

Nursery Papers

April 2005
Issue no. 3



Strategy – what do we mean?

Strategy is a term that comes from the Greek *strategia*, meaning 'generalship' and originated in the military. Strategies bridge the gap between policy (guidelines) and tactics (actions and activities) by defining what is to be achieved (objectives), how to achieve them (strategies) and how we can measure the achievement (key performance indicators). The concept of strategy has been borrowed from the military and adapted for use in business.

This *Nursery Paper* looks at several businesses in our industry, at various stages of their strategies, to show how they have become or are moving towards profitable or more profitable businesses.

• Your Levy at Work •

The production and distribution of the *Nursery Papers* is funded jointly by your Nursery Industry Levy and the Commonwealth Government via Horticulture Australia Limited.



Nursery & Garden Industry
Australia



Know-how for Horticulture™

Professional strategies for profitable products and businesses

There are many examples in our industry where products or businesses are successful or heading toward success. In each case there is a fundamental element – a professional strategy to meet their goals. To survive and prosper in today's market, a strategic plan for your business or specific product is essential.

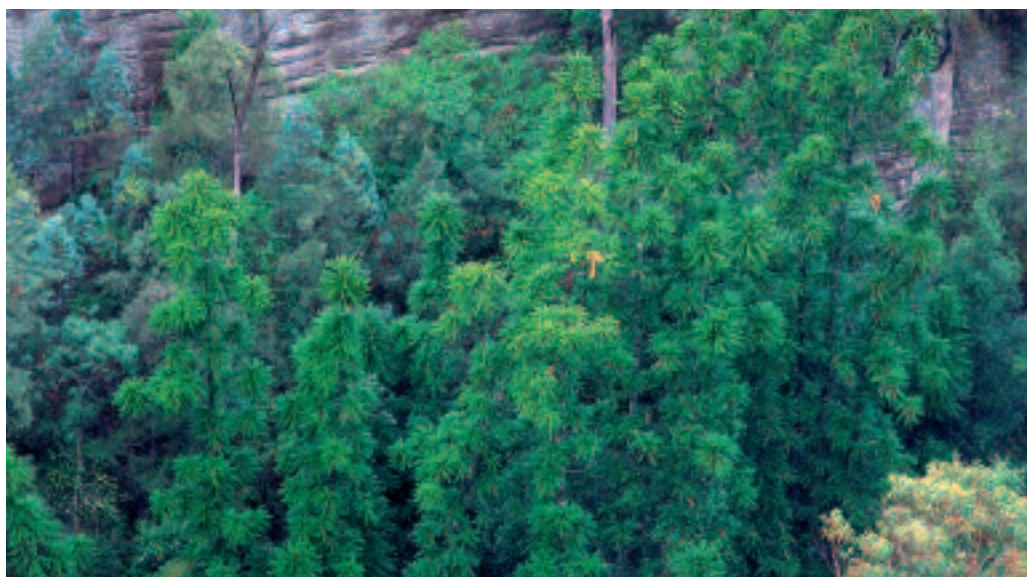
This *Nursery Paper* looks at three businesses in various stages of their strategic plans and what messages you can take from them to apply in your own business.

Creating a market for a totally new product

The Wollemi Pine

For Wollemi Australia and marketing subsidiary, Wollemi Pine International, the concept of profit is still some way down the track. After several years into a 15 year licence, the outgoings far outweigh the income – they have yet to sell one plant.

But the directors and executive team are happy. Why? Because they believe the



The story of the Wollemi Pine's discovery in the NSW wilderness is a crucial aspect in the marketing of this plant.

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company is on schedule with its business and marketing strategies, as they prepare the world to welcome a 'new' plant – the Wollemi Pine.

Wollemi Pine is a joint venture between Birkdale Nursery and the Queensland Department of Primary Industries Forestry, which won the licence agreement because of its expertise and marketing/business plan to commercialise the ancient Wollemi Pine.

“Our passion to market the Wollemi Pine stems from its uniqueness, rarity, Jurassic heritage and strong conservation message” says Sally McGeoch, Marketing Director. “But behind the passion is a very clearly defined business and marketing strategy which we are following closely.”

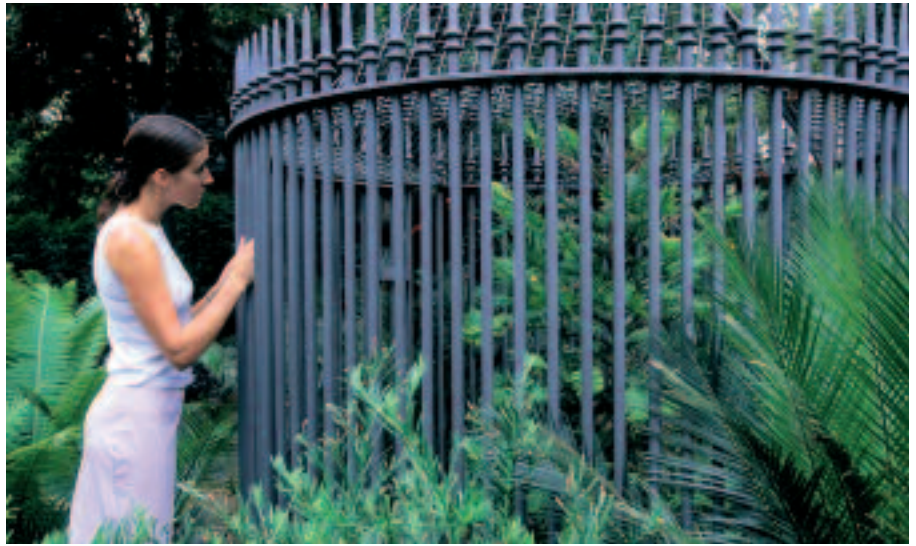
“Critical to this strategy was our extensive research and trials, here and overseas, which showed us that we have a plant which can be grown commercially. In fact, we have a variety of opportunities with this product, from patio plant to landscaping tree.”

Elements of the strategy include:

- A small and skilled business team (Sally McGeoch has a background in



An important aspect of the Wollemi Pine strategy is availability. In October there will be a limited release of advanced Wollemi Pines internationally and by April next year they will be available in selected retail outlets and online.



Jamie Plaza, Botanic Gardens Trust, Sydney

Creation of demand through a well-orchestrated public relations and promotions program, with an emphasis on the conservation aspect, is a key aspect of the Wollemi Pine strategy.

consumer public relations and marketing in Australia and the United States, while business manager Phil Ridler has sales and marketing experience in targeted overseas markets)

- The positioning of the product – selling a story not just a plant
- Creation of demand through a well-orchestrated public relations and promotions program, with an emphasis on the conservation aspect
- A phased release of the product into the various marketplaces
- Control of the product and the brand message right through to the consumer
- Variations of the product in the years following its release.

While the Wollemi has its origins here in Australia, the company sees its business internationally – markets to be established include the United States, the United Kingdom, Europe and Japan.

In October, there will be a limited release of advanced Wollemi Pines internationally and by April next year they will be available in selected retail outlets and online.

“Overall we will be maintaining the image we create for the product right through to the retailer. Retailers who meet set



Jamie Plaza, Botanic Gardens Trust, Sydney

The Jurassic heritage of the Wollemi Pine has already captured the imagination of people here and overseas.

criteria are being selected to present and market the product locally. In return we will be providing them with tools such as PR kits. We will also be directing consumers from our national promotions right to their businesses,” said Sally.

The strategy being implemented for the Wollemi Pine is only just starting to unfold and several years down the track, everything is going according to plan. While the business is unwilling to reveal their costs at this stage, the returns being budgeted for clearly make the Wollemi Pine the most unusual and ambitious plant export in Australian history.

For more information on the Wollemi Pine, please visit www.wollemipine.com.

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Creating new markets for existing products – a strategy

Nature's Décor™

'We know they are good lines, but our traditional customers cannot see a place for them in their product ranges' – this was the dilemma facing Ball Australia several years ago.

Managing Director Simon Gomme says some of their lines and newer varieties didn't have a place with their existing bedding plant customers, so they devised a strategy to create a new area of business.

"High value seed lines and vegetative materials, such as Begonia Dragon Wing, were recognised as good varieties but were higher value products not suited to the traditional bedding plant growers. If they grew them, the small production runs would make labelling and promotion expensive."

Ball Australia set about creating a branded range of products which was 'self-contained'. They:

- Looked at the market trend towards patio style gardens
- Identified suitable existing and new varieties – they had to be 'interesting' and a little unusual if possible
- Adopted a Ball name already used from overseas



Creating a new area of business turned Begonia Dragon Red Wing from a product ignored by traditional bedding plant growers into one of Ball Australia's most popular plants.



By assessing the changing market trend towards patio-style gardens, Ball Australia introduced the Nature's Décor™ Patio range of plants.

- Developed labels and point of sale
- Launched a promotional campaign.

From this, **Nature's Décor™** was launched in 2003.

"Our strategy was to offer the customer a complete package to develop new consumer markets. In this process we developed a whole new market of our own among some bedding plant growers, perennial growers and even tree and shrub growers looking for flowering varieties."

"We put some varieties into the range which we knew would be good performers and well-suited but had just not been selling in Australia."

In 18 months Ball Australia could clearly see the results – sales of Hypoestes had risen by 600%, Begonia Dragon Wing sales were up 840%, Iresine Purple Lady sales were up 320% and sales of Gaura Ballerina were up 520%.

Ball Australia has now extended its **Nature's Décor™** brand with three distinct sub-ranges – *Patio*, *Fantastic Foliage* and *Landscapes*.

"Importantly, we have looked at market trends and the product range and seen we have opportunities already within our product range to cater for changing demands. Dichondra Silver Falls and Perilla Magilla are two which have proven to be great successes already in the *Fantastic Foliage* range."



Ball Australia's promotional costs are recouped through label and merchandising charges.

Gomme says the strategy is paying off with increased sales of all featured lines and a broadened customer base for the business. Furthermore, promotional costs are recouped through label and merchandising charges. The original return on investment was achieved within eight months.

"Our strategy has continued to evolve as we see opportunities arise, such as the interest in flowering varieties from the landscaping sector. It has also needed to adapt to market conditions."

"In WA for example, the market is small and we are now considering restricting varieties to specific growers, something growers there have welcomed, which will give everyone a higher margin and ultimately more profit."

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Create a new product range to meet a market need

Lucky Bamboo

Colourwise Nurseries in New South Wales wanted to broaden their product range, so they carefully looked at the marketplace.

“Previous owners Ian and Mieneke Collins saw a market opportunity in living gifts. With cut flowers anywhere in price from \$10 to \$30 they identified a niche which could be filled with living plants,” said Malcolm Thompson, the new owner with his wife Penelope.

Lucky Bamboo suited the niche and after two years of hard work, Colourwise Nurseries are the major supplier of the product in the NSW marketplace and have broadened their customer base beyond garden centres into gift shops and florists.

“The strategy required a considerable amount of research identifying suppliers of the root stock in Asia, suitable containers and even the best pebbles. Then came the capital investment in things such as our quarantine shed, which had to meet AQIS requirements, and organising our supply chain,” said Malcolm.

In producing the plant for the gift market, factors such as price points were also considered. The range of Lucky Bamboos starts at under \$10 retail, another key price bracket is \$15-\$25, then it moves through to triple braided bamboos retailing up to \$100.



Research into suppliers and the costs associated with importing materials, such as quarantine facilities, are important when considering a new product range.



In marketing the product and others in their range, Colourwise uses a regular newsletter to customers and gardening media, a weekly fax, calls to customers and direct calls by their sales van.

“We recognised that in the gift market we have to keep ‘reinventing’ the product, so we look at occasions such as Christmas, Chinese New Year and Valentine’s Day. For Chinese New Year we had ornamental containers with a Buddha, elephant or panda and double canes in each which are signs of prosperity or good fortune in oriental cultures.”

“Our continuing strategy is to constantly refresh the product with new packaging and presentation,” said Malcolm.



Regular communication with customers and the media, such as the introduction of the variegated form of Lucky Bamboo, is a critical aspect of the Colourwise strategy.

Reinventing the product by tailoring it to specific events keeps the Lucky Bamboo brand ‘refreshed’. For Chinese New Year ornamental containers with an elephant were used.

Some of the elements of the Lucky Bamboo product range have been successfully applied to other Colourwise products. Varieties such as dwarf sansevieria and dracaena are now marketed in modern glass vases filled with pebbles for the gift market.

At Colourwise, they also closely track and monitor the cost of their individual products. “It is critical that we apply an accounting discipline if we want to make a profit from our individual lines and overall for the business.”

Key elements in the Colourwise strategy are:

- Identifying a market niche that fits with capabilities
- Researching suppliers thoroughly
- ‘Refreshing’ the product to match market changes
- Knowing the costs involved and tracking them closely
- Contacting customers regularly.



With cut flowers costing \$10 to \$30, Colourwise identified a niche which could be filled with living plants.

Developing a strategic plan

These case studies reveal common attributes in the way these businesses are developing and implementing their strategies and strategic plans:

- Thorough research – product and market
- A plan with realistic goals
- A financial plan for profitability
- The ability to adapt and modify their strategies with the market – changing tactics is okay!
- A commitment to success.

Your business can realistically develop opportunities, given your current environment, products in development or existing and available resources, by following a few simple rules.

Creating your plan

Strategic plans are often considered to be complex, time consuming and irrelevant to the everyday operation of the business. Yet the best plans are those which are concise, practical and logical. Here are six steps to developing a strategic plan for your business/product/service with information sourced from the Entrepreneur Business Centre:

1. Define your business and your business opportunities

- What is the purpose, philosophy and specific targets or objectives of your business?
- Where do you want the business to be and why?

2. Assess your business internally

- Analyse the strengths, weaknesses, opportunities and threats for the business/product/service.
 - Which product lines or activities are generating sales?
 - Which are stagnant or declining?
 - What resources do you have which are under-utilised or could be used differently?

3. Defining your market and analysing trends

- Define your market:
 - Who are your present customers?
 - Who are your potential customers?
 - Who are your major customers?
 - What are their buying motives?
- Define the size of the market:
 - Domestic market
 - Retail market
- Define the competition:
 - Who are your main competitors?
 - What is their share of the market?
 - How will you counter their activities?
 - How will you protect your share of the market?
- Analyse customer needs:
 - Do they buy on price, quality or service?
 - What is their price range?
 - What services do you provide?
 - How can/will they purchase them?
- Analyse your product/service:
 - What is your company's product and/or service?
 - What are the advantages of your products and/or services?
- Analyse trends
 - Look at what is happening around you – not just in the industry but in the community and the economy.
 - Changing consumer tastes, demographics and market pressures all need to be considered
- Research your potential product/service or idea.

4. Form a strategy

Decide how:

- The business will function
- The product will be marketed including packaging, selling, advertising (marketing strategies/plan)
- The finances will be arranged including sales forecasts, budgets, cash flow forecasts, profit and loss statements (financial strategies/plan)
- The business will operate including

staffing, supply sources, equipment, materials (operational strategies/plan).

Remember to:

- Involve your staff
- Establish your goals
- Consider your product and production
- Allocate resources (including staff, facilities and budget)
- Have good information systems – effective implementation of your plan requires reliable information – production records, sales information and trends, costs and returns.

5. Prepare the plan

Put all the information into one consolidated plan with:

- An executive summary
- Information on your business – mission, background, structure and organisation
- Your SWOT analysis
- Your marketing, financial and operational strategies/plans
- Profit performance
- Financial projections.

The plan should be:

- Clear – use simple language and tables/diagrams where possible
- Brief – use only essential and useful information
- Truthful - be realistic in your sales forecasts and create a marketing plan.

6. Implement your Strategic Plan

- Most strategic plans have from one to five year timeframes
- While your tactics may change to meet circumstances or opportunities, remain focused on your strategic plan and its ultimate goal.
- Involve your employees as much as possible and be realistic - successful implementation also depends on a realistic schedule that factors in training time, periods of low productivity, and slowdowns
- Assess and review your plan on a regular basis.

What do they mean?

Mission Statement

- The purpose of your business and what it wants to achieve.

Strategic Plan

- Where the business wants to go and how it plans to get there.

Goals

- The aspirations the business strives to achieve
- Goals set the direction of the business and support the mission statement

Objectives

- What is to be achieved
- Can be short-term or long-term
- Must be 'S.M.A.R.T.' – Specific, Measurable, Achievable, Realistic and Time bound.

Strategies

- How a particular objective will be achieved – the actions or activities
- Tactics are the steps involved in the execution of the strategy
- *Key Performance Indicators* (KPIs) measure the performance of the strategy or tactic. If no measures have been defined for achievement, then no results can be assessed against those measures.

Adapted from *Enterprise Portal Success: Enterprise Architecture* by Clive Finkelstein in the DM Review Enterprise Column, June 2001.

For further information

If you are seeking more information on creating a strategic plan for your business or product, contact the Development Officer in your state/territory. Visit the 'Your Associations' section of the Nursery & Garden Industry website www.ngia.com.au for their contact details.

Websites with useful strategic planning and business planning information include:

SME-ssentials: www.sme-ssentials.com.au/strategicplanning.htm and www.sme-ssentials.com.au/businessplans.htm

The Business Channel: www.businesschannel.sa.gov.au/rdb/module6_strategic.pdf

Entrepreneur Business Centre: www.ebc.com.au

Small Business Website: www.smallbiz.nsw.gov.au

Small Enterprise Association of Australia and New Zealand: www.seanz.asn.au/

Our National Strategic Plan

The Nursery and Garden Industry Australia has its own strategic plan with an overall and single-minded goal:

“To cost-effectively build the profitability of businesses in the Nursery & Garden Industry”

To achieve this vision, four new objectives were formulated. These are based upon helping you to build a better business:

- 1 Adoption of improved business practices
- 2 Creation of a strong positive image of the industry
- 3 Raising industry standards through Accreditation
- 4 Ensuring the industry has the right resources and structures to implement the Revised Strategic Plan