



Services Industry Crew and Route Optimization, Enhanced Quoting, and Improved Planned Maintenance

Project Start Date: August 2008

Project End Date: December 2008

Company profile

This client specializes in the landscaping service industry. Located in Ohio, the company serves several corporate clients as well as numerous private residential customers.

Business situation

The owner of the company needed to understand his real costs of doing business (contribution to sales, labor cost, equipment cost, maintenance cost, and profit margin) associated with each of the services provided by his company. Once armed with this information, he could make decisions relative to expansion, contraction, outsource, or exit. Strategy3 Inc. was hired to analyze all aspects of the business, make recommendations, and implement improvements.

Implementation Approach

The outline below represents the comprehensive scope for the entire project implementation by area.

Creating the incentive Program

- Building this for the Crew Leaders
- Building a win / win program
- Must Align Success

- What are the metrics and how do we / they influence them operationally
- This is a major key to creating success
- Who are the leaders in the business, how are they compensated
- Do the leaders understand the vision, share in its construction, have power to influence

The vision for the company

- What is the vision for the company. Where are you going / do you want to go
- We need the 4 to 5 sentence paragraph that defines success from you and Joe
- What is the appropriate dashboard of metrics that we need for the business (these must be financial and quantifiable in nature)

Mowing

- Number of crews
- Crewing
- Routes and Customer Base (Spaghetti Diagram)
- Daily Maintenance of trucks, fueling, etc.
- How do we get more mowing time and less windshield time
- Direction for expanding / contraction (what type of work is most profitable and fits our DNA)
- Must align success and drive performance

Maintenance (Equipment)

- How often do we go down in the field
- For what reasons
- What PM do we do
- How do we improve the uptime of our equipment
- What is the appropriate metric for maintenance

Snow Removal

- Number of crews
- Crewing
- Routes and Customer Base (Spaghetti Diagram)
- Daily Maintenance of trucks, fueling, etc.
- How do we get more pushing time and less windshield time
- Outsourcing current and future plan
- What is the strategy differences for snow vs. salt
- Direction for expanding / contraction (what type of work is most profitable and fits our DNA)
- Must align success and drive performance

Christmas Lights

- How does this fit our business
- Customers
- Is this a profit center

Hardscape and Project work

- How does this fit our business
- Customers
- Is this a profit center
- How do we drive this part of the business

Sweeping and Custodial Work

- How does this fit our business
- Customers
- Is this a profit center
- How do we drive this part of the business

Landscape Maintenance

- How does this fit our business
- Customers
- Is this a profit center
- How do we drive this part of the business

Other opportunities or areas for investigation

- Fertilizing
- Irrigation
- Mulch manufacturing and blowing

Future State Organization Chart

- Right Positions not Personnel for building the future organization
- Evaluate who fits the future organization (round holes / square pegs)
- Must be honest if the personnel that you have can build the future
- Must upgrade talent and hold the leadership accountable
- How committed are you and your Dad to upgrading talent

Decision on Salary Positions

- This I believe is necessary to align future responsibilities and success
- Need to set wage at base plus 50 – 67% of overtime built in
- The balance will earned with profitable performance
- This is critical to sell with the job instructions

Coupling of Activities (creating ownership)

- Need decision small project and residential maintenance
- Do we have the right equipment
- What training do we have to do with personnel

Bonuses

- Everyone must participate
- Must be clear, meaningful, and earned through achievement

- Administrative personnel driven off of profitable growth (Sales to Budget Performance)
- Departmental Managers driven off of profitable performance of their areas
- Scored daily, paid quarterly
- Share at 25 – 35% of additional profit

Direct Labor Engaged in Value Added Activities

- Must eliminate every instance where we are paying DL employees in non revenue generating activities
- Start time must be go time
- 2nd / 3rd shift prep employee

Leads must be Accountable for all Activities in their Disciplines

- This starts with Direct Labor (measure what you treasure)
- Complete expense management for their group (daily). Poor performance has a direct effect on their compensation.
- They must understand their costs and drive profitability
- Tied directly to their bonus
- Need to win every day (like a batting average)
- Need to be responsible for co-establishing operational budgets

Sales Leadership and Accountability

- Need clear responsibility for sales growth by segment (who and how much)
- Need budgets for each of the areas (yardstick to establishing performance)
- This will drive administrative bonuses
- This needs to be a factor of bonus for sales leadership position

Future Ownership

- Need to get Joe and Chad's feedback on structure
- Need to develop and write an executable plan
- This is important to not only the two of you but the organization as a whole

Results

- Savings areas:
 - **Labor savings** in crew optimization for lawn mowing and maintenance (**27.6% improvement in throughput for a \$115,000 savings**)
 - **Improving start ups and end of shift equipment cleanup** had a savings of **\$93,000** annually.

- **Route improvement** to properties for both mowing and snow removal will improve onsite time by 17% resulting in an estimated savings of **\$75,000** per year.
- Other improvements include a **more comprehensive quoting system, planned maintenance tracking** by piece of equipment, and **transitioning of crew leaders from hourly to salary positions.**