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2020

GREEN INDUSTRY OUTLOOK

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2020 GREEN INDUSTRY OUTLOOK

BY KYLE BROWN

USE OUR ANNUAL SURVEY REPORT TO MAP OUT
A SUCCESSFUL YEAR FOR YOUR BUSINESS.

Welcome to *Irrigation & Green Industry's* 2020 Green Industry Outlook. This year's survey builds on the success of last year's status report with brand-new market insights and ways to benchmark your business. It also uncovers the current industry trends and challenges, from day-to-day labor struggles to the impact of regulations.

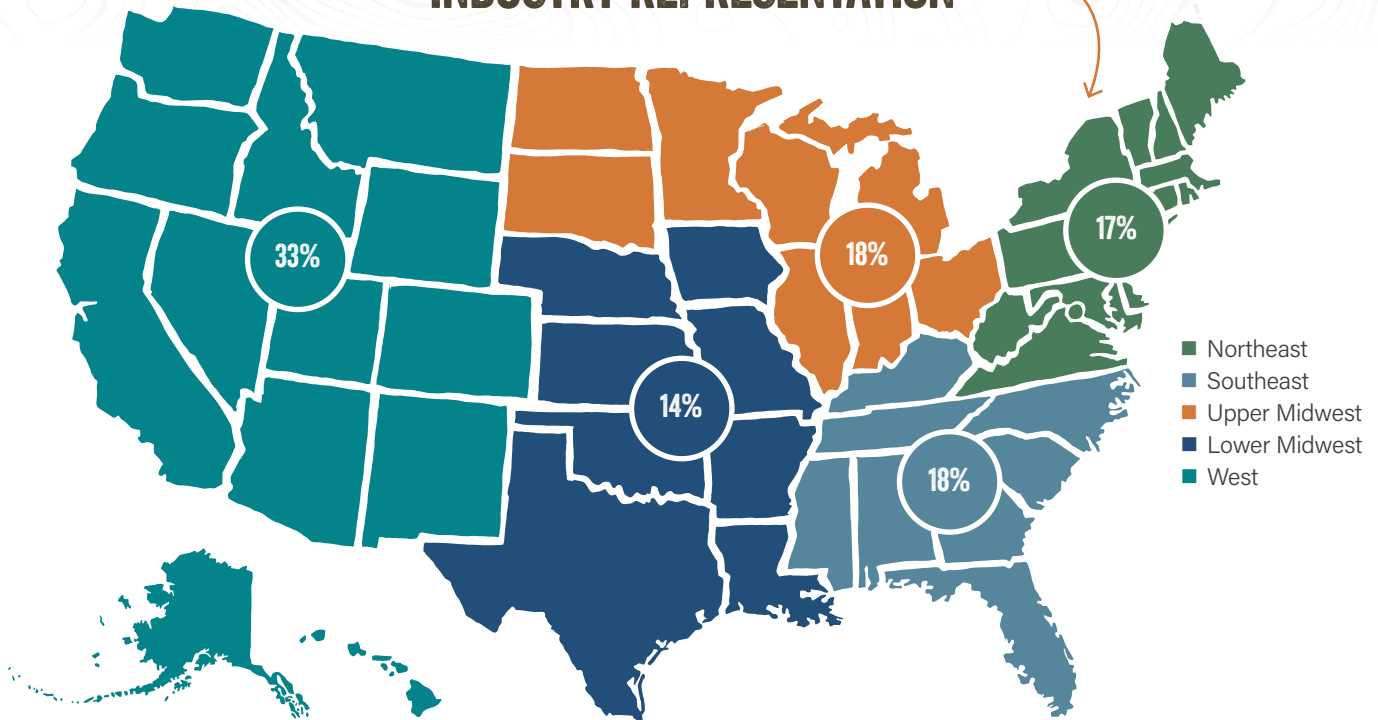
We once again reached out to our readers to get the lay of the land for the landscape and irrigation industries as we head into a new decade. We wanted to find out how industry demographics have shifted in the past year, including business size and services offered. But we also wanted to find out more about how professionals dealt with some major issues such as average crew pay and safety. We modified some questions in this year's edition of the survey based on responses and reader suggestions to last year's survey, to make the results as relevant as possible.

This year, a total of 782 of you completed our survey — a huge jump from last year's final total. We're so grateful for your help in laying out the most important issues you're facing, as well as where things are going well. You came from a wide range of job titles, from CEOs to service crew members and specialists, and every one of you helped us report a more representative image of the full landscape and irrigation industries.

We had such a strong response to the survey that we collected more information than we were able to fit in the print edition. Check out the full report on www.igin.com and see how your business compares against the larger industry.

If you're starting 2020 looking at company growth projects, our report is a map to where others are finding the biggest challenges and best results. Use these responses to plan ahead and make this year your best yet.

INDUSTRY REPRESENTATION



DEVELOPING DEMOGRAPHICS

IS YOUR BUSINESS SEASONAL OR YEAR-ROUND?

16%
SEASONAL



84%
YEAR-ROUND



This year's survey respondents cover the U.S. in almost exactly the same distribution as last year's. We see about 33% coming from the West, and nearly equal representation in the upper Midwest, Northeast and lower Midwest. With almost twice as many respondents as in our 2019 outlook survey, it looks like we have a representative demographic breakdown.

Roughly the same number of companies are listed as year-round (84%) rather than seasonal (16%). More companies report "lawn maintenance company" as the primary business than last year, taking the top spot at 29%.

This year's survey brings in a wider variety of respondents by job title, as 66% considered themselves the company executive compared to 75% last year. We had greater representation from managers and slightly more industry specialists.

This year's demographics also cover a wider experience range, though not by much. The majority of respondents have been directly working in the

industry for more than 31 years, at 42%. We see a stronger presence from professionals who have been in the industry between 11-20 and 21-30 years, but you have to add those results together to match the older group by just two points.

The age range of respondents remains similar, with exactly the same percentage of those in the 60-plus range as compared to last year. The greatest change was in the 30-39 group.

The full report online shows that family ownership is the most common company structure at 57%, which lines up with an industry of experienced professionals. Private holding is the next most common at 33%, followed by government at 8%.

A total of 43% of respondents' companies have been in business for more than 31 years, again outpacing both of the next two categories added together. Considering the responses to the age range and company structure plans, some in the industry could be looking into retirement or succession plans within the next few years.

WHAT TYPES OF PROPERTIES DO YOU SERVICE?



84%
RESIDENTIAL



84%
COMMERCIAL

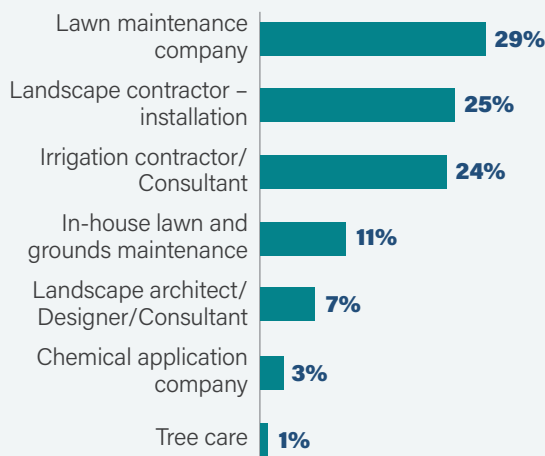


40%
MUNICIPAL/PARKS/SPORTS FIELD

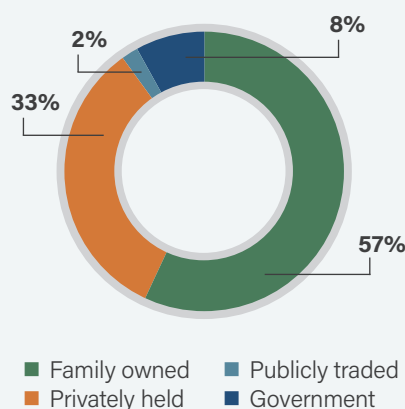


11%
OTHER

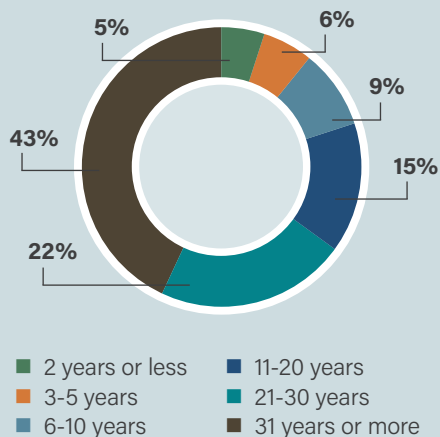
WHAT IS YOUR COMPANY/ORGANIZATION'S PRIMARY BUSINESS?



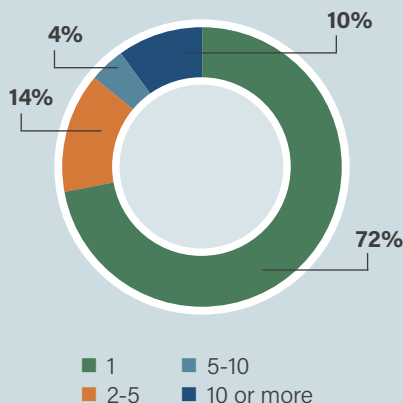
WHAT IS YOUR COMPANY'S OWNERSHIP STRUCTURE?



HOW LONG HAS YOUR COMPANY BEEN IN BUSINESS?



HOW MANY LOCATIONS DOES YOUR COMPANY HAVE?

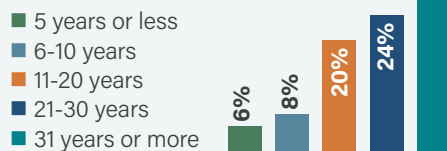


AN EXPERIENCED GROUP OF RESPONDENTS

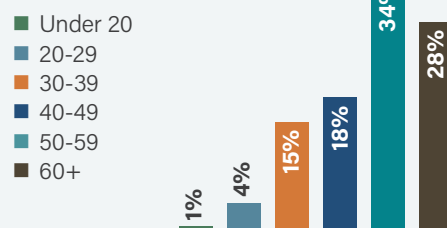
WHICH OF THE FOLLOWING BEST DESCRIBES YOUR TITLE?

Executive Owner, Partner, CEO, President, General manager	66%
Manager/Supervisor Architect, Director, Superintendent, Foreman, Landscape grounds manager, Consultant	21%
Specialist Arborist, Agronomist, Forester, Horticulturist, Instructor, Water Manager, Researcher, Engineer	3%
Sales/Marketing/PR/Advertising	5%
Service crew member	2%
Other	3%

HOW LONG HAVE YOU BEEN WORKING IN THE LANDSCAPE INDUSTRY?



HOW OLD ARE YOU?



WHICH OF THE FOLLOWING SERVICES DOES YOUR COMPANY PROVIDE?

69%
IRRIGATION MAINTENANCE

63%
IRRIGATION DESIGN AND INSTALLATION

59%
LAWN MAINTENANCE

58%
LANDSCAPE DESIGN AND INSTALLATION

57%
TURF AND LANDSCAPE RENOVATION

51%
DRAINAGE

47%
LANDSCAPE LIGHTING

44%
DISEASE, INSECT AND WEED CONTROL

44%
TREE AND ORNAMENTAL CARE

42%
CHEMICAL APPLICATION

42%
HARDSCAPING

36%
WATER FEATURES

32%
SNOW/ICE MANAGEMENT

28%
ENVIRONMENTALLY FRIENDLY SERVICES

23%
HYDROSEEDING/EROSION CONTROL

17%
HOLIDAY LIGHTING

GROWING STRONG

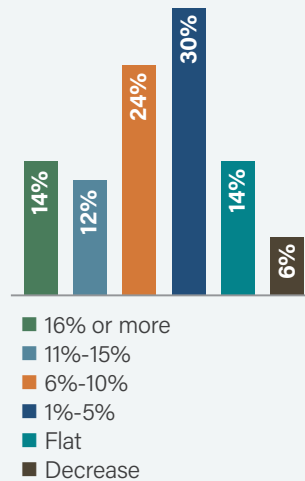
While there are some concerns about available labor and other obstacles, the industry outlook continues to look strong. A total of 14% of respondents expect to see growth of about 16% or more in 2020.

The combined number of those who expect their business to remain flat or decrease still falls short of those who expect to see between 6%-10% growth.

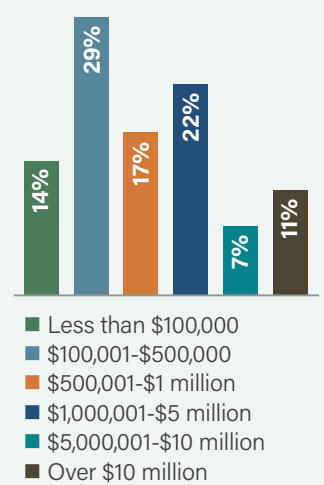
Similar to last year, 65% of industry professionals expect moderate growth in demand for company services in 2020. Also similar to last year, more expect flat demand of services (18%) than high growth (14%).

Labor continues to be both the largest expense and biggest obstacle for the industry. It's fitting that labor/H-2B regulations cause the most problems, even compared to water regulations.

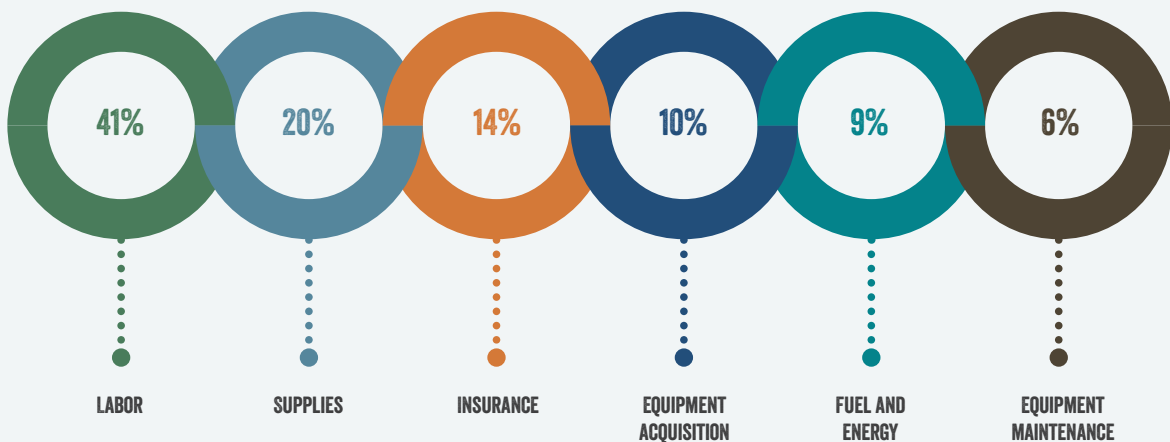
COMPARED TO 2018, HOW MUCH DO YOU EXPECT YOUR BUSINESS HAS GROWN IN 2019?



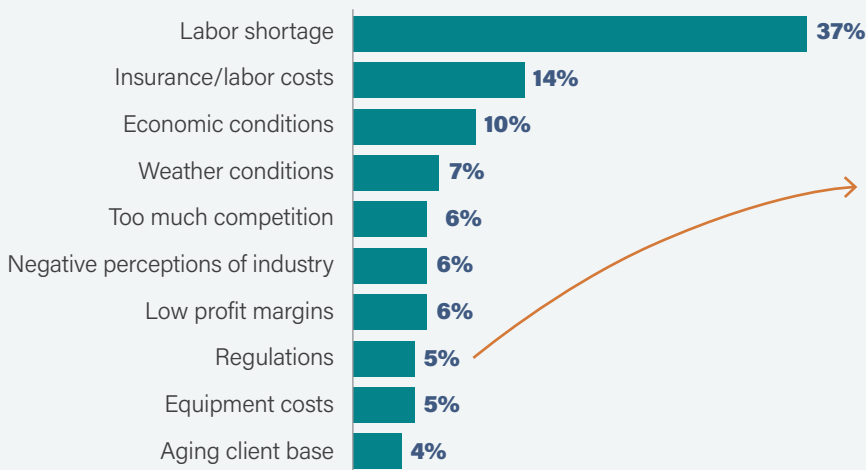
WHAT IS YOUR COMPANY'S PROJECTED GROSS REVENUE FOR 2019?



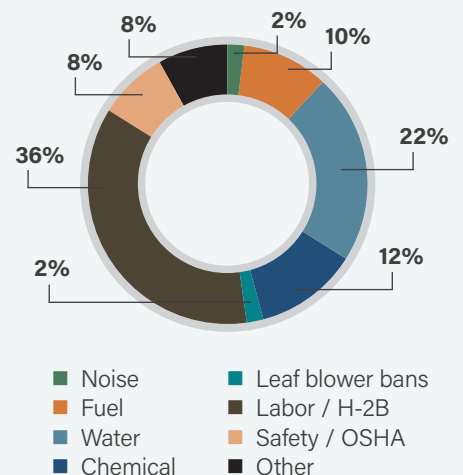
WHAT ARE YOUR COMPANY'S LARGEST EXPENSES?



WHAT BARRIERS MOST IMPACT YOUR BUSINESS GROWTH?



WHICH REGULATIONS HAVE THE MOST NEGATIVE IMPACT ON YOUR BUSINESS?



GOOD HELP IS STILL HARD TO FIND



REGARDLESS OF RESPONDENT COMPANY SIZE OR REGULATION, THE LABOR QUESTION IS THE SMALLEST CHANGE BETWEEN SURVEY RESULTS FROM YEAR TO YEAR.

Finding and keeping quality employees has always been a tough job in the industry, and it seems to be just as difficult now as last year. Even with nearly twice as many respondents in this year's survey, results for "Does your region offer enough qualified workers to meet your company's needs?" changed only by 1% between years. Regardless of respondent company size or regulation, the labor question is the smallest change between survey results from year to year. This is still the top concern across the board.

This year's survey also has a similar overlay on full-time employees at peak season. The 1-5 range dropped a few percentage points compared to last year while larger companies gained some ground. It's still the largest cohort represented at 40%.

Also like last year, 64% of respondents pay crew members 11% or more over the local minimum wage. The majority (84%) of companies have never participated in the H-2B program, and about the same number did not use it last year despite having used it previously. That's not likely to change, as using the program continues to be challenging.

About a third of respondents say between 1%-25% of their employees speak Spanish either as a primary language or otherwise. Almost the same number reports having no Spanish-speaking employees in the company.

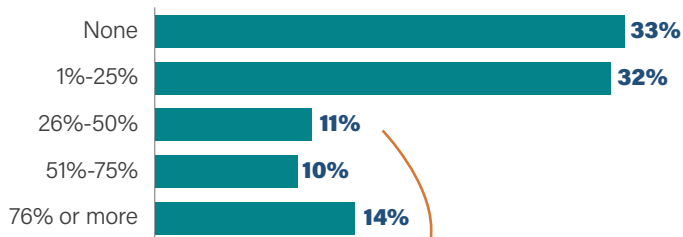
One of the new questions on this year's survey finds a total of 57% of respondents do not have crews using job management apps or software to stream-

line the process of working with clients in the field. Those services could potentially help with managing labor issues, but they require some setup and buy-in throughout the crews to be effective.

Another new question about employee development shows that the majority of respondents encourage technical training and licensing for employees, at 89% affirming. That lines up with an industry looking to develop some of its younger crew members to be able to take on more responsibility when effective labor is tough to find. It's also good news as professionals are making certain that knowledge is being passed down in the industry.

On a related topic, 42% of respondents say they perform weekly or biweekly crew safety checks or training. Though it's not reflected in the results, a comforting number of write-in responses assured that checks are done daily. One respondent writes, "I work with my crew every time we go out. I constantly train them."

WHAT PERCENTAGE OF YOUR EMPLOYEES SPEAK SPANISH?



67%

TOTAL PERCENTAGE OF RESPONDENTS WHO EMPLOY WORKERS WHO SPEAK SPANISH AS THEIR FIRST LANGUAGE

DOES YOUR REGION OFFER ENOUGH QUALIFIED WORKERS TO MEET YOUR COMPANY'S NEEDS?

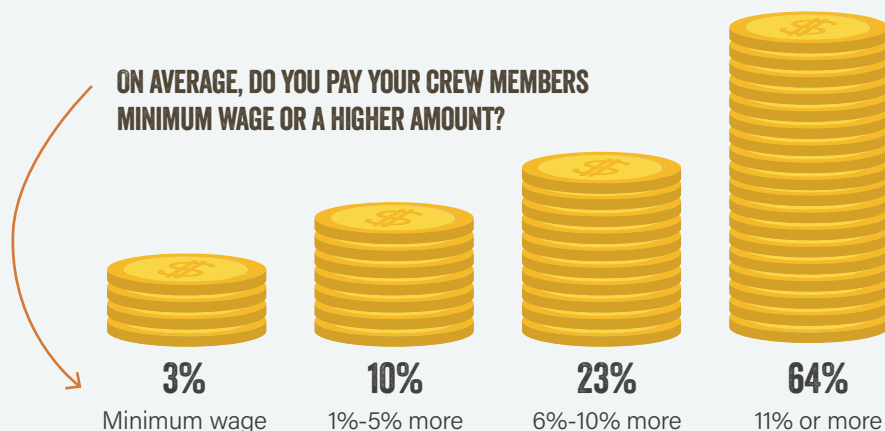


NO – 65%

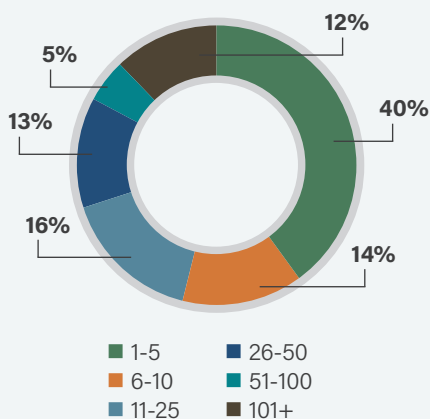


YES – 35%

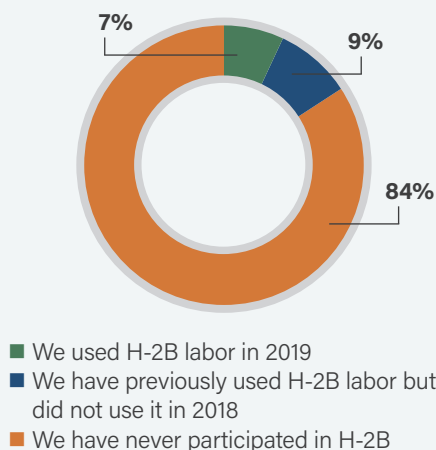
ON AVERAGE, DO YOU PAY YOUR CREW MEMBERS MINIMUM WAGE OR A HIGHER AMOUNT?



HOW MANY FULL-TIME EMPLOYEES DOES YOUR COMPANY EMPLOY AT PEAK SEASON?



DOES YOUR COMPANY PARTICIPATE IN THE H-2B NONIMMIGRANT VISA PROGRAM?



DO YOUR CREWS USE JOB MANAGEMENT APPS/ SOFTWARE?



YES – 43%



NO – 57%

DO YOU ENCOURAGE EMPLOYEES TO PURSUE LICENSING OR ADDITIONAL TECHNICAL TRAINING?

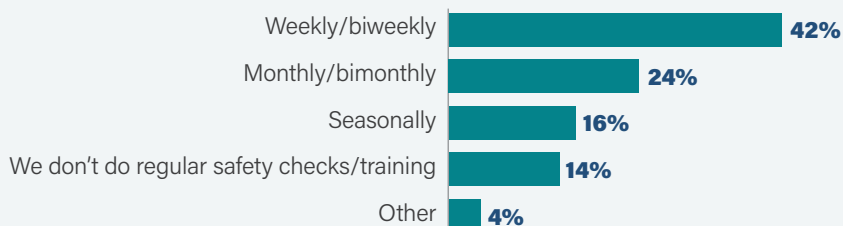


YES – 89%



NO – 11%

HOW OFTEN DO YOU PERFORM CREW SAFETY CHECKS/TRAINING?



WHAT YOU HAD TO SAY ABOUT YOUR BIGGEST CHALLENGES IN 2019 ...

"Gaining employees with some landscape knowledge and willingness to learn, and being able to work at a fast pace."

"Weather and equipment malfunction. Not being able to afford repairs as needed."

"Lowering prices to compete with all of the unlicensed competitors."

"The public needs to be taught not to expect landscaping to be an inexpensive investment. This can only change if the industry presents a unified face. We turn out to be our own worst enemy."

"The biggest challenge is to not overextend, don't take on more than I need to do."

"Getting people to realize design is the first step to a great landscape that also helps with budget!"

"We need to scale back our lawn maintenance to improve quality. We could keep the same quality at the size we are now but qualified laborers are hard to find."

IN 2020, WHICH EQUIPMENT AND/OR SERVICES ARE YOU CONSIDERING INVESTING IN?

52%

TRUCKS

43%

HAND-HELD POWER EQUIPMENT

39%

MOWERS

35%

CONSTRUCTION EQUIPMENT

30%

BUSINESS HARDWARE

25%

UNIFORMS

22%

MECHANICAL/TECHNICAL
EDUCATION

21%

BATTERY-POWERED EQUIPMENT

18%

DESIGN SOFTWARE

17%

JOB MANAGEMENT
APPS/SERVICES

17%

BUSINESS MANAGEMENT
SOFTWARE

11%

DRONES

10%

TREE EQUIPMENT

7%

CHIPPERS/SHREDDERS

7%

REMOTE-OPERATED EQUIPMENT

6%

NON-PNEUMATIC TIRES

6%

HIRING A BUSINESS CONSULTANT

6%

FINANCIAL SERVICES

BRIGHT FUTURE

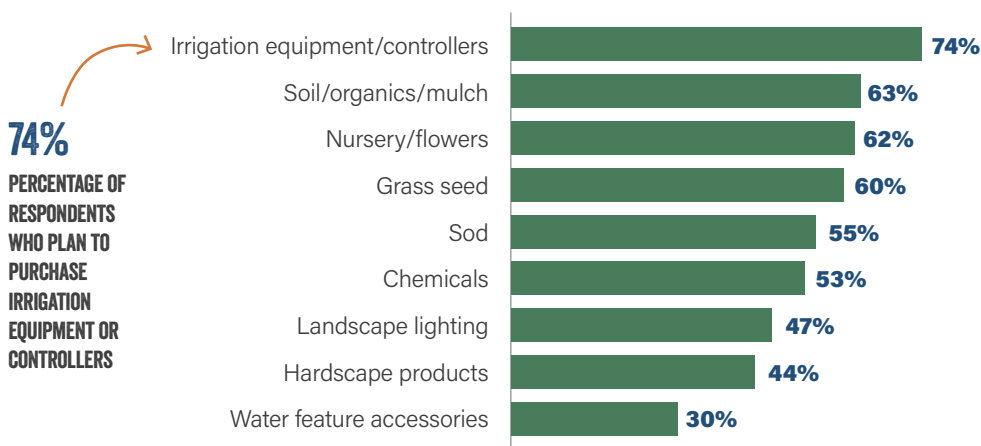
With a generally positive outlook on the industry, professionals are looking forward to new opportunities in 2020. Some are looking at investments in new equipment or branching out into new services, while a comparatively low number are reducing available services.

"Because there is a good amount of work out there, we see the best opportunity is to raise prices and increase margins," says one respondent. Others report more commercial contracts and jobs requesting renovations and tree planting. A low rain year could increase the demand for improved outdoor spaces and also provide a larger market for drought-tolerant landscaping. Though unlicensed competitors are an issue in some markets, their mistakes can be an opportunity to capitalize.

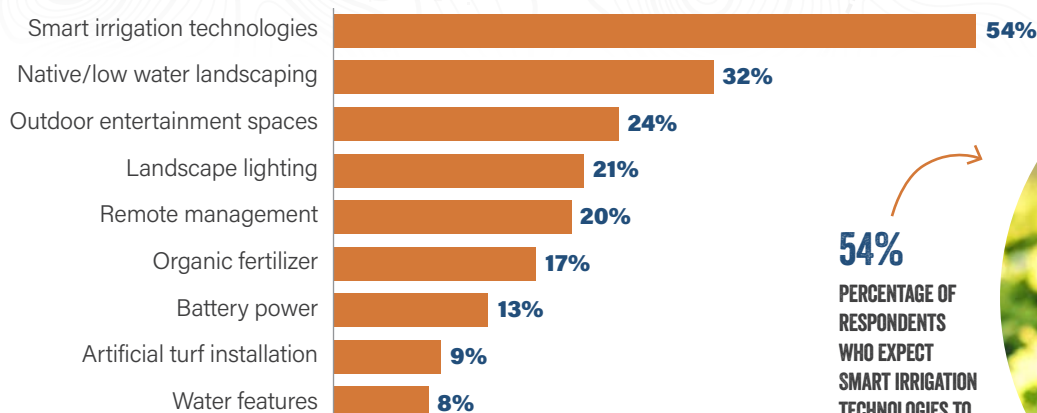
For most respondents, though, labor is key to getting leverage on what 2020 can offer. As one writes, "There's room to grow everywhere if you have the people to get it done."

WHICH OF THE FOLLOWING SERVICES ARE YOU CONSIDERING EXPANDING OR ADDING IN 2020?		WHICH OF THE FOLLOWING SERVICES ARE YOU CONSIDERING REDUCING OR ELIMINATING IN 2020?	
Irrigation maintenance	29%	Lawn maintenance	19%
Landscape lighting	26%	Snow/ice management	17%
Irrigation design and installation	22%	Chemical application	16%
Landscape design and installation	20%	Water features	15%
Hardscaping	20%	Holiday lighting	14%
Environmentally friendly services	18%	Hydroseeding/erosion control	10%
Lawn maintenance	17%	Disease, insect and weed control	9%
Turf and landscape renovation	17%	Hardscaping	9%
Drainage	15%	Tree and ornamental care	8%
Disease, insect and weed control	14%	Drainage	8%
Water features	14%	Irrigation maintenance	7%
Tree and ornamental care	14%	Landscape lighting	7%
Chemical application	13%	Irrigation design and installation	6%
Snow/ice management	12%	Turf and landscape renovation	6%
Holiday lighting	12%	Landscape design and installation	5%
Hydroseeding/erosion control	8%	Environmentally friendly services	3%

WHICH PRODUCTS WILL YOU PURCHASE FOR YOUR CLIENTS OVER THE NEXT 12 MONTHS?



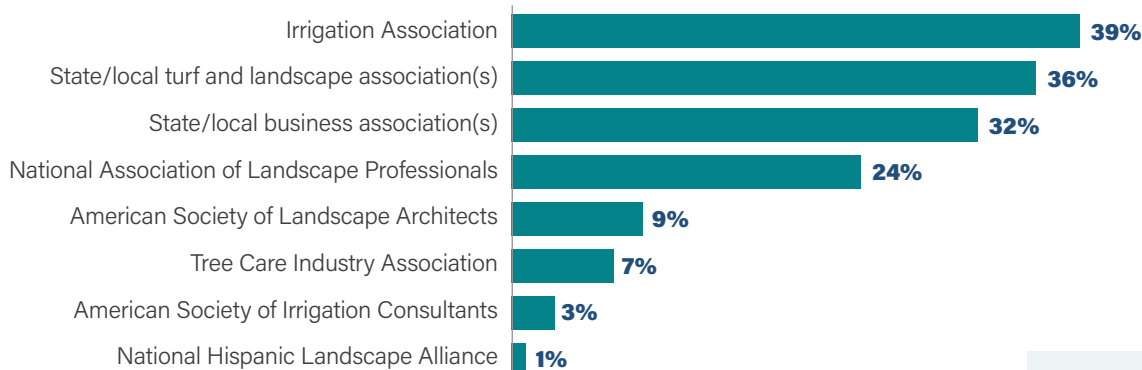
WHICH TRENDS DO YOU EXPECT TO GROW THE MOST IN THE NEXT YEAR?



54%
PERCENTAGE OF
RESPONDENTS
WHO EXPECT
SMART IRRIGATION
TECHNOLOGIES TO
GROW THE MOST
IN THE NEXT YEAR



WHAT ASSOCIATIONS DOES YOUR COMPANY BELONG TO?



A SPECIAL THANKS

Thanks to everyone who participated in our survey this year; we couldn't have offered this snapshot of the industry without you. It's not easy to take time out of your day, even for a short survey, so we wanted to make certain you understand how much we appreciate it. We provided an incentive to respond to the survey with a drawing for one \$500 Home Depot gift card. That drawing will be completed this month, and the results will be posted on www.igin.com. Thanks again for your help in putting together our industry outlook!

THANK YOU!



METHODOLOGY

The 2020 Green Industry Outlook Survey was developed in SurveyMonkey, with three email invitations to respondents between Nov. 7 and Nov. 15. Each invitation included information on the drawing for a \$500 Home Depot gift card. Survey results were closed Nov. 15 with 782 responses. IGIN staff analyzed the survey results.