

PMP Pest Management PROFESSIONAL

TOP 3 OPPORTUNITIES

1. EXPANSION INTO NEW MARKETS
(NEW GEOGRAPHICAL AREAS & SERVICE OFFERINGS)
2. INCREASED BED BUG BUSINESS
3. CUSTOMER-BASE GROWTH

21%
EXPECT
THEIR
TERMITE
& OTHER
WDI/WDO
REVENUE TO
CLIMB IN 2016

2016 STATE OF THE INDUSTRY SURVEY

BY THE NUMBERS

85%
PROVIDE
RODENT
MANAGEMENT

87%
OFFER
ANT
CONTROL

TOP 3 OBSTACLES

1. HIRING & RETAINING QUALIFIED EMPLOYEES
2. ESCALATING COSTS (HEALTHCARE, TAXES, ETC.)
3. THE ECONOMY

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14 TOTAL SPECIES

THE BAIT YOU TRUST FOR

- ✓ Norway Rat
- ✓ Roof Rat
- ✓ House Mouse

CAN ALSO BE USED FOR THESE ADDITIONAL SPECIES

- ✓ *Peromyscus*
 - Deer Mouse
 - White Footed Mouse
 - Cotton Mouse
- ✓ Meadow Vole
- ✓ Eastern Harvest Mouse
- ✓ Polynesian Rat
- ✓ Golden Mouse
- ✓ Cotton Rat
- ✓ White-throated Woodrat
- ✓ Southern Plains Woodrat
- ✓ Mexican Woodrat



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Bell Laboratories helps customers control their toughest rodent infestations in more ways than ever.



Steve Levy
PRESIDENT & CEO,
BELL LABORATORIES

As the “World Leader in Rodent Control Technology,” we take seriously our efforts to deliver innovative solutions for the toughest rodent problems. That is why we’ve made it our mission to provide pest management professionals (PMPs) with greater flexibility to control a wide range of rodent species.

Today, PMPs can use the Bell bait they trust to control not only house mice, Norway rats and roof rats, but also *Peromyscus*, meadow voles and other invasive rodent species.

By including more species on our labels, you can turn to Bell for the right product for any baiting situation — whether that’s a fast knockdown of a severe vole infestation with Fastrac, or a maintenance

baiting program for pack rats with Contrac. In addition, Contrac All-Weather Blox is approved for use on *Peromyscus* spp. (deer mouse, cotton mouse and the white-footed mouse). This will provide customers peace of mind that you can eliminate the primary vectors of Hantavirus in their homes, businesses or commercial facilities. Bell rodenticides provide greater baiting flexibility against rodent species, while adhering to label guidelines.

Bell was instrumental in working with the U.S. Environmental Protection Agency (EPA) to facilitate the addition of non-

commensal species. It was an effort we pursued because we know that a comprehensive rodent control program oftentimes goes beyond commensal rodents.

At Bell, every effort is made to produce superior products that revolutionize the rodent control market. Whether we are working with the EPA to expand the scope of label guidelines, or synthesizing active ingredients designed to combat severe infestations, we provide the solutions you can count on to face your toughest challenges.

We invite you to take a look at our labels in the coming months to see how Bell rodenticides can now work for you in more ways than ever. *We appreciate and thank you for your business.*





It All Adds Up

The numbers don't lie. We're in a relatively mature, stable industry with plenty of growth opportunities ahead. BY **HEATHER GOOCH** | Editor

It's that time of year again — summer season's numbers are in and it's likely that they're not too shabby.

It's a time of increased training and, in some locations, equipment winterizing. Your office team is finally catching up on paperwork. Your termite crews are lamenting the colder crawlspaces. And your general pest control techs are seeing an influx in rodents and occasional invaders looking for a place to overwinter in customers' homes.

But let's back up those generalizations with some hard data. That's where our annual *Pest Management Professional (PMP)* magazine's State of the Industry, 2016 edition, comes in. It's likely there is little in this year's survey that will astonish you — for example, 86 percent

of responding firms have been in business for more than a decade. Nearly half (47 percent) have been around for more than 25 years. Their top purchases in 2015 (and planned purchases in 2016) include bait stations, insecticides and uniforms.

It's those little things that can be astonishing, however. For example, in answers for the open-ended question of "What do you see as the top opportunities for your company in 2016," *expansion* and *growth* were recurring themes. Not so unusual for small-business owners, of course, but it was *how* some of them plan to expand that caught our attention. For example:

- DIY failures
- Birds — airport management
- Continued growth in scorpion control
- Only provider of mole service in the county
- Growth in mosquito, brown recluse and bed bug markets

Growth through bed bug calls and do-it-yourself customer disasters, sure — but scorpions? Moles? Mosquitoes and brown recluses? It gave us pause to think that while the "usual suspects" (and the ones you'll read about when you turn the page, the "Fab Five" of ants, bed bugs, cockroaches, rodents and termites) are still pulling

WHO RESPONDED?

55% Owner

15% President

10% General Manager

6% Supervisor

4% Branch Manager

10% Other



EXPERIENCE COUNTS

How many years has your company been in business?

47% More than 25 years

13% 21 to 25 years

10% 16 to 20 years

16% 11 to 15 years

5% 6 to 10 years

9% 1 to 5 years



down big numbers for pest management professionals (PMPs), some of the second-string accounts — the mosquitoes, the stinging insects, the occasional invaders — aren't far behind. That's why we examine "Ones to Watch," starting on page S10. See how your accounts with lesser-known pests stack up against what our respondents reported for this year and projected for the year to come.

Finally, we're wrapping up our 2016 *PMP* State of the Industry coverage by getting down to business — literally. "Business 101" takes a look at

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Stories by PMP Editor Heather Gooch, based on results of the PMP 2016 State of the Industry survey.

how the numbers add up for PMPs across the nation.

THE YEAR AHEAD

This year's survey asked PMPs to look into the future and report what they perceive as major issues for 2016. Two facets that are still on the right track — after the lengthy economic downturn — are employee and sales growth. A full 73 percent of respondents expect to gain employees in 2016 (up from 61 percent who grew their teams between 2014 and 2015). For both years, 3 percent expect to (or did, in the case of 2015) double their current teams.

To pay for all that new staffing, there has to be a sales increase: an impressive 3 percent of respondents increased sales by 100 percent or more. In 2016, 4 percent expect to accomplish this feat. Still, tallying the numbers of everyone who said sales grew in 2015 (92 percent) and/or are going to grow in 2016

(94 percent) was impressive. It seems the concept of “grow fast or die slow” has caught on in the industry.

That said, nearly one-third of respondents kept the same staffing level in 2015, and approximately 23 percent do not expect to change their employee numbers in the new year. Still, nearly everyone is optimistic about sales growth, with just 1 percent reporting flat sales in 2015 and 2 percent staying the same in 2016.

Big sales, of course, don't automatically equal big profits, especially if there's a lot of overhead. And boy, did we hear about overhead — from healthcare coverage to liability insurance, from taxes to truck maintenance — respondents didn't hold back. Other barriers they cited include:

- The speed at which we can implement our plans
- PMPs underselling services to get or keep customers; integrity

PURCHASING TRENDS

(select all that apply)

In 2015:

83% of PMPs purchased bait stations

81% of PMPs purchased insecticides and uniforms

In 2016:

75% of PMPs plan to purchase uniforms, bait stations and insecticides



in our industry needs work

- Recruitment of talented individuals to continue the growth of the business

Yet the overall snapshots of net profits from 2014 to 2015, and again from 2015 to 2016, are still solid overall. Thirty-nine percent report 2015 profits were up 10 percent to 24 percent over 2014's numbers. Nearly 5.5 percent report they doubled their profit over 2014, and only 7 percent saw a flat or decreased figure.

Looking ahead to next year, the story is much the same: 39 percent forecast a bump of 10 to 24 percent over 2015, while 2 percent hope to double their profits. About 4 percent predict they will not deviate from their 2015 rate. Another 4 percent believe they will see diminished profits in 2016.

An election year and continued unpredictable weather will combine to keep our industry on its toes, both in the office and the field. Read on to see how your company stacks up. PMP

YEAR-OVER-YEAR GROWTH

How will your company's employment change?

	2014 to 2015	2015 to 2016
Increase 50% or more	3%	3%
Increase 25% to 49%	12%	4%
Increase 10% to 24%	21%	31%
Increase 1% to 9%	25%	35%
Flat	32%	23%
Decrease 1% to 24%	5%	3%
Decrease 25% to 49%	1%	0%
Decrease 50% or more	1%	1%

How will your company's total sales change?

	2014 to 2015	2015 to 2016
Increase 100% or more	3%	4%
Increase 50% to 99%	4%	3%
Increase 25% to 49%	20%	22%
Increase 10% to 24%	36%	33%
Increase 5% to 9%	18%	24%
Increase 1% to 4%	13%	8%
Flat	1%	2%
Decrease 1% to 4%	2%	2%
Decrease 5% to 9%	1%	0%
Decrease 10% to 24%	0%	0%
Decrease 25% to 49%	1%	1%
Decrease 50% or more	1%	1%

The Fab 5

To tweens, this might refer to a beloved boy band (before one member's departure this summer, anyway). But PMPs know the only quintet truly worth making a fuss about is comprised of ants, bed bugs, cockroaches, rodents and termites.

BY HEATHER GOOCH | Editor

Quick: Grab one of your technician's schedules for the week. Does the roster include an ant visit, a rodent visit, and a bed bug visit? Maybe a cockroach cleanout or a termite inspection? All of the above?

It's no secret that these five pests take up a good chunk of pest management professionals' (PMPs') time and effort on a daily basis. There will always be exceptions, of course — some companies steer clear of termites and other wood-destroying insects and organisms (WDI/ WDOs), while others specialize in them, for example. But from the annoyance customers feel when they spot ants in their homes to the panic they endure when they

realize bed bugs have taken up residence, and every emotion in between, these Top 5 have been mainstays in the industry.

ANTS

As we made abundantly clear in our cover story last month ("Ants: Public Enemy #1"), most customers loathe ants. They might still be freaked out about bed bugs or lament the cost of termite damage, but a trail of ants on their kitchen counter can make their blood pressure skyrocket.

That's where PMPs come in. They assess the situation and devise the optimal control strategy. However, that's often easier said than done. Is it an odorous house ant situation, which happens to be the species ranked No. 1 in distribution this year? Or is it a carpenter ant infestation, which ranks No. 2?

Fire ants, particularly the red and the black imported species, are considered more of a regional issue. Yet they rank No. 4 in our survey for prevalence, as milder temperatures push them ever-farther north in the United States (pavement ants rank No. 3).

According to eXtension.org, as of May 2015 *Solenopsis invicta* and *Solenopsis richteri* "currently inhabit all or parts of Alabama,

BED BUGS

66% of respondents offer bed bug management

8% said it's generating most of their 2015 revenue

15% said it's their most profitable segment in 2015

11% predict it will generate most of their 2016 revenue

Arkansas, California, Florida, Georgia, Louisiana, Mississippi, New Mexico, North Carolina, Oklahoma, Puerto Rico, South Carolina, Tennessee, Texas and Virginia. They are also discovered sporadically in Kentucky, Missouri and Maryland." Will a *Pest Management Professional (PMP)* State of the Industry report in the not-so-distant future feature fire ants in Maine? Stranger things have occurred.

BED BUGS

PMP's 2015 Bed Bug Management Survey took center stage in our July issue, and the pests naturally were a recurring theme in the answers from our survey respondents. Ten



TOP 5 ANTS

- 1. ODOROUS HOUSE ANTS**
(*Tapinoma sessile*)
- 2. Carpenter ants**
(*Camponotus spp.*)
- 3. Pavement ants** (*Tetramorium caespitum*)
- 4. Fire ants** (*Solenopsis spp.*)
- 5. Bigheaded ants** (*Pheidole spp.*)

TOP 5 COCKROACHES

1. GERMAN COCKROACHES

(*Blatella germanica*)

2. American cockroaches
(*Periplaneta americana*)

3. Oriental cockroaches
(*B. orientalis*)

4. Smoky brown cockroaches
(*P. fuliginosa*)

5. Brown-banded cockroaches
(*Supella longipalpa*)



percent of them even cited bed bugs as the top opportunity for their companies in 2016, while 21 percent named *Cimex lectularius* as the pest most likely to make the biggest resurgence next year.

Resurgence? Haven't bed bugs been front and center in the media — and the topic of desperate pleas from customers — for more than a decade? It doesn't matter. After a generation of being barely encountered, they are now popping up in public libraries, hotels, buses and homes with more regularity, cementing their status as a mainstay pest.

COCKROACHES

PMPs always make the best restaurant companions — they're deft at taking their guests to a place where the roaches are kept to a minimum.

Several good products are on the market to take care of this pest; the trouble over gaining control is often failing to manage customers and their sanitation habits. Still, they can be a profitable pest segment: 10 percent of respondents report cockroaches as their No. 1 profit center in 2015, and 9 percent predict they'll be No. 1 in 2016.

RODENTS

When you think "rodent job," chances are you immediately picture a house mouse, Norway rat or roof rat. You'd be right on the money with the Top 3 prevalent rodent species, according to this year's survey.

But it may be time to expand your mental photo album to include deer mice, meadow mice, voles and more. In July, the U.S. Environmental Agency (EPA) expanded rodenticide label language to include non-commensal rodents (including the aforementioned species, as well as others) as target pests. This paves the way for PMPs to market their rodent control strategies to a new audience of barn owners, landowners, etc.

And don't forget moles. Consumers, faced with a glut of old wives tales and gimmicky do-it-yourself products, often end up turning to a professional to get the problem under control once and for all. While just 7 percent of respondents name rodents as their top earning pest segment in 2015 (a similar figure forecasted for 2016), the right target marketing campaign could make that number scamper up the charts in the year ahead.

TERMITES & OTHER WDIS/WDOS

Wood-destroying pests are truly a breed apart in the professional pest management industry. Some PMPs thrive on termite work, whereas others walk quickly away from it. Location — both in pest population density and local regulation density — plays a large role.

Yet it seems the more we learn about termites, the less we really

RODENT REVENUE CHANGE

	2014 to 2015	2015 to 2016
Up more than 25%	7%	9%
Up 10% to 25%	27%	21%
Up less than 10%	42%	47.5%
Flat	19.5%	16%
Down less than 10%	1%	3%
Down 10% to 25%	1%	1%
Down more than 25%	2.5%	2.5%

know about them. Look no further than a study published in the Aug. 31 edition of the *Proceedings of the National Academy of Sciences*. It found that termite mounds have ventilation systems that rival state-of-the-art architecture. "The structures act similarly to a lung, inhaling and exhaling once a day as they are heated and cooled," marvels a press release on News.Harvard.edu. The study involved an unnamed termite species in India, but the implications are immense: Could the next office your company moves into take advantage of heating and cooling systems that termites already have mastered? PMP



TERMITES AND OTHER WDIS/WDOS

69% of respondents
offer termite/WDI/
WDO management

22% said it's generating most of their 2015 revenue

26% said it's their most profitable segment in 2015

21% predict it will generate most of their 2016 revenue

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Ones to Watch

Sure, the marquee pests get all the attention. But certain other pests are growing in number — and importance. BY HEATHER GOOCH | Editor

We discovered something unusual this year while crunching numbers for the 2016 *Pest Management Professional (PMP) State of the Industry* report. In response to the question “By approximately what percent do you expect your gross revenue to change from 2014 to 2015 for the following pests,” none of the Top 5 (weighted average) pests were our typical Top 5: ants, bed bugs, cockroaches, rodents and termites. Instead, stored product pests ranked No. 1, followed by birds, invasive species, wildlife and flies.

FLEA & TICK

82% of respondents offer flea & tick management

0% said it's generating most of their 2015 revenue

1% said it's their most profitable segment in 2015

0% predict it will generate most of their 2016 revenue

When we asked the same question, looking ahead for 2015 to 2016, we got the same Top 5, with flies and wildlife swapping the No. 4 and No. 5 spots in the rankings.

Are they the most profitable? Not when compared to the Top 3, termites, bed bugs and ants. But with an overall rosy outlook to industry business prospects in 2016, we thought they were worth a second look because they just might continue to grow.

1 STORED PRODUCT PESTS

This year's survey finds that 60 percent of respondents offer stored product pest management. While only 1 percent report that it's generating most of their 2015 revenue, is their most profitable segment, and will generate most of their 2016 revenue — obviously, answers from pest management professionals (PMPs) who concentrate on industrial accounts — it caught our eye because it ranks No. 1 in revenue growth in 2015 and in predicted 2016 revenue growth.

Of course, that's a weighted average: 61 percent actually report flat revenue on this pest segment from 2014 to 2015. Yet

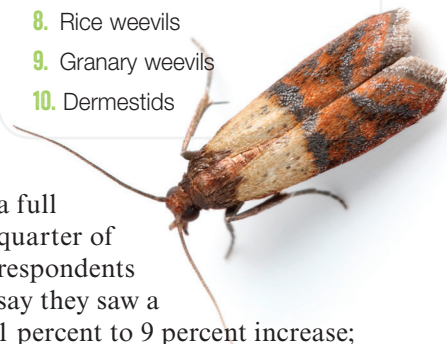
TOP 10 STORED PRODUCT PESTS

1. INDIANMEAL MOTHS
2. Sawtoothed grain beetles
3. Drugstore beetles
4. Confused flour beetles
5. Cigarette beetles
6. Red flour beetles
7. Spider beetles
8. Rice weevils
9. Granary weevils
10. Dermestids

a full quarter of respondents say they saw a 1 percent to 9 percent increase; 3 percent saw a 10 percent to 24 percent increase, and 4.5 percent reported stored product pest accounts were up more than 25 percent in revenue. Only about 6 percent reported any kind of decrease, and that was split 3 percent less than 10 percent decrease and 3 percent more than 25 percent decrease (no respondents reported a 10 percent to 25 percent decrease).

For 2015 into 2016, the numbers also took them to the top spot of revenue growth, with some variations:

- 64 percent predict no growth (flat),
- 29 percent predict growth between 1 percent and 9 percent,
- No one predicted growth of 10



BIRD REVENUE CHANGE

	2014 to 2015	2015 to 2016
Up more than 25%	6%	5%
Up 10% to 25%	12%	6%
Up less than 10%	11%	17%
Flat	68%	68%
Down less than 10%	1%	2%
Down 10% to 25%	1%	0%
Down more than 25%	1%	2%

percent and 24 percent, but...

- 4.5 percent predict growth of more than 25 percent.

Expected decreases are again at a minimum for stored product pests, with just 1.5 percent forecasting a decrease of 10 percent and 24 percent, and another 1.5 percent forecasting a decrease of more than 25 percent.

2 BIRDS

The Top 3 birds this year by prevalence are no surprise: Pigeons, starlings and house sparrows are the three species with the least restrictions for control methods. Still, with 51 percent of respondents offering bird management, it's worth noting that crow, grackle and goose populations weren't far behind in numbers. Seagulls, barn swallows and turkey vultures round out the bird species options for respondents, with a "miscellaneous" category coming in last place.

With their weighted average, birds come in second place of all pest segments for the greatest

revenue change, both for 2014 to 2015, and 2015 to 2016. Breaking that down further, 68 percent report flat revenue for both time periods. Yet 6 percent report accounts were up more than 25 percent in revenue for 2015, and 5 percent predict that percentage in 2016.

Eleven percent say they saw a 1 percent to 9 percent increase in 2015 (and another 17 percent cite that for 2016), while 12 percent saw a 10 percent to 24 percent increase for 2015. For 2016, that number is halved — just 6 percent. Still, the reported and forecasted decreases for these time periods are downright negligible: 1 percent to 2 percent in each range.

3 INVASIVE SPECIES

Ranked No. 3 in growth for 2014 to 2015, and No. 4 in expected growth for 2015 to 2016, this segment is an intriguing one — primarily because we didn't define the segment for respondents. Yet 51 percent report they offer invasive species management, and 3 percent say it's generating most of their 2015 revenue, been their most

TOP 10 SPIDERS

1. AMERICAN HOUSE SPIDERS

2. Wolf spiders
3. Cellar spiders
4. Yellow sac spiders
5. Black widow spiders
6. Brown recluse spiders
7. Brown widow spiders
8. Aggressive house spiders
9. Mediterranean recluse spiders
10. Grass spiders

profitable segment in 2015, and predict it will generate most of their 2016 revenue.

So what are invasive species? They're the pests that are new to your area, even if they might be established elsewhere. They're the exhilarating (and perhaps frustrating) accounts, where your tech comes back with a specimen and the entire team delves into the tech guides on the bookshelf, looking for identification "tells" and control recommendations.

Like the multicolored Asian lady beetle or the brown

HONORABLE MENTIONS

Turf and ornamental/tree insect management and occasional invaders tied with rodents for the fifth-most revenue-generating segment in 2015 (7 percent each). Turf pests came in fifth for expected revenue generation in 2016, actually ahead of rodent and occasional invaders, which tied for sixth.

OCCASIONAL INVADERS

- 77 percent of respondents offer occasional invader management
- 7 percent said it's generating most of their 2015 revenue
- 4 percent said it's their most profitable segment in 2015
- 6 percent predict it will generate most of their 2016 revenue

TURF AND ORNAMENTAL/TREE INSECTS

- 28 percent of respondents offer turf and ornamental/tree insect management
- 7 percent said it's generating most of their 2015 revenue
- 6 percent said it's their most profitable segment in 2015
- 7 percent predict it will generate most of their 2016 revenue —H.G.



STINGING PESTS REVENUE CHANGE

	2014 to 2015	2015 to 2016
Up more than 25%	4%	5%
Up 10% to 25%	23.5%	18%
Up less than 10%	34%	43%
Flat	34%	30%
Down less than 10%	1.5%	0%
Down 10% to 25%	1.5%	3%
Down more than 25%	1.5%	1%

marmorated stink bug, over time these invasive species calls will become more routine. Part of the thrill (or dread, depending on whether you're a glass half-full or half-empty type of person) is wondering what will become The Next Big Thing. Could it be the conehead termite (*Nasutitermes corniger*), a Caribbean native thought to be eradicated in Florida in 2003, but making random appearances in the Sunshine State? Is it *Drosophila gentica*, a Central American fruit fly that prefers flowers to fruit and is second-most prevalent only to the common fruit fly in Los Angeles? Keep an eye out for our regularly occurring Pest Trends feature, which compiles these new population influxes.

4 WILDLIFE

Only 47 percent of respondents to this year's survey offer wildlife management, yet:

- 5 percent said it's generating most of their 2015 revenue,
- 7 percent said it's their most profitable segment in 2015, and
- 6 percent predict it will generate most of their 2016 revenue.

These numbers are none too shabby for an often-overlooked segment when one considers wildlife came in fourth as an increased revenue change from 2014 to 2015, and fifth for 2015 to 2016.

Breaking that down further, 59 percent report flat revenue for 2014 to 2015, and 56 percent predict no change for 2015 to 2016. Nearly 4.5 percent report accounts were/ will be up more than 25 percent in revenue for both time periods.

Nineteen percent say they saw a 1 percent to 9 percent increase in 2015 (and another 16 percent cite that for 2016), whereas 16 percent saw a 10 percent to 24 percent increase for 2015. For 2016, that number is 19 percent. Just 1 percent reports a decrease in revenue for 2014 to 2015, while 3 percent report a downturn for 2015 to 2016.

5 FLIES

Rounding out the Top 5 of "ones to watch" from the 2014 to 2015 period, flies actually jump to No. 3 for 2015 to 2016. Approximately 69 percent of respondents offer fly management, but only 1 percent report it's generating most of their 2015 revenue, it's their most profitable segment in 2015, and that it will generate most of their 2016 revenue.

What makes their revenue so buoyant, however, is the rate of decrease year to year — less than 2 percent for 2014 to 2015, and just 3 percent predicted for 2015 to 2016. About 51 percent for 2014 to 2015 (and 46 percent for 2015 to 2016) say the revenue is flat, but the increased percentages are encouraging: Thirty-three percent report 1 percent to 9 percent growth for 2014 to 2015, and that number jumps to 40 percent for 2015 to

ADD-ONS OF NOTE

This year, we received some unusual write-in candidates for services offered by PMPs. Some specialize in insulation installation and property cleanouts, which complement existing pest management services nicely. A few others are clearly a response to "Find a need, fill a need," such as the following:

- Horticulture products and consulting
- Irrigation and drainage services
- Snow removal
- Right-of-way management
- Crop pest management —H.G.



FLIES

69% of respondents offer fly management

1% said it's generating most of their 2015 revenue

1% said it's their most profitable segment in 2015

1% predict it will generate most of their 2016 revenue

2016. Another 13 percent for 2015 (11 percent for 2016) say revenue is up 10 percent to 25 percent.

But let's keep perspective. One percent say it's up more than 25 percent over 2014 numbers, and no one forecasts such a leap for 2016.

But from the lead-taking house fly to the last-place blow fly, this group can consistently bring it when it comes to money-generating accounts.

So there you have it: The Top 5 revenue changers for 2015 to 2016. Does it jibe with what you're finding in the field? If so, are you taking advantage of it with your sales, marketing and training efforts? **PMP**



BUSINESS 101

Employment issues, tax codes, new regulations, equipment investments – what's not to love about running a professional pest management firm? BY HEATHER GOOCH | Editor

With the exceptions of the mafia and the county morgue, the inevitabilities of death and taxes weigh heaviest on pest management professionals (PMPs). Come to think of it, tax worries probably don't ping too high for a Mafioso — at least, not like it does for a PMP.

In actuality, in the 2016 *Pest Management Professional (PMP)* State of the Industry report, respondents named taxes as only their No. 2 business concern. They cited healthcare costs as No. 1,

but only by 0.03 of a percentage point in their respected weighted averages (3.66 vs. 3.63). Business insurance costs were third (3.56), followed by the economy (3.43) and then fuel (3.36) and labor (3.31) costs. By comparison, issues like customer cancellations and delinquent payments (tied at 2.58), real estate costs (2.47) and do-it-yourself (DIY) competition (2.43) seemed to be minor nuisances to our readers.

Respondents also looked to ranking their business priorities, and all nine possibilities seem to weigh equally heavily on them —

A LOOK AT THE LEDGER SHEET

Are your **SALES** jumping or slumping?

	2014 to 2015	2015 to 2016
Up 100% or more	3%	4%
Up 50% to 99%	4%	3%
Up 25% to 49%	20%	22%
Up 10% to 24%	36%	33%
Up 5% to 9%	18%	24%
Up 1% to 4%	13%	8%
Flat	1%	2%
Down 1% to 4%	2%	2%
Down 5% to 9%	1%	0%
Down 10% to 24%	0%	0%
Down 25% to 49%	1%	1%
Down 50% or more	1%	1%

Are your **NET PROFITS** jumping or slumping?

	2014 to 2015	2015 to 2016
Up 100% or more	5%	2%
Up 50% to 99%	9%	7%
Up 25% to 49%	7%	12%
Up 10% to 24%	39%	39%
Up 5% to 9%	19%	23%
Up 1% to 4%	14%	9%
Flat	2%	4%
Down 1% to 4%	1%	1%
Down 5% to 9%	1%	0%
Down 10% to 24%	0%	1%
Down 25% to 49%	2%	1%
Down 50% or more	1%	1%



NUMBERS WORTH NOTING



29% of respondents report they have between a 95% and 99% retention rate

32% report their employment numbers remained flat between 2014 and 2015

Only **23%** report their employment numbers will remain flat in 2016

66% report their numbers will go up at least 1%, and as much as 24%

33% said their equipment budget increased between 5% and 9% in 2015

31% said their equipment budget will increase between 5% and 9% in 2016

there is only 0.24 of a percentage point between the “top” priority — green/sustainable internal improvements, such as alternative fuels (2.84) — and the “bottom” one of growing the business (2.60). In between are the tasks of employee management, adding on new services, adding or improving green/sustainable services, managing cash flow, maintaining current business, finding new ways to do business, and cutting expenses. It’s hard to pick just one brand of fun, isn’t it?

Yet it seems respondents have little need for worrying about maintaining current business. Sure, it isn’t easy, but they seem to be up to the challenge. Five percent boast a 100 percent retention rate in 2015 of their 2014 customers,

while another 29 percent cop to a 95 percent to 99 percent rate. All told, 89 percent have at least a 75 percent retention rate — and less than 3 percent admitted to a rate of 49 percent or less.

MATERIAL MATTERS

How did your materials and equipment budget change from 2014 to 2015, and again from 2015 to 2016? We posited this question on the survey, and respondents answered in a manner we pretty much expected: Approximately one-third of them had increased expenses 5 percent to 9 percent in 2015, and plan to do the same next year. Approximately 19 percent report no change from 2014 to 2016, and less than 8 percent expect a decrease in 2015.

TOP 5 BUSINESS CONCERNS



1. HEALTHCARE COSTS
2. Taxes
3. Business insurance costs
4. General economy
5. Fuel costs

TOP 5 BUSINESS PRIORITIES

1. GREEN/SUSTAINABLE INTERNAL IMPROVEMENTS (alternative fuels, etc.)
2. Employee management (hiring, training, etc.)
- TIE** 3. Adding new services to offer more to core clients
Adding/improving green/sustainability services
5. Managing cash flow issues



2016

2016 PREDICTIONS

Which pest do you think will make the biggest resurgence in 2016?

1. BED BUGS

2. Termites

3. Odorous house ants



For the year ahead, even fewer expect a break: One respondent expected it to go down 1 percent to 4 percent, and another lone wolf predicts a decrease of 25 percent or more.

What did PMPs buy this year? At least 75 percent of you purchased bait stations, insecticides and uniforms, followed by traps and safety equipment. About 71 percent bought trucks, while 68 percent purchased computers, dusters and monitors (not the same 68 percent, of course). Spray nozzles and backpack sprayers came next, at 65 percent and 64 percent, respectively. Sixty-four percent also purchased vehicle accessories, while 63 percent bought spray guns. Granule spreaders were purchased by 59 percent of respondents, while 57 percent added bait guns and applicators to their inventory. Spray pumps (56 percent) and spray hoses (51 percent) were popular choices as well.

Less than half of you purchased the following in 2015, according to the survey:

- Compressed air sprayers
- Business software
- GPS systems/software
- Aerosol applicators
- Green products
- Handheld devices (personal digital assistants, etc.)
- Hose reels
- Foggers
- Spray rigs
- Subcontracted services
- Foam machines
- Consultants
- Bird/Animal repellents
- Trailers
- Termite bait installation tools
- Soil and tree injectors
- Alternative fuel vehicles

For 2016's planned purchases, there were few changes from the current year's invoices. Uniforms jumped from No. 3 to No. 1, and vehicle accessories became a little more popular (No. 7, up from No. 12). Slightly more PMPs plan to purchase alternative fuel vehicles in 2016 (7 percent) than those who actually have done so in 2015 (4 percent). *PMP*

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OPPORTUNITY KNOCKS

When we asked 2016 *PMP* State of the Industry respondents what they saw as their company's top opportunity in the year ahead, there was one with which we simply can't argue: "Our business is run by the weather. You tell me what kind of weather we'll have in 2016, and I'll tell you what our top opportunities will be."

Beyond the mainstays of bed bugs and termites, here's a sampling of what some of the other respondents had to say:

- New construction in our market
- Commercial business
- Starting mosquito control
- Finding innovative ways to attract and maintain a strong crew
- Customer growth through new extended services
- More customers who are not satisfied with their present pest control provider
- Growth into new markets
- Growth in commercial business contracts
- Referrals from satisfied customers
- Becoming better at following our protocols
- Managing overhead
- Doing more commercial and government accounts
- Increasing new-customer base as a result of sales team *-H.G.*



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