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A FRESH START

Bob Smart, CSP, is in rebuilding mode as he bounces back from a partnership gone bad

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INDUSTRY
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A FRESH START

Bob Smart, CSP,
rises from the ashes
of a failed business
relationship to
begin again

BY CHERYL HIGLEY
Managing Editor

Just like that ... it was as if Bob Smart had vanished. A familiar face at industry events, particularly SIMA's Snow & Ice Symposium, Smart was nowhere to be found at the event in Milwaukee last June. He was, instead, back home in Olmsted Falls, OH, trying to keep Yard Smart, the company he helped found in 1986, from falling to pieces as a result of a failed business relationship with the company's minority owner, Bruce Stone.

In the end, however, the relationship had been irreparably damaged; and in December 2007, Smart closed the door on 22 years as owner of Yard Smart. Not one to crawl away and lick his wounds, Smart is back in the game with two new

companies—Smart Scapes Landscaping, Inc. and Mr. Yard, Inc.—and a loyal team by his side.

Smart's journey from being the owner of an approximately \$2 million company to that of a start-up waiting for cash to roll in is one he hopes to learn from by turning the negative experience into a positive one that will benefit his new companies and his employees.

What went wrong

Incorporated in 1987, Yard Smart began as a maintenance and snow plowing company. For the first 10 years, Smart—with a 51% interest—ran the company with Stone as a silent partner. When Stone came on as a working partner, the company grew to add fertilization, irrigation and design/build services.

The company enjoyed its best years



Front: Daniel James (D.J.) Smart, Bob Smart, CSP

Mr. Yard truck: Karen Shepherd, Holly Kerber, Don Kerber, Brad Hanson and Jim DeAmiches

Smart Scapes truck: Shannon Kubit (seated) and Aaron Robertson

PHOTO: JERRY MANN

in 1998-2000, says Smart. "We had our most profit and most growth and everyone was happy."

Shortly after, what was seemingly an airtight ship started taking on water with a series of events rooted in what Smart described as "philosophical differences in life and business."

The initial turmoil was brought on, Smart says, by his decision to downsize the role of Stone's wife, Colleen, who served as Yard Smart's marketing manager.

"That broke the relationship to a certain extent," he says.

It was further damaged, Smart says, when his wife Laura, was diagnosed with breast cancer three years ago. While he juggled the demands of Yard Smart with the family's crisis, his commitment to the company was called into question.

"I felt my company was doing \$1.5

BOB SMART'S BIG 3 IDEAS

1 HAVE A CONTINGENCY PLAN — Include a shotgun clause in your buy-sell agreement in case your business relationship goes south

2 UP WITH PEOPLE — "Whether it's the clients or your crew, people are the most important part of your organization. Treat them with respect, compassion and dignity. Life is too short to be surrounded by people you can't respect or who can't respect you."

3 THERE'S ROOM FOR ONE AT THE TOP — No matter how your company is structured, have one go-to person who makes the ultimate decision and accepts the final accountability.

million to \$2 million and I should be able to walk away from it and take care of my wife," he says. "Even if it's for a long period of time ... the company should be able to run on its own."

But it wasn't able to run on its own as the business partners' differences grew; and a lack of communication between the owners, Stone's dismissal of a key employee against Smart's wishes, and lack of a clear leadership structure sent the company into chaos.

"The company was struggling, and part of the reason was because you had two trains going in opposite directions and no one knew who to listen to or come to for direction," Smart says. "When (mechanic) Don Kerber was let go, I had to step in to take care of the fleet. We were saving money but at what cost? Everything I was supposed to be responsible for fell by the wayside, which added to the business' problems."

It all came down to what's more important, Smart says—people or the almighty dollar—and it was that philosophical difference that ultimately signaled the end of his business relationship with Stone.

Yard Smart employees watched helplessly as the owners' relationship disintegrated. The bitter end came, Smart says, when he returned from a four-day vacation in April 2007 and got into a dispute with Stone over company finances.

Brad Hanson, operations manager, had a front-row seat to the growing discontent and it was one he didn't enjoy.

"I was on both sides of it. I was dragged into Bruce's office and Bob's. It was ugly," he says, point blank. "I was trying to keep the workers calm and tell them that everything was going to be fine. I didn't nec-

essarily believe that, but I didn't want the company to fall apart. I had been here for 12 years and had been a part of growing it from a \$300,000 company to what it was. I didn't want to see it crumble. At the same time it was becoming clear something was going to have to change—and somebody was going to have to go."

In the end, that somebody was Smart.

Sold, to the highest bidder

Attorneys for Smart and Stone began working toward a resolution to end the business relationship. It wasn't easy. While they had a buy-sell agreement, it only covered death and disability of the owners—there was no "shotgun clause" if one of the owners wanted out, or wanted the other person out, of the business.

It took about eight months, but the lawyers finally settled on an auction by phone between Stone and Smart; and on Dec. 18, 2007, Stone outbid Smart for his share of the business.

"The price kept going up and up and I knew what the company was worth. I was the first to say, 'Sold.' " Smart says. "I would much prefer that it would never have happened. But I am not sure anything could have been done to stop the breakup. I believe both Bruce and I had changed, which would have made it impossible for us to continue."

Terms of the deal

According to the settlement terms, Smart received personal money that was owed to him and a down payment on the purchase price. The remainder is to be paid over a four-year term. All personal belongings that were part of the company

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were separated as part of the sale. Smart owned the land and buildings, which are directly behind his home; and those facilities are now home to his new companies. But the company name and all company equipment, from trucks, plows, tools to the hooks in the wall of the company's headquarters, were part of the purchase.

While he's happy to make a clean break, parts of the sale have been bittersweet, Smart admits.

"The worst part was viewing the empty property. The company had been here for 18 years and I have put a lot of sweat, tears and time into something that someone else will benefit from," he says. "I started and built the business. I have

a love for the company, the name, and Stone walked away with something that's established and has the name recognition. As I drive around, it is tough to see the trucks and the name; but I can truly say that I developed something that someone else was willing to pay for and that is a good feeling."

A two-year non-compete clause was also part of the settlement. That clause prohibits Smart from pursuing any active clients of Yard Smart who had been on the books from July 1, 2006, through the sale date.

"It's tough. I want him to be successful, because he has to pay me over the next four years. But come Dec. 18, 2009, it'll be a free-for-all and I won't have any

qualms about knocking on those clients' doors," he says.

Out with the old, in with the new

With his ownership interest in Yard Smart gone, it was only a matter of time before Smart burst back on the scene. During a visit to the company's headquarters in April, employees were bustling about in freshly painted offices. Trucks with new signage gleamed in the sunshine. And after eight quick weeks, the Smart Scapes/Mr. Yard team was ready to roll.

Hanson is running and managing Smart Scapes Landscaping, a landscape management company, while Kerber has a financial stake in and is overseeing the

WORDS OF ADVICE

In 22 years, Bob Smart, CSP, has learned a lot of lessons—some the hard way. He shares his top 10 here:

1. Sell to capacity. Especially with today's workforce, you can't let salesmen sell, sell, sell and then figure out how to make it work. "Employees were working six days a week, 16 hours a day and we were losing money. Know what your company is capable of doing and do it profitably."

2. Narrow focus. "In the past, we got spread too thin," Smart says. "We know what we want to be and we're going to focus on being the best in those areas."

3. Tight is right. "One of the biggest problems with Yard Smart was we had all this overhead. We had a monster and needed a lot of overhead to feed it. But as the monster got smaller, the overhead stayed and it was eating us alive." Smart Scapes' new philosophy? Tight is right. "We're keeping overhead low and watching what we're spending and where."

4. Get employees involved. "I've spent a lot of money to get these new ventures started, but I'm trying to give others the opportunity to make decisions and to allow them to take ownership of their actions." Foremen and crew members were able to choose their equipment and had a hand in



shopping for it, for example, so they can learn that they have to live with the choices they've made. "Bounce ideas off of them and allow them to make the decisions—and the mistakes."

5. Have a partner? Stay focused on the same goals and address the problems calmly and professionally.

6. A little help from your friends. "Get help from friends, consultants and anyone else who will listen when you don't know what to do. Friends and colleagues in the

industry and members of the SIMA board have been a big help. As big as this world is, it is great to know that you have friends willing to help and listen."

7. Listen and learn. "When I started 22 years ago, I knew nothing. Starting over, I'm not reinventing the wheel. We're tightening the spokes and adding air to the tires. I can rely on the dynamics of the people around me and use my experience and theirs to build a better business."

8. Build a reputation that means something. "I have relied on the relationships I've made in 22 years of business inside and outside the industry and my reputation to start these new businesses. That has given me an advantage in moving ahead faster."

9. Put people first. "Whether it's the clients or your crew, people are the most important part of your organization. They need to be treated with respect, compassion and dignity. Life is too short to be surrounded by people you can't respect or who can't respect you."

10. Communicate. "You may not like what I have to say, but at least you will always know where you stand with me and the thought process I used to come to my decisions. Be willing to admit when you're wrong and be willing to give and take."



startup of Mr. Yard, a landscape supply business. Smart says getting into the supply side will provide diversity and give the team the ability to work under two umbrellas. Two supply companies in his area recently closed, giving Smart an opening into the marketplace. He also plans to explore suppliers at the Symposium in June, in hopes of adding ice control materials to the business. He's hopeful that as the businesses take hold and begin to thrive, he'll be able to expand the supply business to a secondary location as well.

While Hanson and Kerber take the reins, Smart is taking on the role of sounding board and mentor to the team of young employees, which includes his son, D.J., as well as those who opted to leave Yard Smart in the turnover.

Both Kerber and Hanson, though, point to Smart as the decisive factor in making the new ventures work.

"If you look around, it looks like we've been here forever. It's been done because we've all pulled together, and that comes from loyalty," Hanson says. "That loyalty doesn't come from nowhere—that says a

lot about Bob as a man and his visionary process of being able to get things done."

Smart shrugs off the praise and gives it right back to the team—the key, he says, that will ultimately define the company's success.

"Before I left Yard Smart, I told my management and production staff that they had to do what was best for them and their families. That is what is most important," he says. "Don and I aren't getting paid right now. Brad and the employees are working for very little money right now until we get established and cash starts coming in. You have to have respect for people willing to make those sacrifices, knowing that we're all working toward the same vision. We are truly working as a team dedicated to the growth of the company and the success of our new adventure. I couldn't have done this without them. It's exciting to be a part of this challenge." **SB**

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— BRAD HANSON