Landscape & Grounds Maintenance Company

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Stage: **Screening** ▷ Broker Eng. ▷ Ownership Eng. ▷ Books & Valuation

Table 1: High-Level Deal Snapshot

Gross Revenue (CF)	Cash Flow (CF)	Asking Price	Projected Growth%	Recommended Acquisition multiple
$5,075,286	*$2,405,419*	*$9,000,000*	*6.5% YoY*	*2.76x – 3.21x CF*[11]
Location	**Year Established**	**Risk Rank(1-10)**		
Oakland County, MI	1994	*6*		

Summary: Traditional landscaping opportunity, with a strong focus on commercial opportunity. Moderate diversification within commercial contracts in an industry resilient to economic downturns, along with a substantial amount of fixed assets, implies that this is a low-risk opportunity with high risk-adjusted performance relative to the asking price. Further evaluation is required of the fixed assets and facilities, but as of now, the company appears to generate strong cash flows with healthy operating margins of 47%. The company's 30-year operation also adds value to the brand, with the owner willing to stay for up to three years to smooth the transition, which increases the likelihood of contracts transferring through ownership. Based on market forecasts and the company's profile, strategic business development, particularly in a digital context, can also present a strong growth opportunity for this company.

1 Market Analysis

Snapshot. U.S. landscaping services (NAICS 561730) encompass landscape care/maintenance, installation, and design/build for residential, commercial, and public clients. Globally, the market was **USD 330.6B in 2024** with a projected **USD 484.8B by 2030** (**6.7% CAGR, 2025–2030**). North America held **47.6%** of 2024 revenue; the U.S. accounted for **83.9%**, which implies a U.S. 2024 total revenue near **USD 131.9B** and, with the growth assumption(6.7%), would reach **USD 193.5B** by 2030. By type, **landscape & garden maintenance** was the largest 2024 segment (**43.7%** of global revenue), and **commercial end users** led with **58.4%**[12].

Service Scope

- **Core offerings:** recurring landscape & turf maintenance (mowing, fertilization/weed control, pruning, mulching), irrigation install/maintenance, seasonal cleanup; commercial grounds contracts (education, healthcare, retail/office), municipal/parks; tree care and plant health care; winter services (leaf/snow) in cold regions.
- **Enhancements & design/build:** beds/plantings, hardscape (pavers, retaining walls), low-voltage lighting, outdoor living (patios, kitchens), water-wise retrofits (smart controllers, native/xeric palettes).
- **Quality & compliance:** pesticide applicator licensing, OSHA programs for outdoor work, ISA arborist/irrigation certifications; emerging equipment electrification and noise/water regulations (e.g., CARB, local ordinances).

1.0.1 Customers & Geography

Primary Segments	Commercial campuses (office/retail, industrial parks), education/municipal, healthcare, multi-family/HOA, single-family residential, golf/sports facilities.
Regions	Steady demand in the Northeast/Midwest (institutional/municipal contracts; leaf/snow adders). Fast population growth in the Sun Belt expands lawns and commercial footprints; water-stressed West favors native/xeric and efficient irrigation. Northern States have more seasonal variability in revenues, resulting in expansion into other winter-related services.
Sales Channels	**Subscription contracts** dominate recurring maintenance, being responsible for 67.1% of revenue generated, while one-off and on-demand visits record the highest projected CAGR at 10.4% to 2030; direct in-house crews are the leading delivery model accounting for 59.2% of market revenue; public RFP/bids for municipal/education; franchises for expansion; Online marketplaces are growing at a 11.1% CAGR.[10]

1.0.2 Market Dynamics

- **Demand drivers:** Discretionary income amongst home owners, housing/household formation and demand for discretionary outdoor-living upgrades; commercial occupancy/campus standards; municipal/public service budgets; sustainability (native plants, irrigation efficiency); golf/sports facility renovations, simpler access to one of the services seems to provide additional demand for landscaping services as well.[12]
- **Constraints:** tight labor supply and rising wages/benefits, tight labor supply in skilled labor should shift supply in the labor market to unskilled labor, and potentially, increase labor supply for landscaping; equipment/fuel costs; seasonality in colder climates; prevailing-wage/contracting complexity in public sector; electrification/water rules requiring fleet & design changes.[10, 9]
- **Pricing/Costs:** industry is fragmented and price-competitive; route density, contract duration, and upsell of enhancements drive margin; indexed fuel/surcharge clauses and subscription billing support stability. Tariffs and the potential for stagflation negatively affect the cost basis for landscaping operations. Corporations that have made the upfront capital expenditures in equipment and supply contracts should be more resilient to price shocks.

1.0.3 Outlook by Horizon

Short term (0–12 mo)	Stable demand with modest growth; residential maintenance stays resilient; commercial/municipal contracts support backlog. Ongoing labor tightness; continued adoption of routing/crew-efficiency tech and selective fuel/equipment surcharges.
Medium term (12–36 mo)	Mid-single-digit growth led by commercial campuses, HOAs, healthcare/education; water-wise retrofits and smart irrigation add mix; subscription penetration rises; consolidation creates regional platforms with denser routes.
Long term (3–7+ yr)	Structural tailwinds: Sun Belt demographics, sustainability retrofits, electrification of small engines, and digitized customer acquisition. Risks: wage inflation, regulatory costs (noise/emissions/water), and heightened price rivalry in local markets.

1.1 How Competition Works in This Market

Table 2: Porter's Five Forces — concise assessment (Landscaping Services, NAICS 561730)

Force	Key Rationale	Assessment
Threat of New Entrants	Lower capital intensity and an abundance of small operators enable entry; entrenched players defend with low leverage, lean teams, and economies of scale to maintain competitive pricing, route density, multi-year contracts, and institutional credentials/licensing.	Medium
Bargaining Power of Suppliers	Equipment OEMs, fuel/chemicals, and nursery stock; alternatives exist, but brand/service lock-in on equipment/parts matters. Electrification, remote/drone technology may raise near-term capital expenditures and shift the bargaining power of suppliers in ways difficult to predict. Threats of Tariffs also increase	Low
Bargaining Power of Buyers	Highly fragmented providers give buyers options; switching costs are moderate in residential, higher for multi-site/commercial and public contracts with SLAs.	High
Threat of Substitutes	DIY/homeowner maintenance substitutes in residential; limited substitutes for institutional standards and specialized arboriculture/sports-turf.	Medium
Rivalry Among Competitors	Local markets are crowded with price competition; differentiation via reliability, QA/safety programs, sustainability expertise, route density, and digital marketing/User experience.	High

Implications **maintenance/service contracts** (multi-year, index/surcharge mechanics), dense routes, and diversified end-users (commercial/HOA/municipal) are the core of any large-scale landscaping operation, with a focus on commercial, municipal/public, or high-income areas are the greatest opportunity for stable cash-flow and scalable operations. Variable income generation from digital-based channels, with a focus on enabling one-off transactions, is the highest growth opportunity for the next 5 years(11.5% CAGR expectation for the next five years). Prioritize operators with **subscription mix**, strong crew retention/safety metrics, and **enhancement upsell** (irrigation retrofits, lighting, hardscape) to lift Average Revenue Per User. Expect wage growth and equipment transitions (battery/electric) in medium to long ter; lean into routing software, smart irrigation expertise, and procurement programs to defend margins. From a valuation lens, higher multiples accrue to firms with sticky contracts/backlog, institutional credentials, and digital systems and outreach that can grow client diversity.

2 Company

2.1 Strengths, Challenges, Opportunities & Risks

Table 3: SWOT Overview

Strengths	Weaknesses
• **Established 1994** (˜30+ years) with a strong reputation and **dozens of commercial accounts**. • **Margins:** 47% SDE margin • **Asset base: FF&E $4,000,000** (included) with optional 8 acres of land ; • **Service breadth:** lawn maintenance, **snow & ice**, fertilization, irrigation systems, asphalt paving, landscape/exterior lighting, tree & shrub installation. • **Team & transition: 30 employees**; seller available **up to 3 years** for smooth transition.	• **Real estate** *not included* in asking price (separate **$3,000,000**); adds structuring complexity. • Seasonal demand of services with Winter in Michigan location implies seasonal variability in revenues and expenses.
Opportunities	**Threats**
• **Route density** expansion across commercial corridors; cross-sell enhancements (lighting, irrigation retrofits, asphalt/hardscape). • **Public/education/healthcare** contract penetration; multi-site commercial campus wins. • Fleet/equipment upgrades (e.g., electrified small-engine gear) to win sustainability-focused RFPs. • Remote Equipment innovation provides expansion potential with lean teams. Digital systems allow for online sales and easier access to one-time contracts.	• **Weather/seasonality** and snowfall variability driving year-to-year swings. • **Labor availability** & wage pressure; safety/compliance costs for outdoor work. • **Price competition** in fragmented local markets; bid/RFP pressure on commercial work. Remote and autonomous landscaping system pose a long-term threat of lowering prices and shrinking margins. • Regulatory shifts (noise/emissions, pesticide rules; water-use limits) impacting costs & service design.

2.2 Customers & Revenue Quality

The company services **dozens of commercial accounts** (exact count and concentration not disclosed). Recurring **maintenance** and **snow/ice** anchor contractable revenue; enhancements include fertilization, irrigation, lighting, asphalt, and plantings.

End Markets	Primarily commercial accounts; potential adjacency to municipal/education/healthcare (not disclosed).
Service Lines	Lawn/grounds maintenance; snow & ice removal; fertilization; irrigation install/maintenance; asphalt paving; exterior lighting; tree & shrub installation.
Contracts/Terms	Not disclosed; confirm contract length, index/surcharge clauses, and seasonal minimums in diligence.
Backlog/Billing	Not disclosed; verify route density, renewal rates, and winter services mix.

2.3 Operations

20,000 SF facility on **7.5 acres** with an extensive, well-maintained equipment fleet. Company has **30 employees**. Central Oakland County location supports efficient routing; property generates **$6,500/month** rental income. Business can be purchased **with or without** the real estate.

2.4 Human Capital & Intangibles

Turnkey team with long-standing relationships; **seller support up to 3 years** post-close. Training systems, crew retention metrics, and key-person dependencies are *not disclosed*. Company has 30 employees but does not provide information on employee retntion or wages.

2.5 Long-Term Assets

Real estate: Owned, *not included* in the business asking price; indicative price **$3,000,000**. **Building SF: 20,000**. **Land: 7.5 acres**. **FF&E: $4,000,000** states that the equipment list is extensive and well-maintained.(*included*). **Inventory: $150,000** (*not included*).

2.6 Legal & Compliance

Standard landscaping/pesticide/snow operations compliance expected; specific permits/insurance levels *not disclosed*.

3 Financials

3.1 Pro-Forma (Years 1–5)To be determined.

	Year 0 (Base)	Year 1	Year 2	Year 3	Year 4	Year 5
Cash Flow (SDE)	$2,405,419					
Gross Revenue	$5,075,286					
COGS						
Gross Profit						
OPEX						
EBITDA						
Depreciation/Amort.						
EBIT						
Interest						
EBT						
Taxes						
Net Income						

3.2 Leverage(To be Determined)

Metric	Est.	Note
Net Debt	000	
Interest Rate	0.0%	
DSCR	0.00x	
Net Leverage	0.0x	

3.3 Taxes

- **Sales and Use Tax (Michigan State Level)**
  - **Rate**: 6% statewide (no additional county or local sales taxes in Oakland County).
- **Income Taxes**
  - **Federal**: Standard business income tax (Schedule C for sole proprietors; Form 1120 for corporations).
  - **State**: Michigan flat rate of 4.25% on business income (no county add-ons). File via MiTOL.

Appendix — Glossary & Notes

Key Deal Terms

Cash Flow (CF). Normalized, recurring cash generated by the business before financing. In small business deals, CF may refer to SDE or EBITDA depending on context.[3, 2]
SDE (Seller's Discretionary Earnings). Earnings available to a single owner-operator: net income plus one owner's compensation and typical add-backs (interest, taxes, non-cash, non-recurring).[3]
EBITDA. Earnings before interest, taxes, depreciation, and amortization—used as a proxy for operating cash generation independent of capital structure.[2]
Acquisition Multiple. Purchase price divided by a financial metric (e.g., Price/EBITDA, Price/SDE). Interpreted as years of CF required to "earn back" the price, before growth or synergies.[2]
Enterprise Value (EV). Value of the core operations, typically equity value plus net debt and certain adjustments.[5]
Working Capital. Current assets minus current liabilities; deals often include a normalized level at close.[6]

Credit & Coverage

Net Debt. Total interest-bearing debt minus cash and cash equivalents.[5]
DSCR (Debt Service Coverage Ratio). Cash flow available to service debt divided by total principal+interest due over a period.[4]

Market Structure (Five Forces shorthand)

New Entrants. How hard it is for new competitors to start (licenses, capex, safety culture, reputation).[1]
Suppliers. How much leverage input vendors have (concentration, lead times, switching costs).[1]
Customers. How much leverage buyers have (concentration, price sensitivity, switching frictions).[1]
Substitutes. Ease of alternatives that solve the same job.[1]
Rivalry. Intensity of competition among incumbents (number of rivals, growth, differentiation).[1]

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