

## Challenges of Starting Your Own Liner Business<sup>®</sup>

### Mark Richey

The Richey Nursery Company, 6184 S. Quarterline Road, Spring Lake, Michigan, 49456 U.S.A.

When I told Dan Studebaker that I would present a paper to this Society I didn't know what topic would be assigned to me. After he asked me to speak on the challenges of starting your own liner business I began to question my hasty answer. It would be foolish to stand before you and presume on your wisdom and experience and say this is how to start a liner business. But after thinking about it, I can reduce many of the challenges down to a few guiding principles. They would be:

- Do what you do best and choose your product line very carefully.
- A customer base is more than just a list of names.
- People are more important than things.

While working as propagator at a large western Michigan nursery, I became involved with more than the daily rigors of rooting 5 million cuttings annually. Some of the costs associated with the liner production seemed to be high. So I was given permission to work with the cost accountant so we could mutually understand each other's point of view. Hopefully, it would create a more accurate cost estimate and help the propagation staff to appreciate the costs involved in production. I reported my findings at the 1989 Eastern Region meeting of this Society in Toronto. When figuring all aspects of production, I began questioning the merit of bareroot multiple-year transplants from a costing perspective. The costs associated with the land use in relationship to the growth potential during that time created a liner with a slim margin of profit. There had to be a more profitable method.

I had a dream of owning my own nursery someday. We had just moved to a new house with some land and my brother had agreed to become a working partner (many employees at the nursery had something going on the side). This was my opportunity to test some of my theories about a more profitable liner. I used *Euonymus alatus* 'Compactus' as my main test subject. My theory was that a rooted cutting potted into a quart pot and grown for 1 year is more profitable than a rooted cutting bedded out for 2 years before transplanting. The proof would be seeing what size the quart-potted plant would become in 1 year. I also followed through with comparing how long it took to finish a 15/18 inch size. The result was a quart-potted plant that was stockier and not as tall as the 2-year bareroot transplant and it finished the target size consistently 6 months quicker than the bareroot plant. There are many reasons for this, but that is not the purpose here. I tried other shrub taxa and found similar responses. I was sold on the concept. The growth potential that can be built into quart-potted liners can be compared to a coiled spring being released when shifted up to a bigger container or transplanted to the field. When I left employment with the nursery I felt obligated to give them all the test results and conclusions that I had arrived at in the work my brother and I had done at Richey Brothers Nursery. A memo was sent to all the senior managers and I brought into the greenhouse sample plants at all stages of production and copies of the spread sheets for them to look at and ask questions. To this day I don't know what they did with the information, but I had nothing to hide. They had been good to work for and had given me wide latitude to investigate my theories.

I finally took the leap of faith in 1994, leaving behind a steady paycheck and the security that goes with working for an established company. My brother had quit the partnership a number of years before. One of the first things that confronted me was professional loneliness. This took me totally by surprise. I was a member of our state and local nursery associations, a member of this Society, and had many colleagues in the western Michigan nursery community. But for the first time in 16 years of my career since leaving college I didn't have any peers that I could bounce ideas off on a daily basis. I didn't realize how much I had depended on other points of view to keep myself focused on long range and sometimes intangible goals. My wife is a great woman, but at that time she couldn't knowledgeably critique ideas let alone brainstorm through new challenges. I was confident in my horticultural abilities but I had yet to prove to myself that I could sell my crops. My brother had wanted to provide container-grown shrubs for the local landscape trade, but when he left I felt I needed to stay with what I knew best — liner production, and I changed the name to The Richey Nursery Company. I had to find a niche. While looking through the ads in the trade journals and talking with people at shows I began to see that the quart liner was the ticket. How would I convince potential customers though? I had confidence in my product, but I'm a grower and didn't know much about sales. Naively I thought that all that was needed was to present the facts and take the orders. It didn't happen that way. At the trade shows I started hearing about all the failures of liners purchased from other liner growers. It occurred to me that what these people were saying was that they wanted a vendor to grow a liner specifically for them. I could relate to that! Working at the large nursery, the propagation department had to produce a liner for the field and container divisions that would transition smoothly into their production schedule. I had to become the propagation department for my customers, not just a vendor. Since the nursery industry is anything but standardized, just knowing that a customer was a container grower wasn't enough. I have customers that receive plants from the same crop, and will finish them at the same size with as much as a year and a half difference in production time. Some customers want me to prune the liners tight to maximize the branching while others think they are getting short changed if they don't get a plant with at least 12 inches top growth. Nurserymen can be some of the most opinionated, stubborn people on this earth when it comes to the "right" way to grow plants. Therein lies the frustration and dissatisfaction in the marketplace. They don't want to change, they just want a plant that will work for them. I found out that if I wanted them to take a risk on an unknown vendor, I had to ask the right questions and give them the plants that they wanted for their production cycle. That meant some nurseries wouldn't buy from me because I am just as stubborn and opinionated about the quart liner.

About this same time, I came up with a marketing program that gave incentive to growers that planned ahead. I had decided early in the process that I would not depend on the bank to fund nursery growth. My rationale was that I would rather be answerable to my customers that appreciate the ebb and flow of nursery life than some bank officer. So to encourage customers to pay ahead I developed this pre-propagation program with the idea of giving a substantial discount off list price in return for having the order and a substantial deposit a year ahead of shipping. I was told by a trusted friend in the business that it would take 3 years to be accepted by the trade. He was absolutely right — to the year. This year's crop was 90% sold before

a cutting was stuck. We're at a point now where our current customers are increasing their orders greater than my projected annual nursery growth. For the last 2 years we haven't advertised at all and we have reduced our winter trade show exhibits from three to two. This opens up a new set of challenges given the parameters we've chosen to operate within.

The third guiding principle that we adhere to is that people are more important than things. All of you can appreciate the problems associated with the revolving door concept of employees. They just nicely start doing the job the way it should be done and they get another job for a nickel more an hour or one where they don't have to get their hands dirty. The commitment that I have to my customers, I decided, had to also be shown to my employees. This commitment had to start in my home. We have homeschooled our two children most of their education. I have to be honest, one of the major factors that prompted me to take the leap of faith was not a professional ambition. I had seen too many children of nurserymen grow up and leave home without Dad ever having really known his children. I was determined to be different. Using the vehicle of homeschooling, we've been able to work the school year around the nursery schedule. Sarah and Seth have worked in the nursery since about age eleven and have developed into first rate growers. Can you hear a bit of pride coming through? Honestly, though, I've worked with a lot of growers and I would put them in the class of professionals. Being with them on a daily basis, not only telling them how to do something, but showing them and pointing out the results some time later has been as rewarding as any professional accomplishments. We've also hand picked other employees that we thought could mutually benefit both the nursery and themselves. Some have come from the homeschool association in the area in which we live. The parents of most homeschool students want to teach the old-fashioned work ethic. Many times that has already been ingrained in them and the work at the nursery in their first real job to prove what they've learned. They're paid on an hourly basis according to a performance chart that rewards certain accomplishments that are important to the nursery. Another source of employees is a traditional Mennonite community, of which we are members, about an hour away from the nursery. Several of the young people have worked at the nursery, in fact, of all of them only two have quit. Again the parents have instilled in them a good work ethic. Two of the young people that started working for us 3 years ago as high school students have now become full time at the nursery. (They are running the nursery while we are here at the I.P.P.S. meetings.) To round out our crew, we have a schoolteacher that works as a crew leader during the summer months. By hand picking our employees and prioritizing teaching and training as a secondary mission of our nursery we have been able to keep a very steady crew from year to year. This year we had one rookie and the rest had been with us at least two seasons. The pride that they take in seeing the nursery grow gives them confidence that accomplishment doesn't come overnight. But with perseverance, hard work, attention to details, and serving other peoples needs the goal can be accomplished.