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Chapter 27

Lawn Fertilization, Insect & Weed Control

PURPOSE: To explain how to price lawn fertilization, insect and weed control work

INTRODUCTION

A large number of contractors apply chemicals in the form of lawn fertilization and/or insect and weed control. This work can be very lucrative. However, many applicators do not know how profitable it is or what their break-even point is regarding specific products or applications. The following scenarios will help address these issues.

****** How it works – start ******

1. A high-end residential installation and maintenance contractor on the East Coast does work in a very upscale area. He'd like to know his costs and break-even point for applying a fertilizer, weed-control mixture on his clients' lawns. The average lawn is approximately .75 acres. This contractor believes his crew can do an average of 10 to 12 lawns per day. He'd like to know the following:

A. How much should he bill per day, per 1,000 SF, 10,000 SF and per acre for this type of work?

B. What is his BEP per day, per 1,000 SF, 10,000 SF and per acre for this type of work?

Additional scenario information:

- Crews will work and get paid for 10 hours per day, 50 hours per week.
- The equipment cost per hour is as indicated on the figures.
- The overtime factor, risk factor, sales tax, etc. are also as indicated on the figures.

- The owner desires to obtain a minimum of 25 percent net profit margin for this work.

2. A commercial maintenance contractor in the western states is bidding on a large 40-acre site. He needs to know his costs and break-even point for applying fertilizer on this site. The specifications call for three pounds of fertilizer per 1,000 square feet. A 50-pound bag of fertilizer will cost him $13. He believes his two-man crew can apply five bags of fertilizer per man-hour using a utility cart with a spreader. The second man on the crew will help load the bags of fertilizer and blow off sidewalks with a backpack blower. The contractor would like to know the following:

A. How much should he charge per acre for this type of work?

B. What's his break-even point per acre for this type of work?

Additional scenario information:

- Crews will work and get paid for 10 hours per day, 50 hours per week.
- The equipment cost per hour is as indicated on the figures.
- The overtime factor, risk factor, sales tax, etc. are also as indicated on the figures.
- The owner desires to obtain a minimum of 15 percent net profit margin for this work.

3. A residential lawn maintenance contractor in the mid-Atlantic states does work in middle- to upper-middle-class neighborhoods. He'd like to know his costs and break-even point for applying a fertilizer, weed-control mixture on his clients' lawns. The average lawn is from 5,000 to 10,000 square feet. This contractor believes his one-man crew can average 100,000 square feet of lawns per day. He'd like to know the following:

A. What should be his minimum charge for a lawn up to 5,000 square feet?

C. How and what should he charge for lawns over 5,000 square feet?

Additional scenario information:

- The technician will work and get paid for 10 hours per day, 50 hours per week.
- The equipment cost per hour is as indicated on the figures.
- The overtime factor, risk factor, sales tax, etc. are also as indicated on the figures.
- The owner desires to obtain a minimum of 25 percent net profit margin for this work.

****** How it works – end ******

[A] PRICING LAWN FERTILIZATION

[B] Large residential estate lawn fertilization with a two-man crew

Figure 27.1 outlines this scenario. Note that each member of the crew works eight hours on site per day. Two hours per day are allotted to general condition drive time, load time, etc. An extra two labor hours, one crew truck and one utility cart hour are included for call backs. The spray rig, which has a cost per hour of $10, is running approximately six hours per day.

*******Figure 27.1 Residential Applications********

To achieve the desired 25 percent net profit margin, this two-man crew has to bill over $1,700 per day. This will cover all costs, both direct and indirect. The price per 1,000 square feet is $5.35 and the price per 10,000 square feet is $53.49. The per acre price calculates out to be $233.01.

The prices calculated with a 25 percent net profit margin are a little light. This contractor thinks he can charge up to a 45 percent NPM and still get plenty of work.

[B] Large commercial lawn fertilization with a two-man crew

Figure 27.2 outlines our commercial scenario. The crew works eight hours on site per day. Two hours per day are allotted to general condition drive time, load time, etc. An extra four labor hours, two crew truck and two utility cart hours are included for call backs The spray rig, which has a cost per hour of $10, is running approximately six hours per day.

*******Figure 27.2 commercial Applications*******

To achieve the desired 15 percent net profit margin, the crew has to bill a little over $79 per acre. This will cover all costs, both direct and indirect. The break-even point per acre calculates out to be just over $67.

[B] Small to mid-size residential lawn fertilization with a one-man crew

Figure 27.3 outlines this scenario. Note that the technician works seven hours on site per day. Three hours per day are allotted to general condition drive time, load time, etc. An extra labor hour, crew truck hour and utility cart hour are included for call backs The spreader, which has a cost per hour of $3.00, is being used approximately six hours per day.

*******Figure 27.3 Small Residential Applications*******

To achieve the desired 25 percent net profit margin, the technician has to bill $840.00 per day. This will cover all costs, both direct and indirect. The price per 5,000 square feet works out to be just over $42.00. However, after considering the small size of the job and market conditions, the contractor decides to charge $55 for a 5,000 square foot job and $8.50 per additional 1,000 square feet up to 10,000 square feet. Lawns with at least 10,000 square feet of turf are charged a minimum of $85 and $7.50 per additional 1,000 square feet over 10,000.

[A] SUMMARY

These contractors now have the basic information they need to price lawn fertilization and insect control work. They were aware that this type of work was very profitable, but now know exactly what their costs and break-even points are. They can now adjust their margins and prices according to market expectations.

****** Main point:** They were aware that this type of work was very profitable, but now know exactly what their costs and break-even points are. ********

[AP] ACTION POINT

Evaluate your lawn fertilization and/or insect and weed control work and determine break-even points, gross profit margins and daily revenue goals.

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[A] *Note:*

The costs used in our scenarios are for illustration purposes only. Your costs will vary from the ones used in these examples. The key is for you to build a typical one-day scenario for the different crew, materials and equipment mixes you use. Round up these rates as appropriate. If your costing structure is accurate, the rates you calculate should be very close to your current ones and to those generally seen in your market.

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This article was adapted from James Huston's new book and audio book, ***How to Price Landscape & Irrigation Projects***, released in July 2003. The author is president of J.R. Huston Enterprises, Inc., which specializes in construction and services management consulting to the Green Industry. Mr. Huston is a member of the American Society of Professional Estimators and he is one of only two Certified Professional Landscape Estimators in the world. For further information on the products and services offered by J.R. Huston Enterprises, call 1-800-451-5588, e-mail JRHEI at jrhei@jrhuston.biz or visit the J.R. Huston Enterprise web site at http://www.jrhuston.biz.