

GROWERTALKS

GT in Brief

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Delray Sells to Costa

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It happened quickly, in just a few weeks: Delray Plants owners Ed Koornneef and his brother-in-law Randy Gilde have sold the family business to Costa Farms. Why? Succession planning, Randy said.

“Just like Dan and Jerry,” said Randy. “You just wrote an article on them [buying De Jong’s Greenhouses]? Same thing. The Bible says there’s a time for everything ... this is earlier than mine and Ed’s succession plan [Ed is 60, Randy 57]. But selling one day was always in the options for the future.”

Ed has no children in the business, which was started by his father, Jake, and a couple of partners in Delray Beach, Florida, in 1968. (He later bought out the partners.) Randy’s daughter works in the company’s accounting department, but she has no interest in eventually taking over the business.

“When we voted on this offer, she was all in favor of it,” Randy says. “She said, ‘I’m not going to run this big farm.’”

“This was a great opportunity, so we took it,” he continued. “I think it’s going to be good for our employees long-term, which is always important to me—taking care of your people. And Costa’s a good company. They take care of their people, too. That was a win.”

Why did Costa want Delray?

While the deal went down in just the past three weeks, casual discussions have been going on for years, Randy says. Every year at the TPIE show, someone from the Costa family would ask Randy, “How’s it going?” and say, “Keep us in mind.” Costa was surprised when Randy called and wanted to talk.

GrowerTalks called Jose “Joche” Smith, CEO of Costa, to find out more. His answer to the “why” question was two-fold. First, to gain new customers. Delray has some big box retailers and territory that Costa doesn’t serve. Second, to turn a competitor into a partner.

“We’ve been competing with them since way before I got here,” he says of Delray. “But we’ve had a good relationship, we’ve always respected those guys ... there are actually a few people on their team that used to work here. So we’ve been friendly competitors. ... We’ve never had any serious conversations about doing something like this, but we had made it clear ... that if there was any interest in putting the companies

together, that we would love to talk about it.”

Joche says acquisitions like this bring other synergies and benefits. Like Delray's dot.com business, for example.

“Their dot.com business is a couple years ahead of our business,” he says. “We had just sort of kicked off that initiative [at Costa], hired a general manager. We’re meeting with their dot.com folks today, and that’s absolutely jump-starting our program.”

That’s a good illustration of how Costa Farms approaches all its acquisitions, whether Layman, Engelmann’s or Delray.

“We don’t ever go into one of these deals and think we’re going to do it all the Costa way,” Joche says. “We do go in and share best practices and come out a better, stronger company.”

As for the short-term? The deal closed in mid-March. Joche say it’s “do no harm” going into spring, then work on the transition this summer. He’s putting Bert Martinez in as general manager of Costa Delray, as the business will be known internally. Bert, a long-time Costa employee, has proven his expertise at managing these acquisitions, most recently with the Engelmann transition. Jesus Gonzales will take over the Costa Engelmann GM position.

Credits Joche, “It’s because of guys like Bert and Jesus that we’re able to do these things.”

Most staff will be retained, as well. “Every time we’ve done deals like this, there are so many people in the organization that end up having a bigger role. We learn a lot from the people that are there. They help us grow the business.”

As for the former owners, they won’t be sailing off into the Florida sunset quite yet. Both have agreed to stay on through the end of the year. After that? Don’t be surprised if Randy stays on.

“This is what I’ve done my entire life, except for four years in the Air Force,” he says of the horticulture industry.

Joche would be thrilled.

“Frankly, if they want to stay, and they’re having a good time, we would love for them to be part of the team longer-term.” **GT**