

grower success

Since 1925, the Mellano family has grown cut flowers in Southern California. A little energy crisis isn't going to stop them now.

Surviving in Southern California, One Stem at a Time

By Beth Meneghini

California's cut flower growers are in the middle of a crisis. Out-of-control natural gas prices, partly the result of flawed electricity deregulation, are putting the squeeze on many growers, forcing some operations — many of whom use natural gas to heat greenhouses — to cut production or cut corners, to curb costs.

"The skyrocketing cost of natural gas is equivalent to a major natural disaster for our industry," said Lee Murphy, president of the California Cut Flower Commission.

California's \$300 million-a-year cut flower industry, which produces more than 60 percent of the fresh flowers and 15 percent of the roses grown in the United States, experienced a 15

percent drop in the Valentine's Day crop this past year. Increasing competition from south of the border — namely Mexico, Ecuador and Columbia — is only adding to growers' woes.

And with natural gas prices likely to stay at least double last year's prices, future flower crops may be impacted more severely, said Murphy.

"Without some form of relief, the future looks very bleak for California's cut flower industry," he said.

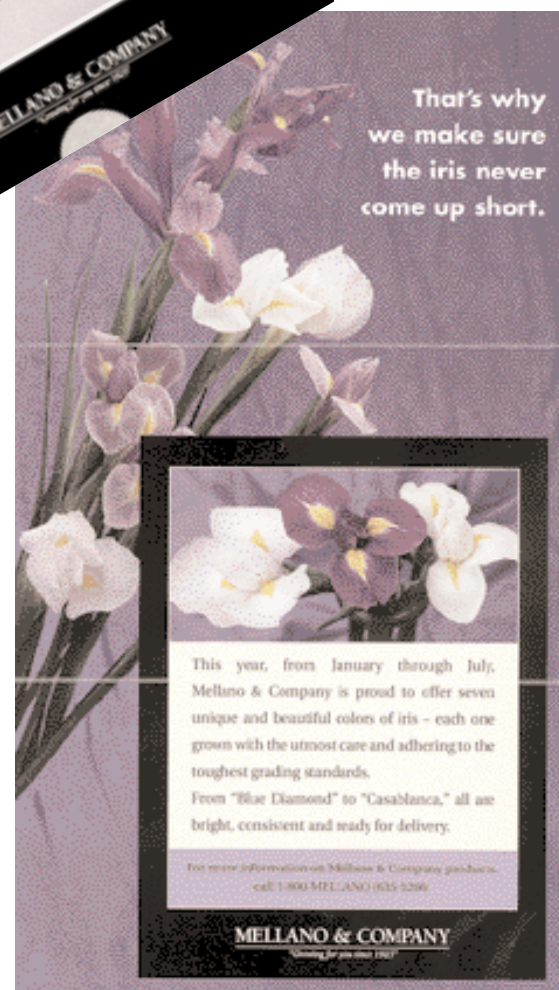
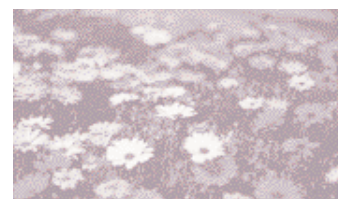
So someone should tell that to the people at Mellano & Co.

The third generation family-owned and operated flower grower is still going strong, as committed to service and quality today as it was when it was founded in 1925. And the company makes no apologies for trying to raise the bar for all California growers.

"We want to educate brokers, buyers and even the competition that the worst grower represents all of California," said Phil Kenney, director of sales for Mellano. "If we want to survive, we've all got to start competing on quality."

Kenney likens the experience of buying flowers to buying a bottle of wine. "You are buying the quality of California. And if you don't enjoy the experience — from the purchase to the last sip — you simply won't buy from California again."

Quality is, and has been, the highest priority for San Luis Rey, Calif.-based Mellano. The company survives in spite of spiraling electricity and gas prices and heightened competition from South America simply because people count on the consistent quality of Mellano products.



Top: Outside and inside of Mellano & Co.'s mailer. Bottom: Mellano's cut flower trade show booth. (Photos courtesy of Beth Meneghini.)

Cut flowers available from Mellano and Co.

Cut Flowers

Alstroemeria • Buddelia • Calycina • Freesia • Gladiolus
Gypsophila Iris • Liatris • Lily • Lisianthus • Mini
Carnations • Fanunculus • Solidago • Statice Sinuata
Stock • Sunflower • Tulips • Wax Flower

Cut Foliage

Asparagus • Caspia • Boxwood • Curly Willow
Eucalyptus • Leather Fern • Melaleuc • Myrtle • Ruscus
Rhamnus • Smilax

Preserved and Dried

Dry Caspia • Dry Misty • Silver Dollar Eucalyptus
Preserved Gypsophila • Preserved Long Myrtle
Preserved Rice Flower

"We're not competing on price," said Kenney. "You can buy the same varieties cheaper from someone else, but you simply don't get the same quality or service that you get from us."

Mellano harvests more than 5 million bunches of fresh cut flowers and foliage from its fields each year. In addition to 400+ acres

grower success

in San Luis Rey and 75 acres in Carlsbad, the company also has locations in Los Angeles and in Las Vegas, Nev. While much of Mellano’s cut flower and foliage crop is shipped fresh, a portion is dried or preserved in the company’s facilities. Because Mellano ships its dry products around the world and its wholesale flowers across the United States, the company has expanded its operation to include products not only from its farms in California but also from selected growers in Holland, Australia, Italy and other countries around the world.

MAKING LEMONADE

“We’ve really taken advantage of the innovations out there right now,” said Kenney. “We simply stepped up to the plate to see where we could save time, money and labor.”

Rather than cutting corners and taking a chance on decreased quality, Mellano turned the energy crisis into an opportunity to identify areas of the operation that could be enhanced or streamlined.

“We never concentrated on how we could cut down on gas or electricity,” said Kenney. “Instead we looked at the big picture and tried to pinpoint areas where we could save money over the long run.”

Mellano and Co. may have spent money at a time when other growers were doing all they could to save, but the company is now reaping the benefits of increased productivity and lower costs.

A new mechanical conveyor system allowed Mellano to save thousands of dollars over the two years since it was implemented. The once two-man job is now a one-man operation, requiring much less manual labor.

Technology from Holland along with special trucks now allow employees to get freshly cut field flowers into the cooler quicker.



Top: Before orders are shipped, Mellano employees check each box four times to ensure correct order fulfillment. “Mistakes cost everyone in this business,” says Kenny. Bottom: Automation has helped Mellano save money over the long term. “Most of our machines have already paid for themselves and then some,” said Kenny.

“We’re no longer handling the flowers three or four times,” said Kenney. “We load the flowers onto special carts that are strapped into the truck. The truck then goes straight to the cooler. It’s better for us and better for the flowers.”

Another machine helps employees efficiently grade, cut, tie and sleeve bunches that are then put into buckets.

Mellano also made the decision to tap a new well rather than continue to use municipal water. The new well provides 600 gallons of water per minute.

“We decided to spend the money and dig, and we found good quality water,” said Kenney. “In the long run, the decision paid for itself.”

One of Mellano and Co.’s most innovative implementations is its labor tracking system. The system uses a “time card button” for each employee. Time is tracked for each task and downloaded at the end of each day. The system helps calculate productivity and allocate labor in specific areas.

“We’ve had the system for two years, and it basically paid for itself in the first six months. It not only helped us save money but it has increased productivity as well,” said Kenney.

QUALITY, QUALITY, QUALITY

Even though Mellano has implemented cost cutting measures, the company has never relaxed its dedication to quality.

Sticklers for grading and standards, Mellano demands consistency in size and stem length above the standards put in place by the floral industry. Crops are cut at the same stage of growth and at the same length.

To maintain flower quality, all crops are brought directly from the field into Mellano’s 13,000 sq. ft. computer-monitored cooler. Just prior to shipping,

1/3 Page Square

DRAMM CORP.

Ad #

1/3 Page Square

CROPKING

Ad #

Write in 754

Write in 738

product is boxed and sent to the pre-cooler to ensure consistent temperature throughout each box. Mellano’s pre-cooler can process more than 350 boxes of flowers per hour, allowing the company to pack each truck with flowers at the right temperature.

Mellano has its own fleet of refrigerated trucks that make shipments six days a week. The company also delivers daily to Los Angeles Airport and has daily pick-ups from UPS and FedEx, helping to ensure that customers receive Mellano flowers when they’re fresh.

MELLANO MARKETING MUSCLE

What’s the use of maintaining high standards of quality and service if no one knows about them?

Mellano takes full advantage of its marketing muscle to spread the word about its product line. Daily product sheets and special announcements are faxed to customers to keep them informed of new products and availability. Ads in trade publications and special direct mail pieces also tout Mellano’s talents.

“We have a story to tell,” said Kenney. “We use advertising and other creative avenues to show people our products and what goes into them.”

Perhaps the most unique advertising venue used by Mellano is the Flower Fields in Carlsbad. This tourist attraction features 50 acres of ranunculus that bloom every March and April. Since 1993, Mellano & Co. and CB Ranch Enterprises/Cartlas have worked together in the development of The Flowers Fields at Carlsbad Ranch.

No detail is overlooked when it comes to marketing the Mellano name.

Mellano sends a mailer 30 days prior to a crop cycle to get customers to start thinking about placing orders. Mellano’s semi trucks feature the company name and a tag line to get people thinking about flowers. Each of the twist ties that hold Mellano flower bunches feature the company name.

“We get the word out any way we can,” said Kenney.


The company also built a comprehensive Web site that features a live “Web cam.” The camera sends a live picture of the boxing and shipping area to a visitor’s computer.

“The Web cam gives confidence to our customers,” said Kenney. “It’s another way of letting people know we’re proud of what goes on behind the scenes and we’re not afraid to show it.”

WEATHERING THE STORM

Many cut flower growers will continue to struggle with rising energy costs, and many will be forced to close their doors. Mellano and Co. will rely on its tradition of quality and service and the Mellanos will rely on one another.

“We’ve got our issues just like everyone else,” said Kenney. “The difference is, we’re family. We’re a good group that works together as a team, and we’ll continue to do that.

In good times and bad, we’ll get through it with each other.” 

Beth Meneghini is a garden writer based in San Diego and a frequent contributor to GPN. She can be reached via e-mail at beth4473@hotmail.com.

CALIFORNIA CUT FLOWER FACT SHEET

- More than 300 California growers market cut flowers and foliage valued at nearly \$309 million annually.
- More than 60 percent of all domestically grown, commercially sold, cut flowers are produced in California.
- More than 5,000 acres are devoted to commercial growing of fresh cut flowers in California. This includes greenhouse, shade cloth and outdoor fields.
- California supplies approximately 124 million stems of fresh cut roses sold to U.S. consumers.
- Roses continue to be the single most popular fresh cut flower with consumers. Approximately 1.2 billion stems of roses were bought in 2000.
- In 1999, imported cut flowers and greens accounted for 55 percent of the total U.S. supply. Ten years ago, 45 percent of cut flowers were imported and 55 percent were produced domestically.
- Consumers purchased \$16 billion of floral items (including artificial blooms, potted plants and related items) in 2000. Approximately half of that was spent on cut flowers and greens.
- California’s dominance of the domestic cut flower industry is due to its favorable climate, which allows for year-round production of a large variety of flowers and cut greens.
- Most growers pre-cool boxed flowers before shipping to prevent heat buildup and premature decay.
- Many cut flower varieties can be successfully dry stored at near-freezing temperatures for several days to slow down their natural maturing process. When brought back to room temperature, they begin again the maturing process.

(courtesy of the California Cut Flower Commission)

1/3 Page Square

GROWTH ZONE

Ad #

Write in 735

1/3 Page Square

DRAMM CORP.

Ad #

Write in 755