GROWERTALKS

Features

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Mastering Bookings & Contract Growing

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The last few years in the green industry have been akin to the wild west. Growers have had the best years ever while simultaneously navigating issues and disruptions never before seen. Nobody has felt this harder than your sales and production team. If you're like many growers I know, this wild ride has affected all of the many hats you wear.
Growers are continuously seeking innovative strategies to enhance business operations, financial stability, production planning and customer satisfaction. However, there's a way to improve all of these things at once.

Among the myriad strategies, the use of bookings and contract growing have emerged as powerful tools for business optimization. These models are becoming increasingly popular—and I even dare say pivotal—in determining what the future of the business means.

Have you ever considered doing this? Are you timid about pursuing this unknown world?

Let's shed light on the intricacies of bookings and contract growing, underscoring their benefits, addressing common challenges and offering a practical guide for successful implementation. Drawing from the wisdom of industry leaders and incorporating practical examples, we take a look into the potential of these business models for the horticulture industry.

Understanding the differences

At their core, bookings and contract growing are about creating certainty for sourcing materials that you may need in the future, as well as forging stronger connections between growers and their customers. The appeal of these models lies in their ability to provide customized service offerings, making them increasingly popular among growers and wholesale consumers.

Bookings refer to the practice of pre-arranging orders for plants and products, allowing nurseries to plan already existing production with greater precision. A nursery can either do this where general quantities, sizes and timeframes are understood and planned for, but nothing has entered the formal realm. From there, the grower confirms they'll be able to supply with good certainty.

Contract growing, on the other hand, involves future projected production specifically grown and tailored to a customer's future needs, ensuring that specific varieties and quantities are available when required by the customer. This requires a high level of understanding of what the precise expectations are from the grower and customer, typically in a legal document.

This chart helps define the major differences between the two.

Bookings	Contract Growing
Pre-arranged orders for plants and products based on forecasted demand	Growing plants specifically tailored to a customer's future needs
Lower liability if there are production issues	Higher liability with possible ramifications
Easier to integrate into existing production schedules	May require dedicated resources and adjustments to the production schedule
Lower risk, as it's based on forecasted demand	Higher risk due to specific customer commitments, but risks can be mitigated with contracts

In an interview with Chris Holly from Sandhill Native Growers, who almost solely does contract growing, he said this about how they view contracts: "Everything that I grow requires a deposit, it covers a good amount of the cost. At that time, we've pretty much agreed on all the details like shipping date, production planning, etc."

Does he ever get worried about a contract falling through?

"I mean, out of a hundred contracts, two, maybe three," he said. "They have typically 30 days to take the material, within those 30 days, and then if not, you'll be assessed a storage fee. Just having the verbiage in there is usually enough to kind of scare them in a way to make sure they take it."

The strategic benefits

Adopting bookings and contract growing models transforms the traditional sales and production processes into a strategic partnership between the nursery and its customers. The key benefits include:

■ Improved cash flow: By securing orders in advance, nurseries can better manage financial planning and reduce the uncertainties associated with market demand.

■ Production efficiency: Tailoring production to specific bookings and contracts enables more efficient use of resources, reducing waste and minimizing unsold stock.

■ Enhanced customer relationships: Engaging customers in the planning process fosters stronger relationships, offering insights into their preferences and future needs.

Getting started

The journey toward implementing bookings or contract growing begins with understanding your customers' needs and aligning them with your nursery's capabilities. The process involves several critical analysis points:

1. Customer engagement: Initiate conversations with your top customers to explore their interest in a bookings or contract growing arrangement. They'll always be your driving force behind the business, so it goes without saying that they should be a key factor when deciding how to start offering bookings or contracts.

2. Demand assessment: Request a list of desired materials, quantities and timelines from interested customers. Lead the conversations with open-ended questions to understand what level of service they may be after and if it would fit best under a contract or booking model.

3. Capability analysis: Evaluate your nursery's capacity to meet these demands, considering factors such as liner

availability, physical space and timing. This decision should be reviewed by each major department in your operation to make sure that all concerns are addressed.

4. Production planning: Putting this into action can be a very quick process. Develop a production plan that aligns customer needs with your nursery's capabilities.

5. Communication and confirmation: Maintain open lines of communication with your customers to finalize the arrangements and adjust plans as necessary. Routine progress reports should be done internally, as well as updating the clients to make sure that dates and expectations will be met.

Navigating challenges

While the benefits of bookings and contract growing are significant, nurseries may encounter challenges in implementation, often stemming from misconceptions about the complexity and feasibility of these models. Addressing these concerns involves:

Clarifying misconceptions: Educate staff and customers about the viability and benefits of bookings and contract growing, dispelling fears about the risks involved.

Top misconceptions:

■ You have to offer it to all of your customers.

■ The customer won't take them on time.

■ The customer will be upset if there's a crop issue.

Risk management: Develop clear expectations to outline the responsibilities and expectations of both parties. Incorporating a margin for shrinkage and conducting regular quality checks can mitigate risks associated with crop failure or market changes.

In an interview about how they organize their custom contract growing, Mark Huber, Director of Sales for The Perennial Farm, said, "Have an end point to the agreement, you need to take the material by this date or at this date the material will go to open availability. Make sure to have that date—without that it becomes a nightmare for everyone to keep track of. That and make sure everyone understands their expectations, the customer and us as a grower."

Stephen Gillis, Sales Manager for Hoffman Nursery, said there are some challenges when getting started with bookings.

"Because our liners are often booked a year or more out, the tough part can be getting your foot in the door," he said. "If we are speaking with a customer this year and don't have availability for their entire grass program, we'll adjust the conversation to focus on fulfilling what we can. Then we'll discuss placing their program order for the next year or upcoming season."

Leveraging technology

The success of bookings and contract growing heavily relies on efficient inventory and production management. Implementing a robust inventory management system can significantly enhance the tracking of contracts and bookings, serving as a central repository for all relevant information. This not only streamlines the management process, but also provides valuable data for analyzing performance and making informed decisions for future cycles.

Competitive edge & market trends

In an increasingly competitive marketplace, nurseries that offer bookings and contract growing services distinguish themselves by demonstrating a commitment to meeting their customers' specific needs. This strategic approach not only secures a steady revenue stream, but also positions the nursery as a key partner in its customers' success, potentially increasing sales and enhancing the lifetime value of each customer.

Conclusion

Bookings and contract growing aren't merely alternative sales models; they represent a strategic evolution in the way nurseries operate and engage with their customers. By adopting these models, nurseries can navigate the complexities of market demand with greater confidence, ensuring not only the growth of their plants, but also the growth and sustainability of their business.

As the horticulture industry continues to evolve, bookings and contract growing stand out as key strategies for those looking to thrive in a competitive landscape, fostering a future where businesses grow in harmony with their customers' needs. **GT**

Rayne Gibson is a horticulture graduate from Louisiana State University and brings extensive experience in the green industry, serving in various capacities helping businesses across the southern U.S. He also served on the boards of the Louisiana and Texas Nursery Landscape Associations.