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# Focus on 2010



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# Pest Management

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# Focus on 2010

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# Q & A

## With Steve Levy

By **Frank H. Andorka Jr.** | Editorial Director

I recently talked with Steve Levy, president of Bell Labs in Madison, Wis., on his take on the state of the pest management industry.

### Q: Tell me about what 2009 was for Bell Labs.

**Levy:** The economic turmoil has caused most businesses to re-evaluate at how they do business and examine all the components of their businesses — and that was no different for us. Our business, luckily, continued to be healthy through this severe downturn and to this day. That was the good news.

### Q: How did the economy affect the way your customers did business?

**Levy:** One of the things we saw was that some of our customers re-examined their businesses and wanted to approach business differently. In many instances, we had to adjust how we were servicing accounts.

### Q: What kind of adjustments did you have to make?

**Levy:** Well, everyone was certainly looking for more value. They were also looking for new products that would allow them to get in front of their customers with a stronger story.

One of the principles that I preach to my organization is that the best way to enter a recession is to meet it head on with valuable products. We always have a

pipeline of products, and we were fortunate enough to have a number of them come to fruition — and that helped us as we entered the downturn.

### Q: What kinds of new products did you bring to market?

**Levy:** One was the Load-and-Lock, which is an enhanced system for securing bait stations. More and more pest management companies are requiring that bait stations be secured, and yet need to be serviced quickly and cleaned easily. So we designed the Load-and-Lock to meet those needs.

We also hit the organic market head-on. As many pest management professionals (PMPs) are trying to address the needs of the green market, we were able to introduce the first and only baits that are registered by the Environmental Protection Agency (EPA) for use in organic production. That product is called Terad<sub>3</sub>AG, and that's a big deal because before that there were no organic-approved rodenticides.

We also have a bait that is specifically formulated for mice that are potentially resistant, and we will be launching that at NPMA PestWorld 2009, along with a monitoring bait that has a biomarker, which fluoresces when rodents leave fecal matter. It's an incredible breakthrough for monitoring and recognizing rodent infestations.



### Q: What do you see ahead in 2010 for the pest management industry and Bell's place in it?

**Levy:** When economic times are tough, it's time for the competent PMPs to shine. It's a natural inclination for consumers to cut back in tough economic times, and it's our job as an industry to be a clear alternative to do-it-yourself pest management. We need to do that through our expertise, our know-how and the excellence of the products we use.

From Bell's perspective, it's our job to continue to innovate and deliver quality products that answer the problems that are occurring out in the field. That enables PMPs to bring professionalism and expertise to their customers. We think one of the best ways to do that is to bring new, improved and innovative products to the market.

My economic assessment is that 2010 from a national perspective is still going to be difficult. I'm not saying there's going to be a double-dip recession, but I wouldn't be surprised. PMPs need to remember that value never goes out of style. Any PMP or any company will succeed if there is no ambiguity with respect to the value that the company offers. **PMP**

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# It's All About Focus

PMPs used the economic challenges of 2009 to take a closer look at how they do business

By **Frank H. Andorka Jr.** | Editorial Director

**F**ocus on the business. *Focus* on the customers. *Focus* on the employees. During every conversation I had in preparation for the 2010 State of the Industry, the word on everyone's lips was *focus*.

Last year, we produced the State of the Industry during a period of intense uncertainty. The real-estate market plunged. The Dow dived. Rumors of the collapse of credit markets around the world shook people's confidence.

What these economic conditions produced was a sense in the pest management industry that it would be no year for double-digit revenue growth. Single digit growth would have to do, and it offered pest management professionals (PMPs) the chance to take a cold, hard look at their businesses to see what was working and what wasn't.

As I reached out to PMPs to talk about how their years had gone, I expected at least a handful of horror stories — massive customer cancellations, layoffs and PMPs struggling to get by. What I found instead were PMPs who had streamlined and renewed their businesses during these tough economic times. The growth, while not spectacular, was steady. I also

heard stories that reminded me of the unbelievable creativity and entrepreneurial spirit that drives this industry.

From Todd Sawyer of Sawyer Inc. in Boise, Idaho, who has been dealing with the recession for more than four years, to Joe Pestana from J.P. Pest Services in Manchester, N.H., who refocused his business on his employees and customers, companies across the country turned their attention inward, retrenching and re-evaluating every aspect of their



businesses. To my great surprise, few companies had to lay off team members, and so far they've helped their teams do their jobs more effectively and productively than ever before. It's paid off in profits.

The solutions to the myriad challenges the industry faced this year were as varied as the PMPs across the country. It's a tribute to the resiliency of this industry that despite the rocky economic outlook, it maintains its strength despite the challenges.

I'm no seer, but it's hard not to be optimistic about the economic outlook for 2010. The housing market appears to be slowly coming back. The Federal Reserve board recently announced the results from

As I put together *Pest Management Professional's 2010 State of the Industry*, I heard stories that reminded me of the unbelievable creativity and entrepreneurial spirit that drives this industry.

its survey that showed economic activity increasing. Temporary staffing firms noted a slight uptick in requests for workers, which the Fed says is typically the first step toward an increase in permanent staffing. Perhaps this recession is nearly over.

I believe PMPs around the country share my cautious optimism. Those who took the opportunity to refocus their businesses and deliver value to their customers are looking forward toward having a much better 2010. That's not to say 2010 will be a breeze, but it looks like the worst may be over and the industry has weathered yet another economic storm.

Here's to a great 2010. I can't wait to report on your successes next year. **PMP**

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NORTHWEST

# The Silver Lining

Sawyer Inc.'s answer to a rough economy — employee training and diversified advertising — is paying off for the Boise company

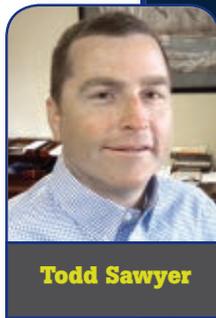
By **Frank H. Andorka Jr.** | Editorial Director

**B**y the time the fourth quarter of 2008 rolled around, Todd Sawyer, owner of Sawyer Inc. in Boise, Idaho, had been dealing with the recession since 2006.

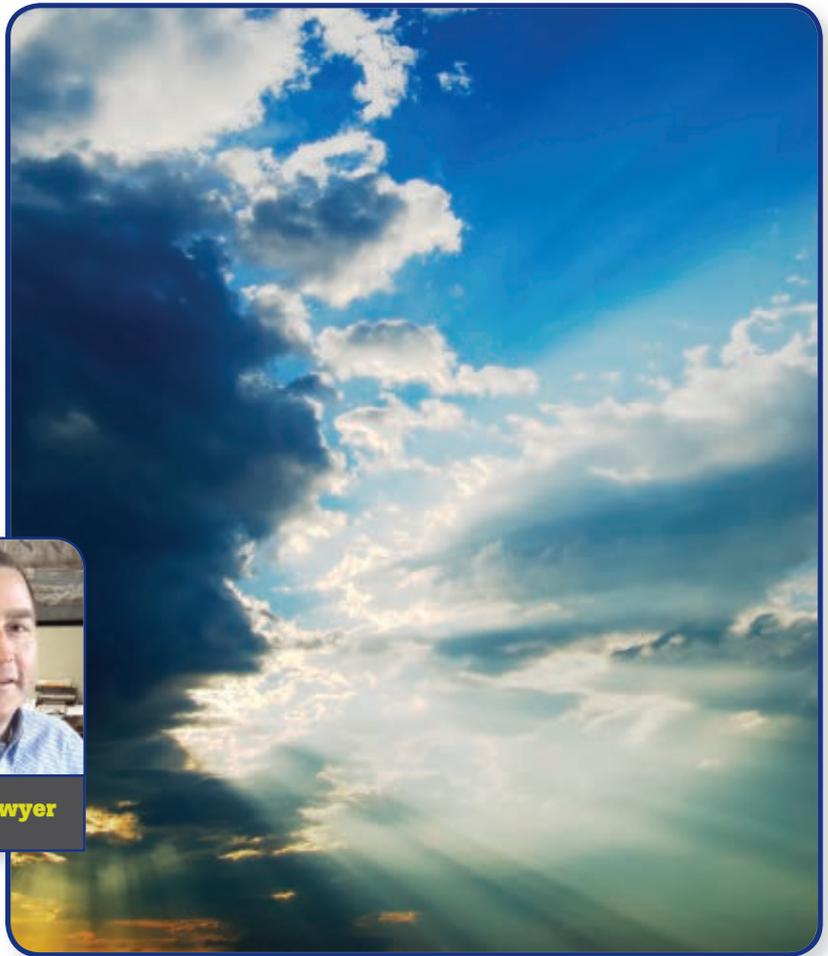
Not that the fourth quarter of 2008 wasn't bad. Housing starts ground to a complete halt. Housing prices plunged 30 percent. Major area employers slashed their work forces by nearly 50 percent. Sawyer described the situation late last year by saying that the economy was clearly "collapsing around us." But since Sawyer had prepared for just such an event over the past three years, he didn't see as dramatic an effect on his business as others around the country.

"We were pretty well positioned by the time the recession truly hit the rest of the country because we'd been adjusting our business for so long," Sawyer says. "We weren't as focused on revenue growth as we were on making sure we stayed profitable."

Sawyer Inc., whose business mix is 70 percent residential, 10 percent commercial, 10 percent turf and ornamental and 10 percent "other services," ended 2008 flat. He fully expected 2009 to be flat as well, but as it turns out his projections



**Todd Sawyer**



were wrong. If business through the fourth quarter continues as it has throughout the year, Sawyer says he'll end the year up 4 or 5 percent.

The credit for his performance during such miserable economic conditions was training and investing in his team. Sawyer believes the decision to invest in

his people was the best decision he could have made.

"Our profits this year can be traced back to the happiness of our employees," Sawyer says. "What our actions told them was that despite what was going on around us, we were stable and we were here to stay — and we were

focused on getting even better than we had been in the past.”

The training didn't just focus on one aspect of the business, although Sawyer is proud to say he added three associate certified entomologists (ACEs) to his staff over the past year on the technical side. He has also helped employees earn college credits, paid for business classes for his office staff and hosted other training for the entire team.

“We looked at every job and found areas where the people in those positions could improve their performance,” Sawyer says. “Then we encouraged them to look for training courses that would help them. Most of them took us up on that offer.

“It's paid off because it increased their desire to succeed, which helps all of us succeed,” he adds.

While the number of calls to his office from marginal cash customers dropped off, his team learned how to work internal leads more aggressively. Sawyer says his team learned to land more referrals, hold on to customers that were considering cancellation and mining their existing customer base to find new revenue sources. It wasn't easy, Sawyer says, but it's the kind of work you need to do in this kind of economy.

If there was a silver lining to the dismal economic situation, it was a new crop of people looking for work who normally wouldn't have considered a career in pest management. Because of Sawyer's reputation in the area for stability, the company capitalized on this new economic reality. He took advantage of the ailing economy to seek out additional team members from some of the other suffering industries in the area. One such

hire was a comptroller.

When Micron Systems, the area's largest employer, cut its workforce nearly in half — from 11,000 workers to around 5,500 — Sawyer received a call from one of his former employees who has moved on to Micron. The employee was looking to get out of that company and sought Sawyer's

**Sawyer says his team learned to land more referrals, hold on to customers that were considering cancellation and mining their existing customer base to find new revenue sources.**



advice on what he thought he should do. Sawyer's response? Come back here.

“He'd worked for us for seven or eight years and was a good employee,” Sawyer says. “So when he was looking for work, I thought, ‘Why not take him back?’ He moved right back into his old office and is once again an asset for us.”

One thing he didn't cut in 2009 was advertising. It doesn't do a service business any good to go into hiding, even when times are tough, Sawyer says. The company invested in advertising in a host of different sources, from the Internet to radio to Yellow Pages despite the skyrocketing costs per lead.

“My sense is that you have to

stay visible in the community during this time because when your area recovers, you want them to think of you when they need pest management,” Sawyer says. “I know so many of my peers in this industry cut back on their advertising spending during times like this, but that's the wrong decision.”

He believes his company will finish the year strong and is projecting the same 4 or 5 percent growth for 2010. He will follow the same strategy he did this year and feels it will pay off in the future.

While he believes the national economy will continue to improve, Sawyer doesn't believe his company will reap the benefits until the middle or end of 2010. He is looking forward to the day when the nonstop drumbeat of bad economic news is silenced. People in Boise are being particularly cautious with their money, but he believes that once the overall economy improves and they hear good news, that will start to change.

Sawyer believes the improvement may not happen until the fourth quarter, which will miss his window of opportunity to have a significant affect on his business. But, he's ready to make the most of it when it does happen.

“Our main times when we make most of our money are in the second and third quarters of the year, so the recovery may miss us in 2010,” Sawyer says. “But we'll continue to position ourselves so that when it does reach us, we'll be ready to capitalize.” **PMP**

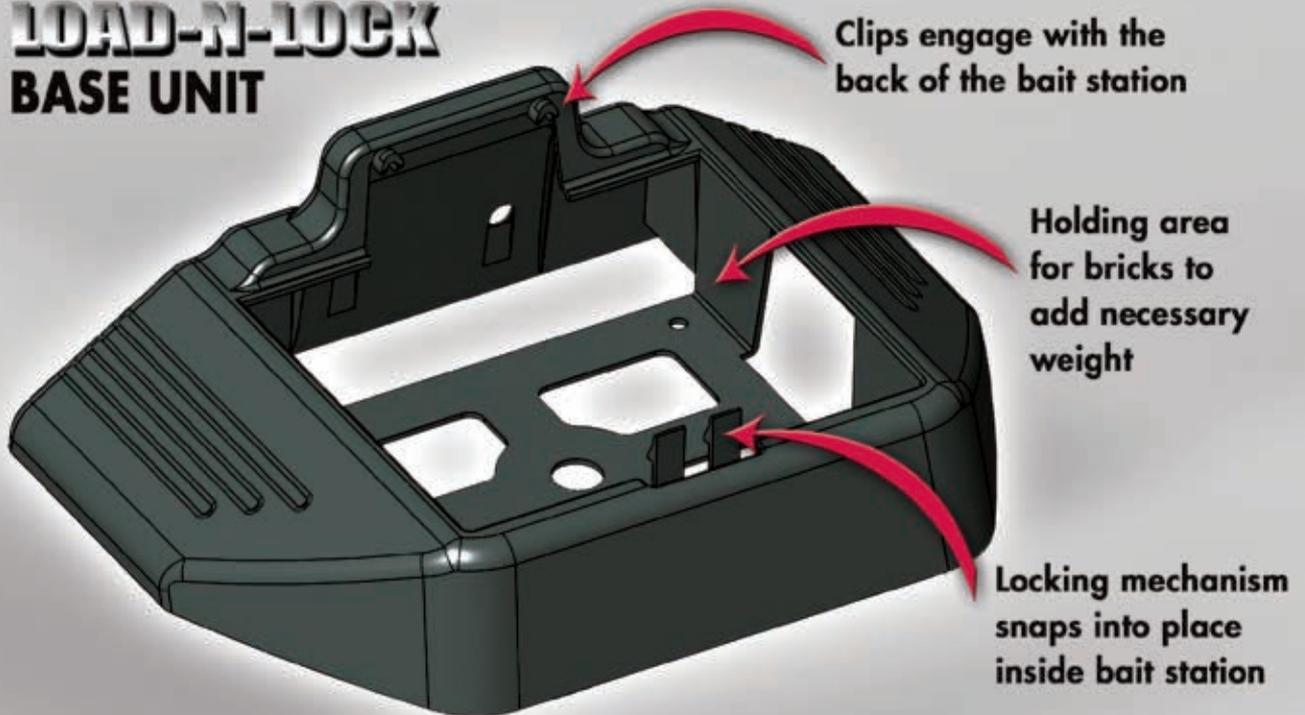
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SOUTHWEST

# Retrench for Recovery

Bug Master Exterminating is focusing on retooling its business and taking its future into its own hands

By **Frank H. Andorka Jr.** | Editorial Director



**Ned Ewart**

**W**ith the benefit of hindsight, Ned Ewart, owner of Bug Master Exterminating in Kempner, Texas, supposes he should have seen the economic downturn of 2009 coming. Though his business was, in his words, “cooking along” and doing well, he noticed his lead generation was down.

But that’s not entirely unusual and can often be corrected by making internal adjustments to the way pest management professionals (PMPs) do business. So Ewart set about making those internal adjustments to try and boost leads. By the end of the year, his profits were excellent, and Ewart could go to bed on New Year’s Eve 2008 feeling pretty good about where his business stood.

“Our fourth quarter didn’t disappoint us at all in terms of margins,” Ewart says. “We’re a little fortunate that in Texas, we haven’t felt the economic downturn with the same force that people have felt it in other parts of the country.”

Then banks started failing, credit markets froze and the stock market took a nosedive. Suddenly, the effects of the toiling economy were being felt everywhere.

“Looking back with the passage of time, we could have seen some of the economic distress coming, but it took a lot of people by surprise,” Ewart says. “I count myself as one of them.”

According to Ewart, the

economic conditions had challenged his business for the past couple of years, but they'd always managed to navigate the waters effectively. In 2008, the waters proved choppy, however, than even he expected.

He expects modest growth — for Ewart, that means anything under 5 percent (“If you’re doing anything under 5 percent, you’re just holding your head above water”) — in 2009. He believes he will finish 2009 with 4 percent growth and is planning for similar growth in 2010. When he looks around and sees what’s happening in other industries, he’s thankful for that.

“I’m looking at lowering my growth expectations for this year and am focusing hard on some of the long-term planning for what I see as difficult times ahead,” Ewart says. “My focus can’t be on some of the mundane and everyday things I focused on last year.

“We want to maintain the business we have and at least have some modest growth,” he added. “I don’t want to overdramatize, but we’re kind of hunkering down.”

Orkin’s new franchise for Mexico — which makes up a good piece of his business — did not help Ewart’s business. The collapse of the credit markets, combined with sudden currency devaluations made the Mexican market difficult to navigate. It has underperformed and suppressed his overall growth numbers. Still, Ewart acknowledges that he’d rather be in the pest management business than any other during times like these.

“If you were trying to build a business that would perform well in difficult economic times, it would look a lot like the pest

control business,” Ewart says. “We don’t have the high level of capital investments that other industries have. In an economic downturn, it’s those kinds of investments that will kill you.”

The drop in residential lead generation that Ewart experienced in 2009 had been going on since 2007, but it hadn’t had such a dramatic effect on his bottom line until this year. Through July, Ewart had seen his residential sales fall by 5 percent. He believes the upper middle class, what he says are the heart of the customer base for the pest management industry nationwide, has gone on an economizing kick. Unfortunately, pest management is one of the first budget items that these families give up. Ewart says he beefed up his commercial sales efforts to offset the losses he has seen in the residential market.

“I’ve found that residential customers aren’t nearly as loyal during times like these,” Ewart says. “It’s caused me to rethink the way I do business.”

Before the increased focus on commercial sales, Bug Master’s business was evenly split between commercial and residential services. Ewart says he expects to see those numbers tilt slightly more heavily toward commercial work as his sales force gets its legs beneath them — but he hasn’t seen the increase yet.

“We are focusing on those efforts instead of doing other more residentially focused advertising to make the phone ring,” Ewart says. “From our perspective, conventional approaches to residential advertising will offer diminishing returns over the short term.”

Ewart says his crystal ball is

Despite all of the problems he foresees, Ewart remains bullish on the industry overall and urges his fellow PMPs to take their future into their own hands.



pretty cloudy as he heads into 2010. He believes the economy will remain anemic and will likely remain so for at least a couple of years. He says health care and the federal debt will hamper the economy and present significant challenges not only to the pest management industry but to small business owners in general.

“Unless you’ve got a lot of cash on hand and can go out to make acquisitions, there won’t be much chance to grow rapidly in the next few years,” Ewart says. “It’s not like my five-year plan is to triple my business over that time. There’s just no way that’s going to happen.”

Despite all of the problems he foresees, Ewart remains bullish on the industry overall and urges his fellow PMPs to take their future into their own hands. Ewart says the industry has weathered this kind of economic struggle before, and it will make it through this one, too.

“Celebrate the fact that you’re in the pest management industry,” Ewart says. “We’re doing a lot better than many other people are in this economy. Our future is in our own hands, and it looks bright to me.” **PMP**

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MIDWEST

# Business as Usual

American Pest Management's success reflects an overall good year for the state of Kansas

By **Frank H. Andorka Jr.** | Editorial Director

**R**avi Sachdeva has heard rumors the country is in a recession. It's just that you couldn't tell that from his business.

Sachdeva, chief executive officer of American Pest Management in Manhattan, Kan., says the company maintains a business mix of 70 percent residential and 30 percent commercial. Some of the business is wildlife, gutter cleaning and other services, which are evenly spread between the commercial and residential markets.

Last year's growth was fueled by the addition of a significant number of commercial termite accounts. Sachdeva says the company had pursued the business for at least two years. The company finally landed those accounts last year.

"Those accounts produced a significant surge to our business," Sachdeva says. "We ended up the year with 25 percent revenue growth."

Though it's difficult to sustain that level of growth year after year, Sachdeva felt confident to project a 20 percent growth rate for 2009. The company had other commercial accounts they were pursuing, and through the first



**Ravi Sachdeva**



quarter of the year it looked as if the company might hit the mark again.

In October, however, Sachdeva says the company was holding at 14 percent growth — successful, but not as successful as he wanted it to be.

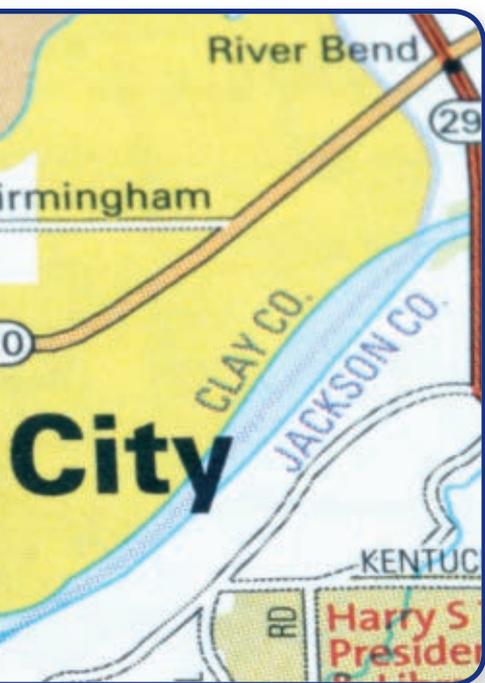
"Our area started to feel the effects of the economy in the second quarter, when commercial property managers started telling us their budgets were being cut, so they'd have less to spend on our services," Sachdeva says.

"We'd expected to add a few more properties, but they haven't come through — yet."

Despite the power surge provided by commercial work, American Pest Management never forgets its most stable customers lie on the residential side. They're more demanding than the company's commercial clients, but as long as the company meets their needs, the residential customers are more willing to stick with the service.

Part of American Pest Management's success has to do

The Kansas industry as a whole has survived fairly well and most pest management companies are doing extremely well, says Sachdeva, who just completed his term as president of the Kansas Pest Control Association.



with the personalization of the service it provides. The company encourages its employees to be involved in different city organizations such as the Chamber of Commerce, volunteer work and other activities. That allows people to recognize the company as not simply living off the community, but as a *part* of the community.

Sachdeva also credits the area's two major employers with helping keep business steady in the midst of a deep recession. Manhattan is home to Kansas State University and Fort Riley (home of the 1st

Infantry Division). The stability of those two employers, as compared with other areas of the country, staved off the recession at bay in his area.

"Our economy doesn't have the wild fluctuations you'd find in cities that are dependent on manufacturing and other industries," Sachdeva says. "The stability of our economy is good."

Fort Riley in particular has been good for business. The 1st Infantry Division is in the process of returning to Manhattan from Germany after a five-year absence. In preparation, the base has been building new housing for the returning troops. American Pest Management has the contract to service that new housing. "That has been a lucrative part of our business for the past three years," Sachdeva says.

American Pest Management's employees are elated to not have participated in the downturn, Sachdeva says. The sales people are collecting higher commissions than they expected, and the rest of the team feels secure in its jobs. Sachdeva admits he has had to cut back on a few extraneous employee perks, like going to a ball game together as a team. Overall, 2009 meant business as usual.

The Kansas industry as a whole has survived fairly well

and most companies are doing extremely well, says Sachdeva, who just completed his term as the president of the Kansas Pest Control Association. Most of the companies — even in the rural areas of the state — had shown growth through the first three quarters of the year.

Sachdeva remains hopeful his company will experience another above-average fourth quarter, which would help him meet the 20 percent goals he set at the beginning of the year, but he says he would not be disappointed if they stayed at 14 percent. For 2010, he's predicting better economic conditions that will allow them to, again, hit 20 percent.

"I'm hoping the construction business will return," Sachdeva says. "In a typical year, we'll add 300 new houses. There are 1,000 houses in our area currently for sale. We're hoping that number will drop and encourage builders to start building again. That would help us in a large way."

Sachdeva says his goal is always to help his customers to understand the importance of pest management, a service that protects their health and property. He's found that once you do that, people are willing to keep using the service, even when they're cutting back in other areas of their budgets.

"Pest management is something people need," Sachdeva says. "It's our job to establish that need in their minds so that when tough economic times come, ours is not one of the services they decide to cut." **PMP**

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NORTHEAST

# All About The People

J.P. Pest Services weathered the economic storm by focusing on its employees and customers



By **Frank H. Andorka Jr.** | Editorial Director

**T**he death of Lehman Brothers last year on Sept. 12 marked the beginning of challenging times for J.P. Pest Services in Milford, N.H. On that Friday, the 158-year-old financial services firm filed for Chapter 11 bankruptcy and pushed the American and world economies to the brink of collapse.

Joe Pestana, president of J.P. Pest Services, whose company's 80-year history in the pest management industry is among the industry's oldest, says the Lehman Brothers collapse rattled his employees and customers alike. Concerns about the future of the economy made people wonder how it would affect the business. Job insecurity, for the first time in the company's history, was on the minds of Pestana's employees.

But Pestana moved quickly to

reassure his employees that there had never been layoffs at the company before, and he was bound and determined that it wouldn't happen this time, either. After all, 2008 had been a good year for the company, which had completed nearly three successful quarters, often the most profitable time of the year (typically the most profitable months for a company in the Northeast). Therefore, it escaped the worst effects of the fourth quarter difficulties that affected so much of the rest of the United States.

"None of us had ever been through an economic slump of this magnitude before, so I think a lot of my employees were on edge and wondering how we as a



business were doing," Pestana says. "But it was pretty easy to explain to my staff that if they

continued to focus on the customers, those who value and could pay for our services would continue, and their jobs and the business would be OK."

J.P. Pest Services employs 60 people full time, and its workforce swells to near 80 during the peak summer months. Pestana says his message to employees was simple — *You have the opportunity to affect your own success every day by the way you interact with our customers. Let's make sure the company maintains and enhances its value in the eyes of our customers so they feel they can't go without its services.*

"I told them if they did that,

there was some security in their job,” Pestana says. “They know that every day they’re generating money, so they have a good idea of how well the company is doing in a way that other jobs, like factory jobs, don’t.”

On the customers’ side, Pestana watched his customers carefully. As they reduced staffs and budgets, he kept a close eye on his receivables. He didn’t want his company to extend credit to companies beyond their realistic ability to pay.

J.P. Pest Services maintains a business mix that is 50 percent residential and 50 percent commercial. Much of the commercial business is hospitals, medical production facilities and food production plants — commercial accounts that must have pest management services to operate. But what Pestana found, especially early in the year, was that the people in charge of the pest management budgets were calling the company and asking to renegotiate their prices because they’d had their budgets slashed by as much as 20 percent.

Pestana says the company made the decision to renegotiate the scope of service rather than simply reduce the price. Instead, it took a hard look at the services it was providing and offered the non-essential services on an as-needed basis. This often reduced the costs enough to help the clients fit within their new budgetary structures without actually cutting services to their clients in any noticeable way.

“Our clients were grateful that we were willing to work with them,” Pestana says. “It helped us strengthen our relationships with those firms in many cases.”

As the first quarter came to a close, Pestana looked at his residential caseload with concern. He reviews the new start vs.

cancellation numbers on a weekly basis, and for several weeks the cancellations outweighed the new starts

“It frankly was pretty depressing,” he says.

Most of the cancellations were the result of financial concerns rather than service concerns, however, so Pestana was relieved that the company appeared to be providing good service to its clients.

J.P. Pest Services allows its customers to come back at any time within the first six months after

**Pestana says the company made the decision to renegotiate the scope of service rather than simply reduce price. Instead, it took a hard look at the services it was providing and offered non-essential services on an as-needed basis.**



a cancellation and be treated like a continuing customer, waiving the additional fees associated with starting up. Around the middle of April, Pestana noticed that the residential side of the business started to pick up again. Commitments to more of the seasonal business — the bread-and-butter of J.P. Pest Services residential service — picked up, and Pestana knew the business was in a position to have a successful year.

“That’s when I started to breathe a little easier,” Pestana says. “It meant that our customers were starting to feel more comfortable in their own financial situations, and that boded well for the year.”

Employees could see the state of the company’s finances in its decisions to bring in seasonal employees at the same rate they usually do. Many of the residential customers the company had lost in the first quarter came back.

The company will not make the ambitious 8 percent growth they’d projected at the end of 2008

“I’ve always been an optimist,” Pestana says with a chuckle.

It will, however, show 4 percent growth, which Pestana says he’s thrilled with given everything that has happened this year.

This success in these difficult economic times makes Pestana hopeful about 2010 and beyond. Coming through this last period, he believes it showed the employees that the business is at least resistant to recessions, which should make them optimistic about the future. Pestana also says he is planning to increase the full-time staff again this year as he has done in the past.

“I’m going to be projecting 10 percent growth next year,” Pestana says. “We will have strong marketing programs in place, and we’re going to increase the amount of outreach we do to customers and be more proactive about getting their feedback.”

“After all, the customers are the key to any business, especially one like ours,” Pestana says. “You can never go wrong by focusing on them and their needs, whether they are internal or external.” **PMP**

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SOUTH

# Steady As She Goes

A natural gas find insulated Anti-Pest from some of the worst of the economic times in 2009

By **Frank H. Andorka Jr.** | Editorial Director

Companies across the country cut back severely in the fourth quarter of 2008, but the discovery of a natural gas field in Shreveport, La., helped keep business steady for companies like Anti-Pest Co.

Jarrold Horton, president of the company, says he watched the national news nervously as reports of bank failures and tightening credit threw so much of the rest of the country's economy into a tailspin. In Shreveport, however, natural gas exploration companies were doing more than retaining employees — they were paying significant bonuses to people who leased their land to the gas company.

"That was an economic boon for this area," Horton says. "People bought new homes and cars, and we benefited from the ripple effect of this spending, especially in the fourth quarter and into the first quarter of this year. We haven't been as affected as other parts of the country."

The extraordinary circumstances allowed Anti-Pest to grow 5 percent in 2008. Anti-Pest is hoping to finish with 3 percent to 5 percent ahead of revenues for last year.

So far, they're up 1 percent through September, and are watching the economy closely.

Shreveport will lose a General Motors plant that makes the

Hummer H3 in two years, and other national companies like The Bombay Co. are closing stores and laying off employees. Based on those realities and what he saw on television about what was happening on the national scene, Horton did pull back on plans to increase his advertising budget in 2009.

"When you're watching the news and seeing reports that everyone is going to be losing their jobs, you get a little skittish," Horton says. "I decided that I wasn't going to increase my advertising spending in a time when people wouldn't be able to add our services anyway."

The mix of business for Anti-Pest is 60 percent residential and 40 percent commercial. Horton says residential service has always been the focus of the business because it is more stable than the commercial work.

"We find ourselves competing more on price on the commercial side than we do on the residential side," he says.

Horton says the one area that his company has seen change since last year is that some customers — particularly its commercial clients — are paying more slowly than they have in the past. In



response, the company changed the way it collected money. Instead of waiting until 90 days to follow up with clients, Anti-Pest moved its efforts up to 60 days.

"We wanted to start collecting money before they got too far behind,

and we had to send them to collections," Horton says.

Like many of his colleagues, Horton is bullish on 2010. He believes that the insulation his company has experienced in Shreveport will continue and that a general betterment of the economy will help.

"If more of the national companies around here hire more people and bring more people into the area, then I expect our business to pick up again," Horton says. "I'm hoping that in 2010, we can do something we haven't done in a couple of years — add a person and develop a new route."

"I really can't complain," he continues. "We had a pretty good last quarter, and we're expecting to do all right this year. But I'm really excited about what we expect next year might bring." **PMP**

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MIDWEST

# Saved by Bed Bugs

The first quarter made Ohio Exterminating Co. sweat, but a plague of blood-sucking pests stabilized his year

By **Frank H. Andorka Jr.** | Editorial Director

**A**ndrew Christman, co-owner for Ohio Exterminating Co. in Columbus, Ohio, watched the cancellations roll in during the first quarter of 2009 and worried.

After finishing 2008 strong despite fourth quarter challenges — up 8 percent in revenues at the end of the year — Christman, who is also the president-elect of the Ohio Pest Management Association, had anticipated the company would face greater challenges in 2009. But even he hadn't foreseen the rash of cancellations by people who cited the economic difficulties as their reasoning.

Still, Ohio Exterminating is a close-knit, family run business that views its employees as more than just workers. When it came time to make cuts, the Christmans decided not to lay off any employees.

"We knew we wanted to keep all of our employees even though the revenue streams weren't always coming in to support that idea," Christman says. "We took advantage of as many manufacturers' discounts and sales as we could and kept in touch with our customers to let them know we would work with them. It worked out."

The only way to offset revenue losses is to cut costs, Christman says, and so they did. It cut back some of its memberships in organizations, charitable donations — anything

they could do to cut costs internally.

"Our employees handled the situation well," Christman says. "They know that I will make cuts personally if we must to keep employees. They know that our employees and customers are our No. 1 concern."

Ohio Exterminating divides its business 60 percent commercial and 40 percent residential and found the commercial work was more stable this year.

After the carnage of the first quarter, Christman held his breath. To his great surprise, business started to pick up, thanks in large part to an increase in bed bug calls.

The bed bug problem in Ohio started in Cincinnati, where it became so intense that the city declared a bed bug state of emergency and convened its own task force to combat it.

"We were incredibly busy in the second quarter," Christman says. "The best part was that it was new customers, which helped build on our base of the customers we already had. Our second quarter made up for the beginning of the year."

The company had been down by single digit percentages after the first quarter, but by the end of the third quarter was projecting single digit percentage growth — meaning they



had at least 10 percent difference in revenues between the first and third quarters.

Christman says the biggest surprise he faced this year was vehicle costs. The company had planned to replace five vehicles this year, and

the company is on pace to do that.

"You keep hearing about how all the car companies are struggling and how difficult it is for them, but the dealers we work with are telling us they're having trouble keeping cars and trucks in stock," Christman says.

He says he believes the shortage is the result of manufacturer cutbacks and the Cash for Clunkers program.

The fourth quarter, as it always does for the company, looks flat, Christman says. The coming winter will slow business down a bit and will allow the company to take a breath and recover. If the fourth quarter is flat, Christman says the company will have a good year.

As for 2010, Christman says he's cautiously optimistic.

"We believe we have hit a bottom in the first quarter this year," Christman says. "We are anticipating and are planning for 2010 to be a better year." **PMP**

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