



Nimble nurseries

IN TOUGHER ECONOMIC TIMES, BEING
SMALL CAN HAVE ITS ADVANTAGES
(AND DISADVANTAGES)

By *Miles McCoy*

“Uncharted territory.”

Nursery owners often use these words to describe the perfect storm of deflating house prices, job losses and disappearing wealth we face today.

The green industry is following the world economy in general, experiencing a drastic economic meltdown new to most of us. A significant slowdown in nursery sales is inevitable.

Growers are looking at survival strategies. At first glance, one might think that smaller operations would be the first to sink under the weight of lower demand. But it is not always the case.

“Smaller nurseries are somewhat insulated from huge oversupplies,” said consultant Don Richards, owner of Applied Horticultural Consulting Inc. in Lake Oswego, Ore. “This economic ripple effect is exponential for larger operations.”

He said that a small nursery might have 1,000 unsold trees, while a larger one could have 150,000 extra trees. Clearly, to the larger grower, the huge inventory is either a much larger burn pile loss, or significant added expense.

Additionally, many smaller nurseries concentrate on a narrower product

line. These niche products tend to have a more loyal customer base that keeps buying, even in recessions, compared to larger growers that have more “commodity” landscaping choices.

For example, a crop such as hardy cyclamens has a dedicated audience that always desires the next new choice. “They may not buy as many, but they do continue buying,” Richards said.

Dave Leckey, owner of Oregon Small Trees in Newberg, Ore., agreed that a small nursery needs to specialize and hopefully find unique products. “We have changed our product mix in the last few years,” he said. “We used to have a 60/40 mix between conifers and Japanese maples, but now we grow mostly small and dwarf conifers.”

Severson Farms of Springfield, Ore. was fortunate to start with rich soils and available water. This drove the nursery’s crop choice to varieties that easily could be field-grown. The nursery has concentrated on hedge and border varieties typically chosen for commercial landscapes.

“Concentrating within this category has meant we are somewhat specialized and gave up being that ‘one-stop shop,’” owner Dick Severson said.

But, by communicating regularly with regional landscape contractors, they have maintained their sales, he said.

Fewer plants, less overhead

Another advantage comes when a nursery needs to make significant changes in its product lines. Smaller growers may actually find this easier to do than large nurseries. For instance, Bruce Hoskins of Pacific Crest Groundcovers in Canby, Ore., said he was able to change his product lines of ground covers, natives and grasses when a larger nursery started producing a similar line.

“We eliminated our production of liners in 200 plug trays when our competitor began offering the same liners at lower prices,” he said.

SMG Succulents of Eagle Creek, Ore., took a more drastic turn, concentrating more on retail sales and less on wholesaling. “We sold fewer plants but had more income,” SMG owner Don Mylin said. “It is definitely easier for a small nursery to change direction.”

He felt gardeners would still buy plants, and many of his are very

small, and thus, less expensive. His theory apparently was confirmed by his January sales, which actually were up over 2008. Obviously, growing smaller numbers of plants is the key reason. The larger the investment in a line of specific plants, the harder it is to react to consumer trend changes.

Smaller operations also carry less overhead. "Reduced overhead can be a real advantage," Richards said. "If you are the main employee, you don't have anyone to lay off."

He used his own nursery, Sauvie Island Ornamental LLC, Portland, Ore., as another example. The nursery had to reduce employee hours, he said, but this prevented laying anyone off. Leckey said he has stayed small for the same reason, with only a few seasonal employees needed to run the operation.

Many smaller nurseries also control costs by selling to local or limited regional markets, or selling directly to landscape contractors. This limits or eliminates increasing shipping costs.

"We market to the nurseries who supply the landscaper or to the landscaper directly," Severson said. They even pick up products from other nurseries within the region to include in their order at no additional cost, he said. They deliver within the region at no charge and pass on direct cost for delivery outside the region. Severson feels this has been a key to competing successfully against much larger operations.

In the last two years, Mylin moved in the opposite direction, responding to "an almost insatiable demand" for his succulents in Japan and Korea. He has also tapped into the new, expanding

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Dick Severson
Severson Farms

green roof movement, where succulents are in demand.

Again, growing a niche product can open dependable markets, though some markets may not be obvious at first.

Better customer service

Customer service such as Severson offers is another area where a small nursery can excel. "I have many customers who tell me they do not like dealing with the larger nursery," he explained. "When they go to pick up their plants it takes a long time to be loaded. With the smaller grower they pull in, are loaded, and are on their way."

"We know our customers by name and face, personally deliver their order to their location or job site, follow up after planting and stay in communication with them on a routine basis," Severson said.

"The owner is usually more hands-on in a small operation," added Randy Harris of Harris Glen Farms in Canby, Oregon.

Hoskins agreed, and said another complaint he hears from customers is when they call to check on availability, often the person they speak with is not very knowledgeable. But with cell phones, the person answering the phone



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is most likely the owner, who is familiar with the availability and can give an accurate assessment of its quality, he said.

Hoskins also said small growers are often more familiar with their employees and are more likely to have a more efficient and motivated crew. Large growers need a larger staff and can be out of touch with those in production.

"They can have people in the production management who do not have the owner's mindset when it comes to quality and production issues," he added.

Not always an advantage

But, during better economic times, being small has several disadvantages, Leckey warned. "The main negative for smaller growers is the economies of scale when buying production tools like fertilizers," he said.

"Larger nurseries also have a greater access to capital for expansion and to implement new production techniques," said Hoskins. "It is also easier for them financially to develop and introduce new varieties."

Harris said the size of his nursery does not support full-time employees, so finding knowledgeable and consistent labor is a challenge.

For Leckey, being a one-man operation also means not having staff to handle specific nursery tasks, such as pest control. "It ends up taking more of my time to find the expertise and ask the questions to solve plant health problems," he said.

While small operations face a similar dilemma when it comes to marketing, some use the same strategies as larger firms. "We have a booth at the Farwest Show; do mailings, advertise in trade publications, and have a Web site," Harris said. "We also grow our trees in the Rootmaker containers, and we use it in our advertising to differentiate us from our competitors."

Severson Farms has come up with an advertising tagline that clearly explains what they grow: "Good Hedges and Borders make Good

Neighbors." But others use less traditional tactics.

Leckey said he could afford only a little advertising, so he uses networking to make contacts. "I am active in groups like the OAN and the Oregon Landscape Contractors Association," he said. "Being involved with industry organizations also creates credibility for a small grower."

Another tactic Leckey has found successful is using his unique knowledge to make presentations, such as offering a seminar at events such as the Yard, Garden & Patio Show.

Hoskins said he has built his customer base over several decades of personal contact, starting when he worked for Northwest Shade Trees, Boring, Ore. The nursery now uses both fax and e-mail availabilities, sent on a consistent schedule, to keep its name in front of their customers.

To gain new customers, Hoskins also works with several salespeople who cover the Northwest, which is the nursery's primary market area. "They are able to make face-to-face contact with more people than I could," he said.

And, it may end up that, despite all the modern marketing options now available, it is the personal touch that helps maintain customers. And personal is something smaller nurseries often excel in, so they may be better suited to this new, uncharted territory. ©

Miles McCoy is the owner of Sustainable Hort LLC, a sustainable and organic products marketing firm. He has 25-plus years of green industry experience in marketing, communications and research. He can be reached at miles@hevanet.com.

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