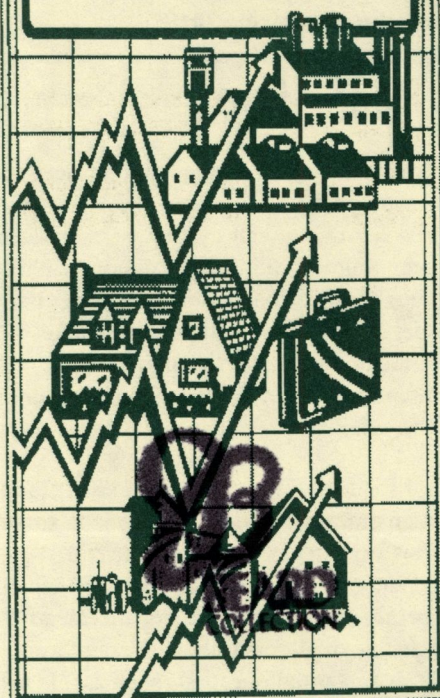


Aug/Sept-'01



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BUSINESS MANAGEMENT

Turfgrass Producers International



Call for Action on Labor Reform

"Call both of your Senators." "Call your U.S. Representative."

This is the "call to action" being issued by TPI to gain broad-based, bipartisan support for legislation that addresses not only a streamlining of the H-2A seasonal worker program, but also includes a process that may result in currently employed illegal aliens gaining legal status. It's sure to be a battle because of opposition to any form of "amnesty" from many well positioned Republican leaders and groups such as the farm worker advocates.

On July 10, Senator Larry Craig (R-ID) introduced S. 1161, "The Agricultural Job Opportunity, Benefits, and Security Act of 2001" in the Senate. The Craig bill provides:

- ♦ substantial reform of the H-2A temporary seasonal agricultural worker program;
- ♦ replaces the costly adverse effect wage rate (AEWR) with the prevailing wage rate used by all other immigration programs;
- ♦ establishes an "attestation" certification process to streamline guest worker application approvals by the Labor Department;
- ♦ defines an "earned status adjustment program" that would allow undocumented workers with ag labor histories to

become permanent legal residents, if they continue in ag labor for specified periods.

In the House, Representatives Chris Cannon (R-UT) and Sanford Bishop (D-GA) introduced H.R. 2457, "The Wage Equity Act," that would replace the AEWR in the current H-2A program with the prevailing wage rate. This legislation would treat agricultural employers the same as all other employers participating in other types of guest worker programs.

You can call the offices of your Senators and Representative by dialing the main switch board and asking to be transferred to the appropriate office: **Senate: 202/244-3121; House: 202/225-3121.** If your elected officials are co-sponsors, encourage them to seek swift passage of these bills.

As a member of the National Council of Ag Employers, TPI has been very involved in this issue for the past five years and will continue to represent the industry's interests; however, individual TPI member contact with their elected officials is essential. Because of the inclusion of a system that will "legalize" some workers, this bill should be of great interest to turf producers.

Additional details about both pieces of legislation can be obtained by contacting TPI at 800/405-8873.

Traditional News Media Declines, Internet Use Up

Use of daily papers, TV news and radio have all declined—about five points on average, depending on the measure used—in the past three years, while use of the Internet as a news medium has more than doubled during the past three years.

Although these changes are occurring across all age groups, young adults age 18-24 use the Internet more than world and national TV news and almost as much as newspapers and radio

Just a Reminder...

All members are encouraged to send articles, ideas and business tips for editorial consideration in TPI's *Business Management* newsletter. This is your newsletter and it can become an even better and more valuable source of information by sharing your experience and knowledge with others. Take a few moments to e-mail your ideas or articles to: roquinn@TurfGrassSod.org

Taking Care of Business

By Aaron McWhorter
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Maximizing Price for What the Market Will Bear—Part I

As turfgrass sod producers, our objective should be to sell all the grass we can grow at the maximum price our marketplace allows. Just like all other entrepreneurs, we have the same opportunities to achieve maximum return from the products we produce. Following are some ideas that have worked for our company and which I am sharing to help you reach that goal in your marketplace.

You must grow and sell the minimum volume required to meet the cash flow needed to operate your business. Of course, that volume must be greater than just the "break-even" point for you to successfully continue your sod farming business. A degree of balance is needed between maximizing return on a per-unit-basis and selling a certain volume of product. Remember the objective: Sell all you can grow for maximum price.

To establish the price range in your market, you need to answer two questions objectively, based on research. 1) What is the maximum price for sod in your market? and 2) What is the minimum price for sod in your market?

It is essential that your price is high enough to exceed your costs. However, market prices often do not properly reflect production costs. You need to know what your true cost is to bring a unit of sod to market. Businesses generally try to average 30 percent margin over cost. To maintain this average while various costs seem to be frequently changing, we must raise prices any time the market allows.

So to achieve maximum return, you should not price your sod based solely on production cost. Instead, what if you based your price on getting the highest price the market will allow! Then with the two key questions answered you, can reach for the higher unit price, thereby maximizing your return—and doing your part to support the market.

We need to remember that the sod

market tends to decline in price more quickly than it increases. Historically, our industry's prices cycle annually. Over supply generally causes price reductions as a season progresses and often fail to increase when a short supply occurs. Why does this occur? Because sod producers fail to quickly recognize short term price increases or decreases. To do so requires constant monitoring of the marketplace.

The first step in properly monitoring the marketplace is to thoroughly understand it. Find out what your competitors are doing. Though price is the main issue for most sod producers, you need to evaluate all of the conditions that effect a stated price. For example, quantity, quality, delivery, unloading, pallets and tubes, tax, availability, production costs and other specific costs must be considered by your company's operation.

Learning and maintaining knowledge about your market price range requires a continuous investment of time and effort.

There are established and effective ap-

proaches to researching market prices and trends, such as listening to your customers, surveying your customers, monitoring economic conditions, discussions with your competition, conducting price surveys, studying competition market strategies and advertising programs, attending regional sod producer meetings and seminars.

Monitoring sod supply can be difficult. As mentioned earlier one way is to survey growers. In Georgia, our state sod producers association conducts an annual member survey. Producers are categorized as small, medium and large farms. They are asked questions such as, "Is your Bermuda higher, lower or the same as last year?" "Do you expect prices to increase, decline or remain stable?" The results are tabulated and sent to all producers who participate. News releases are issued to landscape groups, golf groups and trade journals to help inform the marketplace of current market conditions.

Part II (monitoring barometers, niche marketing and more), will be published in the Oct./Nov. edition of this newsletter.

A Different Type of Economic Recovery

According to Abraham Gulkowitz, a chief global financial strategist, the economic slowdown that began in the third quarter of 2000 will be followed by a recovery toward the end of this year—but not before industries such as autos, technology, telecom and utilities suffer additional earnings disappointments.

Good News: Unlike most slowdowns, this one has left consumers as well as several major industries (housing, energy and healthcare) relatively unharmed.

Outlook: To keep consumers insulated from the slowdown and thereby prevent a new vicious cycle for business will require:

- ♦ Further interest rate cuts by the Fed
- ♦ A psychological boost from tax cuts

now making headway in Congress

- ♦ Relief from high energy costs, which are squeezing corporate earnings and limiting consumer spending

These prerequisites are likely to be fulfilled. As a result, there should be a recovery by year-end and a comeback in 2002. However, don't expect the sustained euphoria we enjoyed for a decade. It will be more like a roller coaster that leaves you disoriented even as you come up out of a plunge.

Advice to businesses: Don't over-invest in new capacity unless you are certain it will pay for itself. Keep an eye on cost-cutting efforts to improve your financial cushion. If the business needs to borrow, do it opportunistically—when borrowing costs are in a trough.

Marketing Tip

By Jack Meyers
Meyers Turf Farms
Stilwell, KS

When Quality, Pricing and Service Are Not Enough

Sometimes a quality product at competitive prices and excellent services aren't enough. It is difficult for me to believe but I've found out this can be the case.

Some industrious competitors or seed companies have lobbied certain architects and engineers and convinced them to specify restrictive or proprietary products. These products may be inferior to the product you are producing in the given area but all the facts aren't known by the engineers, and a sales job is done on the architect or engineer. Seed and sod are usually not their expertise. Consequently, they become convinced a certain product will give the owner a superior end result.

The tip here is to get into the plans and specs early to see if you have been precluded from bidding due to a proprietary specification. If so, contact the engineer and the owner to point out their error.

An example of the type situation that can exist relates to specification of Gold Tag Seed of specific varieties, favoring one specific area grower to the exclusion of many.

For years our company has used Blue Tag Seed with zero crop and zero weeds in the top 10 varieties recommended for our area. Through local universities and national research, seed varieties are tested and rated for the growing area. We use top 10 varieties as do other growers in the area. However, we can be shut out when they

specify Gold Tag and lower rated varieties.

I recommend you plant some Gold Tag seed. When you do buy the Gold Tag, you need to be aware of the testing procedures. I recently learned the tests call for a 25-gram sample on 50,000-lb. lot. In order to limit loss of volume of Gold Tag certified seed, the test samples are broken down into five grams on 10,000-lb. lots. This is only a pinch of seed to sample 10,000 lbs.

In my experience I have seen zero crop tags on both Gold and Blue Tag fescue seed. Then, on occasion, it grows out with annual and turf type perennial rye in them. After the rye comes up in the turf type fescue it is too late, and a sharp visual inspector will detect it.

In order to better insure you are getting the extra quality you are paying for in the Gold Tag label, demand a full 50 grams sample on the lot from which your seed is taken, even though it is only a 10,000 pound lot. Keep your records to prove you have the Gold Tag quality seed.

An individual grower may create a short term market for his product. However, it is not good for the industry to permit proprietary products to be specified. What is good for the industry as a whole is good for the individual grower in the long run.

From a sod farmer who got left behind, but is catching on and catching up, these are my thoughts, for what they are worth.

Immutable Laws of Marketing

In a book entitled, *The 22 Immutable Laws of Marketing*, Al Ries and Jack Trout describe the laws of marketing which, they claim, those who violate these laws do at their own risk. Here's a sampling:

- ♦ **Marketing** is a battle of perceptions—not products. What people believe about your product is what counts—objective reality doesn't exist..

- ♦ **Owning** a word in the customers'

mind is the most powerful concept in marketing. Federal Express owns "overnight"; Volvo owns "safety."

- ♦ **Successful programs** are built on trends—not fads. Fads are short-lived and of little value for long-term growth.

- ♦ **Admit a negative** and the prospect will give you a positive. The classic example of a negative: "Avis is only Number two in the rental car business." The positive: "So we (they) must try harder."

Shrewder Computing

Better E-Leads

Use your Website to generate top-quality pre-qualified sales leads. Place a "call-back" button on the site that visitors can click on to have a salesperson call them.

Payoff: those who click on the button will be your most valuable prospects.

Example: Verison established a telephone sales unit that received only eight percent of its inquiries through website callback buttons; the rest by telephone and e-mail. But the callback inquiries produced 55 percent of all top-quality leads—those from callers who had set a budget and a 90-day-or-less time frame for buying.

Personalized E-Stationery

Most e-mail programs make it easy to create a signature block. A signature block can include your e-mail and mailing addresses, phone and fax numbers, website address and other details your customers, suppliers and even your family may need. Use it on all e-mail correspondence to give recipients quick and easy access contact information about you and your company.

It's amazing how often we receive a business-related e-mail message with no subject line and only the first name of the sender. With no other clue where the message came from or what it's about, chances are you'll delete the message and move on to one that makes sense.

And, remember you're probably not the only "Susie," "Bob" or "Jason" your e-mail recipient knows. In fact, as devastating as it may seem, he or she may not even remember you without mentioning the company you're affiliated with, the project you're working on, or some familiar tie-in. Recognition is the goal, so create an automatic signature block.

TPI Action

NON-RENEWING MEMBERS DROPPED SEPTEMBER 1 While both renewing and new members are increasing TPI's size to record levels, there are still some firms who have not renewed their membership for 2001-02. By Board Policy, any firm that has not renewed by September 1 will be dropped and all benefits immediately discontinued. The magazine, newsletter, special bulletins, AD&D insurance and member discounts on products will no longer be available to these firms. Anyone uncertain about their renewal status should contact the TPI office.

INTERESTED IN A WINTER CONFERENCE IN AUSTRALIA? Newly elected TPI Trustee Dik Murphy has suggested that Australia would be very interested in hosting a January or February TPI Conference, perhaps in 2006 or 2007. While it would be winter in the northern hemisphere, it would be summer in the southern, providing a unique opportunity for many to enjoy warm weather. No action was taken by the Board, pending the receipt of feedback from as many members as possible. If held in 2006, it would follow a 2005 winter meeting in Cancun, Mexico and a summer convention site that has yet to be determined. Voice your views by calling TPI or sending an e-mail to info@TurfGrassSod.org.

ORLANDO MIDWINTER BANQUET TO FEATURE FOUNDATION with food, fun, recognition, entertainment and fund-raising on January 31. While plans are still being finalized, a new format for the Middwinter Banquet intends to offer something for everyone as well as a means for members (producers and manufacturers) to support much needed research. ITPF will host the banquet and include door-prizes or raffle-drawings, as well as an auction. Manufacturers who want to show their support for the industry can contribute items to the raffle or auction and gain more recognition for their firm by purchasing tables to host their customers and friends. Watch the mail, magazine and website for more details, or call TPI.

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: info@TurfGrassSod.org

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

Water Awareness

This is the first in a series of "Water Facts" to help you become more familiar with the total issue of efficient water use. In addition to the ITPF *WATER RIGHT* book, this information is being published to help prepare you to take a proactive role in helping direct your region's water policies.

Water Bans and Restrictions— Who Do they Impact?

Direct Impact:

Residential homeowners/renters, airports, cemeteries, churches, golf courses, parks, playgrounds, sports fields, commercial operations, gas stations, hardware stores, home centers, greenhouses, nurseries, garden centers, landscapers, architects and designers, contractors, mass merchandisers, mail order firms, supermarkets, drug stores, feed/seed stores

Indirect Impact (result of related lost sales, unemployment, etc.):

Cafes, dry cleaners, service stations and other service providers, material sales and delivery, sales and use taxes, trucking and other transportation, tourism

Food for Thought

"Experience is something you don't get...until just after you need it."

BUSINESS MANAGEMENT

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