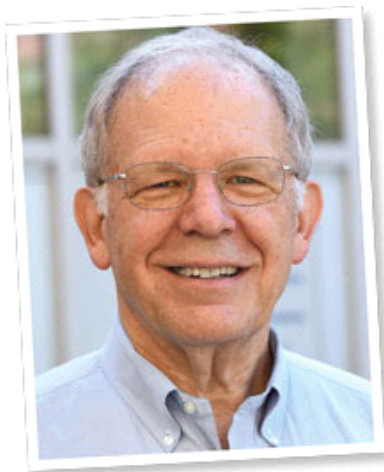


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Good Health Led to Great Profits

Bill McCurry



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"Our garden center wouldn't be here if not for The Garden Center Group." I heard that constantly, almost as if leading retailers belonged to some secret club. When I asked Danny Summers, The Group's executive director, if I could crash their annual Fall Event in Wilmington, Delaware, he invited me immediately.

Despite COVID-19 threats and Hurricane Ida poised to visit Wilmington, about 200 brave and enthusiastic souls gathered to learn even more about successful garden center operations. First observation: The group is open, caring and sharing. There are no secrets among the retailers. Even if they're in the "same market area," each realizes how they differ from others. By comparing best practices everyone improves.

Second observation: The conference theme was "Raising the Bar." For years, that Bar had been 10% of sales as EBITDA—Earnings Before Interest, Taxes, Depreciation and Amortization—one measure of a company's overall financial performance. In 2020, the group blew by their older, hard-to-reach 10% bar. Many attendees had "\$" on their name tags—that represents the High Achievers with 5% to 10% Profitability. "\$\$" is for the Best Practices and Best of the Best, 10% and above.

For all the reporting garden centers, the average EBITDA was 13.7%—an awesome year. Among the 74 centers reporting full results on the annual P&L Study, the Top 10 had an EBITDA between 18% to 25% of sales. Five of the Top 10 were grower/retailer combinations. The other five were retailers who brought in all their green goods.

The percentage of EBITDA includes paying the owner a fair and reasonable wage (at The Group average) and paying rent at The Group average (whether it's paid to a landlord, to themselves or the money is put away for the future). The group considers owner's compensation and rent as necessary expenses.

One Example of Success

Gail and Vic Vanik (Four Seasons Greenhouse and Nursery, Dolores, Colorado) exemplify the Top 10. In July 2012, this column introduced Gail's "Bad Buyer" ruler with which she rapped the knuckles of people who exceeded their open-to-buy. Gail admitted she and Vic initially argued with The Group experts preaching about the profits buried in what you DON'T buy, as well as in what you do buy. They've learned a lot more since those early inventory lessons.

In 2011, Vic was diagnosed with high cholesterol. His doctor suggested a statin regimen. Vic decided to try a better

diet first. During that winter they planted a salad garden, growing all the winter veggies Vic would need to eat healthy. They've always had winter events and customers recognized the vegetables Vic was growing for himself looked better than supermarket offerings. They chased Vic, whose cholesterol had been cut in half, begging to buy his greenhouse "private stock."

Vic and Gail weren't sure if they wanted to sell winter garden produce. They understood when the customer is asking to buy from you it's a profit potential, but it must prove to be worthwhile. Today the Four Seasons workforce works year-round without seasonal layoffs or the need to hire and train new employees. The cash profits are very worthwhile and the reduction in employee frustration by having the "A" team there year-round made the decision one of their best.

By 2012, a Saturday-only winter farmers market was started with a lot more options to choose from, again subject to selling out. They rent 36 outside vendor stalls. The 110 parking places are filled before the 10:00 a.m. opening, and by the 1:00 p.m. closing, they've usually sold out.

Look at the Four Seasons' story on [page 47 of the January 2021 Green Profit](#) outlining their successful winter market. Here's an update since January:

Prices aren't cheap. The supreme quality is labor-intensive. Vic says, "This isn't flavorless hydroponic stuff. We don't try to compete on price. We charge enough to fully cover our costs, plus make a good profit for working so hard year-round. It's farm-to-table and everyone tastes the difference. When people are doubters, we 'let them eat it off the vine.' Once they bite into a free sample of our broccoli they're forever hooked.

"We have a Broccoli Hater's Club for people who won't eat any broccoli but ours. We grow it so the carbs crystallize into sugar, imparting a unique taste everyone loves at \$6 a pound. Tomatoes are \$8 a pound. These are four to six times supermarket prices. Customers line up for the produce. It's frequently sold out on Saturdays. We charge very well, especially for rural America."



Now they have farm-to-table for sale daily thanks to in-store refrigerated storage. Four Seasons partners with local farmers for fresh eggs, beef, pork, chicken, buffalo, honey, cheeses and, of course, other quality food-related merchandise. These products are available anytime the store is open, assuming it's not sold out.

Vic and Gail still grow everything in containers of soil, saving a lot of back-breaking work. Everything that can be recycled is. Vic takes the soil and vegetation from the growing containers and composts it to sell for \$85 per scoop (slightly smaller than 1 cubic yard). It's limited to only two scoops per customer. The current waiting list goes into 2023.

One proof of the Four Seasons winter market success was when Renewal by Anderson rented a booth for a year. The second year, Anderson realized what they had. It's hard to engage customers in a small town. Anderson could do that at the winter market. They didn't want to lose the connection, so they paid percentage rent generating over \$17,000 in commission for Four Seasons so far this year. Vic is looking for other potential winter market exhibitors.

Vic worries about Four Seasons increasing input costs for plastics, fuel, freight, labor, etc. They've already decided to raise their 6-pack price from \$6.99 this year to \$7.99 for spring 2022. A 10-in. hanging basket with three plants is \$35. The 12-in. four-plant basket is \$50.

Vic explains, "We keep the quality high. We're clearly proud of our product and we'll sell out again." **GP**

Bill McCurry 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.