

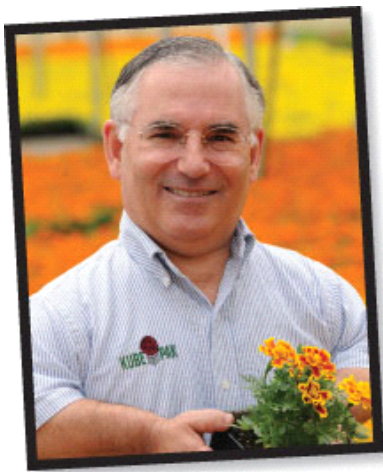
GROWERTALKS

Growers Talk Business

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When in Doubt, Think It Out

Bill Swanekamp



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2022 might be called the year of the crunch. No, not Cap'n Crunch the cereal, but the crunch created by the lack of production supplies. It appears this is a nationwide problem and almost no one is immune from its effects.

Peat moss is just one example of a critical growing component that's in short supply. Many of the peat bogs in eastern Canada fell between 20% to 30% of their goals in 2021. Is there anything we can do to reduce the impact of short supplies, which can lead to our inability to meet spring production schedules?

Let's talk about some things you can do to relieve the stress from material shortages.

1. Pay your bills on time and take discounts. I've heard this over and over again from our vendors. They appreciate the customers who pay their bills on time. In fact, they'll prioritize supplying a good-paying customer over a slow-paying one, every day of the week.

How do you get in this category? Borrow money from the bank, not from vendors. It's a common practice in our industry for large vendors and brokers to act as the bank for smaller businesses. This works fine when production supplies are in ample supply, but when we have shortages, as we do now, these vendors will favor good-paying customers over slow payers. Yes, it takes time to establish credit with a bank, but it's worth the effort to do so.

Take discounts. Do you take discounted terms when they're offered? Take them! In most cases, you'll save money. If a vendor is offering a 2% discount and you're paying your bank 4% per year to borrow money, then you can prepay up to six months in advance and still save some money.

2. Order a full year in advance. The pandemic caused a slowdown in many areas of the global economy, and now that the economy is heating up again there's naturally going to be a shortage of supplies. Since we know this, it's best to think a year in advance. I know this is hard to do, but what's worse—a little guessing about next year's demands or not having the supply to produce anything? The answer is obvious: stay up late and get those orders in. This may also require additional warehouse space.

3. The new normal. Accept delivery of production materials whenever they're ready to ship. We've been told by many of our hardgoods vendors that if we place an order with them, then we'll have to take the order whenever it's ready to ship. In the old days, we could specify when we wanted the materials to be delivered; that's not the case

now. Take it now or lose it now. That's the new mantra.

Pay close attention to backorders. I cannot stress this point enough. No vendor wants to lose an order because of supply issues, so what do they do? String out the delivery date. Yes, they keep telling you it'll come next week or next month, when actually they have no idea if the materials will ship before you need them. What's the solution? Find alternate vendors. If you're informed that an item is backordered, take the initiative to find another supplier. Don't wait for the last minute to receive supplies.

4. Consider using substitutes. As was mentioned earlier, there's a critical shortage of peat moss due to poor weather in eastern Canada this past summer and fall. What can you do? Substitute other products such as rice hulls or wood fiber. You may not have to eliminate all of one ingredient like peat moss, but maybe cut the amount of peat moss by 30%. The same applies to substituting with wood fiber.

The other media component in short supply this year is perlite. We found out one week ago that the medium grade of perlite we use for plug production wasn't available from our current supplier. What did we do? Found another supplier, but they couldn't deliver any perlite for three weeks. We ordered the perlite to come in three weeks from now, but also found out how to stretch our limited supply of medium perlite. We decided we could use coarse perlite, which is in ample supply, in our larger cells, such as 50, 105, 102 and 162 trays. This perlite is too large to use in our 288 or 512 trays.

5. Get creative. We built our own device to pulverize or reduce the coarse perlite to a medium grade that can be used in the 288 and 512 plug trays.

In summary, the current material shortage should be temporary as the global economy gears up to meet current demand. In the meantime, don't get caught with production problems for our short, but intense, spring season. **GT**

[CLICK HERE](#) to see Kube-Pak's custom-built perlite pulverizer.

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