

GROWERTALKS

Acres & Acres

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Dave Daily Opines

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I know a little bit about a lot of things, but I'm no Dave Daily. Dave, President and CEO of BFG, one of the biggest horticulture distribution companies in America, knows a lot about running a business because that is his business. And he seems to be doing a pretty fair job running BFG based on the numbers he shared at the annual National Greenhouse Manufacturers Association meeting: From 2019 through March 2022, BFG's sales are up over 70% and margins have been stable despite all of the challenges over the past several years.

Great results, but they couldn't have happened without YOU, the BFG customer, needing more stuff than ever to meet all that crazy pandemic-driven demand.

What's happening in the horticultural distribution world? And what's coming next? That's what Dave spoke about, and he gave me permission to share his opinions on those topics.

First, the question on everybody's mind: When will supply catch up with the demand for containers and the media to fill them with? Dave said he sees no relief in sight quite yet for these long-lead-time items—in fact, it has the potential to get worse before it gets better. Normally, growers would order containers for next year in July or August. This year for many it was January–February, he said. And orders for certain types of containers are currently out 12 to 16 months. “We're trying to buy containers for 2024—which is kinda crazy,” he admitted. He said container manufacturers are running their factories around the clock and they still can't catch up because demand has been so strong. The take-home? “Customers may need to be flexible in the type of container or media they use in order to get the supply they need.”

That led to an audience question about the topic of whether growers were “hoarding” supplies and helping cause the shortages. Dave took exception to that term. Hoarding, he offered, would suggest that you're buying more than you need. “I think people are simply buying it earlier, and they're going to sell through most or all of it.” That's what has been happening over the past two years, and if retail sell-through is strong this spring, it's what will happen again.

That led to another interesting point from Dave: “I don't think we even know what the demand is for lawn & garden products.” That's because, for the past two years, no one has been able to fulfill demand. In other words, even though sales were up, they could have been up even more!

Good news for you IGCs out there: Dave thinks you are doing better than the box stores, and he thinks you're going

to have another good year. He bases that on two factors: One, "Because BFG is the biggest independent distributor to independent garden centers in the country and I know our sales are up, [so] there's no question IGCs are in a good position." And two, earnings reports and calls from public companies in the sector suggest that box store L&G sales may not be as robust as what they are seeing at IGCs.

On the numerous challenges facing business today, Dave had this advice:

"It's cliché to talk about this stuff now. Everybody knows what's going on around the world: labor is terrible, freight is terrible, raw material lead times, weather, general uncertainty has never been higher, inflation is crazy ... we could worry about this stuff all day, but it really doesn't do any good because it's literally happening to almost every company on the planet—certainly within the United States.

"All these things ... you've just got to deal with it. We keep thinking it can't get worse, and then something else happens."

Take labor, for instance. "You just have to pay more," Dave says. "If you're hoping that labor rates are going down, you're likely wrong. You just have to pay what the market is."

But there's an upside to facing and meeting these various challenges, and that's the opportunity to differentiate yourself from your competition.

"If you can deal with these issues better than the next guy, you'll differentiate yourself for sure.

"It's never been easier to differentiate yourself," he says. But he warned, "It's also never been easier to do really bad."

Summing up, Dave says he puts his time and energy into what he CAN control, which is "making BFG the best company we can be. And there are a ton of opportunities out there, and I think there will continue to be."

For more proof of his optimism, look at the acquisitions they've made during the pandemic: L&L Nursery Supply, DeCloet Greenhouse Manufacturing, Gard'N-Wise Distributors, and Greenhouse Megastore.

"When we buy new companies, we're not buying because we think the industry is going down, we think the industry is going up." **GT**