

GROWERTALKS

Features

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Future Leaders Sound Off

Jennifer Zurko

*"Tonight
We are young
So let's set the world on fire
We can burn brighter than the sun"
—From the song "We Are Young" by fun.*



You may not be familiar with the song quoted above, but it has become a new anthem for members of Gen Y. One cannot ignore the underlying party tones to the song, but it does reflect what many young people are feeling today—a sense that the sky's the limit for whatever career path they choose ... but it comes with a price. The lackluster economy and dynamic marketplace have increased the risks involved while the rewards are sometimes unattainable.

A little on the gloomy side, but there's no denying that today's youth have to meet a different set of challenges. And those in our industry know this all too well.

So we asked this year's Red Fox/Young Grower Award finalists about how they see the horticulture market changing and to give us their insight about how they're dealing with these changes. We posed this to the three young gents: "Some say the horticulture field is on the cusp of monumental change, a time where a paradigm shift will turn on its head how the whole chain—from growers to retailers to the consumer—views ourselves, our products and their purpose. What do you see that's grabbing your attention and shifting your outlook, perhaps in different fields, that you believe we as an industry should use or implement? And what would those changes look like in regard to our products, promotions, messaging and outreach?"

Conor Carey—who is currently in between operations right now—uses his growing experience and youth to state that our industry will be in turmoil if we don't answer the direct problem facing future gardeners. Sure, it's lack of motivation, but it's also about the lack of an actual place to garden. Conor says the economy has forced young people to rent in urban areas or worse—move back in with their parents—so that sense of accomplishment one gets when gardening doesn't come easily when the yard isn't yours or you don't even have one.

Matt Altman, who has grown up in the business and is now COO of Altman Plants in Vista, California, says we need to look at the way other industries, such as clothing stores, handle their supply chain. Matt says we have to be quicker to the punch when it comes to introducing new products, and this must start at the very top with the breeders down to the retailers who are selling the product. Taking five-plus years to introduce a new variety constantly has us finishing last in the discretionary income race.

John McLaren is senior perennial grower for Sheridan Nurseries in Georgetown, Ontario, and writes that he continuously looks at their product offering to see how they can make them better and answer the needs of today's consumer. It takes constant monitoring of the marketplace and you have to be fast and flexible in order to keep up with the fickle buying public, John said.

All three mentioned how much social media and the Internet have completely altered the face of retail and how people are buying and gathering product information. It's certainly not your grandfather's industry anymore.

Our panel of judges will choose the 2012 Red Fox/Young Grower Award winner based on their nomination applications, their essays and a telephone interview. We'd like to thank our esteemed judges for their time and support of this award. The judges are:

Anna Ball

President & CEO
Ball Horticultural Company
West Chicago, Illinois

Dr. P. Allen Hammer

product development and support for Dümmen USA and Professor Emeritus of Floriculture at Purdue University

Mike McCabe

owner of McCabe's Greenhouse & Floral in Lawrenceburg, Indiana, and current OFA President

Nancy Gambino

2011 Young Grower Award Winner and owner of Arte Verde Garden Center, Poplar Grove, Illinois

All three finalists will be our guests at Short Course in July and the winner will be announced at the Unplugged event at the Park Street Cantina at 8:00 p.m. on Monday, July 16. The winner will be featured in the September issue of *GrowerTalks*.

QUESTION: Some say the horticulture field is on the cusp of monumental change, a time where a paradigm shift will turn on its head how the whole chain—from growers to retailers to the consumer—views ourselves, our products and their purpose. What do you see that's grabbing your attention and shifting your outlook, perhaps in different fields, that you believe we as an industry should use or implement? And what would those changes look like in regard to our products, promotions, messaging and outreach?



Conor Carey

Age: 25

Currently in-between operations, but has eight years of growing experience

Aurora, Oregon

Horticulture, particularly ornamental horticulture, is in trouble. Not because of a string of rough years, or even the worst recession since the Great Depression. Horticulture is in trouble because my generation is not involved in gardening. There are several causes of this such as a lack of time or ever increasingly, a lack of actual gardens to work as my generation is forced to live in rentals or with their parents due to the economy. As the demands and expectations of our lives change, it is difficult to find the time to garden. To be honest, I even have trouble building the ambition to get out there after a long day of work and I love plants.

The sheer number of gardens is dropping as well. With the numbers of foreclosures on the rise and a staggering number of young adults still living with their parents, home ownership is threatened. However, even after the economy has fully rebounded, the problems facing horticulture will not be solved. That's because younger generations still won't be interested in gardening. Forget names like "Generation X" or "Millennials"—this is the "Do-It-For-Me Generation." I believe that people my age just aren't all that interested in getting their hands dirty and working in the garden anymore. Because of this, I think ornamental horticulture is in the infancy of a revolution that will change the way the entire industry looks at how we serve the customer.

If I were to look 50 years into the future, I doubt many people will even be working in the garden. That doesn't mean I think there won't be a demand for aesthetically pleasing landscapes—people just won't be working in their garden and will instead have their landscapes professionally installed and maintained. I believe that for most consumers, the value they perceive from their landscape is in the ability to enjoy it on a summer's afternoon, not digging holes and pulling weeds. If you've ever been told one of those "walked-to-school-uphill-both-ways-and-barefoot" stories by a parent or grandparent, just wait ... It won't be long before we're telling our kids and grandkids the "I-used-to-pull-my-own-weeds" story.

In 50 years, the average garden center as we know it will disappear entirely and be replaced by a fully integrated supply chain that will take plants from breeding through young and finished production, all the way to installation and maintenance for the consumer. No longer will growers be allowed to think of themselves as annual or perennial growers. They will become all-of-the-above growers. Marketing will not be centered on one company advertising to the next one in the supply chain. Instead, growers will market directly to the consumer through channels like Facebook and Groupon. We are far from that right now, mainly because the average household cannot afford professional landscaping services. And they never will be able to afford it until massive efficiencies throughout the entire supply chain are realized. Things like vertical integration, economies of scale and technological advances will be required. It sounds difficult to achieve—and it is—but it is attainable nonetheless.

In order to create the blueprint for success, we need look no further than today's auto industry and the principles of lean manufacturing. These ideas, which were conceived by Henry Ford and later perfected by Toyota, have the power to wring the necessary efficiencies out of the entire value stream from production of

raw materials all the way to retail level sales. I have witnessed this power firsthand after applying some of these ideas to the way in which orders were pulled at my previous job. After lean implementation, daily output was increased by 56% while the labor required to complete it was reduced by 25%. To accomplish this, you simply look at what creates value for the customer and try to eliminate everything else.

There will be collateral damage along the way as these efficiencies are realized. Several good businesses will go under and many good people will be driven into other lines of work. That may be hard to stomach, however, we must remember that at the end of the day we are all consumers and if the consumer wins, we all win—even if some of us are put out of a job. Look on the bright side: the U.S. Department of Labor says that 65% of today's grade school kids will end up in a career that hasn't even been invented yet. These sorts of changes, although difficult to imagine, will happen eventually. Look at how much the world has changed between 1962 and today. Fortunately, 50 years is a long time and there will be plenty of opportunities to adapt, but the alternative to change is much grimmer than the picture I have painted here.



Matt Altman

Age: 32

Title: Chief Operating Officer

Operation: Altman Plants

Vista, California

When I look into the future of our industry I see a couple of large changes on the horizon. The impact of the Internet cannot be overlooked. It has already made an incredible impact and will continue to affect retailing in all sectors while giving consumers more access to products and product knowledge. Secondly, via every channel, consumers are confronted with more options to spend their money than ever before, creating stronger competition across industries. There is more customization of products to specific consumer groups. And trends and fashion are changing faster than ever before along with consumers' purchasing habits.

For our industry to compete in this environment, we need increased cooperation and a consolidation of resources throughout the supply chain. We have to do this in order to better promote and customize our products to fit consumers' lives. We can see other successful industries, as varied as clothing and consumer electronics, evolving their business models and products in this way in order to stay in tune with consumers and win those sales.

The changes that the Internet has wrought on our national retail landscape are huge. There is something of a panic amongst those who see companies like Best Buy or Blockbuster, who had successful business models only a few years ago, either closing stores or closing down completely due to competition from new ways to buy the same products. We are left to wonder if these same changes will find our industry as well.

In Blockbuster's case, their products were completely replaced by a digital product that could be delivered electronically. With Best Buy, however, there is more similarity to our industry's retailer group. Best Buy has had to refocus itself on customer service and value-added products and services in order to capture sales, as consumers use Best Buy's inventory as a convenient hands-on display before easily comparing prices online

and then purchasing somewhere else—a practice now called “showrooming.” Manufacturers of consumer products, including consumer electronics as well as live goods, will be compelled by this to increasingly customize products for retailers so that the retailer can differentiate themselves from their competition.

In the same vein, as technology allows for increased niche marketing and an understanding of different demographic purchasing behavior, retailers will also push for manufacturers to provide products that are customized to different consumer groups. We are moving away from a one-size-fits-all retail offering and retailers will be pushing the supply chain to help them with this. All manufacturers, including growers, will need to be able to create and design products that can be customized and marketed to different groups.

But whether plants are purchased online or offline there is no guarantee that consumers will be interested in our products. As an industry we will soon realize more than ever that our products must not only compete against each other, but against every other product that the consumer wants but does not need. In other words, to survive as a viable and thriving industry we must convince retailers that our products are important and our message to consumers must be compelling enough to cut through the competition from thousands of other products in the marketplace.

Some key questions we have to ask ourselves are: Why will retailers feature and promote plants compared to other products? How will consumers be introduced to and excited by our category of products?

Currently, shifts in our industry happen slower than in most industries due to longer production cycles and the complexity required to change our products. Developing and introducing a new rose variety into the market can take at least five years of breeding and trialing and another three to four years of stock build up and production time before it can be produced at a volume that could be noticed by the end consumer. By the time this rose hits the market the color may be out of fashion!

Styles and fashion will have changed in eight months, let alone eight years. Forever 21, the fashion chain for teens and young adults (and wannabe young adults!), provides “fast fashion” styles that can change monthly or even weekly. Forever 21 has continued to thrive in a fickle industry dominated by seasonal fashions due to its ability to stay close to its market through an adaptable supply chain and fast production cycle. This marketing strategy would never work with plants—or would it? What if plants were seen increasingly as fashion rather than as a pet, and could be discarded just as easily as last season’s skirt line?

In that same eight years we will see advances in consumer technology products that we cannot even envision at this time—I would bet the iPhone and iPad will be unrecognizable in eight years! There will be new ways for people to spend their time and money and we will still be working on a new flower color.

Too many times there are plants that have been introduced after years of effort and they go nowhere. Consumers are more interested in products that provide them with an answer—a fast answer! Competition from other consumer goods is fierce and only getting more ferocious. Our industry will have to focus our energies on fewer products and programs in order to spend enough resources on those that can make a difference. And we will need to become drastically better at breeding to create new variety improvements that will keep people interested. While it may seem counter-intuitive, as the focus becomes narrower, there will be more resources devoted to product development because companies will see a higher return on the initial product.

The only way for our industry to do this is for the supply chain—from breeders, seed and cutting producers, young plant and finish growers, to retailers—to cooperate or vertically integrate. Based on what we see in other industries, it is not hard to predict that both will increasingly happen. Cooperation throughout the supply chain is the only way to achieve the degree of promotion, customization and execution that is required to match resources with other consumer products and achieve consumer awareness.

Through supply chain cooperation we can drive information on consumer demand down the chain to the breeders and send new products and devote promotional resources back up the chain to retail. We will have to learn to do this more quickly and effectively. “Fast fashion” retailers, like Forever 21, have created this type of close supply chain integration in order to manufacture and deliver goods in time as fashion dictates and changes. And consumer electronics companies like Apple have created value through a combination of vertical integration—their Apple products are sold in Apple stores—while leveraging a tight cooperation with their supply chain. This allows them to create and promote differentiated products that have a compelling message and can reach the consumer quickly.

While our horticulture industry has slowly continued to consolidate, driven by consolidation at retail, there are still hundreds of growers and various channels for introducing product changes. Promoting those changes through the supply chain to the end consumer currently takes many years and more cost than one company can shoulder. We have seen few products achieve consumer awareness. And it is debatable whether these products would be missed if they were not available given the cornucopia of offerings one sees at any retail garden center.

Our industry has a leg up against other products because of our green and natural image, but even that can deteriorate if we don't collaborate on this message. Negative stories about the effects of pesticide use and our industry's use of limited resources such as energy, land and water can have an equal impact on the consumer's buying decisions.

It is not hard to see that our industry has incredible products that can bring a lot of joy to people. But to ensure our plants reach a home we will need to innovate and cooperate at a level that has not yet been seen. But when we get there, the message and production efficiencies created will fundamentally change the value of our products. Supply chain efficiencies will drive down the price enabling plants to become addictively consumable and the messaging and design will speak to the consumer's current lifestyle in a way that allows them to find their voice through the purchase of our products.



John McLaren

Age: 31

Title: Senior Perennial Grower

Operation: Sheridan Nurseries Limited

Georgetown, Ontario

There are numerous and diverse influences shaping our industry and constant changes are occurring in the markets we supply. It is crucial to create solutions and implement change to ensure the continued growth of

horticulture. The importance of branding is evident in our own industry and others. Today's consumer expects a clear, consistent message from the brands they choose. Reacting to consumers' buying habits is more important than ever in today's horticultural marketplace.

Sheridan Nurseries is a commercial propagator with 900 acres of farmland producing hardy ornamental nursery stock and perennials, supplying guests across Canada and the United States, as well as our nine garden centers. This integrated environment provides us with a unique opportunity to grow and test plants to ensure they are the best for both our retail stores and our wholesale guests. Through our marketing team, it also provides me, as a senior grower, with direct access to the consumers' buying preferences and reaction to our products. This close relationship between our divisions allows me to make immediate, well-informed decisions on our product selections based on our guests' actual buying habits.

The quality and consistency of the products I produce is paramount in our efforts to demonstrate and elevate the Sheridan brand. From start to finish, the steps to produce an exceptional plant, worthy of the Sheridan name, are considered. I work closely with our suppliers to ensure we receive the very best quality liners to produce an excellent product. My team of growers understands the requirements needed to grow a superior plant. When selecting plants to ship, we take a critical eye to each item ensuring it meets or exceeds our expectations. This partnership allows us to continually monitor our quality to ensure we are exemplifying the Sheridan brand.

An example of our internal cooperation has been the creation of our private label product line, Sheridan Garden Classics. We have developed several perennial collections, including Drought Tolerant, Container Garden and Kids Gardening collections that allow our guests to easily find and confidently purchase perennials that will perform well. Each year, our retail buyer and I review the collections and consider the performance of each variety to determine whether changes are needed.

Another significant change to the marketplace is the use of social media and the immediacy of available information. Consumers have new ways to quickly browse, purchase and critique different products and services and this will continue to significantly change the way we produce and present our products. As a grower, I am directly involved with the diverse sources of consumer interaction, such as Facebook, YouTube and Twitter, among others.

My involvement with these modes of communication gives credibility to the plants we produce and humanizes the product, similar to a car company commercial where they show employees working on the line. I am able to highlight exciting initiatives we are implementing and new plant introductions while creating a level of excitement for the gardening season. This allows the consumer to be more involved and gain a better understanding of the growing process while providing us with immediate feedback on our products and activities.

Environmental issues have been shaping our industry for many years. Water and energy conservation are presenting us with new challenges. Not only are energy and resource-inefficient production methods costly, consumers increasingly look for brands to be environmentally friendly. Growers must be on the leading edge of new methods to reduce any negative environmental impact.

We have recently constructed a 31 million gallon pond to capture, filter and re-use rainfall and water run-off.

This bio-system has dramatically reduced the impact our farms have on the surrounding environment by reducing the amount of water we draw from nearby water sources.

I am actively involved in the promotion of our green initiatives, experimenting and testing several types of biodegradable pots, organic fertilizer and bio-pesticide use, as well as energy-efficient production methods, with a specific goal of producing a line of organic plants. We are also promoting the breeding and selection of plant species that require less water, lower production temperatures and nutritional requirements. When we have had good success with a particular variety, we convey these important “green” attributes to the consumer through our traditional and social media marketing activities.

Change can be challenging; however, it can often bring great opportunities. At Sheridan Nurseries, we will be celebrating our 100th anniversary in 2013 and, as innovators in the horticulture industry, we have always embraced change. I am proud to be part of this industry and this company in particular, and look forward to continuing to promote and cultivate our brand, being on the leading edge of new technology and ensuring we manage our environmental impact as we grow the business. **GT**
