

GROWERTALKS

Cover Story

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Outside Job

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Founded in 2001 by Jonathan's father David, TreeTown USA today has 16 locations in three states, totaling 4,245 acres. All but 1,000 acres came through acquisition. Jonathan, who helped out at the business during high school and college, found himself managing the operation while his father was on an extended around-the-world trip. Despite having no plans to make the nursery business his career (he has degrees in business and history), in 2014 at age 27, Jonathan and his two younger sisters (who are silent partners) bought dad out.

In late October, we sat down with Jonathan at TreeTown's original location in Glen Flora, Texas, to gain some insight into the young nurseryman's journey, philosophy and inspiration.

GrowerTalks: How did a tree grower wind up as a Forbes 30 Under 30?

Jonathan Saperstein: My bank. They nominated me. It was unexpected to get the nomination and it was really unexpected to get the honor. It's definitely been interesting!

GT: Business magazines seem fixated on tech these days. What did they think after touring a nursery?

JS: They were blown away with the complexity of this industry. No one ever thinks about it. And the people who do [think about it] have no idea how complicated it is. I mean, there are simple ways to do it, but, you know, once you get to a certain size, simple no longer works and you've got to get incredibly complicated.

GT: You've hired executives (such as CFO Jeff Pettit) from the manufacturing world. Do they think this is going to be an easy gig compared to a factory?

JS: We've been recruiting a lot from outside the industry ... primarily from the traditional manufacturing space. To hear them talk about how this is the most complicated business they've ever been involved in is very interesting. I guess it's a little reassuring that it's not that we were doing something wrong, that it really is that complicated.

GT: They figure out that trees are not widgets?

JS: [At TreeTown], we try to make them into widgets. But it doesn't always work How do we say it ...? "We're a manufacturer with a little twist of Mother Nature in there." Especially when you get into the longer-term crops. When you're in greenhouses with quicker-turn crops, you can go more towards the manufacturing environment, right? When you're looking multiple years out, there's nothing in manufacturing that's like that.

GT: What led you to decide to buy the business from your dad?

JS: The direction I wanted to take the business in was just a little bit different than what he wanted to do with it. And quite frankly, it made the most sense for him, too, because, you know, given that point of his career, did he really want to stay involved with a company that was looking to grow at the rate we were prepared to, and take on all that additional work and stress?

GT: What was the gist of your plan when you took over?

JS: The business plan was to professionalize: focus on ourselves, grow the business organically for a couple of years, and then go out and seek acquisitions. (He chuckles) Just like all the best-laid plans, we had to be a little nimble. And so it wasn't but a couple of months later when the first company (Skinner Nurseries in Bunnell, Florida) approached us, saying they were looking to sell and was that something that would interest us? It just happened to fit right into our wheelhouse. ... We closed on it in October of 2015.

GT: Less than a year after you'd taken over the business.

JS: Yup. So we settled down a little bit with that and then another opportunity was presented to us, which was in Homestead. That was a facility [Medallion Nurseries] that we were already doing a lot of business with, internally—they were contract growing for us. We took over that facility and put our team in place. That was in February of 2016.

GT: Your dad started TreeTown strictly as an investment instrument. And you're a data guy, not a plant guy, right?

JS: (Laughs). I think as the number of plants we produce increases, the amount I like plants might go down. Don't get me wrong—I love what they do for the environment, I think they add a ton of value to whatever project it is, and obviously, I think they're great for our communities as a whole. My wife said to me, "We really need to put some fruit trees in our back yard." That timed right when we got hit with a disease on one of our crops and we had a bunch of loss in one variety. And I was thinking, "I don't know if I want to deal with that."

GT: Describe the corporate culture you're trying to foster at TreeTown.

JS: We want to have an open culture that empowers our employees. We're not looking at it as you've got to do it our way. We want to bring everyone together in order to share best practices and help each other solve problems. ... We're a family business, first and foremost, so our employees come first. But the facilities ... the site managers treat them like it's their own ... with the added benefit of being able to share ideas amongst their peers within the company. And then we want to drive competition between all the sites. As we push for new technologies, or even just process changes, we want to drive a little bit of competition.

GT: This industry is not known as an easy place to work or build a career. How do you attract and keep employees?

JS: It's always a challenging issue. We seem to always find ourselves short on people. I think most in the industry would say that they can use more people right now.

We're trying hard—and have gone through a number of iterations—of showing people that this can really be a career for them, even if you're coming in as a water guy. We try to show them that there are multiple advancement

opportunities and how you can work your way all the way up through this business. One of the opportunities that we will present to our employees is not just the opportunity for advancement at one facility, but we're able to open it up to our other facilities. And it's a company where you can go all the way up to overseeing multiple facilities.

GT: You're trying to bring a lot of traditional business sense—technology, systems—into the nursery world. But then you have factors like weather and diseases. How do those two coexist?

JS: It doesn't change the desire to run it like they're widgets. It just means you have to have a little bit of flexibility. We're trying to run it as tight as we can, and treat them like widgets, understanding that stuff's going to happen. A crop is going to be a little late, a crop is going to be a little early, weather is going to affect us. Through diversification, we hope that we're going to be able to weather the storm as much as possible. But at the same time, allowing, from a systems perspective, the flexibility to our operators to make those kinds of adjustments. They're supposed to run their sites like it's their own. We hold them to goals, but sometimes we have to change those. We understand when that happens and we have to be willing to adjust.

GT: What's the long game for TreeTown?

JS: We're a family business, we have the desire to grow, we have the desire to continue to grow organically, we have the desire to continue to grow through acquisition, but we don't have to do any of that. We're happy and content with who we are today. If the opportunities present themselves, as they have and as they continue to do, we plan to be able to take advantage of those. But we're not driven to get to a certain size by a certain time. We're not driven to grow at a certain rate per year.

We want to do what is best for us, which is producing what the market tells us we can produce, then sell that material. And if that's a 3% increase, a 10% increase or a 3% decrease, that's what we're going to do. And if an acquisition pops up, hey, we'll take advantage of it—if it works. If it doesn't, we'll move on.

GT: The country is littered with formerly big nurseries. Cautionary tales?

JS: I spent a lot of my time looking at what other nurseries do and what they've done. That's one of the benefits of having such a diverse employee base: we have a lot of people in leadership roles who've come from other nurseries, whether it's Hines, Skinner, Imperial. Out on the West Coast there's a whole slew of [now-closed] nurseries. From that, we're able to ask, "What worked for them? What didn't work for them?" And we try to build our business model to avoid some of those pitfalls.

GT: The bigger TreeTown gets, the more your phone is going to ring, you know.

JS: Yeah, it happens. There's positives and negatives to all that. For a number of years, we've taken the approach that we were happy flying under the radar. Our customers knew us, our vendors knew us and we knew who we were.

Even today, we're not out there pounding our chest because, quite frankly, being large doesn't mean anything, right? You're not the best because you're the biggest ... but are we even the best? Do we grow the best quality? No. Are we the most efficient we could possibly be? No. There are all these different challenges facing us, and now, as a combined company, we're going to just keep moving forward and keep tackling them.

GT: You like to hire from outside horticulture. Is there any company or industry you particularly admire?

JS: I think in general you've really got to spend your time looking at and figuring out what other people are doing.

I use a saying: If you're not trying to push yourself, then someone is going to replace you. The best example that I use is, what were all those people in the Sears Tower thinking about that little company that started up in Bentonville? [Sears was] the king of the world, they had all the money, they could have done anything. But they just

let Walmart grow up. They never looked at changing their business model.

GT: Last question, and maybe the most important: Is your wife ever going to get her fruit trees?

JS: (Sighs). We talk about it every year. It's coming. This year, the plan is figuring out where are they going to go.

GT

Pictured: TreeTown institutes what they call "master projects" each year—six to nine "huge" projects to accomplish within the company. One is "mobility"—making all production tools available to managers via tablets. Here, Jonathan checks out the system with senior grower Chad Mullins. "We're able to see live labor data—labor tracking versus our standards, as well as eliminating paper going back and forth," says Jonathan. "And then we can compare like activities among the facilities." By the way, TreeTown today actually produces more shrubs and perennials than trees.