

Gary on Bell; RIP Helmut Kientzler; Autonomous Greenhouses?



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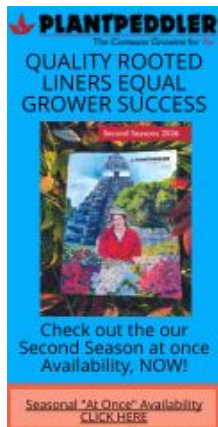
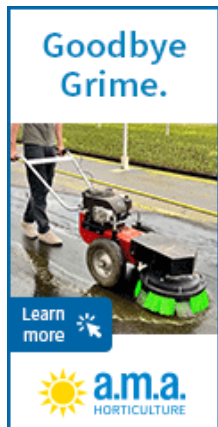
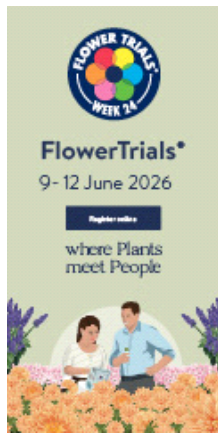
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 - COO Brett Guthrie on pressure
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The no-human greenhouse?
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YGA, YRA finalists named

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Gary Mangum on Bell Nursery's sale to Central Garden & Pet



While I was tiptoeing around Holland last week visiting tulip growers, Gary Mangum, Mike McCarthy and their financial partner Lindsay Goldberg (LG) were putting the finishing touches on the sale of Bell Nursery to **Central Garden & Pet**, a national distributor of, well, garden and pet supplies. Gary and Mike had sold about half the business to LG about 10 years ago; in this deal, Gary and Mike sell their final stake in the business and LG cashes out (whether profitably or not will not be made public).

I tried catching up with Gary via phone to get more details than the generic press release offered, but he was busy with legislative meetings in Annapolis (for those who don't know, he has been quite active in Maryland politics of late). But he was gracious enough to type the answers to some questions while he sat through meetings and legislative sessions. (I trust your hunting and pecking didn't distract the politicians, Gary!)

Here's what he had to say:

Acres Online: Why decide now to sell your remaining shares in the business?

Gary Mangum: I'm not getting any younger, and it was important to me to ensure that our succession plan was in place before it was needed, and while I could actively contribute to the transition. We could not have a better partner, or a better team in place, to take Bell to the next level.

AO: What about your financial partner, Lindsay Goldberg? Why did they sell?

GM: We've been with LG for ten years and it's been an incredible experience. We informed LG of the initial contact, and as they have been all the way along, they were supportive of the conversations we were having with Central [Garden & Pet] and ultimately agreed that the move was going to be good for the business and for our employees. LG's consent was obviously crucial, and their experience facilitated diligence activities.

AO: Obviously, Central Garden & Pet will want to take the Bell brand into multiple retailers, including Lowes and Walmart (where I hear they were a vendor of the year). What will Home Depot think? [Home Depot has been Bell's only customer for two decades].

GM: Like Home Depot, Lowe's and Walmart already have a strong supply chain. Bell will be operated within Central essentially as a stand-alone organization. We're excited to see how the business can grow with the additional resources that we'll have available. We hope and expect to earn new business with Home Depot as things progress, and we are excited to pursue those new opportunities as they may arise. My father always said to us, "We're only as good as our last delivery." I happily pass that pressure along to our team.

AO: Do you worry about Bell maintaining the "Act like you own it" philosophy that you've been preaching since you bought the business? Are you worried about losing the "human" element that came up so much in that story I wrote in 2012, after your "break" from the business?

GM: Actually, Chris, we're very excited about the alignment of our [two] businesses' core values. "Act like you own it" survives and grows. Central's decision to invest would not exist were it not for the track record of our team. Our managers and front-line employees are key to the opportunities ahead. Brett Guthrie, who came to Bell as a leader from our second acquisition in 2007, was promoted to Chief Operating Officer two years ago. His work has been simply amazing. He's a combination of high energy and high passion, and he's data driven. His people skills are simply the best. Steve Crider, our CFO, has been my partner effectively since Mike retired in 2011. Steve and Brett will continue their close working relationship. I am very excited about the future, and I feel like we've been very responsible related to succession planning.

AO: The press release says you'll continue to serve as a consultant?

GM: I'm available for anything that Brett, Home Depot or Central leadership determines is useful.



I do hope to eventually talk to others who may consider selling their businesses over time, as we have now experienced both buying other operations and selling our own. I also expect to have some more free time to “consult” close to home—reading to my grandchildren and attending some baseball games with my boys. My main priority outside of being available to Bell this summer will be working with the campaign to re-elect Maryland’s Governor (Larry Hogan). I essentially took off the summer of 2014 to help with his election, and my wife and I are fully committed to the re-elect effort.

Gary reminded me that he has another “Growers Talk Business” column due before I fire him (which I won’t do, as long as he had things to say about the industry, but if he wants to resign, I’ll understand). He says he hopes to share some of the key aspects of his 24-year journey.

That should make for good reading, Gary ... and might require more than just one column!



Brett Guthrie: no pressure, right?

Filling Gary’s shoes won’t be easy. His personal value to Bell has been known since Day One, and was reinforced in 2010/2011 when he hired a CEO and took a break from the day-to-day running of the business. Bell didn’t perform quite as well when operated strictly by data. Gary returned and quickly righted the ship, confirming that this is, first and foremost, a relationship business. (You can read my 2012 story about the turnaround [HERE](#).)

Which brings us to Gary’s replacement, COO Brett Guthrie. Right after my communication with Gary, I emailed Brett to offer my congratulations, then asked, “Any pressure?” Here’s his reply:

Pressure? Sure, no pressure—first day of spring with a nor’easter and 12 inches of snow forecast!

Let’s be honest, I don’t believe that anyone can replace Gary Mangum. However, I have been fortunate enough to work with Gary and have him as a mentor for the last 10 years and a competitor for probably 6 or 7 years before that. I am confident that, together with our leadership team, each having lived the “Act like you own it” philosophy for many years, that the Bell culture, the icon, will not only be maintained, but will spread into the new markets we are servicing.

I also asked Brett about 2010/2011, when the CEO took over, and if that history had him at all concerned about his own role at Bell.

I believe that the biggest difference between then and today is the industry specific experience that I have vs. the [CEO Gary hired] in 2010. I was brought into the industry by Neal VanWingerden in 1985 and was able to interact with many of his brothers and brothers-in-law, the best production minds in the industry. When I joined Bell through acquisition in 2007, with much mentoring from Gary and help from our supply chain starting with Ball, I was able to balance being a low-cost producer with delivering a higher-quality, value-driven product to Home Depot stores every day.

My family is fully supportive, and I look forward to the challenges and opportunities ahead. The last thing Gary said to me before leaving our most recent meeting was, “Remember, you’re only as good as your last delivery.” No pressure.



About Central Garden & Pet

I have not yet been able to speak with CEO & President George Roeth or anyone else from Central Garden & Pet to learn how they will add the Bell Nursery franchise to their long list of brands, but I can tell you a bit about this holding company:

- Headquartered in Walnut Creek, California (garden division is based in Atlanta)
- Fiscal 2017 sales of \$2.05 billion
- Publicly traded under the ticker symbol CENT; Stock price is currently \$42
- Performance has been strong, with 104% earnings per share (EPS) over the past four years
- Familiar brands include Pennington seed, Amdro, Sevin, Kaytee animal and pet food and supplies, and Ironite mineral supplement
- 4,100 employees, primarily in North America

This is not Central's first foray into livegoods: In 2016, they acquired Segrest Farms, an aquarium fish supplier. How fish compare to flowers, I don't know ... other than you have to keep both alive! Also, I hear that selling fish helped boost sales of fish supplies, so maybe they are looking for synergies between garden livegoods and garden hardgoods.

Not our first corporate owner

Central Garden & Pet is hardly the first big American company to take a foray into the nursery and greenhouse business.

There was Ralston Purina, who, in 1977, bought two nurseries, Green Thumb in Apopka, Florida, and a company called Deco-Plants (which, as I understand it, hosted Tupperware-style parties featuring plants). RP spun both off in 1979. (The Green Thumb facility went on to be owned by Greiling Farms, then Fernlea, then Kerry's Bromeliads and now Costa Farms. A storied history!)

Next came Weyerhaeuser, who, in 1979, bought Shemin Nurseries, then added Wight Nurseries and Hines Wholesale. They sold them all a decade later.

Most recently, in 2016, Scotts Miracle-Gro bought a minority share of herb and veggie producer Bonnie Plants. I haven't heard any news about how Scotts might take advantage of that relationship.

In between, there have been many private equity investors, some who failed, some who sold out after a few years, and some who seem to be in for the long haul. The big difference with Central is that they are 100% owners of Bell, not just equity partners. And they are publicly traded. It will be interesting to see how they fare in our world.

Got a thought or opinion on corporate vs. family ownership? Drop me a line [HERE](#).

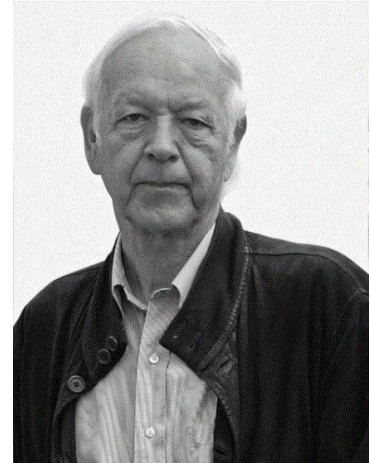


In memoriam: Helmut Kientzler

Helmut Kientzler, one of the owners of the Kientzler/InnovaPlant group of companies, passed away unexpectedly on March 7. He was 68. You know his last name: The Kientzler family has been well-known in Germany and around the world for generations as renowned horticulturists and breeders.

Born to Else and Ludwig Kientzler, Helmut grew up as the child of horticulturists and discovered his love of plants at an early age. When Ludwig passed suddenly, Else took over management of the family business specifically to ensure that her three children, Iris, Ludwig and Helmut, would have a family business to inherit. After earning his degree in economics, Helmut entered the company at the age of 22.

Brothers Ludwig and Helmut managed the company together for decades and jointly laid the foundation for the world-wide presence of the Kientzler group of companies. The corporate management was a yin-yang relationship between the two brothers, with Ludwig a driving force and Helmut pensive and strategic.



Helmut's contributions to the industry includes the establishment and successful expansion of the international Proven Winners network. But if you never met or even heard of Helmut, it's because he never wanted to be in the limelight. He was much more comfortable operating from behind the scenes, always gathering information and opinions, always thinking things through carefully. He was circumspect, pensive and enjoyed debating about recent developments in the industry and how these would affect the overall Kientzler strategy. He had a strong love of plants and garden culture, and the aesthetic value of plants. These traits led to a fundamental change in how plants are used in gardens, balconies and terraces to this very day. On his desk, one found the quote, "Plants transform inert material into living beauty."

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First came self-driving cars ... could the self-growing greenhouse be next? That's the challenge put forth by Wageningen University & Research (WUR) of the Netherlands and Tencent, an Internet service provider in China. They have organized the Autonomous Greenhouse International Challenge, in which multidisciplinary teams from around the world attempt to grow cucumbers in a WUR greenhouse by remote control. (Tencent is the sponsor of the challenge.)

The goal? Explore ways to feed the world's ever-increasing population, using fewer resources, and while improving food security.

The challenge is open to multi-disciplinary teams from all over the world. Teams may consist of specialists such as scientists, R&D managers and students in fields such as artificial intelligence, sensors and horticulture. The teams participating in the challenge will run a greenhouse compartment in which a computer and machine-learning algorithms or computer models make growing decisions with limited human interaction.

They are focusing on greenhouse food production because production in greenhouses is typically up to 10 times higher than in open field and uses much less water. Tencent and WUR believe that autonomous greenhouses can boost vegetable production and bring greenhouse production to a next level. Autonomous greenhouses can bring further improvement to yield and quality of greenhouse vegetable crops and a substantial reduction of the needed input in terms like energy, water and crop protection at the same time.

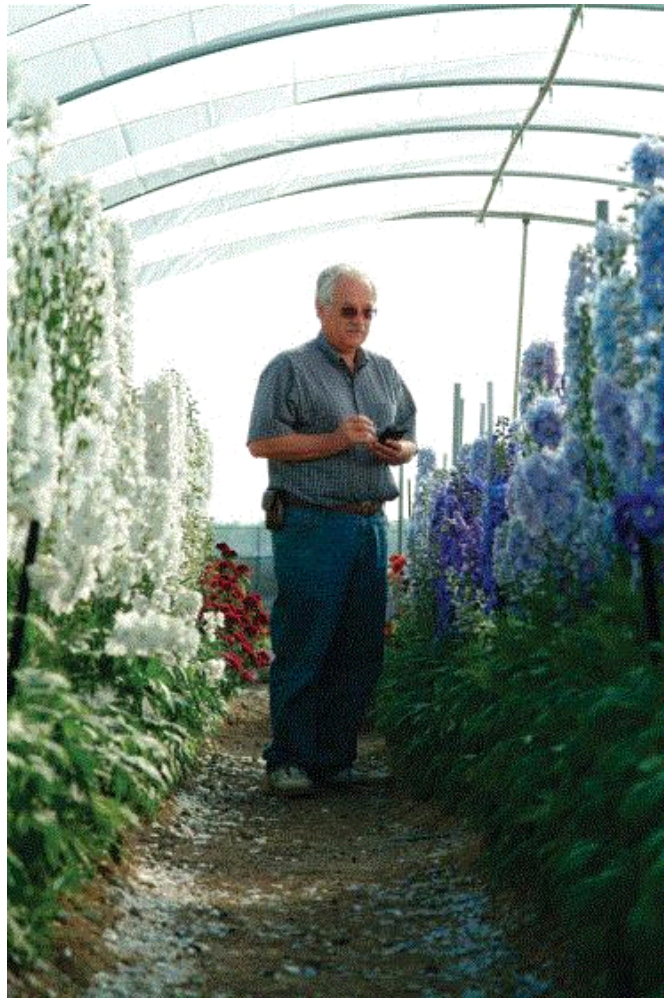
Teams have until April 15 to sign up. Go to www.autonomousgreenhouses.com for more information. Five teams will be selected to participate in the actual challenge of growing plants remotely. Experts at WUR will monitor the results.



Breeder Blair Winner to retire

I knew Blair Winner had been breeding plants for PanAmerican Seed for a long time—I had no idea it's been 43 years! Alas, Blair's long run is coming to an end, as he has announced his retirement as of March 29.

Blair got his start with PAS in 1975—when I was a sophomore in high school and Jen Zurko was busy being born. He began breeding geraniums, both zonal and ivy, and created the first F1 hybrid ivy geranium from seed, Summer Showers. He worked on vinca early in his career and bred the first introductions for the Cooler series. He introduced Bonanza and Hot Pak French Marigolds, and the Garland series of African Marigolds. Add in Daybreak Gazania (the first F1 gazania), Guardian Delphinium, Katz Stock and Sun Up, Sunfire, SunKiss and Uptick Coreopsis, and he has a long list of popular ornamentals to his credit.



Beyond the garden and vase, Blair worked with the Ball Helix team on the technically challenging zeaxanthin marigold project, which had Blair breeding marigolds for elevated carotenoid content that, when extracted, can be used as a nutritional supplement to promote eye health.

Congrats on a long career and hopefully even longer retirement, Blair!



Young Grower, Retailer finalists announce

After pouring over dozens of nomination forms, we editors are pleased to announce the finalists in the *GrowerTalks/Dümmen Orange Young Grower* and *Green Profit/Dümmen Orange Young Retailer Awards*. They are:

Young Grower:

Evan Barrington – May Nursery, Havana, Florida

Abby Bruce – Costa Farms, Trenton, South Carolina

Rajvir Prasher – DeVry Greenhouses, Chilliwack, British Columbia, Canada

Young Retailer:

Amanda Bruce – Cedar Rim, Langley, British Columbia, Canada

Brian Stankevich – Homewood Nursery & Garden Center, Raleigh, North Carolina

Matt Webster – Dambly's Garden Center, Berlin, New Jersey

It's never easy to select our finalists—it comes down to narrow details of how much information is in their applications, and how much they do beyond the usual tasks of growing and retailing. But the real work is ahead for our panel of expert judges, who will interview each candidate, plus evaluate their answer to an essay question we've given them (which will be published in the June issue).

The six finalists will join the editors and special guests at a gala dinner during Cultivate'18, after which we'll stroll over to Unplugged for the announcement of the winner.

Congrats to all six! And to those of you who applied but weren't selected: Don't give up! Keep working, keep experimenting, keep adding to your skills and resume, and apply next year.



See you next time!

Chris Beytes

Editor

GrowerTalks and Green Profit

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