



# GROW

## EXECUTIVE REPORT

### 2021



Innovative  
Greenhouse Leaders on  
**SUCCESS**



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# 11 Innovative Greenhouse Leaders on SUCCESS

Top owners and executives share their perspectives on operating a progressive, sustainable, and profitable greenhouse business.

## It's About You and the Success of Your Business

Our *Greenhouse Grower* team is excited to bring you the first of many features and events planned for 2021 that address one of your most pressing needs as the leader of a greenhouse operation: a focus on the business of growing plants.

This special feature — the GROW Executive Report — taps into the expertise of some of the most innovative, forward-thinking leaders successfully running controlled-environment businesses today. They are part of a community of growers willing to share their ideas and business-minded thinking for the good of the entire greenhouse industry on everything from strategy and maximizing profitability to data management, technology investment, training, and more .

It's all part of *Greenhouse Grower's* GROW initiative and our mission to build a strong community of growers, suppliers, and industry professionals collaborating on strategies and solutions critical to sustainable growth in today's unique business environment.

**GROW's function is to focus on you and the success of your business.** Throughout the year, GROW will tackle topics dealing with:












- Managing a business in extremely volatile and uncertain market conditions
- Labor and change management
- Razor-thin margins
- Rapidly changing retail and consumer markets
- Technology adoption, and more

## Again, It Goes Back to Building a Community

What will being part of this community do for you? How about discovering a meaningful support system, making strategic connections, and profiting from the collective experiences and free exchange of ideas and solutions among the group? GROW aims to start the discussions, bring good ideas to the forefront, and provide a voice for you to exchange proven, high-level strategies that lead to your business success. I would say that's a win for everyone.



Janeen Wright | Editor

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Thanks to all the business leaders who participated in this report.

## Save the Date

The first-ever GROW Executive Summit, planned for Dec. 7-8, 2021, in Charlotte, NC, is a one-of-a-kind event that will offer a venue for owners and senior-level managers across all controlled-environment specialty crops to come together, build networks, share insights, and take an informed look at the present and future regarding common greenhouse business issues. Visit [GrowExecutiveSummit.com](http://GrowExecutiveSummit.com) to learn more and sign up for updates.

## Abe VanWingerden on **Data-Driven Decision Making**

**It is not as much about gathering data as it is about what you do with it.**

**PEOPLE CONFUSE DATA WITH ANSWERS.** Data is just information, but there are ways to use it more effectively.

**Gather data quickly.** Then you have more time to analyze it. Analyzing data is the unlock.

**Analyze the data.** You will make your money and become a better operation based on your ability to analyze data and make good decisions based on your analysis to turn it into something actionable.

**Create predictive analytics or AI data.** Artificial intelligence (AI) is just gathering data and letting it tell you what you should do. Data gathered in the past is used to predict what outcome will occur if you take a certain action when you run into a similar situation. The more you use data to create predictive analytics, the better you will become at making good human decisions based on your data.

**Don't forget the human element.** The machines and systems will get you part of the way to your goal. It is the last 5% to 10% that involves human decision making, and it can be the difference between success and failure as a business.

**Report the data in chunks people can handle.** Your team needs to be able to see the data, those top four or five metrics, that will drive behavior and work the next day. That scorecard, the ability to share complicated data in a simple format with your team, is a vital step in this process. In the end, you need to ball that data up into something your team can get behind and be excited about. Use records and scorecards to create momentum and motivational moments for your team.

*Abe VanWingerden is part owner of Metrolina Greenhouses in Huntersville, NC.*





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# Joche Smith On Maximizing Profitability

**Understand your costs, control your expenses, and differentiate!**

**YOU NEED TO FIRST UNDERSTAND** your costs and get a good handle on where you make money and don't make money to start maximizing your profitability. Track everything. At Costa Farms, we track our costs and detail everything we can, to the point where we now track around 80% of costs specific to production losses.

It's easy to get trapped in feeling like we have to do the same programs year after year. We are trying to challenge those assumptions every day with our team at Costa Farms. Your customers also need to be part of that discussion.

I have always felt that when we go to our customers with facts — not with feelings — folks are generally more willing to work with us on pricing and other things. When you throw out a lot of generalities in discussions, it doesn't get you very far. It works much better when you are more specific and back things up with facts.

I look at maximizing profitability on two fronts. One is about controlling expenses. You need to have clear goals and clear ways to measure things and be a hawk about the dollars you spend. Also, look at things not just by greenhouses, but by lot, because it is easier to determine what happened when there are variances.

On the second front, bring something new to the market. You first need to optimize your current mix and dial up the things that work for you, your customers, and the end consumers. Then, bring something new to the market. Introduce things that differentiate your offerings. It is a lot easier to get better margins from those things than to take things that are already in the mix and try to move them up the retail ladder.

*Joche Smith is CEO of Costa Farms, which is headquartered in Miami, FL.*





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# Terri McEnaney on **Thriving During Change**

**Get comfortable being uncomfortable.**

**WE ALWAYS NEED TO BE OPEN** to what comes at us and have multiple plans in mind while taking the long-term view. In my mind, changing with the market to be successful and creating a company culture where you thrive during change involves five principles.

#### **Get Comfortable with Being Uncomfortable**

Change is ever happening. When you get out of your comfort zone, it forces you to think differently.

#### **Focus on What You Do Best**

We often react to things that happen and try to do multiple things to fix the problem or make things work for our customers. We end up doing too many things at once when what we need to do is step back and concentrate on what we do well.

#### **Keep Improving in Areas Where You Can Differentiate Yourself**

If you are not finding a way to change by differentiating yourself from the competition, you are going to find it more difficult to succeed and stay relevant.

#### **Learn About Your Customers Today and Your Customers in the Future**

Do you know what the Millennial crowd likes? Do you know who the new buyers are that reacquainted themselves with gardening during the pandemic? We have younger buyers coming in that think about things differently. You need to know the customers you serve. Learn as much about them as you can.

#### **Network and Partner as You Strategize for Your Business in the Future**

It is of mutual benefit to everyone to be collaborative, share ideas, and talk about what is or is not working. It elevates everyone. When we rise together, we can only help our industry thrive.

*Terri McEnaney is CEO of Bailey, an operation based in St. Paul, MN, with growing sites across the country.*





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# Viraj Puri on Managing Multi-Site Facilities

**Strong communication and strategic hires make all the difference.**

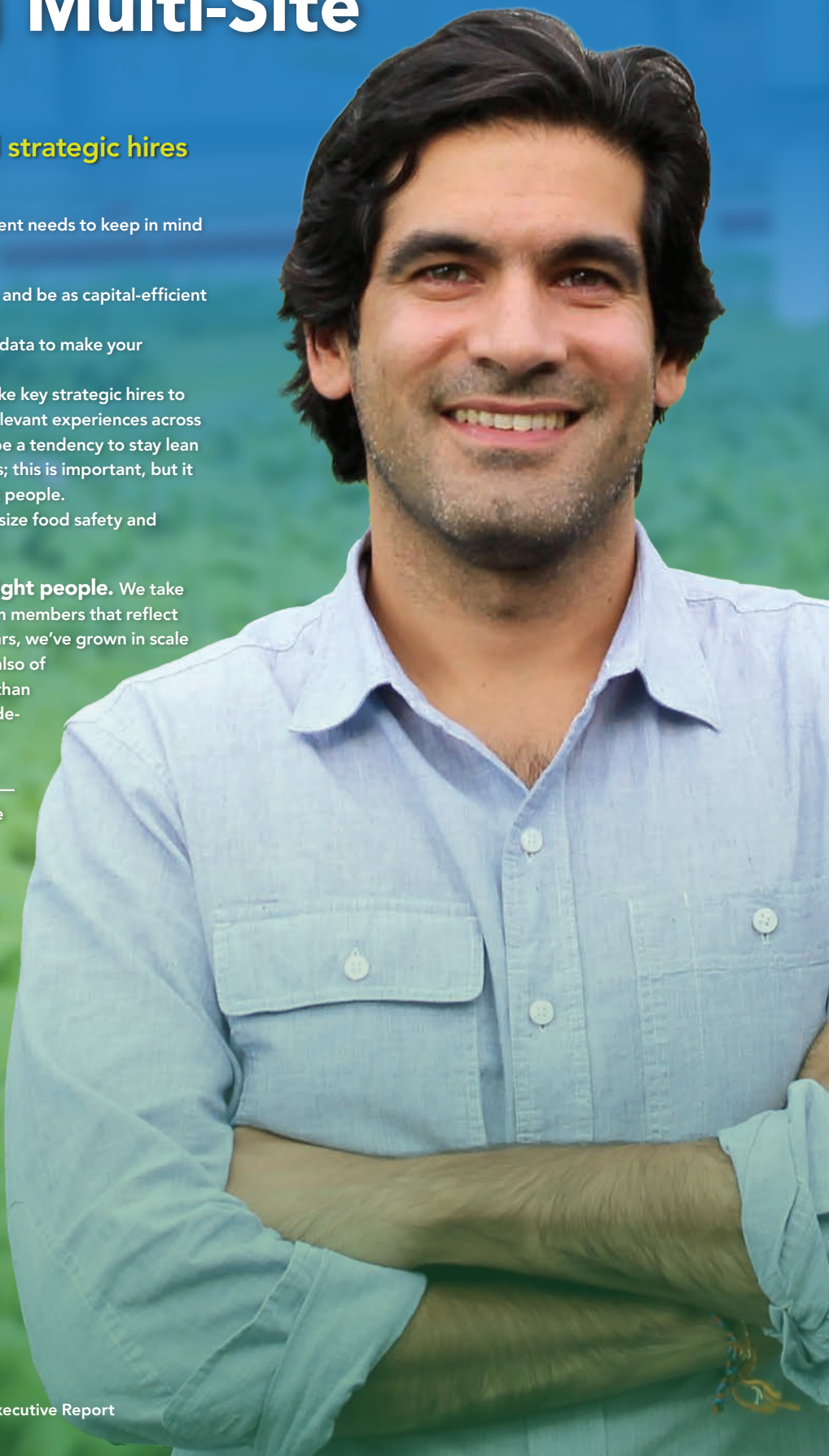
There are four things that upper management needs to keep in mind when managing multi-site facilities.

1. Secure the financial resources to scale and be as capital-efficient as possible
2. Focus on operations, IT, and analytics/data to make your company more efficient
3. Hire the right people. You need to make key strategic hires to ensure you have the leadership and relevant experiences across all company departments. There can be a tendency to stay lean and have personnel wear multiple hats; this is important, but it must be balanced with hiring the right people.
4. If you are growing vegetables, emphasize food safety and record keeping.

**Everything starts with hiring the right people.** We take a lot of care to attract, hire, and retain team members that reflect our company's values. Over the past 10 years, we've grown in scale — not only of our growing operations but also of our team — so we are more decentralized than ever before. In the early years, we all sat side-by-side in the greenhouse, so our mission and purpose were easier to instill in our employees. To this day, all new employees — regardless of their role — spend time in the greenhouse learning about our operations and getting to know our team.

**We strive for strong communication across all our greenhouse facilities** to make sure our various regional teams are plugged into the culture and operations of other facilities. I'm proud we've been able to "seed" our new greenhouses with company veterans to create continuity of culture. We also have many examples of upward mobility with team members starting in entry-level greenhouse positions and moving into leadership roles.

*Viraj Puri is Co-Founder of Gotham Greens, the Greenhouse Grower Operation of the Year for 2020. The operation runs eight greenhouse facilities across several states.*





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## Tom Demaline on **Managing Profit Before Taxes**

Actively tracking and adjusting your activities around PBT can mean a more profitable year for your business and your team.

**FOR A BUSINESS TO CONTINUE TO GROW AND REINVEST** in its people and infrastructure, it has to make a profit. Profit before taxes — PBT — is our critical number. We do everything we can to make sure we hit that mark. PBT allows you to manage the business on the top side of the line. Below the line it makes sure the funds are there to meet your bank obligations and, most importantly, the ability to invest back in the business. We like to be able to give a bonus back to the employees. Everybody can see where that bonus came from because they worked toward PBT and they get a piece of that pie at the end.

We look at our financials on a cash basis every week. Like most growers, we do 70% to 80% of our business in 12 weeks in the spring. This gives you a snapshot in real time to see what you're

doing and make the right decisions to be able to reinvest in the business and the employees.

Watch percentages of expenses to sales. Keeping labor, shipping, and other costs in line is the important thing. If sales go up, expenses can, too. If sales go down, you may have to cut back a little bit. The risk-reward ratio in the growing business is pretty big. You're risking a lot for not a whole lot of margin at the end of the day. You have to keep your eye on that margin to make sure it's worth your while.

*Tom Demaline is the Owner and Founder of Willoway Nurseries in Avon, OH.*



## Lloyd Traven on **Making Informed Business Decisions**

When problem-solving, start with these questions.

### **IF I'M TRYING TO MAKE A DECISION FOR THE BUSINESS,**

I always try to answer these questions:

**Who or what is this for? Is it for an entry-level position or is it a management task?** If it's something I do personally, I will automate that as quickly as possible. It's just more efficient.

**Does it fit into the scheme of what we do, or can we change what we do to fit this equipment, or process, or focus?** If either of these is true, we should consider it.

**Does it make our life simpler? And does it really?** I have been through three different transplanters. They all seemed like a good idea. Now we transplant by hand. We just

don't do enough of one item to make it worthwhile.

**Do I need it? Or do I want it?** That's the toughest question. Do I want one of those robotic cutting-sticking machines? I want one so bad I can taste it. But we change things too often to justify the cost.

**What's the quality of life change it makes for us? If this solution is for line personnel, what's the impact? Does it empower them? Does it save wear and tear? Does it make them feel better and make their life easier?** That's often a decision maker for us.

*Lloyd Traven is Owner of Peace Tree Farm in Kintnersville, PA.*

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# William Swanekamp on Technology Adoption

More than ever, the factors to consider when deciding whether to add new equipment are shifting from financial to labor efficiency needs.

**IT IS CRITICAL FOR GROWERS** to look at new technology adoption from two perspectives: how it helps with automation, and how it helps with computerization of your business. These should be addressed in different ways, but their connection to each other is important since your computer system should drive the equipment used in the greenhouse.

Kube-Pak uses a system that provides daily reports with data on all phases of plant production from the previous day. That data tells me how much it costs to produce every plant we grow, and we use that data to track employee performance and determine if we need to provide more training or upgrade our team.

This data also helps you know the areas of your business where purchasing production equipment would offer a reasonable payback. However, while these decisions used to be made almost solely on return on investment, they are now based on whether you can find the right people to do the work that would need to be done if you didn't have the equipment.

If the answer is no, that means we have to buy it to stay in business, even if the payback takes longer. It's no longer an accounting decision; it's a management decision that helps us know if we can remain in production on that crop.

The final step is reassuring your current team that new technology isn't replacing their jobs. Using your computer system to track production allows you to demonstrate how such innovation will make your workers' jobs easier, while preventing you from having to hire more people.

*William Swanekamp is President of Kube-Pak, an ornamentals producer in Allentown, NJ.*





## Justin Trouard on **Finding and Retaining Talent**

Experience matters in whatever position you're trying to fill. Look and think outside the box.

### **AS CANNABIS GROWERS, WE OFTEN FIND OURSELVES ON THE OUTSIDE LOOKING IN**

compared to other greenhouse producers. We have compliance issues that make it very hard to find employees, although recent regulatory oversight changes in Colorado now allow potential employees with out-of-state residency to work for us.

We know we won't always find conventional greenhouse talent and that we'll need to bring people in and train them from the ground up. This means we have to get creative with compensation, which we do, along with offering housing and the same benefits any other company would offer. It's a good thing, because it brings us out of the shadows and helps make our company and our industry attractive to younger people who want experience. That's universal across any greenhouse company.

Since one of my jobs is to seek out talent, I look for someone who has legitimate experience in another industry or has a strong general skill set in plant production. I'm always trying to bring my business and our industry in this direction, whether it's hiring a manager or someone who may be fresh out of college but has experience working in a lab. The profits in cannabis can be high compared to other crops, and people will lean on that, thinking those profits will always be there. But I think prices will come down at some point, and you have to be ready for that by having talented employees who want to stay.

*Justin Trouard is CEO of Mammoth Farms, a cannabis grower in Denver, CO.*



## Doug Cole on Training and the New Workforce

Adjust your expectations and motivations when working with the next generation of employees.

**THERE'S A YOUNGER GENERATION COMING IN** that doesn't bring the same old mentality to work. They want to understand why they're doing what they're doing. When they buy in, they're more enthusiastic about their work.

We have a lot more detailed, specific training than in the past where we used to just have a new employee follow someone and watch what they do. We don't get frustrated with a new employee who gets something wrong because more often than not, it's the way we're explaining things. It takes time to learn a new skill. We worry about teaching them how to do it first and then focus on speed later.

We're always looking for hard working, motivated people. We don't find a lot of young growers coming to us straight from school because a lot of those programs aren't there anymore. We're happy to train people, especially if they've got some biology or chemistry or science knowledge to work from. Give me someone with a good attitude, and we're ready to go.

*Doug Cole is President of D.S. Cole Growers in Loudon, NH.*

## Michael Sassano on Investing in Cutting-Edge Technology

Keep longevity in mind with new technology.

**WHEN I'M THINKING OF LOOKING AT TECHNOLOGY ON THE CULTIVATION SIDE**, I'm looking at areas that can improve and reduce errors by people as well as reduce cost in an effective way. Anything that has to do with water and nutrients delivery, the issue of molds and pest contamination, and improving the plant monitoring system are the products where innovation can be found.

With technology, there's always something new. When you're considering new investment, what you're trying to find is proof of longevity, so you know this technology is going to be around for a while. Also, look for technology that fits your needs, and have a budget of a fair middle ground from the most expensive to the cheapest.

Innovative technology that helps control viruses and pests to reduce molds or fungi will be very important in the coming few years. I believe delivery devices based upon ozonation or other technology like Ultraviolet-C technology will also be very disruptive. Even camera technology, where you can zoom into the plant and monitor the foliage up-close remotely, will be very important in the future.

*Michael Sassano is CEO and Chairman of Somai Pharmaceuticals, a European-based cannabis cultivation and manufacturing facility, and the Founder of Solaris Farms in Las Vegas, NV.*







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# Tom Smith on Logistics and Shipping

You can't improve anything without measuring something.

**MY BEST ADVICE FOR SHIPPING AND LOGISTICS** — or really anything in your business as an owner: Track everything you possibly can, and measure it.

Accuracy is critical, both for availability in the greenhouse and what is being put on the truck. If you ship incorrectly, your inventory is going to be bad. And if your inventory is bad, you can't fulfill orders accurately for shipping.

We bar code and scan everything. Every tray that comes down that line knows what customer it's going to, what cart it's going on, what shelf it's going on, and what position in the shelf it's going on. That way we know orders are being fulfilled 100% accurately.

We use Salesforce in combination with Picas Software and we can see so much data. You can track almost anything you want. You can drill down in these reports and look at how many of a specific variety you're shipping in week 10, to whom, and from what brokers. All of these tools make it a lot easier as an owner to know what's going on in your company than it was five years ago.

We track our labor. How many units an hour are we sticking? We track by employee and pay bonuses based on performance. That's highly motivating for your good performers. And it's easier to be able to identify and work with less-productive people because you can see it in their numbers. There's no hiding when we have data.

If you can imagine it, you can track it, understand how you're performing, and continually improve. You don't know until you measure it.

*Tom Smith is Owner of Four Star Greenhouse and Partner in Proven Winners in Carleton, MI.*



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