

company foreman felt cheated because he was the person who saw that the job was completed and managed well, yet the profits went to the company owner. He believed that the "business" side would be easy, so went to work for himself. What he didn't realise is, that while he was an excellent project manager, he was not very good at costing jobs and dealing with customers. Fortunately for him, he was able to return to his previous job.

#### **4) GET YOUR ADVERTISING RIGHT**

Experimentation: this is the key. Do not spend a lot of money until you have properly worked out what does and does not work for you. Try small advertisements in a range of publications, perhaps classifieds at first. Try different types of advertisements. I have advertised in over 200 different publications, of which only around 20% have been worthwhile. Try press releases. Send them to magazines, newspapers and radio stations. Approach the owners of websites in your chosen field to see if they are willing to place your advertisement on their website/s. Record where your responses come from and where your firm business comes from (e.g. one publication might give 30 responses and none of them do business, while another might only give 5 responses but 2 of these do business with you).

Talk to others in the industry. Find out what advertising has and has not been successful for them. Join an industry group to make contacts. Many business people will share their information, allowing you to learn from the mistakes of others.

#### **5) GET YOUR PRICES RIGHT**

Too many businesses go broke because they charge too little. Henry Ford may have become a billionaire by selling a large quantity of cars at very cheap prices, but more often than not, people are just as happy to pay a higher price if you give them quality and good service. Remember, small business is just that - small. If you are going to succeed with the 'low price, high turnover' formula, you need to be operating on a large scale, usually with a high level of investment.

#### **6) GET YOUR COSTS RIGHT**

All too often, small businesses pay more than what they need to for materials and equipment. If you take your time before starting up to thoroughly check out suppliers, and learn to negotiate about prices, you can establish much lower costs for your business before you begin. Remember every dollar extra you pay in costs is a dollar less in your pocket.

#### **7) BE PREPARED TO PUT IN MORE THAN YOU GET BACK (INITIALLY)**

Usually the first few years of any small business will require long hours, perhaps a 6 or 7 day week - and all this for perhaps a lesser return than you would get working a normal 9 to 5 job. If you have money or other resources set aside, or supplementary income (e.g. your partner/spouse has a fulltime job) as a backup to cover you through this lean period, you will have a much greater chance of success.

It is important that you and your family consider the many sacrifices that come with starting up a small business, including - less money to spend on entertainment, no time for travel or holidays, longer working hours, etc. If you do not have the full support and understanding of the family, then making the business work becomes doubly difficult.

#### **8) GIVE THE HIGHEST PRIORITY TO THE CUSTOMER**

A happy customer is the best asset a new business can have. You will then get more follow-up business from existing customers, and they will be your best source of advertising, simply by 'word-of-mouth'. There is truth in the saying "One happy customer will tell one other person. One unhappy customer will tell ten others."

#### **9) MONITOR YOUR COMPETITION**

Subscribe to any magazines or newspapers which report on the industry you are operating in. Likewise, create online accounts with associated websites where applicable and subscribe to weekly/monthly email newsletters. Monitor advertisements in that industry. Keep a close eye on any other business offering similar services or products, and watch out for any new businesses which might offer competition. Join industry associations or mentor groups, to keep abreast of what is going on.

#### **10) DIVERSIFY AS SOON AS POSSIBLE - BUT NOT TOO MUCH**

You should not try to provide too many different types of goods or services to begin with, but once your business begins to establish look for other services or products which might complement what you are already doing. 'Demand' changes - that is a fact of life. If you do one thing only, you will find there will be times your business will boom and other times it will be slow. If you do several things, there is a good chance that when one thing slows, the others will still perform well.

Keep in mind, though, that you cannot be all things to all people. If you diversify, try to add either a business or service that complements your core business, but does not detract from it. For instance, the addition of a restaurant service to an existing bed and breakfast is a good diversification. It complements, and could even increase, the B&B business. Likewise, the addition of weed control services to a lawn mowing round makes sense.

#### **11) DON'T BECOME BIG JUST FOR THE SAKE OF BEING BIG**

There is a natural tendency for your own sense of self-importance to grow when you are the boss and as that happens, there is a tendency to increase the size of your business beyond what is reasonable. Immodest employers tend to employ more people than are required, advertise more than is needed, and produce more than what they can sell.

Just because a business is bigger, doesn't mean it is run better or more efficiently, or is even more profitable. In many cases, a well-run, smaller business can be very profitable and enable you, as the boss, to keep good control (oversight) of the business's activities. Part of your long-term business plan should also include what you want personally in the long run. Creating a large enterprise that is still growing when you are ready to retire can cause a real dilemma. Many people start up in small business because they want a more relaxed lifestyle. This can be achieved, as long as you recognise your own goals.

## **12) TAKE CARE OF YOUR STAFF**

Good quality staff are the most valuable asset in any business. If you are loyal and generous and flexible with regard to your staff, they will respond in kind.

## **13) TAKE CARE OF YOURSELF**

You must be healthy to deal with the stresses associated with running a business, and still be able to think clearly and operate efficiently. Healthy businessmen put in less hours and achieve far more than those who neglect their basic needs such as exercise, diet, rest and recreation. Running your own business is not just about making money, it is also about taking control of your life. Your business should ideally give you the financial rewards, job satisfaction and personal flexibility you desire. This may not happen initially, and in fact is unlikely early on in the life of a new business, but should be a medium to long-term aim of the business.

## **POINTS TO WATCH OUT FOR**

There are many common mistakes made by people operating garden service businesses. Some of these are listed below:

Advertising that you will do anything (when you don't have the skill or the equipment to do many gardening jobs).

Underquoting when you first start your business - you are best working on an hourly rate (at least until you become familiar with what you are capable of getting done in a given time).

Not including overheads in a quote - it costs you time and money to travel to a job, to supply tools, office costs, equipment maintenance costs, to give a quote in the first place, etc. All of these costs have to be covered.

Wanting to get a job no matter what the terms are - there are plenty of people who think gardeners should be cheap labour, there are others who think cheap gardeners are not good gardeners. You should not be afraid to lose a job because you are too expensive. Someone else may just hire you because you're not cheap.

Liquidity problems - some types of garden service jobs require you to have a certain amount of cash in hand. If you are not paid for a landscape job until weeks or months after doing the work, you need to have sufficient money in hand to carry you for that period. If your work is seasonal, you need to save enough in the good times to keep you going in the bad times.

Not being clear in what you are going to include in the job - clients may expect free garden maintenance after a landscape job. Some people expect free removal of rubbish after a pruning job. Some people expect you to come back and spray again for free if your first pest or weed spraying doesn't work. Some people expect the roots removed as well as the top of a tree when you quote on tree removal, or for all of the wood to be cut up into short blocks suitable for firewood. Clearly state EVERYTHING that is to be included on the job and don't feel pressured to do more than you contracted for.

## **MAKE SURE THE CLIENT UNDERSTANDS WHAT YOU WILL OR WON'T DO!**

## **Legal Requirements**

There are different legal requirements which must be met by different businesses in different places. In some places, nurseries or landscape contractors must be registered with the government, or perhaps be involved in an industry accreditation scheme. Any business has certain obligations to keep financial records for taxation. Staff must be employed in accordance with other regulations. In some situations, workplaces must be registered or approved by government authorities. Businesses must be structured in a way which complies with legal requirements, and you must understand, decide upon, and set up an appropriate structure if you are to minimise legal liability for anything which happens in your business. Most state governments have departments that provide advice to small businesses and what rules, regulations, etc are relevant to their business. It is important that you find out what these are. Trade or industry organisations (e.g. Landscape Industry Associations) are also valuable sources of information. Licensing may be required for the tasks you plan to perform, especially for garden constructions which require council planning approval. Check with your local government authorities.

## **Professional Advice**

As a business person, you are a professional. Respect the fact that you will also need assistance from other professionals to be successful. The advice of a good lawyer and a good accountant can be invaluable. Even advice from more experienced professional people within your industry may benefit your business. For example, get the advice of professional irrigation consultants or horticulturists instead of trying to bluff your way through a job. You do not always have to follow their advice, but being better-informed will help you to make sound decisions.

## **TWO WAYS TO BEGIN IN BUSINESS**

There are two common ways to get into your own business - one is to start your own business, and the other is to buy an existing business.

## **BEFORE YOU START**

Use a Checklist:

### **1. Why do you want your own business?**

"...because I hate my current boss" isn't enough to make the decision. Is it because you prefer to be your own boss, because you think you can make more money working for yourself, because you want more flexibility in your working hours, because you have a great idea for a service or particular goods? You need to be really clear on your own motivations for running your own business.

### **2. Are you the type of person to tackle a business?**

Can you handle pressure, people, hard work, etc?

Could you cope with the needs of an expanding business?

### **3. Do you understand the business you have in mind?**

Don't go in blind. "Oh! Joe Bloggs is making millions" - You might not!

### **4. What are your chances for success?**

Study the market and make some assessments.

Do you have the relevant skills and/or knowledge, or can you easily get them?

## 5. Can you afford to start?

Have you the capital, the proposed income, etc?

Do you have a fall-back option if the business does not prosper (e.g. your partner or spouse has an income)?

## STARTING A NEW BUSINESS COMPARED TO BUYING ONE

Regardless of whether you intend to start a new business or buy an existing one, the priority is to find out as much as possible about the potential business.

### STARTING A NEW BUSINESS

The following are important considerations:

#### The Market Niche

This is best when competition is weak, non-existent, or is not keeping up with the growing market or customer demands/requirements. It can be good if customer loyalty is not a factor, or if you can bring customers with you. Keep in mind that once you approach a niche market, a larger competitor may decide to move into that market. Be prepared for competition, even if it doesn't exist in the early days.

#### Personal Aspects

Starting a new business can be more of a challenge and more satisfying when you are successful. You can start when you are ready, or you can start part-time initially. You have the freedom to introduce your own ideas and style from the beginning. **However**, there is more worry and pressure, it requires certain skills and attitudes, and it takes time to research, decide, organise, and become competent.

#### Goodwill

You start with a fresh slate with 'potential' customers. There is no cost of buying the 'goodwill' price premium of an existing business. It is hard, however, to predict volume and market patterns, and there is generally a greater risk of the business failing because of the need to build up a customer base.

#### Location

You can choose your own site for your business in the best available area, or the area that best suits you (e.g. close to home). If you are going to use leased facilities you may be able to have the full lease period, **however**, all the good sites may be occupied and choosing an alternative site may involve a bit of guesswork. You might also have to upgrade any new premises to meet regulations, your own requirements, or to provide the necessary decor or services for your customers.

#### Staff

When starting a new business you can start small, and hire people to fit your particular needs and style. When looking at staff, consider what weaknesses you may have and try to select some staff that have strengths in those areas.

### **Equipment & Stock**

You can select the most modern equipment or choose fresh stock, however it takes time to select, ship and install these. Costs are high for new equipment and stock, and the risk may prove unsuitable.

### **Financing**

You can start small, BUT many costs are commonly not foreseen. Suppliers may require cash on delivery (COD), financing may be hard to come by, and initial cash flow can make servicing debts difficult.

## **BUYING AN ESTABLISHED BUSINESS**

Consider how the same points may differ with an established business:

### **The Market Niche**

It is best when the business you are buying is one of the main players in a market dominated by several strong competitors, or when a business has unique advantages such as location, name or rights/licensing agreements. However, you must be prepared to meet or exceed the standards laid out before you.

### **Personal Aspect**

It is harder to make changes, or stamp your own style on an established business. An established business has proved it can work, so pressure on you is often less, although not always, particularly if you have difficulties being accepted by existing staff of the business.

### **Goodwill**

With an existing business you acquire an existing clientele. The risk is reduced and volume and market patterns are known. You can have immediate sales, therefore can more readily cover operating costs. The most important thing here is to be sure that the vendor has not misrepresented the businesses situation. Advice from an accountant, and perhaps a survey on your part of existing customers of the business could save you a lot of grief.

### **Location**

The business may have a valuable unique location, lease terms may be favourable, and the business should already meet state and municipal code requirements, it could be decorated and serviced for customer needs, and be immediately useable - **but** the business could also be locked into a bad location or unfavourable lease terms (*check these out thoroughly*).

### **Staff**

Your staff may be experienced, tested over time, and able to assist greatly in transition - however, they might be deadwood, or incompatible with you, or resistant to change.

### **Equipment & Stock**

The equipment (including tools) is probably in working order and ready to use but you should thoroughly check their condition. Maintenance records should also be checked. Stock will most likely be already assembled and suppliers known.

There may be problems, however, if equipment is in poor condition or obsolete. It might be hard to obtain finance for new equipment and/or sell the old equipment. It is also important to check the type and condition of existing stock. It may be 'dead stock', unable to be used.

## **Financing**

The vendor may assist in financing, or conventional lenders may be more confident about success, suppliers may more readily give credit, and you also have immediate cash flow, **however**, the price asked may be unrealistically high, or beyond your means. Goodwill cost is generally included, and is usually hard to borrow for.

## **BUYING INTO A FRANCHISE**

There are many franchises around in the garden care industry. Some specialise in lawn maintenance, some offer specialist services, and others diverge to offer a range of services.

There are advantages to a well-run franchise business. Costs can be shared with other franchisees in many areas including: advertising, other promotions, product/service development, etc.

There can also be an advantage in reduced costs through bulk purchasing of materials or equipment.

There are disadvantages also though. You can lose some control over decisions in your business. You may be restricted to operating within a certain geographic area, or from offering different products or services which you come across. There is also scope for unethical operators to take advantage of their franchisees.

It is important to note that anyone considering franchising into garden care or landscaping should be trained in the particular field. Too often stories are heard of customers paying for poor workmanship by untrained people. The public have elected to vote with their money and a noticeable increase in qualified people are now being employed, and are benefiting from their qualification and reputation.

Although many people have successfully worked a franchise, many others have lost a great deal of money in set-up fees and establishment costs. The risk of business failure is great due to the fact that many people who buy into the franchise have not, and do not, undertake any form of business training.

The key to success is:

- Do research about the prospective franchise and the industry it will cater for.
- Do a small business course.
- Do training in the industry the franchise caters to.
- Above all, talk with people who have operated franchises for the company you are looking to deal with. It is a good idea to look up franchisees of that company in the phone book or local paper.
- Check with government consumer affairs departments to determine whether there have been any complaints about the franchise operation you are considering.

## WHAT SORTS OF RECORDS DO I NEED TO KEEP?

The very minimum of records to keep are:

### **1. Simple Cash Book/Computer Software Record**

In this you record all your daily receipts and all daily expenditure.

Each week or month this can be totalled up to keep a cumulative balance.

### **2. Cheque Book**

Record all details of the transaction:

- Date
- To whom payment is made
- Amount
- The nature of the transaction (what for)

It is also very wise to keep the books up to date with your deposits. This ensures you have a balance to work with.

### **3. Bank Statements**

This is not only a record for your bank but it helps you keep track of all amounts credited to and debited from your account/s. Check off all your cheques to ensure they have been presented. Adjust the balance for un-presented cheques.

### **4. Receipt Book**

This should show: who paid what, how much they paid, and the date they paid.

### **5. Creditors Unpaid Invoices**

Without keeping track of these you can, without realising it, be well over your head in debt.

### **6. Debtors Unpaid Invoices**

OR ... you may be losing money from unpaid accounts.

### **7. Balance Sheet**

Records all incomings and outgoings at one point in time. This allows you to see where your business is at, or gives you the big picture. This will be necessary for tax purposes.

### **8. Customer Profiles**

This should include as much detail as possible about your customers but at a minimum should include: contact addresses, email addresses, phone and fax numbers and the name of the person/s you deal with.

## SEEKING ADVICE

No-one is an expert at every facet of running a business. It can often save you a great deal of time, effort, money (and grief) to consult experts in a particular field. These include lawyers, accountants, insurance brokers, government small business departments, and local council staff. You should be able to claim any fees you pay as a tax deduction. You may also want to talk to consultants in the field that you are entering into.



## **A FEW HINTS!**

Most of the major banks have leaflets/brochures on topics such as business planning, financing businesses, and franchising. It is worth talking to your local bank branch about these.

Depending which country you live in, you will find various government initiatives and publications which will be of great use. For instance, in Australia - the Australian Government Publishing Service in association with the National Executive of Small Business Agencies (NESBA) and AusIndustry has developed a series of excellent books relating to various aspects of running small businesses. They are well worth looking at, and can be obtained from the Australian Government Publishing Service. They have shops in many major cities in Australia.

Most Australian State Governments have agencies that specialise in assisting small businesses, for example, in Victoria they have "Small Business Victoria" which generally provide advice and a wide variety of publications relating to setting up and running a small business. You can probably find out what publications and initiatives are available in your country by doing an internet search for such things as 'small business', 'free small business publications', 'how to establish a small business', etc.

Note: In different states and countries, the law requires different things. Even if you do not use an accountant regularly, it is advisable you consult one when setting up a new business, to ensure that your financial and legal record-keeping is established properly.

## **PROMOTING A NEW BUSINESS**

When you commence business, you must promote yourself and the services you are going to offer. This can be done in a variety of ways, including:

- Local Newspaper Advertising
- Major Daily Newspaper Advertising
- Magazine Advertising
- Letterbox Drops
- Direct Mail Promotions
- Telephone Books (i.e. Yellow Pages)
- The Internet
- Other (e.g. Press Releases, Product Launches, etc.)

These different approaches are discussed below:

### **Local Newspaper Advertising**

In the trade directory is usually the most successful place. Prepare a sample design of an advert. Have a few friends and relatives look at it to see what they think. What sort of information did it convey to them, did it grab their attention? You might get the newspaper to design your advert for you. This type of advert works well for small businesses servicing home gardens (i.e. lawn mowing, landscaping, pruning, rubbish removal, etc). Often a small advert works as well as a big one, and it will be a lot cheaper to run.

You can frequently get better results from several tiny classified advertisements than what you might get from one larger advert that costs the same amount of money.

### **Major Daily Newspaper Advertising**

Classifieds in Saturday papers often give best value for money. Larger display ads work well for some services at some times of year, but be careful - they can be expensive, and unless you get a lot of business from them they are best avoided. They are better suited to advertising for large-scale work (i.e. landscaping rather than weeding). Again, small ads often give the best value for each advertising dollar.

### **Magazine Advertising**

These are similar to daily newspapers. Choose the magazines which you have heard of, and those which have been around the longest, or which are currently in vogue. If you don't get a response from advertising in these, you are unlikely to get a response advertising in other magazines.

### **Letterbox Drops**

Usually you will get between 1 and 5 responses for every few hundred letterboxes you drop a leaflet into...depending on how good the leaflet is and how well you have chosen the area. For example, a leaflet on pruning dropped in summer in a new housing estate will not get any response. The same leaflet dropped in winter, in an old established, wealthy area will likely bring in some work, while a leaflet for new garden landscaping services will most likely do better in a new estate than in an old established one.

### **Direct Mail**

Letters or leaflets can be sent to real estate agents, shopping centre managers, council parks departments and anyone else you think might employ people to do gardening work. Often you will get the best response by following these mail-outs with a phone call. **SOMETIMES MAIL-OUTS WORK, SOMETIMES THEY ARE A DEAD LOSS.**

### **Telephone Book**

Many people find the 'yellow pages' is the best advertising of all. Some don't! Overall, it is probably one of your better chances. Be careful when you first start advertising, that you don't get persuaded to take out expensive display adverts. It is best to test the waters first with a smaller advert to see what sort of response you get. As your business becomes better established, you might then progress to a larger advert.

### **Exhibitions and Shows**

I have known landscapers, and garden care companies, to mount a display once each year at a garden show and get enough business from that effort to keep them employed for six months. I have known others to work for a week at a garden show and get no work from it.

Homes shows and various types of industry exhibitions can be equally as profitable (or unprofitable). This method of advertising works well if you exhibit the right product or service, at the right time, in the right way, and at the right show. You must get these variables right, and generally, you must make a considerable and often costly investment. So, do not exhibit at a show without a lot of forethought first.

### **The Internet**

The internet was of little significance to gardeners or landscapers in the past, but that situation has changed very rapidly. A growing number of people are connected to and using the internet for all sorts of information. More and more landscapers, nurserymen and gardeners are using the 'net to promote their businesses. Even if you do not consider the internet when you first start, you should consider it as a serious promotional tool in the future. It can also be a valuable research tool.

## **Other**

There are many other ways of getting work. Leaflets and business cards can be put on public noticeboards or in shopwindows, you can advertise in community directories or on calendars, you can make a series of radio or theatre adverts, and so on. These methods sometimes work, but are very often no good at all. Read the 'tenders' section in the Saturday newspaper classifieds, since various organisations ask for people to give a quote to do a job. Often different types of gardening work are advertised. Offering charity work for community groups can also lead to paid business.

## **IMPORTANT**

When you first take out an advertisement in a newspaper or magazine be wary about being locked into long-term contracts. It may be cheaper per advertisement to book your advert in multiple issues (e.g. once a month for 12 months), but if the advertisement is not working after the first few months you may have wasted a lot of money. Usually, it is best to trial your advert for a month or two to see what sort of response you get, then decide if you want more regular bookings.

## **UNDERSTANDING CONTRACT LAW**

Whenever you take on a job, large or small, you are entering into a legal contract. Under contract law, a contract DOES NOT need to be written down - but that can make things simpler. A contract is made whenever one party offers something (e.g. to design a garden for a certain amount of money) and another party (i.e. the client) accepts the offer.

In most cases, there is no problem if the contractor does what is expected and the client pays what is expected - but if either one does not do what is expected, there is a dispute.

If everything has been written down, the parties can look at the written agreement and the dispute can usually be easily settled. If things are not written down, it may need to go to court.

Often the best way to sort out any potential problems is to talk to a lawyer, explain your business activities with them, and have them make recommendations as to what should be included in any contracts you might establish.

## **AVOIDING DISPUTES**

The best way to avoid disputes is to try to foresee anything which might go wrong, and write those things down into a contract to be signed by both parties before any work is started.

For example, if you are a lawn mowing contractor, you need to develop a standard quotation form. This form should state what you will do. It may say things such as:

- Lawn clippings taken away (or put in the compost heap).
- Edges trimmed with a whipper snipper.
- Lawns mown to a height of 2.5 cm.
- The lawn is to be mown every 1 to 3 weeks (the frequency being in accordance with growth rates but totally at the discretion of the contractor).
- Any other work such as raking the surface, treating damaged patches, etc are to be