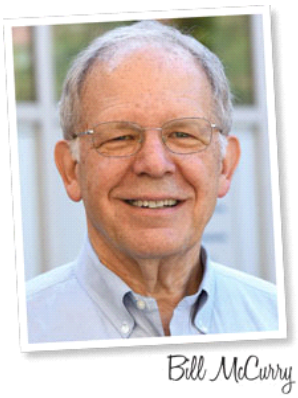
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2/27/2026

Value ... For the Garden Center

Bill McCurry



Kurt Fromherz is well-known because his Sunrise Marketing has provided low-cost, high-impact horticultural marketing materials for decades. I saw Kurt's blog about valuing your business and booked time with him at TPIE to better understand his well-thought-out message.

He enjoyed the recent MANTS show and was intrigued by private equity people who visited his booth inquiring about buying garden centers. Based on decades of experience, Kurt knew many retailers weren't in position to get the best value for their business.

One reason he cited was, "The business isn't as valuable if it can't run without the owner present." Buyers want predictability. They want businesses with a proven ability to continue profitable operations. They must have proven systems and processes in place without the owner available.

Another concern is the "ownership of the customer and their data." Once there was a mad dash to see how many Facebook "likes" a garden center could generate. Kurt raises this ugly truth: "The retailer doesn't own customer data that social media creates." When the sole contact is through social media, that media owns the ability to control the messaging while charging you for contacting your customers. You want to interact and own your customers, not "rent them" from Google or Meta. The technology exists and the expense is a fraction of the cost of losing potential loyal customers.

Most businesses are valued or sold at a multiple of cash flow (sometimes referred to as EBITDA- Earnings Before Interest, Taxes, Depreciation, Amortization). With accurate, timely and proprietary customer data, the multiple will be larger, generating higher value.

Sunrise Marketing has made unique garden center apps available, allowing retailers the benefits of connecting to customers through their phone with an app different from other garden centers. The app costs substantially less than if the retailers built their own, and allows them to build retailer-owned information about their customers and buying patterns while providing year-round communication access.

Using AI, the marketing messages are focused on individual customers who feel the message is important to them and generates sales while reducing "unsubscribes." Sending messages about rose food to someone who never

bought roses could be considered spam. Instead, reminding them to feed the exact plant they bought 30 days ago is valuable information to your customer, building stronger relationships.

You can read Kurt's Blog on SunriseMarketing.com. He raises many great points to increase the value of your business. His critical checklist "Take the Quiz—Garden Center Checklist" will help you better understand how the garden center world has changed, with a focus on effective operations, customer relationships and having information to ensure consistent results every month of the year.

Kurt's summation of the checklist powerfully says:

- Treat unchecked items as opportunities, not failures
- Pick one area to improve over the next 90 days
- Small improvements compound into meaningful value
- The strongest businesses aren't the biggest; they're the most understood, connected and repeatable.

Garden centers are getting calls from "buyers" who want to "roll up" independent centers into larger chains, while alleging operational efficiencies and marketing clout. It's true that usually the best time to sell your store is when somebody wants to buy it. It's also smart to be certain you understand what they're really offering. Don't be misled by big payout promises that may never materialize.

Well-known garden center personalities Ken Lain, Sid Raisch and Ken Klopp formed an organization (thegardenoutfitters.com). Their stated goal is similar to venture capitalists, but their team understands the industry. They suggest garden centers contact Garden Outfitters for insider perspective before talking to any of the "buyers."

Using Kurt's suggestions, consider your timeline for possible business transition. If it's within five to eight years, start through Kurt's checklist TODAY. It takes time to accomplish each step on the list to boost your cash flow. Whether or not you sell the business, larger cash flow is a great byproduct. **GP**

Bill would love to hear from you with questions, comments or ideas for future columns. Please contact him at wmccurry@mccurryassoc.com or (609) 731-8389.