

What New Services Should I Add In 2020?



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There's a reason why "growing pains" is a well-known term. Growing any business can be tricky, but for landscapers the statistics can be downright disheartening. In fact, 95% of landscaping businesses peak and get stuck in the adolescence phase without reaching maturity, with only 5% reaching \$1 million in annual revenue, according to Envisor Consulting, a business management advisory firm for the landscape industry based in Alpharetta, GA.



(Photo: Freepik)

Complicating matters is that there is no "one size fits all" recipe for expansion success because there is no "one size" landscaping business. From sole proprietor lawn care operators (LCOs) to large design-build firms, the assortment of services offered to clients under the umbrella of "landscaping services" varies greatly. So where do you start?

Where Do You Fit?

First, let's take a look at the industry. The landscape services industry has annual revenues of \$99.5 billion, profits of \$8.5 billion, employs 1,096,000 people and represents 505,643 businesses, according to the Landscaping

Services in the U.S. Industry Report (LSIR), released this past March from IBIS World, an international producer of market reports. Since 2014, the industry has grown at an annualized rate of 4.6%, with 1.9% revenue growth in 2019 alone.

The industry is characterized by a large number of small operators, according to IBIS World. Interestingly, while sole proprietors comprise the largest majority (75%) of businesses, they typically generate less than 15% of total industry revenue. According to the latest Economic Census, 94% of landscape service businesses employ less than 20 workers.

Turf's 2019 Industry Survey found the great majority, about 70%, of respondents are the owner/president/executive of his/her business. Some are one-person operations, as found by IBIS World, while over 22% of respondents to the Turf Survey have more than 10 employees. Additionally, most respondents have over 15 years of experience.

Markets Making Money

So what services typically garner the largest share of market revenue? According to IBIS World, commercial landscaping services—described as those involving commercial-grade mowing, weeding, insect control, fertilization and propagation, tree and shrub services, and landscape installation—account for about half, or 50.8%, of revenue. While this segment's share of revenue has decreased since 2014, it is anticipated to remain stable over the next five years.

Further, an estimated 30.9% of industry revenue derives from the maintenance and upkeep of residential properties by smaller landscaping companies offering services that include lawn mowing, leaf blowing, fertilizing, weed control, and pest control. As the residential housing market grows, this segment's share of revenue is expected to increase over the next five years, predicts IBIS World.

Offering small scale design-build services, such as construction of embankments, terraces, retaining walls, walkways, decks, fences, ponds, and similar structures is estimated to account for 14% of industry revenue and is also forecast to rise over the next five years. (The Landscape Design industry is specifically profiled in a separate IBISWorld report 54132.)

Tree services, snow and ice management, and irrigation services together account for the remaining 4.3% of industry revenues. While revenue from tree services declined very slightly in the past five years, snow management and irrigation work remained steady. They are expected to retain their share of revenue over the next five years, reports IBIS World.

According to the aforementioned 2019 Industry Survey, 57% of respondents believe their business will perform better this year than in 2018. While 75% attribute growth to more customers, 32% plan to offer increased services. The most common (not necessarily the most profitable) services offered are:



(Photo: Freepik)

- 78% offer lawn mowing;
- 65% offer landscape maintenance;
- 60% offer weed control;
- 57% offer fertilization;
- 50% offer seeding and sodding;
- 44% offer aeration;
- 38% offer bedding plants and color installation;
- 38% offer snow removal and ice management;
- 33% offer disease and insect control;
- 31% offer irrigation;
- 28% offer landscape design;
- 28% offer tree services; and
- 26% offer hardscape services.

Still other popular services include: installing landscape lighting; excavation; erosion control; hydro seeding; and adding water features. The “other” category included specific mentions of mulching, leaf removal, drainage, consulting, and even hanging holiday lights.

Word Of Mouth

Further perspective on growing services was reported by the [National Association of Landscape Professionals](#) (NALP) this past July. According to a NALP survey, 37% of landscape professionals say maintenance is their fastest growing service, while 36% feel maintenance will also bring in the most revenue for their businesses this year.

What other landscape services are currently in demand? Here are four opinions from those in the industry, as reported by NALP:

Landscape Lighting. Mark Langan at Blue Ridge Property Services in Warrenton, VA, sees an increased demand for [landscape lighting](#). “It allows us to keep our maintenance crews busy, and we can connect with new or existing clients on a different level,” he says. “And, before or after selling landscape lighting, we can always sell plant enhancements, so it’s a way to open up sales in other services. Lighting projects often turn into even bigger projects.”

Drainage Solutions. Excessive rainfall causes mulch to wash out of beds. And water that collects by foundations can create building structural issues.

"The ground can only soak up so much water, and once it's maxed out that water has to go somewhere—and it exposes drainage issues," says Keith Hitch, account manager and supervisor, Bella Terra Landscapes, Dover, DE. He expects the business to be busy with services such as grading, enhancing landscape beds, and replacing mulch with decorative stone.

Water Works. Water usage is top of mind in California, and in regions across the U.S. Robb Munn, President of English Garden Care in Rancho Cordova, sees growth in the company's [irrigation](#) division. "Last year, we had two irrigation technicians on staff, and this year we have four," he relates. "And, there is plenty of work for those guys and it's profitable."

Property Enhancements. New construction is booming in Atlanta, GA. But, HighGrove Partners doesn't go after large construction projects—it's not the strategic focus. But enhancement work is on the rise because property owners of existing buildings recognize a need to compete with brand-new real estate, according to CEO Jim McCutcheon. "Existing buildings are finding ways to improve their image, which provides a lot of work for all of us," he says.

The Sweet Spot

An interesting point is revealed in McCutcheon's answer. While recognizing that construction is booming in HighGrove Partners' market, he also notes that it's not their strategic focus. Ken Thomas, founding principal of Envisor Consulting, said he believes success is gained as much from knowing who you aren't, as opposed to who you are. "Selling everything to everybody is not a strategy," he cautions.



(Photo: Freepik)

Instead, he says, it's about finding your strengths and streamlining your business. Referring to the success of focused restaurants like Chik Fil-A and Olive Garden, he says, "At some point you need to... determine what is your 'menu.'" Thomas refers to it as the "sweet spot" and says finding it is determined by factors such as you, the customer base, the labor force, and the economy.

And while many firms naturally see adding customers as a means of expansion, Thomas says real growth may mean disqualifying customers who don't match the strategic focus. "In the landscape contracting world, you lose 10% to 15% of business a year just through natural attrition," he notes. Instead, understanding your existing customers and finding those who will grow with

you can offer the “best opportunities for higher margins.” He adds, “I’d always much rather sell up than get new.”

Keep in mind, upselling doesn’t always have to mean offering a new service yourself. When it comes to streamlining, subcontracting can be a boon to the bottom line. Thomas grew Scapes Landscaping in Atlanta to a \$17 million business when it was sold to ValleyCrest Landscape in 2007. “When it was sold, we were doing about three million of outsource work a year,” he comments.

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Do you have a comment? Share your thoughts in the Comments section below or send an e-mail to the author at cmnapace@groupec.com.