

# When Opportunity Knocks...

**By taking risks and focusing on value, Rocket Farms' production has grown substantially. When opportunity knocks, this big grower is prepared and ready to move forward.**

**By Jasmina Radjevic**

**R**ocket Farms, headquartered in Salinas, Calif., was founded about 20 years ago the same way many bedding plant producers start out. Once an exclusively vegetable transplant producer (see sidebar, page 6), Rocket Farms was created when the company heads realized there was a large amount of time with empty benches. Ornamentals fit that window.

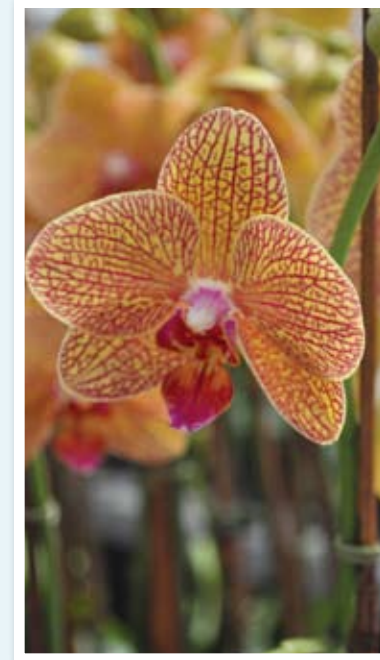
The company has grown significantly in the past few years, and according to Marc Clark, executive vice president, many of their achievements come from taking some necessary risks and positioning themselves for when innovative opportunities came their way. A recent example of Rocket Farms' willingness to be proactive in the industry is their certification through VeriFlora.

Clark believes "risk is a fundamental part of our business, but it needs to be managed." Take the risk, make a decision, and just do it, he says. Sounds like a pretty simple recipe for success, but there's so much more to it.

## Constantly Moving Forward

Marc Clark attributes much of Rocket Farms' success to its management structure...or lack thereof. The company is run by owners Charles Kosmont and Sergio Silva and executive vice president Marc Clark. "When we make decisions, we tend to make them very quickly," says Clark. "I'd say that's one of our strengths. We see opportunities and take advantage of them without going through multiple layers of management.

"When we decide to do something, there are three people in this room, and we say 'OK, the numbers look good, let's do it.'" This kind of approach keeps the business constantly moving forward.



## Rocket Farms at a Glance...

**Management team:** Charles Kosmont, Chairman & CEO; Sergio Silva, President; and Marc Clark, Executive Vice President

**Locations:** nine facilities, mainly throughout Monterey and Santa Cruz Counties, Calif.

**Growing space:** 5.5 million square feet

**Number of employees:** between 200 and 600 seasonally

**Varieties grown:** Orchids, herbs, vegetables, poinsettias, calla lilies, as well as some spring/summer bedding crops.

**Geographic sales area:** Mainly California, as well as Oregon, Washington, Idaho, Utah and Colorado. Ship to East Coast and Midwest throughout the year.

**Customers:** Primarily grocery store chains and club stores, including Trader Joe's, Costco, Safeway, Whole Foods, Raley's, Fred Meyer, Kroeger and Supervalu.

Kosmont, Silva and Clark are dedicated to being very hands-on with the business, and the industry as a whole. This allows them to keep a pulse on the marketplace and move through business decisions rapidly.

Both Silva and Kosmont have been with Rocket Farms since before its infancy. Although Clark is one of the newest team members (the majority of the company's employees have been with the company 15+ years!), he has been in the horticulture industry for more than 20 years. And under his leadership, Rocket Farms' production has grown exponentially.

To stay on top of trends, Clark travels quite a bit. "I see a lot of different things. I visit with a lot of different growers," explains Clark. "We really try to focus not on what's happening right now but where we're going to be."

He also attends multiple trade shows around the world and other horticultural events, such as Essen, HortiFair, OFA Short Course, California Spring Trials and the *Big Grower* Executive Summit.

## Orchid Production: 3, 2, 1, Liftoff!

An extremely profitable result of Clark's travels is evident in Rocket Farms' orchid sales. Five years ago, when Clark first joined Rocket Farms, their orchid production was at zero. Today, Rocket Farms is growing more than 3 million orchids per year. And that number is increasing at a rapid rate, says Clark.

When choosing which varieties to grow, Clark says they prefer really large, sustainable, long-term projects. What they have found is that when growers choose to do many smaller projects, they become very difficult to manage. "Projects take on a life of their own," says Clark. "The bigger they are, the more effort we put into them. It works better for us to do 100,000 of something."

Rocket Farms hasn't reached its big grower status by *following* others. That's too easy, says Clark. "You can easily do whatever everyone else is doing. We tend not to do that and sometimes that's a bad thing," he explains. "Because when you're out in front with no one to look at, you can go the wrong way quite easily." But he says they would rather take that risk.

*Dedicated to offering a high-value product, Rocket Farm's main priority is using its resources towards research and employee development. As you can see here, the uniformity in orchid production is a direct result of these efforts.*



**"Like they say, fortune favors the prepared mind; if you're unprepared or unwilling or unable, opportunity may come and you'll never see it."**

— Marc Clark

Orchids were a huge risk. Learning how to grow them, and grow them well, was not easy. But taking that risk has more than paid off. Orchids are a relatively high-dollar item, and because of this, they can absorb more shipping costs.

There are plenty of commodity crops that Rocket Farms chooses to keep out of its lineup because they are not worth all the trouble. Some crops, for instance, have to be timed just right, and if they're just three days late, they go in the trash. So Clark says, "If it doesn't work for us, it won't work for the retailer or the end consumer. There are certain things that just don't make any sense whatsoever for us to grow, not just for us but also on the consumer level."

With some crops, because the cost of freight is such a large component, it becomes too costly because they can just as easily be purchased from a local grower who doesn't have to ship product. "You can only ship so far, and then it doesn't make sense," says Clark. "With orchids, because their dollar value is so high, the freight component is relatively small."



### Value First

Having a successful business, however, is in no way solely dependent on growing high-dollar items, but more importantly it goes back to having *high-value* items.

Trialing varieties and sponsoring research projects are a large part of Rocket Farms’ business strategy. They recently sponsored an orchid study at UC-Davis. “What we were finding was that we take these orchids home and water them, and they don’t do as well if we water them too much,” explains Clark. “For some reason, they don’t do as well with water. They’re all grown in moss, so they definitely retain moisture.”

The purpose of the UC-Davis study was to determine the optimum time period for watering orchids. It was a very intensive study, says Clark, but when it came back, the results showed that the optimal watering period was between 20 and 25 days. “So instead of having to water it every three to four days, you can water them once a month!”

The point of these types of studies, Clark says, is to “come up with things that have better value all the way across the board.” From the grower, to the retailer, and most importantly to the end consumer.

“We do need to connect with the consumer,” shares Clark. “You see it a lot, like at farmers markets. That goes right from here right to the end user. There’s no gatekeeper. How often do we actually interact with the end consumer? Not as often as we should.”

Another factor in producing a high-value product involves continuous training for employees. “They’re constantly training,” says Clark. “That’s really where all the strength is in this company — on the growing side. Every penny that we make depends on how well the product is growing and how little we throw away. So our growers have to be good at what they do.”

Rocket Farms recently sent all of its growers to Ecke Ranch in Encinitas, Calif., for an intensive training program that lasted a couple of months. “Our idea was to elevate the science of growing poinsettias to a little bit of a higher art,” explains Clark. Poinsettias are a highly technical crop, so Rocket Farms wanted to create a standard.

When conducting variety trials, Clark says they take the plant all the way through its entire life cycle, from plug or seed all the way to shipping. If there are any issues, like if the plant doesn’t ship



Although grocery chains make up the majority of its customers, Rocket Farms also provides finished product to internet flower companies, such as ProFlowers.

well or it’s too large for the retailer to keep on the shelf, they take those things into consideration.

“For every customer, we have to tailor things that work not just for growing but all the way through to where it’s going to sit on the shelf,” says Clark. “You can grow the most beautiful thing in the world, but if you know it’s got to be watered every three days or it’s going to die, it’s not going to work.”

### Silver-Lined Economy

Rocket Farms is continuously trialing products, and not just with plants but with technology as well. “We’re looking at new things all the time,” says Clark. “We have a lot of different projects that we evaluate; most of them we decide not to do. It’s just a constant flow of information and knowledge, a free-moving kind of environment. It’s fast and fluid.”

And whatever they’re doing this year, they may not be doing next year, according to Clark. “We try to always think ahead.”

Surviving in this economy is an accomplishment in itself, and it’s not going to get any easier. But Marc Clark sees the silver lining.

“This is the time for opportunities!” he points out. “In some ways, this is a very good time. Five years ago, everything was expensive, everything had already been done. There just wasn’t a lot of opportunity. Whereas now, there are all these problems, and each one of

## Two Entities

Many people are unaware that Rocket Farms spawned from its partner business, Growers Transplanting Inc. Created in 1983, Growers Transplanting’s vision was to give vegetable crops a head start. “Instead of taking plants and planting them in a field, they decided it would be a great idea to take that seed, grow a plug, and then plant the plug as a transplant,” shares Marc Clark, executive vice president.

The company continued to grow. What happened, like with all businesses in this industry, there was a period of time with a large amount of empty space, especially during the cooler months. Poinsettias obviously fit this niche well. The company began growing poinsettia crops, and then later transitioned into other ornamental crops too. And that’s when Rocket Farms really blasted off. Rocket Farms was originally designed to sell the ornamentals in conjunction with the vegetable transplants, but that portion of the business continued to expand and eventually became its own unit. At present, the company is really two entities – Growers Transplanting and Rocket Farms – with two separate sales and marketing organizations.

Today, Growers Transplanting grows about two billion plugs a year. Clearly one of the largest vegetable transplant companies in the country, they use patented technology and transplanting equipment that has “allowed us to get a leg up in the industry,” according to Marc Clark. He says they are responsible for about one-third of all the tomatoes in California.

## Doing the Right Thing

Rocket Farms is not the type of business that lets any of its resources go to waste. Marc Clark says it is not necessary to spend so much money on greenhouse space. He’d much rather put the money into employees. That is why they built their own greenhouse benches out of recycled goods, and used their own employees for the construction. Recycling is a common practice at Rocket Farms. Not only do they recycle paper and packaging materials but also the items used to build their very own greenhouses.

“It doesn’t have to be high-tech,” says Clark. “Just efficient.” Growers are clearly in a troubled industry, but they are their own worst enemies. They need to make more money, but they can’t go to their customers and demand they charge the consumer \$2 more for each plant. Instead, “what you have to do is be as efficient as possible.”

When asked why Rocket Farms chose to become VeriFlora certified, Clark says the decision was easy because it was “the right thing to do.” As with any piece of the business, he would rather be proactive than be asked or even required to do something.

It took a while for the entire certification process to go through, but Clark says Rocket Farms was for the most part already compliant with many of the VeriFlora standards. “We pay our employees well. We don’t pollute anything. We try to save energy,” he says. “It just took time to put all the pieces together.”

In addition to the VeriFlora certification, Rocket Farms also has one facility that is completely USDA certified organic.



Using recycled items, Rocket Farms employees built the above carts and greenhouse benches.

those problems is also an opportunity.”

For instance, one grower may be doing really poorly in one category, but that may lead him to look at something else. There’s tremendous opportunity out there, whereas before no one would have even looked for it.

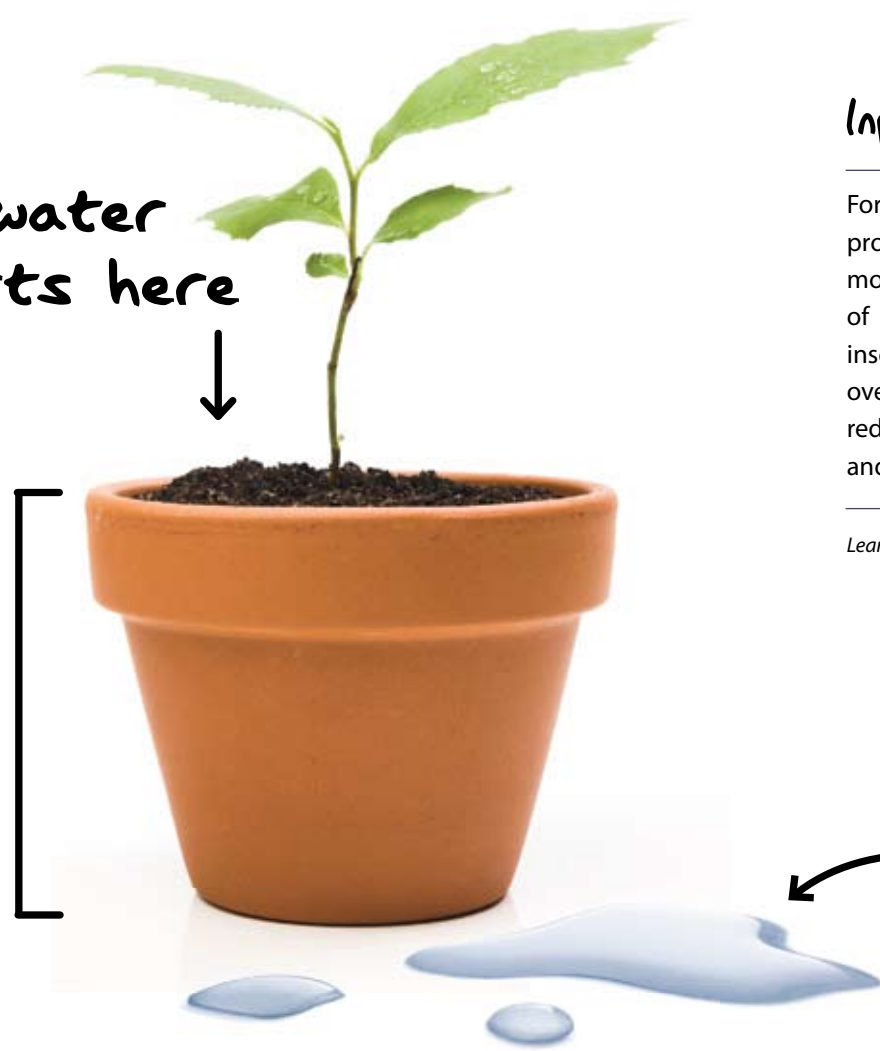
According to Clark, this is the best time for opportunity. It just depends on how you’re positioning yourself. “Like they say, fortune favors the prepared mind; if you’re unprepared or unwilling or unable, opportunity may come and you’ll never see it.”

A helpful analogy, he shares, would be a sports analogy: “You may be sitting on the bench, but you have got to be suited up because your time to bat might come. If you’re not suited up and not ready, you’re not even going to bat or you’ll strike out when you do. But if you’re prepared, you’re suited up, you’re ready, you’re waiting, then what that opportunity comes you’ll be able to take advantage of it.” ■

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