

GROWERTALKS

Growers Talk Business

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Risk-Taking in Live Goods

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Just coming off our year-end company meetings, I feel great energy for 2018, as our team reflects on 2017 and what we can do to drive additional business in 2018. Over the years, I see January as a great month for learning from 2017 and practicing what we need to execute in 2018.

For our team at Metrolina, our focus in 2018 has to be driving additional business at stores we already serve. Our big-box customers aren't building new stores at the pace they did in the early 2000s and that's putting more emphasis on our teams to generate ideas on how to drive more sales in the stores we have. For our team, we focus on four areas to drive this business once we have the production plan in place.

- **Right item, right stores.** We all say this, but it takes heavy analytics to know what worked in each store. More importantly, it takes heavy confidence

in your analysis to take the risk of not putting every item in every store. This is a natural tendency (especially if your chain isn't building new stores) that we all have to fight. Our consumer dynamics and demographic trends tell us that we're wasting precious revenue and profit by putting every item in every store. Even if they all work, you probably have opportunity to take out a "GOOD" item to put in a "GREAT" item. We should never be satisfied with the status quo and we should challenge it every day.

- **Events in the right stores.** Due to the lack of new stores being built, I think our "store event" creativity has suffered. The chains would do great events for new store openings and we would participate and really drive some excitement. We need to get back to those days because our business allows this every year. My point is that we have new store openings EVERY YEAR in the form of garden center openings every March or April, depending on the market. We need to treat all stores like new store openings every year and produce events around that to build consumer excitement.

- **Investment in replenishment tools.** For teams with access to scan data at any level, it's vital that you just don't collect or gather the data. You have to analyze it and you have to invest in tools that allow that to happen on a frequency based on how often you can gather the data. Daily analysis allows for daily adaptations and changes, and assures you get the right items in the right stores. If you don't have scan data, then at least track your unit movement in an Excel chart. Lastly, warehouse your data. Most scan data systems only hold data for one to two years, and many times if you see a natural weather pattern developing for the year that reminds you of a year in a previous decade, you can pull this warehoused data and model what sales look like.

• **Bigger swings ... bigger misses ... but bigger hits.** I think in today's economy of less new stores, we've inadvertently become cautious in our planning. The old "do-what-we-did-last-year" mentality has crept back into the business because it's safe and seems like a good strategy. But it's actually very risky. By not innovating, and not taking risks, we then run the risk of missing big wins that are out there.

An example is sunflowers: They've made a huge comeback the last two years with the introduction of better varieties and stronger growing protocols. We would normally do 1,000 units to "test it," but we had so much positive feedback from consumers about it in our consumer data that we decided to "lean in." We cannot do that on every item, but you have to take a risk on an item or two every year to find the upside.

We did 20,000 units in 2016 and sold them all, and then did 60,000 last year and sold them all; 2018 will yield 100,000 units. If we would've taken the "cautious" route, we would have done 1,000, then 2,000, and then argued to do maybe 5,000 in 2018. Again, we cannot do this on every item, but we all have to take a risk or two each year or this business will be in trouble.

Wishing everyone a great year of risk-taking and sales success in 2018. If everyone grows, we all win as an industry. **GT**

Abe VanWingerden spent eight years working for Procter & Gamble in Sales and Marketing and is now part owner and President of Sales/Marketing at Metrolina Greenhouses, Huntersville, North Carolina.