

The best laid plans



Bailey Nurseries has roughly 5,000 acres in Oregon, making it one of the largest growers in the state. It has nurseries in Yamhill, Dayton and Sauvie Island. PHOTO COURTESY OF BAILEY NURSERIES

Nurseries juggle all kinds of challenges when planning their production cycles

BY JON BELL

J. Frank Schmidt & Son Co. (JFS) nursery (Farwest booth #19026) in Boring, Oregon, grows a lot of trees: more than 500 varieties across 3,000 acres with a harvest of more than two million trees every year. Pulling off such a horticultural feat is no small task. It requires copious amounts of planning, adjusting, responding and, sometimes, just a bit of luck.

But even with all those measures in place, the unexpected fluke can sneak in from time to time. Case in point: One season, a freak hailstorm decimated an entire crop of 50,000 honeylocust trees (*Gleditsia triacanthos*), destroying them and rendering them unsaleable.

“We couldn’t give them away,” said Ben Rough, CEO at JFS. “In that kind »



Grafters work on conifers at J. Frank Schmidt & Son Co. The nursery grows more than 500 varieties across 3,000 acres with a harvest of more than two million trees every year. PHOTO COURTESY OF J. FRANK SCHMIDT & SON CO.

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At Alpha Nursery, growing a wide variety of plants, as well as propagating a high percentage of their crops in-house, also adds complexity.

PHOTO COURTESY OF ALPHA NURSERY

of situation, it's just a loss because we get paid on delivered trees. Our customers don't pre-pay us. They order in that summer timeframe for next spring's sales. If something happens to that tree between then and when we go to harvest that tree, it's our responsibility. There's nothing we can do."

It's the nursery's job to pivot and figure out a solution, which comes with the territory in the industry. In this case, JFS ended up being able to tap into a nearby crop of trees that had managed to survive the hailstorm largely unscathed. These were used to supplement customer orders.

"I wasn't able to supply them with everything that they needed," Rough said, "but we were able to still provide them with trees, because that's important to us, that our customers have a consistent, reliable supplier."

Planning production to meet sales demand isn't an easy thing to do in any business. Doing it in the nursery business takes it to a whole different level. Products can be in the ground for years before they're ready to sell — and random hailstorms can

wipe out entire crops in an afternoon.

But the right mix of data, experience, trend awareness, relationship building, foresight and, yes, maybe a touch of luck, can help nurseries position themselves for success over the long haul.

"With cycle times of three to five years, production planning is as much an art as it is a science," said Blaine Anderson, general manager at **Gold Family Farms** (Farwest booth #20037), a wholesale plant nursery specializing in container-grown conifers and woody ornamentals in Hillsboro, Oregon. "I think the most important advice I would give growers wrestling with this issue is to zoom out as much as possible. Try to avoid putting too much stock in current market conditions. We focus heavily on aspects of the business we can control like efficiency and process improvement. This gives us a better chance to do well in challenging markets."

Challenging factors

What makes production planning so challenging for nurseries is not one single factor, but an array that impacts every

nursery differently. For Anderson and Gold Family Farms, the sheer unknowing is one of the biggest challenges.

"The unknown for sure," he said. "The plants we are selling this year resulted from a decision we made around five years ago."

Chris Lee is the planning and inventory manager for Minnesota-headquartered **Bailey Nurseries Inc.** (Farwest booth #17019), which has roughly 5,000 acres in Oregon, making it one of the largest growers in the state. It has nurseries in Yamhill, Dayton and Sauvie Island. He agreed that uncertainty adds bumps in the road, as do timing and alignment across the company. The challenge with timing is making decisions early enough to influence long-term production but not so early that the nursery is acting on incomplete information. Alignment means having everyone — sales, production and marketing — armed with the best information and working toward the same goals. As for uncertainty?

"We are planning years in advance, but variables like weather, labor availability, input costs and shifting demand



Workers man a potting line at Alpha Nursery. Many nurseries look to prior sales trends and customer buying history to help plan production for the future. PHOTO COURTESY OF ALPHA NURSERY

can all impact outcomes,” Lee said, noting that other external pressures like fertilizer pricing, fuel costs and freight rates also play a role.

Josh Zielinski, manager of **Alpha Nursery** (Farwest booth # 13037), a wholesale nursery in Salem, said growing a wide variety of plants, as well as propagating a high percentage of their crops in-house, also adds complexity. And then, on top of pest and disease concerns, there’s the weather.

“Weather, such as a very hot summer or early spring, can make the actual growth of certain plants a challenge,” Zielinski said. “The weather across the country can affect orders — a poor spring sell-through affects fall shipping, which may have been in the production plan.”

Back to the future

Without a crystal ball to see into the future, many nurseries instead look to the past to help inform their production planning. They examine prior sales trends and customer buying history to help plan production for the future. “We mainly use past ordering and sales information to set a production plan,” Zielinski said. “There are also customer requests, sales representative input and general trends that become obvious for a nursery of our size to take note of and factor into the planning. Of course,

there are new items and unforeseen trend swings ... that can definitely make this production plan feel like it also includes a healthy dose of guesswork.”

There’s also just knowing customers and what they’ve tended to purchase over the years, too.

“We really look to our customers,” Rough said. “We’ve been in the business for 80 years. We have a lot of really great, exceptional customers who rely on us to provide them with products every year. We take their requests, both in quantity and varietal, when we’re putting a plan in place. But still, these are sometimes just informed guesses.”

Informed plans

While there is some guesswork and luck involved in production planning, nurseries don’t really leave anything up to chance. Advances in software and data collection have rendered spreadsheets obsolete and given nurseries valuable information on customer purchases, crop yields and margins, all of which goes into their planning processes.

At Gold Family Farms, a relatively new program for some customers offers better pricing when they pay for a portion of their order three to six months before shipping. That helps the nursery plan more effectively and keeps costs in ➤



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check.

"The program is new," Anderson said, "but we are pleased with the direction it's heading."

Nurseries also have figured out ways to make informed adjustments to their plans along the way. Lee said if Bailey sees imbalances in what they planned for and what actual sales are, they try and make corrections as early as possible within the production cycle.

For bareroot production, that means reviewing current demand and cutting back as needed; they can also hold back plants if there's not justification to bring them all to market. For container production, they can adjust liner inputs to manage timing and sizing while reducing overall numbers. In some cases, they'll also have the sales and marketing teams work to find alternative customers or markets whenever it makes sense.

"Ultimately," Lee said, "it is about making informed corrections throughout the cycle rather than waiting and reacting too late."

Sometimes, though, chance will play a random card and alter a best laid plan. The COVID-19 pandemic was probably the most prominent example of this in recent years, but it can happen anytime.

Anderson said a few years ago, one customer requested a large order of some sculpted plants that had an eight-year growing cycle and required a significant amount of labor every year. By the time the plants were at last ready for harvest, the customer had filed for bankruptcy.

"We had to scramble to find homes for these special plants," Anderson said. "This event helped us make some course corrections with production, and we shifted to a more universal pallet."

At the end of the day, solid historical

information, accurate trend monitoring and the ability to adjust on the fly will always be key to production planning for nurseries. One of the most important elements will also always be building long-term relationships with customers who will navigate the process in tandem with nurseries.

"Many of our customers are long-time customers, and they count on us to supply them with quality products season after season," Zielinski said. "In return, there is a fair amount of confidence and trust that they will continue to need many of the items if we continue to grow them. Sure, orders change and whatnot, but we are always getting their feedback and adjusting the best we can." ©

Jon Bell is an Oregon freelance journalist who writes about everything from Mt. Hood and craft beer to real estate and the great outdoors. His website is JBellInk.com.

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