



New Year Provides Opportunity for Fresh Labor Strategies

As 2017 kicks off, growers need to be aware of the ever-changing labor situation taking place in the U.S. and how it could impact their businesses.

BY LAUREN SNYDER

The new year brings with it specific themes, no doubt significantly affected by a tumultuous presidential election season and the uncertainty of a new president and administration quite unlike anything this country has seen in recent memory.

If uncertainty is the vehicle, employers in 2017 have the task of determining how they will navigate the road ahead. As labor continues to be a key concern — both finding and maintaining it — certain topics are predominant. Employers can start to set labor strategies with an awareness of key issues and then seeking examples from other businesses that have responded both proactively and creatively.

WAGES

From pickets and walk-outs of base-skill laborers demanding a higher minimum wage to the recent Overtime Rule (and a late-breaking injunction), there is no doubt the waters are turbulent when it comes to how and how much employees are paid.

1. Overtime Rule — This is a final regulation issued by the Department of Labor under the direction of President Obama to update standards in a way that better reflects the tenets of the Fair Labor Standards Act. (The FLSA is what sets the minimum wage, overtime pay, recordkeeping and youth employment standards). This new rule, when in effect, raises the threshold for overtime eligibility from \$455/week to \$913/week, or \$47,476 per year with automatic increases every three years after 2017.

On November 22, federal Judge Mazzant issued a preliminary injunction against the rule in *Nevada v. U.S. Department of Labor*, U.S. District Court for the Eastern District of Texas (No. 16-cv-731), saying the rule “exceeds its delegated authority and ignores Congress’s intent by raising the minimum salary threshold such that it supplants the duties test.”

This injunction leaves many employers in limbo. Some already have made adjustments to comply with the rule, which was set to go into effect Dec. 1, 2016. For those who were not ready to comply, this came as a relief. And at press time, it seemed unlikely that the injunction would be lifted, either by Judge Mazzant or the Fifth Circuit Court of Appeals.

Businesses are advised then to be aware of what compliance would involve should the injunction be lifted and the rule enforced retroactively. For those who already made changes to comply, it would be wise to assess the cost of undoing those changes and potentially re-doing them again and the ease of doing so. For those who are “wait and see,” there are relatively simple practices, like tracking hours for non-exempt employees, that can be implemented now for ease of transition should the rules eventually take effect. For businesses in states that already have higher minimum salaries than required on a

federal level, this injunction and/or implementation could have limited impact.

2. Minimum Wage Increases — The November election saw voters in four states approve to raise minimum wages: Arizona, Colorado, Maine and Washington. The minimum wage in Arizona, Colorado, and Maine are set to incrementally increase to be \$12/hour by 2020, whereas Washington’s will increase incrementally to \$13.50 an hour by 2020. Two cities — New York City and Washington D.C. — will raise minimum wage to \$15/hour (by 2018 and 2020 respectively). California previously approved a minimum wage increase to a \$15/hour. Fourteen states overall will have begun 2017 with higher minimum wages.

Meanwhile, there is also a national movement to raise the minimum wage to \$15/hour across the board. While the efficacy of these organized protests remains to be seen, it should give pause to those in states unaffected by ballot changes. It is unlikely in the years to come that these states will remain untouched by possible minimum wage increases, either in their home state or in the cost of interstate commerce.

What have other organizations done? In the realm of raising minimum wage regardless of state or federal regulation, retail giant Wal-Mart made news recently for increasing minimum wage for both part-time and full-time employees. The results of this effort offer positive arguments for the concept of “efficiency wages,” a term used to describe the phenomenon that employees who are paid better than the standard wage are more loyal, dedicated and productive employees.

Wal-Mart’s results from this have been a 75 percent increase in achieving targeted customer-service ratings and overall increases in sales. Wal-Mart also combined this strategy with renewed efforts to “use our

collective power to create good jobs with good training that become good careers for all our associates,” as outlined by CEO Doug McMillon. This vision indicates an understanding that wage increases alone are not enough to recruit and retain employees — company culture and respect of human dignity matters, also.

In a statement about its plans to grow for the future, Wal-Mart further committed to being a place where the ambitious and eager can get their first job, build meaningful and fundamental employment skills, and “have a clear path to grow and succeed — whether or not they remain with the company.” Wal-Mart is also a participant in the White House First Jobs Compact, a nationwide initiative to help youth connect to their first jobs.

THE LABOR POOL

The Wal-Mart model, while not foolproof or 100 percent proven, offers some keen ideas to tackle the wage pressure issue coupled with the diminishing labor pool. National unemployment continues to hover at or slightly below five percent with unemployment in many localities even less than that. Across the industry, this shrink is felt as employers search for reliable sources of labor.

- **White House First Jobs Compact** — Many greenhouse businesses can share in this strategy at least informally to provide meaningful “first job” opportunities to out-of-school or out-of-work youth. Many of these youth can serve as reliable seasonal labor throughout their late high school years and during college.
- **Refugees** — This is proving to be a new source of labor for many greenhouse jobs requiring limited English skills. At AmericanHort’s Plug & Cutting conference, for example, Bailey Nurseries shared how it has found success working with Burmese

refugees as a source for seasonal labor. The same strategies used to work with Spanish-speaking employees are easily translatable to refugee employees, shared Joe Bailey, Bailey Nurseries’ human resources manager. Bailey also said that many of these communities are often “self-recruiting,” thus propagating a reliable labor pool.

- **The H-2A and H-2B visa programs** — These continue to be avenues for securing immigrant labor. It is important to rely on sound legal help rather than common sense alone when navigating the paperwork process. Equally important is starting the process early and submitting paperwork as soon as is allowed.

RECRUITING AND RETAINING

Offering a competitive wage is not only a necessary step in complying with federal and state standards, but it can also be an important recruitment tool. Further recruitment strategies include:

- **Understanding your labor competitors, not just industry competitors.** Greenhouse operations aren’t the only businesses seeking base-skill labor. Manufacturing, warehouse, retail and even postal jobs seek similar candidates. What do these other businesses offer in terms of wages, benefits, and flexibilities to attract workers? And what incentives do they provide to help retain and promote talented labor? And as in most competitive strategy, how can you either do what they’re doing better or fill an unspoken niche?
- **Hiring earlier.** If the retail holiday season is any indication of the shrinking base-skill labor pool, then it’s clear that there is a competitive need for manpower. Many of the country’s major corporations, including Wal-Mart, UPS and Amazon began their holiday staffing recruitment earlier than

ever in 2016 and backed it up by revamped training programs to get seasonal employees up to speed quickly. For example, Amazon relied on technology like touch screens and robots to reduce new hire training time from a standard six weeks to two days. Minimizing this training time not only saved money, but it also afforded Amazon the opportunity to offer more competitive wages, especially critical in the race for labor.

- **Recognizing the human dignity of workers.** With unemployment low and businesses of all varieties in need of solid labor, “good” workers have the ability to “shop” for their employers, rather than vice versa. That means that the more attractive you can make your company culture and employee benefits package — including material, financial, social and work-life balance flexibilities, the more effective your business will be in competing for talent and skills.

While still young, 2017 ushers in an air of uncertainty. However, uncertain times bring with it a certain level of unforeseen opportunity. The biggest takeaway is that employers are not only competitors in commerce but also in the race for reliable and good labor.

The innovative, well-informed, proactive and flexible employers will be the victors. Finally, horticulture businesses as a whole continue to offer unique employment experiences that should be promoted and exploited for the value they bring to both communities and individuals. ■

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Places like a home shopping channel or QVC or Amazon could be a possibility in the future. “Could you put our products on something like that? Would it work?” Dana asks. “I don’t know, but we have to find [the best] ways of connecting with our target consumer group.”

MARKETING TO MILLENNIALS

Like everyone else in the industry, the Whites are looking for ways to capitalize on the millennial generation who aren’t buying plants and flowers.

“We still have to figure out how to get [the millennials] back in to the fold. I think it is going to happen but it is going to take time,” Norm states.

They don’t buy plants like previous generations, and they are buying their homes later in life. Tal says it is the “settledness of home formation” that will be the impetus for millennials to get into plants and gardening.

One way to reach that demographic is through some type of industry-wide marketing initiative to help promote the consumption of plants and flowers.

“We have got to have something out there that will draw these people in,” Dana says, something that will educate them and extoll the benefits of what plants have to offer.

Norm has been a long-time believer that this is something the industry needs. He is frustrated that previous efforts to launch this kind of program have been unsuccessful but he would still like to see it happen.



White’s specializes in growing potted blooming plant varieties, bedding plants, hanging baskets and holiday flowering crops.

“It works for so many other industries,” Norm adds. “Why not ours?”

Dana thinks maybe someone outside our industry would be a candidate to launch some kind of a marketing campaign. Someone who appreciates our products but brings in a fresh perspective.

WHAT’S ON THE HORIZON?

As White’s Nursery & Greenhouse enters its 61st year in business, Norm and his family are always looking

for new opportunities to continue to grow their business.

One of those opportunities is producing plugs.

“We’ve been doing plugs now for about four years and we are getting good at them, but I want to do them one more year to make sure we are really good,” before opening production up to other greenhouses or brokers.

But his plug plans will be on a limited scale. “I’m not going to do everything, just certain things I know we can do well,” Norm says. “I want to keep it more regional because I want customers to get something that is perfect.”

Another new category that could make its way into White’s greenhouses in the coming years is cannabis. All of the family members, Norm, Dana, Tal and Sheri are in agreement that it is a new growth opportunity for the company.

“I think [cannabis] has a health benefit, and I don’t think anyone should be deprived of having that health benefit!” Dana remarks. She believes the government should treat marijuana just like alcohol and tobacco.

Tal is eager to explore the new product category as soon as cannabis use is legalized in Virginia. He looks at the production numbers and potential revenue it offers and he likes what he sees. He thinks it is definitely worth pursuing.

The biggest hurdle for Norm is that it is a new crop — one he has never grown before.

But after 60 years in the business, he is definitely up for taking on the new challenge! ■