



Going Coastal

By: Nicole Wisniewski

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Coastal Greenery President Jeffrey Johns, 35, currently spends 80 percent of his time on sales for the company.
Photo: Deborah Wright

Forget Saturday morning cartoons. Yard work is the chore that kicked off Jeffrey Johns' typical weekends while growing up on 1 1/2 acres in Brunswick, Ga. And he didn't mind at all.

Johns enjoyed these weekend chores so much that he started putting ads in the local paper advertising his \$25-a-lawn services at the age of 14. "My mom would drive me from house to house and sit in the car and read a book while I mowed lawns," Johns recalls, adding that he used a \$99, 21-inch push mower to do the work. "I made about \$75 a week."

When he was old enough to drive, mom stayed home while her son continued maintaining Brunswick, Ga., residents' landscapes. The town, which is one hour south of Savannah and one hour north of Jacksonville, boasted a family atmosphere surrounded by lovely, uninhabited beaches – which made it a growing tourist spot and a place where many Northern U.S. residents bought second homes to escape the cold winter months.

After graduating from the University of Georgia with a degree in landscape architecture in 1992, Johns worked for a \$6-million, Atlanta-based, full-service landscape company, becoming manager of the maintenance division after only a couple of years.

In Atlanta, he also met his soon-to-be wife, Misty, but they didn't feel that Atlanta was where they wanted to settle. They thought about moving back home to Brunswick. While other landscape contractors in the area were tending to the high-profile commercial clients, the high-end residential homes were ignored. Johns saw an opportunity and started Coastal Greenery there in 1994. He was just 25 years old.

Johns remained optimistic though starting the business was challenging. His wife was a schoolteacher and made only \$18,000 a year and he had to borrow a Craftsman lawn mower from his dad and an 8-by-10 trailer from a friend just to get started. "Every time I did another job, I would make enough to buy another piece of equipment," he says. "I didn't have the money for logoed uniforms, so I wore nice khaki pants and green shirts. We used an old typewriter to make fliers and just started knocking on doors. No one was

COASTAL GREENERY

HEADQUARTERS: Brunswick, Ga.

FOUNDED:

1994

SERVICE MIX:

45 percent landscape enhancements/renovations, 40 percent maintenance and 15 percent lawn care

CLIENT MIX:

75 percent residential and 25 percent commercial

taking care of the high-end, \$10-million homes on the coast, so we focused on those clients and found a way to make money at it."

The company's growth climbed consistently until \$840,000 in revenue in 2000 dropped to \$670,000 in 2001 as a result of excess overhead and debt.

Like many contractors, Johns' landscape architecture background combined with his lifelong maintenance experience wasn't enough to turn his business around. He brought in consultants and started focusing on the business side of his operation. There he uncovered some functional and organizational flaws. Implementing a new focus and structure enabled Johns to bring his business back from \$670,000 in sales and less than 1-percent profit in 2001 to \$960,000 in sales and an 8-percent profit in 2003. Now, with renewed enthusiasm for the business, Johns plans to add branches and continue growth along the Georgia Coast.

BACK IN BLACK. Coastal Greenery brought in \$42,000 in sales its first year of business, \$90,000 its second year, and then \$200,000 came and went. "Revenue increased every year," Johns says. "In my mind, the more money I generated, the more successful I was."

Then, in 2000, the company reached the \$840,000 mark, and instantly "it was a monster," Johns describes. "I had so much in debt. And then we bought 6 1/2 acres of land to build a new facility, but that put us even more in debt. It was a natural next step and I wanted to be the ultimate professional success story, so there was no stopping me."

Though the company had more than \$800,000 in revenue, its percent profit was a negative number. "I felt like my dreams were squashed," Johns says. "I didn't know whether to keep going or shut down. I didn't understand the numbers. You could call any one of our clients at the time and they'd say we were doing the best quality job around, but we weren't profitable."

Then, a number of events occurred that resulted in a continued drop in profit and a surprising decrease in sales. First, Johns lost his "right-hand man," who helped him control field operations, and he didn't have a replacement ready. Excess overhead and speedy growth left Johns without the time to seek out an adequate alternate, and since the company also was stuck paying off large debts, Johns didn't have the time or money to fix the situation fast enough.

2000 REVENUE:

\$840,000

2000 PROFIT MARGIN:

- 1.5 percent

2001 REVENUE:

\$670,000

2001 PROFIT MARGIN:

less than 1 percent

2002 REVENUE:

810,000

2002 PROFIT MARGIN:

4 percent

2003 REVENUE:

\$960,000

2003 PROFIT MARGIN:

8 percent

PROJECTED 2004 REVENUE:

\$1.2 million

PROJECTED 2004 PROFIT MARGIN:

9 percent

CREW BREAKDOWN:

Four two-person maintenance crews, one five-person landscape enhancement/renovation crew and one one-person lawn care crew

As a result, profits and sales dropped, and in March of 2001 Johns had to



Jeffrey Johns, right, and Landscape Enhancement Supervisor Mike Kinstle review plans for a renovation project. Photo: Deborah Wright

borrow \$24,000 to make payroll and pay bills. Then, he had to borrow another \$28,000 in July for the same purpose. "Luckily, I had a great relationship with the local bank and they helped me," Johns says. "But I was panicking – I incurred \$60,000 in debt just to make ends meet."

Johns started talking to his accountant, reading finance-focused books and understanding business processes. Still, he needed more help. He hired a consultant, who recommended that he "clean house" to solve the business problems. "He said I needed to let go of four of my team members because the payroll I had was too high based on the revenue I was generating," Johns says.

Though he followed the consultant's advice and the move decreased his overhead, this just made matters worse by leaving him shorthanded. He hired another consultant – after a much more scrutinous first interview – and this guide helped Johns see business matters in a new light. "Instead of telling me to let go of people, this consultant said, 'Let's see what we have to do to help you to retain these people,'" Johns says.

Johns' first challenge was simply learning how to track the business' money, focus on efficiency and get someone else to run the field operations so he could do the above tasks. "The only way for me to grow and increase profits was to

take time to understand the money part of the business, but I would rather be outside on a tractor or mower so this was hard for me," he says. "But after the consultant taught me how to create budgets and track budgeted hours against actual hours to find efficiency rates for each crew, understanding the numbers became easier and more interesting to me."

To keep all Coastal Greenery employees mindful of budgeted and actual hours, Johns puts these numbers on a large schedule board and hangs it in the office where everyone can see it. He also tracks the information on a computer scheduling system that prints out daily, weekly or per-job efficiency percentages for each crew. "Each crew – whether they are maintenance, lawn care or landscaping – can look at their efficiency rate for the week and see how they are doing," Johns says, adding that managers can access the system at any time and check out crews' specific numbers. "A 100-percent efficiency rating is perfect. As a manager, I can look at the rates and say Crew No. 1 was at 140 percent this week and that tells me we had 40 hours budgeted but they completed the work in 30 hours and made the company some money that week. And if Crew No. 2 had an efficiency rating of 70 percent, that means they took 50 hours to complete work that was budgeted for 40 hours, meaning they had a lot of overtime and I need to find out what happened that week."

But just tracking efficiency wasn't enough. One of the biggest efficiency squashers was labor burden. "We wanted to have zero non-billable hours on jobs," Johns says, pointing out that once he stepped back and took a look at his operation, he realized crews were spending too much time loading trucks and working on Coastal Greenery's new facility. "The non-billable hours were killing us."

To solve these problems, Johns switched to closed vs. open trailers so crews aren't stuck loading and unloading each morning and evening. Also, the company switched from using three-man crews to two-man crews. "Two people got the job done faster, cleaner and more efficiently," he says.

Also, training crews to understand what needs to be done on properties regularly vs. occasionally was a big plus. "Originally, we trained our guys to mow, edge and blow the properties, but when maintaining residential accounts weekly, sometimes a property doesn't need to be edged every week, but they would do it anyway," Johns explains. "So we started training them to see what needed to be done on properties vs. just doing the work. This also saved some time."

Johns also switched from walk-behind mowers to riding mowers and started sharpening mower blade more often, resulting in a higher quality and more efficient cut.

Another big change that Johns was hesitant to make at first was switching from five eight-hour work days to four 10-hour work days. The consultant he hired encouraged this, pointing out that there always seems to be overtime the first four days of the week to get work done and then crews are done with work by 2 p.m. on Fridays.

"We took some time altering schedules to see if the new schedule could work and we also surveyed our clients to see if they would be negatively affected by this change," Johns says. "To my surprise, clients had no problem with it, so we rerouted our jobs and set hours for 7 a.m. to 5:30 p.m. Monday through Thursday with Fridays, Saturdays and Sundays off. If it rains during the week, we sometimes work on Friday mornings."

The employees enjoyed the new schedule, and it helped cut overtime and labor burden. Johns was amazed. "We reduced overtime by \$26,000 and increased our profits by 8 percent just by switching from five eight-hour days to four 10-hour days," he says.

To ensure that the schedule works, Johns includes a line in his company handbook, requesting that employees use Fridays for doctor or dentist appointments since the Monday through Thursday schedule is tight.

ROLE REVERSAL. Johns' next step was to refocus his own role. "I was bottlenecking the company since I was stuck doing too many things, the rest of the employees were stuck underneath me and the money wasn't coming in as a result," he says.

To do this, Johns first had to restructure a few other company positions. First, he created an account manager title and moved his best field worker into the role. The job entailed helping Johns control sales and profit and loss by managing budgeted vs. actual field hours, running the four two-person maintenance crews, inspecting jobs for quality, doing some small upselling on jobs and communicating regularly with clients. But he soon learned that this was the wrong position for this key employee since he thrived at field work and not customer interaction. "We had some one-on-one talks and he finally admitted that he couldn't be a manager," Johns says. "I put him back to his old position and was able to retain him."

To fill the new spot, Johns hired an individual who didn't have a lot of landscape experience, but was customer service-focused. "This is a better fit," he says. "He has a very positive attitude and even on a bad day, he's great with clients. That's the type of person we needed for this key role."

Eighty percent of Johns' time is now spent on selling new jobs or additional services to clients, which helps increase sales and growth.

This year, Johns says he feels 100 percent better than he did in 2002 when the business wasn't as healthy. "We even opened up a reserve account and started tucking profits away," Johns says, adding that with this money he was able to pay off some debts and by the end of 2003 purchased a new ride-on spreader/sprayer to boost efficiency in the company's lawn care division, which it started in 1999 and has continually grown since it boasts the largest profit margins of any service offering – 10 to 15 percent, Johns says.

To capitalize on the high profit margins in the lawn care division, Johns is advertising an all granular program to clients, which he feels will be more efficient with his new ride-on spreader compared to technicians pulling around a 300-foot spray tank hose on jobs. He also feels this will set him apart from the competition. "All of our competition here focuses on using big spray rigs to do lawn care work," he explains. "With an all-granular program, which we've been testing the past couple of years and works really well for us so far, we feel that we have a niche that can help us growth this service."

Another service in which Johns sees potential is enhancements – \$8,000 to \$12,000 jobs, such as renovating a front yard landscape or adding plantings around a new pool. From 2002 to 2003, the service grew 24 percent without focusing any marketing dollars toward it. "This year, our goal is to grow it another 16 percent," Johns says, pointing out that he cut back growth expectations so that the concentration will be on quality work at a more manageable growth rate. "We already have the people in place to do the work – we're set up and geared up equipment-wise for it. Now we just have to sell it."

The trick to selling this work, according to Johns, is to "look at each property as if it were your own house," he says. "A client will call me for a \$300 seasonal color job and I can go there and tell them what I would do with the space and turn it into an \$8,000 enhancement job. They trust my opinion."

Johns builds trust in the community by networking with local organizations and with the local features reporter for the community newspaper. "I take them out to lunch and keep in touch so they are always aware of what our company is doing," he says. "I suggest gardening topics and ideas and offer them advice on their yards. Then, when they need a gardening source for an article, they naturally think of me or ask me to provide pictures of my clients' renovated landscapes for stories."

As the main sales person for the company, Johns says its his job to grow the enhancement service and handle the calls coming in from clients requesting renovations. However, with a plate full of other duties, such as improving company efficiency, Johns realizes that in 2004 he will have to hire a salesperson to aid him in increasing revenue and keeping crews busy.

Beyond individual service growth, Coastal Greenery's five-year strategic plan, which Johns compiled with the help of his consultant, involves setting up branches along the Georgia Coast, which reaches an hour north into Savannah, Ga., and an hour south into Jacksonville, Fla. The company has already started taking jobs in Kingsland, Ga., which is 30 minutes south of Brunswick, Ga. One of these jobs is the maintenance of the high-profile Home & Garden Television Dream Home 2004. Johns got the job because he networked with an old college friend who works for the architectural firm that designed the home. "This type of prominent job can help us gain additional work in the area," Johns says.

The plan is to continue adding jobs on coastal locations not more than 30 to 60 minutes away from Brunswick, Ga., and then group them by travel time to keep efficiency on track by minimizing crews' drive time. When he has enough jobs in one location to support an additional office, then he'll add a branch.

"Right now, it's more efficient for me to keep our central location and drive 30 minutes – it's cheaper than building rent, taxes and an electric bill, etc.," Johns says. "But in five years, as we build up the work, it may be more cost effective to build a branch office closer to each of these locations."

And the focus on coastal growth includes adding commercial clients and shifting the company's client base from 75 percent residential and 25 percent commercial to a more even mix, which may actually speed up this five-year expansion if Johns can secure clients like bank chains that run along the coast from Brunswick to Savannah. "We're bidding work like this now to aid in the addition of new branches," he says. "But we're in no rush to expand. We're going to continue making sure we don't lose focus on efficiency so that we can grow revenue without losing profitability. We certainly want to grow, but we want to do it the right way."

*The author is managing editor of
Lawn & Landscape magazine and can be reached at nwisniewski@lawnandlandscape.com.*

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