

# THE GROWTH & DECLINE OF TREE SERVICES

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This section examines the dynamics of tree service business growth and decline, focusing on the structure of the industry and its constituent elements. Through a series of case studies, we aim to educate and prepare owners of tree services to learn from past mistakes and understand how a culture of safety is cultivated by effective leadership or eroded by poor decision-making at the leadership level.

## 1. Introduction

Tree service businesses, defined here as the arboriculture industry, operate on a fee-for-service basis, engaging with trees in close proximity to existing infrastructure. This sector is inherently risky due to the physical size of trees and their potential to harm people, infrastructure, and property. Despite these risks, the demand for tree services remains relatively stable, even during economic downturns, due to the essential nature of the services provided.

What volatility exists in the industry is typically a result of employee morale issues, and the interplay between that and external factors. External factors include the weather, the cyclical nature of supply and demand within the market, and macroeconomic trends. Those external factors produce smaller effects, which are strongly magnified by the employee morale issues covered within this section. Businesses can experience rapid growth or sudden decline due to this interplay. This section explores the impact of employees on business trajectories, including how they influence growth, talent concentration, diversification, and integration. We also discuss the unique industry factors that can lead to the dissipation of resources and eventual business decline. The section concludes with strategies for maintaining a tree service company within safe operational parameters to prevent decline.

### **Case Study: Impact of Leadership and Culture on a Tree Service Company**

A well-established tree service company once enjoyed a stellar reputation and a leadership position in its market, largely due to its charismatic founder. The company was a pioneer in offering comprehensive tree-care solutions, focusing on compliant pruning rather than just tree removal. Under the founder's

leadership, the company developed a strong safety culture that was supported by the recruitment and development of forward-thinking climbers. These climbers were attracted by the company's embrace of innovative climbing techniques, which were actively promoted and integrated into the company's operations by a lead trainer.

However, the founder's illness and subsequent decision to sell the company marked the beginning of a cultural shift that would challenge the company's stability. The acquiring parent company had a different approach to management and made attempts to modify the climbing techniques that had become a hallmark of the tree service company. These changes, coupled with a general mismatch in management styles, created friction, particularly with the lead trainer who had been instrumental in building the company's safety culture.

The lead trainer initially tried to shield the production staff from the disruptive changes implemented by the new owners but eventually left due to disillusionment with the new leadership. His departure was a significant blow to the company's operational stability. The parent company struggled to find a suitable replacement, and over time, the lack of strong leadership and consistent safety standards led to a reduction in staff and an increase in workplace accidents. The fluctuating number of production crews and high accident rates over the next decade highlighted the challenges of maintaining safety standards without strong, consistent leadership and a committed, skilled workforce.

This case study illustrates the crucial role of a lead trainer in maintaining a safety culture within a tree service company. It also underscores the importance of clear, consistent safety protocols and the need for management to engage with and respect the insights of experienced production staff to maintain operational and safety standards. Successful companies recognize the value of these roles and invest in retaining skilled personnel who are central to the company's operational success and safety record.

## **2. Division of the Industry by Skill Set**

The arboriculture industry exhibits a diverse range of operations, which can be segmented based on client type, revenue recurrence, capital requirements,

and the nature of the work. Industry terminology varies, with terms like “vegetative management” being used to describe different sectors ranging from general industry services to specific utility work. Understanding the skill sets within the industry helps in comprehending how companies function and potentially falter at the crew level, emphasizing the significant impact of individual workers' experiences.

**1. Residential/Commercial Tree Trimming & Removal:** This sector involves skilled workers managing various small contracts for a wide client base, typically in diverse environments. The core crew size ranges from 2 to 5 members, often including tree climbers. The hands-on nature of the work—tree climbing, rigging, pruning, equipment operation—serves as a critical training ground for new workers. This segment is generally the entry point for many in the industry due to its lower barriers to entry and constant demand driven by tree growth, perceived risk, or developmental interference. Key roles include:

- Groundsman
- Climber
- Climber/Crew Leader
- Manager
- Owner

**2. Utility - Routine Trimming/Maintenance:** Performed by moderately skilled workers, this work involves large-scale contracts for maintaining vegetation around utility infrastructures like electric, gas, and communication lines. Workers in this sector often experience limited mobility due to the regional concentration of contracts. This sector's distinct skills include bucket truck operations and specialized climbing techniques, emphasizing safety precautions against electrocution and traffic-related hazards. Key participants include:

- Groundsman
- Bucket Operator
- Driver
- Climber
- Supervisor
- Pesticide/Herbicide Applicator

**3. Mechanical (ROW, Roadside, Construction) Tree Care:** This segment involves large-scale mechanized tree care operations that differ from traditional land clearing due to the presence of sensitive obstacles like power lines and property

boundaries. Workers are skilled in operating heavy machinery and may also have climbing and cutting skills. Key roles are:

- Equipment Operator
- Equipment Maintenance Technician

**4. Plant Health Care (PHC):** Specialists in this field work mostly independently, applying treatments to maintain or enhance plant health, typically in a landscape maintenance context. These practitioners gain expertise through extensive self-study, mentoring, and continuous professional development, often interacting with a broader network of professionals outside their immediate companies. Key roles include:

- Pesticide/Herbicide Applicator
- PHC Technician
- Master Technician

**5. Consulting:** Consulting arborists provide specialized advice on a wide range of tree-related issues, contributing significantly to the industry's revenue and regulatory influence. They typically start in basic risk assessment and may expand into more complex consulting areas like tree inventories and legal expert witness services. Essential roles in this sector are:

- Consulting Arborist
- Master Consultant

### **Workforce Dynamics and Challenges:**

Each skill set requires specific structural support from the company, from the sales force understanding worker idiosyncrasies to management fostering an environment that maximizes these traits for growth while mitigating potential pitfalls. The case studies across various sectors emphasize the need for strong leadership, clear communication, and robust safety cultures to prevent workforce attrition and ensure sustainable business operations.

This detailed understanding of the division by skill set not only helps in strategic planning and workforce development but also in crisis management, ensuring that tree service companies are well-prepared to handle industry-specific challenges effectively.

### 3. The Cast of Characters

This section highlights the diverse roles within the arboriculture industry and explores how individual contributions shape the dynamics and outcomes of tree service companies. It underscores the importance of each role in maintaining operational efficiency and fostering a culture conducive to safety and growth.

#### **a. Groundworker:**

Often the entry point into the industry, groundworkers handle foundational tasks such as using ropes, chainsaws, and chippers to manage tree debris. As they gain experience, their roles become crucial in ensuring the smooth operation of tree removal and maintenance tasks. They learn to make critical decisions about material handling that directly affects the safety and efficiency of climbers. Over time, skilled groundworkers may advance to more complex roles like climbing or crew leadership, influenced by their risk assessment abilities and environmental adaptability.

#### **b. Tree Climber:**

Climbers are vital for performing the actual tree work, including trimming and removal from elevated positions. This role requires a blend of physical fitness, dexterity, and a thorough understanding of safety protocols to minimize hazards. The progression from groundworker to climber involves significant training, typically under the supervision of experienced crew leaders. Climbers need to be self-reliant and often develop a unique set of skills that can lead them to seek new opportunities if they feel underappreciated or if their skills are not adequately rewarded.

#### **Case Study:**

A young tree climber is initially trained, motivated, and recognized by the more experienced hands at the company. He measures his success by his compensation and becomes disillusioned with their career progress due to a perceived lack of fair pay. He decides to look for other options, and finds a smaller company that is in need of a lead climber. Despite his limited experience, the climber's skills are good enough to convince the owner of the smaller tree company to hire him for the role - complete with significantly higher pay. Without experienced mentors, the climber ends up taking on some jobs for

which he isn't prepared. This journey reflects a common industry challenge of retaining talented climbers who may feel compelled to move between companies in pursuit of better opportunities or recognition.

### **Case Study:**

A residential tree care company, known for its robust climbing crew and efficient operations, faces upheaval following its acquisition by a private equity firm with a focus on plant health care (PHC). The shift in business focus and management style leads to dissatisfaction among key production team members, resulting in significant turnover and operational disruption. Over the course of a year, the company settles at about three crews after previously having kept 7 crews continuously employed.

The attrition was particularly exacerbated by bringing in a manager with a chemical background who knew almost nothing about tree climbing, which demoralized the tree climbers substantially.

This case emphasizes the interconnectedness of various roles within tree service companies and the delicate balance required to maintain harmony and productivity. Each role, from the groundworker to the climber, contributes uniquely to the company's ecosystem, influencing its capacity to adapt, grow, and thrive in a competitive environment. Understanding these dynamics is essential for developing strategies that foster long-term employee satisfaction and business success.

### **c. Crew Leaders:**

Crew leaders play a pivotal role in tree service companies, acting as the bridge between the management and the field workers. They not only supervise daily operations but also engage directly with clients to ensure service satisfaction. These leaders are tasked with some of the most complex climbing and technical tasks, requiring not just physical skill but also a deep knowledge of arboriculture to avoid potential hazards and efficiently manage projects under varying conditions.

A crew leader's effectiveness is often measured by their ability to foster a team environment where safety protocols are rigorously followed and productivity is maximized. This role demands adaptability as no two trees or job sites are alike,

which often means unexpected challenges that require creative and immediate solutions. Effective crew leaders maintain the morale and cohesion of their team through expert leadership and by advocating for their crew's needs with management, ensuring they have the necessary tools and support to safely and effectively complete their tasks.

#### **d. Trainers:**

In larger tree service organizations, trainers are crucial for the ongoing professional development of the workforce, including groundworkers, climbers, and equipment operators. These professionals serve as a vital link between the management and the on-ground teams, providing education on the latest safety standards, operational procedures, and technical skills.

Trainers are chosen for their comprehensive knowledge of tree care, proficiency in teaching, and their commitment to safety regulations. They play a significant role in shaping the company's safety culture and operational efficiency by continuously updating training protocols and directly addressing the practical challenges workers face in the field.

#### **Case Study:**

A large tree service company that exclusively performed line-clearance pruning experienced rapid growth but faced challenges with maintaining safety standards. To address this, they hired a safety director who revamped their training program, significantly improving the safety record and compliance across the company. This proactive approach not only enhanced operational safety but also boosted worker morale and retention by demonstrating a commitment to employee well-being and professional growth.

However, financial pressures led to strategic missteps, where the most experienced and influential trainers were laid off to cut costs, undermining the very improvements that had stabilized the company. This resulted in a deterioration of the safety culture and operational cohesion, highlighting the critical importance of maintaining skilled training staff as part of the core strategy for long-term business stability.

Trainers, often overlooked in financial assessments, are essential for cultivating a competent and loyal workforce. Their role in risk management and their impact

on the company's reputation and operational effectiveness should not be underestimated. Financial strategies that overlook the importance of such roles may jeopardize not just employee morale but also the financial stability of the business, as the ability to generate profits is directly linked to the capability and well-being of the workforce.

#### **e. Tree Care Manager:**

The Tree Care Manager, regardless of their specific title (Supervisor, Operations Manager, Safety Manager, Trainer, or Production Manager), is central to the functionality of a tree service company. This role is especially crucial in larger companies where the scope of work and the complexity of projects increase. The manager orchestrates logistics to support field crews, ensuring they have the necessary tools, manpower, and equipment. More than just logistics, this role involves strategic problem-solving when work plans developed by sales do not align with real-world conditions. Effective Tree Care Managers must foster trust and clear communication with crew leaders to collaboratively navigate challenges. Their role is pivotal not just in daily operations but in sustaining the overall health of the operational side of the business by bridging gaps between planning and execution.

#### **f. Utility Groundworker:**

Utility groundworkers are essential in the utility sector, handling the groundwork necessary to maintain and clear vegetation from power lines and other infrastructure. Unlike their counterparts in residential or commercial settings, their interaction with those working aloft is minimal, which shifts the dynamics of trust and teamwork. Often, these roles see high turnover due to the less skilled nature of the work and the contractual duration of projects. However, opportunities for advancement exist, with pathways to roles such as climbing, bucket operation, or crew leadership, which can provide more stability and higher wages.

#### **g. Utility Bucket Truck Operator:**

Utility bucket truck operators handle the critical task of maintaining clearance around power lines. These operators use specialized vehicles to trim branches at a safer and faster rate than traditional climbing methods could achieve. The



nature of their work—often near high-voltage lines—introduces constant risk, requiring high levels of safety awareness and cooperation with groundworkers and supervisors. The repetitive and contract-based nature of their work often results in less managerial oversight per crew, but the lack of mobility due to localized contracts can reduce job turnover.

#### **h. Utility Tree Climber:**

Utility tree climbers specialize in climbing and working on trees that are in close proximity to power lines, both in the distribution and transmission categories. This role requires not only the physical ability to climb but also a high degree of knowledge about electrical safety. The utility tree climber faces unique challenges and hazards, requiring rigorous training and adherence to stringent safety protocols.

#### **i. Pesticide/Herbicide Applicator:**

Pesticide and herbicide applicators in the tree service industry play a crucial role in maintaining the health of trees by managing pests and diseases. Although entry-level, the role demands a strong understanding of chemical application techniques and safety procedures to avoid environmental damage and personal health risks. These positions require certification and continuing education to stay updated on the best practices and new chemical treatments emerging in the market.

#### **j. Plant Health Care Technician:**

Plant Health Care (PHC) Technicians focus on the health and vitality of trees and plants, applying treatments to prevent disease and promote growth. This role is often solitary and involves a blend of fieldwork and study, with technicians needing to be proactive in their education and staying informed about the latest in plant health science. The role attracts individuals who are passionate about botany and ecology, offering a fulfilling career in the intersection of environmental care and scientific application.

#### **k. Master Technician:**

The Master Technician in Plant Health Care is a senior role that embodies high-level expertise in tree diseases and health management strategies. These technicians often guide less experienced staff and collaborate with sales teams

to develop effective disease management solutions for clients. The Master Technician's deep knowledge not only enhances service delivery but also positions them as candidates for consulting roles within or outside their companies, contributing to business development and client education.

Master Technicians in Plant Health Care (PHC) are pivotal in both operational and strategic roles within tree service companies. They often spearhead large PHC project bids, leveraging their deep understanding of arboriculture to secure and manage significant contracts. Their expertise not only guides PHC technicians in the field but also serves as a valuable resource for sales teams, providing insights that enrich customer interactions and service offerings. While many Master Technicians find fulfillment and career growth within larger organizations, their comprehensive knowledge and entrepreneurial spirit also equip them to start their own consulting businesses, further influencing the industry through innovation and leadership.

### **I. Salesperson:**

Sales roles within the tree service industry require a unique blend of expertise and intuition. Unlike more standardized trades, tree service sales depend heavily on the salesperson's ability to assess a myriad of factors including tree condition, site challenges, and client needs, often without straightforward measurement guidelines. This role demands high adaptability and an experienced understanding of both arboriculture and client management. Tree services such as chemical treatments, consulting, and land clearing, which are easier to quantify, typically offer less challenge in terms of pricing but require the same depth of knowledge to ensure client trust and satisfaction.

Sales professionals in this sector usually work on commission, which motivates accurate estimations and efficient project management to maximize both client satisfaction and profitability. The reliance on commission can make salespeople cautious about changing companies due to the potential loss of built client relationships and unvested commissions. Furthermore, the role necessitates continuous learning and certification, such as ISA certification, to maintain credibility and enhance service delivery.

### **Case Study:**

A large tree service company divided into residential care and utility line-clearance faced significant challenges following aggressive acquisition strategies by a private equity firm. Financial pressures and strategic misalignments led to drastic measures, including layoffs and changes in pricing strategies, which destabilized the established business model. Particularly detrimental was the decision to terminate lower-revenue sales staff without consulting operational leaders, undermining the sales team's stability and efficiency. This disruption in sales continuity significantly impacted client relations and operational cohesion, illustrating the critical nature of sales roles in maintaining revenue. The case underscores the importance of strategic and operational planning when making changes. Commission-based sales people - even if they underperform in comparison to their peers - are not a strong opportunity for cutting costs in the tree business without a commensurate drop in sales, and shouldn't be dismissed *en masse*.

#### **n. Equipment Operator:**

Equipment Operators in the tree service industry handle a variety of machinery essential for efficient and effective tree care. Their roles vary from operating cranes, chippers, stump grinders, to large vehicles. The skill required for these operations is considerable, as the operator must navigate complex controls and respond to dynamic environmental conditions. These professionals are crucial for maintaining the pace and safety of tree service projects, ensuring that operations proceed smoothly and within scheduled timelines.

#### **o. Equipment Maintenance Technician:**

The role of Equipment Maintenance Technicians is critical in extending the life and reliability of the machinery used in tree services. Given the harsh conditions under which this equipment operates, regular maintenance is essential. Technicians are tasked with a range of responsibilities from routine preventative maintenance, such as oil changes and greasing, to more complex tasks like troubleshooting electronic control systems, welding, and fabricating to repair structural damages, and replacing worn or defective mechanical parts. A proactive approach to maintenance can prevent costly downtime and extend the equipment's operational life significantly. Companies often invest in skilled in-house mechanics who focus not just on fixing problems but on optimizing equipment functionality to prevent future issues.

## **Case Study**

A Platform company backed by a Private Equity firm aimed to expand its reach by acquiring a small, reputable Residential/Commercial (Res/Com) tree service company. The target was familiar to one of the PE firm's principals, who had a prior competitive relationship with the owner of the target company. This personal connection influenced the acquisition decision, perhaps clouding objective judgment. The PE firm conducted financial due diligence but neglected to investigate operations personnel in the evaluative process, a mistake that would lead to significant oversights.

Post-acquisition, the integration process revealed that a significant portion of the acquired company's workforce did not meet the Platform company's employment standards for employability, and much of the equipment was found to be inoperable. Additionally, the leased space of the acquired company was not transferable, complicating the logistics of the merger. As a result, the acquisition, which was intended to significantly boost the Platform's operational capacity, resulted in minimal staff augmentation and limited equipment gains, highlighting the essential need for comprehensive operational due diligence in tandem with financial analysis to ensure the viability and success of such transactions. This oversight not only strained resources but also stalled potential growth, emphasizing the critical need for holistic evaluation in acquisition strategies.

### **p. Consultant / Master Consultant:**

Tree service companies often benefit from the expertise of consultants or master consultants who specialize in various aspects of the industry such as Risk Assessment, Construction, Inventories, or Municipal Consulting. While some firms employ dedicated consultants for these tasks, more typically, the role is filled on an ad-hoc basis by the firm's most seasoned arborists. These professionals lend their deep knowledge to support sales efforts and guide Plant Health Care (PHC) technicians in complex cases. Additionally, they play a critical role in legal contexts, such as assisting clients with the valuation and damage assessment of trees in disputes, ensuring that clients receive adequate compensation for damages inflicted by third parties.

### **q. Owner:**

The influence of owners in a tree service company can vary significantly. Some owners are deeply involved in the day-to-day operations, driving sales, overseeing projects, and pushing for growth and higher profit margins. Others may take a more passive role, maintaining a hands-off approach once the business reaches a certain level of success.

### **Case Study:**

A Platform company backed by a Private Equity (PE) firm was looking to expand its operations by acquiring a high-margin company in a new metropolitan area. The initial due diligence, led by the Res/Com division head and the CFO, revealed that the success of the target company was closely tied to the active, daily involvement of its owners. Concerned about the potential decline in performance if the owners reduced their involvement post-acquisition, the PE firm initially decided against the acquisition.

However, a year later, the PE firm revisited and proceeded with the acquisition, this time allowing the original owners to exclude some capital assets from the deal and including a substantial earn-out provision. Post-acquisition, the integration was hampered by limited engagement from the Platform company's leaders, as stipulated by the deal. The conflicting interests and restricted management engagement led to a performance drop immediately after the earn-out period ended, highlighting the critical nature of owner involvement and the risks associated with changes in leadership post-acquisition.

This case underscores the importance of considering the role and influence of key personnel when acquiring a business. Retaining such individuals can be crucial to maintaining business continuity and performance. A top-performing salesperson, for example, might be integral to generating substantial revenue, necessitating support and recognition within the company structure to sustain business operations effectively. When key personnel are overlooked during an acquisition or are not adequately incentivized to stay, the business's value and operational stability can suffer significantly.

## **4. Organic Growth**

In the tree care industry, the fundamental unit is the crew, typically consisting of 2 to 5 workers and led by a proficient tree climber. Essential tools for tree

trimming and removal are minimal and accessible, such as hand tools like chainsaws, rigging ropes, harnesses, and spikes. This low barrier to entry fosters a vibrant startup environment, with thousands of new tree care sole proprietorships and partnerships emerging annually in the U.S. A prime example is Boutte Tree, which started operations in 2000.

The growth trajectory of these startups is often limited by the skills available among the founding partners, particularly sales, climbing skills, and work ethic. With these elements in balance, a tree service can maintain sustainability and achieve modest returns, often operating efficiently with just one crew. A characteristic setup involves a key individual—often the owner or a manager—who juggles sales while influencing production activities, supporting a single large crew or occasionally splitting tasks among two smaller ones.

When favorable conditions align and the business founders are inclined to expand, scaling to multiple crews becomes feasible. This growth is usually managed by a small team, such as a family unit or partners, who can share sales responsibilities and the technical tasks of climbing and removal. Businesses like these can manage 3-5 crews without additional management layers. Beyond this size, however, production and sales efforts often need to be segregated, marking a typical plateau point for many tree care companies. At this stage, while the business might not need complex systems or extensive management structures, challenges in training, recruitment, compliance, and customer service quality can hamper further growth.

Many small tree service companies do not accurately track production costs or precisely measure job scope. Simply put, many owners enter the business with sales or climbing strengths and without strong math skills. This mathematical deficiency can allow unprofitable activities or pricing strategies to continue indefinitely as long as they are outweighed by other activities which are efficient. Math is also integral to understanding the volume of wood itself. For instance, the volume of wood from a 40-inch tree is four times greater than that of a 20-inch tree, because volume is the square of diameter. Likewise, heavily forested land may have an order of magnitude more wood (and therefore work) than lightly forested land. Failing to recognize this can lead to substantial underestimations of necessary time and resources.

Production teams value sales staff who provide accurate estimates, ensuring jobs can be completed efficiently within the allotted time. The inherent tension

between sales and production is pronounced in tree care due to the high-risk nature of the work. Rushed jobs increase danger, adding stress not only from clients but also from neighbors and utilities, which impacts crew morale and job satisfaction.

### **Case Study: Acquisition of a Small Residential/Commercial Tree Company**

A private equity firm identified a small residential/commercial (Res/Com) tree service company for acquisition in a complementary market. The target had a 20-year history of high-quality service in an affluent area, supported by a team of 11 production staff across three crews. The business operations were heavily dependent on a few strong crew leaders and a key sales figure.

The private equity firm conducted financial diligence but overlooked significant operational issues, such as the company's reliance on outdated direct-mail lead generation, which contributed a considerable part of the revenue. Moreover, over half of the staff were undocumented, posing a significant risk for continuity post-acquisition.

Post-acquisition attempts to replace the undocumented workers with compliant labor from the operations manager's network faced challenges. The new workers, paid at a higher wage, did not share the same loyalty or respect for the outgoing owner's business practices, leading to tensions and a breakdown in teamwork. The owner's departure within a year exacerbated the loss of cohesion, and language barriers among the new, diverse workforce further compromised safety and efficiency on the job.

With the original crew leaders gone, trust and camaraderie dwindled, affecting both workplace morale and operational safety. Additionally, the discontinuation of the lead-generation contract led to a sharp decline in customer calls, further straining the business. Combined with the increased labor costs, these factors led to the venture underperforming, illustrating the critical importance of understanding and maintaining operational and cultural continuity in acquisitions.

## **5. Diversification**

Diversification in tree services introduces internal stress due to the additional management focus required. While many tree services start with basic pruning and removal, diversification often begins as these services are enhanced through greater knowledge and expertise. It's common for owners to seek ISA certification, learn about tree biology, and offer more informed recommendations to clients, elevating their business profiles.

As tree service providers deepen their knowledge, they may begin to view their role more as advisors than estimators, shifting focus from project estimation to providing expert advice. This shift can benefit the business by enhancing its reputation and service quality but may also lead to neglect of production realities, creating tension between sales and production teams. Sales teams that prioritize knowledge over practical estimation can inadvertently increase production strain by setting unrealistic expectations based on scientific precision rather than the practicalities of fieldwork.

Diversification in tree services isn't limited to enhancing current offerings but also includes expanding into new services such as equipment operation, wood recycling, chemical application, and consulting. Often, these new ventures are pursued for their synergy with existing operations or as new market opportunities. However, focusing on new segments can lead to production staff feeling overlooked or marginalized, especially if new areas are more profitable or garner more management attention.

The risk of business failure increases with both excessive and insufficient diversification. Over-reliance on a single client or service type, such as a utility company for pruning contracts, exemplifies this vulnerability. Successfully managing diversified operations in consulting, wood recycling, utility clearance, residential/commercial care, ROW maintenance, and plant health care demands substantial expertise and administrative support. Diversifying too quickly or into unfamiliar areas can lead to strategic missteps, potentially alienating essential production staff.

### **Case Study: Ambitious Diversification with Mixed Outcomes**

A tree service company led by a sales-driven owner rapidly diversified into crane operation, wood recycling, ROW maintenance, and utility clearing. For each new venture, the owner hired individuals claiming expertise but often remained uninvolved in daily operations. The introduction of Plant Health Care



(PHC) services, seen as profitable, led to hiring a charismatic yet inexperienced individual to manage this new department. Despite their enthusiasm, the lack of proper systems and support hindered their effectiveness, and the sales team struggled to integrate PHC services into their offerings, treating it more as a referral than an integral service.

This lack of integration and support led to the PHC specialist feeling undervalued and disconnected, eventually leading to their departure. The owner's subsequent attempts to maintain the PHC services through subcontractors and new hires did not establish a sustainable department, failing to achieve the intended revenue mix and incurring significant costs.

### **Case Study: Unforeseen Complexities in Waste Management**

Another tree service owner, operating successfully with four crews, faced increasing costs associated with wood debris. To manage this, he rented industrial land for stockpiling and processing logs and green waste. Initially lucrative, the economics shifted when the owner purchased a grinder and related machinery, inadvertently transforming his operation into a medium-sized grinding business with significant capital investment but marginal profits.

These examples highlight the intricacies and potential pitfalls of diversification in the tree service industry. Effective diversification requires careful planning, familiarity with new business areas, and an understanding of how each venture affects overall company dynamics and staff morale. Without thorough analysis and strategic planning, diversification can strain resources and distract from a company's core competencies, potentially leading to operational and financial difficulties.

## **6. Training**

In the tree service industry, initial growth often stems from strong foundational skills in climbing and sales. However, as companies expand, gaps in training, especially concerning safety, become apparent. These deficiencies can lead to accidents, creating a cascade of issues: financial burdens from injuries, decreased morale, attrition, and operational challenges due to reduced workforce.

Tree work involves a unique and complex skill set, as each tree presents its own challenges influenced by its growth patterns, structure, health, and environmental impacts. For example, executing a directional cut—a common task—varies significantly based on tree species, branch size, seasonal changes, and tree health. This complexity necessitates a nuanced understanding that workers often gain through experience and iterative learning in the field.

Training in tree services is notably challenging due to the environment—working high in trees limits the feasibility of direct, hands-on coaching. Overcoming this involves creative approaches such as experienced trainers climbing with trainees. However, many skilled climbers are reluctant to train others, fearing job security risks or lacking confidence in their teaching abilities. Often, their own learning experiences, marred by close calls or injuries, make them hesitant to assume the responsibility of training.

Moreover, tree work can sometimes be performed unsafely without immediate consequences, misleading workers about the safety of their practices. For instance:

1. A tree company with workers from the same family or region might bypass formal safety protocols like command-response or drop zone markings, relying instead on their high level of mutual understanding and communication.
2. Another company might emphasize the use of personal protective equipment (PPE) but not strictly enforce all safety gear rules. If the company operates within a confined geographical area and has a stable, experienced workforce, it might experience few accidents despite these lapses.

These examples underscore a precarious reliance on informal safety measures and luck. While some companies manage to operate safely for years under such systems, the industry's regulatory framework is designed to safeguard against the cumulative risk of unsafe practices. The eventual exposure to new workers, changed ownership, or different types of work can abruptly disrupt these precarious balances.

Effective training is crucial and has varying impacts depending on the company's life stage. Motivation for professional growth and higher wages drives many to seek training, while experienced professionals may seek to enhance industry safety standards. Owners and managers use training

strategically to develop their workforce and ensure operational success. Nonetheless, inadequate training remains a significant industry issue, leading to accidents, fatalities, and property damage.

### **Case Study: Crane Operation Incident**

A tree service owner, skilled in climbing and machinery, purchased a crane to mechanize operations. He personally trained his top climber to operate the crane, primarily through hands-on, in-field practice. However, this training lacked a systematic, formal approach, especially in explaining the crane's control system and digital read-outs.

One day, while the owner was away, the top climber, misunderstanding the crane's load capacity as indicated by the digital display, attempted a lift that exceeded the crane's limits. The display's ambiguous symbols contributed to this error, leading to a major accident where the crane toppled onto a nearby house, causing extensive damage and significant financial strain on the company due to ongoing crane payments during its repair.

This incident highlights the critical importance of comprehensive and clear training, particularly when introducing complex machinery into operations. It underscores the need for systematic education on equipment use, safety protocols, and accurate interpretation of operational data to prevent costly mistakes.

## **7. Leadership & Culture of Safety**

The concept of a 'culture of safety' is often misunderstood or superficially adopted in the business world. Some businesses might describe it simply as caring about each other's safety or holding regular safety meetings. However, claiming a culture of safety without genuinely embodying it in everyday practices can lead to significant gaps between rhetoric and reality. For a true culture of safety to exist, it must be actively led and continuously nurtured by the organization's leaders.

### **Leadership's Role in Fostering Safety Culture**

Leaders are pivotal in establishing and maintaining a safety culture. Their primary role involves articulating clear values and principles focused on safety, which are consistently demonstrated through actions and decisions. Effective leaders communicate their vision for safety, integrate it into the company's strategic objectives, and ensure all team members understand and engage with their roles in this vision. They celebrate progress, set new safety targets, provide necessary resources, and develop future leaders to sustain the culture.

## 7.1. Building the Foundation for a Sustainable Safety Culture

### Cornerstones of a Safety Culture

Changing an organization's culture, particularly around safety, is a complex challenge. Successful safety cultures are built on several foundational cornerstones:

1. **Leading Indicators Over Lagging Metrics:** Traditional safety metrics, like incident rates, often measure outcomes rather than preventative actions. These lagging indicators can provide misleading comfort when numbers improve, not necessarily because of safer practices, but due to statistical variance. To genuinely enhance safety, organizations must focus on leading indicators that measure proactive safety efforts and daily management behaviors. These indicators help embed safety into the fabric of everyday operations, ensuring it's a continuous priority rather than an intermittent focus.
2. **Daily Management of Safety:** In strong safety cultures, safety is not relegated to periodic meetings or reactive measures post-incident. Instead, it's integrated into daily management routines and decision-making processes. Leaders must ensure safety practices are as integral to operations as productivity, quality, and reliability.
3. **Accountability and Measurement:** By establishing clear metrics that track daily and weekly safety activities, leaders can create immediate and certain consequences for safety performance, similar to those in place for other business objectives. This approach ensures that safety receives continuous attention and is valued equally with other critical operational goals.
4. **Education and Engagement:** Continuously educating employees about safety and engaging them in safety practices helps to deepen their

understanding and commitment. Leaders should foster an environment where safety education is ongoing and interactive, allowing employees to actively participate in shaping the safety culture.

## **Transforming Safety Management**

To transition from a reactive to a proactive safety culture, organizations must adopt a comprehensive approach that includes redefining how safety is measured, enhancing daily safety management, and ensuring accountability across all levels. By focusing on these areas, leaders can build a robust safety culture that not only prevents accidents but also enhances overall organizational well-being.

By embedding these principles deeply within the organization's culture, leaders can ensure that safety becomes a living, breathing part of every employee's daily routine, thereby reducing the gap between stated safety goals and actual practices.

## **7.2. Learning from Mistakes vs. Blaming People for Them: Forward-Looking Accountability**

Accountability is crucial in all business areas, particularly in safety management. Traditionally, accountability is often misconstrued as assigning blame and dealing out punishment, which can be counterproductive in fostering a safe work environment. In contrast, forward-looking accountability offers a more constructive approach. It involves acknowledging mistakes and their consequences, but more importantly, focuses on identifying and implementing changes necessary to prevent recurrence.

### **Forward-Looking Accountability**

This form of accountability doesn't seek to punish but to learn and improve. By prioritizing changes that enhance safety practices and the physical environment, forward-looking accountability shifts the focus from retribution to prevention. This approach helps reduce the fear associated with reporting errors and promotes an organizational culture that values learning from mistakes.

## **Cultivating Mature, Healthy Relationships**

Robust safety cultures thrive on strong interpersonal relationships at all levels within an organization. These relationships facilitate open, honest communication about what works, what doesn't, and the mistakes in between. Trust is paramount; employees must feel confident that sharing information about safety concerns won't lead to punitive reactions.

Leaders play a crucial role in fostering these healthy relationships by:

- Setting clear expectations and providing constructive feedback.
- Recognizing and appreciating good work.
- Seeking to understand issues without assigning blame.
- Practicing active listening.
- Committing to follow-through on promises.
- Removing obstacles that hinder team performance.
- Encouraging feedback on their leadership effectiveness.

### **Balanced Relationship Dynamics**

Effective relationships in a safety context are not about leniency but about maintaining accountability and offering constructive feedback. They are built on mutual trust and respect, allowing for a partnership-oriented approach to safety, where both management and employees collaboratively work towards safer workplace practices.

### **Challenges in Leadership**

Not all leaders naturally excel at building or maintaining these beneficial relationships. A lack of emotional intelligence, absence of role models, or insufficient maturity can hinder a leader's ability to remain impartial and judicious. While coaching and professional development can help, there are cases where leaders unable to sustain positive relationships need to be replaced to preserve organizational integrity. This is particularly critical when the top leader in an organization struggles with these relationships, signaling potential systemic issues that could affect the entire organization's culture and operational success.

Adopting forward-looking accountability and fostering mature, healthy relationships are essential components of a thriving safety culture. These elements encourage learning from mistakes and promote a supportive environment where safety is prioritized as a collective responsibility. Leaders must embody these principles through their actions and relationships, ensuring that safety culture is not only professed but practiced.

### **Enhancing Employee Discretionary Effort in Safety Cultures**

Discretionary effort is the extra effort that employees can choose to exert at work beyond the basic requirements. In the context of workplace safety, while compliance with rules, regulations, and procedures is foundational, leveraging discretionary effort is crucial for achieving exceptional safety standards. Exceptional safety is not just about adhering to OSHA standards or wearing personal protective equipment (PPE); it involves proactive behaviors such as identifying hazards, providing feedback on safety practices, participating in safety committees, suggesting improvements, and importantly, admitting mistakes to facilitate learning.

### **Creating Discretionary Effort Through Positive Reinforcement**

Research indicates that discretionary effort in safety can be fostered through positive reinforcement. Recognizing and rewarding employees for their contributions to safety and responding constructively to reported problems encourages a deeper engagement in safety practices. Effective safety cultures thrive when employees feel valued for their proactive safety behaviors and when their concerns lead to tangible changes.

### **Distinguishing Positive Reinforcement from Incentives**

It's important to differentiate between positive reinforcement and incentives. Traditional safety incentive programs can sometimes backfire by encouraging the wrong behaviors:

1. **Ideal Outcome:** Employees engage in safe behaviors consistently and earn rewards as a result.

2. **Risky Non-Incident:** Employees may take risks but avoid accidents by chance, thus still qualifying for incentives.

3. **Underreporting Risks:** Employees might not report incidents to avoid losing incentives.

The reliance on incentives can obscure true safety performance. Instead, focusing on positive reinforcement involves acknowledging and rewarding the right behaviors directly. This approach not only promotes genuine safe practices but also ensures that safety improvements are made for the correct reasons—because employees are genuinely committed to maintaining a safe work environment.

### **Implementing Effective Positive Reinforcement Strategies**

To capture discretionary effort effectively, organizations should:

- Provide immediate, specific feedback for safe behaviors.
- Celebrate contributions to safety improvements openly and regularly.
- Encourage a culture where reporting safety issues is seen as a contribution to the company's success, not a fault-finding mission.

By prioritizing these strategies, companies can foster a safety culture where discretionary effort is naturally integrated into daily operations, leading to a genuinely safer and more responsive workplace environment.

### **7.3. Leaders: Cultivating Safety Through Leadership**

Leaders are instrumental in establishing and nurturing the foundational cornerstones of a safety culture within an organization. Their role transcends setting up systems and procedures; it involves actively engaging every level of the workforce to participate and invest in the safety framework actively. This engagement is crucial, as it helps embed safety into the daily consciousness of employees, fostering a collaborative environment where safety is prioritized consistently across all operations.

### **Distinguishing Between Safety Leaders and Safety Managers**



While both roles are integral, understanding the distinction between safety leaders and safety managers is vital for effective safety governance:

- **Safety Leaders** are those within the organization who inspire and influence the workforce to adhere to and champion safety practices. They are not confined to formal managerial roles but are identified by their ability to positively influence their peers and promote a proactive safety culture.
- **Safety Managers** have formal responsibilities embedded within the organizational hierarchy to enforce compliance and manage the administrative aspects of safety programs. They ensure that safety policies are implemented and adhered to but may also take on leadership roles by motivating and guiding their teams toward safer practices.

### **The Synergy of Leadership and Management in Safety**

The most effective safety cultures arise when managers embody both roles—leveraging their authority to enforce compliance while also serving as inspirational leaders who advocate for and exemplify safety. This dual capacity helps:

- **Define and Communicate Safety Goals:** Leaders articulate a clear and compelling vision for safety, setting expectations that resonate throughout the organization.
- **Develop and Implement Safety Procedures:** By integrating safety deeply into organizational procedures, leaders ensure that safety is not an afterthought but a fundamental aspect of all operations.
- **Motivate and Engage Employees:** Through consistent motivation and engagement, leaders encourage a proactive approach to safety, where employees feel valued and integral to the safety process.

### **Ensuring Effective Safety Leadership**

Organizations must cultivate environments where leadership in safety is recognized and encouraged at all levels, not just within management. Training

programs, leadership development opportunities, and recognition systems can all play pivotal roles in fostering leaders within the workforce, enhancing the overall safety culture. By emphasizing that leadership can come from any position within the organization, companies empower individuals to take initiative and lead by example, significantly impacting the collective safety practices.

Ultimately, the effectiveness of a safety culture hinges on the active participation and commitment of its leaders, whether they hold formal managerial roles or emerge from within the ranks. This dynamic interplay between leadership and management is essential for sustaining a robust safety culture that adapts and evolves with the organization's needs and challenges.

## 8. OSHA's Perspective on an Appropriate Safety Model

The Occupational Safety and Health Administration (OSHA) provides a comprehensive model for fostering safety leadership within organizations, irrespective of the hierarchical position of the leader. This model, referred to as the OSHA STARS model, outlines five critical components necessary for effective safety leadership:

1. **Supervision:** This involves overseeing work activities to ensure that safety protocols are followed, and that the workplace environment remains safe for all employees. This aspect of leadership goes beyond mere observation; it involves active engagement and intervention when safety risks are identified.
2. **Training:** Providing comprehensive safety education and ongoing training to all employees is crucial. This ensures that every team member is aware of the potential hazards and knows how to handle them safely.
3. **Accountability:** A core requirement for any safety program is the enforcement of safety policies and rules. Leaders must insist on compliance and should be prepared to take corrective actions when standards are not met.
4. **Resources:** Ensuring that all employees have the necessary tools, equipment, and materials to work safely is a fundamental responsibility of safety

leaders. This also includes maintaining all safety gear and machinery in optimal condition.

5. **Support:** Creating a supportive work environment involves more than just physical safety measures; it also includes managing schedules and workloads to prevent undue stress and burnout, which can indirectly contribute to workplace accidents.

### **Characteristics of an Effective Safety Leader**

A safety leader is effective not only by virtue of their position but more so through their ability to connect with and influence the workforce. Leaders who emerge from within the team, such as those on the shop floor or job site, often have a direct line of sight to the daily operations and potential risks, making them uniquely positioned to enforce safety protocols and engage with employees about safety practices.

### **Key Qualities of Safety Leaders:**

- **Commitment:** True safety leaders exhibit a genuine concern for the well-being of their team. They go beyond enforcing rules; they inspire their teams to adopt safety practices through their dedication and care.
- **Inclusivity:** Good safety leaders seek and value the input from their teams, especially from those who directly engage with operational challenges. This inclusiveness helps to foster an environment where employees feel comfortable sharing their concerns and suggestions.
- **Collaboration:** Recognizing when to defer to others who have greater expertise in specific areas of health and safety is crucial. Effective leaders do not hesitate to consult safety committees or health and safety representatives to ensure that decisions are well-informed and that the workplace safety measures are robust and comprehensive.

By integrating these principles into daily operations, organizations can ensure that their safety culture is both effective and sustainable, aligning with OSHA's standards and beyond.

In conclusion, the growth and decline of tree service businesses hinge on multiple factors that interplay dynamically within the industry. From the initiation of small-scale operations driven by core competencies in climbing and sales to the complexities of managing large, diversified enterprises, the path of a tree service company is fraught with both opportunities and pitfalls. Effective leadership, a robust culture of safety, and strategic training initiatives form the backbone of sustainable growth and operational excellence. However, as these businesses expand, the challenges of maintaining quality, safety, and employee morale can lead to stagnation or decline if not managed with foresight and adaptability. Thus, understanding the nuances of operational, managerial, and safety aspects within the arboriculture industry is crucial for any tree service business aiming to thrive in a competitive market while avoiding the common traps that lead.