



Mississauga Organic Landscaper Foresees Challenging Year In Face of HST

Operating a business in Canada over the past two years, amidst one of the worst recession's to hit the country in decades has been a challenging task for most business owners. Ontario's landscaping industry has not been spared as many sole proprietorships have been forced to cease operating due to a tightening economic climate.

Richard (Rick) Brzakala, owner of Mississauga Applewood Acres Gardening & Landscaping has been among a select few entrepreneurs who's businesses has managed to buck the trend and flourish in these tough economic times.



Pictured above -Richard (Rick) Brzakala, President of 'Applewood' and Board of Directors-Organic Landscape Alliance-Canada

Brzakala estimates that Applewood's business has grown 20% since late 2007. He attributes much of the success to an increasing and growing consciousness amongst consumers and homeowners about the dangers associated with cosmetic pesticides and the increasing demand to move towards service providers, like Applewood, who practice organic land care and safe alternatives to pesticides.

Although Applewood's business has managed to grow in these tough times, Brzakala, foresees storm clouds on the horizon that may challenge his business success and for the industry as a whole in the Ontario marketplace.

This coming July, the McGuinty government is set to harmonize the 8% Provincial Sales Tax with the 5% federal GST. Brzakala expects that an increase of 8% to the services many landscapers offer may result in sizeable decreases to their revenue's as more consumers and homeowners decide to stay off landscaping projects or even basic weekly lawn care services.

To many of the smaller sole proprietorships, this increase and download on customers may mean fewer opportunities to compete as their price margins continue to shrink in an ever increasing marketplace.

Landscaping has been a tough business to compete in. Every year it gets tougher. Last year's tax reno credit (that also included landscaping work and materials) is gone. McGuinty's ban on cosmetic pesticides did

not help those service providers who could not remarket or rebrand themselves as more environmentally friendly. Many were forced to cut back employees or altogether fold up their businesses.

Brzakala also suggests that the real estate market, which helps feeds about 20% of Applewood's business, will also be further impacted by the HST as realtors' will feel the pinch on their commissions, which will likely make it harder for company's like Applewood to get business from them.

I think overall the government has no choice to raise revenue to get itself out of the deficit, says Brzakala. There is no question that a boost to our businesses and our global competitiveness would be a positive and a welcome development, but let's not kid ourselves -- the cost of that benefit will come down to basically two choices for business like ours, says Brzakala : we can either down load it on our consumer or we make a business decision and eat the cost of the 8% on their behalf. Either way as Brzakala describes, it's a big piece of pie to swallow.

Applewood has decided to hold their service prices for yet another year. It has been 2 years since they made any significant increases on the base price of the services Applewood offers to its GTA clients.

In respect to the additional 8%, Brzakala is optimistic that many of our clients will recognize that it is beyond our control and it is something that impacts everyone, regardless of industry.

We will, as always, give our clients more, says Brzakala. Whether its providing a free spring clean up, gutter clean out, or a no-charge fertilizing or aeration visit, we will make up the difference and show that we

want to keep their business but give back some valued added services free of charge.

As an organic company, we have done a lot for our customers in sacrificing a potentially higher revenue stream. Our clients recognize that organic landscaping is a bit more expensive than other types and the loyalty Applewood enjoys from its client base comes from them knowing that at the end of the day they are helping us practice responsible horticulture.