

Floral Plant Growers:

a greenhouse business based in corporate America

By Bridget White

Floral Plant Growers. Not the most well-known name in floriculture, but this Denmark, Wis.-based company is one to watch for. In just eight short years, the company has expanded to approximately 2.7 million sq.ft. and five locations; is the primary vendor in 170 retail sites across the Midwest and East Coast including Home Depot, Wal-Mart and Shopko; and recently launched one of the best grower merchandising programs in the market. And I haven't even gotten to the best part...Floral Plant Growers is investor owned.

That's right, in 1996, investor group Sentinel Capital Partners purchased two East Coast facilities from Ken and Art Van Wingerden and added the three Midwestern locations of Greiling Farms in 1998 to form what is now Floral Plant Growers, a large, wholesale greenhouse operation primarily focused on bedding plant and plug production.

From its headquarters in Denmark, Wis., Floral Plant Growers oversees both divisional offices, the other being in Maryland, and approximately 200 full-time employees, 650 at peak. Both divisional offices house their own sales and customer support teams, though production planning, purchasing, computers and accounting is all handled in Wisconsin.

President Dean Chaloupka took time out of poinsettia production and shipping back in December to talk to *GPN* about being investor owned, its new merchandising program and some of the challenges of servicing large retailers.

Bridget: With two divisions so far apart, logistics must be a big focus for you.

Dean: Yes, production-planning and transportation are a big part of what we do. Positioning the product as close to the customer as we can is very important as well as taking advantage of each of these facilities — they are not all the same. Some facilities can produce certain items better than others, so that also needs to be considered when making production schedules and planning where we will grow what. So there's a considerable amount of time and manpower put into the logistics of the operation. There are basically four people whose sole job on a year-round basis is planning. The wrong products being put in the wrong greenhouse, or being grown further away from a customer than what we intended, can have far-reaching consequences.

Bridget: Your investor ownership is somewhat unique in that you have been successful where others really haven't. What are you doing differently?

Dean: Our owner has probably been more patient than other investors



that have come into the industry. They oversee without being seen, and they have left the running of the company up to industry people. They are financial people who do not know the industry, which in many respects...people look at that as a negative: How can somebody who does not have a history within this industry own a company in it...

Bridget: Most people in the industry would tell you that the only way to have a successful wholesale operation is to have chlorophyll in your veins.

Dean: And our owners do not, but what they do have is people running the company and people working in the company that have grown up in it. Myself as an example, I have 20 years full-time experience working with this company or the previous organization, Greiling Farms. Two of the other senior managers started at the same time I did in high school. The gentleman that does all the production coordination has over 25 years experience. What our owners have done is said we are the owners, but we also want you in place to make sure that the company runs correctly.

They have goals and expect results. Every owner, just by that title, has certain expectations when they own a company, so there really is no difference there. The key, I think, is that we have a lot of industry experience, and that's where it's been a little bit different. When the previous owners of the company left, the talent did not.

Bridget: So there is a holdover feeling of ownership in the management team.

Dean: Exactly. I grew up three miles from here. Other senior management all grew up in this company. These are people who look at themselves as owning this company, although we don't...it's our company, we've done this all our lives.

Bridget: Beyond that, are there benefits to having an investor-owned company?

Dean: When you have the kind of owners we do, with a finance ►

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background, they have access to information that a typical owner in our industry wouldn't — information concerning customers, what's going on in the economy and what's going on in banking. They have resources that most do not.

Bridget: So they act much more like a typical business owner than the standard greenhouse owner does.

Dean: The owners of our company own many different types of businesses. They understand that they need people to run them, so they are very open to providing whatever is needed, programs that many family-run businesses just don't have the financial means to do. They know that without the people the business wouldn't be able to run because they couldn't run it, so they're more willing to share with the employee base.

Bridget: What do you mean by "share with"?

Dean: Well in terms of providing the monies, which ultimately come from them, to make sure the benefit plans, the insurance plans and other things like that are in place. This is the same type of thing they do in any business they own, whether it's a restaurant or a muffler franchise. Things that our industry has been a little behind in providing to its employees are second nature to them.

Bridget: Your employees must have been a little nervous about changing ownership structure.

Dean: Sure, but I tell our employees all the time that I think it's safer in a company like ours than a family-run operation.

Bridget: Why is that?

Dean: We have to weather ups and downs just like any company, but now we have the financial backing to do so because our owners have the financial means and banking connections to do so. I look at it this way: The bank that we work with works with our owners on many deals. It's in that bank's interest to make sure we survive and do well. We have to meet our commitments to our bank, but they're more likely to work with us because

they have many deals going with our owners, as opposed to say a typical greenhouse operation that may be working with its local bank. If a smaller operation gets into trouble with its bank, that bank doesn't have any other relationships with that owner.

Bridget: No. They're less invested in the company, in the owners.

Dean: Right. If you look at what happened to Zelenka, it was a banking issue. It actually happened to Greiling Farms in the mid 1990s.

Bridget: We could sit here and make a long list of people it has happened to.

Dean: Right. So when it comes to the type of owner we have, I think it's safer in our position. Our banks expect us to do what we say we're going to do. But because it's not only Sentinel as Floral Plant Growers that they're dealing with, it's Sentinel as other investments, they have a more vested interest in this relationship than a typical owner-banker relationship. I don't get into great detail with our employees about that, but it is something that we discuss. Many family-owned organizations would never share financial information with their employees; we share financials with every employee of the company.

Bridget: That must make even your hourly workers feel more a part of the company.

Dean: Exactly, and if something goes wrong they understand what it costs the company. I think that is positive. I'm not sure I could ever work in a company that didn't do that, and I'm the president. I would see it anyway. The type of ownership we have brings that out. They expect the management team and the employees to run the company, feel like they're part of it and be rewarded if they do well, so we have a bonus program for all full-time employees that's tied to the profitability of hitting those goals.

Bridget: Let's shift gears a bit. Can you give me some information about the merchandising system you've devised? It seems like a new way to approach a large chain retailer. ▶

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Dean: We're bringing to the market a new program called Living Pleasures. It is a merchandising system not a branding program; we're not trying to establish a brand. It is based on providing some very basic information that we feel goes unnoticed. Basically, through POP, tagging and the color of all the containers that we will grow our product in, we begin to communicate sun and shade, which seems very simple, but it's one of the most-asked questions we get when we're merchandising in a store. We're continually asked where can I plant this; where should this go? This comes from not only our own merchandising efforts but also some market research we had done.

Bridget: Other retailers have tried to use sun and shade for merchandising with very little success. Why do you think your program will be more successful?

Dean: Number one, the scale. There have been people who have, through signage at the store, tried to convey the message. There have been people who have put it only on the tags but haven't done anything with the container. What we are trying to do is an all-encompassing program. The other thing is, many times a store or a company will try to do something with POP, but ultimately the POP doesn't get worked correctly — it gets put up in the wrong place or the product that gets put under the POP is the wrong product. The key to our program is that we have our own merchandising team, which will be responsible for the full execution of the program in terms of putting up the POP and making sure the product is placed next to the right POP.

The second thing is that by using not only tagging but also the color of the container, we've made it as simple as possible. You don't even need to know how to read to merchandise this correctly. All you have to do is

match the color of the container with the color of the POP, and you will get the product placed correctly within the garden center. It's a complete system in that it has the POP to communicate with the customer where to find the product, it will have the tagging to remind the customer where this product can be planted, and it has the container that goes home with the customer and doesn't get lost before planting.

Many times someone will go to the store and purchase something but lose the tag. They may have seen POP at the store that told them something but don't remember it when they get home. If you're like me, I don't always get all my planting done right when I get home. The plants might sit for a few days, and if it was only on the POP in the store do I remember what that was telling me? By color coordinating the container, it's a continual reminder of where that product should be planted. And that's one of the big reasons why we think it will be successful, where others are not.

Bridget: Because there's actual pull-through from the time the consumer sees it in the store to the time they plant it in their yard.

Dean: Exactly. From the time they walk in the store until the time they plant that product, they will be reminded of the proper place to plant that product. It always amazes me that we sell water- or soil-testing kits. You can have the best soil in the world, but if you place an impatiens in full sun it doesn't really matter. It won't matter if you place a petunia in a high shade area; it doesn't bloom well, and it's going to get tall and leggy.

You have to remember that as an industry, we're trying to sell more plants to more people. One of the things that the research data showed us was that many people are intimidated by gardening. We need to do a better job at making sure these people are successful. Many times they think that since they killed the plant, they're not a good gardener. We're doing a lot of things...giving them enhanced soils to plant in, giving them testing kits, but we haven't done some very basic things like telling them where certain plants like to grow. One of the reasons we think no one has really taken it this far is coordinating production within a greenhouse.

Bridget: I was wondering if having store-designated pots like this will create a logistics nightmare in the greenhouse.

Dean: It makes it more complicated. It doesn't really matter for shipping because once it's on the ground, an impatiens flat is an impatiens flat; they just all happen to be in green containers. Petunias are in cream. The key is getting that coordinated in purchasing. It added another level of complexity in that we don't just buy 4-inch pots; we



POP from Floral Plant Growers' new merchandising program.

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needed to figure out how many green ones and how many cream ones.

Bridget: Well, what about the larger retailers? Aren't they getting very particular about the color of pots they'll take?

Dean: There is one retailer that has specified color containers, and for them we are doing a different program, which adds another level of complexity.

Bridget: And you keep that other program separate in the greenhouse? Or at picking and shipping?

Dean: We keep it separate in the greenhouse, and then at picking and shipping, we also do.

Bridget: Yours sounds like a very involved program that needs to be done on a large scale within each store to really have an impact.

Dean: That's correct. In the stores we supply it will encompass all annuals and perennials shipped to a store.

Bridget: So you will be the primary vendor in that store?

Dean: Yes. We will be the primary vendor in the stores where this is going to be implemented.

Bridget: Being the primary vendor in a store must have other benefits than just getting more of your material in that store.

Dean: The number one benefit to being the primary supplier is that you have a much better understanding of the flow of product into the store. Where it gets placed is important because you will be able to work with the store better on that. But the key to having a good relationship with a retailer is making sure they have enough product to meet demand, and since it's a perishable product, making sure they don't have too much. When there are multiple suppliers of the same item, you don't know if you and the other supplier visited the store that day and both saw that they needed four carts of material. You never know how much material the store has coming in and how much it really needs. So in that scenario, it's very tough to not only do our job and get the product out our door but also to do our job on the client's behalf, which is to make sure that they have the right product in the right amount.

Bridget: And that they're ringing up sales.

Dean: Correct. As the primary supplier, that is something we take very seriously. Being made primary vendor in a store comes with a huge responsibility to look at it in that way and make sure that they have enough of the right product at the right time, and obviously not too much because that's where shrink and markdown will hurt the store. Our interest has to not only be in ourselves but in that store. We like those types of relationships, but we take our responsibility very seriously



A tray talker and category banner from Floral Plant Growers' new merchandising program.

and make sure we have the ability to control the flow of product.

Bridget: With the new merchandising program, have you been able to affect the way those garden centers are designed?

Dean: Well, you're always working with one limitation: size. What we are able to do is work with the store to set the garden center up in such a way that ad items or feature items are put on end caps or in high traffic areas. Again, being the primary supplier, we're not in competition with other companies in the store trying to do the same thing. We've also tried to not only communicate with the POP, which is ultimately the reason you do it, but also soften the look of the garden center with various pieces of POP. Garden centers for the most part are a lot of steel and board. It's not always real attractive to the female consumer, which is a vast majority of the people buying our products.

Bridget: And at many mass merchants the product is also not always positioned the best for its health if it has to sit there for any more than a day or so.

Dean: By the pre-positioning of our POP, bench tape and signage, it will be very easy to get the right products in the right spot. For the products that like sun, we will put sun POP up in a sunny area. For products that like shade, we will put that signage up in portable shade structures or somewhere the sun is blocked. Again, that's where the POP will help us. By predetermining before we ever put the first plant in the garden center, we will already know where we want to put the sun items and the shade items, as well as the weekly features or advertised items.

Bridget: So it will help you affect the planogram of the garden center?

Dean: You and I and a lot of other people have gone into a garden center and seen impatiens frying out front, and petunias or some other sun items sitting inside the garden center where they haven't seen sun for three days. We feel that this merchandising system will allow us to put the right product in the right place in the garden center layout. And like you said, it's all being programmed just like the rest of the store is. It always amazed me that the basics of mass retailing cease to exist once you go out of the door into the garden center. We're looking to change that.

Bridget: You mentioned earlier that you think the program might be too simple. But I see a benefit to its simplicity in that it might actually be manageable for the typical mass merchant garden center employee.

Dean: That's absolutely correct. Anything complicated will not get done, would be too hard to implement and would not be successful. That's what I keep coming back to — it needs to be as simple as possible so that it's understood, and the benefits are achieved. In the markets we're in, spring is basically 6-8 weeks, and those weekends are critical. There isn't a lot of time, and as we staff up in our greenhouses, the retailers staff up too.

Bridget: And the employees that they staff up with don't typically have garden center experience.

Dean: The other thing that we saw from our research was that many times the garden center is busy, and it's hard to find help. The other thing is that when approached, many times the garden center help walks the other way. As we dug into it, we found out that they are afraid to engage the customer because they don't know how to answer questions, so the last thing they're going to do is walk up to a customer and ask "Can I help you." This program will allow them to engage customers if nothing more than to ask "Do you have a lot of trees in your yard? If so, chances are your yard is shady. You should be looking for plants that like the shade and are in the green pots."

Bridget: And the customer feels helped even if you know absolutely nothing about gardening.

Dean: Just by engaging the customer and asking them what type of yard they have. And it will help not only our merchandisers who

work in the store but also the retailer to have their personnel, with very limited experience, help the customer, which is what we're all in the business of doing — selling products to customers. In that way, simplicity does benefit everyone. GPN

Bridget White is editorial director of GPN. She can be reached by phone at (847) 391-1004 or E-mail at bwhite@sgcmail.com.