



Dave  
Ploussard

# Planning For Profit

Hoerr Nursery's strategic approaches to inventory and marketing are designed to connect with customers in the store and at home for a stronger relationship.

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It was an a-ha moment for Hoerr Nursery Garden Center Manager Dave Ploussard.

He looked around the sales floor and saw money in the form of unpopular inventory just sitting around. Something had to change.

"Every dollar counts in today's economy. You have to maximize the value you're getting out of every dollar you spend," Ploussard says. "We weren't doing that."

Hoerr Nursery is a \$4 million dollar garden center in Peoria, Ill., and like many retailers the last few years, it had its fair share of leftover inventory. Rather than blindly slash prices in an attempt to move product or just continue to hold on to it and wait for someone to buy it, Ploussard decided to take a more scientific approach.

The garden center is in the first year of a new buying budget developed with financial consultant Steve Bailey. This budget provides better direction on purchasing core products, eliminating slow-moving and low-margin products and improving both cash flow and profitability. The focus is less on gross margins and more on gross margin return on inventory investment (GMROI), a formula that reveals the real return on the inventory a garden center buys and sells.

"It gives us a better tool to make

purchasing and pricing decisions," Ploussard says. "We are able to better identify the profitable product lines and where it's better to invest our inventory dollars."

## GM Vs. GMROI

"Everybody understands gross margin, but GMROI provides a much better picture of how well you're spending inventory dollars. It's a combination of your gross margin and the turns on a specific product line or SKU," Ploussard says. "You may have a good margin on a product, but if it doesn't turn quickly, you're not really getting a good return on the money you have invested in it."

With a good grasp of GMROI in hand, Ploussard and Bailey set about trying to understand everything about Hoerr Nursery's inventory – when it was purchased, when it was sold and how much they had in stock for every category.

"Steve compared all of that with the margins we wanted to achieve in each of the categories and began building a buying budget based on when we typically sold the products," Ploussard says. "Each category now has a buying budget based on when it's sold. He calls it 'Season To Buy.'"

The goal is to limit inventory purchases to the times of year they will turn quickest. That means less valuable dollars tied up in stock that's just sitting there.

## HoerrNursery.com

**Owners:** Nathan Hoerr,  
Jeff Hoerr, John W. Hoerr

**Location:** Peoria, Ill.

**Size:** 4 retail acres

**Annual Sales:** \$4 million

## Inventory 101

Want to know more about Gross Margin Return on Inventory Investment? Financial consultant Steve Bailey walks you through the details on page 27.



Dan Mulch

## Strategic Marketing

While Hoerr Garden Center Manager Dave Ploussard works on the inventory equations, Marketing Director Dan Mulch is far more interested in connecting with customers – mostly by going digital.

The biggest and most noticeable recent effort was an overhaul and relaunch of the company's website in March. The new site is more intuitive and user-friendly, as well as flexible for easy updates.

That's crucial these days because there are so many other resources on the web. The centerpiece of the updated site is Plant-O-Pedia, a custom-designed online plant catalog. It's a versatile tool that helps customers – and employees

– research just about any detail of the plants Hoerr Nursery sells. Plants can be searched by common or botanical name, or by drilling down using more than a dozen filters, from fall color, to growth rate to light requirements.

Hoerr Nursery also benefits from the extra visitors it brings to the website. "Our traffic was up more than 100 percent this spring. And because we've added all of these pages and people can click through and see all of our cool plants, our pageviews are up more than 200 percent," Mulch says.

The increase in sheer number of pages sends Hoerr's site to the top of the Google searches. And since 65 percent of the nursery's web traffic comes from search engines, that's extremely important. "When people type 'Knockout Rose Peoria' in the search box, I want to show up at the top," he says.

Another prong to the Mulch's multi-faceted marketing approach is social media. "It's the perfect media to not only engage in a conversation with our customers, but act as a bridge to connect the gaps between our website, e-mail, Facebook and blog content," he says. "One of our goals this year was to overlap our digital audiences so they engaged with all of our media."

For example, the e-newsletters include links to photos on Facebook, and Facebook has a sign-up link to the e-news. Both, meanwhile, link to recent blog posts on gardening tips.

The result is increased Facebook fan counts, e-mail subscriptions and web traffic. But most of all, it's a deeper relationship with customers.

"It all helps us make better decisions. If you want some quick feedback, you don't have to develop a huge survey campaign. Just go to Facebook and say, 'Here's what we're thinking. What do you think?'" Mulch says.



"If we're more aware of how categories and products move, we can buy a lot smarter, and in theory, sell out before we have to pay for it," he says. Ploussard knows buying like this would be a big change for many garden centers, because it's a big change for Hoerr Nursery.

"As an industry, we tend to buy a lot at one time and hold onto it until it sells. We're learning through GMROII that's not a good way for the company to get a return on its investment," he says.

Putting this into practice will require some significant adjustments for buyers.

"We'll have to adapt what we buy and when," he says. "For example, we have to identify how many concrete fountains we will actually sell in a timely manner. We're bringing in 20 or 25, which probably doesn't seem like a lot for a business our size. But we think that's a good number. If they sell well, we can quickly put together a new order and have them here in three weeks."

If everything works as Ploussard expects, the smaller order will improve the return on his investment.

"We will get back the money we put into the fountains more quickly and then can invest in something else that turns quickly," he says. "When you're not holding on to the inventory so long, it improves both cash flow and the return on those dollars." TGC



## More Online

To learn about how Hoerr Nursery uses both its e-newsletters and Facebook Ads to drive traffic, go to **TodaysGardenCenter.com** and look for the More Online logo.