Making 12% Net Profit

IT'S THE SYSTEM
That increases profits

Contractors today face big challenges. Increasing labor costs, decreasing labor supply, flat pricing and stagnant productivity are all conspiring to drive down profits.

Yet several business owners say they've found a solution: using software as a business management system to drive up profits. To give their companies that competitive edge, these three owners implemented The Aspire Software Co.'s system into their business models.

1 BEST PRACTICE

Allen Sweeney, owner of Al's Complete Lawn Care in Lexington, Ky., says the days of businesses relying on paper and lost information are long gone. His young management team stays connected through mobile devices and computers to manage hours and customer requests.

Sweeney's team uses Aspire to manage communications, proposals, schedules and crew progress in real time allowing then to make better and faster decisions, proactively communicate with customers, and manage job costs. The result is improved profits.

"It's transformed the way we do business," Sweeney says.

ALLEN SWEENEY

BUSINESS BREAKDOWN

COMPANY: Al's Complete Lawn Care

AREAS SERVED: Lexington, Louisville and Frankfort, Ky.

ANNUAL REVENUE: $7 million

CLIENTS: Commercial properties

SERVICES: Maintenance, enhancement, equine maintenance and snow removal

2 ACCOUNTABILITY

Jerry Schill, co-owner and president of Schill Grounds Management headquartered in North Ridgeville, Ohio, implemented Aspire several years ago.

Schill uses Aspire's scorecard and dashboard reporting to hold his managers accountable. His managers know in real time whether they're meeting or exceeding their goals. This allows managers and crews alike to make changes when necessary and see how they are performing, making everyone more productive.

The result of this real-time accountability is streamlined processes and better margins.

"I don't know how you compete in today's world with the demands of business without using software," says Schill, whose company had a fourteen percent net profit in 2017. "You have to know what's going on with your business and be able to act quickly. Software doesn't change who you are; but it improves what you do."

JERRY SCHILL

BUSINESS BREAKDOWN

COMPANY: Schill Grounds Management

AREAS SERVED: Northeast Ohio

ANNUAL REVENUE: $10 million

CLIENTS: Commercial properties

SERVICES: Landscape maintenance, design/build and snow removal

SOFTWARE THAT TRANSFORMS. Aspire allows Al's Complete Lawn Care employees to be more efficient on the job.

Industry Net Profit Distribution

The chart shows the number of companies in each profit segment. The information is based on companies with annual revenues between $2MM and $40MM consisting of maintenance, construction and snow operations.

% of Companies

Less than 0%	0 to 3%	3 to 6%	6 to 8%	8 to 10%	10 to 12%
5%	14%	36%	23%	14%	9%

Net profit %
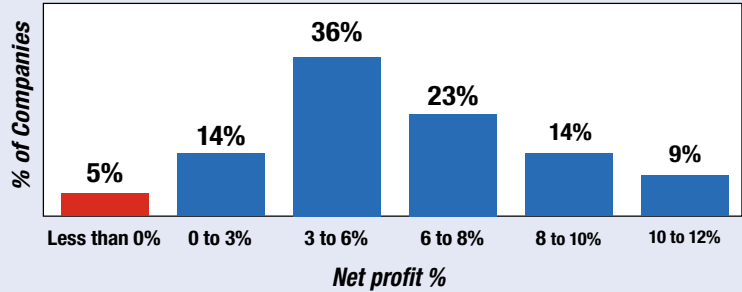
3 CUSTOMER FOCUS

Increasing the bottom line for Shayne Newman, owner of YardApes in New Milford, Conn., happened the moment he was able to pinpoint which clients were profitable.

Aspire allowed YardApes to correctly price properties, essentially dropping clients that were costing it money. Newman also broke down the real costs of each service, adjusting the prices to ensure profitability.

"It forced us to look at how we were doing estimating," Newman says. "Now, we can see where we are and aren't making money."

Before implementing the software system, the company was breaking even. Today the company is profitable because contracts were properly re-priced and low profit customers who did not accept the new pricing were replaced by customers who did.

According to Newman, the software helps his team be more productive and make better decisions for the customer. That's led to a better bottom line.

4 THE OPPORTUNITY AND SOLUTION

Most contractors can increase profits by investing in a system. According to statistics, actual net profits in the industry are far less than optimal net profit.

Incremental improvements in gross margins and overhead spending are achievable using a system driving **best practices, accountability** and **customer focus.** This can produce consistent 12 percent net profits.

Software is an investment in future profits. Schill, Sweeney and Newman all agree on this point. When they were looking for a system, they were looking for more than software. They wanted a partner to help them make money—and they found The Aspire Software Co. was the right partner.

"It's important to put a system in place so you can watch your numbers daily," Sweeney says. "The more people who understand that, the better our industry will become." ●

SHAYNE NEWMAN

BUSINESS BREAKDOWN

COMPANY: YardApes

AREAS SERVED: Northwestern Connecticut

ANNUAL REVENUE: $3.2 million

CLIENTS: 75 percent high-end residential; 25 percent high-end commercial

SERVICES: Maintenance, lawn care, snow removal, design/build and gardening

Getting to 12%

The chart shows two income statements changing over time using a $4MM business growing by 25% and the savings in crew labor, purchasing, shop and overhead staff required to produce the improvement.

	Average		High Profit	
Revenue	$ 4,000,000		$ 5,000,000	
Labor	$ 1,600,000	40%	$ 1,900,000	38%
Materials	$ 500,000	13%	$ 575,000	12%
Gross Margin	$ 1,900,000	48%	$ 2,525,000	51%
Equipment	$ 650,000	16%	$ 765,000	15%
Staff / Office	$ 1,000,000	25%	$ 1,150,000	23%
Net Profit	$ 250,000	6%	$ 610,000	12%

How to get there using a system

Small gains in a few places...

✓ Labor: Be two hours more efficient with every crew each week

✓ Material: Save one percent on every material purchase

✓ Equipment: Spend $150 less in the shop every day

✓ Staffing: Limit staff growth to two people with this growth

If you can't see it, you can't manage and make it happen!