

Power To The Independents

Buying groups give garden centers leverage to compete.

By Dan Rafter

After purchasing Salem, Ore.-based Terra Gardens last year, Dan Estacio didn't have much extra cash sitting around. The problem was, Estacio needed to get ready for his business's busiest time of the year.

Fortunately, Terra Gardens is a member of Master Nursery Garden Centers, a Walnut Creek, Calif.-based buying group serving independent garden centers. One of the many benefits this membership provides is extended dating, meaning Estacio doesn't have to pay for the products he buys at the time he purchases them. Instead, he can pay for

them at a later date, one that more accurately reflects the realities of business in the nursery industry.

Delayed invoicing is just one of the benefits membership in a buying group can bring. Read on to see if joining up is right for your business.

Bring On The Benefits

Look at Estacio's system: Most of the product he orders arrives between mid-December and the beginning of March, with the majority showing up in February. Because he's a member of the buying group, Estacio doesn't pay for these products until June, after his business has completed its busy season.

"Having just purchased the business, I had a really high debt load.

Being able to move through your busy season before you pay for product is really nice," Estacio said. "It makes a huge difference. You don't need quite as much cash up front to operate your business."

And that's just one benefit that Estacio sees from membership in a buying group. He also can point to increased buying power, centralized billing and the camaraderie that comes from networking with other independent nurseries and garden centers. Estacio also likes the line of 137 private-label products that Master Nursery has developed, a line he says is far superior to most over-the-counter products.

Deby Barnhart, who along with her husband owns Portland, Ore.'s

Cornell Farm retail garden center, joined Northwest Nursery Buyers Association to reduce their wholesale prices. As an independent garden center, Cornell Farm was paying high prices for the popular roses it sells. By joining the buying group, Barnhart was able to nab a far lower price for her roses.

"That saved us a significant percentage," Barnhart said. "And that's the primary benefit from the group. We get significant discounts, thanks to volume buying. When you're competing against large companies, you need that."

It's no secret that pricing is the biggest challenge independent garden center and nursery owners face. Large stores have the financial



Independent garden centers often don't have the opportunity to make large orders from vendors, but as a member of a buying group they may be able to get the large-order discounted price.



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resources to buy huge amounts of product at once. This gives them the flexibility to offer these products to their customers at low prices. Independents, unfortunately, lack this ability, but membership in a buying group levels the playing field somewhat.

Strength In Numbers

Estacio and Barnhart are far from

alone. The owners of independent garden centers across the country are benefiting from membership in buying groups. Surviving in the nursery business against big, brand-name garden centers is no easy task. It's why buying groups are more important than ever and why membership keeps increasing.

"I think the independents are becoming more aware than ever

about how important buying groups are," said Sylvia Mauerman, director of public relations and marketing with Master Nursery Garden Centers, which counts more than 270 members on its roster. "If you're an independent garden center owner and you don't belong to something, you better think about changing that. It's going to become increasingly more difficult to be successful in this industry if you don't. The bulk stores are getting better at what they do. It's not that they will ever be great, but they are getting better. It's vital for independents to belong to something that gives them the opportunity to buy better and get product that their customers can't find anywhere else."

Bill Gerber, chief executive officer of Northwest Nursery Buyers Association, said the group now features about 60 members, most of them in Oregon and Washington. The group works with approximately 80 vendors, merchants that feature just about any type of product or merchandise that Northwest's members would need.

"These groups certainly work well for their members," Gerber said. "We've been going strong now for almost 24 years. It's been quite a successful organization."

The biggest reason for the group's success, Gerber argued, is that its members are the ones who

recommend the vendors with whom Northwest works. If a member works with a vendor, is happy with them and believes it would be a good fit for other members of the buying group, that member usually has the vendor contact Gerber. The board more often than not approves the vendor.

"It is the members who make the recommendation on who we should include in our group," Gerber said. "That's the only way to do it right. It doesn't make any sense to have a program like ours if we don't listen to our members' recommendations."

Ann Bates is proud that Independent Nursery Group, a buying group based in Lacey, Wash., saved its more-than-350 members — made up of independent retail nurseries and landscape contractors — a combined \$2.4 million in 2004. The group accomplished this through its bulk-buying program, allowing its independent members to purchase products at far lower prices than they would have been able to on their own.

Bates, executive director of the Idaho Nursery & Landscape Association, has sold her garden center. But she still believes strongly enough in the mission of Independent Nursery Group that she sits on its board of directors.

"We joined because we were a





By joining a buying group, Cornell Farm, Portland, Ore., was able to pay less for roses.

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smaller company. We couldn't get the discounts on our product that the larger companies could," Bates said. "With the buying group, we were able to do that."

And buying groups don't just benefit their members, Bates said. They

also help the vendors that are part of them. Independent Nursery Group constantly promotes the vendors with whom it works, she said.

"Our group always has the vendors' names in front of the members," Bates said. "For a vendor,

groups like ours are like an extra salesperson."

Not Just The Money

No one disputes that price discounting is the main reason why most independent nurseries and

Buying Groups

There are a number of buying groups in the industry. Below are just a few to contact and see which one might work best for you.

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Master Nursery Garden Centers

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www.masternursery.com

Northwest Nursery Buyers Association

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garden centers join buying groups. But the members of such groups point to a host of other reasons membership is important: There's extended dating, of course, but also the centralized billing that comes with membership in a buying group, a benefit that saves nursery owners much-needed time.

And there are the networking opportunities. Many buying groups hold regular meetings and seminars for their members. This provides independents the chance to discuss new business ideas, emerging trends and money-saving ideas with their peers.

To Barnhart, this is one benefit whose importance can't be overstated. "Networking is so important, especially for someone new," Barnhart said. "But even if you've been in the business for 10 years or more, things are changing so quickly today. At networking events you can talk about the latest trend. You can talk to other owners about what's selling well. It's just a good way of sharing information. How do you manage the store? ▶

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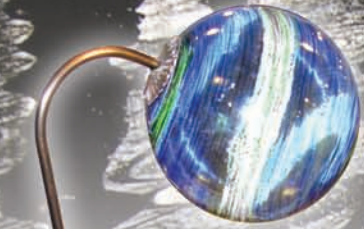
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What are the issues? These networking events are a way to get very specific information about how to run your business. You can go to national seminars that are generic for all businesses. But we're different. We deal with such specific issues."

This networking has helped Barnhart in ways both large and small. For instance, she recently shared concerns with another nursery owner about the state of her nursery's employee lunchroom. Employees would leave spilled soda

on the counters, leave without cleaning their uneaten food from the tables and generally leave a mess behind. Her fellow nursery owner had a solution; he had developed a simple incentive program that encouraged employees to vol-



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unteer to clean up the lunchroom. Barnhart has since instituted a similar program at her store.

"It's really just a simple little incentive program, but it's worked like a charm," she said. "It's amazing how the tiniest little thing can help your overall operation."

Newer nursery owners needn't feel left out, either. The veterans of buying groups are famously willing to share their expertise with new owners, say group officials.

"We have an annual meeting every year, and there is some amazing networking that goes on there," said Mauerman. "The people who have been in our group for a long time are so receptive to new members. They welcome them and share any kind of information with them. That's one of the reasons why it's so important for new people to join a group such as ours. The information they can pick up from more experienced members is invaluable."

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