



Management & Profitability

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Killer Business Attitudes Of Revolutionary Garden Centers

The Higher Cost Of Lost Opportunity

Being proactive can be the key to success in a competitive marketplace.



“Procrastination is the thief of time – and money.” – Unknown

The seasonal nature of our business coupled with long winters has provided a nesting ground for the attitude, “We’ll try that next year.” The cost of waiting until later might be higher than you imagined.

It was raining heavily, and you know what that is like when you’re trying to carry on a conversation in a greenhouse. The garden center owner and several members of her staff were gathered with me around a table of beautiful pansies. We were discussing the price of these plants and how to use multiple pricing to increase unit sales. We made a decision to change the sign, or so I thought. As we turned to move to another table to discuss another product, one of the associates said, “That’s great. We’ll do that next year.” I stopped and brought everyone together and asked what else they thought they could do while it was raining that would make more money in the next week than changing the price sign on those pansies. The price sign was changed before lunch, and a “Do it NOW” culture began at Altum’s Horticultural Center (www.altums.com). I am proud of them for

breaking the “wait until next year” cycle, and for the difference that has made in their ability to withstand bad weather, road construction and increased competition.

Killer Business Attitude #10 We’ll Do It Now!

A convenient excuse to continue with the status quo, “next year” is also the best friend to “avoiding difficult decisions,” “procrastination,” and frankly, “disrespect to associates” who want the best for the business. The opportunity cost associated with each of these can be enormous over time.

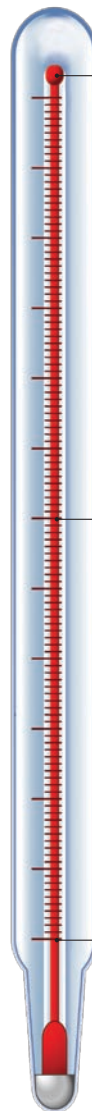
Consider these three hidden time-value costs of waiting:

1. The time-value cost of a disengaged associate.

I really don’t think any sane person would argue that an engaged employee works more productively than one that has become disengaged. Since there is no point arguing with an insane person, I won’t bother to try to quantify the cost of this one, except to say that life is too short to allow your associates to wither on your vine. If you’re thinking that people who aren’t happy working for your company should just leave, think a little more. Working unproductively on your payroll is likely more attractive to them than the prospect of looking for another job. Over time, the cost of carrying disengaged people mushrooms.

“Look at it this way –
The ONLY profits you will have
in the future are those that are the
result of pro-actively implementing
decisions sooner rather than later.”

Attitude Thermometer



Positive Attitude & Self-Image

would further boost profits. The biggest impact of building a new greenhouse is still in the marketing value of the impression a new facility makes. If the improved shopping environment increases perceived value of your products by just 5 percent, profits can be increased not only the first year but also every year after that. The multiplied effect of that increase might be the only profit you would receive in the future.

Be Proactive

The rising expenses associated with being in business today are rapidly eroding any profit you may already be earning. Look at it this way – the *only* profits you may have in the future are those that are the result of proactively implementing decisions sooner rather than waiting.

Negative Attitude & Self-Image

Your organization has to very quickly become all about business improvement, and you need to know what to do, as well as when and how to do it.

2. The time-value cost of a lost customer.

While expecting to find value in the products they purchase, consumers also shop with a “what have you done for me lately” line of thinking. Let’s think a little longer on this one. That’s not an unreasonable expectation. After all, they know you mark up the products they buy, and some of the money should deservedly be used to keep nice bathrooms clean, for nice flooring and to hire nice people to help them decide what to buy. It irks your customers quickly when they shop at a store with higher prices than the box stores and then get the same service. Simply put, people shop more often where they feel their money is appreciated. Since you can make noticeable improvements that box stores are unlikely to make, you have a serious competitive advantage, if you use it.

Customers who no longer shop at your store greatly reduce profits you would have earned. Take out your 2007 year-end Profit & Loss statement. Subtract 5 percent of your revenue and a corresponding 5 percent of your cost of goods and see what happens to the bottom line. The cumulative cost of losing customers is ugly. You may be keeping your sales volume up through increased prices or by discounting to generate traffic, but consider the effect if you could just keep more customers instead of replacing them.

3. The time-value cost of waiting to invest.

Jeff Warschauer of Nexus Corporation (www.nexuscorp.com) shared a chart with me that he uses to show folks who are considering building a new greenhouse the “what-if” scenario of waiting to begin the building process. The cost advantages of building sooner rather than later have a major impact on operating expenses and in turn on net profits. In addition, the benefit of a more efficient structure can lower costly and rapidly rising heating expenses, which

My colleague Steve Bailey, the financial consultant to The Garden Center Group, conducts an annual Profit & Loss study of client garden centers (see story on page 36). This year, I asked him to run a comparison of garden centers that use the consultants to those who do not. The difference in profit was 3 percent higher for those who use the consultants. That is 100 percent higher than the average profitability of the other garden centers. This proves that the cost of waiting to use the consultants is higher than most garden centers can afford and is what you should call a “no-brainer.” The cost of pretending you don’t need help, or that you already know what you should do even though you haven’t done it, or the cost of waiting until someday when you have the money, is very high – too high – to even consider waiting any more. TGC

Sid Raisch is president of Horticultural Advantage, a consulting firm to independent garden centers and suppliers and a service provider to The Garden Center Group. Sid has formulated the Advantage Development System, a step-by-step program designed to help garden centers make the kinds of decisions that drive sales, improve operations and focus on profit. Sid has a very special understanding of the industry and is dedicated to helping his clients reach their goals. Contact Sid personally today for a no-obligation, informal chat concerning your profits and your future. Call 888-338-9456 or email sid@horticulturaladvantage.com. Sign up to receive Sid’s monthly “Strategies” email newsletter at www.horticulturaladvantage.com.

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