

# GROWERTALKS

## Cover Story

4/28/2015

## Trading Orange for Purple

Chris Beytes



Meet Vinny Scalese, Bell Nursery's Chief Operating Officer, who is starting his third season with the Elkridge, Maryland-based greenhouse operation. Vinny comes to Bell after a 22-year career with The Home Depot—Bell's one and only customer—culminating in the title Regional Vice President (RVP) for the Mid-Atlantic region. Which explains in large part why Bell co-founders Gary Mangum and Mike McCarthy selected him to help lead their organization. GrowerTalks sat down with Vinny at Bell's main office to learn more about how this Home Depot veteran is finding his place within Bell's almost cult-like culture.

**GrowerTalks: Tell us about your Home Depot history.**

**Vinny Scalese:** I started with Home Depot as an hourly cashier when I was 19. I was working for my father at the time and going to school, and a young lady who was a friend of mine made me a bet that I couldn't hold a real job for 30 days. So she got me a job at Home Depot working as a part-time cashier and 22 years later I was still there ... and married to her. She still owes me five bucks!

**Your big break came in loss prevention. How did that happen?**

When I started with Depot it certainly wasn't a career aspiration ... I'd never given any thought to being a retailer or anything like that. I was a cashier, and the loss prevention manager at the time and I started talking one day about cashiers being inaccurate on the front end. He asked if I could put together a cart of [merchandise] that I thought makes cashiers inaccurate. I would wheel it through the register and have cashiers ring it out, basically like a test, and then show them what they did wrong. That was the beginning of what Home Depot called their Secret Shop program. After that, he asked me, "Do you like being a cashier? Do you want to do something else?" That was my entry into loss prevention.

**When you decided to leave Depot, did you have a lot of offers?**

There were a lot. There were a number of opportunities on the table when I left. Honestly, when I left, I was going to move to Florida and open a small business and relax.

## **A little hardware store perhaps? Go into competition with your old employer?**

(Laughs) No, I was actually looking at an insurance agency, believe it or not. But whatever. That's where I wanted to live. I wanted to step out of the Fortune 500 mentality. So when I left, I was actually pretty surprised at how many opportunities arose, as quickly as they did.

There's something about knowing a Home Depot insider might be available that gets vendors excited. It definitely does. There was a lot of vendor offers and other retailers that spoke to me. It was flattering. It was an interesting time. Certainly a lot for the wife and me to talk about.

## **And Bell was one of those offers.**

I always had a very close relationship with Gary and Mike from the time I came here as an RVP. One of the first things I noticed was how much different live goods was in the Mid-Atlantic versus anyplace else I'd ever been, how incredible the product was, how great it was serviced, the amount of ownership that those guys had ... Gary would be in my office pretty much every week going over what was going on. I respected both of those guys greatly for what they had built, but was never really thinking about coming to work here.

So I got a call from Mike, actually. Gary had spoken to me first. He said, "What are you going to do?"—kind of probing, that sort of thing. And then Mike called me and said, "Come have lunch with me and Gary." That's when we had the conversation about me coming over here.

## **What was your opinion of Bell as a vendor when you were RVP?**

When I was in the other markets, the success of my live goods program was very dependent on the people that I had in my stores. So I had some stores where my assistant manager in garden was just an exceptional live goods person, so I had a great live goods program, it worked really well, the person knew what they were doing, they had a great relationship with the vendor. The difference when I came here as the RVP is that it was like that [in every store]. That was because of the role that Gary and Mike and the merchandisers took in driving the program.

I remember one of the first things I said to Gary was, "Man, you are spoiling these stores." He said, "What do you mean?" I said, "Well, there's no place else I've ever been that has the amount of people, the quality of people, that I've seen here, that really just own a program lock, stock and barrel." It was something that was evidently different and it became apparent to me why this section of the country was Depot's top dog as far as live goods goes. It wasn't by accident, it wasn't by store demographics—it was by the fact that they had the best-in-class vendor here doing it. But until I actually got here, I didn't really understand it until I came into the area and really had a chance to see it myself.

## **What attracted you most about Bell?**

The culture of Bell is very similar to Depot's. You always hear the "orange-blooded" Home Depot culture, people equate it to a cult ... Bell is very similar. The people here absolutely bleed purple. They are like disciples of Gary and Mike. I've never met a group of people who work harder and care more about what they do. That was exciting. It was what I'd been used to and what I'd always loved about Depot. As soon as we started having the conversation, it was something that seemed like it would be a great fit.

## **Did they hire you just because of that long career with Depot? They figured it was an edge for them?**

Listen, that's probably part of it. Certainly, you'd be stupid to not take advantage of that. There aren't many people in Depot I don't know.

Gary, Mike and myself have always had a good respect for each other just from a business standpoint. When I came to the Mid-Atlantic region, it was in really tough shape. It hadn't made sales plan in a long time. It had chewed up RVPs. They'd gone through 10 RVPs in 20 years. Tremendous turnover at the leadership ranks, shrink was out of control, they'd just had major investigations done here on people cheating on inventories ... it was a rough situation. I was here for six years, we made plan in all six years. We promoted a bunch of people to higher positions. We had some of the best overall operational metrics, we were second most profitable region in the company. We did a real good job of turning this area around.

## **Gary's former CEO, Rand Krikorian, had some challenges, and you witnessed that.**

I did. I was one of the challenges [laughs].

When you look at the previous leadership, they did a lot of great tactical things for Bell. I equate it to the [Bob] Nardelli years at Depot [2000-2007]. Bob did a lot of great things for Home Depot, balance sheet-wise, operationally, logistics ... a lot of really good things that only a pure businessperson really could have done. He's a great executive. But if you're not willing to mesh with the culture—if you try to change the culture to fit your personality—it's going to blow up in your face. I think that's what Bob went through.

The same thing happened here. When Rand and his team came in, they did a lot of good things for Bell behind the scenes, a lot of good things logistically, a lot of good things financially ... you know, really helping to sort out some of the things that hadn't been addressed for a long time.

The challenge was the people piece. In a company like Depot, just like Bell, where you have that tremendous culture, that tremendous desire by the team to be successful, you have that love for what they do, that family-type atmosphere ... if you don't embrace that and learn how to work within that and understand that that's bigger than you, you're going to fail. That's what happened to Bob Nardelli and I think that's what happened to the previous administration here. Regardless of how good they were or how much they had to offer, the

organization rejected them.

I can tell you that that when Frank (Blake, Bob Nardelli's successor) came on board, the first thing he did was talk to [Home Depot founders] Bernie [Marcus] and Arthur [Blank] about recapturing that entrepreneurial spirit they had created. He did a fantastic job bringing that back. And [current CEO] Craig Menear is continuing that. It's a great company to work for and to be a vendor for.

## **Did you talk to Gary and Mike back when you were at Depot about what Rand was doing wrong?**

Absolutely. One of the people who worked for me, a very, very intuitive person—Walter Garcia his name is, he's one of the regional merchandising managers—he went out with Rand very early on when he first came on board. I was very much trying to tell the organization, "Listen, we all love Gary, we all love Mike, but there's a change, so let's work through it." You know, trying to say all the right things.

So Walter went out with [Rand] one day and they spent time in a car. Walter came back in my office and said he shook his head. "No." I said, "What's the matter?" He says, "It's their Bob." I said, "What are you talking about?" He says, "Just like Bob. He has all the answers, knows everything, totally different from Gary and Mike. It's not going to be good." I said, "Walter, come on, give the guy a shot, he just got here, let's work through it." But Walter was spot-on. It became apparent as the relationship unfolded that it wasn't going to be great.

## **So Gary, having learned his lesson, is doing less now of the day-to-day, but is still the face of the company. Do you see that changing?**

I don't think we'll see a change abruptly. The reason I don't think that Gary and I have pushed me out there is because we didn't want another article saying, "The new face of Bell." Because that's not really the way it is. Gary will be the face of Bell for as long as Gary wants to be. You can't replace something like that. For us—for me—the longer I can have Gary doing those kinds of things, the better it is for Bell. There's zero benefit for me or for Bell to tell Gary to go do something else. You can't replace what he has, that industry knowledge, that industry leadership, that being the granddaddy of live goods.

The great thing about Gary and Mike is, once they realized there was a challenge with the previous leadership, they jumped right in and did what they had to do to get it fixed really, really fast. There's something to be said for that because there are a lot of organizations—and listen, Depot was one of them—it took them eight years to figure out that Nardelli was a problem. Gary and Mike did it a lot quicker than that.

## **You're starting your third spring at Bell. What changes have you helped make thus far?**

The first thing I wanted to do when I came is was identify who the next leaders are. We knew we had those people in Bell, but quite honestly they weren't in leadership positions. Cole [Mangum, Gary's nephew] was in

Burtonsville, running Burtonsville. Brett [Guthrie] was still down at Virginia Growers, running Virginia Growers.

The first thing I wanted to do was create tiers of leadership. Not everything can go to Gary. Not every answer needs to come from Gary. We need to have layers, so that, in the event something happens to any one of those layers, the organization continues to function. So the first thing I did was put in a structure. I went out and met all the people, I learned the skillsets of the people, and then we put in those different layers. We made Cole vice president of production, we made Brett vice president of sales. We put in different positions throughout the organization.

Next is operational consistency. Bell had the main company here in the Mid-Atlantic. But you also had the South Atlantic and you had Ohio Valley. And we still had some inconsistencies in how we operated. So I've worked hard on driving operational consistencies, so the way we work in the Mid-Atlantic is how we work in Ohio and is how we work in Virginia.

## **What's your role in plotting Bell's future?**

That's what I've worked hard on with Steve [Crider, CFO]. We're blessed to have him; he's just an exceptional CFO. He keeps us all out of trouble, but he's really a CFO who goes beyond just the numbers. He wants to be involved operationally, he wants to understand what happens, he's a great people person, he wants what's best for the organization. So between him, myself and Gary, we've worked on a lot of different thoughts and ideas about where Bell goes in the future. I think Bell is in a position now ... to focus on how we move forward and start to gain more market share.

## **And? ...**

How do we do that? Well, I think we've already taken some steps to do that. I think if you look at some of the acquisitions we've made over the last two years, those were in that goal of solidifying our space in some categories. With the acquisition of Bentwood, one of the things we identified was, if we wanted to be in the perennial business, we needed to be in the perennial business. We needed to find our own facility and be able to leverage it to control our own destiny if we really wanted to be a provider of perennials. We made that commitment.

The acquisition of Blue Ridge Growers was similar. If we are going to grow and expand, we need capacity. If you look at the profit margins of outsourcing product versus growing it yourself, it's a no-brainer. So we've started taking steps to be able to have some more control over categories that we do.

We've also had a lot more dialog with Depot about assuming additional markets. Our goal is to look at additional markets and grow Bell's footprint.

We also have a pretty robust dialog about possible future acquisitions. One of things Bell will continue to do is look at other organizations out there and ask how we add those that, A) are in markets we want to be in; and B) have great leadership, where we can bring additional talent into the organization.

## **Home Depot is Bell's only customer. To have just one customer**

## **is unusual even in this day and age of consolidation.**

That's something that has worked really well for Bell over the years and continues to work well for us. That level of loyalty—100% loyalty—means a lot at Depot.

If you sat down with Bernie Marcus today, he would give you his keys to success. The first thing he's going to tell you is to take care of your people. The second thing he'll say, every single time, is, "Take care of your vendors." He'll flat-out tell you, without the vendors, there is no Home Depot. And Depot really believes that. We're proud to be able to say to Depot, "We're all in with you guys. We're here with you, we're fighting the battle with you, we've got your back." It's worked out well and I'm positive we will be strong partners for a long time.

## **Know any good Gary stories?**

(Laughs) A lot of them ... but none that I'll share on the record!

Gary is a blessing to be around. I've considered him a friend for seven years and he's certainly been a mentor for me. I'm very lucky to have him in my life as a friend and as a boss. He's somebody who's going to be here a long, long time. Don't be looking to write Gary's exit story anytime soon. **GT**