

Behave Like a Startup

By Stan Pohmer



Stan Pohmer

Again this year, I had the honor to be asked to judge the five finalists for the 2016 Merchandiser of the Year recognition sponsored by Lawn & Garden Retailer and, from what I hear, not surprisingly there were so many strong entries that there wasn't a unanimous consensus for a winner from all the judges. (Congrats to all the finalists!)

But in my opinion, two stood out, one for creating significant disruption in their core business model and approach, the other for building a marketing position on an innovative, out-of-the-box and ongoing merchandising project that has the potential of keeping customers coming back to the store, causing them to expect the unexpected.

Words I used to describe my two nominees for recognition were unique, creative, fun and whimsical for the first one with the other delivering on local, creating a sense of community, edutainment and interactive. These are synonyms for two terms: "innovative" and "disruptive."

Innovation denotes change, alteration, revolution, upheaval, transformation and metamorphosis. Disruption exists when a company is so tremendously innovative that they turn an industry on its ear, throwing it into disorder and interfering with their competitors' core business models.

Innovation and Disruption

I believe we would all agree that Netflix and Amazon have been and are the poster children

for both radical innovation and major disruption in the retail marketplace, but many startups enter the marketplace with new ideas that have the potential to become major disruptive players.

Netflix, for example, when it was founded in 1997, was focused on renting DVDs by mail; but Reed Hastings, the co-founder, had a vision from the very beginning that he wanted to disrupt the media business model by developing streaming media over the Internet (hence the name Netflix ... Internet movies).

Hastings just had to wait until he and others developed the software and hardware platforms to allow streaming to occur.

Jeff Bezos, of Amazon, inflicted major disruption to the traditional retail business model, forcing brick-and-mortar retailers to march to the beat of his drum, and Amazon continues to innovate (think of the use of drones, Prime next day or even two-hour delivery, changing the face of distribution and logistics for an entire industry).

The locally owned garden center industry is relatively mature and, unfortunately, innovation and market disruption are the exception today rather than the rule.

Many of the "senior" members of our industry can remember when many of these businesses were first started by entrepreneurs with a fire in their belly to succeed.

As with most independent startups, they faced tremendous uncertainty when dealing with the vagaries of the weather and having to meet payroll and bank loans, as well as trade payables.

They truly had skin in the game, and they were hungry. They had reputations to uphold. They were willing to take risks, though calculated, to grow their businesses.

The Mindset at the IGC

When the locally owned garden market started its major growth spurt right after World War II, and again in the 1990s when the big box stores began to carry live goods and expand their geography, competing directly with the

locally owned garden centers, we saw a lot of innovation from the independents.

Let me point out what innovation is not.

It is not having a web page, an e-newsletter and participating on social media. In today's marketplace, these are the bare minimums to earn a ticket to play in the retail arena, and doing all this just helps you keep up with the Joneses, not set you apart.

If you are not innovating, you are in a permanent state of playing catch-up to your innovating competitors and even if you emulate your competitor's innovation, you don't get any credit from your customer for being "me too."

I would suggest to you that innovation and disruption are not the sole provinces of large multi-billion-dollar companies. I see new, innovative and sometimes disruptive concepts all the time developed by independent businesses and small independent chains.

Case in point, many of you have recently read about Sid Raisch's new adventure as CEO of Bower and Branch (see page 8). Bower and Branch is currently a regional provider (with the goal of going national) of mature trees, where the consumer places their order online, the tree is delivered to a Bower and Branch-affiliated locally owned garden center near the customer's site, and the consumer can pick it up at the garden center, have it delivered or have it installed.

It's a novel and disruptive distribution/logistics model that fulfills a consumer need that isn't being met today.

To paraphrase John Sviokla, a principal of PwC Advisory and author of "The Courage to Change Before You Have To:" "When asked how they came up with the ideas for their blockbuster products and services, nearly all said that they ... understood on a very practical level how the technologies, social and market changes would affect customer needs, and they had the imagination to envision the products and services that would meet them."

As opposed to the entrepreneur (defined as a person who organizes and operates a business

