GROWERTALKS

GT in Brief

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Ecke Sells to Agribio Group

Chris Beytes

The deal hasn't closed yet, but as of press time, there'll be one less family-owned breeding company in floriculture: Paul Ecke III has sold the assets of the third-generation business to Agribio Group of the Netherlands. In recent years Agribio has acquired several other well-known breeders and producers, including Fides, Oro Farms, Barbaret & Blanc, Bartels Stek, Lex+ and Japan Agribio. Agribio is a subsidiary of equity firm H2.

The purchase includes Ecke's poinsettia and Oglevee genetics, Ecke's third-party breeder contracts, and facilities in Guatemala and Denmark. The Ecke Ranch property in Encinitas isn't included; it was sold in April to a San Diego non-profit. Ecke staff at all locations, including Ranch executives Andy Higgins, Steve Rinehart and Tom Hennessey, will remain with the company.

To learn more, *GrowerTalks* spoke with owner Paul Ecke and President Andy Higgins. For the business details, Paul deferred to Andy, a 24-year veteran of the Ranch, who will continue as president.

Andy told us that Agribio has bought more than just poinsettia genetics and a well-known brand. "They acquired a management team, they acquired a strategy, a vision, they acquired relationships with customers." He said Ecke's focus has been on creating value for growers, and improving the retail experience for consumers. "The cool thing is that Agribio is looking to have us as a platform to carry that forward in North America. They like what we're doing, and in many cases it's what they're doing in Europe. … it's very much a part of who Agribio is."

In April, Ecke announced it sold the land the Ranch was sitting on and would eventually be building a new facility elsewhere. But there was no timeframe for the move. Andy says the Agribio deal brings closure to that: As part of this deal, they signed a 3-year lease on the greenhouses in Encinitas, but eventually will be investing in a new facility, still in Encinitas. They've also leased office space in Encinitas. "It's going to be change for everybody," Andy admitted, "but we're certainly excited about it. It's going to allow us to be more efficient and really focus on the marketplace."

As for Spring Trials, Ecke will be at the Fides Oro greenhouse in Santa Paula.

Oh, if you're wondering about your poinsettia order, all sales and marketing programs for the 2012-2013

sales season will remain as published, and the Ranch will continue with a “business as usual” approach to supporting brokers and customers.

Andy says there’s lots of collaboration between the Agribio companies, and Ecke will benefit from that. “It’s a whole new playground of opportunity for the breeding team, which can drive some additional creativity and innovation, which is absolutely one of the things that we’re going to be investing in,” he says.

And what about the Ecke name?

“A hundred years of history—they love it,” Andy answers. “I think the Ecke name is going to be very prominent … it’s very much something they want to preserve and enhance going forward.”

Paul’s comments

For the first time in three generations, there won’t be an Ecke at the helm. We asked Paul about his decision to sell. He had several reasons.

The first was Ecke’s shrinking size relative to the competition. “When I was growing up, this was a big company in this industry,” Paul told us. “Yes, we still have a really big market share in poinsettias, which we’re very proud of … but in terms of scale … when I look at Syngenta, that’s a $13 billion corporation I’m competing against.”

Second was the changing industry, with the retail environment changing and growers getting bigger—or getting dropped. Paul calls it “a classic textbook case of ‘consolidation happens.’ You can fight it for a while, but eventually most industries will
consolidate.”

Lastly was succession planning. His son, Max, is contentedly studying mechanical engineering at USC. “I don’t think he has any real passion for this business,” says Paul. But they talked at length about the decision, and he’s totally on board and supportive.

Why Agribio?

They’re very big in vegetative cuttings worldwide, Paul said. “And they’re in acquisition mode. Although we talked to others, they’re the ones who pulled the trigger. They were serious. Instead of just saying ‘let’s talk,’ they said ‘let’s talk, and here’s an offer.’

“I’m really happy that I found two unique buyers for the land asset and for the operating asset,” Paul concluded. “I didn’t just put this thing on Craigslist and let it go to the highest bidder. … Both these transactions are very complex. But at the end of the day, I’m pretty sure I’ve placed the assets in the right hands. The land will be upgraded and restored and reinvented into a cool new use, and that makes me feel good. And I think the operating company is also going to be refined, restored, reinvented and elevated to another level, and that makes me feel good. So I’m feeling good about finding the right buyers for both of these heritage assets that I was entrusted with for the last 20 years.”

As for Paul’s future? In the short term, he has to close both this deal and the land sale deal. Six months from now, he’s not so sure what he’ll be doing. He has a real estate company, as well as The Flower Fields in Carlsbad. And he has 11-year-old daughter Polly at home to chauffeur. He says he might even dabble in grape growing. And if he gets really bored, he’s already had an offer.

“I talked to Joel Goldsmith yesterday, and he offered to teach me how to play golf.” **GT**