

industry issues

Driving Toward Change

After a turbulent, taxing 2007, are growers ready to face the challenges that await them down the road in the New Year?

Compiled by
Paige Worthy

Though many growers looked with anticipation to the opportunities 2007 might bring the economy, environment and myriad legislative challenges seemed to hand out blow after blow in the last 12 months. From wildfires in California and drought in the Southeast to wildly unpredictable temperatures and weather patterns all across the map, the industry has been left searching for ways to stay afloat in the months to come. Increasing consumer demand for more sustainable practices and labor pressures because of immigration debates swirling around the national government also has caused considerable difficulty.

But when we asked six industry professionals to give us their assessments of the challenges that lie ahead and their predictions for the coming year in general, it wasn't all doom and gloom. Swift adaptation and active communication were their most commonly mentioned skills for success in 2008. Read on for their expectations.

Be Proactive to Change the Status Quo

John Holmes,
OFA — An Association of
Floriculture Professionals

Sometimes we all experience a feeling of losing control and having fewer choices because of external forces such as the weather — floods, freezes, droughts and wildfires — as well as fewer customers coming in the door and government regulation. Despite these times, we must resist the urge to simply throw up our hands and bury our heads.

External forces do have a real impact, but the extent of that impact depends largely on what actions we take. I believe 2008 is the year to regain control of our destiny. How? Be proactive. What? The proposed national standard for agricultural sustainability.

There are too many details to cover here, but suffice it to say those pushing this issue may not have your best interests at heart. A for-profit company in the business of developing certifications and standards has partnered with various "public-interest groups" to define how growers and retailers should best run their businesses, with a possible goal of excluding all genetic modifications (a real problem for improving flower and plant varieties) and pushing for totally organic production and products. These goals were determined after years of conversations that lump all row crops together — including floriculture — without much substantive input from flower growers and sellers.

Unlike certifications that can

come in various shapes and sizes, and be sorted out in the marketplace of ideas and consumers, a national standard is singular and definitive. Legislators and regulators often use standards adopted by the American National Standards Institute (ANSI) to draft laws. Before this happens, major retailers often adopt the standard as a supplier requirement, thus moving it from voluntary to mandatory.

Don't get me wrong: Sustainability is an admirable and important goal, and we should all be looking for ways to be more conscientious about how we use natural resources. Developing and adopting a reasonable definition of "sustainable" is just as admirable and important. But attempting to define and implement a standard without reasonable input from those it affects is unacceptable.

The bottom line: Will we take this opportunity to engage in the ongoing discussions about sustainable standards, or will



John Holmes

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we wonder years from now how such an impractical and expensive burden was hoisted on our shoulders? If you want to join in the conversation, you can start getting educated at www.ofa.org by clicking on the national standards icon.

Trying to forecast the coming year is difficult, but when we take control of our destiny, we can at least prepare for the future.

Focus on Life Stages, Not Ages

Doug Cole, D.S. Cole Growers

Generations X and Y have gotten an incredible amount of press in the past few years. The topic is more interesting than watching late-night TV, but not by much. I'm convinced that most of us are still



Doug Cole

not sure what makes Gen X and Y so different from each other, let alone the vast number of generations before them.

Things come in cycles, and just as the public is starting to tire of supercenters — something unheard of five years ago — there are some hopes that the X- and Yers are now actually getting interested in gardening. Yes, I did say "gardening." You know, that activity that we all thought died last year. If we are too concerned about how to get those X and Y kids into our stores, we may forget about the customers we already have. It's not necessarily the generation you belong to that matters but what life stage you are currently in. How many young people have gotten excited about gardening since the '60s? Now they are taking a little longer to settle down with a home and family. That's where the life-stage thing kicks in. They're now ready to start making home improvements and teach their children how plants grow.

Our job as growers is to make it simple. Make it quick to read, quick to plant and trouble-free. Keep in mind that Xs and Ys are not the only ones in a hurry today. Good presentation of our products helps sell to customers in all life stages.

Team Up with Retailers

Stan Pohmer, Pohmer Consulting Group

This will not be an easy year, but then again, have you ever had a year without challenge? Two major areas of focus this year will deal with the economy and sustainability.

On the economic front, consumers will be facing continued financial uncertainty and rising costs of living, taking discretionary spending dollars out of the marketplace. New home construction and resales will be down through at least the end of 2008, which will definitely affect home-improvement retailers and landscapers.

Now more than ever before, growers will need to become true partners with their retail customers to ensure that the real and perceived value they offer the consumer is outstanding, which will help the retailer compete effectively in the highly challenged retail marketplace. Product quality, inventory rotation and making sure the product selection is both timely and demographically appropriate for each individual store are areas in which growers can take a more active role to help retailers. If growers didn't understand the concept of mutual success before, 2008 will be the year to drive this joined-at-the-hip linkage home. You both share one goal: making the consumer successful!



Stan Pohmer

The second critical focus will be in the arena of sustainability. As manufacturers and retailers are making the concepts of sustainability, eco-friendly and "green" an integral part of their marketing messages, there will be pressure from retailers to growers not only to employ more sustainable business practices but also to prove compliance through third-party certification programs. While sustainability processes and certification make good business sense and are noble efforts growers should be involved in, the growing community needs to be actively involved in determining these standards to make sure they're fair and actionable. There are a number of standard sets in the process of development, most

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importantly a standards draft created by Scientific Certification Systems that's been submitted to the ANSI as the basis for a national standard. You'll be hearing a lot about the review process for these proposed standards throughout

2008, and it will be critical that all growers be involved in this process to ensure it makes sense for you, your retail customers and the end consumer.

Hang onto your hats. We're in for a wild ride in 2008!

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Start Marketing and Promoting Better

Dave Edenfield, Visions Group

It has been another year to remember. It feels like a lot of negative things happened in 2007. Topping the list were environmental issues such as droughts, fires and heavy rain that took its toll on Texas this spring. In 2008, I predict that at least one major area of the country will suffer from too much rain — again. It happens somewhere every year. I, for one, am glad that 2007 is over and we can look to the coming year.

Here are the rest of my predictions:

Grower and supplier consolidation will continue at an aggressive pace, driven mostly by financial pressures and key owner retirement. Some would suggest that would be good for our industry, but I think it is not healthy when we continue to lose quality growers. I guess the real question is who is going to buy whom. Will we see the big boys (Costa, Bell, Color Spot, etc.) get even bigger? Which plastic manufacturers will buy each other in 2008? Will we see more soil manufacturers merge with fertilizer producers in an effort to be a single source for growers? I think yes to all of the above is the right answer.

The subject of sustainability will begin to become better defined, and growers and retailers alike will get more involved. At least one major big box retailer will mandate that its growers and suppliers become certified as sustainable producers in 2008. Is the end consumer ready to buy and pay more for sustainable products? If so, how much more will they pay? How many growers will do nothing until the law says that they have to change? Can our industry learn to grow plants in something other than plastic? I can't



Dave Edenfield

wait to see the new packaging and products that will hit the market in 2008, but I wonder just how green they will really be.

There will be major impacts from the drought, both positive and negative. Several more businesses will close, and retail sales from the Carolinas through Florida will be slow. On the positive side, a major re-education program will get off to a great start. It will be geared toward the consumer and how to garden with less water. "New" plant products will start to take off, and drought tolerance will become a popular theme. (I say new, but I really mean old varieties will be remarketed.)

Will this re-education initiative be led by a grower organization? Hint, hint, hint!

Big box garden centers will once again suffer from tight operational budgets and choose not to put adequate staff in the aisles to take care of the customers. We will see more sales staffs, provided and trained by the growers, helping customers in their purchasing decisions. One question is whether they'll be paid by the retailer to provide the service, but maybe the better question is whether growers can afford not to provide the service? ♦

A distinct need exists
to help get information
through as
many channels
as possible
to growers quickly.



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Independent garden centers have regained some of their momentum and are on the go again. They are excited about their business, and their customers can feel it. This growth will be stronger than ever in 2008.

The labor situation will get worse in 2008, and growers must become involved by becoming vocal with our country's leaders. The industry is in trouble on these issues, and we desperately need legislative changes to address the problem.

Last, but not least: Consumers will buy fewer of our products in 2008 than in the past. We have seen this trend for several years now. When will we see the need to really market our industry and the products we produce? In 2008, I hope!

Balance New Crops with Tried-and-Trues

Jack Williams, Ecke Ranch

As if there hadn't been enough change during this past year, 2008 does not look as if it will be much

different. Growers are already struggling to keep up with changes in regulations and the need to become more "green" and sustainable. Can they do it and manage these changes without further eroding their profitability? All in all, another year of challenges!

It is getting harder to understand what steps are actually required to meet the needs of regulators. With more regulations targeting new insects, diseases and the labor force, it is difficult to stay current with all the requirements. The need to stay informed on regulations is important with so many plants sourced from off-shore suppliers. This does not suggest those sources aren't providing clean, quality products. The reality is, however, that with increased importation comes an increased risk from introduction of unknown variables; growers need to stay alert and work with reliable suppliers!

The drive to conform to sustain-

ability goals may result in growers being forced to adapt to new production procedures and use environmentally friendly products before being given adequate time to prove their viability in production; this could cause significant problems. Can they really grow crops successfully with less energy and fewer chemicals? Will these changes impact the quality of finished products delivered to retailers and their customers? Without having time to work through and prove the viability of these programs, resulting losses from poor quality or missed market dates could be devastating.

Leadership is critically needed at this time to help sort out the details involved in moving toward these new market goals. Things are being pieced together as best possible, but a distinct need exists to help get information through as many channels as possible to growers quickly, so they can react.

Regarding crops, the push for "new" will slow a bit as growers



Jack Williams

become more conservative and reduce their risks. Growing the tried-and-true is one way to manage production for maximum results without increasing shrink at retail or missing key delivery dates because of lack of experience with the new crops. While new is still interesting and sexy (i.e., easy to sell), it's not always easy to produce! With low margins already impacting profit-

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ability, reducing risk is an important part of staying viable.

All in all, things are not as gloomy as the above suggests. Growers are still working to perfect their production and deliver the best-quality plants for the gardening public to enjoy. The beauty we create still amazes and inspires so many. The buzz for the coming year will be to do what we do better, but with greater profitability and fewer unnecessary risks!

Deal with Changes Brought on by Drought

Jim Barrett, University of Florida

When I write this short forecast each year, I realize one of the facets I enjoy about this industry is that it is so dynamic. Crop production is not static and requires flexibility to adjust with changes in the weather, market and crops themselves. Market pressures are always forcing changes in business practices. Sometimes we do not see a shift coming and get blindsided. Then, often, we

can see the direction the market is moving, but the real difficulty is in determining what the short-term, year-to-year changes need to be.

Two issues the industry will have to deal with this coming year are sustainability and long-term effects from the Southeastern drought. While sustainability and "green" products have become trendy topics, it does appear that our society is ready to make a shift toward a more environmentally friendly, greener lifestyle. So, how fast will our industry evolve, and how fast should a company change its operating practices? It is clear that we cannot afford to change faster than the retail marketplace. Or we have to develop alternative products that do not increase production costs, while not sacrificing demand.

The climate in the Southeast naturally oscillates between the extremes of excess rain and drought. The effects of the current drought, however, are unprecedented. The situation in Atlanta

has been well documented and is an indicator for the whole region. It is easy to predict that the market in Atlanta and the rest of the Southeast will not recover for spring '08, and most growers have reduced their production plans. However, the drought's potential long-term effects on the market are likely a bigger issue. There has been a tremendous amount of publicity and advertising about the water shortage that have put green lawns, flowers and irrigation in a negative light. It will take years for the retail market to completely recover, and it probably will not be the same when it does. The demand for bedding crops that require less irrigation will likely increase. The drought situation should increase the demand for container gardens, which has already been on its way up.

This all leads to a big issue for '08: How will individual companies position themselves for the changes ahead? Also, a market in flux creates opportunities for



Jim Barrett

companies that can redefine our products and/or services. **GPN**

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