

GROWERTALKS

Acres & Acres

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When 25 Equals 100

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For the past two months, I've been telling the story of "Plan for profit, plant to plan," as explained by Dr. Will Healy, Ball's technical guru. He's my guru, as well, regularly popping into my office to plant seeds of wisdom in my thick skull in hopes that a few will germinate. We'd been discussing his mantra "Plan for Profit, Plant to Plan" (see my February and March columns) and I was telling Will that I thought "plant to plan" means you don't deviate from your original "plan-for-profit" plan.

"In other words," I said, "Don't decide at the last minute to fill your aisles with flats like your dad used to do because that winds up costing you. Is that what it means?"

"It's more than that," Will corrected. "Suppose your plan is for 1,000 finished plants and you planted 1,000 per your plan. And you have a Mother's Day order for 1,000 plants, so you'd better have 1,000 plants ready then or you're not going to make money, right? If you kill 25 plants, and only have 975 to sell, what happens?"

I hazarded a guess. "Um, your customer is mad?"

"Who cares about the customer?" he shot back with a laugh. "No, not only did you lose the profit of the 25 plants you killed, you also lost the profit from 75 more plants that have to cover the production costs of the ones you lost."

Will could tell I wasn't quite following.

"Let's do the math," he said. "Assume that the cost of growing those plants is 75% of the selling price. Roughly speaking, you have to sell three plants to make up for every one you don't sell. You consume the profit of 75 plants to cover the cost of growing the 25 you lost. So instead of losing the profit of 25 plants, you actually lost the profit from 100 plants. Now you have the profit not of 1,000 plants, but of 900, and there went your 'plant to plan.'"

Surprisingly, I followed Will's calculations.

"That's scary. By killing 25 plants, you lost the profits from 100 plants. You grew them for nothing."

"Scary, but that's the reality," Will said. Then he continued. "Now, in your simplistic world, the solution is simple: Don't kill any plants! In my much more complex world, we have to ask, 'What do we as growers need to do to produce 100% scannable/sellable plants?'"

"One hundred percent? Is that even possible?"

"We'll get to that next time. But for now, what happens is, rather than shoot for not losing those plants, we make excuses. 'Well, our growers aren't very good, so we'd better plant an extra 50 plants because they're going to kill some.'"

Will gave me another quiz.

"Okay, Chris, if you put an extra 50 in—so now you have 1,050—and you kill 50, how many is that equivalent to?"

"Well, if we figured before that you have to sell three plants for every one you kill, it's 150," I ventured.

"So in this scenario, you killed 50, plus lost the profits from 150 to cover that, so you really lost 200, meaning you only reap the profits from 850 plants instead of 1,050. Basically, the more you grow in order to make up for losses, the more you lose."

Will then told me about his brother-in-law, a Chapter 13 bankruptcy accountant.

"Companies brought him in once they realized the bank was knocking on the door and the court had to intervene," Will said. "He told me that every single bankrupt company he worked for believed that if they sold more at a slight loss, they would eventually make money."

"'We'll make it up in volume'—the joke of many a struggling business," I mused. "But it obviously doesn't work. So the answer really is, don't kill your plants."

Will smiled. "The great opportunity here, Chris, is that you can get those 25 plants to survive. It's not that complicated. People do it every day. Let me tell you a story about Len Busch of Len Busch Roses. He spoke to my class at the University of Minnesota when I was a wee one back in 1976. Len said ..."

Next month: Will (and Len Busch) on how growing is like going to school. **GT**