

GROWERTALKS

GT in Brief

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Rocket Farms Owner Purchases Nurserymen's

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Monterey Peninsula Horticulture (MPH), the same company that owns Rocket Farms and Growers Transplanting in California, has purchased Nurserymen's Exchange. Nurserymen's went into Chapter 11 back in May and announced they were looking for a buyer. MPH came to their rescue.

The new owner, Charles Kosmont, serves as CEO of MPH. But Charles isn't a nurseryman; his expertise is start-ups, management and turnarounds. He's been involved in pharmaceuticals, natural foods, health supplements (for two years he was CEO of MET-Rx) and even desserts (he's CEO of Steven Roberts Original Desserts and Chairman of Fabes Natural Gourmet).

GrowerTalks caught up with Nurserymen's Exchange's Charles Kosmont (left) and president Justin Dautoff (grandson of founders Carl and Virginia Pearlstein) and got them to go on the record about why Nurserymen's went into Chapter 11 in the first place, and why Charles bought the company. We also got the scoop on a new "Institute for Floriculture Innovation: A Global Consortium" they're launching that they hope will boost pot plant sales not just for Nurserymen's and Rocket Farms but for the entire industry.

What led to the Chapter 11?

Justin: "We had a perfect storm, if you will. Just prior to 2008, we were growing, increasing in revenues, and we started scaling up the infrastructure. And as we started to build, the market changed, and we didn't react quickly enough. We had revenue drop, and we were cost-laden, with the infrastructure. And with the long lead times on crops we didn't make changes quickly enough on the infrastructure side nor on the crop-planning side. So we had an imbalance of supply and demand. We had a lot of shrink, a lot of product was thrown away, and we were obviously unprofitable. We started taking corrective action, but as you know, it's difficult to refinance in the difficult environment we're in. So we made the decision to sell the company to ensure that we preserve it."

Why buy Nurserymen's?

Charles: “It’s a great company. I was very impressed, frankly, with Justin and his team. These guys have a lot of heart and a lot of knowledge. They’re very organized, they’re good thinkers. Nurserymen’s, as you know, has a great reputation for newness, and we very much believe the industry needs newness. We felt that we could back them up financially and blend the greatness of the people there with what we have at Rocket Farms. We have a complimentary set of companies here—what Nurserymen’s grows we don’t, and what we grow, they don’t. And when you look closely at the teams, together I think we’re stronger than we are apart.”

What’s this “Global Consortium”?

Nurserymen’s proposed Institute for Floriculture Innovation - A Global Consortium is “designed to bring the best minds together from multiple industries and academia, including horticulture, food, fashion and design, to drive innovation throughout the entire indoor potted blooming plant arena,” says the company’s press release. We asked Charles for more details.

“That’s about how to bring the best minds together from around the world to look at the indoor potted plant market. What things could we be doing to increase demand? What things could we be doing to create innovation and excitement? You know, when you think about people in America and their consumption per capita of plants compared to Europe, it’s much lower here. And yet with the economy where it is, it’s expensive to buy furniture and carpets to redo your house. But it’s not expensive to buy some potted plants to bring new beauty to the house. So we’re hoping that we, along with other thought leaders, can help to increase demand for this industry.”

It seem like a good solution for Nurserymen’s based on past history. MPH was formed in 1981, but by the late ’80s was in trouble. That’s when Mr. Kosmont came on board to turn the company around. Today, MPH’s Growers Transplanting division is one of the largest vegetable seedling and transplanting companies in the world. And Rocket Farms has gained recognition as a top U.S. supplier of potted plants. Mr. Kosmont has a solid track record in horticulture and has shown a long-range commitment to the industry. This deal also turns MPH into a seriously big business, making it the third-largest greenhouse grower in the country. **GT**