

## Young Plant Production: Keep It Simple<sup>®</sup>

### Wayne Eady

Delamore Young Plants, Station Road, Wisbech St Mary, Cambridgeshire PE13 4RY

**Email:** sales@delaware.co.uk

Delamore Young Plants is one of the country's largest suppliers of young plants to the nursery industry. In this paper I want to share with you the thought processes we go through to keep things simple both for us and our customers.

Our business aims to make the offer easily understood and easy to handle; to maintain rigorous product selection criteria and rigorous supply base control; to thoroughly trial products every year and to maintain strong relationships with suppliers, customers, and competitors.

### PLANNING

#### Variety Selection Criteria for Trials.

- 1) Maintain strong breeder relationships to achieve the position of preferred distributor
- 2) Be careful to not miss opportunities by having too close a relationship with any individual breeder
- 3) Listen to customer requests for specific products
- 4) Make sure sufficient resources are available both in terms of space and funds for trials
- 5) Keep accurate records of the previous year's trials work
- 6) Keep an open mind on cultivars — if we feel a cultivar won't work we must be prepared to dispense with it either before or during trials
- 7) Analyse the economics of a cultivar before starting trials work.  
It may not have a market if it is too expensive compared with existing similar cultivars.

**Variety Production Criteria Before Trialling.** For a cultivar to be acceptable to our nursery it must be easy to root in large numbers and be suitable for growing in similar plug formats to those already being used. The logistics of deliveries of the unrooted cutting must work with other shipments — or if not then the cultivar must offer something really special to justify opening a new supply line. We ask ourselves whether the cultivar would be unique to Delamore and therefore justify more "hassle."

We also ask ourselves questions such as:

- Is the cultivar likely to be popular or an "also ran" — if the latter, does it justify space in the trials area?
- Will mother plant material be available for the appropriate season and, if not, should the cultivar be tested this season?
- Does the product have a good shelf life once rooted? This is important given the speculative nature of our business.
- Will a license be available if trials show the cultivar is desirable?

**Product Format.** If the cultivar is selected we need to choose the correct plug size for the specific product, ideally from the few that are currently used. We also need

to decide which tray size to use to achieve the correct count to suit our target customers for that type of product — the choice must be the correct tray for shipping and transportation as well as to fit beds for production.

This is also the time to consider growing media: do we have one in use already that fits the product type or do we need another new supply line? Will the product be OK in existing plugs that may have materials incorporated for pest and disease control?

**Pricing.** In deciding if the product be grown and sold efficiently we consider what is the current market rate for that product type. We ask whether the cultivar adds to the overall “business offer” even if it may not be cost effective in its own right. Does this cultivar help to optimise margin on the overall order and does it help sell other lines where a customer had a “closed door” to us?

As mentioned above, there is a degree of speculative marketing in our business, so we must think about whether growing the product will add to or help reduce wastage.

There are other market pressures, too. For example, if it is a very fast product, can some stock always be available for certain shipping days? Maybe it needs to be grown twice in a week, if so do the numbers remain viable?

We also think about whether there may be business growth anticipated for this type of product, and whether it could help to raise prices across the group from the previous year.

Finally, we need our products to fit into a relatively simple pricing policy.

**Advertising and Catalogues.** Once the range is decided for the year we need to work out how to promote it and the overall business. Questions include:

- How many catalogues to produce for each drop
- How many drops are appropriate? Is it better to save costs or to invest in marketing to keep us fresh in customer’s minds?
- Can societies and local authority “in bloom” clubs be helpful in promoting the company or the product?
- Can “free” advertising be obtained through media relations or garden shows?
- How many “pre-season” trials shipments are appropriate?
- What is the correct time to drop leaflets and catalogues?
- How much space in catalogues should specific products be given?
- How do we measure the effectiveness of advertising against costs?
- Does advertising pay at all?

**Product Volumes.** Once catalogues and offers are prepared an initial forecast must be created for mother plant holders and for production resources. The forecast is based on knowledge of or prediction of the peak sales weeks, the likely overall volume and how we think orders will build up over the early weeks.

We need to consider the cost of a mother plant bed and whether the cultivar will justify the investment; the potential to change volumes if the product is doing either better or not as well as predicted; and what is the overall utilisation of mother plants against the cost of set up?

Any special promotions or campaigns will obviously also have an impact on volume planning.

**Sales and Customer Care.** Having created an offer the sales need to be made and, just as importantly, the customer taken care of afterwards.

The customer base needs to be segmented so that we make the right offer for the right type of customer. Some customers require bespoke production which must be administered and managed during production. Some customers push for exclusives so we need to make sure we know which products, for which customers and to ensure there is something for everyone?

How much investment should be made in labels and point of sale promotional material? Some customers may need this kind of support, others may not.

Certain areas are better targets for certain products so why not market them in that way to make the company important in those products.

Managing sales people is very difficult, particularly in the plant business. The approach is quite primitive compared to some industries and some customers aren't receptive to change. There is also a huge cost in sales people that needs to be measured against productivity and you have to ask difficult questions — would you get the sale without them? Could sales be gained and customers managed from a central office? Sales must be easy to administer and so a simple offer will make the process much smoother.

Customer service, though, is critical. Even when things go wrong, an understanding of the customer base will help maintain and hopefully grow that customer.

## **PRODUCTION AND LOGISTICS**

Raw material planning must be in hand 6 months before the production starts as the volumes are huge. The raw material must be easily handled in a fast moving environment.

Sales forecasts must be accurate if the correct amounts of raw material are to be scheduled. Scheduling of these things is so important when only 10 days worth of stock can be held at one time.

Labour requirements must be planned reasonably accurately if the work is to get done.

Space is an important consideration as there isn't an infinite amount available. One has constantly to ask whether the amount of space is right for the business: is it restricting growth or is the amount of growth you may be planning enough to justify an investment?

Production efficiency and quality must be monitored but without very close supervision.

Before a cutting is stuck it must have plant health clearance either at the airport or on site. With the possibility of 2 million cuttings arriving in a single day we have to make sure the inspectors get the consignment through quickly.

**Mother Plants.** Provision of cutting material must be planned a long time in advance but having done that a company must make the most use of available time and plan weekly what to trim and what to take. Some cultivars are best kept in the northern hemisphere but some in the southern or close to the equator.

Labour savings in cheaper countries must be offset against likely health risks and the risks of political situations affecting the ability of these countries to deliver. However we have to use them to maintain a competitive edge.

**Propagation Techniques and Facilities.** Delamore uses the following techniques:

- Seed
- Softwood cuttings
- Hardwood cuttings
- Division
- Micropropagation
- Root cuttings

Some of these are undertaken off site up to a certain point in the production cycle.

We have three types of space available which can be used in many different ways using light, heat, cold, mist, or closed tents to provide the following environments:

- Heavy mist
- Mist that is almost fog
- Closed tents with high humidity
- Closed tents with lower humidity using different cover types
- Very cold glass for hardwood cuttings
- Cold polythene for root cuttings, where a higher humidity is helpful but not to the point of moss creation

**Delivery.** We maintain six vehicles of our own but also rent up to 10 more at peak times. The planning of this movement is important, and we must consider:

- A weekly picking plan that changes daily.
- The quality control function when seasonal labour is used.
- Vehicle availability on a given day.
- Administration of orders at the end of a picking day.
- The invoicing workload. With such a massive sales peak this can easily be allowed to drift. We process over 6000 invoices, 4500 of which are for payment within 3 months.
- Good credit control is more important than ever with clients desperate to hold on to their cash for as long as possible.

## THE NURSERY AND ITS CUSTOMERS

What does this all mean to our customers? We want them to experience reliable products from a company that is easy to deal with. We want them to know us for healthy plants delivered when expected, for helpful staff, and for providing good value for money

We think they should also expect quality service when things go wrong. This normally only happens if the rules are broken on selection criteria or when we listen to over-ambitious sales people.

Over the last 50 years this approach has helped us achieve sales of 100 million plants annually, nursery sites in excess of 40 ha (with greenhouse space of 9.5 ha), a customer base of 2,500 clients (including Her Majesty the Queen), employment for over 175 people in peak season, and a business that has increased sales in 17 of the last 19 years.

**Future Challenges.** Maintaining a good quality new product stream is difficult. Many new products in the marketplace are simply “add-ons” to other lines that are not that great and must be filtered. The current economic situation is making everyone nervous, including ourselves. We have to find products that are value for money and are perceived as affordable.

The customer base is ageing and new avenues and customers must be found to maintain a good spread of clients so we are not reliant on any individual customer. Currently our largest customer represents 15% of our business.

Staffing is becoming more difficult for any high-skilled business. Keeping things simple will enable production to continue using less-skilled people.

To continue to grow we have to be ever more alert to opportunities and new sales avenues.

Despite the current strong Euro that is helping U.K. nurseries to a degree, we must be conscious of how easy it has become to move plants around and how other developing countries can achieve similar things to ourselves with cheaper labour and no heating costs in many cases.

The market for young plants is shrinking and at the same time the supply chain is shortening and the companies in it are consolidating. Delamore has to maintain a presence that is one of a small business that is completely independent.

The demands on raw material suppliers increase all the time and margin pressure is always going to be there for them. The viability of some of these businesses is questionable and to maintain a healthy supply chain the prices that are ultimately paid by the public at large must rise — unless of course oil, road fuel, labour, or peat prices are going to drop!

Creating a business that is perceived to be simple is actually quite a complex task, where the planning stages take out a lot of last minute uncertainty. We believe we have created a niche supply type that is quite unique in its ability to take big risks and get away with it. We are always trying to look forwards but not forgetting the history and reliability of our past.