

# GROWERTALKS

## Features

6/1/2021

## Survive & Thrive

*Jennifer Zurko*

Our panel of judges will choose the 2021 *GrowerTalks*/The HC Companies 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. This year's judges are:

**Anna Ball**—CEO & Chairman of the Board, Ball Horticultural Company, West Chicago, Illinois

**Art Parkerson**—Owner, Lancaster Farms, Suffolk, Virginia

**Amy Morris**—Vice President, N.G. Heimos Greenhouses, Millstadt, Illinois

**Stephanie Berkhout**—2020 Young Grower Award Winner, Qualitree, Rosedale, British Columbia, Canada

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This time last year, during the first few months of the pandemic, our Young Grower Award finalists were facing uncertainty. Closures and shutdowns had them wondering if the plants they were in the middle of growing would even end up on the shelves. The operations they work for were navigating through new safety precautions. And they had to juggle the added stress of worrying about their own health and the health of their loved ones.

Fast-forward a year and there's a lot that we've learned and experienced. Who knew that millions of people would turn to their garden for solace during one of the most tumultuous times in decades? But it makes sense. Why wouldn't they? Gardening, landscaping, outdoor design ... whatever people want to call it, it's brought happiness and a sense of accomplishment to a very weary society.

The fact that our industry reaped the rewards of that is gravy. Many growers and retailers reported significant sales growth in 2020, and if early reports are any indication (I'm writing this at the end of April), this year will be as good—if not better—than last year.

More demand means more sales, but it also means more resources are needed. Last year, most of you didn't have time to think about the lack of space and labor, and the total costs of inputs. You just did what you had to do to get through it. Since last spring, there's been time to plan for the increase in demand for this season, offering businesses a chance to peel back the layers and really look at ways to increase efficiency and decrease costs.

That's what we asked this year's three finalists to focus on for their essay, addressing how their operations are handling the influx of demand while dealing with the same challenges they face every year. As I read them, I saw a common theme: a mix of flexibility and innovative thinking with a large helping of good ol' fashioned teamwork.

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# Diego Barahona

**Age:** 28

**Title:** Grower

**Operation:** Costa Farms—Miami, Florida



## **Q. How is your business meeting the increased demands of this season in terms of space, labor, inputs, etc.?**

Charles Darwin said, “It is not the strongest of the species that survives, nor the most intelligent that survives. It is the one that is most adaptable to change.”

Following this principle, and especially in unprecedented times, at Costa Farms we were quick to adapt to the “new normal” that COVID brought about. Our company was fast to source masks, as well as other PPE for all of our employees. Some of our farms started sewing groups and produced a good number of masks in-house. We installed physical barriers

and changed many working procedures to ensure proper distancing while at work. Strict, additional sanitation practices became a new habit. Focusing on helping each other stay safe really brought our teams closer together and strengthened solidarity bonds across different functions in the company.

In Albert Einstein’s words, “Crisis is the greatest blessing for people and nations because crisis brings progress. Creativity is born from the distress, as the day is born from the dark night. It is in crisis that invention, discovery and large strategies are born. Whoever overcomes crisis, outdoes himself without being overcome.”

At Costa Farms, we have been witnesses of Einstein’s observations in a time of crisis. The pandemic brought about a significant labor shortage to our industry. We did what we do best: innovate. Through an accelerated implementation of trimming and sticking technology, along with an effective review and optimization of logistics processes, we have been able to meet and stay ahead of the growing demand for ornamental plants nationwide.

During the lockdown period last year, many people found in horticulture an effective way to cope with the monotony of staying home for weeks or months. Plants certainly played a key role in helping people minimize the stress associated with the pandemic, as watching them grow and bloom is quite therapeutic and relaxing. Similarly, we have seen that more social media influencers promote collections of plants and this inspires people to collect popular plants. The growth in demand did not fade away as cities reopened, presenting a tremendous growth opportunity for our industry.

At Costa, we have focused on optimizing capacity utilization to accommodate the growing demand for ornamental plants. In addition to maximizing capacity use, we have invested considerably in expanding production facilities. From a cultural standpoint, in the propagation and germination areas where quick rotation is key, we have done carefully managed adjustments to growing practices to reduce rooting time, with a focus on accelerating the movement of liners from stages 1/2 to toning stages 3/4 without compromising quality. Also, a thorough review of and revision to PGRs and nutrition management protocols post-transplanting have resulted in earlier finishing, delivering a very strong inventory position for Spring 2021.

With a foreseen general rise in inflation and a sustained high demand, we are beginning to see an impact on input costs, especially around hardgoods. At Costa, we have invested in developing a global sourcing team, which over many years has developed strategic partnerships and relationships with vendors across several continents, allowing us to rely on consistent supply of inputs despite economic and political swings around the world. We have seen

many small- to mid-size companies grow together with us in good as well as in uncertain times, and we trust that we will successfully navigate this phase of price volatility together.

At the core of Costa Farms culture is what we call “the 3Hs” (Humble, Hungry, Hustle). Our 3H culture is so contagious and attractive that new hires quickly start exhibiting those three traits shortly after their first few months at Costa. We consider it of the highest importance for all of our leaders to be able to build highly effective teams, united by a common objective. We strive to deliver a great and safe place to work, where creativity, innovation, professional development and caring define the way we grow people. This style of leadership, founded on the 3H culture, has proven to be a competitive advantage of our team when faced with the challenges of our industry’s “new normal” of high demand, labor scarcity and increasing input costs.

As a Grower Manager for Young Plants at Costa Farms, I believe that our biggest asset is our people. In times where labor is scarce, my division has committed to prioritizing critical tasks and conducting cross-functional training of different teams to achieve operational flexibility. We have been through some of the toughest times ever experienced in our industry, at many points not having enough people to get the job done. At times, our staff members were reduced by 45% and this forced us to take immediate action to keep the production up with less labor. This would not have been possible without the splendid work of our staff members. They are the engine of our operation.

As I reflect on the challenges we face, today more than ever before, I realize that as an industry we should be more aggressive in quickly adopting technology. We should look for solutions in other industries that we could adapt to ours as we seek to further mechanize and automate our growing processes, while we work with our commercial partners on product design practices that enable sustainable technology adoption. This has enabled us to meet the increased demand this season and has also made us more resilient and prepared for upcoming seasons.

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## Maddie Maynor

**Age:** 30

**Title:** Growing Operations Manager

**Operation:** North Creek Nurseries—Landenberg, Pennsylvania



### **Q. How is your business meeting the increased demands of this season in terms of space, labor, inputs, etc.?**

North Creek Nurseries has made a healthy profit annually since early 2016 when our Operations Team worked with our Sales Department to cut 126 SKUs. This decision was driven by the goal to reduce shrink and add to the bottom line. As a result of these drops, we saw an increase in profit and higher quality outputs to our customers. The reduction in SKUs allowed us to make room for crops with lower input costs and higher propagation success.

Since 2016, quite a bit has changed for the Green Industry, and here at North Creek, we are feeling these effects on all fronts. Our expenses have been following a sharp trajectory; due to COVID, some of our supply costs have increased over 200%. With supply and demand hinging on the crippling effects of the global pandemic—and COVID-19 work restrictions in step with staffing shortages—2020 taught us how to be flexible in the face of uncertainty.

To stay agile and keep shrinking the shrink going into 2021, another in-depth look at our SKUs was inevitable. Guided by General Manager Tim McGinty, our Production Team started line by line down our complete product offering. Together, we identified and eliminated items that both generated waste and were cost-prohibitive. Through this deep dive, we created room to grow more of the plants that yield greater profit and keep the customer demand satisfied.

Furthermore, we reviewed Strategic Initiatives and “Key Thrusts” of our organization. Key Thrusts serve as guiding principles for us to operate with efficiency and success. At the start of each calendar year, we analyze historical data along with current and future goals to create our companywide Strategic Initiatives. If 2021 is on par to be anything like surviving 2020, we knew we needed to be hyper focused on our strengths and weaknesses.

The process of strategic planning tasks each department with a new set of objective goals. The goals are S.M.A.R.T. (Specific, Measurable, Achievable, Relevant and Time-Bound) and chosen to align with North Creek Key Thrusts. Action items are attached to each goal to give a clear direction on how to complete the objective and goal at hand. Once a department has their goals, they meet with their team members to plan and execute. Involvement from all staff is critical to ensure buy-in and commitment. Involving all employees allows North Creek to see processes from all possible angles.

In addition to our yearly strategic initiatives, we implement LEAN manufacturing. LEAN Manufacturing is a systematic approach for driving out waste in a manufacturing process without sacrificing productivity. At North Creek, we champion LEAN initiatives and are always looking for ways to enhance LEAN processes in day-to-day operations.

One aspect of LEAN we revisited at the start of the 2021 season was Processing Mapping. We looked at current processes through every department. For example, maintenance work orders, pull to ship, production line sticking, inter-farm plant transfers and how we introduce trial offerings versus new plant introductions. We mapped the current process and looked for non-value added waste. Once waste was identified, we removed it and brainstormed a leaner path forward. When busy seasons hit or there is an increase on the production demands, our road map is ready to follow to ensure we are working smarter, more efficiently—and not harder!

After we set our yearly initiatives with S.M.A.R.T. goals, mapped our processes, continued to reduce our SKUs, and leaned out every process possible, we still had labor shortage needs. The processes were in place and the exact path set to follow; however, we now needed the physical manpower to keep up with production demands. While most businesses were closing or reducing staff during the pandemic, we found ourselves in need of more hands to satisfy demand. We struggled to find candidates through traditional routes—word of mouth or fliers—so we outsourced labor needs to a local staffing company. This partnership resulted in welcoming over a dozen new employees. These new employees are temporary at first with the option to transition to a full-time “Creeker” after successfully completing a probationary period.

With all the new hires coming in, our LEAN culture is ever present. We use LEAN training to ensure that everyone is on the same knowledge level for a particular job. We want to ensure that everyone at North Creek, regardless of position, understands the value they are adding to our product and thus the end customer.

2020 was a year of many highs and many lows. North Creek navigated these swings with a plan in place that gave us flexibility and understanding as the world changed around us minute by minute. We were able to ride the highs of the past and current year with great success due to having a clear vision and putting work into the details across the entire operation. Together as a team, the company stayed the course and trusted in our values and key initiatives to guide us. We removed unwanted waste by reducing SKUs and adding crops that brought profitability while being production/grower-friendly. By approaching processes with LEAN thinking, we were able to pick up loose ends and take a more responsive approach to increased product demands. We reached out for support when labor was hard

to find and welcomed new team members that will hopefully be a part of North Creek for years to come.

As an industry, we need to be ready for all the moving parts. We have witnessed market crashes, shifts in consumer trends, regulation changes, the fury of Mother Nature and now a global pandemic. As input costs and labor or supply shortages tend to be outside of our control, we must remain dedicated to the details we can control. A reactive, on-your-heels approach is no longer an option; we must adapt and innovative. We must plan, plot and execute proactively if we expect success. Having an end goal is important, but the steps and actions a company puts in place to achieve those goals and overall success is vital!

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## Thomas Minter

**Age:** 29

**Title:** Plant Health Manager

**Operation:** Loma Vista Nursery—Ottawa, Kansas



### **Q. How is your business meeting the increased demands of this season in terms of space, labor, inputs, etc.?**

According to some, the Great Recession of 2008 didn't hit the nursery business until 2011. That makes sense, considering how long some crops take to mature. Right now, our industry seems to have struck gold and hopefully we all have our gold pans ready to capitalize on the increased demand the industry is experiencing this season.

At Loma Vista Nursery, when we are faced with new challenges—like working through the middle of a pandemic while balancing the strongest demand we have seen in years—we do not panic or make reactionary

decisions that often prove to be very costly. By maximizing our space and using it efficiently, re-evaluating in a timely manner, building strong foundations within our team, and controlling the inputs we can, we have pushed the envelope and exceeded expectations.

We are able to move forward with confidence because we already have a plan to optimize our space and production capacity. How do we know exactly how many *Viburnum carlesi*s we need in four years? By executing the plans we already had in place and following our processes. This includes re-evaluating sales forecasts and production schedules regularly, allowing us to adjust in a way that suits our business needs.

Additionally, we have identified how we can optimize our space by organizing crops to maintain efficiency, reduce liability and turn them as quickly as possible. For instance, we have located our liners as close to our canning barn as possible to reduce travel time. Furthermore, we have grouped the majority of specific genera, such as hydrangea, together to streamline maintenance like pruning and fertilizing. To mitigate risk, we've split that group of hydrangeas in two, mirroring each other on opposite sides of the nursery.

In the case of an impending flea beetle outbreak in one group, we've organized in a way that we can address the problem and still be able to ship from the other group. These efficiencies have allowed for shorter crop cycles and fitting in more plants per year, resulting in the ability to mend our schedules to market needs.



It takes an incredible force to ensure a nursery is a well-oiled machine in order to meet the demand and challenges that any spring growing and shipping season may present. But for me, it all leads back to being prepared, being flexible and having an incredible team to back you up. A nursery cannot operate successfully with one person. There are many days I can't run my own department without help, but I know I can rely on my colleagues to step in where it is needed.

At Loma Vista Nursery, we've fostered a culture in which we care for each other, and simply put, it just makes the nursery a better place to work. The comradery and genuine interest from our peers make it so much easier to get through tough times. Even if mistakes are made, we all will grow from it. Education has been an integral part in that—whether it's a few members of the management team bringing back information from Cultivate to share with their team or our weekly company sales updates comparing this year to previous years. Learning this information helps us understand where and how to improve.

All of this has helped to build an incredibly strong management team, all centered around one common goal: the success of the nursery. Each member of the management team knows how they and their team affects each aspect of the business, including the financial results. Being in tune with the finances and goals of the company was critical to moving back to the H-2A program this year. We knew we could afford to be on the program when the management team became financially literate and understood the investment being made in H-2A. The team held each other accountable for what we needed to do to get that return on investment.

Controlling what we can for our future is vital. If we don't need to rely on outside sources for major inputs, we have more control over what our future looks like. Propagating roughly 80% of our finished product in-house gives us a huge advantage. As demand is driving up cost for liners and freight is hitting all-time highs, Loma Vista Nursery can maintain some peace of mind knowing we have the propagation material on hand.

In addition, we've produced plants that are acclimated to our climate, were pruned, fertilized and matured for shifting based on the plan we'd created. Our destiny is in our own hands—not that of the freight market or anyone else. Having this control over our inputs makes it easier to pivot if needed. That's why we revisit our forecasting plans often. Deciding to cut 100 Manhattan Euonymus for shifters is much easier to absorb when your cost is 50 cents per plant versus when you've already purchased 500 at a \$1.50 each FOB. Have a plan in place, but be ready to roll with some punches.

Jumping on the SANC program early has also pushed us to be more prepared for challenges we've been facing. The program has honed our focus on processes around the nursery, mapping out specific details and eliminating many risks that could limit our shipping capacity. Teaching the entire nursery about pest and disease risks puts more eyes looking over our product and allows us to head off problems often and early.

There's not one—but many—good reasons why we've been able to keep up with demand in this golden market our industry found itself in. We understand our space and have utilized it efficiently. We built a solid foundation with a hardworking team. We've controlled our inputs as best we could, while continuing to adjust as necessary. All of these efforts, and the countless wins that lie underneath, have set us up for success that will continue to compound as we grow.

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