

NURSERY BUSINESS MANAGEMENT: Can I make a profit?

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It seems universal that most people in the agricultural sector are better producers than managers, or as it is commonly stated, it is ten times harder to sell a plant than it is to grow it.

THE CHALLENGE.

Surveys show that 25 percent of all new businesses fail within the first year, more than 50 percent within five years and eight out of ten within ten years. The nursery industry is no exception.

The principle reason for all failure is not the lack of understanding of how to produce plants, but the absence of solid business management practices, which include a clear vision of marketing strategies.

DEFINE YOUR GOALS.

One important area in business management is clearly identifying your business goals, indicating what tasks are required, when they need to be done, and who is responsible for accomplishing them. Monitoring your marketing strategies is much easier when clear responsibilities, tasks, and objectives have been defined.

THE MARKETING PROGRAM.

In the nursery business, planning is fundamental, just as it is in any

enterprise. A marketing program should be an essential part of the nursery management process and must be considered as the first step in the planning and organization of a production nursery.

In reality, marketing is an extension of the production decision; it is a series of activities designed to satisfy customer desires while yielding a profit for the grower. Do not utilize a marketing program as a crisis-solving activity.

FIRST FIND YOUR MARKET, THEN GROW.

One author states that marketing is the combined ability to identify potential clientele, get the needed information from them and motivate them to deal with you. To do this a nursery manager must identify and confirm the market long before production begins. He must avoid the common mistake of producing a crop first, then looking for a market.

A USEFUL CHECKLIST.

The following are suggestions that can help you plan ahead and make you more competitive:

T Calculate exactly how much it costs to produce a given plant. Do not use figures from other nurseries; calculate your own. Be sure to include all costs.

Selling a product without including the cost of overhead, interest, insurance, etc., will likely prove fatal.

T Determine your profit margin. No business can survive for long without making a profit.

T You may be surprised to discover that producing certain items is not profitable under your management system. You should produce only plants that are profitable.

T Understand both the history and current state of the nursery industry in your area. This will help you benefit from the experience of others.

T Understand the growth potential and the present and projected trends in your industry.

T Understand your direct, indirect and future competitors. It is important to analyze your competitors in terms of product uniqueness, price and quality, marketing strategies, strength, weaknesses and their market share.

T Understand your market segments. Each segment will define the marketing of nursery products differently. The retail garden center, landscape architect-designer, landscape contractor, and wholesale salesman will each require a somewhat different marketing program.

T Understand your customer profiles and find out what pleases them.

T Understand and plan your marketing strategies. How do you plan to promote your products? Consider word-of-mouth referrals, personal selling, advertising, publicity, customer service, trade shows, corporate sponsorship, and on-line marketing. Each has advantages and disadvantages. Determine which one or which combination of them can best serve you.

UNDERSTAND DEMAND.

Market demand for nursery products has been very good in recent years, but it should be remembered that these products are considered luxury items which, in periods of recession and national emergency, may be among the

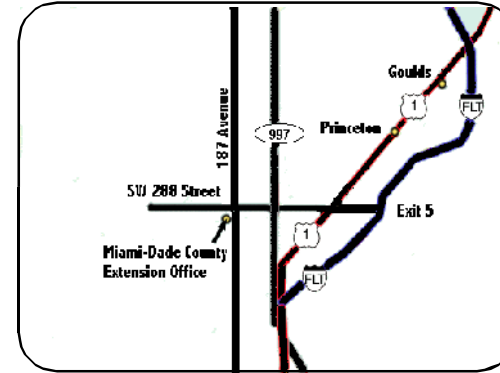
first to suffer. Although this is not a problem at present, understand the trends and plan accordingly.

THE BENEFIT OF EXPERIENCE.

If you ask an experienced nursery manager how he knows what to plant and how much of it to plant, you may be surprised by his answer. After years in the business he has developed a “feel” for the market potential of the species he grows. But in addition to his “feel,” you can bet that before he orders any liners or plants any seeds, he has already assured his market.

For you to gain that kind of experience your business must both survive and earn you a living. The competition is fierce--there are more than 950 registered nurseries in Miami-Dade County alone, and most of them produce high quality plants. For you to compete, you have to be just as good at business as you are at growing plants.

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