

Greenhouse cluster targets brand awareness

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Area greenhouse operators and suppliers have formed a group called Maumee Valley Growers (MVG) to collectively address issues facing the floriculture industry, such as increasing competition from Canada and the flight of the younger generation from what are often family-owned businesses. Currently, MVG focuses on Erie, Fulton, Lucas, Ottawa, and Wood counties, although it could grow to more counties in Ohio and spread into Michigan in the future.

MVG is a cluster, which is a regional group of interdependent businesses and organizations that collaborate for the betterment of all the stakeholders. The cluster approach is a new form of economic development that focuses on existing businesses. In a cluster, competitor firms work together to solve problems that they would not have had the resources to address individually.

“A white paper was written by Dr. Neil Reid at UT (The University of Toledo), and Dr. Mike Carroll at BGSU (Bowling Green State University), and it identified essentially eight clusters in northwest Ohio,” explained Joe Perlaky, UT – program manager, Maumee Valley Growers. “That meant there were eight areas that we recognize that we excel in. For example, automotive, glass, alternative energy, and logistics. One of those categories is agriculture, and under that umbrella are several subgroups, the main group being the greenhouse growers.”

Dr. Dean Krauskopf from the Michigan State University Extension Service was hired as the “champion” of the group to meet with the approximately 80 growers in the area. He met with 27 in 2005.

The group meets monthly at Toledo Botanical Gardens. An advisory group has been formed with MVG to prioritize and discuss the growers’ concerns in detail. Two areas MVG has identified as being particularly challenging to its members are awareness in the community and the high cost of energy.

Thread, a Maumee advertising agency, has been retained to develop a marketing campaign and branding strategy for MVG to address the first challenge.

“If we can brand northwest Ohio it won’t necessarily mean who grew the product, we just know it’s a locally grown product that perhaps we should consider purchasing over something that’s shipped into this area,” Perlaky stated. “As one of our growers, Tom Wardell of Wardell’s Farm Market in Waterville, mentioned to our group one time: ‘If everyone just bought one plant per person, we’d have so much business we wouldn’t know what to do with it.’ It would be a huge success.”

MVG believes it must give before it receives, so as part of its branding effort, the organization plans to get involved in the community, donating plants and flowers for events and beautification projects.

“We have to be careful, because the grants have a beginning and an end. Branding does not have an end,” Perlaky stated. “We have to be very careful and spend our money wisely and to invest in this program with a long-term plan.”

A logo has been developed and is beginning to be exposed to the public to spread the word. For the wholesalers in the group, the logo could potentially create a demand for MVG products in big box stores in other parts of the country.

For MVG’s members’ concerns about high utility costs, group purchasing is the first solution being pursued.

Ferrell Gas is preparing a proposal that is expected to reduce grower propane costs. A similar proposal is being prepared by Brooks Insurance Agency that would include products tailored to growers, such as liability and crop / inventory insurance.

This will not be a co-op, not a mandatory purchasing plan. The idea is to band together to try to get a better rate, and then the members are free to choose whether they will participate.

“We’re trying to pool MVG’s assets to create a win-win situation. For the growers – because they would be getting a lower price perhaps – and for the dealer – because they would be increasing their overall sales volume,” Perlaky explained.

MVG designed a questionnaire to collect information from MVG members for Ferrell Gas and Brooks so the companies can assemble their proposals. The questionnaires are being collected as we go to press.

MVG is also looking to make energy audits available to its members. “A specialist would be hired to walk through a greenhouse and identify all of the energy wastes or areas in which the greenhouse would be improved, either by doing something differently or by maybe doing a retrofit or replacement,” Perlaky explained.

After the audit, the specialist would identify three or four key improvements that can be made. The return on investment would be calculated on each, and then decisions would be made by the greenhouse owner on which improvements to move forward on. At that time, the auditor can help the business owner apply for pertinent state or federal grants.

Non-grower MVG members include BGSU’s Center for Regional Development, EISC’s Center for Innovative Food Technology, OSU Extension–ABE Center in Bowling Green and Toledo, Regional Growth Partnership, Toledo Botanical Gardens, Toledo Grows, UT Office of Research and Urban Affairs, USDA/ARS, and Congresswoman Marcy Kaptur. “They are there to augment the mission of the growers,” stated Perlaky. “The growers are really running the show; the rest of us are sitting on the sidelines and willing to help as we can best help them.”

The first year of the MVG project was funded by \$240 thousand from the US Department of Agriculture and the Ohio State University Research Foundation, which was acquired with the help of Congresswoman Marcy Kaptur. The funds were used to

survey greenhouse owners to determine their economic impact, which was found to be about \$100 million per year. Year two was funded with \$667 thousand.

The organization is currently preparing its application for its next round of funding, \$679 thousand, which would begin on October 1 of this year. The group is planning to become self-sustaining so as to not be dependent on future grants. Participation in Maumee Valley Growers is currently free, but it may transition to a dues-based entity once the group is more established.

Of the 80 growers identified in the region, 15 to 20 are regular participants in MVG meetings. This number is expected to increase as the group buying programs move forward. “We have to create value for this organization,” stated Perlaky. “If we can do that, then we won’t have any problem expanding our membership.”

One hurdle in growing participation is that many of the members are competitors. But Perlaky explained that sharing information openly is extremely powerful. “There was a time when your main competitor was across the street, and that’s not the case anymore. Now your main competitor is worldwide,” he stated. “By sharing information, you’ll know what the trends are, who your competition is. Yes you’ll be sharing information with some of your competition locally, but times change. You have to do this if you’re going to compete.”

He noted a trend with grant applications – it is more likely for multiple groups to apply together to win the funds collaboratively.