquerque, NM. Your interests, expertise, concerns and questions are vital to shaping TPI's direction, which begins at the committee level. Committees are open to all members, even on a walk-in basis. If your concerns are about water, labor, pesticides, taxes, agronomics and you think TPI could or should be doing something pro-active, come to Albuquerque and share your knowledge. Only in this way can the Board of Trustees fully understand the members' needs.

ATTENTION U.S. MEMBERS—Register and Vote in November. The full House of Representatives, one-third of the Senate and the Presidency/Vice Presidency will be selected in the national election. By becoming familiar with the candidates, perhaps making a campaign contribution, registering and voting (and encouraging your family, friends and employees to follow your lead), you can influence the future. Although TPI maintains a non-partisan position, candidates who offer strong pro-business and balanced environmental platforms have been most responsive to TPI's calls for assistance on legislation and regulation.

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

Looking Back...

Old and New Concerns for Baby Boomers

Then: Long hair

Now: Longing for hair

Then: KEG

Now: EKG

Then: Moving to California because it's "cool"

Now: Moving to California because it's hot

Then: Trying to look like Marlon Brando or Elizabeth Taylor

Now: Trying not to look like Marlon Brando or Elizabeth Taylor

Then: Popping pills, smoking joints

Now: Popping joints

Then: Paar

Now: AARP

Then: Hoping for a BMW

Now: Hoping for a BM

Then: Getting out to a new hip joint

Now: Getting a new hip joint

BUSINESS MANAGEMENT

Turfgrass Producers International
1855-A Hicks Road, Rolling Meadows, IL 60008

FIRST CLASS MAIL
U.S. POSTAGE
PAID

Rolling Meadows, IL 60008

Permit No. 662



James Beard
International Sports Turf Institute
6900 E. Kelenski Drive
Cedar, MI 49621