



By Stan Pohmer

Over The Horizon...

Organics may make some of you cringe, but see what some of the industry's major players are doing with them and how organics just may be the wave of the future for the green industry.

In the Sept. 4, 2006, issue of *Forbes* magazine, Scotts Miracle-Gro CEO Jim Hagedorn set a pretty lofty goal for his company, stating he wants 50 percent of Scotts' fertilizer and pesticides to be naturally derived within three years...this coming from the man who heads up the largest L&G chemical company in our industry.

Is this a reaction to an emerging new consumer trend that our industry needs to embrace to maintain relevance? Or is it a marketing tactic and public relations effort to reduce the public's suspicion of chemicals, which Scotts feels might be a barrier to expanding its sales base?

The Infamous Backlash

Personally, I'm 100 percent in support of environmental sustainability and efforts to make our products safer for consumers and the workers who are involved in producing them. But this also poses a major dilemma. Our consumer also wants products that achieve spectacular results quickly, efficiently and effectively — something the use of chemicals and pesticides has been able to provide. We have conditioned our consumer to expect these immediate results. Will there be a potential backlash if it takes two or more applications of a natural product to kill dandelions when one application of a chemical-based product did the job before? What if it takes two years to condition their lawns to eradicate weeds naturally versus applying something that chemically kills everything in a single season?

Sure, there has always been a small, fringe consumer base that bought and used "organic" products, but most consumers aren't even aware of what is in the bag or bottle of chemical-based products (I guess they can't pronounce what is listed as ingredients, so they don't think about what they are). And, yes, there's been a greater understanding of what phosphorus runoff from lawn fertilizer does to our

lakes and streams and some municipalities have instituted legislation to control this problem, but the fact is consumers still want lush, green lawns.

The Scotts Evolution

I use Scotts as an example of a company that very likely understands the risks involved in developing this "natural" strategy and still wants to aggressively pursue it. They see an opportunity and, as Hagedorn stated, "We want to own that space, if it's ownable, and not be painted into a box of being a chemical company."

I give Scotts a lot of credit for identifying what I believe is a significant, evolving consumer trend, seeing it as a new business opportunity and having the foresight and courage to take a leadership position in addressing it.

Granted, Scotts has always been in the chemical business, even if most consumers don't necessarily view them that way: Scotts is typically viewed as being in the lawn and garden enhancement business. This new direction might seem a logical progression to changing its "chemical" image, but plant growers have always been perceived as "natural" by consumers. After all, plants and flowers are as integral a part of nature as almost anything else imaginable. That said, you all use fertilizers, chemicals and pesticides, fungicides and chemical growth regulators to give Mother Nature a little assistance. And as a result of this help, you've set a standard with the consumer for beautiful plants and flowers. What would those plants look like if you had to go organic? Would they still have the same market appeal to core customers?

I am not suggesting we are going to have to go organic tomorrow, next year or within five years. But there are some things happening over the horizon, movements and new directions that you need to be aware of so

you can start thinking about the potential impact on your business.

Wal-Mart's New Image

It's no secret that Wal-Mart has taken some pretty heavy blows to its image in recent years. Whether the charges are real or just perceived, they have still affected the company's corporate image. The issues raised by Wal-Mart's opponents range from the wages the company pays employees to the working conditions of suppliers in Third World countries, and those are just a few of the minor ones. Over the past year or so, Wal-Mart has ramped up its public relations efforts and gone on the offensive to paint a different picture of itself to the public compared to what activists have been saying. In some cases, it is just that, public relations, with little meaningful positive change made, just some sound bites that could be picked up by the media for positive press.

One of the issues that started out as window dressing (but as Wal-Mart looked deeper into opportunities, it realized there may be something to bring out onto the front burner) centered on environmental sustainability. One of its most visible initiatives in this area is the introduction of organic foods into its super-center stores and the use of organic fibers in some of its soft lines and domestic categories. Closed-loop recycling of paper waste and energy conservation in its physical facilities and truck fleet are other initiatives that are good business from a bottom line standpoint, good for public persona and good for the environment...a no-lose proposition.

As this environmental focus gains momentum, I predict Wal-Mart will actively solicit new products and categories that embrace environmental sustainability. I think Wal-Mart will also demand current suppliers change over to more natural, environmentally friendly and even organic production methods and packaging. And L&G products won't be able to

Standard And Inspection Programs

For more information on some of the organizations working on organic standard and inspection programs, visit the following sites:

Science Certification Systems (SCS)
www.scs-certified.com

SGS Group
www.sgs.com

MPS
www.my-mps.com

Veriflora
www.scs-certified.com/csrpurchasing/veriflora

Florverde
www.asocolflores.org

duck the issue either. It wouldn't surprise me to see biodegradable containers required in the not-too-distant future as a first step. It is important to remember, too, Wal-Mart has had experience with the "green labels" on plants and flowers from its European retail operations, so I'm sure it is looking at some of these, or at least key components, as a possible model for use in the U.S. market.

Worldwide Programs

Most of the major green labels in Europe are certified by third parties that set up measurable standards and a process to monitor compliance. Science Certification Systems (SCS), SGS Group and MPS are among the major companies providing these standards and inspection programs.

While there are no programs currently in effect in the United States for annuals, Veriflora is a program for cut flower growers that is attempting to develop a following with the hopes it can develop a recognizable consumer brand. Asocolflores, the association representing cut flower growers in Colombia, has developed Florverde, a successful 10-year-old social and environmental sustainability program certified by SGS.

I strongly suggest you take some time to visit these organization's sites (see sidebar, opposite) to learn what is measured and what is required to gain certification; most of the information is specific to cut flowers, but I think you will be able to imagine how the principles might affect annual and perennial production.

Can We Do It?

So we have a few companies in our industry that are taking a hard look at developing programs to address environmental sustainability and social/worker issues. Some may argue they're doing the right thing for the wrong reasons, but the fact is they are taking steps to become more active in an area where the consumer is paying more attention and raising expectations. At the same time, we have consumers that want superior results in the products they purchase... whether it is lawn enhancement, annuals, perennials or cut flowers.

Can we balance the consumers' expectations for "perfect" products with improved environmental sustainability and accountability? Maybe, maybe not. But as an industry and as individual growers and retailers, we need to start seriously thinking about this issue, before someone

legislates or mandates standards and actions we cannot adhere to.

Are these new initiatives on environmental sustainability and/or organic growing something that will impact you and your business tomorrow, next year or five years from now? I can't forecast

what the timeline will be, but this much I can assure you of, it's just over the horizon... **GPN**

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