

MANAGING AN ARBORIST COMPANY¹

by Robert Felix

About 15 years ago, Freeman L. Parr commented to me that there are a lot of men in the tree business, but there are darn few businessmen that are tree men. In recent years that pattern has changed, but it's still true. Tree men tend to run their business by the seat of their pants. They shouldn't. They should run their businesses by the numbers. The motive, of course, is profit.

The purpose of managing a tree company is obvious; it's to wind up with a net income, either for the proprietor, the stockholders, or whomever.

What are we managing? We're managing inquiries and we're managing expenses, resulting in a profit, hopefully. In order to accomplish this, we're managing personnel, we're managing equipment, materials, and supplies. We're managing a service business, not a manufacturing business.

What is management? My definition is as follows. Management is direction, it's leadership, and it's motivation.

You all have existing accounts and every year through attrition you lose some. Every year you would like to grow a little, so you have new business. How do you manage the development of new business? Much new business comes by way of recommendations from satisfied customers to their neighbors. It comes from exposure from well marked equipment. It comes from advertising. Many arborists do a tremendous amount of yellow-page advertising, newspaper advertising, and radio advertising. New business comes from solicitation, either by direct mail or bell ringing.

Regardless of how the new business comes, the first impression the client has of your company is that initial contact. That first impression is usually a long lasting impression. The first contact should be handled courteously, promptly, and professionally.

Every inquiry to your office should result in a sale. Granted there are shoppers who seek prices from many companies to take the lowest possible price for the job to be done, but if all specifications for the work are the same, then everybody knows the cost. The prices should be relatively the same. The fellow with the best reputation, or the one who makes the best professional appearance, is going to get the work.

We must retain old business. These people are entitled to as much personalized service and attention as your new customers. If you don't give them personalized service you'll soon lose them to somebody else. Existing accounts should be upgraded. They should be exploited to the full potential of all the services that you offer. You may first be called to control a cankerworm infestation or correct storm damage. These accounts can be upgraded into full spray programs, scheduled tree pruning, and additional services such as tree feeding, or pruning and shaping of evergreens. Existing accounts can be upgraded. They can be made more profitable.

Personalized service to your customers puts you in the same category as your customer's doctor, dentist, lawyer, or attorney. You're his professional tree man. He's not going to seek prices from other people. He's going to come to you with his needs. You're going to give him his cost and you're going to do the work. The cost will not become the issue. Service is the issue.

Some fellows disregard what we call junk leads. They try to get away from them by charging a fee for an estimate. Others ignore them. Others refer them to other tree companies. I think this is very poor public relations. Every inquiry has an unknown potential. Pursue it. The individual may only have a little plum tree that requires some attention, but he might be the purchasing agent for a major shopping center or industrial complex. So, manage your sales in

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such fashion as to allow you to exploit every possible inquiry that comes your way.

With few exceptions, most arborists will not sell a job on a time and materials basis. These exceptions usually involve big unknowns as cavity work, a cabling job, or perhaps a rodding job. Most of an arborist's work is sold on a contract basis. That way every one of the customers knows exactly what he is buying. He knows exactly what service you are performing. He is not likely to say, "Well, while you're here please prune that little dogwood." Always get a signed contract.

Frequently, as a result of this practice, you write specifications and leave orders for a signature that wind up in the hands of some less experienced tree company. Somebody else reviews the scope of work that you projected and comes in with a lower price. This is a calculated risk that you take. You have laid your cards on the table. You will have no problems completing the work professionally or getting paid promptly. There are no questions.

Some arborists have found that if they sell a T & M tree job, they get questioned about travel time, coffee time, lunch time, and down time. There's always a discrepancy in the amount of time. On a contract basis, you estimate the time a job should take. If your men complete the job in less time, you have gained time for additional production elsewhere. If the men take more than the estimated time, you've gone in the hole. It's your fault. You either underestimated the job, didn't properly supervise the men, or sent the wrong men there in the first place.

After you've sold a job, you've got to render a service. All service should be done in the most professional manner possible. Your men should look professional. They should act professional. They should execute their work in a professional manner. This requires a great deal of management, leadership, and direction.

When you have sold a job and find that you can't get to it promptly, call the customer. Send him a post card. Tell him you've been delayed and the time when the work will get done. With this personal attention, he'll accept your delay. Grease the squeaking wheels: when a customer calls and says "I contracted for that job in April. I

want it done now or I'm going to get someone else." Tell them, "Yes, sir, we'll take care of it as soon as possible." Give them a service date and live up to it. Tell them that if we get rain or a snowy day in between, there will be a day's delay. The customers accept that. You will lose very few jobs.

Scheduling of spray work is difficult. Routing efficiency improves profits. Detailed maps can help. Have every spray service slip that goes out of your office give the map grids. These tell your spray foremen exactly where the job can be found. This scheduling enables you to expedite the work which increases the productivity and its resulting profit.

After you've had an inquiry, sold the job, and performed the service it's time to get paid. It's imperative that we manage our receivables. We have to minimize accounts receivable. There are several ways that this can be done. With some accounts when the work is completed, the foreman presents the invoice and the customer gives him a check, COD. With your spraying accounts this is more difficult. Solicit your renewal spray accounts in January and February. Every year that you raise your prices approximately 10 percent, offer a 10-percent discount to those who pay you in advance. As many as 50 percent of the people will pay early. There is nothing like starting the spray season with \$50,000 or \$60,000 in cash in the bank. Those people who did not choose to pay in advance, pay the resulting price increase of 10 percent. So you gain two ways and the customers pay the freight.

These days inflation is a problem. We all like to work on a back-log basis and yet prices increase every day. The job that was sold three months ago and is being completed today is costing you more than you estimated. This is a problem that I honestly cannot give you an answer to. Contact your banker. Explain the situation and get advice from him.

Recruiting of personnel is a very paramount problem in our industry. We recruit from two sources. We recruit men trained by other companies (for a quarter an hour you can hire somebody away from any company). Don't pirate! It is inevitable that occasionally a man will come in from another company looking for a

job. He either has already quit or would like to quit. He might be from out-of-state. Check his references. When he comes in and tells you he has experience, throw him a 6-foot piece of 1/2-inch line and ask him to tie a taut-line hitch. If he knows what you're talking about and he does it, fine. He may be a trained climber.

The other method of recruiting is the hiring of untrained personnel. These can come from any number of sources. In 1970, the Federal Government gave the National Alliance of Businessmen a \$90,000 subsidy to train men for tree work. We used the National Arborist Association Home Study Program for the classroom time aspect and much on-the-job training. In one year we introduced 85 men to the payroll. At the end of one year we had three men that were still on the payroll and trained. This program was a total failure. Granted we had the priviledge of spending \$47,000 worth of government money in training these men. The program is still in progress. I know of one other tree company in New York State that's taking advantage of it. I don't know what their success has been.

How do you justify a supervisor? Theoretically he's supposed to pay his way out of increased contributions to overhead that he generates by a more efficient operation. I have yet to find a supervisor who paid his way. I find that supervisors generally put a lot of miles on a car or pick-up truck, and rarely do the job you pay them for.

Personnel retention, personnel relations, and personnel loyalty have to be engendered in your people. Money isn't necessarily the way to their hearts. You want good personnel relations because you want to increase productivity and you certainly want to improve upon the professionalism of your men. Some arborists give their men Blue Cross-Blue Shield, major medical, life

insurance, paid vacations, paid sick time, or paid holidays. Some don't hesitate to give them a periodic raise.

If the men do something wrong, be critical, but constructively and gently. If a guy does something really wrong, fire him. Try to encourage your men and praise what they do.

Purchase your equipment, materials, and supplies economically. Today you have to be equipment oriented because there are some things that equipment can do that labor can't. The cost of social security doesn't change on equipment after you've bought it.

Care and maintenance of equipment is extremely important. Down time is costly. The interest shown by the boss in the appearance and maintenance of his equipment is reflected by the men in the way they take care of their equipment. Also, the appearance of the equipment is noticed by potential customers. Your trucks should have your name on them in large letters. There should be no secret that you are doing that tree job. This gets your name around, gives you exposure, and brings in new business.

Outfit your trucks so that you can within 10 seconds be certain that every truck is properly equipped. Have truck tools. These consist of pole saws, pole pruners, rakes, brooms, shovels, tree paint, gas can, load binder, and chains. When that truck pulls into the yard at night have someone there to see to it that everything is on the truck. All equipment from personal tools to chain saws must be controlled.

If you watch the pennies the dollars will watch themselves.

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