

The Times They Are A-changin'

By Stan Pohmer

Bob Dylan had the right idea in the song with the above title from 1963. We can take some comfort in life and in business that there are some immutable principles or physical laws that exist, things such as Newton's law of universal gravitation or the speeds of light or sound that we can always rely on as constants.

There are also some very predictable, though not science-based, principles that we can depend on, such as Murphy's law and Darwin's theories.

To these I'd like to add one more practical reality based on my personal experience: "Nature abhors a vacuum." If the world around us (it could be the consumer, competition, technology, etc.)

changes and we don't, this law of human nature dictates that a vacuum or void is created between us and the entity that changed, usually with negative consequences such as an erosion of competitiveness or no longer being able to meet expectations.

At best, we can reduce or eliminate this void through forced change in what we do or how we do it. At worst, the void becomes larger and the challenges become even more severe, and as the void grows, it becomes more expensive in terms of needed resources (time, money, effort) to catch up.

Change is nothing new to locally owned garden centers; it's something you've had to deal with to survive over the years, from the rise of big box retailers to the Great Recession and everything in between. But the rapidity and scope of change in the future is guaranteed to test our mettle!

Types of Change

As we know from real world experience, there are two types of change ... forced and planned.

Forced change is what we are most familiar with, adapting to conditions dictated by the actions of others that we probably wouldn't have undertaken had someone else not taken that first step, and it is often times disruptive (and costly) to your operation.

Forced change is often initiated to bridge that void I described, to catch up because we didn't like being left in the dust or losing relevancy.

In a forced change situation, you are marching to the beat of someone else's drum, reacting to the terms and timeline someone else has established that we must follow or implement to stay in the game.

Constant, ongoing change will be increasingly required for future success, not an option or something that can be deferred.

I'm not suggesting change just for the sake of change, but rather change that will position you for success. In fact, change can be a competitive advantage!

And to reap the benefits of change, it must be planned as an integral part of your business plan and operation. It's important to note that you don't necessarily have to be the pioneer or first adopter of given change, as long as you are one of the first or leaders within your business segment (i.e., locally owned garden centers).

Unlike forced change, where you are generally reactive to pressures brought upon you by others, planned change is a systematic process that you control.

Planning Change

Key to this process is anticipating future conditions, technologies and trends that may have a direct or indirect impact on the way you are doing business today. Once identified, you can begin to strategically think about specific changes you might need to implement, then consider the actions, activities, technologies, etc. that you might need to change in your business, and then ultimately thinking about an execution plan.

As an industry, we're very operations focused,

living in the moment, and don't always have the luxury of time to think strategically and long term about the world around us, anticipating the "what if", the things and conditions that might affect our businesses somewhere down the road, so we can plan to address them.

But to stay relevant, to avoid playing catch up and to stay in the game, it's critical that we start anticipating these externalities and trends.

One of my roles as an industry consultant is to help clients "connect the dots" between global trends outside our industry and their businesses, identifying change opportunities that they need to start anticipating and considering as part of their ongoing strategic planning process. While I don't claim to be clairvoyant or smart enough to predict how all of these might play out for your business, they should be on your radar screen:

1. REALITY: Digital interactions will influence 64 percent of every dollar spent in retail stores in 2015 (that's up from only 14 percent in 2013 and 36 percent in 2014). According to a Deloitte Digital's study, this "shows how shopping is changing as inspiration, information and decision making have become decoupled from the physical trip."

Comments: While brick-and-mortar stores aren't going away, this study points out the critical need for retailers to strengthen their on-line presence to accommodate this consumer trend. The scope of the experience we want our customers to have goes far beyond your front doors!

More and more customers will make the decision on where and what to buy before they even leave their homes.

2. REALITY: "Price is what you pay. Value is what you get." ... Warren Buffet

Comments: While price is still an important component of the value equation, consumers are really purchasing the tangible and intangible benefits of that product or service as compared to the value opportunity from other purchase options or alternatives.

Taking a lean approach to value, what are you doing in your operation that doesn't add value to the customer's experience?



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3. REALITY: “Buy online, pick up in-store” is a trend.

Comments: This responds to the key things consumers look for ... fast, convenient, personalized. Big box stores, supermarkets and even Ace Hardware stores are building

the capacity to allow customers to order from expanded assortments (think triple the number of SKU's) in distribution centers online to pick up the same day locally, in-store.

While we tend to believe the consumer needs to see and touch our products before they purchase

them, these competitors, and even Amazon, are successfully offering produce, which share many of the same attributes of plants online! If nothing else, this trend is conditioning and changing consumer behavior, showing them other shopping options.

These are just three of a myriad of external trends and realities that have the real potential to both change consumer behavior and the competitive playing field you operate on. Which of them will you need to incorporate into your business model?

Only you can make that ultimate decision for your business. But it's essential that you begin to anticipate them so you can strategically plan for the needed changes based on your terms and timeline; we've all experienced the ugly side of forced, reactive change and have learned that we should avoid it if we can.

Planned change is good for your business and good for your customer; it keeps you relevant and a leader.

Yeah, it can be a little scary, but it's also exciting and a requirement for future success ...

LGR

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