



BUSINESS MANAGEMENT

AMERICAN SOD PRODUCERS ASSOCIATION

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FEBRUARY/MARCH, 1993

EPA's 'Healthy Lawn/Environment' Booklet EXPANDS SOD SELLING PUBLICATIONS FOR MEMBERS

Selling turfgrass and its benefits to the environment just became easier, thanks to a new 20-page booklet developed by the U.S. Environmental Protection Agency and published by ASPA. "Healthy Lawn - Healthy Environment, Caring for Your Lawn in an Environmentally Friendly Way," documents the positive benefits of turfgrass.

To help them begin to gear up for a strong Spring sod sales season, ASPA members were sent a sample of the new EPA publication, as well as a descriptive order form detailing all of the sod selling materials available through the organization. Fliers such as, "Turf Installation Guide," or "Why Are Most Lawns Now Sodded," are widely used by ASPA members at home and garden shows, while "Tech Sheets," the "Contractor Estimator for Turfgrass Sod and Seed Installation" have been effectively used with landscape contractors and home builders. Sod producers are able to personalize most of the fliers with local printers adding company names, address and logos. Some members apply either stickers or even a rubber stamp imprint to let people know how to order sod from them.

To ensure you have an adequate supply of sod selling materials before the Spring season opens, orders should be placed immediately with the ASPA office. Although orders are filled within 5-7 days of receipt, deliveries can be delayed. Samples of all items are available upon request by calling ASPA at 708/705-9898 (CST).

ASPA'S SUMMER CONVENTION & FIELD DAYS -- JULY 14-16, NASHVILLE, TN

Displays and demonstrations of the newest equipment, chemicals and services for sod farms.

MEETING YOUR NEEDS - What ASPA Does Best!

This publication is designed to provide accurate and authoritative information in regard to the subject matter covered. It is provided with the understanding that this publisher is not engaged in rendering legal, accounting or other professional service. If legal advice or other expert assistance is required, the services of a competent professional person should be sought. Published bi-monthly for members of the American Sod Producers Association, under the auspices of the ASPA Business Management Committee. We invite your comments and recommendations.

STUDENT INTERNS AVAILABLE FOR SOD FARM EMPLOYMENT

"Seeking summer sod farm employment -- want to add practical experience to college turf classes, earn money for next semester. Hard worker, motivated to learn by doing."

If this "job wanted" advertisement sounds good to you, contact the ASPA office to learn more about the organization's student internship program and how your farm can hire a future turfgrass graduate who wants to gain first-hand knowledge about sod farming.

Each year, ASPA invites students in all of the recognized turf-grass oriented education programs to register for the ASPA Student Internship program. The students complete an education/work history and ASPA attempts to place them with sod farms who not only want a good employee, but also someone who may in the near future be available for full-time employment.

There is no charge to either ASPA members or students to use this program.

SALES TAX AUDITORS MOST ACTIVE IN 10 STATES WHERE SOD IS GROWN

California, Connecticut, Florida, Georgia, Illinois, Massachusetts, Missouri, New York, Texas and Washington, all leading sod production states, are also the 10 most aggressive states in sales tax auditing, according to Vertex, Inc., a Berwyn, PA based research firm. Turfgrass sod producers should be aware of the complexity of state sales tax laws, as they apply not only to the sale of sod, but also the purchase of sod farm equipment and materials. States are getting much more aggressive in sales tax collections as the U.S. federal funding cut-backs continue.

Robert E. Shirley, CPA, writing in the December, 1992 issue of "Small Business Reports," suggests all firms follow these steps to protect themselves from an expensive sales tax audit:

1. "Familiarize yourself with sales tax regulations in your home state and any other state in which your company has nexus," (a physical presence).
2. "Always include a separate entry on your invoices for state taxes."
3. "Obtain and file sales tax exemption certificates from all exempt customers."
4. "Bill and collect the tax when in doubt."
5. "Fill-in the 'ship to' portion of the invoice if shipping to an out-of-state customer."
6. "Accrue and pay 'use tax' on all items that you purchase and use for which you didn't pay sales tax to your supplier."
7. "Make a list of items, if any, that are exempt in your business, and give it to your accounts payable clerk for handy reference."
8. "Tie your annual gross receipts to the total of 12 monthly sales tax returns."
9. "Conduct a self-audit once a year."

Contact your tax advisors for specific information about your state.

THE 'SUPPLY SIDE'

Prepared by Chris Hope, Manderley Sod, North Gower, Ontario
Member, ASPA Business Management Committee

In the turfgrass sod business, we spend a lot of time determining our selling prices and charges to our customers. We often overlook the importance of the material costs for the inputs of our businesses. I know that as prudent business people we all feel we are shrewd negotiators, but how often have you been surprised by the "new guy's" price, compared to your long-term supplier's volume discount? Not only does it pay to shop around, but you are doing your company a great dis-service if you don't.

The first step in evaluating your suppliers is to ensure that you are always maximizing your value received. This is especially important with your major inputs such as fuel, seed, fertilizer and chemicals. You have to balance the price, quality and services provided by the vendor. In commodity types of goods today, product quality levels have increased greatly, for the most part, as inferior suppliers have simply dropped out of the picture. When comparing service and price, remember that it is quite possible that the firm offering the higher level of service will match the lower bid price. In current economic times, the service simply becomes a selling feature. In the case of your larger key suppliers, you may be dealing with professional sales people. As long as you realize that sales people thrive on close customer relations, don't allow these situations to compromise the price you pay.

Pay attention to your negotiation skills. The bargaining process can lead to some surprises. Always ask for more and be ready to walk away to other alternative sources should your bottom number be unobtainable. Often, you can get extra's thrown in to sweeten your deal or arrange for gross percentage discounts should you buy the majority of your product needs through the supplier.

Above all: Be fair. Deal with reputable sources only. And, demand the best for your dollar!

MEMBER MARKETING TIP -- DONATING SOD

Prepared by Wayne Thorson, Todd Valley Farms, Inc., Mead, Ne
Chairman, ASPA Business Management Committee and Trustee

One easy way of advertising is to donate sod to a worthwhile project. Whether it is your local "Habitat for Humanity" or a local charity auction, it is one way to get positive PR and name recognition for your farm. Many times, you will be acknowledged in your area newspapers or trade journals. Chances are that the cost of the sod will be much less than the cost of an ad in one of those publications, and it will have a greater impact on your current and prospective customers.

DO PRO-BUSINESS LOCAL GOVERNMENTS MEAN INCREASED SOD SALES FOR 15 CITIES?

Cities that are considered to have the strongest pro-business policies, and therefore attractive to firms considering relocation, may provide strong indications for a future sod market.

Based on a variety of pro-business conditions that include tax policy, financial incentives, regulations, permit procedures and public attitude, the top 15 U.S. cities are:

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| 1. Charlotte, NC. | Tie-9. Raleigh-Durham, NC |
| 2. Nashville, TN | Tie-9. Houston, TX |
| 3. Fort Worth, TX | 11. Norfolk, VA |
| 4. Dallas, TX | 12. Grand Rapids, MI |
| 5. Salt Lake City, UT | 13. Orlando, FL |
| 6. Columbus, OH | 14. Greensboro, NC |
| 7. Atlanta, GA | 15. Denver, CO |
| 8. Indianapolis, IN | |

Compiling the responses of 900 executives was the New York management consultant firm of Moran, Stahl & Boyer, whose report was contained in the December 1, 1992 issue of "Boardroom Reports."

Although each of these metropolitan areas undoubtedly already have a sufficient supply of sod for immediate needs, turfgrass sod producers might want to consider three points: A. future sod requirements could expand because of business growth; B. a city's business policies can dramatically affect an area's growth potential, so sod producers should become active in local politics; and, C. the source for new marketing information may not always present itself in a clear-cut manner. Producers will have to look to many resources for sod sales production and sales projection figures.

SHORT STRIPS -- Brief hints you can use beginning today:

Ask New Customers: "Why aren't you doing business with your former supplier any more?" Their answers will tell you what this customer expects from you and your company and what problems you need to avoid.

99.9% Isn't Good Enough: A Red Bluff, CA businessman calculated the following would take place if everyone settled for 99.9% defect-free business operations:

- A. 1 hour of unsafe drinking water every month;
- B. 2 unsafe plane landings per day at O'Hare;
- C. 500 incorrect surgical operations each week;
- D. 16,000 pieces of mail lost by the U.S. post office every hour.

What does zero-defect mean at a sod farm? How many bad pieces of sod get shipped? How many delayed deliveries? How many incorrect statements? How many missed sales calls? Is 99.9% good enough?

"Free" Has Selling Power: Three offers were made for the same \$10 product. They were: A. Buy one for \$9.99 and get the next one for 1 cent
B. Buy two; get 50% off
C. Buy one, get one free.

The last one generated 40 percent more sales!