How to Build A Million-Dollar Landscaping Business

The Tools & Techniques That Turned $25,000 into $5-Million in Less Than Five Years
Building a thriving landscaping business can be tricky

It’s easy enough to get started. Just open a checking account with your company name, get a permit from your town, and you’re officially in business. And I’ve certainly known people who’ve gotten started without even doing those things.

The next steps don’t have to be too hard either. Getting some customers; hiring a couple employees to help with the work; making enough money to pay the rent (at least from April to November).

But, somewhere after that, things start to get more complicated.

If you want to own a successful and sustainable business – a business that will keep working for you even when you aren’t working for it – there are two things to watch and measure:

1. Marketing ROI

You need to spend money on marketing and you need to pay attention to what works. Try different marketing approaches and aim for a 10x return on investment, or better.

2. Gross Margin

I’ll discuss more about financials in another place and time, but the short story is, establish and maintain a gross margin of XX% or better.

So, how do you accomplish those two critical things?

It might be easier than you think...

I used to have buddy – let’s call him Sully – who had his own landscape company.

After a few years of working for other guys, Sully thought he knew the landscaping business pretty well, so he figured he’d start his own company. Pretty quickly, it became clear that Sully knew a lot about landscaping, but not so much about business.
Get a handle on the following six topics and you’ll be well on your way to an effective 10x marketing plan, a solid gross margin, and a million-dollar landscape business.

1. **Understand Scaling vs. Growing**
   Understand what you want to do with your business.

2. **Identify Your Audience**
   Imagine your ideal client.

3. **Define Your Services**
   Decide what services you’ll offer and how you’ll offer them.

4. **Marketing Your Services**
   Turn prospects into clients.

5. **Time to Scale**
   Identify everything you’ve done successfully and do it MORE.

6. **Stay Focused**
   Try new things, but remember to keep your eye on the prize.

**Six topics.**

**Easy.**

**Let’s hit it...**
Scaling vs. Growing

A lot of owners aim to “grow their business,” which is generally considered a good thing.

But sometimes a business grows a little bit and then stalls. When you look for a reason why this happens, it’s important to recognize the difference between growing and scaling.

In some respects, **growing** is something that **happens** to a business while **scaling** is something an owner **does deliberately** in order to create predictable, sustainable, and ongoing growth.

**Growing** is something that happens naturally if an owner is doing good work and treating his customers well.

**Scaling** means having a plan and putting systems and resources in place so that growth happens exactly as you expect it.

A **growing** (but not scaling) business often reaches a point where it can’t handle any more customers without changing the way they do things. And, if they didn’t plan ahead, it can be really hard to make the necessary changes before things start going the wrong way. Things start falling through the cracks and the business growth stalls.

An owner who is **scaling** his business has a plan for how to handle the growth. He has systems and standard operating procedures in place. As his business reaches key milestones of growth, he knows what new systems and resources he needs and what kinds of employees he needs to hire.

A **growing** landscape business can find it relatively easy to go from one crew to two. But, for many landscape businesses, when they try to go from two crews to four, that’s when things start to fall apart. And the owner is usually experiencing a rising stress level.

---

My old buddy, Sully, was actually a pretty a smart guy.

He knew landscaping. He was really good dealing with clients and he knew how to properly quote a job. He had a lot of good ideas about growing his business.

Sully went from zero to way-too-much-to-do in the blink of an eye.

And that was his problem (well, one of them). His business was growing, but not in a predictable or controllable way.
A **scaling** landscape business goes from one crew to two, four, eight, and beyond, with barely a few minor hiccups along the way, if that. A scaling business can legitimately keep growing until the limiting factor is the number of customers in their service area. Then they expand to a new location.

If you want to own a strong business that can *work for you* for years or decades to come, you want to *scale* your business, not just grow it.

### Identify Your Audience

Imagine your ideal client.

I’ve spoken about this with some people who immediately say something like, *anyone with a lawn.* Others lean towards answers like, *whoever will pay me* or *people with the biggest projects.*

When you think about your ideal customer, my advice is to be more choosy. This isn’t about limiting yourself. It’s about focusing your attention, planning ahead, and being in position to scale your business.

Also, by giving this serious thought ahead of time, you’ll be able to say *no.*

It can be hard to say *no* to a potential customer if you’ve never thought about it before. But, if you’ve already chosen where to draw the line, it’s easy to see when you’re about to step over it.

If you sometimes step a little over the line, that’s OK. But if you routinely hop all over the place, ignoring the line completely, you’ll be in for trouble.

### Residential vs. Commercial

The first, most obvious choice is whether you want to serve residential or commercial customers. Driven Landscapes focuses on residential customers and I would recommend that for most new landscapes businesses.

---

Sully used to tell me proudly about how he would do anything for anybody. He was big on the idea of *“no project too small, no project too big.”*

He had a mix of commercial and residential clients.

Taking on every kind of job he could helped him grow fairly quickly, at first.

But, in the end, trying to be everything to everybody was one of the things that doomed him.
There are at least a half-dozen important reasons I believe in the residential market. I’ll discuss those in detail another time, but the summary is that I believe that market leads to a stronger, more sustainable, and more profitable business.

Within the residential market (or commercial if you go that way) you’ll want to make a couple more choices.

First, you’ll probably set a service area based on a rough radius around your home base.

If you set a 10-15 miles radius, you’ll be starting with a pool of tens-of-thousands of potential customers.

**Getting more specific about your ideal customer**

Assuming you choose residential customers, you might target –

- single-family home owners
- in suburban areas
- with between 0.5- and 1.0-acre yards
- between $75,000 and $150,000 annual household income

Once you’ve decided on the specifics, you’ll want to identify towns and neighborhoods within your service radius that are most likely to have those kinds of homes.

There is more detail you could get into, but if you think about those things, you’ll be off to a good start.

**Define Your Services**

Before you start offering your services, you should be really clear about a few things:

- **What you’re going to do**
- **What’s included and how it’s offered**
- **What you’re going to charge and how much you’ll make on each service**

Your basic menu should be all the common landscape maintenance services. Things that lots of customers need and are easy to train employees to do.
**Keep it simple**

You can eventually branch out into more complex services, but you need to be careful not to build your business around things that are overly complex and will require special skills or, worse, will require you as the owner to do a lot of the work.

The problem with hiring employees with special skills is that you’ll have to pay them more, and if you don’t have enough of the kind of projects to justify their higher pay, it’s costing you profit.

The problem with taking on work that you, the owner, have to do yourself is that it makes it impossible to scale. If you want to scale, you need to be working on your business – not for it.

**The trouble with doing things you didn’t plan to do**

There are going to be situations where someone asks you to do something different – either something that is not among your services or one of the services you do offer, but different than the way you offer it.

**Example:**

Let’s say a regular lawn care customer asks you about laying a brick walkway. For a lot of new landscape business owners, a couple things immediately go through their minds:

1. This is work I can charge money for. I can figure it out.
2. I don’t want my customer calling around and getting another landscape company to do this job.

**Solution:**

Sub-contract it. Give it to a masonry company you feel good about. You deal with the customer, let the masonry company do the work, and you mark-up the price for your trouble.
Example:

A prospect calls you and asks you if you will put them on a 10-day schedule for mowing. You politely explain that you mow weekly – not bi-weekly and not every ten days.

If the customer is persistent, it can be really hard to say no, especially if you’re still in the start-up phase, looking for customers, and you’re worried that you can’t afford to turn anyone away.

But, if you allow exceptions to the way you schedule your work, imagine what a pain it’s going to be when your company is bigger and you have 300 lawns to mow, but 200 are weekly and 100 of them have some kind of special schedule.

Solution:

You can turn some people away. Be courteous, professional, and explain to them the way you schedule your work. If it’s a deal breaker for them, so be it.

What about “the customer is always right?”

I know there are people reading this thinking “Customer first! Customer first! If I bend over backwards for my customers they’ll be loyal to me."

Here’s the deal – the customer is not always right. Customers want what they want, and they have a right to that. But that doesn’t mean you can meet every demand, particularly not when they’re asking for things that you just don’t offer.

You have a right to run a healthy business. You can build loyalty with customers by treating them well, within your own service framework.

What if you want to be flexible for customers

This advice isn’t about being excessively rigid – it’s about setting your policies and then learning to not break your own rules.

If a good customer makes a reasonable request and it’s easy for you to accommodate, by all means do it.

But if a customer asks you to juggle your schedule for them, or asks you to do something that your guys are not really trained or experienced in doing, I’d advise against it.
If you want to do business in a *bend-over-backwards* kind of way, you might be able to make it work by charging a premium. But most customers won’t be willing to pay a premium.

If you make a habit of breaking your own rules when a customer asks, you **will** have trouble scaling.

**Market Your Services**

Marketing is an ongoing process. It takes investment of time, effort, and money. The payoff doesn't happen overnight and you're never done. Fortunately, there are strategies to make sure you are getting the most from your marketing, and that you keep getting better at it.

When you first start a business, you need some startup capital, and this is one of the most important initial and ongoing investments.

The guidelines vary by industry, but most experts agree that a business should spend between 5% and 15% of their expected revenue on marketing.

For Driven Landscapes, we put that number right at 10%. We expect a 10x return on every marketing dollar spent annually. So, if we increase spending by $10,000 on our marketing, we expect to see our sales go up by $100,000.

And, that's exactly the way it's worked for us.

A well-rounded marketing system involves multiple strategies for gaining new clients, and also includes systems for staying in touch with existing customers.

Whatever you do, you want to do it well. Don't spread yourself too thin and don't blow your marketing budget all at once. Try some things, see what works, and then put more money in the things that work best.

---

As I've mentioned, I really liked a lot about Sully. But here's one thing I didn't like. He was kind of cheap.

Initially, Sully got a lot of customers through hustle.

His favorite marketing strategy was to make photocopies of his homemade flyer on colored paper and drive around sticking them in mailboxes.

Beyond that, Sully didn't really believe in advertising or marketing. He was skeptical about all of it, and I don't think he ever spent more than $200 on any single marketing initiative.
Things that don’t work at all? Either make some major changes and try one more time, or go ahead and dump it and try something different next time.

Your overall marketing strategy might include some combination of a web site, internet advertising, social media, direct mail, email marketing, referral programs, signage, leave-behinds, and many more.

You want to become a well-known name in your community. The more places people see your name, the more likely they’ll remember you when they’re looking for a new landscape company.

Once you’ve got the phone ringing off the hook and your email is flooded with inquiries, what happens next?

**Turning the prospects into clients.**

Something has gone right and you have 20 phone calls from new leads in just a few hours. That turns into five jobs you need to go ahead and schedule, plus 15 quotes you need to turn around as quickly as possible.

How do you handle it without dropping the ball on any of them?

Systems!

You need to have lead-flow systems in place to handle leads efficiently.

You need to:

- collect their information
- store their information
- you may need to stop by their property and/or meet with them
- you have to prepare the quote
- deliver the quote
- answer any questions
- follow up

All that and more is called your lead-flow process. This may be one of the most important things you can do. You need to be able to handle every quote and every request for information. You can’t expect to let any drop through the cracks and come back to them a week later – they’ll have moved on.
One last tip about turning a prospect into a client:

When you call or meet with them, **listen more** and **talk less**. Get to understand their concerns and their needs, and then show you understand.

If you can do that, you'll close a lot more sales than the guy who likes to talk about himself the whole time.

**Time to Scale**

You’ve had a successful first season or two. You’re getting repeat customers and your marketing is still bringing new customers. You’ve been operating with one or two crews, and you’ve been spending a lot of your own time out in the field.

So, how do you take the next step and go from two crews to four or more?

Well, if you haven’t been very thoughtful about hiring and coaching your employees, it’s time to start.

Every employee is different. Some will be especially hard workers, some will have unique talents or skills, and some might be natural leaders. If you’ve done a good job recruiting and hiring, you might have some employees with all those traits. You need to recognize those employees early.

(PS – Some employees will stink. Dump them quickly and move on. ‘Nuff said.)

You want all your employees to learn and grow, but you especially want to groom your strongest people for increased responsibility.

Sully never did anything to set up his business for scaling. He never put any systems or standard-operating-procedures in place. He never invested in training his best employees and building a strong team.

The decisions he made were usually good – he had good instincts and good intentions. But he spent about five years working in the field, making every decision himself, and never trusting his employees.

He constantly complained that he couldn’t find good help. But, really, the problem was that he never committed to finding good people and then coaching them up. How could he expect his employees to learn if he never took the time to teach them and explain his decisions to them?

He had, practically, a whole new group of employees every year. And, he never fired the bad employees – he just complained about them all year and waited to lay them off in the Fall.

In five years, he had no systems and no really good employees who he could trust.

This was never going to end well.
When you’re on a job, don’t just give orders – explain each decision, along with how and why you reached that decision. The only way you can expect your employees to understand what you want is if you take the time to explain your thought process.

You need to start this process early. When you need a new leader, you should have someone (maybe more than one) ready to step up.

Hopefully, it won’t be too hard to identify crew leaders, but the next step is to start grooming one or more of them for even more responsibility.

Get them ready to start taking your place, making decisions, solving problems, and answering questions out in the field. Mentor them to become even better leaders who can truly supervise and motivate the rest of their crew.

This is where the systems come in. When you’re busy working on your business (not for it), you want the leaders in the field to know what to do and why, every step of the way.

**Milestones**

As you cross $500,000 in annual sales, if you haven’t already thought about hiring office help, it’s time. And this could be a life changer!

Imagine you have someone to answer calls and emails immediately, rather than you having to get back to people hours later (hint: your sales are going to increase just because of this).

Imagine having someone to help handling all the scheduling, invoicing, payroll, and more.

Fast forward another year or two.

You’re crossing $750,000 in sales and aiming for $1-million.

Now it’s time to make it official and promote one or two of the crew leaders you’ve been grooming, and make them Field Mangers, taking on even more responsibility.

Your Field Managers should be ready (or getting ready) to:

- run the crews
- quote jobs
- hire employees
- discipline and/or fire employees
- handle all day-to-day landscaping operations
And, remember that your office staff is handling:

- client communications
- scheduling
- invoicing
- payroll
- day-to-day administrative tasks

**Uhm... What are you going to do with all your free time?**

**Whatever you want!**

At this point, your main job as owner is to keep the business on track.

Of course, you're still going to work because you're Driven (see what we did there?).

But instead of getting caught up in day-to-day details that you used to have to deal with, you get to do what you want to do.

Of course, you'll continue to work on the big-picture – improving systems and processes, planning next steps, etc. But you're also now more free to do more of whatever you love.

You can spend all your time working on sales and quoting customers. Or you can go back to managing a crew and working in the field, if that's what you want. Or you can sit behind your big mahogany desk, smoking a cigar and mapping out your business strategy for years to come.

**The world is your oyster.**

**Stay Focused**

After you've had some success and made some money, it's easy to feel like you've got all the answers. You might feel like you have some more money to play with, and you can start doing different things – bigger things for bigger payoffs.

But, here's the thing – you can get pretty big payoffs from continuing to do the small things, and scaling them.
Darren Hardy’s Magic Penny

I’m paraphrasing here, but basically the story of the magic penny goes like this:

Two people are offered money – they have a choice of taking $1-million dollars today, or taking a penny that will double and compound every day, for 30 days.

Now, it’s always a good idea to sit and do the math, but apparently these people weren’t given that chance because one of them chose the million dollars and one chose the penny.

Ten days into this experiment, the person who chose the penny is at a whopping total of $5.12.

Twenty days in, with only ten days to go, the penny’s value had compounded and doubled to over $5,200. Not bad for a penny, but still $995,000 behind the other guy.

What were you thinking when I first brought this up?

Have you changed your mind at all?

Well, at the end of thirty days, the penny has doubled daily to a total of $5,368,709.12.

Over five million dollars.

More than 5x the one-million dollar option.

The sneaky thing about compounding is that it takes a while to ramp up, But, once it does, it’s incredibly powerful.

I’ve heard some people say this magic penny story is stupid – nobody is going to offer to double your money every day.

Fair enough. But, nobody is going to walk up and offer you a million dollars either.

It’s a story. It’s a lesson about the power of building on what you’ve got instead of going for a big score without thinking it through.

The magic of compounding is that you’re constantly building on your NEW totals, not what you started with.
So, what’s the point with the freaking penny?

My point is this: Once you’ve successfully scaled a landscape business, keep doing what works. Keep building on it.

If you have hundreds of weekly residential lawns to mow, keep getting more of them. Don’t start ignoring them while you put your attention into chasing commercial clients or glamorous design-and-build hardscapes.

Those weekly lawn customers at $50/week – a lot of them probably also have Spring and Fall cleanups and other services. So, let’s say each of them is worth about $1,500 to $2,000 per year.

And, as long as you keep them happy, they’ll be back year after year.

And, if you’re still keeping them happy, a lot of them will send their friends and neighbors your way.

When you do the math, you find that the lifetime value of all those $50/week lawns is in the tens-of-thousands of dollars.

Add, don’t change

Sully was never focused from the start, so there wasn’t much for him to stay focused on.

That freaking guy was all over the place.

He got a reasonable amount of residential work right off the bat with his mailbox stuffing. But he also had a connection with one big commercial prospect – a friend of a friend of his wife.

He got that account and he liked it. Even though he’d had more success getting residential customers, he liked the big commercial contract.

In his third year, he managed to get another commercial contract, and in his fourth year, he got another.

During that fourth year, his three commercial clients represented more than 70% of his revenue.

In his fifth year, he lost two of the three commercial clients.

One he lost because of an issue with an employee that spiraled out of control. The other – he just got undercut by a competitor.

Poof!! Almost half of the year’s expected sales gone before the year even began.

Sully never really got back to stuffing residential mailboxes. He spent most of years five and six chasing commercial clients to replace the ones he’d lost.

There was no year seven for Sully’s business.

Last I heard, Sully moved to Florida and was a sales rep for an organic fertilizer company.
But, don’t change your focus. Keep doing what works until it stops working (and, BTW, residential lawn care is not going to stop working any time soon).

Don’t change your marketing to go after totally different customers or projects. Don’t build a good reputation as one kind of company and then walk away from it by chasing different kinds of work.

Keep building on what you’ve got. Your company is like your own magic penny. It won’t double every day, but the landscaping industry is so solid that you never have to take a step backwards – you can, and should, grow every single year.

So, what are you going to take? The million dollars or the penny?

**More about Driven Landscapes**

Driven Landscapes is a franchise opportunity for people who are interested in learning about the business side of the landscaping industry. We’re always interested in talking with people about joining our team.

Even if a franchise isn’t right for you, stay subscribed to our email list to get periodic news, information, and analysis of the landscaping industry and what it’s like to run a scaling landscape business.

For even more right now, visit [www.DLFranchises.com](http://www.DLFranchises.com).