

THE FINNING START-UP GUIDE

HOW TO START A LANDSCAPING BUSINESS



FINNING CAT

■ INTRODUCTION

'Where to start' is the question that sputters start-up ideas from becoming a reality. In the grand scheme of things, 36.7% of Canadian businesses struggle to make it past three years because of poor planning (Services, 2019).

Of course, this isn't to crush the hopes and dreams of the budding entrepreneur, but it does highlight the importance of a detailed plan if you hope to become successful. The landscaping business is one that sprawls right across Canada and provides aspiring business owners with an opportunity to shape-and-scape a wide range of property and project types. But, by no means is landscaping considered an 'easy' start-up. It's a career that calls for hard work. Yet, many have made a go at it with nothing more than a truck and tools. This reduced barrier makes landscaping an attractive business proposition — ripe in opportunity and competition. 'The Finning Start-up Guide' is a series of discovery articles that dive into the industries that matter most to equipment operators and entrepreneurs. In this guide, we'll look at the opportunity for aspiring Canadian landscaping contractors by uncovering the challenges and strategies that enhance their pursuit of a successful start-up.



■ ASSESSING THE OPPORTUNITY

In 2020, Statistics Canada determined that there were more than 23,000 landscaping service businesses from coast to coast and, of them, 99.6% were classified as small businesses with less than 100 employees (Government of Canada, 2019).

This clustering helps to identify the patience and perseverance needed to scale within the industry. The majority will be capped as a 'small business', with only a select number encroaching upon enterprise status. However, that doesn't mean that there's enough pie (or profit) to serve everyone. Within the same Statistics Canada summary, 80.1% of these businesses are deemed profitable, proving that even a small business can be a fruitful venture.

So, for those bold enough to brave the odds of entrepreneurship, what's next? Well, first and foremost, a business plan is best. This uncovers opportunity, documents potential and, guides the foundational years of growth. But, for the purpose of this start-up guide, we'll focus more on how to get up and running in the landscaping business.

IN 2020, THE

AVERAGE REVENUE
FOR LANDSCAPING COMPANIES WAS

\$400,800
(Government of Canada, 2019)



■ IDENTIFY YOUR DISCIPLINE

Just as we've hinted, competition within the landscaping industry is heavily saturated; this is especially the case in urban areas. So, in order to stand out, it will be important for you to identify your core discipline. Essentially, the industry can be split into two segments: landscape construction and maintenance. In many cases, landscaping contractors offer both segments, but in order to distinguish yourself, it will be important to identify a core area that you intend to specialize in as this will help you pick a pricing structure that enables the most margin on the work you do.

■ CHARACTERISTICS OF A LANDSCAPE CONSTRUCTION PROFESSIONAL

More than mowers and mulching, landscape construction requires the skills and experience to transform outdoor areas into leisurely escapes, community fixtures, and commercial experiences. Careful consideration of softscapes like sod, annuals, perennials, and shrubs along with hardscapes like stonework, retaining walls, walkways and pools make having a vision all the more important. Many of these skills, considerations and costs increase the barrier to entry, yet thin out the pool of competition that you might find yourself in.

Landscape construction is transformative and rewarding, but not necessarily something you fall into. So, before jumping in, consider this list of key characteristics of a landscape construction professional:

- ✓ A passion for conceptualizing landscapes into detailed designs.
- ✓ An ability to work with other professionals like architects, gcs and carpenters.
- ✓ A sharp attention to detail for estimating a variety of project sizes.
- ✓ A thorough knowledge of horticulture to advise on soil and seasonality factors.
- ✓ A moderate amount of construction know-how for hardscape installations.
- ✓ An understanding of the operation and maintenance of heavy equipment.

Landscaping comprises of establishments primarily engaged in providing landscape care and maintenance services and/or installing trees, shrubs, lawns or gardens, and walkways, retaining walls, decks, fences, ponds and similar structures.

(Government of Canada, 2019)



■ SCOPING IS JUST AS IMPORTANT AS SCOOPING

In landscaping, there are many moving pieces (both literally and figuratively). However, knowing how to operate a backhoe doesn't automatically qualify you as a business owner. Your ability to manage operations, control costs and generate margin might be among the many skills that you need to sharpen if you are to succeed. From day one, your profitability will hinge on your ability to estimate jobs accurately. In fact, the term 'estimate' is somewhat misleading because scoping requires a calculated approach. It starts with a site visit to do a physical inspection of the requested work and to have a detailed discussion with the client of expectations. Beyond understanding their needs, you'll need to anticipate unforeseen challenges of the job that might compromise the cost of equipment, materials and/or labour.

The next thing you'll need to consider is what type of payment structure you'd like to offer. Most landscaping contractors use one or a mix of the following:

FIXED-PRICE: This is a single quote that covers all costs and it's easy to manage because it's one lump-sum payment. However, it's easy to underestimate what a project will cost, so when preparing a fixed-price, it will be critical to consider unexpected scenarios.

COST-PRICE: This is an agreement where the client covers the total cost plus profit. It requires the client to assume more risk and, in turn, protects the landscaping contractor from unforeseen circumstances.

TIME-AND-MATERIALS: This is a hybrid approach that bills the total cost of labour and materials as the project unfolds. Some expenses might be fixed ahead of time (i.e. materials), while other expenses might be variable (i.e. labour). Margin is typically included within the hourly rate.

Which pricing scenario you choose may depend on a number of factors. The type of projects you do will most likely be the determining factor. For example, landscape construction usually incurs a fixed up-front price, while landscape maintenance might apply a time-and-materials pricing structure. But, as you establish your business and your brand, a cost-plus scheme might allow you to price (more profitably) based on the pedigree of your work.

READ THIS:

**HOW TO DEVELOP
A PROJECT SCOPE
STATEMENT IN 8 STEPS**

northeastern.edu, 2019



■ A CASE STUDY IN CREDIBILITY

HOW CHRIS O'DONOHUE BUILT THE GREAT CANADIAN LANDSCAPING COMPANY

Chris O'Donohue grew up in the garden centre business, so it's no coincidence that he's grown his passion for horticulture into a fruitful landscaping enterprise. But, Chris isn't an overnight success. It has taken him more than 20 years of measured growth to become known as one of Vancouver's leading landscaping companies.

Chris' first step was to build his foundational skills by gaining a degree in business administration and to tune his tangible skills by obtaining certification in horticulture from ITABC. Chris credits this sacrifice of additional hours outside of his initial weekly contracts as a pivotal stepping stone that rooted his business for future growth.

Running a successful landscaping business means that you need to have the right tools for the job. Five years ago, Chris chose Cat® when looking to expand his operational capabilities. He prioritized performance, safety and dependability, favouring the Cat® 301.7 and 305.5 mini excavators as his initial machines and has since expanded his fleet because of Finning's preventative maintenance and warranty packages.

Today, The Great Canadian Landscaping Company serves more than 400 clients and employs a team of 60+ across the region. Chris has achieved his reputation through hard work and steady growth. Now, he focuses on expanding his business into new areas of British Columbia.

My goal from the beginning has been to become one of the leading landscaping companies in the lower mainland.

It makes it easier running a business day-in, day-out if we know that the reliability and service are always going to be there for us if something happens to the equipment.



■ EQUIPMENT WORTH CONSIDERING

The cost of equipment might be the single largest barrier to entry for a landscaping contractor. But, the truth of the matter is that you can be pretty resourceful in your business' early years in order to reduce expenses and protect profitability.

Renting wisely can be your key. Low-use and high-cost items should be an indicator of items you may not need to buy outright initially. For example, common mid-sized equipment, like a skid steer, comes with a higher cost, but outlets like The Cat Rental Store offer incentives on terms, transport, and training that makes doing the work more accessible.

FINNING TRAINING SERVICES

As a Cat® dealer, it's our job to be your equipment experts. We offer a blend of online and on-premise instructor-led courses that will enhance your ability to operate efficiently, effectively, and safely.

Learn more about Finning Training Programs

So, what are some of the usual suspects that someone might want to check out to start out? Well, you might already have an inventory of common hand tools at your disposal. Shovels, shears, and the like are high-use items that you'll want to get your hands on. In addition, light equipment like mowers and blowers will also be essential to most sites and worth the money to buy upfront. But, what about larger machinery?

■ RENT BEFORE YOU RUN

A backhoe loader will speed up digging, trenching, and back-filling on larger-scope projects. The typical configuration for a landscaper would include a digging arm on the back and a loader on the front, which is often compact enough to operate in areas where using larger equipment is not practical. And, in addition to enhancing your ability to dig gardens, foundations and pools, a backhoe loader delivers powerful and precise material handling so that you can transport trees, plants, rocks or stones to any installation area of your project.

A skid steer is one of the most versatile pieces of construction equipment for hard surfaces. Its small, rigid frame is great for accessing and working small areas and, for the landscaper, attachments can be utilized to perform a range of tasks, including excavating, grading, material handling, and more.

COMMON RENTAL ATTACHMENTS FOR YOUR SKID STEER

Augers — dig post holes, footings, shrub, and tree plantings.

Backhoes — make your skid steer multifunctional with a backhoe attachment.

Blades — push soil or level terrain in one seamless swoop.

Brushcutters — clear land and overgrowth efficiently.

Buckets — add mixing buckets and excavation buckets of various sizes.

Cold Planers — smooth imperfections and remove deteriorated pavement.

Flail Mowers & Mulchers — efficiently cut and mulch vegetation and overgrowth.

Forks — enhance material handling and capacity.

Rakes — clear large amounts of organic debris.

Stump Grinders — remove multiple stumps from small areas.

Tillers — break up and mix soil.

Trenchers — cut narrow, straight-lined trenches in all soil types

A compact track loader offers the same benefits as a skid steer but exchanges tires for tracks in order to gain more torque in soft terrains. Since this type of loader is dependent on terrain conditions, the frequency of use will be less, meaning that renting from a dependable source will ensure performance when you need it. A Cat® compact track loader features a steel embedded track and steel undercarriage components to ensure maximum life across applications where maintenance, operator technique, and underfoot conditions may not be ideal.

A compact or mini excavator is a machine more devoted to digging. Typically on tracks for tougher terrain, the mini excavator features a backfill blade and an independent boom swing with a bucket for digging. A wide range of bucket sizes are often available as attachments to accommodate different soil types and load capacities.

A telehandler is usually found on larger projects and acts as the primary material handler. Its telescopic arm leads in lift and reach capability, and its cab orientation offers the best all-around visibility for operators. Telehandlers come in various capacities and can be outfitted with different attachments, making them a dependable on-site asset.

■ THE START-UP'S SHOPPING LIST

EQUIPMENT YOU CAN BUY:

- ✓ Hand Tools
- ✓ Arborist Tools
- ✓ Mower/Trimmers
- ✓ Survey Equipment
- ✓ Aerator
- ✓ Trailer/Dump Trailer

EQUIPMENT YOU CAN BUY:

- ✓ Excavator/Mini Excavator
- ✓ Compact Track Loader/Skid Steer
- ✓ Jumping Jack Compactor/Plate Compactor
- ✓ Stump Grinder Attachment
- ✓ Grading attachments and blades
- ✓ Properly sized truck



■ THE CASE FOR A CAT® SKID STEER

Many landscapers choose to invest their initial dollars into a skid steer loader. Its maneuverability and versatility make it suitable for any landscaping site and, most of all, it enables the landscaping contractor to turn over projects (both literally and figuratively) at a higher rate, spurring the potential for more earnings and a greater return on investment.

But, with many options available, how will you know what's right for you?

For many, it comes down to cost, yet they fail to recognize that this will be your keystone piece of equipment for many years to come. In the long run, it pays to spend on comfort, performance and dependability. And, not only will it help you close contracts faster, it may even be the key that unlocks 12-month earning potential.



■ SEASONING YOUR SERVICE OPTIONS

It almost goes without saying, but landscaping is prone to sizable seasonal swings. From the rush of Spring and Summer project demands to the desolate days of Winter, landscaping professionals should seek opportunities to augment their business during the slow season.

Many take to pushing and plowing snow during the winter months. For some, it's as simple as strapping a plow to a truck, while others make use of their landscaping machinery by fitting a plow or blade attachment. However, beyond this lock-and-load mindset, it's important to consider the deteriorating factors of cold weather application. For the landscaper, winterizing your equipment will protect its life span for many seasons to come.

Learn how to winterize a Cat Skid Steer.

A Cat Skid Steer features an industry-leading sealed and pressurized cab to ensure year-round operator comfort. In addition, the operator that invests in themselves will benefit from seat-mounted controls and speed-sensitive ride control to improve overall performance precision and comfort. The machine's powertrain is also equipped with an electronic torque management system that performs and grips as needed on challenging terrain, and the Cat Intelligent Leveling system features dual direction self-leveling capability to optimize safety.



■ REFERENCES

Services, S. B. T. M. (2019, December 6). Archived - key small business statistics - January 2019. SME research and statistics. Retrieved October 23, 2021, from https://www.ic.gc.ca/eic/site/061.nsf/eng/h_03090.html#point1-3.

Government of Canada / Gouvernement du Canada. (2019, March 1). Government of Canada / gouvernement du Canada. Landscaping services - 56173 - Summary - Canadian Industry Statistics - Innovation, Science and Economic Development Canada. Retrieved October 23, 2021, from <https://www.ic.gc.ca/app/scr/app/cis/summary-sommaire/56173>.

