

Benchmarking to Improve Profits

PLANET GIC
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Benchmark to Maximize your Business' Value

The objective of any owner is to maximize the value of their business – from the eyes of a potential buyer / investor. These people look at the **numbers** and aren't in love with your business the way you are – all the unseen potential. Buyers buy provable potential – not hypothetical potential.

The Basic equation for computing the value of your business;

EBITDA* times Earnings Multiple = Business Worth**

For example, if your earnings are \$100,000 and the earnings multiple you *negotiate* is 5X, and then your business is worth \$500,000. The multiple you negotiate can be anywhere from 3 to 6 times earnings for a grounds maintenance company, and 2 to 3 times earnings for a construction / installation company.

**Earnings Definition:* Earnings are called EBITDA. This is Net Profit before Interest, Tax, Depreciation and Amortization. This number will be adjusted for certain add-back expenses (1) that exist prior to a transaction that will not exist after like excess Owner's compensation / distributions and perks, (2) are one time non-recurring expenses such as a move or hurricane, and (3) are based on differences in accounting procedures (*primarily the handling of accelerated depreciation*).

***Multiple Definition:* The multiple is the risk/reward value that an investor places on the business's future earnings. It is defined by multiples paid for like-type businesses in recent business sales. Think of it as a factor that is established in about the same way most housing prices are determined – by comparison to like-type dwellings. In the end the comps only provide a range of multiples. It is the buyer and seller that negotiate within that range to establish the business valuation.

Getting a High Multiple: Your earnings multiple is based on several factors. The more of these factors you have in your favor, the higher the multiple, therefore the higher the value of your business. If, for example, you have EBITDA of \$100,000 at a 4X multiple your business is worth \$400,000. If you have a 6X multiple, the same business is worth \$600,000 – fully 1/3rd more. Here are several factors that drive higher multiples (*listed in order of importance*).

- **Revenues** – Bigger companies get higher multiples
- **Management** – Stable / high quality management team gets higher multiples
- **Sales Growth**– Higher / consistent annual growth rates get higher multiples
- **Margins** – Margins above industry benchmarks get higher multiples
- **Recurring Contracts** – Maintenance contracts are more valuable than construction sales
- **Customer Base / Mix** – Larger average job size / contract values get higher multiples
- **Location** – Sun-belt locations get higher multiples than Rust-belt locations
- **Account Quality** – Length of relations / high extras sales history get higher multiples
- **Systems** – Quality of HR, Accounting, and Operating Procedures gets higher multiples
- **Equipment** – Quality and youth of operating equipment gets higher multiples

Benchmark Ratios

There are several key ratios that investors review to assess the worth of your business. Of course, these are the ratios you want to maximize. There are two kinds of ratios, (1) Operating, and (2) Leverage.

Operating Ratios

Gross Margin

Gross Profit Dollars / Revenues (*adjusted for subs for construction companies*)

Realize Rate

Revenue Dollars less Material and Subcontractor expense / Production Labor Hours (*all hours*)

Leverage Ratios

Labor

Realize Rate / Average Wage Rate (*Wage rate includes payroll taxes and is payroll plus tax dollars divided by paid labor hours*)

Fixed Cost

Total Revenue Dollars (*sub adjusted*) / Sum of Indirect and G&A Expense Dollars

Equipment Asset

Total Revenue Dollars (*sub adjusted*) / Balance Sheet Equipment Cost (*net depreciation on average 5 year straight line depreciation method*)

Operating ratios are important, but it is the Leverage Ratios that tell the real story. Drive the leverage Ratios and you drive EBITDA and to some extent the Multiple. So don't fall in love with your Gross Margin percentage.

Instead it makes more sense to drive Gross Profit Dollars. In other words to maximize business value it's not the percentages that are as critical as the absolute numbers. Therefore, a \$1MM company doing a 52% gross margin \$520,000) may be worth less than a \$2MM company doing 45% (\$900,000).

The Best Valuations go to leaner, faster growth businesses.

Ratio Calculation

The following is a sample calculation based on the *average benchmark performance* for a grounds maintenance company. It is intended for illustrative purposes only.

Profit & Loss Statement

Total Revenue	1,000,000	
Materials	100,000	10%
Labor	325,000	33%
Subcontractors	50,000	5%
Other/Rental	10,000	1%
Payroll Taxes	30,000	3%
Direct Cost	515,000	52%

Gross Profit 510,000 51%

Salary Supervision/Tax	50,000	5%
Mechanic Salary/Tax	15,000	2%
Fuel	25,000	3%
Equipment Repair	10,000	1%
Depreciation	50,000	5%
Trash removal	10,000	1%
License / Permits	5,000	1%
Field Supplies / Tools	20,000	2%
Uniforms	5,000	1%
Indirect Expense	190,000	19%

Balance Sheet

Assets	
Cash	15,000
Accounts Receivable	110,000
Equipment	250,000
(Depreciation)	125,000
Net Equipment Value	125,000

Total Assets 250,000

Ratio Calculation

Advertising	2,000	0%
Computer / MIS	1,000	0%
401 K	1,000	0%
Dues / Donations	1,000	0%
Education / Recruit	3,000	0%
Food/T&E	10,000	1%
Insurance General	40,000	4%
Insurance Health	5,000	1%
Insurance Life	2,000	0%
Interest	4,000	0%
Office Supplies	5,000	1%
Professional Fees	5,000	1%
Rent Expense	25,000	3%
Salary Managers / Sales	97,600	10%
Salaries Administration	30,000	3%
Telephone	5,000	1%
Utilities	4000	0%
G&A Expense	239,400	24%
Net Profit	55,600	6%

Hours	27,000
Interest	4,000
Depreciation	50,000

EBITDA	109,600
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Average Wage Rate	\$13.15
Realize Rate	\$31.11

LEVERAGE RATIOS	
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Labor	2.37
Fixed Cost	2.33
Equipment Asset	8.00

Total Revenue	1,000,000
Gross Profit	510,000
Indirect Expense	190,000

Net Equipment Value	125,000
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Benchmarks

Based on 2007 research survey over 185 companies, the following benchmarks identify the *best in class* performance by individual companies in these three industry segments. The analysis includes Operating and Leverage Ratios.

	Design Build		Grounds Maintenance		Construction	
Revenue	9,237,736		6,078,608		11,073,197	
Material	2,106,790	23%	488,292	8%	3,647,486	33%
Labor	1,716,650	19%	2,105,445	35%	2,041,531	18%
Subs	1,225,443	13%	388,554	6%	1,275,848	12%
Total Direct	5,048,883	55%	2,982,291	49%	6,964,865	63%
GROSS PROFIT	4,188,853	45%	3,096,317	51%	4,108,332	37%
Indirect Cost	1,090,209	12%	1,078,653	18%	1,158,929	10%
G&A Cost	1,761,551	19%	1,026,908	17%	1,574,757	14%
Net Profit	1,337,093	14%	990,756	16%	1,374,646	12%
Hours	142,581		176,555		105,665	
Equipment Assets	1,089,860		650,998		1,245,543	
AWR	12.04		\$ 11.93		\$ 19.32	
Realize Rate	37.97		\$ 29.46		\$ 58.20	
Labor Leverage	3.15		2.47		3.01	
Fixed Cost Leverage	3.24		2.89		4.05	
Asset Leverage	8.48		9.34		8.89	

Notes:

Grounds Maintenance tends to have lower labor leverage and fixed cost leverage, but the highest gross margins and asset turnover rates make up for the lower leverage on the field labor and overhead labor. The opposite is true for construction-based businesses. Blending the two does not give you the best of both worlds but it does give you the problems!

Using the Benchmarks

The next step is to apply the benchmark ratios to recast your business financials. This is called creating a high profit Pro Forma. Using this Pro Forma approach to budgeting and financial analysis, you can identify where you need to improve your business.

It's important to remember that there are four variables of the profit (EBITDA) equation essential to driving to a high profit Pro Forma – (1) Sales Volume (Revenues), Gross Profit (Labor Leverage), (3) Overhead Expenses (Fixed Cost Leverage, and Capital Expenditures (Asst Leverage).

Pro Forma Revenue Effect	Before		Revenue Effect After		Cost Effect After	
Total Revenue	1,000,000		1,239,648		1,000,000	
Materials	100,000	10%	123,965	10%	100,000	10%
Labor	355,000	36%	421,474	34%	339,995	34%
Subcontractors	50,000	5%	61,982	5%	50,000	5%
Other/Rental	10,000	1%	12,396	1%	10,000	1%
Direct Cost	515,000	52%	619,818	50%	499,995	50%
Gross Profit	485,000	49%	619,830	50%	500,005	50%
Indirect Expense	190,000	19%	190,000	15%		
G&A Expense	239,400	24%	239,400	19%		
Total Fixed Expense	429,400	43%	429,400	35%	346,389	35%
Net Profit	55,600	6%	190,430	15%	153,616	15%
Equipment	125,000		125,000		100,835	
Hours	27,000		32,056		\$ 25,859	
Average Wage Rate	\$ 13.15		\$ 13.15		\$ 13.15	
Realize Rate	\$ 31.11		\$ 32.48		\$ 32.48	
LEVERAGE RATIOS						
Labor	2.37		2.47		2.47	
Fixed Cost	2.33		2.89		2.89	
Equipment Asset	8.00		9.92		9.92	

Driving the Ratios in the Right Direction

By documenting and observing the best in class performers, we can define several areas where management focus really pays off on the bottom line and in total business value.

Leverage Ratios

Labor Leverage

Realize Rate / Average Wage Rate (*Wage rate includes payroll taxes and is payroll plus tax dollars divided by paid labor hours*)

- Management focuses on reviewing every work order – and making changes based on variances. Primary variances include field productivity and work management, and estimating values.
- There is no way to do this other than investing in a **work order software information system** that can provide *daily real time information* on actual versus budget for every service under contract. Then the focus is on Value Engineering contracts and jobs, and updating estimating values to reflect “reality” (*not necessarily production’s reality*)

Fixed Cost Leverage

Total Revenue Dollars (*sub adjusted*) / Sum of Indirect and G&A Expense Dollars

- Management focuses on aggressive pricing using **Portfolio Analysis** and implements a **functional organization structure** to “stretch” management dollars.
- Using a single set of overhead markups does not allow you to get aggressive in pricing to an entire portfolio return. Have at least three **separate markups by job size** for smaller, average and larger size jobs.
- Expecting managers to wear lots of hats and be efficient is folly. Most successful managers are **specialists**. Something will suffer – usually those things where they have the least interest and talent. It is very rare to find a manager equally good at the sales/service, production / operations, and administrative functions of their job. Use testing to find the right fit.

Equipment Asset Leverage

Total Revenue Dollars (*sub adjusted*) / Balance Sheet Equipment Cost (*net depreciation on average 5 year straight line depreciation method*)

Management focuses on equipment training and shop management. Extended equipment life is the key. Focus training foreman on usage and handling / loading.

Set up a simple repair order system in the shop to track every hour of shop time and the disposition by piece of equipment and foreman. Things get better with transparency and accountability.



Maximizing Wealth

Kehoe & Co.: Twenty years of industry experience improving profitability and helping our clients get the best possible sales price is worth something to your business. We understand the financial benchmarks, the operational best practices, and the valuation criteria that help you maximize your personal wealth. Our objective is to *get you there* by increasing the EBITDA* (profits) of your current operations, then *get you out* - when you are ready - by increasing the MULTIPLE you can negotiate on your EBITDA.

Getting you there

We benchmark the best and work with you to make the pricing, production, structure, operations, and systems improvements to increase your EBITDA. This is accomplished through hands on consulting work with you and your staff. We have a track record of consistent success increasing profitability for over 150 industry companies.

Getting you out

We perform valuation work, design the sales agreement, structure the finances of the buy-out, bring potential buyers and private equity players to the table, then sit with you at the table to negotiate the details of the deal that nets you the most money.

Our goal - *getting you there* and *getting you out* - is to make you the most money possible. That is our mission. We want you to exceed your financials dreams.

We can be the vehicle to help you make the dream come true.

EBITDA* Earnings (net profit) **B**efore adjustment for **I**nterest, **T**axes, **D**epreciation, and **A**mortization

Kehoe & Co. - 2007 Annual Landscape Industry Report

Average Findings for Co's with: Sales Less Than \$1,000,000

Report Criteria:

- Reporting Period: Fiscal-Year-End 2006
- All figures reported in actual US dollars.
- Reported sums may not add due to averaging and rounding.

INCOME STATEMENT - FYE 2006	Landscape Construction		Landscape Desig Build		Grounds Maintenance	
	\$	% of Sales	\$	% of Sales	\$	% of Sales
REVENUES						
Total Revenue	667,000	100.0%	489,439	100.0%	437,880	100.0%
DIRECT COSTS						
Job Materials	281,800	42.2%	140,114	28.6%	69,413	15.9%
Subcontractors	37,800	5.7%	23,628	4.8%	25,632	5.9%
Direct Labor Wages & Salaries - Foremen & Laborers	89,894	13.5%	115,701	23.6%	123,903	28.3%
Direct Labor Payroll Taxes	14,950	2.2%	16,483	3.4%	25,555	5.8%
Total Direct Costs	424,444	63.6%	295,926	60.5%	244,503	55.8%
INDIRECT COSTS						
Production Supervisor Salaries Including Payroll Taxes	28,800	4.3%	18,366	3.8%	13,438	3.1%
Mechanic Wages & Salaries Including Payroll Taxes	18,750	2.8%	1,727	0.4%	2,278	0.5%
Equipment Repairs, Equip. Leases, Fuel, & Depreciation	26,227	3.9%	22,700	4.6%	33,125	7.6%
Vehicle Insurance, License, & Registration	7,452	1.1%	6,817	1.4%	5,980	1.4%
Small Tools & Job Supplies	9,540	1.4%	5,825	1.2%	4,754	1.1%
Trash Fees, Dumping Fees, & Uniforms	1,938	0.3%	2,010	0.4%	4,659	1.1%
Total Indirect Costs	92,707	13.9%	57,446	11.7%	64,233	14.7%
TOTAL COST OF SALES	517,150	77.5%	353,372	72.2%	308,736	70.5%
GROSS MARGIN	149,850	22.5%	136,067	27.8%	129,144	29.5%
SELLING, GENERAL, & ADMINISTRATIVE COSTS - SG&A						
Advertising & Marketing	3,423	0.5%	2,678	0.5%	4,910	1.1%
Insurance - Including Workers' Comp	26,800	4.0%	12,871	2.6%	15,472	3.5%
Office Expense - Including Computers & Supplies	2,970	0.4%	2,771	0.6%	3,807	0.9%
Rent and/or Facility Lease	5,000	0.7%	10,707	2.2%	9,271	2.1%
Professional Services	7,907	1.2%	1,856	0.4%	2,073	0.5%
Phone & Utilities - Including Cell Phone	4,640	0.7%	4,553	0.9%	4,588	1.0%
Interest Expense	13,995	2.1%	5,892	1.2%	4,000	0.9%
All Other Misc. Expenses - Dues, Travel, Education, etc.	2,258	0.3%	2,743	0.6%	3,902	0.9%
Salaries - Sales & Designers Including Payroll Taxes	5,900	0.9%	29,275	6.0%	7,974	1.8%
Salaries - Office & Admin Staff Including Payroll Taxes	7,500	1.1%	40,936	8.4%	35,364	8.1%
Total SG&A Costs	80,392	12.1%	114,283	23.3%	91,361	20.9%
NET PROFIT (Calculated)	69,458	10.4%	21,784	4.5%	37,783	8.6%

ASSETS - As of Fiscal-Year-End 2006	Landscape Construction		Landscape Desig Build		Grounds Maintenance	
	\$	% of Assets	\$	% of Assets	\$	% of Asset
Accounts Receivable	458,500	74.0%	59,002	50.8%	91,896	61.9%
Equipment (Net Depreciation)	248,667	40.2%	53,495	46.0%	71,046	47.9%
Estimated New Equipment Purchases for 2007	49,500	8.0%	28,013	24.1%	31,129	21.0%
Total Assets (Reported)	619,250	100.0%	116,219	100.0%	148,456	100.0%
RATIO ANALYSIS						
Asset Turnover	1.1	-	4.2	-	2.9	-
Equipment Turnover	2.7	-	9.1	-	6.2	-

AVERAGE STAFFING LEVELS	Landscape Construction	Landscape Desig Build	Grounds Maintenance
Sales & Estimators	0.5	0.9	0.5
Designers	0.7	0.8	0.2
Production, Operations Mngt, Facilities, & Purchasing	2.1	1.3	1.8
Project & Account Managers	0.6	0.7	0.6
Shop & Mechanic Staff	0.5	0.4	0.4
Accounting, Admin, & Human Resources Staff	0.5	0.7	0.6
Average Total Employees	4.8	4.8	4.1

Kehoe & Co. - 2007 Annual Landscape Industry Report

Average Findings for Co's with: Sales of \$1,000,000 to \$3,000,000

Report Criteria:

- Reporting Period: Fiscal-Year-End 2006
- All figures reported in actual US dollars.
- Reported sums may not add due to averaging and rounding.

INCOME STATEMENT - FYE 2006	Landscape Construction	% of Sales	Landscape Desig Build	% of Sales	Grounds Maintenance	% of Sales
REVENUES						
Total Revenue	\$ 1,749,000	100.0%	\$ 1,437,662	100.0%	\$ 1,687,923	100.0%
DIRECT COSTS						
Job Materials	435,500	24.9%	377,617	26.3%	239,984	14.2%
Subcontractors	183,250	10.5%	139,205	9.7%	61,278	3.6%
Direct Labor Wages & Salaries - Foremen & Laborers	268,700	15.4%	273,009	19.0%	506,369	30.0%
Direct Labor Payroll Taxes	37,125	2.1%	56,367	3.9%	81,724	4.8%
Total Direct Costs	924,575	52.9%	846,198	58.9%	889,356	52.7%
INDIRECT COSTS						
Production Supervisor Salaries Including Payroll Taxes	254,600	14.6%	57,267	4.0%	85,784	5.1%
Mechanic Wages & Salaries Including Payroll Taxes	46,000	2.6%	10,983	0.8%	25,898	1.5%
Equipment Repairs, Equip. Leases, Fuel, & Depreciation	72,450	4.1%	71,797	5.0%	101,208	6.0%
Vehicle Insurance, License, & Registration	6,500	0.4%	32,181	2.2%	22,879	1.4%
Small Tools & Job Supplies	17,050	1.0%	17,695	1.2%	12,436	0.7%
Trash Fees, Dumping Fees, & Uniforms	8,250	0.5%	10,560	0.7%	12,316	0.7%
Total Indirect Costs	404,850	23.1%	200,482	13.9%	260,522	15.4%
TOTAL COST OF SALES	1,329,425	76.0%	1,046,680	72.8%	1,149,878	68.1%
GROSS MARGIN	419,575	24.0%	390,982	27.2%	538,045	31.9%
SELLING, GENERAL, & ADMINISTRATIVE COSTS - SG&A						
Advertising & Marketing	16,000	0.9%	19,193	1.3%	36,065	2.1%
Insurance - Including Workers' Comp	34,400	2.0%	41,855	2.9%	57,291	3.4%
Office Expense - Including Computers & Supplies	7,000	0.4%	12,558	0.9%	14,843	0.9%
Rent and/or Facility Lease	32,750	1.9%	26,221	1.8%	32,637	1.9%
Professional Services	13,650	0.8%	8,814	0.6%	8,616	0.5%
Phone & Utilities - Including Cell Phone	24,550	1.4%	10,592	0.7%	14,993	0.9%
Interest Expense	20,900	1.2%	28,601	2.0%	17,110	1.0%
All Other Misc. Expenses - Dues, Travel, Education, etc.	22,000	1.3%	22,668	1.6%	14,299	0.8%
Salaries - Sales & Designers Including Payroll Taxes	51,000	2.9%	41,995	2.9%	62,695	3.7%
Salaries - Office & Admin Staff Including Payroll Taxes	85,850	4.9%	94,128	6.5%	149,811	8.9%
Total SG&A Costs	308,100	17.6%	306,625	21.3%	408,360	24.2%
NET PROFIT (Calculated)	111,475	6.4%	84,358	5.9%	129,685	7.7%

ASSETS - As of Fiscal-Year-End 2006	Landscape Construction	% of Assets	Landscape Desig Build	% of Assets	Grounds Maintenance	% of Asset
Accounts Receivable	151,000	112.7%	227,584	38.7%	266,986	37.3%
Equipment (Net Depreciation)	121,500	90.7%	230,931	39.3%	278,808	39.0%
Estimated New Equipment Purchases for 2007	32,000	23.9%	46,741	8.0%	72,073	10.1%
Total Assets (Reported)	134,000	100.0%	587,359	100.0%	715,538	100.0%
RATIO ANALYSIS						
Asset Turnover	13.1	-	2.4	-	2.4	-
Equipment Turnover	14.4	-	6.2	-	6.1	-

AVERAGE STAFFING LEVELS	Landscape Construction	Landscape Desig Build	Grounds Maintenance
Sales & Estimators	1.3	1.0	1.6
Designers	0.6	0.9	0.5
Production, Operations Mngt, Facilities, & Purchasing	2.5	2.2	4.1
Project & Account Managers	1.0	1.3	1.5
Shop & Mechanic Staff	0.5	0.4	0.9
Accounting, Admin, & Human Resources Staff	1.0	1.1	1.1
Average Total Employees	6.9	6.9	9.7

Kehoe & Co. - 2007 Annual Landscape Industry Report

Average Findings for Co's with: Sales More Than \$3,000,000

Report Criteria:

- Reporting Period: Fiscal-Year-End 2006
- All figures reported in actual US dollars.
- Reported sums may not add due to averaging and rounding.

INCOME STATEMENT - FYE 2006	Landscape Construction	% of Sales	Landscape Desig Build	% of Sales	Grounds Maintenance	% of Sales
REVENUES						
Total Revenue	\$ 9,972,900	100.0%	\$ 2,694,000	100.0%	\$ 10,010,151	100.0%
DIRECT COSTS						
Job Materials	3,137,713	31.5%	694,000	25.8%	1,286,486	12.9%
Subcontractors	728,849	7.3%	419,250	15.6%	437,409	4.4%
Direct Labor Wages & Salaries - Foremen & Laborers	2,276,410	22.8%	472,500	17.5%	3,149,776	31.5%
Direct Labor Payroll Taxes	377,127	3.8%	22,500	0.8%	371,836	3.7%
Total Direct Costs	6,520,099	65.4%	1,608,250	59.7%	5,245,507	52.4%
INDIRECT COSTS						
Production Supervisor Salaries Including Payroll Taxes	443,499	4.4%	125,500	4.7%	481,287	4.8%
Mechanic Wages & Salaries Including Payroll Taxes	187,384	1.9%	22,333	0.8%	92,871	0.9%
Equipment Repairs, Equip. Leases, Fuel, & Depreciation	572,324	5.7%	76,250	2.8%	970,662	9.7%
Vehicle Insurance, License, & Registration	62,930	0.6%	11,625	0.4%	118,561	1.2%
Small Tools & Job Supplies	86,373	0.9%	11,875	0.4%	159,203	1.6%
Trash Fees, Dumping Fees, & Uniforms	35,110	0.4%	18,750	0.7%	93,054	0.9%
Total Indirect Costs	1,387,620	13.9%	266,333	9.9%	1,915,638	19.1%
TOTAL COST OF SALES	7,907,719	79.3%	1,874,583	69.6%	7,161,145	71.5%
GROSS MARGIN	2,065,181	20.7%	819,417	30.4%	2,849,005	28.5%
SELLING, GENERAL, & ADMINISTRATIVE COSTS - SG&A						
Advertising & Marketing	42,823	0.4%	26,000	1.0%	104,931	1.0%
Insurance - Including Workers' Comp	171,876	1.7%	42,750	1.6%	330,925	3.3%
Office Expense - Including Computers & Supplies	45,222	0.5%	46,750	1.7%	82,440	0.8%
Rent and/or Facility Lease	115,609	1.2%	70,500	2.6%	220,895	2.2%
Professional Services	39,068	0.4%	9,200	0.3%	76,137	0.8%
Phone & Utilities - Including Cell Phone	46,480	0.5%	14,800	0.5%	97,771	1.0%
Interest Expense	43,915	0.4%	28,625	1.1%	82,446	0.8%
All Other Misc. Expenses - Dues, Travel, Education, etc.	109,131	1.1%	34,500	1.3%	157,439	1.6%
Salaries - Sales & Designers Including Payroll Taxes	362,142	3.6%	56,000	2.1%	230,601	2.3%
Salaries - Office & Admin Staff Including Payroll Taxes	305,647	3.1%	317,000	11.8%	524,624	5.2%
Total SG&A Costs	1,281,913	12.9%	646,125	24.0%	1,908,210	19.1%
NET PROFIT (Calculated)	783,268	7.9%	173,292	6.4%	940,796	9.4%

ASSETS - As of Fiscal-Year-End 2006	Landscape Construction	% of Assets	Landscape Desig Build	% of Assets	Grounds Maintenance	% of Asset
Accounts Receivable	1,856,953	29.5%	442,521	41.9%	666,511	26.6%
Equipment (Net Depreciation)	499,505	7.9%	284,250	26.9%	1,311,246	52.3%
Estimated New Equipment Purchases for 2007	471,600	7.5%	61,667	5.8%	339,318	13.5%
Total Assets (Reported)	6,292,966	100.0%	1,056,000	100.0%	2,508,080	100.0%
RATIO ANALYSIS						
Asset Turnover	1.6	-	2.6	-	4.0	-
Equipment Turnover	20.0	-	9.5	-	7.6	-

AVERAGE STAFFING LEVELS	Landscape Construction	Landscape Desig Build	Grounds Maintenance
Sales & Estimators	2.8	1.8	5.0
Designers	2.1	1.4	0.8
Production, Operations Mngt, Facilities, & Purchasing	5.4	1.6	10.1
Project & Account Managers	7.1	2.3	9.2
Shop & Mechanic Staff	1.8	0.8	3.7
Accounting, Admin, & Human Resources Staff	2.7	1.5	5.0
Average Total Employees	21.8	9.3	33.8