



BUSINESS MANAGEMENT

AMERICAN SOD PRODUCERS ASSOCIATION

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OCTOBER / NOVEMBER, 1990

ENVIRONMENTAL-RECESSION ACTIONS CAN BE SOLUTIONS IN TROUBLED TIMES

The 1990s have been termed the "decade of the environment," while at the same time, signs of a recession grow stronger. Turfgrass sod producers can begin taking immediate steps to develop on-farm solutions to address both issues.

The Dodge Index of construction, a trusted reporting service in this area, notes that, "future construction activity is pointing to still lower levels of building in the months ahead for the already sluggish construction sector." George A. Christie, vice president and chief economist for F.W. Dodge reports, "Restrictive credit, budget austerity and a stagnant economy are more than enough reasons for the sorry state of construction in 1990. The added complication of a round of energy inflation closes off prospects for improvement in the near future."

The following steps may help reduce the impact of a recession, as well as have a positive environmental impact:

1. Trim sod inventory and other items to the minimum and keep them lean. Result: Reduced oil-based product consumption and other overhead.

2. Revive energy-conservation policies throughout the operation by minimizing lighting, improve insulation and equipment efficiencies. Result: same as number 1.

3. Set up recycling programs for wood, paper, plastics and all containers. Result: Direct and in-direct cost savings and it's environmentally positive.

4. Recycle pallets by handling them more carefully and salvaging good components of damaged ones for rebuilding. Result: Saves trees and money, and it creates rainy-day work for employees.

Overall Objective: Reduce or absorb increasing costs to increase profits and avoid the problem of passing along higher costs to customers.

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OVER-COMING WORKER SHORTAGES

As the sod-season winds down for many producers, the problem of finding competent employees...especially entry-level workers...may not seem a major issue; however, now is a good time to start planning for next year. If all of the reports and projections of worker shortages are real (and there's every indication that they are), finding and keeping good people will take more creativity than ever before.

Two areas where you might find good employees:

- 1. Develop an "internship" program with the local college or university (2-year and 4-year programs), offering summer placement to students who need hands-on skills to go with their in-class education.
- 2. Contact coaches (especially for football and wrestling) to get the names of athletic, team-players who want outside summer work that will help them stay in top condition.

Once you've hired someone, work on keeping the good ones by:

- 1. At the end of their first week, ask for their ideas on how to improve operations or customer service. Their newness may let them see something that's been "wrong" all along, but no one ever noticed it.
- 2. Acknowledge "unpleasant" jobs for what they are. Every employer has jobs or routine tasks that aren't liked, but must be done and a new person may be assigned that area and then have ideas for improvements.
- 3. Pair entry-level workers with veterans in the job area. The new worker will most likely push to please and the veteran isn't about to be "shown-up" by the "new kid."
- 4. Agree to set-aside a portion of the employee's pay as an end-of-season, lump-sum payment. You may even want to offer a matching percentage to encourage longevity or other goals you want accomplished.

POSITIVE-ATTENDANCE-PAY PLAN

If you have employees who consistently arrive late for work, yet badger you for a raise, James Sollecito, owner of a Syracuse, NY landscaping service may have a solution for you.

In the July/August issue of "Pro," Mr. Sollecito told of a problem he had with having to hold entire crews at the yard while they waited for one late worker. (About the same as a sod harvesting crew.) To solve this dilemma, they began last spring to offer a \$25 bonus for no late times during the month. The bonus is included in the last paycheck of the month.

If a marginal employee kept pestering them about a raise, it wouldn't even be considered until he had two consecutive months of bonus pay to show he was serious about his work.

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ASPA's 1991 Midwinter Conference will be January 23-25 in San Antonio. A Pre-Conference Seminar will be given on personnel management on January 23 and a Post-Conference Tour of Quality Turf Farm in San Marcos will be on January 26.

Complete registration materials will be sent to all ASPA members soon.

Watch your mail... register and plan your travel early to save!

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THE VALUES OF A BUSINESS

Prepared by Ron Nixon, Business Management Committee Member
Cowikee Turf, Ltd., Eufaula, AL

At this time, with government putting more regulations, higher taxes and new social programs (called mandated employee benefits) on business, it might not be a bad time to look at why a person would put themselves through all of this, just to be a business owner. Though there are many negative aspects to business ownership, there are also many positive reasons that makes owning a business worthwhile. How worthwhile business ownership is for you depends on how many of the positive opportunities you take advantage of.

The personal satisfaction one feels by seeing his or her own ideas become a reality has to be the first and most important reason for business ownership. Incidentally, this also applies to management personnel, for if there is no room for their ideas in the company there is no reason for them to stay. The opportunity to provide employment for family members can bring much satisfaction, for to work side-by-side with a loved one doubles the pleasure by building something together.

The possibility of achieving financial independence by operating a business is enhanced by the fact that you can be building assets as you draw your wages. The possibility of keeping more of that money becomes a reality as we take business deductions on our taxes, for many of those assets that can be obtained are also deductible.

Your business can also be a benefit when personal plans are compatible with business plans. Business monies can come to you in several ways as personal deals are struck with your own company, such as using company assets as collateral for a personal loan to buy land that the business rents for a new sod field. The rent payments are enough to cover loan payments and in a few years, the land belongs to you at no cost. Of course, the business made capital improvements on the property and its value increased at the same time, so you win and so does the business.

Cash bonuses or loans from the company to the owner are not unreasonable and can be a great source when the need for money arises. The employment of other family members can be a very good move when their tax rates are lower. You can also let the company pay for goods or services you would pay yourself anyway, like the company buying life insurance for the owner, or there may be a charity that you are especially fond of. Company vehicles that could also provide transportation during non-business times can remove the burden of maintaining another automobile personally.

In general, having the resources of the business available to you if the need arises is a tremendous asset. As always, check out any moves with the accountant and lawyer and be careful not to kill the Goose that lays the Golden eggs.

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To get free-of-charge statistics on new housing starts and employment figures for your market area, call ASPA at 708/705-9898.

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MEMBER MARKETING TIP:

Here is a marketing tip for sod farmers who want to add value to their pallets of sod as they prepare them to leave the farm.

Wrap your pallets of sod with a stretch-type plastic that will stick to itself. We use a white plastic which is 20 inches wide and several thousand feet long, on a roll. We simply wrap our harvested pallets with the plastic to sell a nice, finished, packaged pallet to the customer.

Wrapping with plastic has several advantages. In addition to making the pallet look good, it also conserves moisture in the sod, keeps the edges from drying out, helps keep the sod in place during transit and helps prevent the top pieces from blowing off during trucking. Furthermore, it will help to keep mixed truckloads of sod pallets from coming into contact with each other on the trailer. It may help in some states to keep from having to tarp the whole load, thus saving time once the trailer is loaded and ready to go on the road.

We buy our plastic wrap from Unverferth Manufacturing Co., PO Box 357, Kalida, OH 45853. Their phone is 800/537-9442. The dimensions of the wrap are 20-inches wide by 6,000-feet long. It costs about \$83 a roll including UPS shipping. I am confident there are other distributors of plastic wrap, but this is the only one I know of at this time.

If you use a wrap of any kind, drop me a line, or send your tip to me and other sod farmers through ASPA's Business Newsletter" or write to me directly.

Prepared by Dave Slater, Business Management Committee Member
Caroland Farms Turfgrass, Landrum, SC

COURT DECLARES SOD 'PERISHABLE'...USDA FILES FEDERAL APPEAL

----- ASPA 'APPEALS' TO MEMBERS FOR FUNDS -----

U.S. District Court Judge Roszkowski, on June 11, ruled, "This court grants plaintiff's (sod producers) motion for summary judgement and orders the commodity sod to be included in the definition of 'other perishable commodities' as set forth by the United States Department of Agriculture in their Special Agricultural Workers regulation." While that could have brought the four-year-old case to an end, it did not.

On August 9, the USDA filed a notice with the U.S. Court of Appeals for the 7th Circuit, seeking to overturn Judge Roszkowski's ruling.

While the lawsuit focuses on the issue of migrant farm workers, the issue of 'perishability' looms as a much larger issue, of tremendous concern for all sod producers, over lengthy periods of time. The current Iraq situation makes the specter of energy rationing for items termed 'non-perishable' all too close to every producer's farm gate.

ASPA members are asked to personally help support this continued legal battle by making a direct contribution to the Sod Growers Association of Mid-America, partners in this suit along with ASPA and others. Checks, in any amount, should be made payable to the Sod Growers Association of Mid-America and sent directly to ASPA.