

How Jim turned \$20,000 into \$200 million

by not letting the grass grow under him

BY REUBEN BUCHANAN

What do you do when you're 30 years old, flat broke and your only real work experience is mowing lawns? Build the world's largest lawn mowing franchise, of course.

That's exactly what Jim Penman did. Today, The Jim's Group has over 2,100 franchisees throughout Australia, New Zealand and Canada, with a combined annual revenue of more than \$100 million.

Apart from Jim's Mowing, there's also Jim's Fencing, Jim's Dog Wash, Jim's Cleaning, Jim's Paving, Jim's Antennas, Beach House Female Fitness Centres, and many more.

And that's just the beginning. "I see so much potential for the Jim's Group," says Jim Penman. "This is just the tip of the iceberg. I believe that I can turn this into a billion dollar company."

THE JIM'S STORY

Jim Penman's story is a classic rags to riches tale. His illustrious gardening career began at the age of 8, doing odd jobs for neighbours in return for pocket money. Little did he know that he was laying the foundations for his future empire.

After graduating from high school in 1970, he completed a Bachelor of Arts majoring in History, then continued on to

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a PhD, which kept him at uni for a total of 12 years. "Ever since I can remember, I have wanted to do research," he recalls. "Never in a million years did I think that I would do what I'm doing now. Back then I never thought of business, gardening or anything like that." So much for goal setting.

Ironically, he kept his hand in the gardening business while at university, charging \$3 per hour initially. He soon worked out that if he charged \$5 per lawn, he could triple his income. "I was soon pulling in about \$10 an hour. It was really exciting."

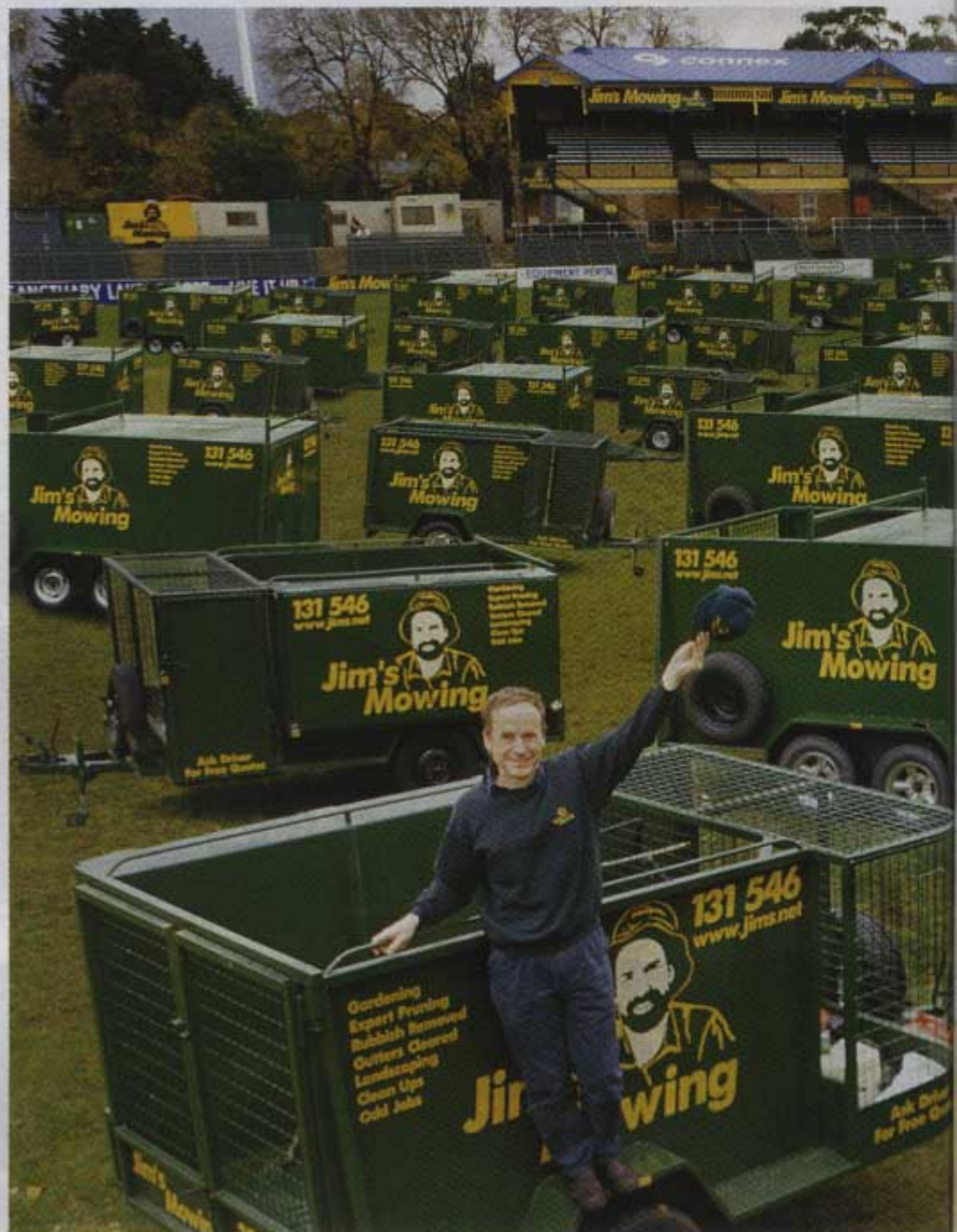
Jim's hard work at university did not pay off. "I failed my PhD. I got my thesis knocked back," Jim explains. "I was \$30,000 in debt at the age of 30. My only qualification was a failed PhD in History, so I turned to the only thing I knew – mowing lawns, only this time I went at it full on."

As the story goes, Jim started Jim's Mowing with some broken down equipment, and \$24 for leaflets which he delivered by hand to local letterboxes. "It's easy to be motivated when you are broke, you have a new wife and you just need to survive." Soon he was grossing \$550 - \$600 working six days a week, reasonable money for the early eighties.

Originally, his business was called Balwyn Gardening, which he advertised via letterbox drops and small ads in local papers. Before too long, he was attracting business from all over Melbourne, which is why he changed the name to Jim's Mowing. Eventually there became too much business for one man to handle. "I accidentally stumbled upon the idea of selling lawn mowing rounds mainly because I needed to go back and finish my PhD. I had so many clients that I ended up selling three lawn-mowing rounds to unload enough work so I could finish my thesis."

This was all in his first year of operation. He quickly worked out there was potential in building up and selling lawnmowing rounds, which is how the business evolved. Jim was aware of the franchising concept but couldn't see how he could apply that model to his business.

Soon he had a list of over 100 people who had purchased a round off Jim's Mowing, which he kept on a wall chart.



"If somebody wanted to buy a round, I would simply say 'ring anyone on this list,' Jim says. "From there it's an extremely easy sale, because my people sold it for me."

FRANCHISING...THE BEGINNING

Jim's Mowing was progressing quite nicely in the highly fragmented Melbourne home services market, until a major Adelaide group called VIP Home Services rolled into town. Rather than competing against VIP, he decided to offer them a joint-venture type arrangement where they could work together. "I called the state manager of VIP and asked him if they'd be interested in such an arrangement. They declined the offer, so I had no choice – I had to compete or die."

At that point the only relationship he had with his buyers was some ongoing support. Even his sub-contractors had no uniforms, no green 'Jim's' trailers, no logo, not even business stationery.

Jim set about designing the 'perfect'

4 into \$100 million s grow under his feet.



franchise system and contract. "Firstly, we didn't want to limit the size of their business," Jim said. "I set it up so that a franchisee could run any size business they want – no limit to the number of employees, vehicles or trailers they could have." His system was based on the philosophy of 'franchisees first', because he knew that if he built a team of happy franchisees, the customers would also be satisfied.

The proof of Jim's system is in the results. In just 14 years, The Jim's Group has gone from zero franchisees, to over 2000, while competitors have struggled or disappeared.

CUSTOMER SERVICE

"It annoys and upsets me whenever I hear about an unhappy client or franchisee," says Jim.

To give you an example of Jim's commitment to customer satisfaction, he recently spoke to a client who had a job that was not completed correctly. He said "Look,

no matter what it takes we will fix it. If the franchisee can't fix it, the franchisor will get involved. If he can't fix it, we will get an industry expert out. If necessary we'll refund the money or pay to have it done by somebody else."

In another instance, a franchisee accidentally chopped back a 100-year old cypress hedge to the

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wood and killed it. Jim wrote a cheque for \$10,000 to have it replaced. "There isn't really a limit to the length I will go to in order to keep customers happy, you just fix it." Jim said.

"Unfortunately most businesses are not very good at looking after their clients. What's worse is they don't even know it."

"I encourage franchisees to call me whenever they please. I listen very carefully to them and what they have to say – it's all about service. It is a big mistake to become arrogant and think you are superior, just because you own the company, it's just not true."

MILLION DOLLAR FRANCHISEE

One particular franchisee turned over just under \$1 million per annum. "His turnover was \$20,000 per week, and he was only paying us \$350 a month in franchise fees," Jim said.

A recent survey showed that the average mowing franchisee earns around \$1150 per week. "But we also found huge differences in turnover. Some of our franchisees were barely getting by, whilst others turned over more than \$100,000 per annum – in some cases, even as sole operators. It's quite fascinating."

DIVERSIFICATION

Jim's Mowing has expanded to include over 20 divisions, the most successful being Paving, Fencing, Dog Wash, Antennas and Cleaning. These divisions began when entrepreneurial individuals approached Jim. "One of our franchisees came to me with a proposal for Jim's Fencing. Initially I didn't think there would be much of a demand for fencing, but he was determined, so I let him have a go at it. Now fencing has more than 80 franchisees, and is growing fast – it's an extraordinary division.

The way it works is they provide the skill and expertise for the specific business, and we (Jim's Group) provide the franchising expertise. I have no idea how to erect a picket fence. The key to the division's

8 things you probably didn't know about Jim

1. He started his gardening business at age 8
2. Jim's Mowing started out as Balwyn Mowing
3. He drives a 21-year-old Volvo... and is proud of it
4. Jim still answers the reception phone if the lines become overloaded
5. He has 9 children, with one more on the way
6. He is a member of the Church of Jesus Christ of Latter Day Saints and a Sunday School teacher
7. His wife is his best friend, his greatest blessing!
8. He is funding a major research program through Monash University, looking for ways to treat alcoholism and drug addiction