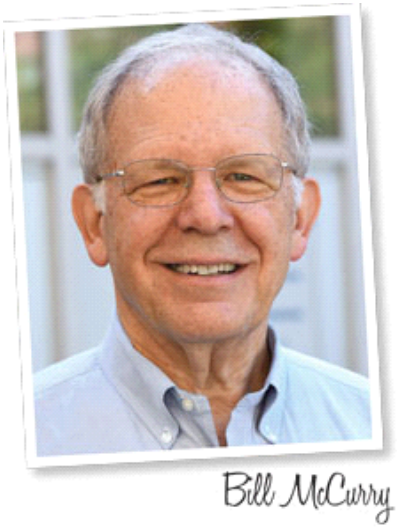
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Success with 200+ Owners

Bill McCurry



Considered “plant farmers” since 1897, McKay Nursery Company in Waterloo, Wisconsin, was reinvented in 1984. Karl Junginger, the second president/owner in McKay’s 87-year history, was passionate about the team and wanted it to continue after his retirement. He adopted a relatively new concept—Employee Stock Ownership Plan (ESOP)—converting employees into company owners.

There are stories of ESOPs failing because the employees felt they should vote on every decision or because the company’s cash drained when too many people retired. With good leadership these risks can be identified and managed.

Kurt Popp, McKay’s current president, says, “Without the ESOP, we wouldn’t have today’s professionally consistent team of dedicated people. Seasonal employees commonly return for 20 to 30 years, retiring with a six-figure nest egg. Many of the team are living paycheck to paycheck, so the ESOP’s retirement payment may be all they have.”

Seasonal workers rarely have benefits, let alone retirement. Annual contributions vary due to financial results. Historically, the qualified 75 full-time and 250 seasonal employees receive up to the 25% allowed by law.

In addition to the ESOP, a 401(k) program diversifies employees’ retirement funds. The company pays the full annual amount for all employees, as many employees can’t match contributions.

“The ESOP is a recruitment and retention tool,” Kurt reports. “You must sell it and you must know to whom to sell it.” McKay’s experience is, “After 20 to 30 years [of] service, employees will have a significant supplement to their retirement. Most people in their 20s aren’t interested. Marriage and kids shift their focus and then an ESOP becomes a talent magnet.”

McKay’s success depends on their mutually supportive culture. Kurt asks everyone interviewing prospective employees, “Would this applicant make a good business partner? If they won’t make good business partners, keep interviewing.”

Kurt says, “We’ve always had wise management. Annually, we sequester cash into funds so when retirements happen, we have cash on hand to meet the demands without liquidating working assets.

McKay’s employees aren’t burdened with management decisions. Kurt says, “Everyone has a voice, but few have a

vote. Management is accountable for corporate efficiency with positive results."

Financial data is given to employees frequently so employees have sales and profits updates. Employees aren't expected to be accountants. Kurt wants them to know how each employee impacts the stock price. Helping teammates, as well as reporting what isn't efficient, is a critical core value boosting McKay's success.

Kurt started with McKay in 2010 as an outside board member. In 2015, he accepted the full-time presidency.

Kurt asks the team, "Who's heard a rumor and wants the truth?" The first rumor was his hiring meant abandoning the ESOP. Totally false. Kurt seeks out the latest rumors because "if you don't control the truth, people will invent their own truths." The Communications Committee is responsible for reporting to McKay's Executive Team what and how employees want to know.

In 2016, McKay acquired Winterland Nursery, a garden center 40 miles southwest. McKay's facility is designed to load 18-wheelers, not pick-ups. Winterland handles retail customers and many landscapers, solving the challenge of consumers walking through the yard to pick out the best product. Most garden centers have trouble investing in inventory through the end of the summer. Using McKay's inventory support, Winterland has $250,000 inventory on hand where customers can buy it. Kurt is interested in exploring the potential for new garden center locations because Winterland has been a great fit.

Not a grower, Kurt's background is in risk management and insurance. "A conductor doesn't need to play every instrument. I need to know a section isn't sounding its best and help everyone make beautiful music together."

With Kurt's management legacy and focus, the employees and customers of McKay Nursery Company will remain very happy for years to come. **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) 688-1169.