

Lesson E2–5

Marketing the Landscape Business

Unit E. Horticultural Business Management

Problem Area 2. Marketing Horticulture Products

Lesson 5. Marketing the Landscape Business

New Mexico Content Standard:

Pathway Strand: Agribusiness Systems

Standard: VI: Use sales and marketing principles to accomplish an AFNR business objective.

Benchmark: VI-D: Merchandise products and services.

Performance Standard: 1. Identify key components to organize a sale. 2. Build and develop customer relationships. 3. Conduct sales presentation. 4. Provide post-sale service. 5. Handle customer complaints. 6. Locate prospective new customers.

Student Learning Objectives. Instruction in this lesson should result in students achieving the following objectives:

1. Determine the price of landscape projects.
2. Identify how to calculate the cost of landscape projects.
3. Identify ways of marketing landscape businesses.

List of Resources. The following resources may be useful in teaching this lesson:

Recommended Resources. One of the following resources should be selected to accompany the lesson:

Biondo, Ronald J. and Charles B. Schroeder. *Introduction to Landscaping: Design, Construction, and Maintenance*, Second Edition. Danville, Illinois: Interstate Publishers, Inc., 2003.

Newman, Michael E. and Walter J. Wills. *Agribusiness Management and Entrepreneurship*. Third Edition. Danville, Illinois: Interstate Publishers, Inc., 1994.

Other Resources. The following resources will be useful to students and teachers:

Schroeder, Charles B., et al. *Introduction to Horticulture*, Third Edition. Danville, Illinois: Interstate Publishers, Inc., 2000.

List of Equipment, Tools, Supplies and Facilities

Writing surface
Overhead projector
Transparencies from attached masters
Landscape pictures

Terms. The following terms are presented in this lesson (shown in bold italics):

Bid
Contingency costs
Cost summation
Estimate
Estimate sheets
Profit
Specifications

Interest Approach. Use an interest approach that will prepare the students for the lesson. Teachers often develop approaches for their unique class and student situations. A possible approach is included here.

Show the class pictures of landscaped areas. Ask them to consider what goes into a landscape. Write their answers on the board as you go along. Anticipate answers such as flowers, bushes, trees, etc. Pose the question, who put the flowers and trees there? Prompt students to consider equipment costs, labor, etc. Continue to write the answers on the board. Review the answers and continue with the lesson.

Summary of Content and Teaching Strategies

Objective 1: Determine the price of landscape projects.

Anticipated Problem: How are the prices of landscape projects determined?

- I. When a designer takes on a project, he or she has more to do than just come up with a landscape design. The designer also has to determine the price of the landscape project and come up with an estimate or bid for the customer.
 - A. An *estimate* is the approximate price for work to be done. The cost of materials and labor are included in the estimate. The price of an estimate is flexible, it is not exact. The necessity of additional time or labor could increase the estimate. Its purpose is to give the customer an idea of how much the project will cost.
 - B. When more than one company is interested in doing a project, they make bids rather than estimates. A *bid* is a fixed price set for a job to be done. Unlike estimates, bids cannot be changed. Bidding is a competitive process, however, a business must be sure not to hurt themselves by lowering their prices too much. Therefore, calculations must be accurate to ensure a profit.
 - C. Before a landscaper can make a bid or estimate they must first design the landscaping plan. *Specifications* are written descriptions of what a project will include. Specifications should include descriptions of the materials to be used, labor involved, and a time line of when the project will be completed. The quality of the materials to be used should also be considered. The price of landscape and hardscape materials can vary greatly depending on what the customer wants and what they can afford to spend.
 - D. *Estimate sheets* can be used to help the landscaper come up with a bid for the customer. Estimate sheets can be helpful in calculating the price of a landscape project.

Refer to the recommended resource for further information on this objective. TM: E2–5A reviews the terminology related to determining the prices of landscaping projects.

Objective 2: Identify how to calculate the cost of landscape projects.

Anticipated Problem: How can you calculate the cost of a landscape project?

- II. Labor costs, material costs, overhead costs, contingency costs, and profit need to be taken into consideration when calculating the cost of a landscape.
 - A. Labor and material costs should be as detailed as possible. The wholesale price of material and the actual wage for the employees should be listed.
 - B. Overhead costs of a landscape company may include anything from legal fees to maintenance. Multiplying the total for labor and materials by 20 percent will help calculate the overhead costs.

- C. **Contingency costs** are unforeseen expenses related to a landscaping job. These expenses could include theft of product, breakdowns, and bad weather. This charge will vary with the job. Multiplying the overhead, labor, and materials by ten percent will determine the contingency costs.
- D. A **cost summation** is the sum of the labor, materials, overhead, and contingency costs of a project.
- E. The amount of money the landscaper receives after deducting the cost of the project is called **profit**. A fair profit is 20 percent. The total price of the project is the cost summation in addition to the 20 percent markup for profit.

The recommended resource will provide more detail on calculating the cost of a landscape project. Use TM: E2–5B to point out the steps used in calculating the cost of a landscaping project.

Objective 3: Identify ways of marketing landscape businesses.

Anticipated Problem: How can landscape businesses market their products and services?

- III. People interested in having their homes landscaped often seek out a landscaping business to do the job. However, landscape companies cannot depend on this as their only source of business.
 - A. To find a landscaping business, most people look in the telephone book. Other methods of advertising a landscaping company could use include newspaper advertisements, word of mouth, and distribution of flyers to target markets.
 - B. After being contacted by a prospective customer, the landscape designer is responsible for setting up an appointment. The meeting should be held at the customer’s home so the designer can see where they’ll be working. Here they can also get a better idea of the customer’s needs.

Review the need for advertising with the students. Ask students to consider whether they go to businesses looking for products and services or do businesses come to them. Have they ever bought an item because an advertisement appealed to them? TM: E2–5C can be used as a review of the methods used for advertising landscape businesses.

Review/Summary. Summarize the lesson by reviewing the student learning objectives. The anticipated problems can be used as student review questions. The chapter review from the recommended resources may also be useful.

Application. The following student activity can also be applied to the student learning objectives: Assign students the task of calculating the cost of a landscape project based on specifications you develop.

Evaluation. Evaluation should be based on student comprehension of the learning objectives. This can be determined by using the attached sample written test.

Answers to Sample Test:

Part One: Matching

1=c, 2=f, 3=a, 4=e, 5=d, 6=b

Part Two: Completion

1. estimate sheets
2. estimate
3. bidding
4. 20
5. overhead costs

Part Three: Short Answer

1. Descriptions of materials to be used, labor involved, a timeline of when the project will be completed.
2. Estimates are an approximate price for work to be done, bids are a set price for work to be done.

Test

Lesson E2–5: Marketing the Landscape Business

Part One: Matching

Instructions. Match the term with the correct response. Write the letter of the term by the definition.

- | | |
|-------------------|----------------------|
| a. estimate | d. contingency costs |
| b. cost summation | e. specifications |
| c. bid | f. profit |

- _____ 1. A fixed price set for work to be done.
- _____ 2. Amount of money the landscaper receives after deducting the cost of the project.
- _____ 3. Approximate price for work to be done.
- _____ 4. Written descriptions of what a project will include.
- _____ 5. Unforeseen expenses related to a landscaping project.
- _____ 6. Sum of the labor, materials, overhead, and contingency costs of a project.

Part Two: Completion

Instructions. Provide the word or words to complete the following statements.

1. Landscape designers often use _____ to help them come up with a bid for the customer.
2. The purpose of an _____ is to give the customer an idea of how much a landscape project will cost.
3. _____ on landscape projects is a competitive process.
4. A fair profit on a landscape project is _____ percent.
5. Multiplying the total for labor and materials by twenty percent will help calculate the _____.

Part Three: Short Answer

Instructions. Provide information to answer the following questions.

1. What should landscape design specifications include?

2. How are estimates and bids different?

DETERMINING THE PRICES OF LANDSCAPE PROJECTS

- **Estimate**—approximate price for work to be done
- **Bid**—fixed price set for a job to be done
- **Specifications**—written descriptions of what a project will include

TM: E2-5B

LANDSCAPE CONSTRUCTION ESTIMATE SHEET					
JOB NAME				DATE	
JOB LOCATION				DESIGNER	
JOB DESCRIPTION					
Description	Quantity	Material Unit Cost	Total Material Cost	Total Labor Cost (\$15.00/hr)	Total Labor and Material Costs
Plant List					
Acer saccharum, 'Green Mountain,' 3" B&B	3	275.00	825.00	90.00	915.00
Fothergilla gardenii, 3 gallon container	12	15.00	192.00	60.00	252.00
Sod	235 yds	1.10	285.50	81.25 (.25/yard)	438.75
Hedera helix, 'Thorndale,' 3" pot	300	0.58	174.00	45.00	219.00
Construction Materials					
Finish grading of site				525.00	525.00
Brick pavers, 6 cm	1230	1.61	1,980.30		1,980.30
Sand, construction grade, 2" deep	3 tons	5.00	15.00		15.00
Gravel, grade 8, 3" deep	4 tons	6.00	24.00		24.00
Landscape fabric, 3' × 50' roll	3 rolls	9.95	29.85		29.85
Patio installation	300 sq. ft.		369.50	900.00 (\$3/sq. ft.)	900.00
Florida cypress mulch, 4" deep	10 yds	36.95		90.00	459.50
Subtotal Costs (total materials and labor costs)				\$1,791.25	\$5,758.40
	Overhead Costs (subtotal material and labor costs × 20%)				\$1,151.68
	Contingency Costs (overhead + subtotal materials and labor × 10%)				\$691.00
	Cost Summation (subtotal material and labor costs + overhead + contingency)				\$7,601.08
	Profit (cost summation × 20%)				\$1,520.22
	TOTAL (cost summation + profit)				\$9,121.30

METHODS OF MARKETING LANDSCAPING BUSINESSES

- **Telephone book advertisements**
- **Newspaper advertisements**
- **Word of mouth**
- **Flyers**