

## Features

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# Hallmarks of Superb Buyers

*Bill McCurry*

Because we're all consumers, we think we can all be buyers. I asked dozens of horticultural sales representatives what they considered the best buying traits of successful garden centers. Challenge yourself. How many of these traits do you exercise whenever you buy for customers in your garden center? These traits were mentioned by multiple people, which is why no one person is quoted.

## Eye on the Prize

Don't let your cost dictate sales price: First, objectively look at the product. Determine what you can sell it for. Choose the retail price that produces the needed sales volume to make that product viable in your garden center. Only then look at the cost. Is the margin, based on your objective selling price, adequate for your operation? History proves when you know the cost it seeps into your thought process. You either lower the potential selling price because the cost is so attractive—or think you can sell it for a higher price because the cost is more than you first envisioned. Buyers must be objective.

Most garden centers sell things too cheaply. They're accustomed to being attacked on prices found cheaper online. They're reluctant to price higher quality products at full worth. This is a major drain of potential revenue.

**Fail fast, establish, and use a markdown budget:** Often products don't sell as anticipated. The successful retailer's mantra is: "The first markdown is the cheapest." Don't wait until the end-of-season clearance to get rid of a disappointing product. Duds suck up space needed to sell goods your customer will buy. You can use the cash flow now. Liquidate the loser, replace it with a winner and recover some of your loss. Waiting until your season-ending clearance clutters up your store shows your customer you keep products they don't want, while denying you the potential to replace lost revenue.

**Don't buy customer aggravation:** You're offered a great deal on bedding plants in thin, flimsy trays. What's your cost if that cheap tray flips over in the customer's new Mercedes because it wasn't strong enough to withstand loading in the car? If the customer never had that problem with other garden centers, how is she going to remember her experience with you?

## Consider Your Source

**Compute the total cost of acquisition:** To cut costs, big boxes have been consolidating more from single sources. Today, garden centers understand they must be similar. More than the invoice price, it's all the costs of getting product on the retail shelf, including ordering, unloading, invoice processing and dealing with all the myriad things that go wrong. Notice how some suppliers always have more shipping errors, delays, broken promises and

problems than others? That costs you money—possibly more than you allegedly saved by using that vendor. Some suppliers are proud humans who answer their phones. More than 50% of all retailer frustrations about these vendors are resolved by the humans who answered on their first call. Other suppliers have automated answering processes, seeming to intentionally delay your problem's resolution.

What's the cost for a retailer not to get what they ordered when counting on delivery? What's the cost of substandard product?

**Freight is a huge factor:** Does your vendor add mark-up to freight? Consider shipping freight collect.

**Smart buyers are loyal to the value of service:** They share their logistical plans with their suppliers to establish proper inventory and cash flow.

**The value of industry education:** A competent supply partner helps educate their retail customers. Interior growing is a profitable growth area—and not just in cannabis production. Who's educating you about this growing market? What will sell next season? Good vendor partners help you understand trends and buy for what the customer wants to acquire, not just to replenish what they already bought.

**Communicate, even in tough times:** Occasionally things don't go as planned. When a retailer can't make the committed payment, the worst thing to do is hide. Be upfront. Contact the credit department and share your plan. Vendors reported they didn't resort to aggressive collection if there was constant, meaningful communication. If you're ever in this position, remember: Vendors want you to stay in business almost as much as they want to get paid.

**Be committed:** In most cases, new items need to make an impressive customer impact. Too often retailers are hesitant to commit to a new category/product and order timidly. Many sales reps said they would prefer to not have an order than to have one they know will fail to generate adequate excitement and sell through. When retailers hear this they think the sales person is trying to overload them. New items need a critical display mass to create excitement. It's hard to convince a customer this is the latest, greatest new thing when you've only ordered a dozen. This may mean you can't order as many new product varieties due to your display space and cash limitations. "Go Big or Go Home" has merit in merchandising new products.

## Using Buying Groups

There's no uniform definition of a buying group. Some collections of retailers are actual cooperative corporations receiving beneficial tax treatment for profits shared with their patrons. These groups are member-owned with histories of long-term gain in the value of their co-op investment. Other groups are amalgamated by traditional distributors who give special consideration/treatment to customers who adhere to certain support guidelines.

The Garden Center Group (GCG) isn't seen as a buying group because they don't buy merchandise together. What they buy as a group is potentially more valuable, including their knowledge, insight and guidance. This information is priceless in helping operators fine-tune all aspects of their operations.

Steve Bailey is the GCG's Retail Financial Consultant, well-known for his financial database and advice. Since the 2008 financial situation, when turning inventory became critical, members refocused their attention on maintaining positive cash flow and building equity.

Steve worked with buyers, building the skill of buying correct quantities. This maximized the opportunity, while maintaining sales velocity without tying up space or capital. Steve believes those who survived the last decade learned how to keep turning inventory. Steve says a piece of inventory should only be set down once before it's picked up by the customer. How long did it sit? What did it cost before the customer picked it up?

Steve teaches buyers to expand their new product categories by utilizing buyer's intuition, based on the hard data of existing, similar product categories. It's part science and part art.

Steve sees a fair swap when a buyer sacrifices some margin for faster turnover. Normally, this means not overstocking or stretching to "buy the deal," but controlling inventory commitments to a rational level.

"Buyers tend to look only at margin and miss the salability and cash flow aspects of their job. This is detrimental to the company's financial well-being," he said.

Steve also stresses garden center owners should understand how buying impacts all operational areas, including cash flow, working capital needs, display and storage spaces, margin, and net profitability. Owners must have frequent candid conversations about these topics with their buyers and retail managers.



Traditional buying groups achieve better pricing for their members because they offer additional services to vendors besides volume aggregation. Among these services are credit assurances, marketing support, sell-through support and market research information. The value of these services can be reflected in the vendor's program with the group. Buying groups with private brands offer additional value to their members.

In most cases garden centers can redirect payroll dollars from the buying function to the marketing and selling functions when they trust their buying group to have negotiated a good, long-term deal. When you're a member of a buying group, you're paying them to find great product at good prices/terms/conditions. Employing a buyer to duplicate that is wasteful. Redirecting your buyer to be responsible for supporting the product's sell-through will yield more retailer profits than possible by just saving 25 cents on a ceramic pot.

Buying is an art with a scientific undertone. Good buyers are constantly evaluating their own biases and perspectives. A superb buyer takes input from a variety of sources, making certain they're balancing the needs of their company with current and future customers. **GP**

*Pictured: Smart buyers must always evaluate the "buy it" or "make it" decision. Steve Cockerham of Betty's Azalea Ranch (Fairfax, Virginia, since 1962) has numerous grass seed and fertilizer mixtures unique to Betty's. The mixtures are specific to the area and produce consistent positive results for local gardeners who share their success with others, building repeat customer business.*

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Bill would love to hear from you with questions, comments or ideas for future columns. Please contact him at [wmccurry@mccurryassoc.com](mailto:wmccurry@mccurryassoc.com) or (609) 688-1169.