



MAUMEE VALLEY GROWERS ASSOCIATION STRATEGIC MANAGEMENT PLAN

**Prepared for:
The Maumee Valley Growers Association Board**

**Updated April 2011
The Maumee Valley Growers Executive Committee
Joe Perlaky Executive Director**

**Prepared by:
Dr. Sonny S. Ariss
The University Of Toledo**

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NOTABLE QUOTES ABOUT STRATEGIC PLANNING

“If we know where we are and something about how we got there, we might see where we are trending--and if the outcomes which lie naturally in our course are unacceptable, to make timely changes.” -- Abraham Lincoln

“Without a strategy, an organization is like a ship without a rudder, going around in circles. It’s like a tramp; it has no place to go.” -- Joel Ross and Michael Kami

“Would you tell me, please, which way I ought to go from here?”

“That depends a good deal on where you want to get to,” said the Cat.

“I don’t much care where,” said Alice.

“Then it doesn’t matter which way you go,” said the Cat.--Lewis Carrol

“Planning is doing things today to make us better tomorrow. Because the future belongs to those who make the hard decisions today.”--Peter Drucker

“There is no “perfect” strategic decision. One has always to pay a price. One always has to balance conflicting objectives, conflicting opinions, and conflicting priorities. The best strategic decision is only an approximation- and a risk—Peter Drucker

“Perfection in Planning is a symptom of decay.”--C. Northcote Parkinson

“The greatest strategy is doomed if it is implemented badly”—Bernard Reiman

“The best plan is only a plan, that is, good intentions. Unless commitment is made, there are only promises and hopes, but no plan—Peter Drucker

The following information has been compiled on behalf of the Maumee Valley Growers Association Board of Trustees. The purpose of the following information is to provide the Strategic Planning insight of the Executive Committee and Executive Director of the organization to the Board of Directors.

As we are all well aware, the MVGA is currently going through a very exciting yet, difficult time. How can it be exciting and difficult you ask? Let me explain...

Over the last several months the MVGA Executive committee, made up of the President, Vice President, Treasurer, Secretary and Past President, has begun to tackle the most difficult situation facing the organization to date, the transition to a non-government funded operation. In this effort to provide a strategic plan moving forward, the group has brought up very innovative and exciting ideas to help drive this organization into the future and place itself in a position to help our ailing industry.

Throughout this document you will find industry statistics, and importantly the strengths and weaknesses of our organization, as discovered during the original construction of this plan. The goal of the executive committee was to help identify and address or to implement a strategy going forward on those items. Remember these were items generated by membership and the Executive Committee felt that it was imperative to begin addressing specific items prior to turnover.

The United States and our local have been hit hard by the current economic downturn, having the MVGA with a set of working goals moving forward will allow us to be in a position for continued growth and opportunities for all of the membership. We ask that you please review the Strategic Plan and ask yourself how you too can help the Membership of the Maumee Valley Growers now and into the future.

Sincerely,

MVGA Executive Commitee

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INTRODUCTION

The Maumee Valley Growers Association (MVGA) was established in the year 2005 in Northwest Ohio to support local growers. Its board intends to review its past and explore potential strategic steps to ensure its sustainability in the long run. Recognizing both the complexity and scope of the strategic steps associated with the creation of a new strategic management plan, Mr. Joe Perlaky has sought the assistance of Dr. Sonny S. Ariss in the College of Business Administration at the University of Toledo to develop a strategic management plan.

This plan addresses a number of issues, among them are: the mission and strategic goals of MVGA, its strengths and weaknesses, its opportunities and threats, its recommended long-term strategy, and the implementation of the strategy to achieve the strategic goals.

This report summarizes and presents the results of a half day retreat at the Botanical Gardens. Present at this session were Dr. Sonny Ariss as the facilitator, and the members of the Board in alphabetical order consisting of: Ron Bettinger, Dick Bostdorff, Serenity Carr, Jeff Creque, Bill Dearing, John Gray, Theresa Hoen, Bob Hornak, Ralph Keefe, Walt Krueger, Josh Miller, Joe Perlaky, Beth Scheckelhoff, Mike Schenk, Don Schmidlin, Wade Smith, and Tom Wardell.

The strategic management plan specifies the actions that need to be taken to grow the MVGA and make it self-sustaining. The success of this plan requires active support at all levels of the association.

STRATEGIC MANAGEMENT PLAN

MISSION STATEMENT

The mission of the Maumee Valley Growers Association is to sustain and grow the northwest Ohio regional greenhouse industry through a joint problem solving and collaboration.

STRATEGIC GOALS

1. Identify and pursue opportunities to increase revenues from \$ 30,000 in 2010 to \$ 53,000 by 2015 (10% growth expectation).

Energy Program	\$35,000 within 1 year
Monrovia	\$10,000
Fertilizer	\$ 5,000
Recycling	\$ 1,000
Workers Comp	
Membership Fee	\$300 upon grant termination

2. To maintain the cost of operation at 90% of revenue for the next 4 years
3. Create and sustain an infrastructure for collaboration to move the MVGA to the next level.

EXTERNAL ANALYSIS

Industry Overview

The U.S. floral industry includes fresh cut flowers, cut cultivated greens, potted flowering plants, foliage plants and bedding/garden plants, making floriculture the third largest U.S. agricultural crop. The U.S. floral industry consists of more than 60,000 small businesses, such as growers, wholesalers, retailers, distributors and importers. Table 1 shows the breakdown of the top floral growing states in the United States

California	77%
Washington	6%
Hawaii	4%
Florida	3%
Oregon	3%
New Jersey	3%

Table 1: Top 6 Floral Growing States In US¹

¹ <http://www.aboutflowers.com/about-the-flower-industry/industry-overview.html>

Domestic Floriculture Growers (in top 15 states):	6,140
Fresh Flower Growers:	349
Potted Flowering Plant Growers:	1,253
Foliage:	948
Bedding/Garden Plants:	1,734
Fresh Greens:	166
Herbaceous Perennials:	1,361

Table 2: US Floral industry statistics and segments, 2010²

The horticultural industry, also referred to as the green industry is made up of businesses that are involved in production, distribution and services dealing with plants, landscapes and garden supplies.

According to the 2002 U.S. Census, the largest individual sectors in terms of employment in this industry were landscaping services (704,875 jobs) this is followed by lawn and garden stores (347,916 jobs) and then nursery and greenhouses (261,408 jobs).³

The United States Department of Agriculture predicts that the production value of U.S. horticultural crops will increase by more than 3% annually over the next decade and consumption of horticultural products will continue to rise.

Key Success Factors in the Industry

The key success factors in the Growers Association industry include:

- Continuous communication among the board and members
- A thorough understanding of customer needs
- Customer and grower education
- A willingness to respond to changing membership and marketing needs.
- Memberships revenue
- Grant Revenue
- Reduction in costs for member growers

² <http://www.aboutflowers.com/about-the-flower-industry/industry-overview.html>

³ [Source: US Census Bureau, 2002](#)

Research Initiatives

- Energy Efficient Annuals: Researchers from Michigan State University present research-based information for scheduling annuals in a more energy-efficient and predictive manner ⁴
- Greenhouse and Nursery Growing Substrates: (University of Arkansas) A major focus of research program has been the development of new substrate components ⁵
- USDA National Institute of Food and Agriculture awarded Virginia Tech a 5 year \$2.7 million grant to study the management of zoosporic pathogens and irrigation water quality to create a more sustainable green industry – help nursery and floriculture industry become more sustainable and better compete in global market; suitable, consistent, sustainable and low-cost substrate components; ⁶

Market Drivers and Restraints

Drivers

There are five main drivers for growers associations:

- Community wellness
 - Increasing number of consumers who have become concerned about how and where their food and plants have been produced. ⁷
 - Houseplants have attained an increasing recognition as efficient filters, removing both common and dangerous pollutants.
 - People are rediscovering the benefits of buying plants and food locally grown. It is fresher than most produce in the supermarket and that means taste and nutrition is readily available to consumers.
 - Education programs focusing on the purposeful use of plants and plant-related activities to promote health and wellness.

⁴ <http://www.greenhousegrower.com/production/?storyid=2808>

⁵ <http://hort.uark.edu/research-programs/greenhouse-and-nursery-growing.html>

⁶ http://www.eurekalert.org/pub_releases/2010-11/vt-mr110510.php

⁷ Peterson, G.A. (2005). *The Strategic Marketing Institute*. Retrieved from Michigan State University Product Center for Agriculture and Natural Resources: www.productcenter.msu.edu

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- Therapeutic gardening – gardening is viewed by many as the best way to improve health and relieve stress; as people try to do more with less time, they are always looking for ways to relax.
 - Research has shown that by simply looking at a plant, an individual can reduce stress-levels, lower blood pressure, and ease muscle tension.⁸
 - Good for local economies--buying directly from family farmers helps them stay in business and grow the economy.
 - Home improvement
 - Consumers are looking for ways to increase the curb appeal and overall value of their homes in this recessive economy; plants and manicured landscaping are enticing options.
 - New housing development trends
 - In the U.S., most of the housing units are detached single-unit homes that allow relatively large lots for gardening.
 - In the attached homes and multi-unit dwellings there are broad arrays of options for gardening such as container gardens, window boxes, or patio/deck plantings.
 - Demographic structure
 - Middle aged consumers are practicing gardening more than any other group.
 - Older people are more concerned about health and would want flower and plant products that meet their special needs.
 - Influence of technological advancement
 - Ability to use innovative growing techniques to protect the environment.

Restraints

There are four major market restraints for growers associations:

- Increased Competition
 - Increased liberalization and competition in the market segment.
 - Demand for more frequent innovation and higher quality products and services.⁹
- Economic condition
 - Recent economic recession has led to a decline in success for nurseries and greenhouses.
 - Consumers have less disposable income and are looking for ways to cut back on non-necessities.

⁸ Mintel. Gardening, U.S., December, 2003.

⁹ Peterson, G.A. (2005). *The Strategic Marketing Institute*. Retrieved from Michigan State University Product Center for Agriculture and Natural Resources: www.productcenter.msu.edu

- Lending woes.
 - Increased transportation costs.
 - Slowdown in housing construction.
- Laws and regulations (EPA)
 - Nutrient management – pesticides, fertilizers
 - Hazardous conditions.
 - Safety and health concerns.
 - Irrigation practices
- Geographic location
 - Growing plants and flowers that are able to survive in the Toledo climate.
 - A wet, dry or cold weather pattern may force growers to scale back from planting specific plants or flowers.
 - Consumers may depend on the weather when buying flowers and plants.

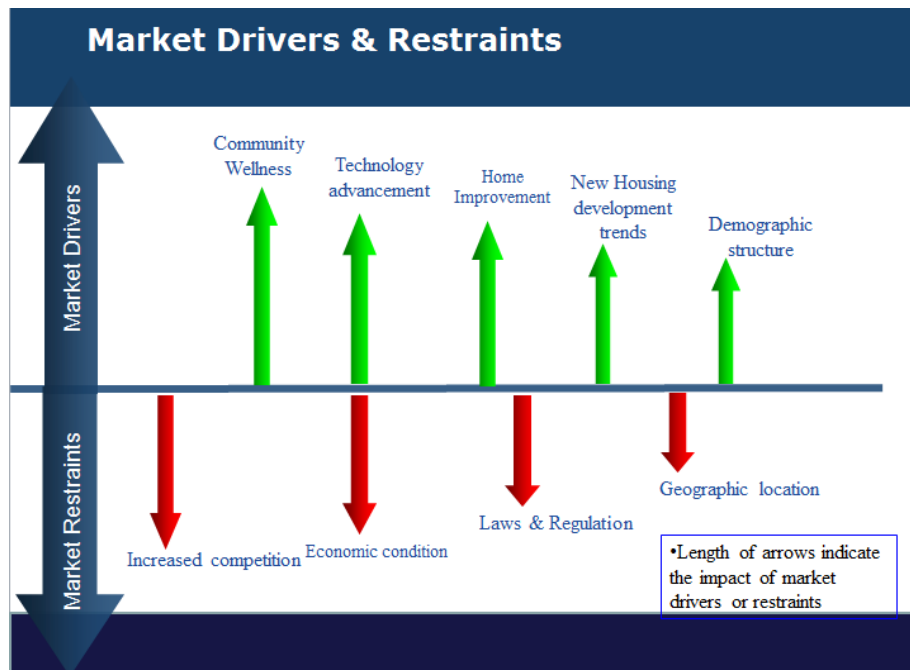


Figure 1 shows an overview of the drivers and restraints for growers associations in the US

Performance Measures

For the greenhouse and nursery industry, the following benchmarks should be used:

- Scope of business operations: annual plant sales, value of production; gross nursery area and net usable production area; number of fulltime equivalent employees; and value of owned and leased capital.

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- Income statement: nursery sales, miscellaneous income, total income; expenses for labor, supplies, equipment/facilities, overhead, capital, management and 32 detailed items; gross income and net income.
 - Monthly sales: as a percentage of total annual sales.
 - Statement of financial position: current and long-term assets; current and long-term liabilities; net worth.
 - Productivity and efficiency indicators: sales and value produced per square foot and per acre growing space; sales and value produced per fulltime equivalent employee; capital managed per acre and per employee.
 - Financial ratios: profitability, turnover, liquidity and solvency.
 - Cost analysis: costs per square foot, costs per unit sales and cost per unit value produced in major expense categories (labor, supplies, facility and equipment, overhead, capital and management).

The starting point for doing benchmark analysis is to collect the most recent available information for your business from financial statements, income tax forms and other company records¹⁰

Opportunities and Threats

Maumee Valley Growers Association (MVGA)

The MVGA is supported and confronted by a variety of opportunities and threats affecting its growth and survival.

Opportunities

- Grow the MVGA membership by showing value of the membership
- The MVGA could offer technical education via seminars to customers and growers
- The MVGA could increase its corporate sponsorships
- The MVGA could charge a reasonable membership fee
- The MVGA could pursue Federal, State, and local grants
- The MVGA could expand into new programs such as the successful energy program.

Threats

- Membership erosion due to members belonging to multiple associations
- No grants available to partially support the MVGA
- Weak economic conditions leading to members' inability to pay membership fees
- Growers not seeing value in joining the MVGA

¹⁰ http://www.gmpromagazine.com/gm_1209_benchmarking_business_management.aspx

Members of the MVGA

The members of the MVGA are supported and confronted by a variety of opportunities and threats affecting their growth and survival.

Opportunities

- Year Round Production and Sales
- Niche Markets
- Local Food Production
- Strategic Specialization
- Export Markets
- New Varieties/Genetics
- Consumer Education
- Value Perception (Consumers)
- Green Movement
- Internet, On-line Sales
- Inventory Management Software
- Point-of-Sale Software
- Alternative Energy
- Consolidation
- Co-Operation (associations/inter-regional)
- Networking (business to business)
- Economic Fluctuations
- Global Warming
- Local Support
- Government Grants

Threats

- Competition (Canada, South America cut flowers, box stores, government subsidies)
- Government Regulation
- Energy Market Volatility
- Weather Fluctuations
- Pest Control

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- Population Limitations (250 mile radius)
 - Cultural Preferences
 - Uneducated Consumers
 - Automation
 - Consolidation

INTERNAL AUDIT

Maumee Valley Growers Association (MVGA)

The MVGA has many strengths and weaknesses in its functional areas, on which it should ultimately base its strategy.

Strengths:

- Committed manager to the success of the MVGA
- Members committed to see the MVGA succeed
- The MVGA is currently funded by a grant
- Many successful programs that generate revenue for the MVGA
- Good Federal/State Government Ties
- Good communication with members

Weaknesses:

- Not enough revenue generating programs to make the MVGA self-supporting
- Lack of educational programs and seminars to keep members engaged
- Low attendance at association meetings
- Lack of membership fees

Members of the MVGA

The members of the MVGA has many strengths and weaknesses in their functional areas, on which they should ultimately base their strategy.

Strengths:

- Family Business
- Generational Transfer
- MVGA
- Collaboration/Networking

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- Production Capacity
 - Product Variety
 - Low Debt
 - Intellectual Property
 - Transportation
 - Ag-based Support Industries
 - Seeds/Supply Availability
 - Customer Base
 - Population Turnover
 - Abundance of Natural Gas
 - Abundance of Water
 - Sunlight to Cloud Ratio
 - Environmental Awareness

Weaknesses:

- General Overhead
- Labor
- Energy
- Transportation
- Capital
- Old Infrastructure
- Overproduction
- Forecasting Markets
- Lack of Marketing
- Margins
- Competition Among Growers
- Participation Challenges
- Inability to Adapt to Change
- Generational Transfer
- Complex Supply Chain (non-standardized)

STRATEGIES AND STRATEGIC CHOICE

Some of the strategies recommended for consideration include but are not limited to the following:

1. Keep the status quo

Advantages:

- Don't have to think too hard
- Don't have to create any friction within members

Disadvantages:

- Membership will decline
- No funding

2. Grow internally by diversifying into new markets and new products/services

Advantages:

- More revenue through programs
- Sustainability
- Depend less on the grant
- Control destiny
- New members, broader base
- More participation within existing members
- Membership value

Disadvantages:

- More hard work for leadership
- Risk of failure
- Change is uncomfortable
- More challenges and headaches

RECOMMENDED STRATEGY

Based on the above discussion the Board recommends that Maumee Valley Growers Association grow internally by diversifying into new markets and new products/services. The primary focus of the strategy is to present to the existing members and the prospective ones a professional and organized MVGA, delivering a quality service at a low membership fee. Translating these strategic thoughts into strategic actions gives rise to the development of annual objectives and action plans to achieve these objectives.

IMPLEMENTING THE STRATEGY

Short Term Objectives in Revenue:

Identify and implement opportunities for increased revenues by an average of 10% per year to grow from \$33,000 in 2011 to \$53,000 by 2015.

As in any business operation the goal of increasing revenues, in conjunction with managing costs, is vital to the future well-being and success of the organization. Several opportunities were discussed and subsequent decisions of potential future revenue streams are as follows.

1. Expansion of the MVGA Energy program.
 - a. Current plan in place to expand into the Michigan Gas markets.
 - i. Agreement has been made with the Metro Detroit Flower Growers Association to provide access to the current MVGA program.
 - ii. Strategy in place for continued expansion into the Southwest Michigan region.
 - b. Growth of the Electric program available should continue to be promoted throughout the current membership as well as identifying future potential markets for expansion.
2. Monrovia
 - a. Although the current revenue stream is less than originally planned, the program continues to provide a revenue stream for the MVGA.
 - b. Future revenue of the organization will hinge on the continued growth of participating MVGA members as well as a more positive outlook on the overall economic health of the U.S. economy.
3. Recycling
 - a. The recycling program continues to provide our growers with access to the disposal of various types of plastic products inherent to the industry.
 - b. There is a value to this capability and all revenue streams to not need to generate dollars, but to provide a true value added program to our membership.
 - c. Continued focus on recycling suppliers and identifying areas that will provide more consistent pick up and removal of the products should be part of the focus.
 - d. Future consideration of new potential opportunities for recycling and or reuse of the products will be considered.

4. Fertilizer Program

- a. No program currently in place but a structure and potential suppliers have been identified.
- b. A 2012 goal of the Business Committee is to continue to refine the template of the program and identify areas of revenue generation for the organization shall be instrumental to the future of the MVGA fertilizer program.
 - i. Potential Partners
 - 1. Berkey Farm Supply
 - 2. Waldo Inc.

5. Workers Compensation Program

- a. Several providers of Workers Compensation were contacted for the purpose of information gathering.
- b. Potential Providers that were contacted:
 - i. CareWorks
 - 1. Voluntary Membership Assessments were conducted to determine potential partnerships.
 - 2. Because most of the growers are already grouped and many of them already with CareWorks, they declined to start a new pool with the MVGA.
 - ii. Toledo Chamber of Commerce
 - 1. To form a group a “group” an organization must have 100 members or \$150000 in group premiums.
 - 2. Meeting the above criteria does not ensure top tier discount unless the group has over \$1,000,000 in expected losses
 - 3. It has been determined that the Chamber program may be too restrictive and not currently suitable for the MVGA to pursue.
 - iii. Spooner
 - 1. Contact was made with Spooner however at this time, due to the need for additional information from the growers as well as the findings from previous providers continued discussions ceased.
- c. Conclusion
 - i. It has been determined that it is possible for the MVGA to provide a program to our growers.
 - ii. The industry currently has three (3) solid organizations (ONLA, ODA and Farm Bureau) providing access to Workers Compensation pooling.
 - iii. Current Executive Committee determination is to help promote partner organizations in lieu of starting a new program.
 - 1. Future considerations of a MVGA program if for some reason current programs become unavailable or new opportunities of great potential arise.

6. Membership Dues

- a. Through much discussion the executive committee refers to the current membership dues level as listed in the MVGA By-Laws at \$100 per regular member of the organization.
- b. It has been determined that the Membership Committee convene to review opportunities of a “pay to participate” dues structure.
 - i. Provides members the opportunity to participate in the MVGA programs that each grower determines to be the best fit for their respective organization.
 - ii. Future consideration of forming partnerships with other industry organizations for the purpose of reciprocity to help eliminate overlap of organizations and multiple dues payments to participating members.

7. Medical Insurance

- a. Several providers were contacted to discuss the possibility of providing MVGA partnered coverage to the MVGA membership.
 - i. Independent Agents
 1. Stapleton Insurance
 2. Paramount/Promedica
 - ii. Toledo Chamber
 1. Medical Mutual
- b. Conclusion
 - i. Grouping of MVGA members is not currently possible due to the overabundance of program choices and individual company medical history factors.
 - ii. The Toledo Chamber is a viable option as it has access to Independent agents and is likely to offer more program options for each business.
 1. Requires membership to the Toledo Chamber

8. Website

- a. Potential opportunities existing in industry related marketing.
 - i. Provide links as well as advertising space to promote growers as well as industry suppliers.
 - ii. Potential revenue to offset expenses of website hosting, maintenance and potential future expansion.
 - iii. Social networking sites shall be reviewed for additional marketing potential as a value to our membership.

CURRENT

Short Term Objectives in Operations and Human Resource/Personnel Staffing Levels:

Maintain the cost of operation at 90% of revenue each year for the next 5 years by creating organizational processes that will ensure cost savings for the association while maintaining a positive work environment.

1. Action Steps to achieve operational objectives.
 - a. Analyze and adjust time management consistent with the job descriptions as outlined in the By-Laws or position specific descriptions.
 - i. Appendix B provides an updated Executive Directors position that is consistent with the current MVGA strategic goals.
 - ii. Considerations made include monies available to support the position as well as the shift in focus from a cluster position into a part-time MVGA supported position.
 - b. Analyze potential out sourcing of administrative work. Potential areas of outsourcing include:
 - i. Bookkeeping
 1. 4 hours per week for 52 weeks of operation.
 2. Program billing
 3. Membership dues
 - ii. Website hosting and management
 1. Multiple providers have been contacted in an effort to determine a baseline cost structure to maintain the MVGA website
 - a. The Web & IT Group
 - b. The University of Toledo
 - i. Gregg Rice
 - c. Galen Michel
 - d. Tri-Point Tele-productions
 - e. Frontrunner Solutions.
 2. Continued review and discussion on potential suppliers shall be completed no later than July 2011 for the purpose of migration prior to university separation.
 - iii. Mailers/Printings
 - a. Monthly meeting mailers and additional informational mailers to be provided for the membership as needed.

Short Term Objectives in Accounting, Finance & Budgeting: To create an accounting system that will track down the productivity of the company to lower the cost of the operation.

1. A current 2011 MVGA Financial report has been completed. Continuous review of current and future financial liabilities will be charged to the Finance Committee to ensure solid financial footing of the organization moving forward post government funding.
2. The use of private sector accountants, bookkeepers and current financial tracking software will be utilized to create and provide sound financial information to the finance committee, the board of directors and membership.

MEASURE AND EVALUATE PERFORMANCE

Operational control systems, guide, monitor, and evaluate progress towards meeting annual objectives. To be effective, operational control systems must take four steps common to all post-action controls:

1. Set standards of performance.
 - a. Pursuant to the current MVGA By-Laws each MVGA Committee has a distinct mission objective.
2. Measure actual performance
 - a. The success rate of each committee will be based on the perceived success of each committee by its members, committee chairpersons, and the MVGA board of directors.
3. Identify variations from standards
 - a. Variation of committee output when compared to the direct and defined mission of the committee will be reviewed by the board of directors.
 - i. This will allow the board of directors to ensure that the implementations of each respective committee findings are consistent with the mission of the committee as well as the MVGA.
4. Analyze and initiate corrective action or adjustment.

The success of the strategy will be measured by whether Maumee Valley Growers Association was able to achieve its strategic goals