

Dec/Jan-'02



# BUSINESS MANAGEMENT

## Turfgrass Producers International



Orlando, Florida—Jan. 29 - Feb. 1, 2002

### TPI Midwinter Conference Registration: On-Target

The fact that TPI Midwinter Conference registration figures are on par with last year's at this time indicates that, despite the overall economic impact from September 11 events, TPI members are staying focused on business.

And judging from the upcoming Orlando event's schedule, there are many opportunities to mix a bit of fun with business. Visiting and sharing information with friends and making new acquaintances, combined with the new and expanded education sessions, pre-conference seminar and combined exhibits and welcoming reception, to the

post-conference Tour and the ITPF Al Gardner Memorial Golf Outing, are just some of the reasons to attend.

The height of the event's excitement promises to be the ITPF banquet and fundraiser featuring a totally new format with great food, musical entertainment and excellent odds that you'll become one of the many lucky raffle winners. You'll also have opportunities to bid on the silent auction items, as well as the live auction later that evening.

If you still haven't made your reservations, now is the time.

### ISSUE HIGHLIGHTS

Marketing Tip Page 3  
*Marketing in Tough Times*

How to Get More Out of Your Insurance Dollars Page 1

Shrewder Computing Page 3  
*Earning Trust in Cyberspace*

Taking Care of Business Page 2  
*Are You Prepared to Offer the Service Customers Expect?*

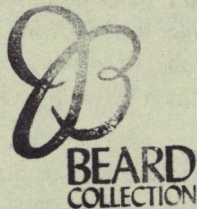
Terrorism Aftermath— Page 2  
*What's Next for the U.S. Economy?*

TPI Midwinter Conference Page 1

Water Awareness Page 4

TPI Action Page 4

—Methyl Bromide—  
*Can Sod Farms Keep It?*  
—Workers' Comp Insurance—  
*A TPI Option to Explore*



### How to Get More Out of Your Insurance Dollars

Even before the September 11 terrorists attacks on New York and Washington, the previously declining trend of most business insurance premiums had already reversed in an annual 5 to 15 percent upward trend. Rates are predicted to continue that increase for about two more years.

#### Act Now to Avoid Surprises

Take a hard look at the coverage your standard policy provides. It's easy to overlook critical coverage—especially some new products insurance companies have recently introduced to the market. For instance, some carriers offer "civil authority coverage" that pays policy holders whose businesses suffer even though they haven't incurred direct property damage. *Example:* Dozens of businesses in New York City suffered big losses a few years ago when their street was blocked off for several days after a serious crane accident.

#### Eliminate Excess Coverage

The main factor in determining the cost of a business owner's policy is the amount of coverage the company requires on its property. *Advice:* To avoid inflating your premium, get rid of unnecessary equipment and inventory.

#### Supplemental Coverage Secrets

Standard policies are rarely adequate because they fail to cover critical events and disasters. When your policy is up for renewal, ask an insurance broker who is well informed about the latest risks in this industry. You might save a few dollars by buying directly, but that savings is trivial compared to a loss that is not covered adequately—or at all—because you received poor advice about your risks.

#### The Low-Deductible Mistake

Purchasing insurance with a low deductible is a mistake because it costs more than high-deductible policies. Plus, the time and effort needed to fill out a claims report are often greater than the risk of buying policies with slightly higher deductibles.

#### Health Insurance

HMOs are trying to keep average premium increases for 2002 at around 20 percent. Negotiating will often yield somewhat smaller increases but everyone will be paying more than the 10- to 12-percent increase projected earlier in 2001.

For Workers Compensation insurance, turn to "TPI Action" on page four of this newsletter and read about W.S. Pharr, TPI Preferred Provider.

# Taking Care of Business

By Chris Hope  
Manderley Corporation  
Nepean, Ontario, CANADA

## Are You Prepared to Offer the Service Customers Expect?

As we go forward into a time of uncertain future demands for turfgrass product in many markets, it is a good time to review your sales strategy. The unprecedented growth in many markets worldwide has led to many producers perhaps taking their customers for granted. Now is the time to eliminate this complacency as the demand adjusts.

When demand exceeds supply in a sellers market, it is easy for the producer to state when he is ready to deliver his product. After all the more time you have to line things up, the more comfortable you can be. However it is usually the service and performance of a supplier, which determines a buyer's preference (assuming price and quality are equal). In order to maintain your

customers it is important to realize that performance on delivery times can increase greatly as demand slips. If you are used to getting customers to order days ahead, be prepared when your competitor can do that load today.

Think of how you can speed your product onto your client's worksite in the minimum time possible. With teamwork it is incredible what can be achieved. Quite often this is simply a change of attitude within your organization to reinforce the fact that, "yes the customer is always the king."

### Things to avoid:

Meeting your customers expectations is simply good business, giving away things to "sweeten" a deal is often not.

Many turfgrass producers have developed extra client services available for a fee. These can include watering services, pallet and core deposits, delivery surcharges, multiple drop charges, installation fertilizer, etc. Supplying previously charged-for services for free is simply another form of discounting. And once the service is expected as being included in your price, it is often difficult to start charging for them again. Often these freebies are treated as a marketing cost without taking into account the total effect of free services on your bottom line.

You are further ahead to try and *over service* your customer than to try and buy loyalty through price or no charge services.

## Terrorism Aftermath—What's Next for the U.S. Economy

The U.S. Chamber of Commerce Chief Economist and Vice President of Economic Tax Policy, Martin Regalia, shared what he called, "our best guess" about what direction the U.S. economy will take after the September 11 terrorist attacks. He advised that what may be more damaging to the overall U.S. economy than the estimated \$60 billion costs related to the attacks is the abrupt loss of confidence by consumers and businesses and subsequent stock price declines. The question seems to be how steep the drop and for how long.

The real GDP is expected to decline at a 0.9 percent annual rate in the third quarter and double that in the fourth (qualifying as a recession). However, by early 2002, the rebuilding phase—along with economic stimulus—should begin to generate significant consumer demand (see Personal Consumption Outlook chart). With inventories relatively lean, production and then investment increases should follow, providing a significant boost to economic output.

The current situation resembles more traditional natural disasters, such as

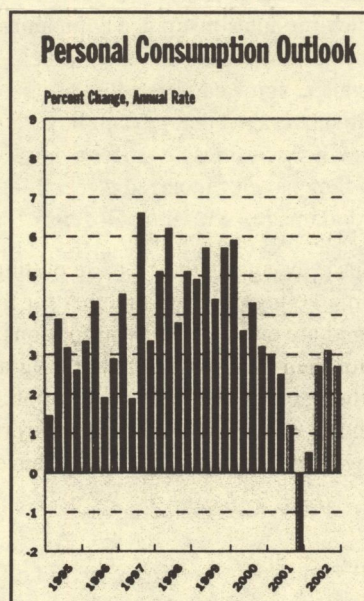
hurricanes and floods. The immediate loss of output creates an economic drag that soon gives way to growth as the rebuilding process begins. Support from the federal government's spending for clean-up and rebuilding, loan guarantees to airline industry, increased defense spending, additional tax cuts, Federal Reserve interest rate cuts, and more if

necessary, should all contribute to the projected economic recovery.

Any pick-up in demand to fatten the lean inventories caused by a sharp run-off prior to September should translate into increased production and employment.

However, there are risks in this forecast, the biggest being the crisis in confidence that pervaded the economy before the attacks. Without some improvement in confidence, consumer spending could remain subdued. Or, with the large amount of potential stimulus in the works, the opposite problem could develop, triggering a sharp restocking effort by businesses quickly boosting production and employment—government spending on defense and national security adding to demand, inflation could become a problem requiring equally sharp action by the Fed to discourage the increase.

Regalia said that, although the events of September 11 altered our way of life and the near-term path of economic growth, he believes the future remains bright. He added, "To ensure our economic future, we just have to believe in it."



# Marketing Tip

By Michael McDermott  
Grass Pad Warehouse  
Olathe, KS

## Marketing in Tough Times

The stock market is down. Housing is down. Wholesale prices are down. So, tell me what's to like. Well, the good news is that slow periods are prime time to begin a marketing program. Here are four good reasons for talking yourself into getting started now.

—**You have time** to do it. The biggest enemy of marketing innovation is procrastination. When times are good there are a thousand reasons to avoid marketing. The phone rings; customers walk in; sod is scarce. Business is booming; marketing can wait. It's much easier to get motivated once business slows down. When there are only two days work on the spring calendar, that knot in your stomach is the beginning of a marketing program.

Much of what we do on our turf farms is not a question of what, but a question of who and when. Who will do it and when do they have time? This winter you will make time to rebuild the sod harvester, sharpen the mowers and go deer hunting. Right now, walk out to the shop calendar and mark out two weeks of your time for a marketing program. Three hours a day should do. It's at least as important as painting tractors and building pallets.

—**Advertising professionals are hungry.** Advertising and marketing suppliers of all kinds have been hard hit by the events of September and October. Their phones aren't ringing and, just like the car dealers, they have reduced their prices. More importantly they have extra time on their calendar and fewer creative projects to work on. When you ask for creative proposals, you will get more interest, better work and less cost.

—**Newspaper space is on sale.** Traditionally January and February are the slowest months for newspaper advertising sales; this year will be worse. If you talk to a sales representative early in the year, you have all the leverage. Ask for the best rate based on a year-long sales program. Don't place ads this early but lock in your rate. And use the newspaper for its extra

creative resources. Ask your sales agent if the paper has a six-month or 12-month economic forecast.

Also ask the sales agent to introduce you to the editor so you can discuss the possibility of doing a news piece about how homeowners (the newspaper's audience) can best maintain their lawns, the benefits of turfgrass sod, etc. There is plenty of reference material on lawn care, repair and installation, etc., available from TPI and downloadable from the TPI website for your use.

—**Radio and TV time is on sale.** Radio and TV stations are under even more price pressure than newsprint. Air time that is not sold is lost forever. Some market rates have declined 30 to 50 percent and free spots can be had for asking.

Here again, use the sales agents to help you get acquainted with the market and vocabulary for TV and radio advertising. Schedule two or three appointments each morning, one per hour. Talk to every station in town. Ask what their strengths are and what programs they recommend.

In addition, don't hesitate to ask for free creative support. Stations often charge extra for putting ads together; not now because times are tough. Likewise, television and radio stations traditionally pay advertising agents 15 percent of their billed charges. If you are representing yourself, ask for a 15 percent discount.

This is the year to give yourself an education in the advertising and marketing tools you have in your area. Tell the various sales agents that you are putting your marketing program together for the year and are exploring all your options. Ask for their most cost-efficient program. Ask them to critique their competition. At the end of two weeks you will be surprised at how much information you will have. More importantly, you will have the confidence you need to get your marketing program from the thinking stage to the doing stage. It's that simple.

## Shrewder Computing

### Earning Trust in Cyberspace

On the Web, your organization typically has one brief shot at hooking a first-time visitor. Earning each user's trust by offering prompt, reliable service can earn you a new customer. Use first impressions to your advantage with some of the following tips.

1) Make site navigation easy by highlighting navigation names so users know where they are in your navigation system; making site navigation self-explanatory; using a variety of navigation elements, from plain text to fancy graphics; and offering a text description of what your links provide.



2) Include a frequently asked questions (FAQ) area.

3) Offer a variety of contact options: e-mail, phone, fax and mailing address.

4) Get back to customers within 24 hours. If you cannot meet this deadline, consider setting up an automated response system to fill the gap, at least until you can respond.

5) Consider investing in real-time technology, such as "contact us" interfaces that allow web users to ask questions of your staff without logging off the site.

# TPI Action

## METHYL BROMIDE — CAN SOD FARMS KEEP IT?

We've learned from the USEPA that a special process is being developed that would allow specific uses of methyl bromide to be exempt from the 2005 total ban. While details are not yet known, it appears that all applications would have to document the past uses of methyl bromide (soil types, pests, amounts, costs, etc.), proof that no alternative is available and the economic impacts that would be suffered if it isn't available. All requests for exemption would have to pass EPA criteria, be made part of the exemption packet prepared by the U.S. Government and then approved by a multi-national United Nations group.

Apparently, exemptions will be granted not only by specific crop, but also by specific area. For example, if golf courses in Alabama received an exemption for greens construction, the exemption could not apply to any other golf courses, sod farms, etc., regardless of how similar the need might be or become.

Individual sod producers, state or regional groups (from anywhere in the world) should contact the TPI office to indicate interest in becoming involved in developing the data and exemption request.

## WORKERS' COMP INSURANCE — A TPI OPTION TO EXPLORE

In anticipation of rising rates for workers' comp insurance in the U.S., the TPI Board of Trustees last year named W.S. Pharr & Co., a "preferred provider." While not guaranteeing the lowest cost, the firm's knowledge in the green industry, client selection and self-insured fund status set them apart from many other alternatives.

When workers' comp insurance comes up for renewal, TPI members are encouraged to contact W.S. Pharr representatives at 800/817/2244 or 770/434-8440 to obtain a review of their needs and possible options.

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](mailto:info@TurfGrassSod.org)  
Website: <http://www.TurfGrassSod.org>

## Water Awareness

### Questions Water-Policy Officials Should Be Prepared to Answer

Enlisting the public in a successful water-conservation program requires water-policy officials to deliver on their promises—even if those promises are only implied. Consider the following questions they should be able to answer...and don't hesitate to ask them before policies are set.

Are the landscape water-conservation goals short-term, long-term or indefinite; and are they expected to become more restrictive?

Have the proposed conservation programs proven to be effective in saving water, or like some xeriscape programs actually resulted in using more water?

Will the proposed landscape water-conservation efforts result in creating heat islands which require increased energy consumption for cooling?

Will there be any negative impacts on the environment and ecosystem as a result of the proposed water-conservation efforts?

What are the economic impacts that can be expected as a result of these conservation efforts?

Will individuals maintain personal choice and individual responsibility when the proposed conservation efforts are implemented?

## BUSINESS MANAGEMENT

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