



A rewarding legacy

Mark Krautman (right) decided to sell his nursery to Octavio Martinez, who had been working at Heritage Seedlings and Liners since high school. PHOTO BY VIC PANICKUL

Four Oregon nursery owners find fulfillment in selling their businesses to key employees

BY MITCH LIES

Since high school, Octavio Martinez, 38, has been working at **Heritage Seedlings and Liners** in Salem, Oregon, but never with the thought that he would one day own the operation.

As of June 1, however, former owner Mark Krautmann handed Martinez the reins of the nursery that he and his late wife, Jolly, started in 1982.

Martinez is among dozens of employees to assume ownership of Northwest nurseries in recent years. In his case, Martinez is taking sole ownership; other nurseries are selling to groups of employees. The motivation behind each sale, however, appears similar.

Preserving the culture

In multiple cases, nursery owners said they could have made more money selling to outsiders, but were more interested in maintaining the culture of an operation than reaping profits from a sale. Also, according to Linda Eshraghi of **Eshraghi Nursery** and **Farmington Gardens** in Hillsboro and Beaverton, Oregon, the financial reward would have come sooner under a direct sale than under the protracted sale to employees that she engaged in.

“But as tempting as that might seem,” she said, “it doesn’t compare to the satisfaction of preserving and strengthen-

ing the culture we’ve built here. The most worthwhile endeavors often take more time and effort, but their payoff goes far beyond what you can see on a balance sheet.”

Grace Dinsdale of wholesaler **Blooming Nursery** in Cornelius, Oregon, also sold her nursery to employees. While selling Blooming Nursery, Dinsdale retained a separate retail nursery, **Blooming Junction**, that she owns.

She said that she expects that she could have sold Blooming Nursery to

an outside buyer for a higher price, “but that was never my main goal.”

“I have a lot of time invested in this place, 43 years, and I’ve got a really won-»

“The money comes and goes, the plants come and go, but the people are pretty much for keeps, whether it is the suppliers or the customers or the employees.”

— Mark Krautmann
Heritage Seedlings and Liners

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Grace Dinsdale (fifth from left) sold her nursery to employees through an ESOP with the help of Apis & Heritage Capital, an investment fund that finances the conversion of companies into employee-owned businesses. PHOTO BY VIC PANICHKUL

derful group of employees, and I wanted things to continue and go well for them,” she said. “And I felt like this was the best chance of that happening, of maintaining the company culture and going forward. It’s the people that have been doing this work all this time, and if they can learn how to be in charge of it and control it, they have the best chance of being able to continue the nursery along the same vein of what it is now and carry it forward and benefit themselves personally.”

Loyal to the company

On the flip side, Martinez said he has fielded offers to leave Heritage Seedlings and work for another nursery at twice the compensation. But, he said, “I always stuck with Mark. I have always been loyal to the company.”

“I’ve never dreamed that I would reach these heights,” Martinez said. “I am honored and humbled to have been given this opportunity. I’m excited to continue Heritage and aim to run it with the same

culture and values as Mark and Jolly did.”

Martinez, who started at Heritage when he was 13, began scaling up at the nursery after high school, going from crew leader to supervisor to sales manager and then general manager.

“He was really the only one of our employees that seemed well suited to be the next owner,” said Krautmann, who began looking to transition the company to an employee 10 years ago with his wife, Jolly, who passed away in July of 2024. Martinez has always been good at sales, Krautmann said, and though in going from general manager to owner he will face a steep learning curve, Krautmann believes he is up for the task.

“His role has substantially changed because now he has to rely more on others for doing some of the management stuff that he was doing so he can focus on sales and contracts and calling people and making sure that we’re in touch with our markets,” Krautmann said.

Krautmann added that Martinez has agreed to take business seminars at AgWest Farm Credit and is a fast learner.

Dinsdale, who sold Blooming Nursery through an ESOP, or an Employee Stock Ownership Program, said her employees are

also facing a steep learning curve. “We are in the middle of a pretty big change of trying to figure out the best ways to get people to think from a more strategic

“I have a lot of time invested in this place, 43 years, and I’ve got a really wonderful group of employees, and I wanted things to continue and go well for them.”

— **Grace Dinsdale**
Blooming Nursery



Lorne Blackman sold 90 percent of Walla Walla Nursery to seven senior managers, production staff and a retail partner: (from left) Bradley Wright, Dale Lauby, Ernesto Salamanca, Jeremy Maddess, Lorne and Auralea Blackman, Noel Ortiz, Alex Ramos, Cody Connor, and Jo Anne Simons. PHOTO COURTESY OF WALLA WALLA NURSERY CO.

perspective of what is going on here and what they can do to influence that,” she said. “There is quite a bit of education and training that has to occur for this to be successful.”

Dinsdale is working with Apis & Heritage Capital, an investment fund that finances the conversion of companies into employee-owned businesses, and with an organization called Democracy at Work,

which works on facilitating ESOPs.

Operational structure

The new structure at Blooming Nursery includes a board to oversee



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Linda Eshraghi (far right) is selling to employees under an ESOT or Employee Share Ownership Trust. From Left: Chris Lee, Andrea Fields, Salvador Dominguez and Linda Eshraghi. PHOTO BY VIC PANICKUL

operations. It is made up of two investors, an outside industry representative, Dinsdale and an employee. A general manager runs the day-to-day operations, and approximately 100 employees — those working 900 or more hours a year — now own shares in the nursery. They are awarded shares annually based on their income from the nursery.

Eshraghi, who is selling to employees under an ESOT, or Employee Share Ownership Trust, also has a board of directors, which in this case includes independent advisors from outside the company to help oversee big-picture decisions and provide strategic guidance. The ownership structure includes an executive team of internal leaders from within the nursery to run the day-to-day operations, and a trustee, or third-party fiduciary, who manages the trust on behalf of the employee-owners and ensures their best interests are represented.

When the transition is complete, approximately 95 employees — those with a certain tenure with the company — will

own shares in Eshraghi Nursery.

Eshraghi too is finding it challenging to train long-time production workers to be managers and decision makers. “This is both the most challenging and most rewarding part of the process,” she said. “Finding each employee’s strengths and helping them grow into leadership roles is an ongoing journey in any industry. As I gradually step away from daily decisions, I enjoy mentoring the next generation of leaders and seeing how their ideas and perspectives shape the future of the company.”

Lorne Blackman of Walla Walla Nursery Co. — based in in Walla Walla, Washington but located on the Washington-Oregon border — used what he called a hybrid ESOP to structure the sale of 90% of his nursery to seven senior managers, produc-

tion staff and a retail partner. The structure included an initial down payment by each of the new owners in 2023, the size of which determined their individual ownership levels in the existing corporation.

From there, the balance owed is paid out of the business profits over a 10-year term. Blackman retains 10% ownership and still serves as general manager for the time being.

The structure includes a board consisting of the eight new owners who bring a mix of talents to the table, Blackman said. “The multiple owner arrangement brings with it some

risk of personality conflict, but the team has a history of working well together, so that seems to be minimized,” he said.

After the business buyout is complete, the next step will be for the team to pur-

“When employees have a direct stake in the success of the company, they are even more motivated to innovate, improve efficiency and deliver top-quality products.”

— Linda Eshraghi
Eshraghi Nursery



chase the property where the business is located, Blackman said. The terms of that sale are already defined in the business sale agreement.

Rewarding employees

Blackman's goal in selling to employees was to reward longtime valued managers and production foremen, who already possessed an ownership mentality, he said. He also wanted to protect the business and its almost 200 employees from the possible disruptions associated with outside ownership.

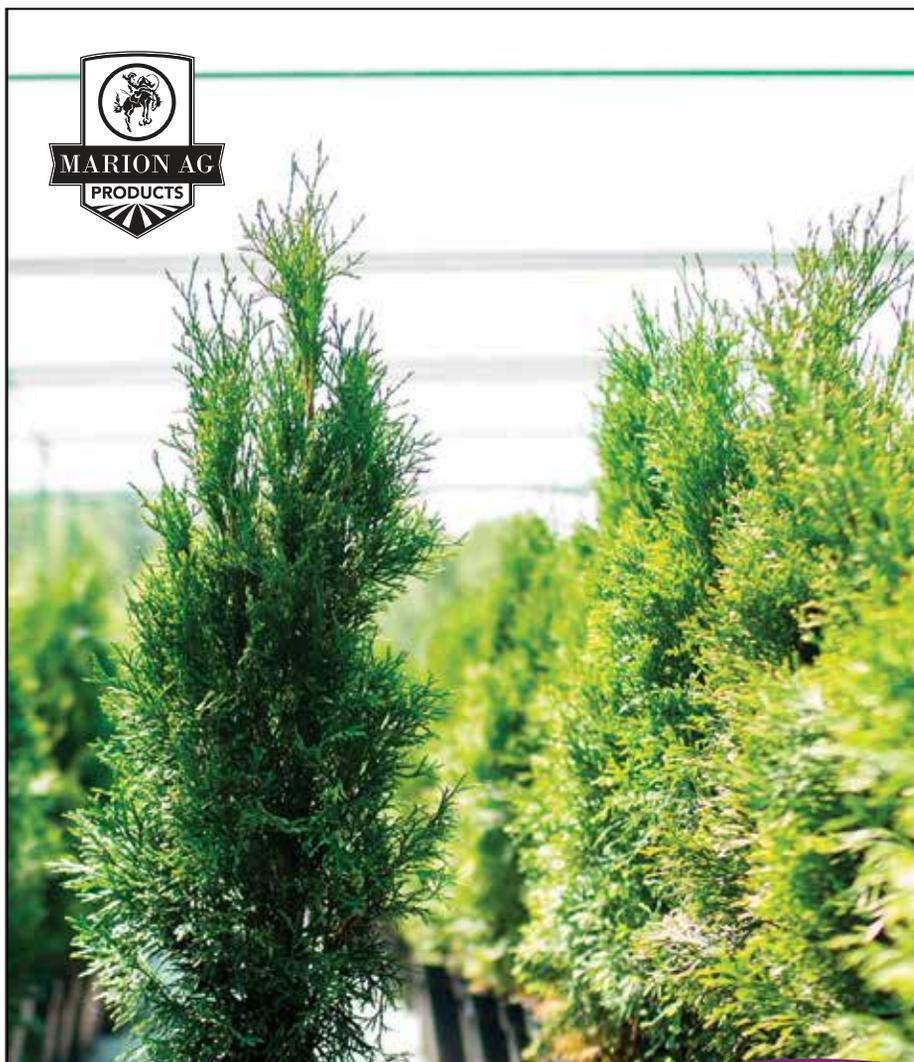
Blackman added that he had been wanting to reduce his commitments for several years. This arrangement "allows me the benefit of resolving the inevitable ownership transition and reduced the burdens of ownership while maintaining productive, collaborate and creative involvement with the team and the business," he said.

Krautmann has structured the sale of Heritage in a way that allows Martinez to purchase the company out of annual profits over a 10-year period. In addition, Krautmann is providing a line of credit for Martinez until Martinez can establish his own credit worthiness. And Krautmann has agreed to stay on and provide what he calls "the wisdom factor" over the next decade or so.

"I not only have a personal interest in Octavio's success, but a financial interest, as well," Krautmann said. "But really, I just want him to succeed and give him the best opportunity to do so."

Krautmann said he too has been approached from outsiders about purchasing his nursery, but said he believes the best opportunity of preserving the culture that he and his wife worked to establish was to keep the nursery in-house.

"We have a very tight culture at the nursery," he said. "We take a very strong collaborative approach to our work, and I've always wanted to run it that way, because the money comes and goes, the plants come and go, but the people are pretty much for keeps, whether it is the suppliers or the customers or the employees. And if we can't supply a really >>>



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strong work environment, in terms of a gratifying place to work, and if they're not happy, they're not going to make a good product.

"I think if we would have sold it to outsiders, it would never be the same culture," Krautmann said.

Eshraghi, too, said the decision to sell to employees came down to a desire to continue a legacy she has established at Eshraghi Nursery and a respect for what her employees have brought to the operation.

"I chose to sell the company to our employees because they have always been at the heart of what we do," she said. "They've

invested their lives and hard work into this business, and I want to ensure their legacy continues to thrive while continuing to support some of the best customers in the world. I have been incredibly fortunate to have such dedicated employees, and this decision is a reflection of my dedication to them."

"Our customers will benefit because employee ownership will strengthen our company," Eshraghi added. "When employees have a direct stake in the

success of the company, they are even more motivated to innovate, improve efficiency and deliver top-quality products."

Eshraghi, who started transition-

ing her nursery to employee ownership in 2019, said she had hoped she would be further along by now. "But anything worthwhile takes time," she said. "We are learning as we go, and while I'd like the transition to be completed in the next couple of years, I'm committed to seeing it through, however long it takes."

Eshraghi added that selling to her employees "is incredibly rewarding."

"Even though it's a lot of work up front to set up, the vision of the company continuing to succeed and supporting the employees long after I'm gone is what drives me," Eshraghi said. "That is where the true reward lies."©

Mitch Lies is a freelance writer covering agricultural issues based in Salem Oregon. He can be reached at MitchLies@Comcast.net.

"The multiple owner arrangement brings with it some risk of personality conflict, but the team has a history of working well together, so that seems to be minimized."

— **Lorne Blackman**
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