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A good niche

Canton-based Spread Tech learned it couldn't be all things to all customers. With focus came growth and profitability.

By Tom Barry
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Andy Erler says that for a year and a half after he launched Spread Tech in 2002, the Canton mulching firm “just kind of plodded along,” trying to be all things to all people.

In those early months, Erler put mulch around homes, businesses and schools. His blower trucks sprayed sand on bermuda lawns and pea gravel on walkways. And he mulched the islands of shopping center parking lots. To boost business, Erler distributed fliers in residential neighborhoods and contacted landscapers. He was an equal opportunity, dial-a-dose blower in a big industry. Sand, stone, soil, wood fiber, you name it.

But no more. When Erler stepped back and analyzed the financials, the conclusion was inescapable. Much of his business came from playgrounds — child-care centers and schools, anywhere kids played and adults worried about their safety. In a litigious age, they also worried big time about liability.

So in mid-2003, Erler decided to specialize.


“We’ve had record revenue every month since,” Erler said. “It was like the seas parted for us. Yet even today we only have about 5

percent of the area’s playground market. It’s just the tip of the iceberg.”

Focus can be everything in a business. A good niche can make you rich. Lack of focus — or too narrow of a market slice — can be the road to trouble. Some busi-

nesses never effectively define themselves. For others, it’s second nature.

“Business owners should look for anomalies — unique ways their product is being used — and see if that meets a larger



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Andy Erler
Spread Tech

need in the marketplace,” said Susan Hogan, assistant marketing professor at Emory University’s Goizueta Business School. “If there’s a growing trend out there, it can separate your company from others.”

Erler, 37, has built two businesses on the power of portable technology. His first was Secure Shredding Services, which he founded in 1992 and ran for seven years in Charlotte, N.C.

Secure Shredding trucks would go around to banks, law firms and government agencies to shred documents on site. New at the time, the technology both improved security and cut costs. Customers no longer had to transport mounds of paper to a shredding firm or buy a shredder and assign employees to the mundane task.

“It’s not very productive having your employees feed a shredder for hours on end,” Erler said.

Secure Shredding clients came to include the FBI, Secret Service and police agencies. The company was on an upward arc when Erler received a buyout proposal.

“Call it an offer I couldn’t refuse,” he said.

The ex shredder spent the next six months investigating new ventures — researching different markets and industries. His thoughts turned toward Atlanta, the biggest, fastest-growing market in the Southeast.

Research showed that blower trucks were being used by West Coast landscapers and that the technology was moving eastward. A pneumatic truck would back up to a site and blow in a prescribed amount of mulch. It was fast, easy and precise.

“What usually happens is that a big tractor-trailer comes by and dumps a mountain of mulch in the parking lot,” he said. “Folks get out the wheelbarrow and pitchforks and start spreading it around. With us, the equipment does all the work.”

Basically, it was a landscaping riff on the Secure Shredding tune. “Technology replaces labor,” he said. “You just aim and shoot.”

In January 2002, Erler launched Spread Tech with partners Ed Foerschler and Irvin Erler, his father. The firm now has six employees and generates about \$1 million in annual revenue.

Erler, who serves as company president, compares the early days to using a Swiss Army knife.

“I had all these blades and was trying to figure out the most productive one,” he said. “Was it the corkscrew? The scissors? The little saw? Atlanta is such a massive market that if you try to do everything, you’ll get lost. No one will know who you are.”



Like butter: Jeff Weaver uses a pitchfork to level the wood chips on a Spread Tech transport truck. The company uses a blower to spread the chips out on a surface, rather than spreading it out manually once it has been delivered.

Erler studied the numbers, assessing where he made money and where he lost ground.

“No matter how I posed the questions, the answer was always the same,” he said. “We serviced playgrounds the most efficiently.”

Goizueta Business School’s Reshma Shah says companies tend to follow one of two strategies.

“Either they try to be full-time generalists and cater to a variety of demographics or become niche players,” said the assistant professor of marketing. “The so-called Rule of Three applies. Typically, only three players dominate a particular market. No. 1 and No. 2 tend to be generalists. No. 3 often becomes a niche player in order to survive.”

Shah says it’s very difficult appealing to the broad spectrum. “If you’re Anheuser-Busch or Miller, it’s great, but what do you do if you’re Coors? Such companies usually end up playing the margin game, not the volume game.”

The playground niche is huge in Atlanta and elsewhere, in part due to liability concerns.

“The majority of playgrounds in Georgia have either inappropriate or insufficient surfacing,” he said. “The surface must be soft enough to reduce injuries from falls but firm enough to be wheelchair-accessible. Only a limited number of products meet those requirements.”

Spread Tech’s two \$300,000 trucks spray engineered wood fiber or rubber from ground-up tires. One inch of mulch is recommended for every foot of potential fall.

If the maximum fall from an apparatus is six feet, for instance, at least six inches of product is suggested.

“Schools, especially public schools, get sued over everything these days,” Erler said. “People will sue over a dress code or if their child fails. And they’ll definitely sue if the child gets hurt.”

Goizueta’s Hogan said focusing too much on a niche market can present dangers for a company.

“Maybe someone will come up with a better solution or the trend will go away,” she said. “Or the company will become associated too much with the unusual use of the product. While repositioning itself to go after a niche market, the company also might keep reminding customers that it’s still a key player in the more expected use of the product.”

Erler sees rapid growth ahead. Potential customers include not only child-care centers and schools, but also homeowner associations, churches, apartment complexes, and city and county recreation departments — anywhere children play.

The key is maintaining that sharp focus on niche, said Erler. Ninety percent of his revenue now derives from playgrounds.

“If you want to be a big fish, you have to pick a really small pond,” said Erler, adding that his biggest competition is

the traditional hand-mulching method. If a better technology comes along, so be it, he said. “We would go with that better mousetrap. Worst-case scenario, we’d just have to sell a couple of blower trucks and take on a different product line.”