

We'll Do It for You: Evolving Trends Toward Custom Propagation[®]

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This paper will discuss the evolving trend toward custom or contract propagation by grower nurseries in the United States. Our propagation nursery, located in Groveport Ohio, has expanded over the last 4 years with new facilities to capture this demand. Without sounding like an “infomercial,” I will attempt to explain our history and evolution to meet this changing situation.

I wanted to discuss first the methods used to grow chickens in America. One option is the large commercial high technology chicken farms. A second less expensive route is to raise them loose in your backyard. Both of these methods will likely be successful but in today's world it is unlikely that any method in between these extremes will be profitable and successful. I use this example as an analogy to compare to the propagation industry in the nursery business. I believe the trend is clear toward large, highly efficient propagation nurseries replacing most of the in house propagation conducted by mid-range nurseries. Very small mom and pop size nurseries might still continue propagation successfully on a shoestring.

Historically most nurseries had an in-house propagator. In most cases this was the only route to acquire a supply of young plants. Propagation was also used as a tool to keep people busy during rainy days or slow times of the year. Little thought was given to overall efficiency of plant propagation.

In the world today many obstacles exist for in-house propagation by growers. It is difficult to staff a small propagation department. The managers are often drafted from other departments for this duty as the needs are too small to justify a full-year-round position. Many “propagation departments” in these size operations also suffer from seasonal turnover that necessitates constant retraining of new employees.

Another problem for small operations is access to propagation rights. Most new plants of any value usually are patented or trademarked. In most cases it is impossible or very expensive to obtain the rights to produce these protected plants.

Another major problem for mid-size propagators is inefficient facilities. Greenhouses are often old designs that are labor, energy, and oversight intensive. They do not lend themselves well to plant health or mechanization. Often they are unsterile and must somehow successfully produce a wide assortment of different crops with different environmental requirements.

One final obstacle for propagators in these situations is that this department is often last in line for resources. Staff is often borrowed by other departments to help put out the “fire of the day.” Greenhouses and other necessary infrastructure are last in line at budget time. In addition, staffs usually lack the opportunity to acquire additional education and training. Most nursery managers look at propagation as a headache and usually do as little as possible to help provide the “little things” that make for quality plants.

There has been a clarification in the industry as to the clear difference between a production nursery and a propagation nursery. Nurseries should focus on what they do best: BE NURSERIES. A propagation nursery has specific needs and should

be viewed as a very separate and distinct business from the production nursery. Propagation is a business, not a hobby.

I have always viewed plant propagation and liner production as close analogy to a microbrewery. Brewing beer, like plant propagation, is well known basic science. The experienced propagator, like the brew master, uses experience and talent to build on science and create unique and successful products. Smaller propagation departments have difficulty acquiring a manager with the experience and creativity to maximize propagation success.

In order to understand the path our company is following, it helps to understand our history. Our family business was founded in 1921 by my grandfather Paul Offenberg. He immigrated to Ohio from Holland. In Europe, he had been the Royal Garden Advisor to Kaiser Wilhelm prior to World War I. In his new company, they focused on propagation, grafting, liner production, landscaping, and retail sales.

Bernie Decker, Paul's son-in-law, became President in 1956. He led the company through the nursery relocation in 1980 and retired in the early '90s. Bernie was awarded the Distinguished Contribution Award in 2008 by The Ohio Nursery and Landscape Association. The focus during this time was wholesale container and field production, grafting, sideline liner sales, and landscape design and installation.

During this time we maintained our position as a grafter of about 90,000 conifer grafts each year. It occurred to us that many of these existing customers might buy additional liners other than grafted conifers. We decided to redirect our focus toward expanded propagation. We wanted to capitalize on our skills, talent, and reputation. We wanted to strive to be the best in the industry.

In order to succeed we needed modern facilities. Four years ago we began construction on a completely new propagation and liner production facility. This facility consisted of headhouse, warehouse, and 24 greenhouses. These modern new facilities allowed us to develop many new economies of scale. We built or bought special equipment to mechanize some difficult labor-intensive tasks. Systems and procedures were developed for common carrier shipping, direct truck shipping, and small order boxing. We installed heating and mist systems for efficient propagation. Water is everything so a system was created that took raw high pH and alkaline well water and treated it into a sterilized, warmed, pH adjusted irrigation and mist water supply. Many other systems were developed to simplify and streamline the liner production process.

We also began to develop field rows for cultivar comparisons and evaluations. These relatively inexpensive field rows would also serve, if needed, as propagation stock blocks. This tool is critical to keeping cultivars pure and observing genetic stability.

We also began to step up our marketing efforts by producing high level promotional pieces in house to specifically address new plants and alliances with plant marketing organizations. We set up systems to insure our evolving operation was clean, organized, and promoted our company image and reputation.

New relationships were founded with Organizations such as PlantHaven, Novalis Genetics, LCN Selections, and Proven Winners to bring new plant introductions into the product mix. Plants are propagated in the nursery and enter our evaluation program. This allows us to be certain that the new introductions are all that is promised. This process has brought to light some weaknesses in some new introductions. By having an assortment of plants from different organizations we are able to select the best plants for our product mix.

With all these tools in place, we now began to refine our sales philosophy. We have a simple question for our customers; "How much does your propagation department cost?" The answer is a lot more money than most people would guess. Besides the obvious expenses one needs to remember overhead, facilities, energy, depreciation, and countless other employee expenses.

Another question for our customers is: "What is the "hassle factor" related to your propagation department?" In business, the "hassle factor" is all the intangible problems associated with the activity and are they worth the return? What are the risks you assume as a propagator? What other nursery activities are suffering by this redirection of resources? What are your plant losses on the path to a finished product? We tell our customers, "Treat us like your propagation department. Tell us what you want, how you want it, and when you want it. Let us assume the risk and the responsibility." The problems and hassles of a propagation department spread over many customers' orders are greatly diluted by the scale of the operation. It is just as easy to check on a million plants on a Sunday in an efficient operation as it is to check on 5,000 plants in a small outfit.

The key to maintaining and building volume with customers once a foothold has been established is VALUE. Value has many components:

- Quality — Full, bushy, well rooted plants.
- Consistency — Uniform quality plants require proper systems and infrastructure.
- Flexibility — Customer requirements differ. A propagation specialist needs diversity in shipping methods, pot sizes, order sizes, plant variety diversity, and delivery timing.
- Reliability — The customer wants to know that you will be successful in producing the crop to maturity and ship as scheduled.
- Customer Service — Listening to your customer's feedback and responding in some manner is critical. Develop safe and simple handling and delivery systems that get the plants to your customer in good condition. It is also critical that customer problems are resolved quickly, simply, and leave a positive impression after the problem is solved.

The future in my opinion is clear; this propagation trend toward large specialist companies will continue. As nurseries look closer at opportunity costs and develop true cost accounting procedures, the desired production path will become more apparent. Just as with buggy whip manufacturers, nurseries must evolve and streamline or history will repeat itself.