



BUSINESS MANAGEMENT

AMERICAN SOD PRODUCERS ASSOCIATION

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'MARKETING SOD IN ANY ECONOMY'

ASPA OFFERS PRE-CONFERENCE SEMINAR LAS VEGAS, FEBRUARY 5

Now, more than ever, turfgrass sod producers need to understand, plan and implement valid marketing programs. To help ASPA members accomplish this important business process, a special day-long seminar will be presented February 5, 1992 in Las Vegas.

Jim Whitt, a marketing consultant with an agriculture background and specialized knowledge about the turfgrass sod business, has been selected to lead the seminar. The course calls for him to explain the need for a marketing plan, based on individualized objectives; a discussion of the techniques that can be used to accomplish the established objectives and lastly, a means to evaluate the effectiveness of the program. Mr. Whitt, based in Oklahoma, has worked effectively with sod producer groups and individuals in several surrounding states.

Complete registration materials for ASPA's "Marketing Management Seminar" will be mailed to ASPA members in the near future. Attendance will be restricted to members, on a first-come, first-served basis. Fees of \$75 for the first individual from a firm and \$50 for each additional registrant from the same firm, will include study materials, lunch and breaks.

AMERICANS WITH DISABILITIES ACT COULD IMPACT SOD FARM OPERATIONS

Discriminating against qualified individuals with disabilities, as employees, will be strictly prohibited effective July 26, 1992 for all firms with 25 or more employees. This is a result of final regulations being issued by the Equal Employment Opportunity Commission (EEOC) and the Justice Department to implement the Americans with Disabilities Act (ADA).

A "qualified individual with a disability" is an individual with a disability who can perform the essential functions of the job, with or without reasonable accommodation and employers are required to make "reasonable accommodations" to the known physical or mental limitations of qualified applicants and employees unless the accommodation would pose an "undue hardship" on the business.

Effective January 26, 1992, businesses will be required to be "barrier free," thus permitting equal access to all public portions of the operation for individuals with a variety of disabilities. Tax credits of up to \$5,000 will be available to firms to help defray the costs of implementing ADA requirements.

Because of the complexity of various turfgrass sod farm operations and the law, it is recommended that ASPA members become familiar with new law as soon as possible. In addition to local resources that may be available, information can be obtained from the following: "Understanding the Americans with Disabilities Act," from the Eastern Paralyzed Veterans Association, 800/444-0121; American Association of Nurserymen, 202/789-2900; President's Committee on Employment of People With Disabilities, 202/653-5044; and Mainstream, Inc., 202/898-1400.

MAKING THE BEST OF THE RECESSION

Even when economic times are bleak, people and businesses can do well (if not great) and some are able to create momentum that moves them ahead even faster when stronger times return. Here are some tactics that may help you make the best of the current recession:

- * Spend time with loyal customers -- even though they may not be placing big orders, time spent with loyal customers to talk about business and product improvements will pay off when better times return. They'll remember you first when they need to place orders.

- * Avoid cutting prices -- all of your competitors who can't afford to lose sales will match your price cuts, so your company's market share won't rise and revenues will decline further. Then too, customers will expect lower prices and getting back to yesterday's prices will be very difficult.

- * Hire top talent -- layoffs at many companies have created a large pool of talented, experienced people, ready and willing to accept challenging positions, even at lower salaries. Improving staff could never be easier or less expensive than during a recession.

- * Look for bargains -- sod farms aren't the only businesses suffering during this recession. Vendors you've done business with in the past may be willing to accept your order, on your terms and conditions of price, delivery, service, etc. You won't know, if you don't ask.

- * Lock in low interest -- most economists are predicting that interest rates will soon rise as the recession weakens, so locking in today's favorable rates could be very wise.

D I V E R S I F I C A T I O N

Prepared by William J. Huber, ASPA Board of Trustees
Huber Ranch Sod Nursery, Schneider, IN

We have all felt the cyclical change in the sod business. I have heard that there may be a 10 year cycle, where you have 7 years of normal to exceptional years, followed by 3 down years. Those 3 years can be devastating if you have all of your "eggs in one basket." The first thought is to lower your sod price and go after the other company's customers. The resulting price war only compounds the problems. The answer seems to clearly be diversification.

Diversified farming is less risky than one-crop farming. It gives you a chance to rotate your crops and naturally keep the soil fertile as well as control insect pests. You must have noticed that your first couple of crops of sod are better than on your older fields. What this crop rotation might be depends on your climate and local conditions.

The growing of shade trees seems to fit in with most soil types and most locations. It may work well with a 5 year cycle, where you plant 20% of your "extra" land each year and start marketing and replanting each year after the 5th year. Your normal sod customers should absorb your production, if you don't go overboard.

We have tried many types of diversification and would recommend the hog business as a natural, if all of the pieces fit. The odor and mess are the biggest obstacles to overcome, but the frequency of marketing is great for cash flow. The feed efficiency is excellent, when you consider that 3 1/2 pounds of corn make 1 pound of pork, and its only 6 months from farrow to market. I kept telling our employees it was just the "smell of money."

There are various types of agribusiness opportunities that may present themselves. We have chosen to diversify into the farm equipment business, with our emphasis on new and used equipment for the sod grower, as well as full parts and service departments. We have been working on this for 11 of our 25 years in business. It seems to be coming together quite well, with the equipment business headed toward 50% of our total sales revenue.

Good luck with your type of diversification, but remember to save room for enough "R & R" in your life. Bring your family to the various sod conventions and find out first-hand what other sod growers are doing to spread their risk. It is a good investment in your and your family's future.

M E M B E R M A R K E T I N G T I P

Prepared by Wayne Thorson, Vice Chairman Business Management Committee
Todd Valley Farms, Mead, Nebraska

Impressions! They can be so important to the future of your company. How do customers perceive you? Do your trucks arrive at the job site with dirt and grime from last spring's rain, or are they clean and polished? Are your forklifts leaking oil while your operator runs over sprinkler heads and cracks newly poured sidewalks, or is he taking extra care to spot the pallets where the customer wants? Does your driver know the basics of sod installation, or does he simply answer all questions from the customer with, "I only drive the truck." What happens on the job helps create the impression of a professional company or a "fly by night" operation.

Keep equipment neat and clean. Touch up paint on trucks and equipment to keep them looking new. Consider company shirts for drivers and your installation crew. Many times the only contact you have with your customer is through your delivery driver or installation crew. Be sure they are creating an impression of a quality organization.

REGAINING CONTROL OF HEALTH INSURANCE COSTS

Turfgrass sod farmers, like most small businesses with 25 or fewer employees, are faced with the fact that health insurance premiums may be their fastest growing expense. While there are no absolute or easy answers, there are a number of ways sod farmers can regain control of these costs.

1. Explore the availability of a federally qualified health maintenance organization (HMO). Costs may not decline, but coverage could increase and the federal qualification means that they cannot exclude individuals with pre-existing conditions. Also, they can't charge small businesses more than 10% above what they charge large groups.

2. Avoid changing insurance plans because a company offers you a very low first-year rate. Insist that all offers outline how future year's premiums will be determined. If they will combine your losses with a larger pool, you'll probably not see premium rates rise as rapidly.

3. Consider self-insurance of some fixed amount, if your tax advisor and insurance agent agree. This can be risky, but the return is a lower premium because the insurance coverage won't be effective until a larger deductible level is reached. Simply increasing the deductible level will have the same effect, but then the employee carries the full burden of "self insurance."

4. Some of the burden of increased insurance costs can reasonably be passed on to the employee. More and more employers are requiring their employees to share the costs for their individual coverage and even a greater percentage require increased cost sharing for family coverage.

HELPING YOU AND YOUR EMPLOYEES REMEMBER WHY YOU'RE IN BUSINESS...

W H A T I S A C U S T O M E R ?

A Customer is the most important person ever in this office...
in person or by mail.

A Customer is not dependent on us...we are dependent on him.

A Customer is not an interruption of our work...
he is the purpose of it. We are not doing a favor by serving him, he is doing
us a favor by giving us the opportunity to do so.

A Customer is not someone to argue or match with. Nobody ever won an argument
with a Customer.

A Customer is a person who brings us his wants. It is our job to handle them
profitably for him and ourselves.