

Grow your business[©]

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INTRODUCTION

Seek and share

I want to thank all of the IPPS members in the room today who took the time to come here and learn from one another. A strong association for plant propagators benefits everyone in our industry. Without IPPS, where would the industry be today? It's amazing to think of all the advancements that have taken place in plant propagation because of this organization. This network of peers allows us to share and learn from each other, and a strong education program helps all of us become better at our jobs.

The knowledge and skill we get through IPPS helps us create strong businesses that will continue to grow the industry, provide interesting plants for the landscape, and jobs for the future. I'm so thankful that the members in this room understand the value of coming together for these meetings. I have been a member of IPPS for over 40 years and stand by our motto, "to seek and share."

Many of you have been in this room before and look forward to this meeting each year; many of you are new to the organization and this might be your first meeting. New members bring energy into this room and into IPPS. Get to know a new person if you haven't already—we need the passion that new members bring, we need their excitement for learning. Everyone here has their own unique knowledge about how the plant business works and all of us can learn something from one another. Let's help each other as we learn how to move this industry forward.

You know I love these meetings—it's a time to meet good friends, review the season, and learn more about how to build a successful business.

Think about your business

The focus of this session and in a way, maybe every session, is to think about business.

It's a time to think about the future, about profitability, and the margin we make on our products. Without profitability, this industry will continue to shrink. A lot of us do a disservice to ourselves and our businesses by not daring to be profitable—by thinking we can't raise our prices, or demand what our products and knowledge are actually worth.

At Spring Meadow Nursery, we think about business constantly. Our goal is to double our business every 5 years. So we make a plan of how we're going to get there, and we adjust our plan to make sure it's keeping us on the right path. We are always focused on improving everything we do in pursuit of this goal and beyond, even where we will be ten years from now. While it is a cliché, "innovate or die" is how we run Spring Meadow Nursery, and it's relevant to everyone in the plant business.

Are you actively working on a plan to make your business more profitable? Have you even thought about it? Creating a plan is the first step toward growing your business. I think everyone in this room can double their businesses in the next 5 years if they have a plan to do it.

I started Spring Meadow Nursery as a shrub liner supplier 35 years ago. Like everyone here, I had some things to learn along the way. That's called the school of hard knocks, which I can say I've attended in addition to Michigan State University. After I graduated, I worked at Zelenka Nursery for 11 years as a senior manager over multiple propagation departments, until I lost my job in the 1982 economic downturn.

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BE DIFFERENT/ADD VALUE

When I started Spring Meadow Nursery, I thought that competition meant selling plants at a cheaper price than the other liner nurseries and that growing my business meant just selling more plants. So I worked harder and longer and tried to do it cheaper, and even though I sold my inventory, money was still pretty scarce. This all changed once I understood that I needed to be different from everyone else, not just copy what others were doing and hope for better.

So Spring Meadow Nursery started growing different plants than our competitors. We introduced new and unusual plants that allowed us to set our own prices instead of following others down the low price rat hole. We found plants that created excitement in the market—plants that people wanted to talk about, which led to garden centers selling them quicker and at higher prices.

We sought out flowering shrubs that had bigger flowers, better color, and bloomed longer. We focused on smaller plants that offered interesting solutions for the landscape, and plants with attractive foliage that looked good all season. Good, garden-tested plants with fragrance and impulse appeal at the garden center that looked more like perennials than what people, at the time, thought of as shrubs. We've often used the tag line, "changing the way you think about flowering shrubs." If we can change the perception of a plant's value, we can change this business forever.

After a few years, it was clear that selling new plants at higher prices was not only more profitable for us but added value for our customers as well. And when your customers win, you win.

Selling generic plants at cheaper prices was not the right answer for us. We weren't able to make the generic plant business profitable. Selling more for less was just not an option. This all seems simple enough in retrospect, but often we fail to understand that we must add value to our products, and how to do that. Adding value is about making sure everyone in the supply chain benefits, which means everyone has to make little more profit on each plant. To this day, we're always eliminating low margin plants.

STRATEGIC RELATIONSHIPS

Back when branding was just beginning to emerge in the nursery industry, we at Spring Meadow Nursery knew we had to embrace this new opportunity. If we didn't move forward with branding, where would we be in 10 years? Remember that "innovate or die" rule I mentioned earlier?

So we started our own brand called ColorChoice® Flowering Shrubs and introduced our new plants under this name. We then showcased ColorChoice® plants to our customers and to retailers, which increased our margins, and we used those profits to build our brand and our business even stronger.

In 2003, we began discussions with Proven Winners® and soon joined them with the exclusive right to manage all woody plants under Proven Winners® in North America. We moved from being a wholesale, B-to-B brand to being a retail, B-to-C brand. This was huge for us. It changed us as a company. It changed how we think about the power of marketing and branding. It brought us new customers and new markets for proprietary branded flowering shrubs.

It also changed plant branding. Proven Winners® is the number one plant brand in North America, selling well over 100 million plants a year. Proven Winners is not a nursery. It is a cooperative. When we joined the brand, we joined together with the other companies that make up Proven Winners®. None of us could have created Proven Winners® on our own, but by combining annuals, shrubs, and perennials under one recognizable brand, the marketing becomes more effective. Every plant sold under the brand contributes to the marketing fund, which helps grow our business and increase demand for our products. That's why consumer recognition of the Proven Winners® brand grows every day.

Today, we introduce plants into the market from independent breeders worldwide and also breed plants internally at Spring Meadow Nursery. We now own or manage patents on over 300 flowering shrubs, and Proven Winners® ColorChoice® plants are in almost every

garden center in North America.

Strategic partnerships like this are a crucial part of growing your business. Ask yourself, how can I join together with others to make all of us stronger and improve our chances of success? Where can we improve the supply chain to include our products? Questions like these help you develop your plan to grow your business.

PLAN FOR LONG TERM SUCCESS

Growing your business doesn't mean just making it physically bigger, but also better and more profitable. The reality is that opportunity for higher profit is everywhere: you can reduce your labor costs by being more efficient in the way your staff does things. You can raise the quality of your product. You can look for new markets so you can sell higher volume.

One of the easiest ways to become more profitable without adding staff or space is by increasing margin. Everyone in the supply chain is searching for margin. Basically, this industry needs a solution to the historical low profit issue. Higher margin plants are a big part of the solution. I am telling you to raise your prices. When? Every year. After all, your supply costs go up every year, don't they? So every year you don't raise your prices, you're becoming less profitable.

Don't be afraid to raise prices, especially on higher value plants. It doesn't have to be a huge increase, just 10¢ a year can keep you profitable. New plants are the perfect opportunity to raise prices year after year. After all, no one knows what they should cost, so it creates its own market. New plants help us compete and increase margin. Everyone always asks "what's new?" and then, "where can I get it?"

If you struggle with price increases, think about what kind of people you need in your sales department. Most sales people in this industry are focused on customer service and seldom understand how to help your customers grow their business by selling solutions as well as products. When you finally make the decision to upgrade your sales team, you will wonder what took you so long.

SUCCESSFUL DECISION MAKING HAS A STARTING POINT: MAKE A PLAN

This is all really basic information, increasing margin and profits. But without a plan, it's easy to forget the basics. I firmly believe each of us needs a plan in place to be successful. I'm not talking about a plan to do the same thing as last year. I'm talking about raising the bar for next year and never being content with the status quo. That's how a successful business works long-term.

Remember that "innovate or die" rule I mentioned earlier? Business naturally resists innovation, but this sets us up for failure. Plan to innovate and do the uncomfortable.

We are all in this quest for success, for profitability. It's not just about financial success, but also about being better and surviving for another year as a business. It's about the future of our teams and their families. It's about doing our best every day. If you're not profitable, life is pretty tough and it's hard to get ahead. Even when you plan for the long term, you still need to make the right decisions every day to improve your business.

Decision making is hard. We're all afraid of making the wrong decisions, because we know our success or failure is tied to the decisions we make. I'm sure everyone here knows of nursery failures caused by poor decisions. Sometimes, we struggle and keep delaying the process because we are worried about the unknown or because we are worried about the competition. Since we need to make decisions every day, how do we make the right ones? I say look to your long-term plan. As you know, short term and long term thinking are different from each other—short term fixes may not be the best choice for your long term plan. When we're making decisions, we seldom think about how they may impact us 5 or 10 years from now. But these daily decisions are what drive growth and change over time, both in your business and personal life.

Looking back in life, each of us can see how our personal success has a starting point, whether it is accepting the influence of a parent or mentor, deciding to go one way or the other in a degree or job, early investing in a mutual fund, or spending time with your family

to strengthen those relationships. Successful business has a starting point as well: find a need in the market and fulfill it better than anyone else. Do it profitably so you can invest in your business for the future. Think long term. Stick to your plan and build your business piece-by-piece. Hire the right people that can move the business forward.

I know business is constantly changing as it goes along. At Spring Meadow Nursery, we are always sorting out the decisions we made and looking to our plan for guidance. We measure the success of our decisions against our core principles. The long term core principles at Spring Meadow Nursery are pretty simple, big-picture stuff:

1. Take care of the plants, and they will take care of you.
2. Invest in people and let them do their job.
3. Work on your business, not in your business—limit daily grind stuff and work on the future plan.
4. Improve your quality every year in everything you do.
5. Invest in your business for the long term.
6. Move the needle every day—we measure everyday almost everything we do.
7. Lead the industry—early innovators make money, others have to pay to catch up.

I encourage you to go home, make a plan, and put it into practice. What can you do right now in your business to get you closer to your long term goals?

The choices you make every day are opportunities to improve your business and your business plan. When decisions or challenges come along, look to your plan, and then measure against your core principles. Get in the habit of making decisions that move your business forward!

When I look back at Spring Meadow Nursery's history, I'm so thankful for the strong business principles in place, for the unbelievable people that have joined us in moving the industry forward, for game-changing new plants that have increased margin and profit, and for the passion that drives us every day to be better at what we do.

WHY WE ARE HERE TODAY

So why are we all here today? We are here to celebrate 2017—to be thankful—to be happy—to see our friends. We are here to work on our plan—review it—adjust it—add value to it—and grow our business. There is unbelievable opportunity ahead in 2018 and beyond, and there is great wisdom in this room. Let's put it to work.