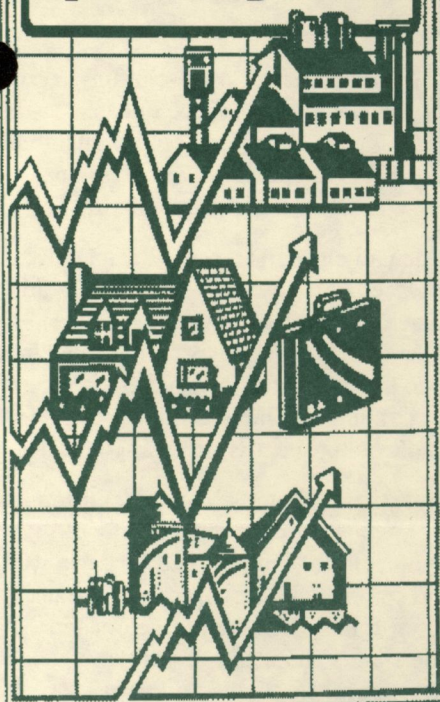


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Selecting a financial consultant.

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BUSINESS MANAGEMENT

Turfgrass Producers International

Defensive Actions Recommended

Labor Shortages & Enforcement Advance

Worker shortages and increased enforcement activities by the Department of Labor (DOL) and Immigration and Naturalization Service (INS), which TPI predicted two years ago (*April/May, 1995 "Business Management" newsletter*) are becoming realities. Members attending the TPI Midwinter Conference in Savannah reported more difficulty in recruiting and hiring for the coming season, regardless of their wage offers. Others expressed concern about the increasing number of "raids" and other DOL and INS enforcement activities.

TPI continues to work on legislation that should help ease worker shortages, through its involvement with the National Council of Agricultural Employers (NCAE). TPI may call on its members to provide testimony or other support for these activities.

Take Defensive Measures

As an immediate step, TPI members are encouraged to take the following defensive measures to reduce the potential impact of both labor shortages and DOL/INS raids or inspections.

1. *Advertise* or recruit as far ahead of actual labor needs as possible.
2. *Seek-out* new labor resources, such as football team coaches, teachers, etc.
3. *Anticipate* additional training time and follow-up efforts for all new hires.
4. *Implement* creative incentives as part

of the pay package, such as season-ending bonuses, job rotations, part-pay for rain days, etc.

5. *Ensure* absolute accuracy when completing I-9 Forms on all new hires. Double-check completeness, dating, etc.

6. *Avoid* potential discrimination claims by asking new hires to determine for themselves which verification documents from the I-9 list they produce.

7. *Update* pay records on a regular basis, being certain to show accurate information for hours worked, wage rates and pay received.

8. *Post* all state and federally required notices related to workers' compensation, wage and hour, and health and safety issues.

9. *Require* that all employees comply with regulations specifying safety equipment, clothing, etc.

10. *Insist* that you be made aware of any on-the-job accidents, no matter how seemingly minor, and take steps to ensure proper treatment.

If DOL or INS Calls On You

Contact TPI if either the DOL or INS contacts you for an audit, or immediately after a "raid." A telephone survey will be completed and the information shared with Congressional and federal agencies who have asked for impact information.

Member Price Discounts

Ag Labor & English/Spanish Books

Discounts of up to 25% are available to TPI members on two very practical publications distributed by Gempler's.

"*Ag/Hort Labor Law Handbook*," a 69-page, soft-cover booklet offers in-depth background and guidance on issues ranging from employment standards to civil rights. Normally priced at \$9.95, it is available to TPI members for \$7.50.

"*English/Spanish Illustrated Agricultural Dictionary*," a 160-page, soft-cover book presents simple illustrations of many farm-related tools and

functions. Normally \$27.50, it is available to TPI members for \$23. Shipping and handling are included in the price of either publication.

To order, members should call Gempler's at 800/382-8473, or fax 800-551-1128. Specify **Order Code TPIM** to obtain the discounted price.

TPI members will begin receiving "Turf" Magazine, without charge, as another membership benefit.

Marketing Tip

By Kent Bacon, Twin Firs Turf, Inc.
Quincy, Washington

Fighting the Low Baller. It seems every industry has people that don't charge what they should for their product / service. What makes the low-baller - price-cutter - fly-by-nighter a low-baller - price-cutter - fly-by-nighter? He (or she) sometimes doesn't carry insurance, isn't licensed, has other, better paying jobs to subsidize this endeavor, or he works out of his house. The one common denominator is that they don't charge enough for their product. At least they don't charge as much as you.

The question isn't how to stop a price-cutter, but how to compete against him. Lowering your price isn't the answer in competing with someone whose only weapon is his low price. In our main market (within 75 miles) we have one other turf farm. When we change prices, within about a month, they change their price to be 1 to 2 cents per foot less than us. Here are some things we've done...they may work for you.

Quality. This starts even before planting. If you have a weed or bug problem, often the best time to get rid of them is beforehand. Do you get higher quality with a preemptive strike, or can you get by with waiting until a problem arises to treat it. Do you have uneven fields that cause uneven or scalped turf? Either spend the time to get rid of ruts before planting, or roll before harvest. Which is less waste for you and the customer?

When we started our farm in 1980, we converted a grass seed field into a turf field. It was uneven, had thin spots and was generally low quality. We sold about 25,000 feet per acre due to scalps, torn rolls and harvester problems. Today, a bad field has perhaps 3,000 feet of scrap. We throw out rolls with bad spots rather than selling them to our customers and then we sell rejects, 3 pieces for a dollar. Does your harvester have auto-steer? Our competitors doesn't, and their slabs can vary in width by an inch from end to end. If you want a hot landscaper, come talk to some of their customers when they get a load like that!

Service. Many people feel that the easiest way to compete against the price-

cutter is to cut their own price. When you do this, you are suggesting to the customer that your price was too high in the first place. We feel the best way to keep a customer is to keep them satisfied.

How does a prospective customer learn about your company? Your phone people need to answer calls promptly, and in a friendly manner...having a smile on their face can be "heard" by callers..this helps. Have your delivery drivers be knowledgeable, helpful and friendly. Our main competitors do only sidewalk delivery... we put the pallet where it is needed. For retail customers, we demonstrate how to lay the first several rolls to get them started. We show them the easiest way to do it, and they appreciate our effort. Because great service can be more expensive, try to itemize your "extras" and make sure your client knows what they're getting for their money.

Education. Inform your customers what they are giving up when they pay less. Some will always be happy with less, but most customers who do a quality job will stay with you. We all want our customers to stay in business, and their reputation rides on their jobs. I talked with one builder in order to sell him on our company, his response was "Listen, if your grass is green and you have the lowest price, I'll buy from you. If you don't have the lowest price - I don't care about your quality - I'm not going to buy from you."

Now this customer builds a lot of houses, but he is not the kind of customer we want. The only thing he knows is price. He is now out of business. How many of his suppliers lost money playing his game of low-price? You can also try to educate your competitors. You belong to TPI for many reasons. These may include professionalism, education, promoting our industry, conventions, or influencing governmental policies. Regardless of why you belong to TPI, you should encourage your competitors to join TPI as well.

It's been said that an educated competitor is the best kind of competitor. After all, educated competitors are aware of the

inherent dangers of price-cutting; knowledgeable about the positive impact turfgrass sod has on our environment; and better able to operate in a professional, and ultimately more profitable way.

When all else failed, some local landscapers faced with low-ball competition did some investigative work to see if the price-cutter was licensed, and turned him in to the government. Several agencies were interested: labor & industries, employment security, licensing and IRS.

Diversify. What else can your customers use? Consider carrying a supply of equipment for rent, needed for lawn work. Sod cutters, fertilizer spreaders, landscape rakes, rollers, thatchers, tractors and tillers are some ideas. Consider which of these, or others, will bring in or keep more customers. In addition, when we take orders, we check to see if the customer needs fertilizer with their sod.

Know your margins before lowering your price. Here are some figures to think about before chopping prices. Based on a price of \$0.175/sq.ft. for 1800 sq.ft., delivered, and a discount of 10%:

<u>Normal Price</u>	<u>Discount Price</u>
\$ 315.00.....price.....	\$ 283.50
\$ 250.00.....est. growing cost.....	\$ 250.00
\$ 65.00.....gross margin.....	\$ 33.50
20.6 %.....profit.....	11.8%

Net profit is reduced 42.7% from a discount of only 10%!!!

Price/Value. Low purchase price doesn't always mean the lowest overall cost. Some people mistakenly believe that low price = best value. It's normally not too hard to educate most people that this is not the case. Some things to point out: How much waste does your competitor ship? How much longer does it take to install uneven rolls? Do you give good installation directions or more accurate delivery estimates? Are your people more helpful? The right answers to these questions can get your customers back from a price-chopper, without cutting your price. While cutting your price may seem to make sense, it usually makes more sense to make your farm more efficient first!

Seeking Professional Help Choosing Financial Consultants

By Mike Ward, Eastgate Sod
Loveland, Ohio

In today's business climate, we often find ourselves in need of outside expertise. While most of us are pretty good at growing turfgrass sod, all those financial numbers, formulas and ratios can be confusing at times. Everyone remembers the times when things seemed to be going well, only to find out we didn't make any money. The following are examples of items a financial consultant could be helpful with:

- 1) proper allocation of overhead
- 2) understanding cost, volume and price
- 3) figuring when / when not to discount
- 4) determine effects of price cutting
- 5) tax preparation & retirement planning
- 6) maximizing operational efficiency

I would recommend taking these steps before contacting a financial consultant:

1. Write down the problems and/or questions you need help with, as well as the results you would like to see
- 2) Determine the level of expertise you need. Sometimes the answer is as close as your existing accountant
- 3) Seek referrals from others in the industry, or other professionals you trust

- 4) Look for turfgrass industry experience
- 5) Be wary of cold-calling salesmen
- 6) Talk with consultants you hear at conventions. Plan to meet with them before they leave town. Usually this won't cost anything, or at most, the cost of their dinner.

I also recommend that you consider the following as you contact prospective financial consultants:

- 1) Meet with the individual in person. You want to walk away with a comfort level and a sense that good understanding exists between you
- 2) Call references...make sure reference's work was similar enough to be a valid check on the consultant's experience
- 3) Do your homework. Don't just hire a consultant and expect him to solve all of your problems for you...often you will be given tools, but you will do the real work
- 4) Be willing to pay for expertise. Be cautious of those whose fees are based on what you buy. You may be "steered" toward a product that pays the consultant well, or perhaps only gives you short-term results for your efforts.

TPI Business Briefs

Prioritize Information Requests.

When requests for price quotes, sod specifications, maintenance, installation and other information are processed on a first-in, first-out basis, the result will be periodic disruptive emergencies.

Trap: Some requests that are more time-sensitive than others will be placed at the bottom of the pile -- then pulled up at the last minute in a rush. *Better:* Have each request for information include the date (or time) on which it is needed -- and tell employees they must be honest about this. Then sort and process requests by order of completion date and time. *Result:* More efficient work flow and fewer crises.

For lowest airfares:

Do not call the first airline that announces price cuts. Other airlines usually match the cuts within hours or days - giving you more choices, and in some cases, even lower prices.

The Common Mistakes When Giving Orders / Instructions to Subordinates

Giving ambiguous instructions.

Example: Instead of saying "as soon as possible," it's better to say "by 10 a.m. tomorrow."

Assuming your instructions are clear.

Ask the other person to repeat them back to you to be sure.

Giving instructions that are too detailed to an experienced worker...or not detailed enough to a novice.

Not telling a subordinate why he/she is being given an assignment. An explanation gives the employee an incentive to perform.

Giving an order at the wrong time... such as just before quitting time.

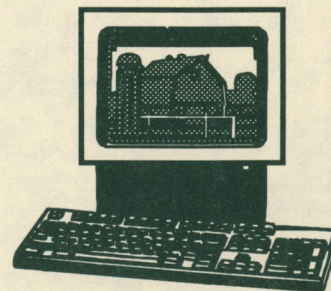
Giving too many orders at the same time... causing confusion.

Distancing yourself from the subordinate... so he can't ask questions.

Shrewder Computing

Clip-Art for use in your company newsletter, marketing or advertising efforts can be an inexpensive way to dress-up your message and make an positive impression. Clip-art software packages can be found for under \$100, some under \$50.

The software package will indicate if it is compatible with a Windows or MAC environment. The graphics found in this issue of Business Management were imported from an inexpensive clip-art package. Types of images vary both in terms of what the images portray, and the file-type.



Images are indexed by categories such as business, home and household, nature, farming, sports, etc. Look for a package that contains a user's guide and visual catalog of images - this will save a lot of time in selecting, and importing images. Trial and error in manipulating the images will help you determine how to best use the clip-art and how well they help to convey your message.

Lost Files...

Okay, my files are gone, what do I do now? Whether your files have been affected by a virus, software malfunction, human error, hardware failure or natural disaster, a data-recovery service can usually help restore your files and your sanity.

One such firm is Ontrack Data Recovery. Their services are not cheap (\$950 or more is possible), but less expensive than recreating lost files and data, if that is even a possibility.

Ontrack Data Recovery can be reached at 800/872-2599; or online at <http://www.ontrack.com>

TPI Action

Look For New TPI Advertisements in up-coming issues of "*Landscape Architect and Specifier News*," "*Grounds Maintenance*," "*Erosion Control*," "*Golf Course Management*," and "*Landscape Architecture*." As part of TPI's public relations and education campaign, the ads will boldly feature the word "sod," in grass form and the keyword, "Instant."

Member E-mail addresses can be included in the next edition of TPI's membership directory listings. Renewal notices for 1997-98 (to be mailed in early May), will invite members to add their electronic mailing "address" to their directory listing. This should facilitate members and customers communicating more rapidly. If this is successful, consideration will be given to adding Internet website addresses to future directories.

Hawaiian Tour Options are being considered by the TPI Board of Trustees. Under study are a one-day tour of Oahu before the February 11-13 Midwinter Conference and a multi-day, multi-island cruise after the Conference. In addition, tours on the Conference host island of Maui are being developed as part of the programming. Complete details of the 1998 Hawaiian Conference will be announced at the Summer Convention in Minneapolis, as well as by mail.

Minneapolis Committee & Open Forum Meetings will offer all TPI members an opportunity to provide their input on a variety of important topics, as well as better informed themselves. Several members attending their first committee meetings in Savannah said they never realized how much good information and new ideas are exchanged during these meetings. Although subject to change, the current schedule of meetings open to all TPI members is as follows:

Thursday, July 17: Marketing, Business Management, Legal & Taxation, Study Tour and Member Recruitment

Saturday, July 19: Conference & Convention, Turf News Magazine
Call the TPI office for additional details on any Committee & Open Forum Meeting.

Up-Coming TPI Meeting Dates & Places

Summer Convention - Minneapolis, Minnesota, July 17-19

Midwinter Conference - Maui, Hawaii, February 11-13

Summer Convention - Tysons Corners, Virginia, July 16-18

New Department:

Jest For The Fun Of It

You might be a farmer if...

- * You've ever driven off the road while examining your neighbor's field.
- * You've ever had to wash off in the backyard with a garden hose before your wife would let you in the house.
- * You've ever fibbed to a mechanic about how often you greased a piece of equipment before it self-destructed.

(send in your own suggestions to TPI)

Tractor Ad Translations*

Tires poor = 1 gone, 1 flat, 2 worn-out

One owner = At a time

Has water leak = Block cracked

Quiet transmission = Gears gone

Some dings in tinwork = Barn fell on it

Older restoration = Painted with a broom

Overhauled = New spark plugs & wires

Needs seat cushion = Frame gone

Rare = I've never seen one like it, but I've never been out of the country

Heard any good-ones lately? Mail or Fax your jokes, cartoons, or funny stories (fact or fiction) to Tom at TPI, for use in "Jest for the Fun of It."

Fax: 847/705-8347

* reprinted from Polk's, The Antique Tractor Magazine

BUSINESS MANAGEMENT

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