SET TO SCALE: THE PROFIT FIRST SCALABLE BUSINESS MODEL FOR LANDSCAPERS

Christeen Era, co-founder of the Green Profit Academy, is an accounting and consulting professional who has helped hundreds of small and mid-sized businesses improve their cash flow, post higher profits, and achieve stronger growth. In Profit First for Lawn Care and Landscape Businesses, she provides an industry specific toolbox to help the owners of these businesses manage their expenses and increase their gross profit margins to as high as 65%. In the book, Christeen also identifies not only best practices in the industry but also the hidden bleeds that kill profits. She provides assessments that offer a clear, accurate snapshot of the business's operations, and maps out a road to success in which owners can identify their best customers and most profitable services. Passionate about helping her clients flourish and grow, she is a certified Mastery level Profit First Professional, Pumpkin Plan Strategist, Fix This Next Advisor, and QuickBooks Pro Advisor.

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(00:00:24):

All right. We've got a lot of people here from all over the country, so if you can hear me, go ahead and type your business name and city into the chat. I'm Jack from Ramblin Jackson. I'm in Lyons, Colorado, so if you can hear me... Oh, I see Scott Lawn. He's in Sunny San Diego. Scott, go ahead, type in the chat. We're going to get started in just a minute here. We've got some Ramblers here. We've got some landscape company owners from all over the country. Good. Tyler, good to see you from MVP Snow n' Lawn in Cleveland, Ohio. Very good. Who else is here? Are there any Ramblers here that can hear me that can type into the chat? Bob Cling, you're from York Landscaping Irrigation, good to see you. Awesome, Steve. Steve Hazelip is here. I haven't seen you in a while, Steve, but it's good to see you.

(00:01:24):

All right, good. Everybody can hear us loud and clear. We're going to go ahead and get started. Today, I'm excited to be here with you guys. My name's Jack Jostes, and I'm the CEO at Ramblin Jackson, the snow and landscape marketing agency. Ramblin Jackson helps landscape companies around the country get found online. We build your sales process, design and develop your website, generate leads through SEO, and direct mail, and all different kinds of things. You can learn more about that. We have some of our Ramblers here in the chat who might be chatting with you in the chat, so I invite you to type questions and interact. Today, we have a repeat webinar collaborator, podcast collaborator, friend of mine, Christeen Era, who is the author of Profit First, Profit First for Lawn and Landscape Business, grow your lawn care and landscape company from a cash-eating monster to a money- making dream. Christeen is going to be presenting today Set to Scale: The Profit First Scalable Growth Business Model for Landscapers. Christeen has a presentation planned.

(00:02:46):

She and I are going to have like a Q&A at the end where... I'm going to be taking notes and I invite you all to take notes, including Ramblers, to ask Christeen questions, because she's a wealth of information. We're going to have time for Q& A at the end and a special offer for the audience that you have to stay to the end to get. I wanted to share some of my personal story with Profit First. Many of you may already know this, but if you don't, at one time, I was in a significant amount of debt, both at Ramblin Jackson and in my personal life. It was extremely stressful, it was very challenging. I hired a bookkeeping company that I later realized was adding to the problem. I thought, "Oh, I have bookkeepers and I have an accountant. I'm good, I've hired people. You're the money people."

(00:03:45):

That was really the wrong mindset first of all. Eventually, I read the book Profit First. I actually listened to it. It's a really good audiobook, and Christeen's book is an audiobook also. I know the idea of listening to a book about accounting sounds really fun, but I assure you that it is actually a really entertaining book and it explains it in a way that just makes sense to people who aren't good at math or don't understand business money. Maybe you do, maybe you do, but Christeen then took this book and applied it to lawn and landscape businesses. It's incredible. Christeen, what else should we know about you before we get started? What didn't I say that you want to add?

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Christeen Era (00:04:35):

Yeah. Just for the people who do not know me on this call yet, I have been working in the industry, now I have to start saying 30+ years, and working with trades. I actually started off in business consulting, looking at the operations and the efficiency in companies and tying it back to the profitability of the company, and then I fell into accounting by doing that. I've been working with businesses, and accounting, and operational efficiencies for 30 years now. I am a certified Profit First professional. I have been one for many years. I'm also certified in other areas that support efficiencies in business like Clockwork, and Pumpkin Plan, Fix This Next, and I'm a certified accounting professional as well.

Jack Jostes (00:05:30):

Awesome. Well, Christeen, take us away with Set to Scale: The Profit First Scalable Growth Business Model for Landscapers.

Christeen Era (00:05:40):

All right. I'm just going to share my screen so we can get started here. You guys can see what I'm talking about because I'm going to talk about some fun stuff. We are going to dive into those numbers that everybody just loves to talk about. First, I want to thank everyone for coming and joining us today in this conversation. We will be talking about Set to Scale: The Profit First Scalable Growth Business Model for Landscapers. Today, I want to explore strategic insights and give you some [inaudible 00:06:15] tools to help you accurately project and monitor key financial indicators to reach your goal faster in your business. I was already introduced. I'm Christeen Era. I'm the founder of Core Growth Strategies, which is an accounting firm, and a co-founder of Green Profit Academy, where we coach businesses on Profit First implementation as well as leadership for them and their team.

(00:06:47):

Let's start by clarifying two often misunderstood terms in business development. One is growth and one is scaling. I want to talk about the difference between these. While growth refers to increasing your business size and reach often by adding resources at the same time as your rate of revenue increases, scaling is about enhancing your business's capacity and efficiency. It's a strategic approach to growth that ensures a long-term sustainability and profitability. We're really being intentional when we are scaling. We're going to cover some things that tend to happen with growth that do not support scaling your business.

(00:07:36):

This is one of my favorites is talking about unintentional growth. I feel like this has been happening a lot in the last several years, the whole post-COVID. We had all this money infused into our businesses from whether it may be the EIDL or the PPP. We got a lot of government support and then things just drastically shifted in our markets. No matter where we were in the U.S., people really started, especially in this industry, they started going outside versus just living inside all the time, living in the office working, or even working from home, which is a new concept which I've been doing my whole life. They started going outside and spending a lot of time outside. They looked outside and they said, "Hey, our backyard is not what we want it to be. We want an outdoor living space." You guys probably started getting a lot of calls, your revenue started increasing.

(00:08:35):

The other thing that I saw was that people who really didn't belong in the market, maybe they weren't set up in managing their businesses the way that they should or they weren't profitable, they started disappearing out of the market, which gave the people that had a strong foothold a place to grow. Growth can often in ways that aren't meticulously planned in our business. We don't have some sort of outline of, "Hey, this is how we're going to grow and scale the business." It's not also strategically managed. These are some of the ways that unintentional growth can happen. One is reactive expansion, and many businesses initially grow in response to immediate opportunities like the ones that I was just talking about, like the shift in the market or demands rather through a structured strategy.

(00:09:27):

The market is saying, "Hey, we need more of you. We want you to show up tomorrow. What does this look like?" Another example is a sudden increase in customer demand might lead a landscaping business to hire more employees all of a sudden. They're like, "Hey, we need more labor now," or buy more equipment off the fly without a long-term plan in place. Like, "Hey, we just need this now. We need to service this big contract." It's reactionary versus being responsive. Word of mouth is another one in referrals, and small businesses, especially in the service industry like landscaping, often experience growth through word of mouth and referrals in their market. I look at this as all the neighbors always like to tell them, "Hey, I'm using this company and they're the best company, and you should use them too. Here, let me refer you and connect you." People in their neighborhood always like to have the best.

(00:10:28):

They like their landscape to look the best, and they like to refer who they consider the best to be. This is very positive, but it's not always anticipated and controlled, which can lead to unplanned increase in the workload, and again, operational complexities. We need to do labor. Do we have skilled labor? Do we have the systems to support this? Do we have the space? There's all these things that come into play when we're looking at this unintentional growth. Another one could be incremental increases. Businesses often add resources little by little. As revenue increases, they might be adding new services, employees, and equipment just bit by bit, so this is kind of baby stepping the business growth. Its kind of growth, it's gradual, it can feel more natural, but it's not always accompanied by a strategic plan leading to inefficiencies or even some sort of guideline of what does this look like.

(00:11:29):

Okay, we're adding these little things, but where are we really going with them? Market opportunities, so these are sudden market opportunities that come up such as a competitor going out of business, which I kind of talked about with this shift in the market, or a new trend can lead to rapid growth. Maybe all these people, they start wanting swimming pools, or they want an outdoor cooking space, or what's trending at the moment. Post-COVID, a lot of outdoor living spaces started to trend, where people went, "Hey, I want to spend more time outside and enjoy the beautiful landscape that surrounds my home."

Businesses may rush to capitalize on these opportunities without having the necessary systems and processes in place to support sustainable expansion. They don't have the hiring system or they don't know the life cycle of their equipment. There's several things that can come into play when we're looking at these complexities, especially in this industry.

(00:12:37):

This last one, customer demands. Sometimes growth is driven by our customers and what they want, and that will push the business to expand their offering or even their location. What market are they servicing? Do they want to open up another location because it may not be profitable to commute outside of their service area? The other thing they don't consider about this when they are pushing beyond their geographic reach is the lost opportunity costs. If I say yes to this customer who's outside of our service area, what are the customers that I'm saying no to that are inside our service area? Not just being aware of who you're servicing and where they are, but what that could cost the business and the demand that it puts on your team and even your equipment. Existing clients may request additional services to where they're like, "Hey, can you do this? Can you do that for me too? I just really like working with your company," and this leads the business to grow in ways that weren't initially planned.

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It's like, "Okay, he's one of our best clients. Let's say yes to him. Let's say yes to this guy. Well, we did it for his neighbor or the brother-in-law, so yeah, we're going to say yes to them." I'm going to talk about the challenges of unintentional growth, because sometimes we're stuck in the weeds and we're not always thinking about these things as we're trying to manage the day-to-day of our business and not thinking about the lost opportunity costs and what can come up. Unintentional growth can be... It can bring the immediate benefits to the table and it often creates challenges that can hinder long-term sustainability. This is not just for our financial side of the company, but also our team members. People are human, they can burn out too. We could only put so much on them for a certain amount of time. Operational strain is one of the symptoms that will show up with unintentional growth. It could be rapid unplanned growth, and this can strain existing resources in your business.

(00:14:52):

It can strain the systems that you've set up for a business that isn't the size that you're growing into, so being aware of do the systems we have support the business of our future, and being aware of that. This leads to inefficiencies and it also decreases our service quality. The value that we're trying to provide our customers in the long run can be highly impacted if we're not aware of the strain that's happening in the business. Then, we have financial management. Without strategic financial planning, the business risk overspending, misallocating resources, and this is the bottom line, it's going to impact the profitability of the company. If we're looking at, "Hey, we are going to go buy this piece of equipment because, suddenly now, our customers want us to clean out their ponds." Maybe they have ponds and they're like, "Hey, do you guys do this?" and you're going to go buy some really big piece of equipment that can do this. Do we really know what the plan is for this?

(00:15:57):

Are we misallocating resources and do we want to be the pond cleaning people? Those are some of the thoughts that might be associated with this financial management or mismanagement, trying to be everything to everybody. We have scalability issues. Growth without a strategic plan can make scaling very difficult. You're trying to grow, your revenue increases, but you're not really aware of, hey, where are the gaps and what do we need to close in these gaps in the business? These are processes and systems that are designed to handle increased volume. Are the processes and systems you have now in your business, are they set up to get you to the next level? If not, when you start reaching that next level, those processes and systems are going to fail you. They're going to fail you, they're going to fail your team, and the biggest impact that you're going to see is when it comes to your profitability.

(00:17:02):

Really understanding that growth concept and how it can occur unintentionally, it helps business owners recognize the importance of strategic planning, which is why I'm bringing this up. Strategic plans, I think, are one of those things that business owners, they get so excited about, just like accounting. They're like, "Oh, I've got to put all this stuff down in writing and then we've got to use this," or they might even have a strategic plan that they just stick in a drawer and they're like, "Yeah, we have one. We haven't looked at it this year yet." That strategic planning part is key to really being intentional about your profitability and your scalability in your business. By anticipating growth and implementing the scalable processes, businesses can turn unintentional expansion into sustainable and profitable scaling. If you have a plan in place and you're using a system, sometimes you can really leverage this unintentional growth.

(00:18:08):

How can we achieve this strategic scaling that I'm talking about? It really begins with a shift in perspective. It's interesting because in all these years I've been working with small businesses and I have a partner at Core Growth Strategies, Steve and I launched the Green Profit Academy, became partners there, he has his own business as well, we're like, "Oh, it's the numbers. Oh, it's the systems and processes." All these things, what are the things that really help with the business to scale properly? Interestingly enough, I've come back to it is mindset with the business owner. It's all about perspective. It's all about our mindset. When we want to start looking at scaling the business versus just unintentional growth, it's going to begin with a shift in our perspective when it comes to scaling a business and viewing growth through the lens of efficiency and sustainability. This comes back to mindset.

(00:19:18):

We want to look at it through a different lens. We want to start asking ourselves questions. What do we not know? What do I need to know? What can we do different? Be a little bit more curious. It involves optimizing operations, leveraging technology. What technology are we not utilizing right now? What can we use? There's several companies I know that still do so many things on paper and it creates inefficiencies in the business. Maintaining customer-centric approach as you expand. Who are we serving? What market are we serving? What do we do? All of this involves planning with focus and intention, which many entrepreneurs, they don't always want to do. They don't always want to focus on these things. They want to go, "Oh, I want to go work in the field," or you really like sales, or I like talking to people.

(00:20:16):

This is a piece of your business where you've probably heard the term work on your business versus in your business. What we're talking about today really can support you in working on your business. The tool that I'm going to share with you today, I hope, will give you some guidance to where it will be easier for you to work on your business and connect with a methodology to where you can scale your business with ease. When you're looking at scaling your company, this means that you need to implement scalable processes and systems in your landscaping business. Is the systems and processes you have right now going to get you to the next level or the level after that? What are your goals? What are you wanting? Are you wanting to be a $10 million company? Are you wanting to be a $5 million company?

(00:21:10):

Right now, maybe you're a million-dollar company. Do those systems you have help you get to that next level, and all the while keeping your finger on the pulse. Why you do all of this? You need to keep your finger on the lifeblood of your business, which is your profit, because without profit, you're not going to be in business very long. That's just the unfortunate reality of it. We could only do business for so long until we just run out of gas. This, in itself, looking at the strategy side, looking at the scalable side, is the processes and systems supporting my business, and then you're keeping your finger on the pulse of the lifeblood of your business, which is your profit, it all seems to be one of those things that sound impossible, almost like the balancing act of magic and imagination. What does that even look like?

(00:22:10):

All in all, just to make it simple, let's look at it from the perspective of it's about growing smarter, not just bigger. I've seen many businesses that grow bigger and then they end up growing smaller very quickly. They go backwards. All right. Let's take a minute to talk about financial insights. These are very important in any business, knowing your numbers, which the Profit First methodology really supports that concept where you say it's simple, it's not always easy. Knowing your numbers, this will give you the insight that you need to scale your business. It allows you to make those accurate projections that you need to help you plan and allocate resources.

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Like, "Hey, are we ready to hire someone? Do we have too many office people for the size that we are? Are we missing somebody on our install crew? What does this look like? Do we have the right equipment? Can we afford the right equipment? How can we afford the right equipment?" There's all these great questions. The financial insight also ensures that you and your team stay informed to make the decisions that you need to operate efficiently in a business. It gives you those guide rails of, okay, are we overspending, underspending, and are we making the right decisions? The other thing that I love about financial insights is it gives us historical data that helps us understand patterns and trends that can improve future production. A business is a journey. It has a history, it has a now and it has a future. What can the past tell us that can improve-

PART 1 OF 4 ENDS [00:24:04]

Christeen Era (00:24:02):

... the past tell us that can improve what we're doing now and really improve what we want to do in the future. So those numbers can give us a lot of insight and they can tell us a really good story.

(00:24:13):

And then our all-time favorite is KPIs or key performance indicators. So we always want to have some of these in our business. If you don't have any, I always say start off small, you will get there. We don't want to track too many things at one time because it's going to always give us too much information. So some of these could be revenue growth, what are your profit margins? Customer acquisition, anything around there is going to give you some insights into your business's current health, financially, and your future potential. Because if you can measure it, you've probably all heard this, you measure it, you can manage it. So if we know what the numbers are or we know what the outcome is, then we can change it.

(00:25:06):

So one of the things that tie into strategizing in a business or a strategic business plan is business cycles. So we need to navigate business cycles and what are business cycles? And I guarantee if you really haven't heard of these before, you have experienced them in your business and you just didn't have a name for it, a fancy name. So the business cycle refers to the fluctuations in economic activity that an economy experiences over a period of time. It sounds kind of complicated, but if we just break it down and make it simple, what we're doing is we're referring to the fluctuations in your business activity that your business experiences over a period of time. This is happening in every business. And for a small business, navigating a business cycle for long-term success and sustainability is crucial. We're going to experience these. We want to be aware of what we experience.

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So when you're looking at your business, you want to understand the different phases that your particular business goes through in your market, and it's going to tie to the services that you deliver.

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So when we have these business cycles, we start with the expansion part. So expansion has, it's got growth, it's going to increase our sales, we're going to have to hire, we're going to have to go out and buy equipment, there's more material. There's all these things that come into play when a business starts experiencing expansion. And then we have peak, which is the maximum output and high demand. So our busy season, and you might have seasonal busy seasons depending on what you deliver. So you might have a summer busy season, you might have a winter busy season if you do snow. So being aware of what your peak season is in your business or your peak season. So you can navigate these and you can prepare for them.

(00:27:18):

And then we have the contractions. So it's a decline in your business or a reduction of sales, or will you start having to do cost-cutting. This can be seasonal. This can also impact you based on what's happening in your market and the economy. So being aware of what can pull revenue from us, what can detract from the direction we're trying to going, what are some of those outliers or regular reoccurring things that might happen to where we might experience a decline, a reduction in sales, and what's contributing to that. So there's some great key questions that you can ask yourself.

(00:28:02):

And then the last one, which I like to call Flex, it's also known as trough. I think that's a very bizarre word. But in the book that I wrote, the Profit First for Lawn Care and Landscape Businesses, when I spoke with my clients, they didn't like to say slow season or it's an off season. So we came up with flex, the flex season. And this is where the business hits the lowest activity, but there's potential for new opportunities. So they might be going through a fluctuation of revenue and slow times based off of week to week, or they might have these odd jobs that pop up during their slow season. So being aware of what that looks like for your business. And navigating business cycles effectively, it really involves understanding the phases of these cycles and anticipating change in your business and making informed decisions to leverage opportunities while you're mitigating risks. So again, we're talking here about being intentional and proactive, versus reactive.

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And your business has been telling you this for a long time. We just have to listen and we have to note these things down and be aware of them. And by doing so, a business can maintain resilience and they can achieve that sustainable growth despite economic fluctuations. So if we're really being intentional, we know how to ride the wave and we have the right equipment to do so.

(00:29:48):

So I want to touch on the Profit First methodology before we move into how to scale and grow your business with this advanced tool that I'm going to share with you all today. So some of you may already be familiar with the Profit First methodology. Profit First was written by Mike Michalowicz, believe it was in 2014, 2015, he released it. It is one of his most popular books by far, and it's had the most sales of all of his books in business. So there's a lot of people out there that believe in the Profit First methodology, that adopted it and have implemented it in their business. And for those of you who are not familiar with it, I just want to unpack it in a nutshell today so you can understand what this means and how it can help with scaling your business and ensuring profitability.

(00:30:46):

So the traditional accounting formula is sales minus expenses equals profit, which means we go out, we make revenue, we spend all this money, and then what's left at the end of the month, we go, "Oh, well, how much do I have?" And as a business owner, we consider that's our profit. So whatever's left on the table or not, maybe it's in the negative, that's what we get or don't get. But with the Profit First formula, it's reversed, it's sales minus profit equals expenses.

Speaker X (00:31:18):

It's a big zone.

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Christeen Era (00:31:24):

So when we're looking at the sales minus profit equals expenses, it's a different mindset and it's a different process that we're implementing in the business, and we're also looking at it as an entrepreneur from this different mindset. We're taking our profit first. So we're being intentional of saying how profitable should our business be, and how much do we need to set aside? What is left to spend in the business? And then we're spending that in the business. So we're safeguarding, the reason we're in the business is to make money. We're setting that aside first, and then we spend the money. And the Profit First methodology is it's simply a financial management strategy that prioritizes profit first by revising the formula. And it plays a crucial role in strategic scaling when it comes to an effective cashflow management system. Most businesses don't have a cashflow management system. They don't have a budget, they have one account that everything gets dumped into, and then they're not even aware of how much they spend on a monthly, weekly, or even annual basis. They look at it three, four, six months later when they sat down with their CPA to look at what they owe for taxes. So again, very business management mindset versus proactive. And this basic system, and we say because we help people implement it all the time in their business, it's simple. It's not easy, and there's some challenges around it. One, you're changing the way that you've been doing business. Sometimes it doesn't feel as you have as much money because you're dividing this money up into different accounts. You're also taking profit out of your business first, which you never have before. So we've seen where they're like, "Well, I took that profit out, but then I had to take it back."Well, there's nothing that says, "Hey, you get to take your profit first and then you give it back." Actually, you're not supposed to give it back. There's a whole outline of what you're supposed to do with that profit.

(00:33:46):

And what the system supports is there's some key principles I just want to cover is you start to allocate your profit first. It's not all of it, because usually businesses are not running at a financially healthy level. We look at what can you do if you can just do 1%, let's start there, and moving the mark with that. So you deduct that predefined percentage from each cell before allocating the funds to expenses. And then in addition, you have these multiple bank accounts. So we use separate bank accounts, we call them small plates in the Profit First methodology to where we have one account for profit.

(00:34:28):

We have one account for owner's compensation because they're the most important employee in the company. We have one account for taxes, so it doesn't surprise us at the end of the year, and we're intentionally setting money aside to pay those taxes. And we have one account for operating expenses to manage that cashflow more effectively in your business. It says, spend this much. This is what you spend. Ideally, you're going to get into this rhythm as your business becomes more financially healthy, you're going to look at what you're spending, keep your spending in check, and you're going to evaluate and adjust your percentages. So you may say, okay, well how much are we spending on labor, payroll? We need to tighten that up a little bit. What can we do to tighten it up? So it really is a system where it gives you some additional insights that you can focus on improving areas of your business when it comes to your profitability, as well as being intentional about setting that profit aside first.

(00:35:40):

And when a business focuses on the Profit First system, they can ensure that they remain financially healthy, it gives us those guidelines, just those basic guidelines, and it can pave the way for sustainable growth and long-term success. So before we move forward, I want to talk about having a business model. And this was something that when I was diving deeper into supporting the lawn and landscape industry and writing the book, business models was something that came up. And this industry, I would say is very complex. There's equipment involved, they do different services, whether it's snow removal or a lawn application or irrigation or landscape architect. There's all these different areas of this industry that make it very difficult to navigate, even if you have a financial degree or a business degree. It is very challenging to navigate this industry. So when we're looking at this industry, one of the things I identified was a business model, and I unpacked more business models. In my book, I've actually outlined four different business models, and I've also outlined some blueprints for this industry, just to give some basic guidelines when it comes to scaling your business.

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But before we go there, I want to talk about what is a business model and how does it apply to you and your business? And a business model is a plan for making profit by selling defined products and services to a target market. And it's really a blueprint of how a company creates, captures and delivers value towards its ideal customers, your target market, or as I think Jack refers to it as your hell yeah, customer, right?

Jack Jostes (00:37:42):

Hell yes.

Christeen Era (00:37:42):

Yes. So we always want to know who that is, and that's part of your business model. It's going to set you up for success.

(00:37:55):

So I want to look at the scalable growth business model and point out what are the differences between these, because we can have a business model and know, okay, we're going to plan for profit, we're going to sell these services. We have our target market and we want to of course deliver the value. But there's a significant difference between a standard business model and a scalable growth business model, which provides a blueprint for growth, which I've talked to several business owners over the years, and they said, if I had a design to grow my business, what that looked like, how much I was supposed to spend, what's a healthy amount? I would be able to get there faster and have more focus, and it seems like it would be less work.

(00:38:46):

So the scalable business model is something that I put together in writing the Profit first for Lawn Care and Landscape Businesses book. I had been working on this concept for many, many years. So pretty much the whole time that I was an entrepreneur for 30 years now, looking at, "Hey, how can a business scale and grow and tying the operation to the financials and being strategic about it.

(00:39:16):

So a scalable growth business model helps you answer the following questions as you navigate the marketplace and scale up your business. So how will I anticipate higher expected labor and other expenses? How can you get in front of that? What services should I sell and which ones are most profitable? You can create a profit center in your business if you know what services are most profitable and you can focus on those. Another one is, what customers should I be saying yes to that will fit what we do and how we do it? Because the customers you say no to, I guarantee are not your profitable customers. And how can we communicate our value and deliver it consistently? This is a big challenge that comes up in our coaching, how do I make it consistent? This is how I do it as a business owner, how do I get everybody else to do it that way? Because that's the value that our customers really want. And who will counsel me on the best strategies for growth? How will I know how much to spend and when I need to spend it as we grow? So if you look at this diagram here, we have all the same ingredients for a business model, we have the plan for profit, the self-defined services, the target market, or hell yeah, customers and our delivered value. But with that, we also have financial stability, strategic investment. So there's some other areas of focus that we need to be aware of. We have consistency and efficiency that shows up when we are selling our services that we defined. We have focus marketing and customer acquisition with our target market, and we have customer retention and brand advocacy when it comes to our delivered value. And these, of course, all mean something more than just these simple words. There's deep dive into these and we can unpack all kinds of strategies and methodologies around these. So what I ended up doing was I created what we call the scalable growth business model. And I have dashboards and blueprints that serve different business models just in this lawn and landscape industry. You can find them in detail in chapter eight of the book. But in this, I unpack revenue tiers.,I unpack how much you can spend in different areas of your business, and what's the financial spend and what's healthy. So navigating the financial complexities, I talked earlier about how this industry is so complex, they have all these variables and you almost have to have a business degree to make sure you're doing it successfully because it is very challenging. And you also need a tool that can help you forecast easy, what can I use to make sure I'm spending the right amount in the business to not just scale my business, but to be profitable while I'm scaling it? So to serve this purpose effectively, this is why I developed this tool.

(00:42:49):

And the dashboard, what it incorporates, if you notice, is some basic Profit First methodologies specifically tailored to this business. So I took the concepts that I was developing on Healthy Spend, and I brought it into a structure that was very similar to Profit First because people understand it and they related with it.

(00:43:15):

So the structure provides an approach to financial forecasting and growth management. It gives you a clear, visible track where you're going to go, and it guides you based off of your revenue range of your minimum and your maximum percentage in spend in each expense category.

(00:43:41):

And when you utilize this dashboard, businesses can maintain profitability while scaling and growing their business, it helps them avoid the risk that we've been talking about, and it helps them avoid taking on too much debt or sacrificing their profit. And that's what I wanted. I wanted a tool where somebody could grow their business and it would not eat their profit up and they wouldn't be overspending and getting themselves in more debt because I felt that that defeated the purpose in scaling your business successfully.

(00:44:18):

So when you look at this tool, it's going to give you insights that are tailored to those decision-making that you need, tracking and managing financial performance of the business and the health, and it helps the business maintain that steady growth path without going backwards.

(00:44:37):

So not experience that unintentional growth, but really being able to be intentional about your growth. It also empowers the business owner to informed decisions based off of their gross profit margin, which is really important. Should we say yes to this? Is this something that we can afford right now? If not, when can we afford it or what do we need to do? It brings in the concepts of not only that scalable growth, but also making sure your company is sustainable while being strategic. So if you're not one of those people that feel that you're very strategic, this tool will do it for you. You'll feel like a strategic ninja by the time you're done working your way through this tool.

(00:45:26):

So if you look at the tool, you'll see that it will guide you on what you should spend per revenue tier. I dive into field labor operations, labor materials, and subcontractors, as well as seasonal needs. And I'm going to unpack each one of these areas briefly as we move through this.

(00:45:52):

So as we covered earlier, businesses experienced those cycles of growth, stagnation and contraction, and successfully navigating these phases without compromising profitability or accumulating debt is crucial. That's the goal. So the dashboard excels as a strategic instrument as you move through this growth stage, enabling businesses to anticipate and effectively manage those cycles and become more aware of those cycles in their business. So the goal is that they can mitigate risk, move through the revenue tiers, and leverage their profitability per revenue tier.

(00:46:34):

So some of the core insights with this dashboard is the total and real revenue. So you want to clarify this distinction between growth sales and net revenue. So we're looking at how much revenue do you make, what supports that revenue, and then what supports the rest of the business? I also dive into different expense categories, giving you those healthy percentages of spend so you can identify areas of opportunity when you want to decrease spending and increase efficiency, as well as a simple tool to manage your budget.

(00:47:19):

And then again, it uses the Profit First system. So you can see the basic Profit First methodology at the bottom of this chart where we go into profit, owner's compensation, tax, and operating expenses, or as Profit Firsters call it, OPEX.

(00:47:44):

I want to out that this dashboard has some unified objectives, because it's designed to serve as a universal toolkit in your business. So no matter what business dashboard you're using, if you look in the book, you'll see several of them. I simplified this one for today-

PART 2 OF 4 ENDS [00:48:04]

Christeen Era (00:48:03):

You'll see several of them. I simplified this one for today. It supports the variable business expenses and demands in a business. So there's some key metrics that are going to remain consistent within this dashboard. And some of those are your operating expenses. So it outlines the operating expenses where it shows it can vary from 30% to 65%, moving from the lowest revenue tier all the way to the top. And the reason behind that is because as your business grows, the revenue grows and those percentages and the demand of expenses are going to grow as well.

(00:48:46):

So this wide range accommodates the different operational demands across various scales of business. And it looks at management strategies that you can implement as you grow your business. So let's say you have a three person crew. Is a three person crew profitable? No. Okay, well, if we then make our three person crew into a two person crew, do we have the work for that other employee to move to another area of the business? The answer may be no. The answer may be yes. The answer is no, your payroll costs are going to go down. If the answer is yes, your revenue rate is going to increase because you're providing more services and it's going to support the payroll spend that you actually have.

(00:49:42):

And then when it comes to the gross profit margins, the dashboard sets forth clear benchmarks for gross profit margin. And I really wanted to highlight this in this dashboard, because gross profit margin I feel is another one of those things that business owners feel can be sacrificed in a business. And I'm here to tell you it cannot. So that gross profit margin tells us whether or not we are profitable. And it's one of the key KPIs that I say track your gross profit margin. If you're tracking your gross profit margin, you're going to be able to make some key decisions in your business. You're also going to be able to tell if you're pricing is off, you're going to be able to tell If you're overspending in your business, you're going to be able to tell how efficient your field labor or your operational labor is in your company.

(00:50:42):

It tells you so many things, which is why I included it on this chart. And we have the gross profit margin. It's set to range between 46 to 59% for the gross profit margin. And then we have the adjusted gross profit margin, and I'll talk a little bit more about what this is in a little bit here. It ranges between 43 and 56%. So these guidelines that we set up serve as navigational beacons for your business and it ensures the growth of the company does not compromise the company's wellbeing.

(00:51:22):

So when we're looking at these gross profit margins, and you're in that revenue tier, 46% is the lowest you can possibly be making in order to make sure that you are going to stay in business. And then at the higher end of it, if we're looking at 59%, what that does is it says, "Hey, as you're tearing up to that 59%, you might be 65% profitable." If so, great, that's going to support you to move into the next revenue tier. So these guidelines of don't go below this, you can go up to this and then that's going to help you get to the next level.

(00:52:11):

So when we look at the gross profit margin, this metric I shared is one of the most crucial in evaluating a company's financial health. And people talk about surviving, is my company surviving? How do you know it's surviving? Is it thriving? Your gross profit margin is going to tell you where you set financially. Are you thriving? You'd have a really nice gross profit margin at 65%. We've had clients even up to 75% gross profit margin. Are you surviving? That's going to be down in that 46%, maybe a little titch lower. Or if you're under that, you're not doing either and you're soon going to be out of business. So the gross profit margin measures the funds from products and services after the cost of goods have been deducted. So it's going to say, you made this much revenue. Your field labor is X, your equipment is X, your materials and subs are X, and this is what's left over. So this is how much you're making off of these services.

(00:53:29):

And then the adjusted gross profit margin, and this is something that I added because the questions just kept coming up in this area. So it expands beyond the basic concept of the gross profit margin. So the gross profit margin is above the line, those cost of goods sold, those materials, the labor that comes out. But the gross profit margin looks at what are the costs associated with supporting your business model? What are those costs? So it could be things like your down season account or your seasonal accounts, your operational payroll percentages. So the things that are below the line that support the day-to-day in the business. So we're really tying it back to what's left over after you spend everything that supports your services being delivered and then everything that supports the business to go round day-to-day. What is that?

(00:54:34):

So with the adjusted gross profit margin, it really allows you to measure your direct costs as your company grows, and it helps ensure that the gap between your gross profit margin and your adjusted gross profit margin doesn't drift too far from the allowable range to ensure that you stay profitable. So it's one more guard rail for you. So I want to quickly move through this just to explain in case you have some questions. So the total revenue range tiers, you'll see these at the top here, so you will identify where your business is in your tier, and we start from 0 to 250 all the way up to 10 to 50 million. So you're going to fall somewhere in there. And this will give you a better understanding of what you should be spending in your business financially to ensure that healthy financial spend per category, so per revenue tier. And then we go into one of my favorites, materials and subs.

(00:55:47):

So this percentage varies by business model. You might have a higher materials percentage based off your business model. Let's say you're just a landscape business, you might have a lot of install with plants or pavers or things like that. Or if you're an application business, you're going to have the liquid or granule fertilizer. So those percentages may vary. And then this includes only product related to costs of your services. You always want to regularly review your markups and margins in this area. We typically find with businesses, when we look into their scalable growth business model assessment, we find that their materials are not marked up properly and they're not aware of what their margins are. So they're just losing money on their material costs. And another bleed that we find is inventory management to where their business isn't at a revenue tier where they could have all this inventory setting on site. So we really want to set up an inventory system to where it's either on demand or you're clearing out your inventory quickly and turning it on a regular basis.

(00:57:10):

Next we go into payroll. So looking at your total payroll, there's payroll for the production team in the field and payroll for the operations team, which manages the internal day to day. And the field and operations payroll is the total of all payroll costs, including things like benefits and paid time off, or even we could even say taxes that the employer has to pay on behalf of the employee. So we want to make sure that it includes everything that supports the people working in our company and we keep those percentages healthy in a business. And the owner's production pay is not included in this category. Though the owner may be working in the field. And one of the other things that I like to point out, and this is a big bleed, and we'll talk about equipment here in a minute, but equipment costs.

(00:58:09):

So they should be connected to your labor costs. So being aware of what are you spending on equipment and what are you spending on labor? And we want to make sure, one, that we have efficient utilization of equipment, we want to have proper scheduling of routes when it comes to our labor and our field, as well as adequate staffing with the right team. And you could even improve your profit margins from 10 to 25% just by reviewing your labor and production process with your team. We have done it with our clients and they were amazed at how inefficient their team were when they were assuming that they were so efficient.

(00:58:55):

So the next one is owner's production in the field. And this was a blind spot that kept coming up because the owner works in the field and till. And as well, the owner needs to work in the field and till. So a business at a certain revenue tier cannot support an owner not working in their business. So they can't be taking a payroll and not be producing some sort of revenue based off of where your revenue tier is. But you are in luck because there is a point where the owner does not have to work in the field. And the scalable growth business model shows you exactly where that is. It shows you how you can phase out of that and where your other percentages need to be in order to accomplish that.

(00:59:48):

Because eventually you will be replacing yourself. That's the goal. You want people working in the field when they're 50, 60 years old. We don't want them to break down their body and not be able to enjoy their retirement. So just looking at how much the owner should be working in the field, what percentage of revenue should they be producing in the company or what percentage of their pay should be covered from their field work. So next, as we get into total field labor, so this includes of course, again, our wages, benefits, insurance, employer taxes. We look at the percentage ranges is going to depend on the type of service that you use. Those are in the more expandable business models. And we also again want to look at the efficiency when it comes to crew management, project scheduling, and these are both very critical for profitability.

(01:00:53):

All right, so operations, payroll, this is another one of my favorite. There's so many bleeds in this one. So you need to include all the wages, benefits, workers' comp, all the things. And these could be your office staff. They're going to be cost associated with your sales team, any administrative support that's in the office, as well as any in-house maintenance crew that might be working on repairing the equipment in the company. So we're looking at, okay, what do we need to spend? And if you have a team member who works part-time in the field and part-time on equipment repairs, then you want to take their time out of this and we want to put that time in the field. So some companies have someone who works in the field and helps out with operations. So we want to make sure if they're working 50% of the time in the field, we include that percentage in the field. If they're 50% of the time in the office, great, we include that percentage in the office. And if we don't do that, then we're going to skew our numbers.

(01:01:58):

Equipment costs, this is another big bleed in businesses that we find. So the equipment costs, these are going to include things like your leases, your payments on your equipment if it's on a loan, maintenance for any production equipment, equipment percentages. These are going to vary in a business model from 5 to 12%. And high equipment costs should correlate with low labor costs and vice versa. So if you have a business model where let's say the equipment is doing most of the work, your equipment percentages are going to be higher, but what that means is your labor percentages are going to be lower, because your labor isn't doing the heavy lifting, your equipment is. And then again, reverse that. Maybe most of your labor does the heavy lifting and you use a light amount of equipment. Equipment percentages should be low, labor percentages higher. So you want to make sure that not both of them are high.

(01:02:59):

If they are both high, we have a problem. So you're giving away your profit and your business. This is also another area in a business that we find that businesses are losing profit. And here's just a few simple things I'll throw out there that we find. We find they're not pricing their equipment in their estimates, they're not including that cost. We find that they're not marking up their equipment. We also find that they're buying equipment and they're not considering what they need to charge for that equipment to cover the equipment cost for the entire year, looking at how many jobs are going to be using this equipment. So we find that as well. So there's several areas where you could increase your revenue just by looking at your equipment and how you're pricing for it, and what your markup is for it.

(01:03:59):

All right, so seasonal considerations. This was one of my favorite ones to dive into because of all the different locations in the US of lawn and landscape businesses, the different business models and the services that you all provide. So we have different businesses that depending on your business model, you might have a down season. And this is a big challenge for businesses where they're like, "Well, we don't do snow. We shut down sometime in November and we relaunch in March." And that is when cash is really tight in the business. So you could be intentional about saving money through the year to support when you are not making money. And when you do this, I guarantee it is going to change your business completely. You're going to be able to sleep at night, cash isn't going to be hard anymore, and the cash is there when you need it.

(01:04:58):

Another one is a flex season account. So this supports the business when things are slow or you go through a season where you have a lot of work, it dies down. You have a lot of work, it dies down. So this can help support you to infuse cash in the business. When you know that season happens, you're intentionally saving for it. And then the vulnerability season, we've all experienced the weather changing throughout the US. And sometimes there's no snow when we're supposed to have snow or we have hurricanes or floods or other things that happen that can impact our business and impact our community.

(01:05:40):

So if we have a vulnerability season savings account, we have money set aside for when those things do happen. Maybe we don't have as much as a snowy season or we have some sort of natural disaster that hits our area and our business can't function for a period of time. So just knowing where you're located at, what changes are happening around you or what your business needs when it comes to cash and when you're not fully functional as a business generating revenue, these are what these accounts are for and there's percentages in there that can support you and answer this questions of, well, how much should I save? What does that look like?

(01:06:28):

So I want to just look over the action plan for a scalable growth business model and give you guys some ideas. If you're going, "Where do I start? What does this even look like? How do I do this?" First of course, you need to identify your revenue tier and determine how much revenue does your business make and what tier do you belong in? You want to review your expenses and you want to regularly check your markups, your margins, my favorite, your breakeven points. How much money do you need? What do you need to charge to support the money you need? And the percentages for materials and subcontractors. So really looking at those. Optimized payroll, so ensure payroll percentages align with your total revenue and also adjust equipment usage and scheduling as needed. So being aware of one should be higher, one should be lower, like I talked about in the labor and the equipment.

(01:07:33):

Then one of my favorites is plan owner transition. So what does it look like? How can you reduce your field hours and properly account for your owner's compensation? How can you plan yourself out of the business or even just out of the field work? And that of course means moving through revenue tiers. Manage field and operations labor, so we want to monitor and adjust field labor efficiently and crew management. So crew size is a huge bleed and ensure that you're not overstaffed, and this is in the field and on the admin side of the business.

(01:08:13):

So based off your revenue tier, if your percentage is over, you have a problem. You can dig a little bit deeper. Tracking equipment costs. So we want to keep those equipment costs within the defined percentage range and adjust labor accordingly. So being aware of that, making sure you're charging for your equipment, what does that look like? And then of course, prepare for seasons. And this is just saving appropriately for down seasons, vulnerability seasons, flex seasons. And the purpose for that is to ensure smooth cash flow because we can't scale a business if we don't have the cash there to support the business when we're not generating revenue in a business. So leveraging the scalable growth business model dashboard, it can help you navigate the peaks, valleys, and plateaus that every business is going to go through. It will help you navigate them more effectively, staying true to your business model while maintaining and safeguarding that profit in your business, which is most important. And it's not just a tool for tracking, but also a comprehensive system for strategic decision-making. It's going to tell you if you're overspending, it's going to tell you what you should spend, it's going to tell you where the opportunities are. And most of all, it's going to safeguard that profit as you scale your business.

(01:09:56):

And just the last thing I want to touch on today is looking at why the strategic growth framework matters. So this, it's a roadmap, it supports you in being successful in this and that sustainable expansion that we all want. And it helps align every decision with your long-term goals. It's going to ensure that your growth is not only achieved and maintained so you don't go backwards, but also optimized, paving the way for you and your team to succeed as you move through the revenue tiers. All right, so the journey for the scale from growth to scale.

(01:10:48):

So it's transformative... Can't even talk anymore. You're going to be transitioning from growth to a scalable growth transformation. So it is [inaudible 01:11:00] take that shift in mindset of looking at what are we doing now that's reactive in our business and how can we be more responsive? It will support you in making those decisions. It'll also help you prioritize that efficiency, your profitability, and also focus on not just aiming to be bigger in your business, but also better as you scale your company. Okay, so I want to invite Jack to come back on and open the floor for questions.

Jack Jostes (01:11:41):

Great Christeen. Thanks so much. You could go ahead and unshare your screen please. And first everyone give Christeen a big round of applause. Woo. Christeen. Yeah. All right. And if you have a question, I invite you to turn on your camera and ask it. I'm going to get us started. I have some questions...

PART 3 OF 4 ENDS [01:12:04]

Jack Jostes (01:12:03):

Ask it. I am going to get us started. I have some questions and Ramblers, I invited you here to learn more about the financials of a landscape company. So if you have questions, please join us in asking Christeen.

(01:12:17):

I wanted to comment on the separate bank accounts. This is key part of Profit First. When I listened to Profit First, the audio book, Mike told me, because he was in my car with me. He's like, "Jack, go to a bank and open up a separate bank account and start putting 1% of every dollar in." And I'm like, "Okay, this is a lot. It's kind of confusing, but I could go open a bank account and put 1% in." And I did. And I was amazed at how much 1% of every dollar that comes into your business adds up over time. And then I made it 3% and then I was like, I think I'm going to actually try the whole system. So I wanted to share that as a potential takeaway for the audience. Even Ramblers with your own money, what if you had a separate bank account that you put 1% of every dollar and then maybe it became 3%. It can really add up and 1% is like, yeah, I could manage 1% today.

(01:13:29):

But I wanted to talk about the emotional value of naming the bank accounts. And I was curious if Christeen or Steve in working with clients had any insight on this because I used to have an emergency fund, and the problem for me in having an emergency fund was that when I used the money, I then felt like it was an emergency instead of, oh, it's okay that I have this money. I don't know. Emotionally, it really messed with me, so I renamed it. And in my business I have a beaver pond, and so the beaver pond, I think about beavers, they dam up a bunch of water and sometimes it has less water, but that's part of seasonality. It's just part of life that made me feel better. I've talked with some other financial advisors who are like, yeah, actually a lot of wealthy people do that and they do have nicknames that are meaningful to them. I was just curious if you've experienced that with your clients.

Christeen Era (01:14:37):

Yes, we have. Funny you mentioned that we were just at an on-site visit this last week, and the client shared with his team that he actually named his vault Christeen because he knew that if he touched his vault without talking to me, that he would have a big problem. But yes, so I think that one, it can be inspirational and give us that kind of grace and space that we may need when it comes to financially managing our business and our goals. And also the discipline too, like the client naming his vault after me.

(01:15:21):

So with that, I like the concept of what is the account for and what's its purpose to serve the business, which is why we have clients that have flex accounts and they know that, oh, we are funding this flex account and we are in our flex season and we can use this, so they don't feel like they're breaking any rules. Or that we have clients that have marketing accounts and they know that the money spent in there is intentional for marketing. So I think it really gives us the permission that we need when we're financially managing our business and knowing that we're trying to do everything and we're not overspending by using those funds and those accounts. And they do have that identifying name, whether you need to put a positive spin on it or something that might be a little scary to you. I just ask how does that serve you and how does it make you feel?

Jack Jostes (01:16:27):

Yeah. And I do think that you should have an account where maybe it is for an emergency and partly I think of Dave Ramsey and his baby steps and one of them is saving a thousand dollars in an emergency fund. And I do think that makes sense, but to an extent, and I think you could have a separate flex account. I was curious, you have this beautiful spreadsheet and we're all going to go do it, and along the way, what if we don't have enough money, it's not adding up to be saving into that winter savings account or into the flex account? How do we know when it's a pricing problem? I'm not charging enough or if it's maybe my price is correct, but I don't have enough customers. How do you kind of sort through that in the thick of the green season?

Christeen Era (01:17:26):

Yeah, so I think that that's something in some ways take time. I've been doing this for so long and looking at so many assessments that I'll get one sent to me and I instantly know based off experience, I'm like, there's a problem with this equipment percentage. And I'm like, either they're overspending on their equipment or they're not pricing for their equipment. So in most cases it's going to be either or. So looking at labor, all right, so you have too much labor or you're not pricing right for your labor, so it's going to be one or the other is there's either too much and there's efficiency issues in the business or you're not pricing right for it. Does that answer that question?

Jack Jostes (01:18:13):

I think so.

Christeen Era (01:18:14):

And I know you had a second part. I want to make sure I answer that one first.

Jack Jostes (01:18:17):

Well, yeah, it was about having enough customers.

Christeen Era (01:18:21):

Yes. So when we're looking at having enough customers and we're looking at our revenues here, we can be overspending in our business when we don't have enough customers. Because let's say we have hired and we have the equipment for 500 customers, but maybe we only have 300 customers, so we need to make that adjustment. Or we had at one point 2,500 customers and now we have 4,000 customers. So there's going to be a gap that is there between the amount of labor and the amount of equipment and even materials that you have. So if you're spending at that 5,000 customer base, but you only have 3,500 customers, it means you're overspending.

Jack Jostes (01:19:11):

Well, so how do you get to that, did you say 5,000 customer?

Christeen Era (01:19:16):

Yeah. So if you're spending at a 5,000 customer base.

Jack Jostes (01:19:19):

So let's pretend I want to have strategic growth and I'm currently at, I don't know, 4,500 customers and I want to get to 5,000 customers. Wouldn't there be a period in between where I'm not profitable? Would that be normal or are you saying, how do you get from the 4,500 customers to the $5,000 customers without having a period of decreased profit?

Christeen Era (01:19:49):

Right. So one, you're going to be looking at your labor because you don't need that extra labor there. And you also are going to be looking at your equipment. So if you need to buy another piece of equipment for that, you don't want to buy it before you need it.

(01:20:07):

And the other thing that we advise on is setting up an account or over-funding the account to where it creates that cushion. And this is where those percentage ranges come in for that gross profit margin that we're looking at to where you can gear down to that 46%. It gives us that permission to grow to the next level and make sure we're still profitable.

(01:20:37):

So we can do it a couple ways. We can know that we're overspending in some areas and we have a plan in place to very quickly turn that around. Let's say we have a crew that supports 5,000 customers. What's the gap between where we're at now and where we want to be or where we need to be? And have a plan in place, maybe there needs to be a marketing campaign that happens over the next couple weeks. Maybe it's not even realistic because you're going into your down season or ending your season and launching next year.

(01:21:14):

So there's some variables in play here, but really there's a couple ways that you can be strategic about it. You can pre-plan for it and over-fund your accounts to create that cushion to get from one level to the other. Or you might just have a little period of time where you're hitting more against that lower gross profit margin of 46%. And then as you fill that gap, your profit margin's going to go up more to that 59% range.

Jack Jostes (01:21:46):

Cool. Well thanks Christeen. We're going to come back to questions, so get ready to ask one. And I wanted to let you all know that, and Christeen mentioned her business partner Steven from Green Profit Academy. He's here. Say hi, Steve.

Steve Bousquet (01:22:03):

Hello everyone.

Jack Jostes (01:22:04):

Hey. So Steven is going to be speaking at the fifth annual Landscaper Summit. We're really grateful to have Green Profit Academy as a sponsor. Steven will be presenting Leveraging Your leadership Strengths, and Steven has a ton of experience running numerous landscape companies. He's helped with mergers and acquisitions. He has a tremendous amount of value to share in the leadership realm. So not only is Steve speaking at the summit, it's on Thursday, October 10th, we have a full lineup. I'm going to be getting into AI and the State of the Union for landscaping. What's changing? Did you guys hear about the Google algorithm link leak that happened in May? There's a whole lot that's been revealed and we're going to break it down into what you need to know and what you need to do to keep growing.

(01:22:59):

We're going to have a Landscape Leader of the Year contest. I'm actually flying three clients out here to the studio in Colorado to speak. We're going to have pizza lunch., you've got to come to the pizza lunch. I will literally ship you pizzas, frozen pizzas. Joshua Gillow is speaking from Yes Express on how to treat your landscape company like a hospitality business. And we've got a ton of cool prizes. So check it out. This is a full day virtual event. You can bring your whole staff to it, and for just the price of one ticket, you can get everybody in. I love in-person networking. And this is a really lively, thriving event where there's a ton of networking availability, also all from the comfort of your home.

(01:23:47):

So we do have special pricing. We just got registration up. So literally today only, for real this is going away today. I'm not BSing you. This is a one-time super deal. You can get tickets for only $97. So go to landscapersummit.com and use the promo code Summit 97 and we'll send out an email with that. Jamie just put it in the chat here on Zoom and we hope to see you at the Landscaper Summit.

(01:24:19):

And so with that, we have about seven minutes left. I know Brian Sandrock had a question, so I'm going to invite you to ask yours and if we have time, if you have another one, somebody just turn on your camera and ask it.

Brian Sandrock (01:24:31):

Yeah, absolutely. Hey Christine, thank you so much for the presentation. I did want to ask as an account manager on the team, one of the questions or conversations that I get involved with with clients is they want to know what is a rough or approximate percentage of the revenue that they should allocate towards marketing. And I saw in your chart there that that wasn't included. I'd love to see that included, but I was just curious if you felt there was a standard percentage or if that even changed as the tiers moved up.

Christeen Era (01:25:02):

And that's a question we get asked a lot is how much should I spend on marketing? And this is going to be something that changes over time. And Steve has a really great story that I think can kind of answer some of this question and why. That he changed his marketing percentage spend and what that looked like in his business. And I think that would answer a lot of what you're asking, Brian.

Steve Bousquet (01:25:31):

So we're a lawn application business and we were really doing the old throw it at the wall and see what sticks kind of approach for years. And then we pumpkin planned our business and when we pumpkin planned the business and we realized through data research and tracking where our hell yes clients were really coming from and how were we attracting them. So then we really focused on that marketing and we reduced our marketing spend. We actually reduced it by about 30 to 40%, but then we were able to, even though we increased our spend in the right lanes, we reduced our overall spend. So our percentage went down as we increased our customer count. Crazy, right? So we spent less increased our customers by focusing on the hell yes customers.

(01:26:25):

But one of the cash flow challenges we had were our spend was in about a 15 week period. So we had all this cash going out in a 15 week period. It's for lawn care, it's really from week 10 to week 20 of the year. So we had this cash flow crunch and we were not managing it until we got Profit First. And then we have our marketing account that in Profit First advance, we're funding that account all year now. So instead of trying to figure out how to pay that spend in the spring, that gets funded all year round now. So we don't have that, oh my god, how are we going to pay all this spend in the spring and sweating it? It's funded now all year round.

(01:27:12):

So what is the percent spend? It really depends on the maturity of your business. And you guys do a great job with your website, customer-client retention, right? That's a big part. So part of that question is not just new client acquisition, how much retention is a big part of it. And even in landscaping, nurturing those clients, keeping in contact with them, having that hell yes client right up front and now you're going to take care of them. You can get more jobs from that hell yes client then the one-time client you're never going to sell to. So getting that marketing message right up front and doing the procedure and processes you guys have with the qualifying, that's going to lead to a long- time repeat customer. So what's the number? It's going to probably between two and a half and 8%.

Jack Jostes (01:28:08):

Two and a half and 8% of your total revenue?

Steve Bousquet (01:28:12):

Of your total revenue.

Jack Jostes (01:28:14):

Well, and one thing you said, Steve, that was really valuable that I wish my clients would do because we set up a reporting system where we can show them where each lead came from and what the marketing source of it was, but getting them to collaborate and reply to us and say, hey, this customer closed and here's how much they spent, is like pulling teeth and they won't do it. And in my mind I'm like, look, we might be able to cut 30% of your overall marketing budget and focus on the thing that is working. Maybe I just need to send them a video of Steve saying what he just said. I don't know if you have any tips for getting people to do that other part of it.

Steve Bousquet (01:29:01):

That was the most valuable part because we realized, I mean we tracked it down to the type of street that they lived on and we realized that 65% of our clients lived on this type of street, and so we just reduced our marketing if they didn't live on this type of road or street. That ridiculous. So we were like, oh, it's this income, it's this size lawn, it's this, no it was not. It was this type of neighborhood, this type of community on this type of street. So there's psychographics, demographics, financials, there's all types of things. So having our eyes open to that data was really, it was amazing. So that's kind of how we market. We do use other things, but that's why tracking that data is so important.

(01:29:52):

And it's the same thing with landscaping. Tracking if people won't go through that qualifying, if they're special and they won't fill out the forms and they won't do that, they're probably not a hell yes customer. So making sure that they're going through the processes that you're setting up so everybody can win, so the client can win, so the company can win, so that when you send your team out there, they have the right information to do the right job.

(01:30:22):

I don't have a good answer to getting them to get you the data. You know what it is, I'll take Christeen's advice. You find someone in the company other than the owner to champion that data and put them in charge. The owners are so overwhelmed, we're already overworked, our plates are full, that it's spilling out. Our brain is spinning all the time, and one more thing is just too much.

Jack Jostes (01:30:49):

Well thanks Steve. We'll find another champion in the company who can take ownership of that because it would really be very valuable and absolutely focus on your hell yes customer. And I think that's an iterative process, meaning you have to do marketing and you have to look at your books and you have to have your profit and loss by customer and you have to have all of these things and then analyze it and look at it and really think about it and then move forward with what you want in the future.

(01:31:20):

Well, we're about at time. I didn't hear any other questions from the audience, but I wanted to pause just for a second. Does somebody have one before we wrap up?

Christeen Era (01:31:30):

I saw one in the chat.

Steve Bousquet (01:31:32):

Yeah. Matina and Tyler Lombardo. What landscaping software, if any, have you worked with that best fits your model?

Christeen Era (01:31:44):

And that's a great question because I've seen lots of business models, businesses get a software outside of their business model. It's the software's too big for them or they're not ready for it. And we've worked with the different softwares from Aspire, which is a big business model. You're up there in the millions, you're a big landscape company. That's something you shouldn't step into until you've really gotten to that multi-million dollar, 10 to 50 million, that higher range. We've worked with Field Routes, Service Titan, they're really good at helping businesses from the smallest all the way up to that larger. We've worked with Real Green as well and their supported customers with the gap between the information that you can get from the software to their financials, so we've worked with customers there as well.

(01:32:51):

So I would say one, definitely have a software, make sure it integrates with your QuickBooks software or your financial software that you use, and then make sure that you're not getting something like Aspire, which is an amazing, absolutely beautiful software, it tells you so much, it takes a lot to build out and it's for a really big company. So make sure that you're not getting a software that's too big for you because the cost associated with supporting that software and building out that software is just going to bleed your profit.

Jack Jostes (01:33:27):

Well, I mean it kind of comes down to some basic things like time tracking per employee, per customer, per job is something that you need and something that you can do with a variety of softwares. And then that information can go into QuickBooks Online. Am I under thinking it here or isn't that kind of the nuts and bolts of this?

Christeen Era (01:33:50):

Yeah. And depending on the software, some of them are already built out to do that. And then others, you actually have to pay someone to build them out to do that. But we want to track by services well, because our services can be a profit center in the business and we could stop providing services if they're tracked and we realized we don't have a lot of money on them.

Jack Jostes (01:34:14):

So one other software I wanted to throw in the ring, maybe you mentioned it was Synced Up. Synced Up is a really good software led by Weston Zimmerman, former landscaper, and it does time tracking. It has a mobile app for your employees where they can track their time per job, per service, and you can add in all of your expense tracking for job costing. Because I think there's, I don't know, there's a million softwares out there. And yes, Aspire is amazing and it's for much larger companies.

(01:34:46):

And I mean we do this at Ramblin Jackson and we use a program called Toggle and we track our, what client are we working on, what product and class is it? And that makes its way into QuickBooks so I can then do a gross profit on every account. Now there's way less materials that we're buying than a landscape company, but there's so much more and you're going to have to come to the Landscaper Summit on October 10th because we're all out of time for today.

(01:35:18):

So thanks everyone for coming again. Big round of applause for Christeen and Stephen. Yeah. All right, that's a wrap folks. Get your ticket at landscapersummit.com with Summit 97 to save $50 today only. And we will see you later. Thank you very much. Bye bye.

PART 4 OF 4 ENDS [01:35:42]