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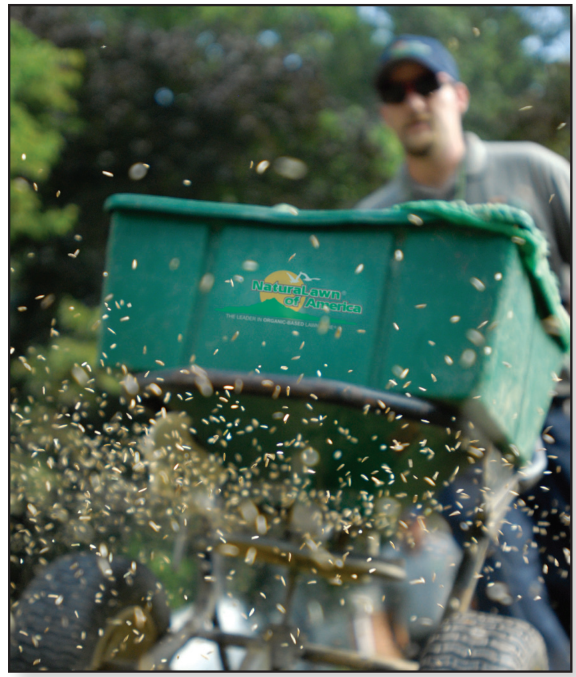
Boulders, Mosquitoes and Other **Opportunities**

Novel and newer property management services expand industry's possibilities

by Ron Hall



NaturaLawn of America is the most established company in the United States offering what it describes as organic-based lawn care. Founded in 1987, it has units in 23 states. PHOTO COURTESY OF NATURALAWN OF AMERICA.

As the landscape and lawn care industries evolve, many company owners are seeking new services and new products to offer their clients. Their goal is twofold: to differentiate their companies from competitors and, also, to grow revenues.

Simultaneously, other entrepreneurs are rolling out and promoting franchises targeted to landscape companies. These include both established companies and startups, too. In some cases, these service offerings don't fit the picture most of us have of traditional landscaping or lawn care. For want of a better phrase, let's call them "non-mainstream" opportunities. They stretch the scope of outside property management beyond the arena of landscaping or lawn care - and, for the majority of owners, too far to be seriously considered.

Eco-friendly lawn care

When all's said and done about eco-friendly lawn care service, more is said than done. Lawn care companies offering bio-rational pest controls and natural fertilizers as the primary components of their services still comprise less than 10 percent of the U.S. lawn application market. But, given the multi-billion-dollar size of the lawn care market, that's still a nice chunk of change. Demand for non-traditional lawn service continues to grow, albeit slowly.

NaturaLawn of America, based in Frederick, Md., is the best-known and most established company in organic-based/biological lawn care. The franchise company, which also sells organic products, has 65 service locations in 23 states. Founded in 1987, it's not too much of a stretch to label NaturaLawn of America as the pioneer of that segment of the lawn care market.

"In five years alone, NaturaLawn of America reduced the usage of petroleum-based fertilizers by over 12.5 million pounds and prevented over 5 million gallons of petroleum-based pesticides from entering into our environment as compared to traditional chemical lawn care," the company's website claims.

A more recent entry into the sustainable lawn care space is Bio Green USA promoting its "all-natural, bio-based fertilizer products" to independent service providers through a licensing agreement, rather than a franchising. The company offers training, ongoing support and protected territories, but does not charge license fees or collect royalties. Instead, service providers must purchase all fertilizer products from Bio Green USA, Inc. The fertilizer products are manufactured in the firm's Kearney, Neb., facility.

"We have what would be similar to a franchise except we don't charge anything to become a Bio Green licensee. We also co-brand with companies so that they don't have to change their existing image," said Founder John Perry, the owner of a lawn care company who began manufacturing the products in 2007. The company's manufacturing facility is in Kearney, Neb.

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Break out the checkbook

Buying a franchise is not something you decide on the spur of the moment and without proper due diligence. While there's a lot to consider before signing on that dotted line, the first question you're going to ask is the most obvious: "How much is it going to cost?" Start by considering this short list of costs involved in starting a franchise:

1. **Initial investment fees:** These fees typically cover the cost of training, support and site selection and territory protection. Investigate exactly what you will be getting from the franchisor for your fee.

2. **Startup costs:** These costs can vary significantly depending on what you're going to need in terms of available equipment, vehicles, office equipment and other typical items necessary for running a legitimate business. Find out if a new computer and software requirements are part of the franchise fee. If not, that's another cost.

3. **Royalty fees:** Established franchisors spend considerable time, effort and money building and maintaining their brands in the market. As franchisees benefit from this, they're expected to contribute financially. The royalty fee (usually in the 4 to 5 percent range in the green industry) often also covers support, including a certain level of administrative support.

4. **Inventory and supplies:** This will vary depending on the service you will be delivering. You may need to buy new equipment, such as mowers, trimmers and edgers; or products such as fertilizers and pest controls in the case of lawn care. Be aware that you'll need to keep some extra supplies and parts on-hand in case of equipment breakdowns or other unexpected events.

5. **Working capital:** You will need a certain amount of day-to-day cash necessary to run your franchise. You need enough working capital to at least cover the time it takes to get it operational and generating sufficient cash to keep it going. Established green industry franchisors have good numbers to share with serious prospects.

The pros and cons of a franchise

For some individuals, a franchise is probably the best way to enter an industry. It may also be a good way to add a new service to an existing business. Here are some of the advantages you can expect when buying a franchise:

- **Systems approach:** Most franchisors offer proven systems for operating the business and generating profits. This is attractive to individuals who lack sales and marketing skills and realize they need help in building and managing operational systems.

- **Support:** Being able to learn from others is hugely important in business. Small company owners often have little or no access to other individuals with business smarts. Most franchises offer business support and encourage networking and sharing among franchise holders.

- **Brand name:** It's difficult to put a dollars-and-cents value to an established, well-known brand, but it's a considerable in most markets. It's a proven aid in acquiring customers.

- **Better deals on equipment and materials:** In general, a franchise group can command price reductions on equipment and material purchases. The larger the franchise group, the more bargaining power it has with suppliers.

- **Easier recruiting:** While it's not always the case, a franchise business with a recognized name will be more recognizable to jobseekers than a lesser-known business.

Not everyone is cut out to be a franchisee. Nobody, including a franchisor, can promise success. A franchise will work for you only if you go into it willing to take responsibility for your own success. The franchise company provides what amounts to a business blueprint, some training and the agreed-upon support, but, ultimately it's up to the franchise owner's willingness to work hard and follow the plan that results in success. With those caveats in mind, let's look at some of the aspects of franchising that some people don't like.

- **Less freedom:** Independent business owners call their own shots. That's why they got into business in the first place. Franchisees must share financial information and conform to uniform operating procedures.

- **Higher start-up costs:** Many successful and profitable landscapes companies start with little more than a truck and a mower. In fact, many industry leaders started that way. Uncounted others, however, failed because of lack of business knowledge.

- **Royalty fees:** Every year franchisees make royalty payments. This pays for business and operational support, marketing and the right to use the recognized brand.

- **Promises, promises:** The level of training and support offered by franchises varies among companies, and if what the franchisor is offering seems unrealistically optimistic, dig deeper. Nobody can promise a new business owner success. Also, talk with franchisees before signing on the dotted line.