

Business Plan

**Maumee Valley Growers
Association**

Prepared for:

NW Ohio Greenhouse Cluster Initiative

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Executive Summary

(NOTE: Items in RED may be area's to review during our retreat session or simply updated)

General Approach

The northwest Ohio greenhouse cluster described in this business plan will serve as a template for other cluster initiatives in the area. The vision is to create an organizational structure where greenhouse growers are interconnected and work collaboratively with supplier companies, customers, and support institutions to achieve maximum profitability and competitiveness.

Taking the leadership role are members primarily from The University of Toledo (UT), Bowling Green State University (BGSU) and Representative Marcy Kaptur whose diligent efforts resulted in the allocation of funding for this effort. This business plan is a culmination of two previous years of preliminary planning and stakeholder meetings leading up to the implementation of the cluster initiative in northwest Ohio.

Dr. Michael Carrol and Dr. Neil Reid conducted a survey asking a number of questions about the challenges, both current and future, facing the greenhouse nursery industry in northwest Ohio. The survey revealed that many of the growers in northwest Ohio are concerned about the industry's short-term health. Forty percent of those surveyed feel that the region's greenhouse industry is going to be less profitable over the next five years. As a result, 15 percent of those surveyed are planning to either downsize or close their greenhouse operations during the next five years. This pessimistic forecast is not surprising given the increasingly competitive environment within which the growers are operating.

The business plan incorporates this knowledge along with cluster best practices to develop a collaborative organizational structure capable of sustaining itself and promoting profitability within the greenhouse industry regionally.

Sector Focus

Cluster development within a region is methodical and gradual. It should be planned in stages with small and large "wins" celebrated. The northwest Ohio greenhouse cluster was the first initiative to function as a true cluster. If proven successful, it could provide the blueprint for other

identified industrial and crosscutting clusters to replicate. However, this success should be considered only the beginning of an overall ramped up strategy.

Duplicating these efforts would be the next step. Each new cluster has characteristics unique to its interest area. Therefore, diligently following the proven formula becomes critical if similar results are to be accomplished.

Community wealth creation is the ultimate regional goal. Developing several individual sustainable cluster organizations simultaneously is quite an effort, however, critical to raising the bar to the ultimate level. Implementing a system and meeting environment allowing for each cluster to share their individual interests and goals is very important.

Although each cluster is unique in focus, culture, innovation and risk; there are many cross-cutting issues common to all. One company's challenge may likely be another company's solution. All too often we don't know what the business on the next street is doing let alone in another county or state. This is the beauty of Cluster development. If done correctly, it has the potential of creating wealth within our backyard.

We anticipate new opportunities will be created as each cluster develops and matures. Just as three legs of a stool are needed to maintain balance and stability so will the participation from public (governmental), private (business community) and academic (education/research) institutions. Details outlining specific actions reflecting this interaction are detailed in the plan.

Our data focuses primarily on the Floriculture industry. These are greenhouses who concentrate mostly on cut cultivated greens, potted flowering, foliage plants, and flower seeds. This includes inventory grown both under cover and in open fields. The plan will make occasional references to related industries such as cut flowers, landscaping and crop production both as food and fuel resources. It will also describe urban, rural, statewide, national and global influences from time to time.

Stability of traditional greenhouse commerce and discovery of new niche opportunities will hopefully slow down and perhaps reverse an industry trend. Nearly 750 employees and their families in northwest Ohio region are depending on that,

Staffing and Organizational Structure

The northwest Ohio greenhouse cluster will be managed by one full-time Program Manager and a half-time Champion (2 of 5 days). Additionally, 10 hours will be allocated to the Webmaster.

The cluster functions primarily as a “bottom-up” organization. This hierarchy allows those with the most at stake (growers) to provide the greatest direction and leadership. That’s not to say interaction can’t be multidirectional ...it is. However, the organization does consistently rely on expertise provided by the growers and the Champion.

The organization currently has no legal status since there are no membership fees, sponsorship income or other program or operating grants.

It is structured using traditional positions and committee designations such as Program Manager, Champion, Advisory Group, Energy Committee, and a general membership category.

Much has been accomplished to date. The group has been formed which includes growers and other supporters. Both regular and committee meetings are scheduled with consistent location, time and day’s established. Staff has been hired and members of the **Ambassador Group have been named**. The MVGA brand and logo have been designed, distributed, advertised and currently being registered. The website is “live.”

Key Stakeholders and Networks

The northwest Ohio greenhouse cluster will collaborate with key stakeholders in the region, including BGSU, City of Toledo, CIFT, OFA, OSU ABE Center, Representative Kaptur, TBG, Area Farmer Markets, UT, USDA-ARS and others.

Work done by BGSU’s Center for Regional Development and UT’s Urban Affairs Office by creating awareness and promoting the cluster initiative is especially valuable. However, it is the collective strength of all the partners that compliment the initiative the most.

Programs

A series of business presentations is scheduled throughout the year focusing primarily on cost saving opportunities. If the consensus felt a program could be developed to reflect those savings then a plan of action would be put in place to make that happen.

Name of Program	Sponsor
Energy Efficiency, Audits and Grants	CIFT
Energy Program (Gas/Electric)	Palmer Energy
Facility Construction	MVGA, Moawad, TBG, MetroParks, Others TBD
Grant Assistance	REAP, State of Ohio, MVGA
Programs Under Consideration	BancCard, Recycling
Supplies Program (plants, soil)	Monrovia
Workers Compensation	Spooner

In addition, if the programs resulted in increased member awareness by developing new tools and training skills or an increased level of collaboration and common vision then those would also be considered desirable outcomes.

An extensive list of activities and services have been identified and scheduled. They are detailed later in section 5.1.

Grower Recruitment

Marketing and public relations efforts will continue to build awareness within the family of northwest Ohio's greenhouse businesses. Since start-ups in the greenhouse industry are rare, nearly all membership will have to come from exiting growers in the area.

Currently, only about half (35) of the growers listed in the roster (~70) are active in the organization. Creating membership value becomes critical to increase active participation and long-term sustainability.

Networking will also play a key role to successful recruitment.

Facility

Other than the month of May, there are regularly scheduled monthly meetings for the membership at large and the Board of Directors. The Natural Gas advisory group holds monthly teleconference calls and sends out bimonthly mailers.

Name of Meeting	Location	Room
Regular Monthly Meeting	Toledo Botanical Gardens	Terrace Room
Monthly Advisory Meeting	Toledo Botanical Gardens	Stables Room
Energy Meeting	Teleconference	
Special or Ad Hoc Meetings	TBD	TBD

Funding and Sustainability

It's all about creating value.

During each of its first five years, the cluster-based northwest Ohio greenhouse initiative has relied 100% on grant funding. This remains unchanged.

"Soft money" or grant dollars can be an effective tool to seed new programs by educating students, providing internship and faculty research opportunities; however, it is a poor mechanism for sustainability. Eventually, this organization will have to identify and

generate alternative funding sources to support its program operations. As with any organization, funding will need to come from multiple revenue streams such as client fees, sponsorships, other program and miscellaneous operating grants. At this juncture, two programs (Energy and Monrovia Programs) have been developed that are creating a cash flow of about \$30,000. This is only a fraction of financial support needed. This business plan will provide the basis for those discussions.

The organization will need to create value above and beyond the capabilities of the members individually. Doing so increases stakeholder participation. We also know members generally realize greater organizational benefit when they share involvement in meaningful programs.

MVGA has chosen what they believe to be an effective offense and a strong defensive program combination.

A **Branding Strategy** is an important tool to increase sales and revenue streams; however, if expenses are not held in check, the effort may be diluted. Developing **Program Initiatives** that maintain or reduce costs become equally important and are measurable. The advantage of holding costs in check buys time for the branding strategy to develop community awareness. Promoting each initiative creates the opportunity for the organization to become effective and the businesses to become profitable.

A variety of measurements & metrics are applied to determine quantifiable benefits.

Blending short and long term benefits is a recipe for success. Short term successes can also yield small, frequent member benefits. Long term benefits generally result when a series of small successes fit together to become larger than the sum of its parts.

A sustainable funding strategy needs to be defined with an operating budget reflective of the organization's ability to garner fundamental financial support. Sometimes, particular programs of interest can be supported by sponsors who may have the most to gain from its activities. It's not uncommon for grants to be awarded for specific purposes. These targeted approaches have worked effectively in numerous other cluster initiatives around the world.

Ultimately, the primary responsibility of financial support depends on the growers. It's certainly possible that the grant award amount may decline gradually and not discontinue at once. This would allow time to secure alternative funding sources. It's also possible that enough momentum exists with programs and procedures already in place that operational expenses become significantly less than current levels. The relationship between the champion and program manager may change or possibly be combined. Perhaps the organization should consider merging with other existing member associations?

Tough questions will have to be answered. Does the MVGA group bring enough value to each grower to allow transition into a membership supported organization? Did working with an organization create a substantial difference above and beyond what would have been gained by operating independently? Are the growers significantly more knowledgeable or better equipped to generate increased sales revenue and able to apply strategies to lower their expenses as a result of MVGA membership?

Identifying those programs and implementing a **Plan of Action** to capture greater profitability may be the highest and best use of the organization's time as it works toward the sustainability challenge.

Conclusion

The Maumee Valley Growers Association are to be commended for attaining the number of accomplishments achieved to date. Two determining factors clearly stand out making this cluster unique from others identified in the northwest Ohio area;

- Funding: Seeded with adequate operational funding extending over a multiyear period
- Early Buy-in Commitment, Essential to Success: Members demonstrated a strong desire to quickly establish an organizational structure which included a paid Champion and Program Manager.

However, one significant long-term threat to sustainability remains. As long as the organization remains tethered to grant subsidies...financial vulnerability will continue. Funding inevitably needs to come from multiple revenue sources such as client fees, sponsorships, other program and operating grants. To date, two sustainable funding programs has been developed but collectively are inadequate to support

the organization with a full-time program manager and marketing expense requirements. Fortunately, there is a sense of urgency within the organization to change that. The question is...can the organization create a level of significant value for members to commit to its long-term sustainability?

Northwest Ohio growers remain some of the most independent and hard working individuals around. They are second to none in their dedication and passion to their trade. These core values that historically fueled their business success and generational transitions will again be put to the test as they search for new opportunity niches. Overcoming their current status in their *declining business cycle* will be a daunting task. At a time where markets extend beyond the scope of regional and national boundaries to a worldwide platform, this industry continues to remain more local than global and more “hands on” than technically savvy. The need for industry leaders to step forward and significantly ratchet up this awareness and apply appropriate strategic planning initiatives to capture this trade is imperative. Otherwise, only less than average returns and successes should continue to be expected.

MVGA is striving to implement programs that will increase sales and decrease costs. Combining an effective **Branding Strategy** and cost saving **Program Initiatives** may be the best combination in creating long-term profitable opportunities for the greenhouse industry.

This Plan identifies many activities leading to meaningful accomplishments resulting in the sustenance of this program initiative. We believe the backbone of this Plan points to the application of 7 basic business practices we affectionately call our *Magnificent Seven*.

Business Practice		Action Item
1	Adequate Funding	Must designate a Champion and Program Manager (either could be full or part-time depending on cluster culture)
2	Patience, with the Sense of Urgency	3-5 year commitment
3	Short Term & Long	Celebrate successes

	Term Goals and Objectives	
4	Organizational Structure, but Nimble	Bottom up, focus driven (Champion, Program Manager, Chair positions, Committees)
5	Consistent Implementation	Meeting dates, times, locations, notices, networking etc.
6	Strategic Plan	Work the Plan, identify activities that lead to desirable accomplishments
7	Exit Strategy	Sustainability

Northwest Ohio has much to offer. Area growers are in good company. They have done a credible job creating a level of interest prompting a “second look” by many casual participants of the cluster. Collaborating with the individuals and organizations within the academic and public sectors has already been rewarding. The strength and blend of this “two-way street” have brought forth assets not to be underestimated. Working for the collective good of all is the only effective formula powerful enough to sustain a strong greenhouse presence in northwest Ohio. If achievable, insuring the livelihood of tomorrow’s generation of growers can then be possible.

1.0 Introduction and Background

1.1 Introduction

In recent years a large number of communities around the world have adopted cluster-based economic development as a strategy to propel their economies to new levels of economic competitiveness. Despite concerns, in some quarters, over the ability of a cluster-based development strategy to deliver it's promised economic benefits the greenhouse nursery industry in northwest Ohio has adopted this particular approach to retain its competitive edge in an increasingly competitive industry.

Like many northwest Ohio industries, the greenhouse nursery industry is facing increasing international competition. In particular, competition from southern Ontario is threatening the future viability of many northwest Ohio greenhouse nursery operations. The northwest Ohio greenhouse cluster is in its formative stages of development. Although the cluster is 100% grant funded and being supported primarily by university researchers who function as the Cluster Strategy Team (CST)¹ many other organizations contribute to the overall effort.

Soon after the formation of the northwest Ohio greenhouse cluster...the stakeholders elected to call the group the **Maumee Valley Grower Association (MVGA)**. Its formation is based around the concept of an industrial cluster that believes businesses contained within a geographic area can compete more effectively when everyone in the region works together to the common benefit of all stakeholders².

In an industry primarily family owned and operated, it remains more local than global and more hands on than technology savvy. This creates an interesting dichotomy of "pushes and pulls."

The industry is primarily made up of multi-generational family businesses that for decades have developed a symbiotic relationship within their communities. In fact, the industry can claim that over 52% of existing greenhouse operations continues to do business at their same location for over forty years. Today, however, their livelihood is at risk. Escalating utility costs, increased government mandates, shortages of seasonal help, expensive workers compensation insurance and even changing customer buying habits have gradually squeezed the floral culture industry to the tipping point. More and more we see children and

¹ Dr. Michael Carroll and Dr. Neil Reid were chosen to function as the Cluster Strategy Team

² Cluster-Based Economic Development. Dr. Michael Carroll and Dr. Neil Reid

grandchildren of our most stalwartly growers jumping ship and starting new and unrelated careers. For those who remain...staying status quo often times represents a step backwards.

There are some that might suggest that the industry it is nearing the end of its *mature* business cycle and entering the final stage... *decline*. There are many reasons to be concerned. The business is seasonal; production remains labor intensive and costly, utilities are unpredictable but always first or second in the list of major expenditures. Northwest Ohio growers serve a narrow niche with over 90% of sales dominated by floriculture production with 71% of their items sold within the local market 78% sold statewide.

Members of the Maumee Valley Growers Association organization have been grappling with these challenges ever since the organization formed 5 years ago. Yet despite these challenges, the northwest Ohio's greenhouse industry ranks 4th in the state and 94th in the nation in terms of the dollar value of nursery and greenhouse crops sold. This translates to the top 4% nationally and impacts over 750 local jobs.

This Maumee Valley Growers Association Business Plan reflects the genesis, evolution, and current status of the cluster. As such, this paper is exploratory and descriptive. While the authors believe that the initiative has the potential to have a significant and positive impact on the competitiveness of the northwest Ohio greenhouse industry it is too early to make such assessment.

1.2 Background

The northwest Ohio region has limited economic diversity and relies heavily on traditional, capital-intensive manufacturing. Although area business leaders have recognized the need to break from this over-reliance and create a greater variety of job opportunities, only marginal success has been achieved.

Most of the focus has been around technology cluster development. The greenhouse industry is an interesting example of a diverse, multi-generational employment base. Unfortunately, it demonstrates little technology development and is also an industry at risk.

Using a "less common" approach when collaborating with the public, private and academic worlds, the northwest Ohio greenhouse initiative is a model built from the "bottom up." This is clearly a grower initiative;

however, the strength and blending of these different cultures make it a robust organization. Just as three legs of a stool each has a role in its stability, so do contributions made by all the partners in this development initiative.

The Toledo Botanical Gardens (TBG) became the neutral site selected for monthly meetings and at times most suitable for the collaborators. At the onset, a matter of practice was established for the growers to provide the leadership role. This proved to be very wise. Contributions made by academic and public agency representatives were most effective when used to augment or solidify grower discussions. Although the grant was awarded and administrated through the university and many actions supported by those in the public sector, this program was designed for the ultimate long-term success of northwest Ohio's greenhouse industry.

Concept Year:

Initially, a “white paper” was devoted to describing the industry’s genesis, evolution, and current status³.

Year 1:

Year one focused on identifying the actors, their roles and responsibilities and individual interests. This proved to be quite a challenge. Probably the trickiest of any identified cluster in this region.

Establishing a foundational base of trust amongst all parties were minimal hurdles to overcome for growers AND administrators. Remarkably, for one reason or another, this initiative was never instituted in the past. It was discussed but it never came to fruition.

Partnerships take a lot of work and require a great deal of sensitivity and patience. Largely, year one succeeded in establishing an atmosphere of collaboration, trust, teamwork and relationship building. In an effort to better *brand* these efforts, the growers selected the name Maumee Valley Growers Association (MVGA). The list below shows the diversity of the organization (most active partners)

BGSU, City of Toledo, Greenhouses (~70), CIFT, Indiana State University, OFA, ONLA, OSU Extension-ABE Center, Representative Kaptur, TBG, Area Farmer

Year 2 and Beyond:

Although it took nearly a year to establish a strong support base, the organization is now positioned to not only identify their needs and wants, but to act on them. There is a sense of urgency.

Growers, by their nature are independent hard working individuals dedicated and passionate about their trade. These core values have historically fueled their business success and development. Pride of ownership, product development and community giving has been the cornerstone of many of these families. Unfortunately, a dominating culture of business isolationism may have unwontedly created an

³ This research was funded by USDA grants CSREES 2003-06230 and CSREES 2004-06222. The research team comprises faculty and staff from Bowling Green State University, Indiana State University, The Ohio State University, The University of Toledo, and Toledo Botanical Gardens.

industry viewed as rather fractured. Retailers, wholesalers, big box users, the seasonal corner vendor have struggled to unite collectively. Compounding this matter is an increased prevalence of imported products.

So, what could the MVGA organization do to assist our growers? Fortunately, as it turns out...quite a bit. IF the group could somehow figure out a way to assemble their individual resources as one “critical mass,” the potential of lowering costs and increase savings could be substantial. In doing so, it just might slow the maturing business cycle long enough to rediscover new industry niches.

2.0 Mission, Objectives and General Approach

2.1 Mission

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.

2.2. Vision

Our vision is an industry where greenhouse growers are interconnected and work collaboratively with supplier companies, customers, and support institutions to achieve maximum profitability and competitiveness.

2.3 Goals (Many items listed below are completed or on-going)

Goals		Strategies
	Formalization of staff roles	Identified in the Strategic Plan
	Establish information management system	Information flows through Program Mgr & communicated as needed via snail mail, e-mail, fax or phone
	Transition plan for eventual grant termination	Develop sustainable programs that create cash flow for organization
	Increase public awareness & quality	Branding, marketing and promotion, interactive website, community plantings

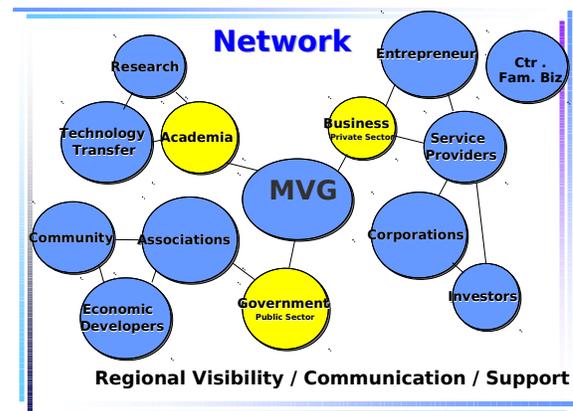
	of life	
	Increase grower awareness	Peer to peer networking (retail & wholesale), seminars, workshops, conferences, local/national speakers
	Increase growers sense of community	Participation in Farmer Market's, Habitat for Humanity, contests, Fairs and Festivals, school functions etc.
	Increase membership	Identifying grower expectations and participation value
	Save family owned businesses	UT Family Business Center (generational planning)
	Define northwest Ohio greenhouse industry	Social network analysis
	Visit grower site locations	Cluster Champion participation
	Reduce business costs	Initiate programs promoting group purchasing
	Increase market share	Identify new market niches and regional needs then develop program to capitalize on the new opportunities
	Product development, innovation opportunities	Partner with UT Plant Science, USDA-ARS researchers, OSU Extension, private sector joint-ventures
	Identify industry wide challenges	Strategic Plan, SWOT analysis
	Offer solutions to industry wide challenges	Strategic Plan, SWOT analysis
	Identify supply chain and joint-venture opportunities	Strategic Plan, SWOT analysis and social network analysis
	Identify quality standards	
	Identify current product mix	
	Identify market trends	Educational workshops, seminars, publications
	Offer basic computer class to growers	January 07. Should develop long-term education program(s)

2.4 Key Objectives

- Create and sustain an infrastructure for collaboration
- Identify and implement opportunities for reduced cost
- Identify and implement opportunities for increased revenues
- Identify existing and attract new supporting businesses

2.5 General Approach

The Maumee Valley Growers Association (MVGA) organization exists to promote the overall success and development of the greenhouse industry in northwest Ohio through best practices evident in other cluster communities throughout the world. MVGA will incorporate a business approach into this regional effort to establish a viable Greenhouse Cluster.



There were a few initial concerns and challenges that needed to be addressed⁴.

- Early buy-in commitment is essential to success
- We need to help growers understand that Branding is developed around a shared purpose and/or specific characteristics that are inherent to a group. We are developing brand standards for the group that they need to embrace, believe in, and adhere to. The standards must fit the personality of the group.
- Accountability to brand standards - who is the governing body?
- Member participation - need formal program established and a commitment from growers.
- Strong communication vehicle with growers.
- Political ramifications - grant restrictions and coordination with other teams (i.e., research/plant science team).

⁴ Thread Inc. - June, 2005

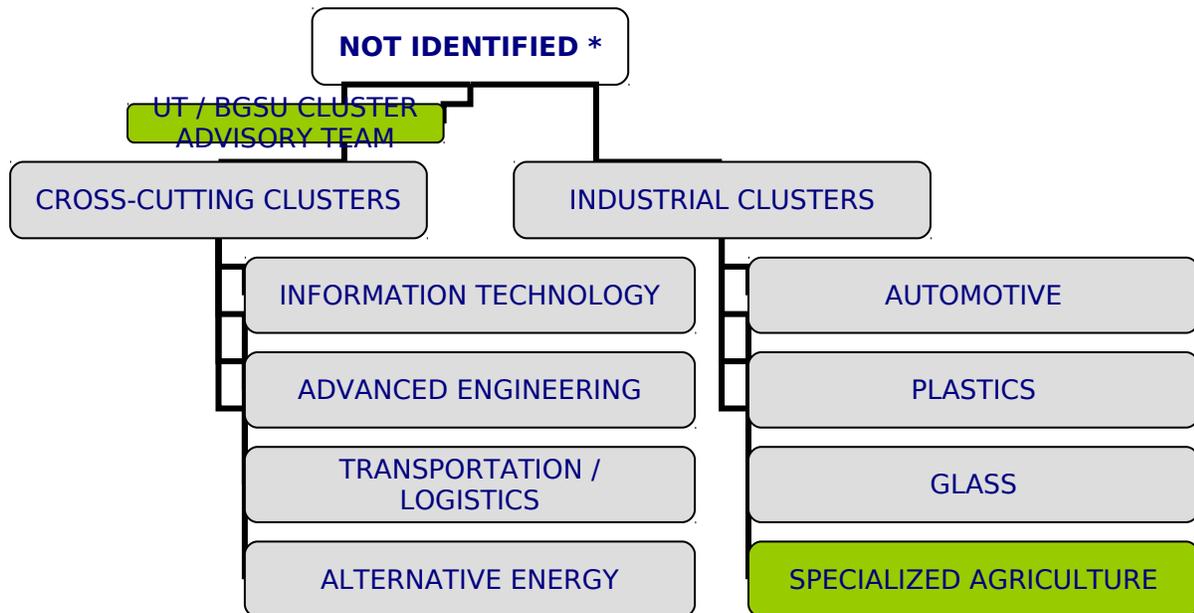
- Perception of excluding friends and supporting growers in Michigan - regional boundaries are so close that they could counter any positive efforts due to a feeling of exclusion.

Other industry growers and associations, universities, local, state and federal government agencies increasingly become contributing team members as the project scope widens. Unanticipated business or unique market niche opportunities should always be evaluated. Establishing joint ventures or starting new partnerships could enhance funding resources. Collaboration through active membership is the name of the game. Creating organizational value is a primary directive.

Developing a successful Greenhouse Cluster will act as northwest Ohio's local example for other identified cluster groups to follow. Adequate operational support and sector leadership is a minimal benchmark requirement for each individual cluster group to survive. Research shows a minimum of 3-5 years needed to yield noticeable results. While each cluster reflects its own unique dynamic, time-line, culture and tone, ALL must eventually become self sufficient.

Cluster groups can develop independently, in a series or in parallel. What works for one cluster may be inappropriate for another. Some clusters can quickly move into substantive development initiatives, others take time to develop the necessary trust. However, when a community can boast that each cluster sector functions successfully both separately and through collective interaction, it wouldn't be surprising if results are exceeding original goals and objectives. Obtaining this level of excellence is the ultimate objective of any cluster initiative resulting in increased regional employment and revenue streams.

NW OHIO CLUSTER ASSOCIATION



*** Not Identified**

The model must be dedicated to a full-time promotion of NW Ohio Clusters. It should transcend public, private and academic sectors, and be comfortable operating in an entrepreneurial atmosphere where disruptive technology prevails. The illustration above is about 5 years old and is outdated. It needs to be revisited and restated.

2.6 Short Term & Long Term Membership Benefits

Blending short and long term benefits is a recipe for success. Short term successes can also yield small, frequent member “benefits.” Long term benefits generally result when a series of small successes fit together to become larger than the sum of its parts.

A variety of measurements & metrics will be applied to determine quantifiable benefits. They can be divided into two major categories or previously stated objectives:

Branding Strategy - Identify and implement opportunities for increased revenues⁵

- Increased revenue/market share
- Increased awareness (pre/post survey)
- New businesses in related industries
- Attendance at events
- Requests for information
- PR activity (article placement, speaking engagements, features, etc.)
- Program development efforts
- Network opportunities/success stories
- Political action

Program Initiatives - Identify and implement opportunities for reduced cost

Determining the number of growers that participate in each of these programs will be tracked. New programs resulting from these efforts will also be identified.

- Electricity
- Energy Efficiency, Renewable and Alternative Energy
- Energy Efficiency, Audits/Grants
- General Insurance
- Natural Gas
- Propane Purchases
- Supplier Costs
- Technology Research (season extension - cold tolerance / accelerated growth research)

⁵ Thread Inc. - June, 2005

- Workers Compensation

Less quantifiable examples of increased operational efficiency opportunities

- Education, Generational Succession
- Education, Computer Training
- Financial, Bank Programs, Credit Card Costs & Procedures
- Financial, Credit Union Programs & Procedures
- MVGA Strategic Plan, Purpose of MVGA Cluster
- Recycling

Examples of aesthetic value

- Two-thirds of small business owners nationally think a “real community spirit” exists in their business area and enjoy being a part of it.
- Other factors influencing the business climate most favorably include the local business community working closely together; cooperative relations between the public school system and the local business community; and local colleges and universities, bankers and investors, and community organizations going out of their way to help local businesses, including those just starting.⁶ Many of these examples have real aesthetic value.

A simple question such as; Have you become more knowledgeable or better equipped to generate increased sales revenue OR apply strategies to lower your expenses as a result of MVGA membership?

A **Branding Strategy** is an important tool to increase sales and revenue streams; however, if expenses are not held in check, the effort may be diluted. Developing **Program Initiatives** that maintain or reduce costs become equally important and are measurable. The advantage of holding costs in check buys time for the branding strategy to develop community awareness. Promoting each initiative creates the opportunity for the organization to become effective and the businesses to become profitable.

⁶The data for this survey report were collected for the NFIB Research Foundation by the executive interviewing group of The Gallup Organization. The interviews for this edition of the Poll were conducted between April 12 - May 26, 2006

Identifying those **Programs** and implementing a **Plan of Action** to capture greater profitability may be the highest and best use of the organization's time to effectively solve the sustainability challenge.

3.0 Definition of the Greenhouse Cluster Focus⁷

Clusters are geographic concentrations of interconnected companies who work closely with each other, local suppliers, infrastructure providers, educational institutions, and other relevant agencies. When businesses look beyond their own limited capacity and strategically partner with other companies and organizations in their region, they can realize higher levels of competitiveness.

Cluster-based approaches to economic development help companies identify new market opportunities and become more innovative.

Cluster-based economic development begins when a geographic region identifies a small number of industries as their focal point for their development strategy. We have identified eight of those industrial sectors.⁸

Large parts of the U.S. greenhouse nursery industry including the state of Ohio are under threat from foreign competition. The state ranks number seven in the nation in terms of the dollar value of nursery and grower crops sold. Lucas County is in the top 5% of counties statewide and the top 4% of counties nationwide. In 1997 the county generated almost \$22 million in greenhouse nursery sales.

However, in the case of northwest Ohio the major competitive threat comes from southern Ontario. In the period 1995-2004 the size of the U.S. trade deficit with Canada in floriculture products (the mainstay of northwest Ohio's greenhouse nursery industry) increased, in real terms, 3-fold, from \$11,225,168 to \$35,345,550. If this trend continues hundreds of family-owned greenhouse nurseries across the United States could cease to exist. For example, approximately 15% of northwest Ohio growers plan on closing or downsizing within the next 5 years as a result of competitive pressures.

To help the growers become more competitive prompt and effective strategic action is necessary. The strategy that is being used is based

⁷ Cluster-Based Economic Development. Dr. Michael Carroll and Dr. Neil Reid

⁸ Cluster-Based Economic Development. Dr. Michael Carroll and Dr. Neil Reid

upon the principles of cluster-based economic development. By establishing and nurturing a greenhouse cluster (in which greenhouse owners seek common solutions to common problems) Ohio's greenhouse industry has an opportunity establish a competitive edge over growers in other regions of the United States and abroad. If successful in northwest Ohio, the strategy has the potential to be exported to other parts of the state.

3.1 Staying the Course

A knowledge-driven economy is not restricted to a few glamorous clusters. Innovation needs to be fostered across the whole technology spectrum; the focus should not be restricted to a few hi-tech firms in emerging clusters. High performance apparel, furniture, or processed foods clusters are as much hi-tech as IT or electronics. Northwest Ohio's greenhouse industry also has that potential.

Politicians may see clustering initiatives as only being applicable to high-tech activities. If no high-tech clusters exist within a community, political leaders may even command that they be created. Such wishful thinking drains energy away from the life blood of the community: the developed and the embryonic clusters that are already present.

We believe that cluster-based economic development represents an opportunity for industries in our region to reach unprecedented levels of competitiveness.

We have a rich pool of knowledge and expertise already here in the region, which if harnessed strategically, can generate job growth and enhance the quality of life of all northwest Ohio residents.⁹

3.2 SWOT Analysis - June, 2005

Strengths

- Critical mass of growers in region, currently @ 50% penetration
- Stable growers with extensive experience/knowledge:
- 75% of local growers > 10 yrs/60% > 20 yrs.
- Large regional base of growers that could be used as a resource to one another:
- 68 in 5 county areas
- Predominantly family owned and operated: low turnover rate

⁹ Cluster-Based Economic Development. Dr. Michael Carroll and Dr. Neil Reid

- Large capacity: more than half of regional facilities have > 25,000 sq ft of existing capacity
- Large percentage of growers believe in professional affiliations and are already members of various groups
- Most growers support the need for/concept of Branding
- Competitive pricing
- Market potential is high

Weaknesses

- No formal, regional infrastructure for sharing ideas, support
- Lack of co-op purchasing/robust supply chain
- Family workers are not skilled in experience marketing: customer service, retail appearance, value-added, etc.
- Small size of individual grower makes it difficult to complete in marketplace (limited budget, limited marketing expertise)
- Minimal Marketing: over 80% rely on word-of-mouth marketing/referrals
- Lacking market and economic presence: reputation is non-existent
- Lack of competitive strength
- Technology management tools - basic computer skills
- Cultural Inhibition/Local versus global mindset (i.e., small fish in a big pond)
- Lack of higher education programs in NW Ohio region
- Innovation: developing new products/breeds
- Heavy reliance on natural gas, propane, water: ever increasing utility rates
- Quality standards
- Lack of leadership (environment around them has evolved, but they are still doing business as a small, local grower)
- Lacking young entrepreneurs and ideas, generational continuity is slipping
- Success of Branding is difficult to measure
- Minimal investment in technology, equipment automation and energy saving systems

Opportunities

- Modernization of facility/technical development is strong with automation opportunities
- Expansion of facility
- Increase marketing/awareness
- Join forces, share ideas and resources
- Better qualified/trained staff (few with higher education degrees which prohibit new breed development, techniques, trend watching, etc.)
- Establish and adhere to rigid industry quality standards
- Capitalize on evolving market

- Sectioning or selling off capital assets (prime real estate)
- Big Boxes only offer limited selection that is smaller and of lesser quality, less service expertise

Threats

- Cost of utilities
- Cost of materials
- Limited reach due to product shipping limitations
- Weather
- Environmental factors (disease, pests, etc.)
- Local competition (price wars)
- Regional competition moving in
- Global competition moving in
- Consumer uneducated to the economic ramifications
- Limited staff education
- Broad product offering versus niche
- Political implications with grant specifications
- Big Boxes are dictating costs and quality
- Internet - e-commerce

3.3 SWOT Analysis - April, 2010

Strengths

- Human Assets
 - Employees/People
 - Family Business
 - Generational Transfer
 - Youth
 - MVG
 - Collaboration/Networking
 - Federal/State Government Ties
- Production Assets
 - Production Capacity
 - Product Variety
 - Low Debt
 - Intellectual Property
- Location Assets
 - Transportation
 - Ag-based Support Industries
 - Seeds/Supply Availability
 - Customer Base
 - Population Turnover
- Environmental Assets
 - Abundance of Natural Gas
 - Abundance of Water

- Sunlight to Cloud Ratio
- Environmental Awareness

Weaknesses

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

Opportunities

- Markets
 - Year Round Production and Sales
 - Niche Markets
 - Local Food Production
 - Strategic Specialization
 - Export Markets
- Markets
 - New Varieties/Genetics
 - Consumer Education
 - Value Perception (consumers)
 - Green Movement
- Technology
 - Internet, On-line Sales
 - Inventory Management Software
 - Point-of-sale Software
 - Alternative Energy
- Cooperation
 - Consolidation
 - Co-operation (associations/inter-regional)
 - Networking (business to business)
- Economic/Environmental

- Economic Fluctuations
- Global Warming
- Support
 - Local Support
 - Government Grants

Threats

- Consumer
 - Population Limitations (250 mile radius)
 - Cultural Preferences
 - Uneducated Consumers
- Industry Trends
 - Automation
 - Consolidation
- Economic
 - Competition (Canada, South America cut flowers, box stores, government subsidies)
 - Government Regulation
 - Energy Market Volatility
- Environmental
 - Weather Fluctuations
 - Pest Control

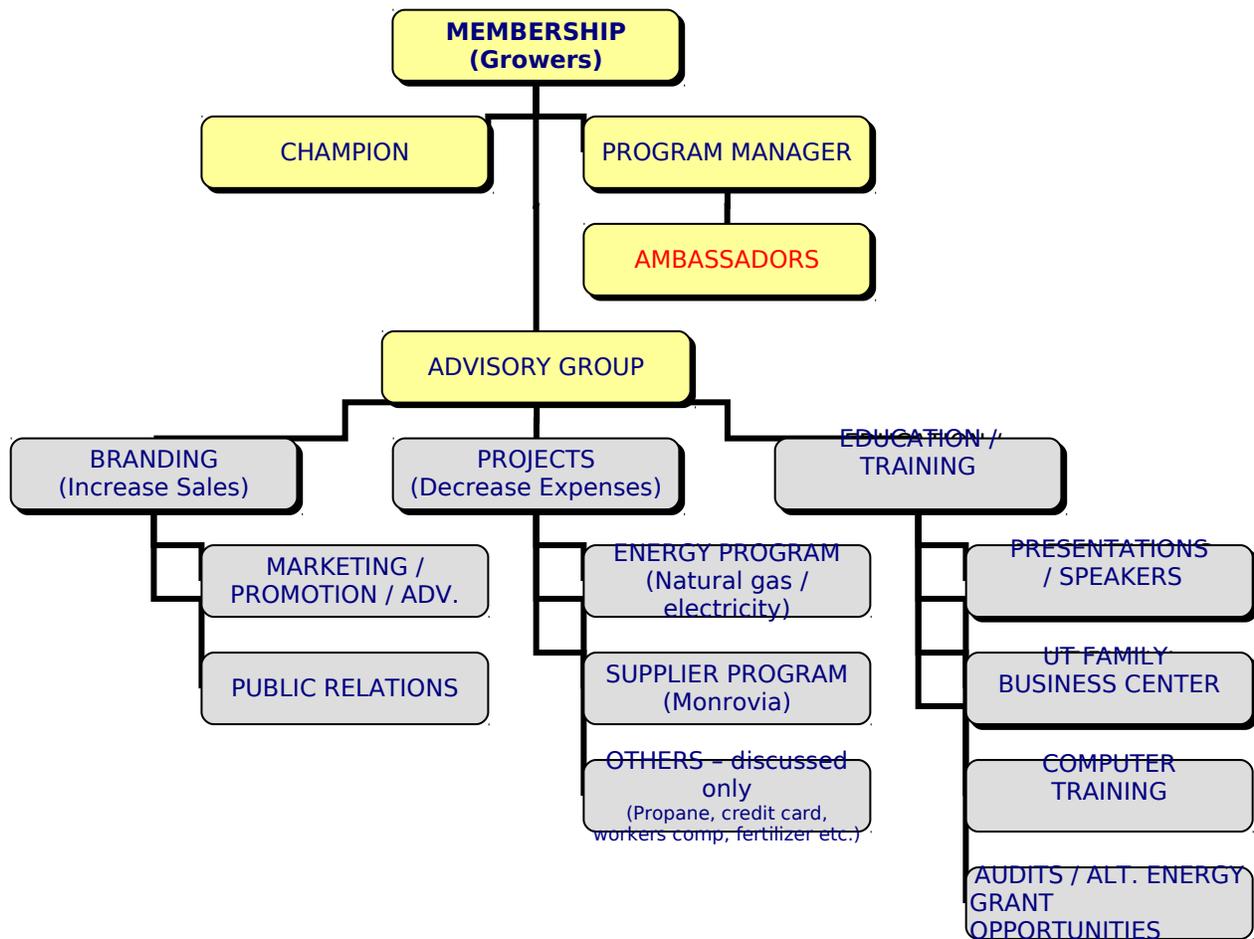
3.4 Plan of Action

In Year 3, 2006 the journey of transitioning the Maumee Valley Growers Association to a viable, credible and sustaining organization began. Identified below is a list of *general* activity recommendations.

- Using a survey or questionere to identify the grower's greatest expenses.
- Prioritize and schedule a series of business presentations educating and examining those costly challenges.
- Suggest solutions or develop strategies to reduce those operational expenditures.
- Promote a regional rollout of activities leading to results with more meaningful accomplishments.
- Assemble a series of successes as building blocks to methodically transition the organization from a 100% grant subsidy to a model

- reflecting more membership or business sponsored fee structure.
- Celebrate accomplishments and promote member benefits.
- As sustainability becomes viable, promoting the model in other regions and perhaps statewide.

4.0 Organizational Structure



The Maumee Valley Growers Association (MVGA) program is structured as a bottom-up organization led by the northwest Ohio growers in collaboration with the University of Toledo's Urban Affairs Center and Bowling Green State University's Center for Regional Development. Initially funded through the universities, the MVGA's have identified a sense of urgency to acquire financial independence ASAP. Leadership needs to move as soon as possible from the initial politicians, through the Cluster Facilitator, to the private sector. Clustering should not be positioned as a 'government initiative'.

The bottom-up approach also serves to more clearly define the activity within the cluster.

Clustering is a team activity, not a solo effort. It is vulnerable if dominated by an elite few. A clustering process is not a closed shop - attracting new people into the process is important in developing a collaborative approach. It can also deepen the pool from which new leaders, with energy, vision, local contacts, and the ability to pull in additional resources, can emerge.

The organization is designed to accommodate a committee or group structure. Working the groups from the "bottom-up" will encourage the greatest participation from its members at large. A small Advisory Group was formed to provide oversight and expertise specific to the MVGA's mission and operations. This type of approach is common to many well-managed organizations. (For more details, refer to the Staffing and Organizational Structure section in the Executive Summary located in the beginning of the plan.)

A key role in stimulating the development of clusters is the availability of a neutral cluster facilitator.

It is also important to ensure that cluster workshops do not have an over representation of academics coming to study rather than contribute.

Listed below are the positions and committee designations contained within the MVGA organization:

Program Manager: (Full-Time position)

- The northwest Ohio greenhouse cluster program will be managed by Joe Perlaky from the University of Toledo.

Champion: (Part-Time Position)

- Also a part of the management team is Beth Fausey Scheckelhoff who brings years of horticultural experience to the organization.

Webmaster: (Meet as needed)

- Originally designed by Thread Inc., Gregg Rice (outside contractor) is now responsible for site maintenance and upkeep.

Advisory Group: (Meet the 1st Thursday of the Month)

- This committee is designed to provide strategic oversight to the program, as well as business and industry specific expertise to the MVGA and its client companies. There are approximately a dozen individuals on the Advisory Group.

Natural Gas Group: (Teleconference 1st. Friday of the Month)

- The purpose of this committee is to discuss and make purchase decisions on behalf of those growers participating in the MVGA natural gas pool.
- Current members consist of 18 members from the grower group or the Palmer management team.
- Topics of discussion are future triggers for our natural gas hedging decisions, current prices, storage facts, weather influences, supply/demand, fear & oil, summary and recommendations

General Membership: (Meet the 2nd Thursday of the Month)

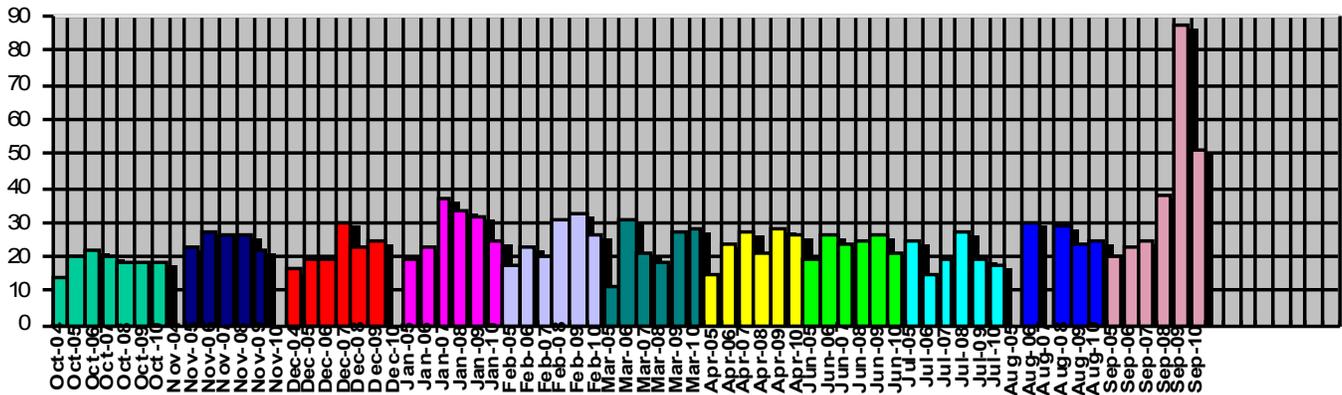
Business Plan - Maumee Valley Growers Association

- Academic/Administrators
- Agricultural Farmers
- Florists
- Greenhouse Growers
- Nursery/Landscapers
- Other

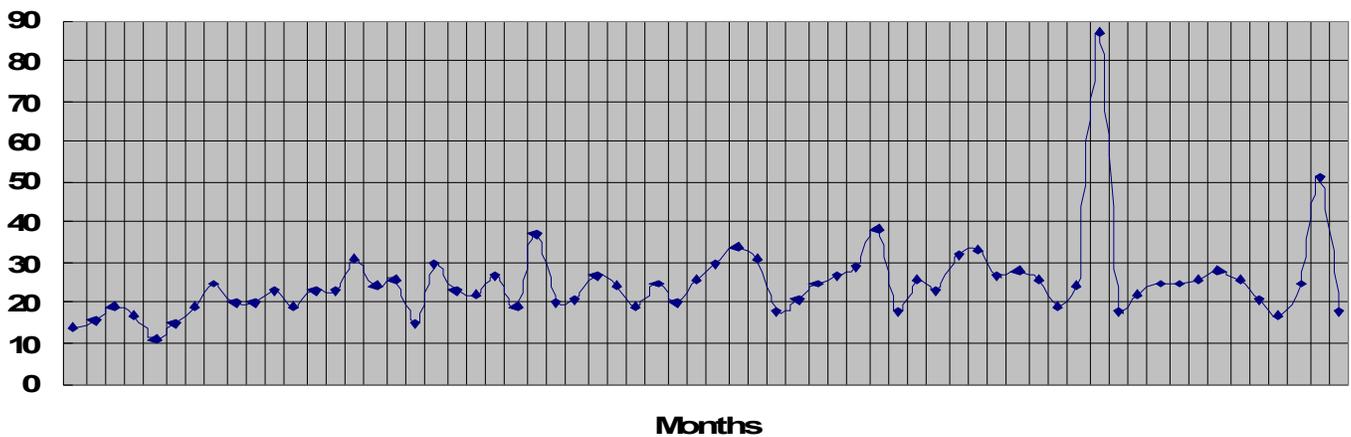
Meeting Attendance:

- 2004 - 15.0
- 2005 - 17.3
- 2006 - 23.9
- 2007 - 24.1
- 2008 - 26.4
- 2009 - 25.6 (Annual Meeting 82)
- 2010 - 23.3 (Annual Meeting 51)

Monthly Meeting Attendance Monthly Comparison



Monthly Meeting Attendance Trends



Ambassador Group: (Meet as needed)

- Gene Klotz
- Sandy Knitz
- Theresa Hoen
- Don Bench
- Andy Keil

A clustering initiative needs to be action orientated, holding the commitment of stakeholders through generating early benefits. Aim initially for small modest benefits, (the low hanging fruit) focusing on aspects that offer early, low-risk results, without substantial effort.

Within each cluster, there needs to be a portfolio of initiatives underway early, generating benefits for a large number of cluster stakeholders... Larger, longer-term projects are better introduced after the cluster group has achieved some positive results.

4.1 Legal Structure

The organization established its not-for-profit 501(c) 6 tax status in 2007. Directors and Officers (D&O) insurance was also purchased to protect charter members from unforeseen legal liabilities at that time.

Lyman F. Spitzer from Shumaker, Loop & Kendrick, LLP was hired to final the registration of both the logo **service mark** and **trademark**. He prepared a simple license agreement which allows the MVGA growers to use the logo. UT's Urban Affairs Center is the owner of the logo but can easily transfer it to the MVGA organization if or when necessary.

Operating with 501(c) 6 tax status will enable the MVGA organization to access additional avenues for support such as business contributions, government and foundation grants.

4.2 Advisory Board Role

The Advisory Board shall help guide policy development for the MVGA. Experience and industry best practices demonstrate the important role that an Advisory Board can play in establishing the strategic direction for the organization and its course of action¹⁰.

¹⁰ Clean & Alternative Energy Center - Business Cluster Development (BCD) Carol Kraus Lauffer and Jim Robbins, Dec, 2005

The MVGA should draw its members from the private and public sectors, universities and colleges, and leading technology corporations in Northwest Ohio, as well as significant sponsors. Its role is to provide advice to the Champion and Program Director. Reviewing the financial status of the organization, advising on ways to help member companies succeed, and provide advice and assistance with fundraising efforts.

4.3 Relationship of the MVGA to the Science and Technology Corridor Project

The Toledo Science and Technology Corridor is an initiative of the University of Toledo and its partners to enhance Toledo's innovation-based economy through investments that promote linkages and collaboration among the region's academic institutions, businesses, and government entities. In addition to The University of Toledo, collaborators on the corridor include Promedica Health Systems, the City of Toledo, the Toledo-Lucas County Port Authority, WGTE, The Toledo Zoo, and Toledo Public Schools. In addition, Bowling Green State University and Owens Community College have expressed interest in participating in the Corridor.¹¹

Proposed Clusters for NW Ohio

Cross-cutting Clusters

- Information Technology
- Advanced Engineering
- Transportation Logistics
- Alternative Energies

Industrial Clusters

- Automotive
- Plastics
- Glass
- Specialized Agriculture

The northwest Ohio greenhouse cluster initiative is one of 8 clusters identified in the region. They are divided into two separate classifications of four clusters each.

Specifically, the northwest Ohio cluster or MVGA organization is positioned in the industrial cluster category. There are four additional clusters named in the cross-cutting clusters category. All clusters are considered important contributors to the Tech Corridor initiative.

5.0 Services and Program Implementation

The MVGA organization is essentially a start-up enterprise like many small businesses. A great deal of assistance is needed from everyone

¹¹ Toledo Science and Technology Corridor Alternative Energy Incubation Center (Frank Calzonetti, University of Toledo, June, 2005)

involved to make it a success. Services and programs are provided to foster increased awareness, expanded knowledge base and facilitate valuable networking opportunities to our NW Ohio floriculture industry. Addressing cost saving measures are of particular interest.

Expense and staff time can be saved by “not reinventing the wheel”. Even more important, leveraging existing programs and services for entrepreneurs affords a great opportunity to reach out to organizations that serve entrepreneurs, and to partner and collaborate on other programs.¹²

As a result of our monthly presentations and following the recommendations of our grower Advisory Group, several new programs were established. These efforts have lead to significant savings for those participating growers. Many of the programs are on-going and will continue to reflect impressive results.

5.1 Services

- Board of Directors meet monthly to prioritize the organization and its committee’s needs and assignments.
- Also meet monthly with entire membership offering guest speakers, education and business opportunities to members.
- Regular monthly meeting participation remained about the same with average attendees of 24.
- Continue to build off of our merchandising program promoting the use of banners, calendars, internal signage, labels etc.
- The MVGA website is updated regularly with a customer friendly focus. Collaborating with Palmer Energy, we added an energy link to provide both “live” gas pricing information for our members including historical program data.
- Strengthen and create membership value. Providing expert speakers who present topics of information applicable to achieving improved sales and reducing expenses. Encourage and promote industry related events, education and social networking opportunities that include representatives from the public, private and academic sectors.



¹² Clean & Alternative Energy Center - Business Cluster Development (BCD) Carol Kraus Lauffer and Jim Robbins, Dec, 2005

- Working closely with Rep. Kaptur's office to change the language in the REAP grant to allow for urban greenhouse growers to qualify for the popular USDA program. We anticipate modification in 2011.
- Collaborated with CIFT, USDA-ARS and various private sector companies by performing energy audits for those businesses interested in improving energy efficiencies within their facility.
- Established a new co-op program with Monrovia focusing on grower supply purchases. Instead of a customary 5% discount with a minimum order requirement, we negotiated a 20% discount with no minimum order plus 5% of that returned back to the MVGAA organization to reinvest into the program.
- Collaborate with OSU Extension's ABE Center and TAFVGA by providing a variety of education programs.
- No fees required for membership participation or the Energy program.
- Celebrated our 6th year anniversary at the MetroParks Wildwood facility in September of 2010 during our Annual Meeting.
- Provided flowers to the Lucas County Courthouse grounds for the second year in a row.
- Assisted in organizing a Cleveland Flower and Vegetable Grower Association tour of NW Ohio's greenhouses.
- Opportunities of direct energy cost savings for growers have expanded beyond NW Ohio. This year, the program has nearly 100 statewide participants in the gas program generating about \$25,000 to the association.
- Visited Belgium to determine if European best practices can be adapted to our NW Ohio community including renewable energy applications.



initiated to other communities. Have presented at the Cleveland,

- Organized two wholesale grower meetings to determine potential new markets and investment opportunities. Conducted a SWOT analysis.
- Completed MVGAA's 2010-11 membership catalog and calendar.
- Updated our 2-year old bylaws. Scheduled to review our Strategic Plan.
- "Grew" the Native Plant program from 4 to 12 retail participants and provided collateral materials.
- Continue to promote the NW Ohio Cluster

Columbus and Cincinnati Flower and Vegetable Growers Associations.

5.2 Programs

Energy - Pooled Natural Gas Purchases

This program has become the cornerstone of which the Maumee Valley Growers Association will in part base their sustainability during the post grant period.

For most growers, the single greatest energy expense is natural gas. The two largest local distribution companies in northwest Ohio are Columbia Gas and Ohio Gas with the majority of growers relying on it as their primary heat source.

However, opportunities of direct energy cost savings for growers have expanded beyond NW Ohio. This year, the program has nearly 100 statewide participants in the gas program generating about \$25,000 in revenue to the association.

Beginning in November of 2010, a collaborative recruiting effort headed by Palmer Energy in conjunction with UT's Urban Affairs will hopefully increase statewide membership participation. The effort will also expand the program's outreach to growers in both SE and SW Michigan.

To provide continued optimum service and retain the current customer base, all existing members will be called and surveyed by phone by Palmer Energy direct. In addition, another 100 growers from both Ohio and Michigan will be visited by a Palmer representative to survey and potentially grow the program further. The survey is being designed by UT's Urban Affairs Center and will be analyzed upon completion in the spring of 2011 with recommendations of next steps.

Other opportunities are possible in the states such as New York and Indiana. A great deal of time and effort has been invested into the development of this program during the last 4 years and now can demonstrate measurable success.

For the second year in a row, it is estimated the growers collectively saved approximately \$450,000 in natural gas costs. What is interesting is this savings involved 25% more participating growers at a time when natural gas costs were about half. We can only conclude they are using less gas than in the past. Perhaps their facilities and/or systems in place are more efficient? Did our energy audits create a greater sense of awareness?

Our original goal was to have up to 200 growers participating in the gas program collectively saving them ~ \$2M in usage costs while generating approximately \$100k to the Maumee Valley Grower Association. This expectation may have been a bit aggressive. Now with more information known and entering the 5th year of our program, it might be more realistic to suggest a 150 grower participation level saving \$1M collectively while generating \$40k to the organization. Still, not bad.

Energy - Pooled Electric Purchases

Now in our second year, duplicating the success of the gas program has not happened. Pooling electric purchasing on behalf of the growers has been slow to develop. You would think a guaranteed 5% savings in electricity over a two-year period would be an easy decision for a business owner to make, however, this has not been the case.

Part of the reason is it was introduced in May of 2009 which is the busiest month of the year for the growers. However, that was 1.5 years ago and we've already gone through another winter heating cycle.

Another reason is the program is limited to the First Energy territory which is only the northern most one-third of the state of Ohio. Regardless, having only a dozen participants is puzzling... especially for a guaranteed savings.

Surveying the members as described in the "gas" section above will help determine and hopefully rectify this anomaly.

Energy - Energy Audits, Grant Applications

In November and December of 2008, thirty four (34) greenhouses participated in “mini” energy audits. This was a collaborative effort by CIFT and MVGA. Of those, about a third improved facility efficiencies simply using “off the shelf” technologies or investing in minor capital improvements. The remaining two-thirds were interested in renewable energy solutions. Half of those qualified for both Federal REAP and state energy grants because their businesses were located in a rural designated location. Unfortunately, the other half dozen were disqualified because of their urban designation.

Of those who qualified, three applied for the combination federal REAP and state of Ohio Energy grant. Two subsequently were awarded wind turbine installations.

Now nearly 2 years later, the growers are still able to take advantage of that audit effort. Fortunately, there is a rule change MVGA members didn't have available to them before. Those growers with an urban designation can now qualify for a special exemption request. This exemption opportunity was made possible thorough efforts by Representative Marcy Kaptur. A resurgence of interest and application filings is already noticeable. We anticipate another 5-6 applications to be submitted as a result of this status exemption.

In addition to those grant opportunities mention above, grant funds are available through the National Institute of Food and Agriculture (NIFA) and the University of Toledo. It is intended to enhance the economic competitiveness of the northwest Ohio floriculture and specialized agriculture industry. The growers must partner with other growers to qualify and also identify a research activity at their greenhouse facility.

Some suggested areas of study involve efficiencies and costs such as:

- LED and strobe lighting
- DC to DC lighting as provided by either solar or wind power generation.
- Solar and/or geothermal heating
- Supplemental CO2
- Comparing soil with several hydroponic mixes
- Marketing niche's

Supplier Program - Monrovia

In 2009, the association established a new pooling purchasing program with Monrovia focusing on grower supply purchases. Instead of a customary 5% discount with a minimum order requirement, a 20% discount was negotiated with no minimum order. The agreement stipulated a return of 5% back to MVGA for reinvested back into their association.

Insurance - Workers Compensation Group Program

Workers' compensation costs continue to escalate and challenge small businesses. Laws, regulations and procedures governing this expensive, yet necessary insurance program will continue to change and grow in complexity.

Earlier in the year, several of the growers requested the MVGA consider the idea of pooling the organization's purchasing power by joining other association or industry groups. Information listing all Workers Compensation Groups registered in Ohio was provided. This was of particular value as several growers' companies are currently not enrolled in a group rating program.

Using the energy program as a model, this again would be a voluntary program and a new offering for the growers as members of the MVGA organization. Goals of the MVGA Workers Compensation Pool:

- Assist growers in the application process
- Leverage, spread out overall risk
- Reduce costs through participation in the pool.

Acceptance into the workers compensation pool is evaluated on a case by case basis with no guarantees for approval. However, the collaborative agency (TBD) will be invaluable throughout each step of the process. They will assist in the following:

- Educate each grower as to rules, regulations and procedures
- Program and price discussions
- Application and submittal assistance

- Recommendation of options if declined
- Long-term pooling and aggregation support

As in the past, an endorsement letter signed by the president of the organization informing all growers of this opportunity.

Although most growers are enrolled in existing groups; it doesn't prevent them from being considered in other pools. The largest savings of course will be for growers currently not enrolled in any program.

This program is in discussion stages and has not been implemented as of this writing.

MVGA Strategic Plan

The first MVGA Strategic Plan was completed in 2007 and updated periodically. A detailed list of annual activities and accomplishments are identified and is included in the plan.

The Plan includes standard protocols such as an executive summary, mission and vision statement, goals and objectives, marketing recommendations, financial information and exit strategy.

Some of the programs listed are straight forward and easy to measure in economic terms. Others are a little more subjective. The intentions are to establish a reasonable benchmark to determine which activities best translate into program successes and organization sustainability.

It is understood some of the programs create value which cannot be measured in dollars. Those activities shouldn't be dismissed as they may still add intrinsic value to the overall initiative. Regardless, MVGA will continue to make good faith efforts in areas of grower interest.

6.0 Marketing, Public Relations

A successful marketing and public relations plan promotes visibility for the program and attracts customers to the retail greenhouse facilities in

the area. It creates awareness about the mission of the MVGA and adds value to those members participating in the organization.

6.1 Marketing and Public Relations Plan

A detailed marketing strategy is one of the two top priorities the MVGA's have identified of critical importance to stimulate sales revenue among the growers in northwest Ohio. Although the plan is comprehensive in nature, the issue of Branding has special emphasis.

The marketing plan identifies three overall focused areas. They are packaging, people and outreach. Branding efforts will play a role in all those categories.

Promotion however, targets specific aspects of the marketing plan. For example, there are both internal and external audiences. Internally, it's important for non-active growers to understand how the MVGA organization is unique and not just a duplication of other industry programs or related associations. An effective mechanism to inform and educate them about these benefits must be identified and reiterated many times over many months. One proven tactic is providing quality referrals from participating members. Word of mouth ranks the highest and is usually considered the most credible of all promotional activities. Examples of the external audience are numerous and are addressed below but typically involve the buying public...its customers.

Another aspect of marketing is public relations. These activities inform the community of the MVGA organization and its activities. It can provide credible evidence that the group is effective in providing leadership in northwest Ohio's greenhouse industry. It certainly doesn't hurt the fact that effective public relations efforts maximize the grower's visibility on a cost-effective basis.

6.2 Marketing, Other¹³

Newspaper Coverage

- Stories of interest about local greenhouse companies
- Success stories such as funding, major sales contracts or other noteworthy events
- Visits by high-level state, federal, foreign and private individuals
- Stories in the business sections of papers covering the cluster, research, technology commercialization and job creation

Catalog

A multi-purpose catalog was developed in 2009-10 describing MVGA services and programs. It provides introductory information for growers as well as other interested individuals and organizations. The catalog shows the MVGA logo, contact information and list its Mission and Vision statements, Goals and Objectives, Accomplishments, Network Opportunities and all Current Members. It has been distributed to other networking groups and places where growers and potential members likely gather.

Networking

Several events have been planned to inform and educate the growers, governmental, and university communities about the opportunities offered by the MVGA.

Mailing Lists

Contact information has been created and used to assist in all communication efforts. It is constantly revised and kept up to date.

Conferences and Events

MVGA staff continues to monitor and attend horticultural seminars and conferences statewide to publicize the organization, in addition to producing its own events for that same purpose. Often, trade shows provide free exhibit passes where staff can disseminate literature about their group.

The staff identifies conferences that are aligned with the MVGA's focus. Approaching conference hosts suggesting speaking topics has been an additional visibility strategy.

¹³ Much of this information is adapted from Clean & Alternative Energy Center - Business Cluster Development (BCD) Carol Kraus Lauffer and Jim Robbins, Dec, 2005

MVGA has set-up an exhibit booth at shows where such an expense is warranted (or where exhibits are free).

Business and Community Organizations

MVGA continues to develop relationships with other business and technology organizations in the northwest Ohio region. The benefits of these relationships include opportunities to speak at functions, promote the MVGA in community group newsletters, obtain mailing lists at no cost, and other benefits. In addition, such groups often display marketing collateral from the MVGA at their locations. The MVGA explores co-marketing and joint activities with these local organizations.

Newsletters and Trade Journals

Articles published by newsletters and trade journals add credibility to the MVGA initiative. They are read by growers within the trade and also businesses demonstrating cross-cutting similarities and interests.

Website

MVGA continues to maintain its website as an effective tool of communication and information sharing. The focus of the sight is primarily potential customers. However, the growers themselves both retail and wholesale find the information it contains very valuable. The website is promoted both internally and externally. It is easy to navigate and contains other links of importance for both growers and their customers.

6.3 Preliminary Brand Marketing & Public Relations Tactics¹⁴

Items listed below are intended either as educational awareness issues or as revenue increasing activities.

Packaging (products)

- Merchandising - Incorporating the logo and message on tags, pots, trucks, signage, shirts, caps, buttons, bumper stickers, calendar, website, incentive items, etc.
- Consider a regional plastics cluster manufacturer to create the common pot/label for all growers to utilize (will serve as a measuring guide for success/how many pots purchased and sold).

People

¹⁴ Thread Inc. - June, 2005 (modified)

- Position Growers, Greenhouse Champion as leaders/experts/innovators through speaker's bureaus, articles, appearances, feature spots on TV/radio, seminars, etc.
- Volunteers

Outreach (services)

- Public Outreach: Education
 - Schools & School Age Children
 - Seedlings Program (sending plants home from school, plantings at school, greenhouse tours & projects)
 - Regional art competition
 - *Virtual Grower* (CD)

- Public Outreach: Education
 - Higher Education
 - Establish curriculum in universities
 - University sponsored seminars (BGSU, UT state of the region)
 - Vocational Programs - Owens C.C. scholarship program

 - Ongoing Adult Education
 - Greenhouse job skills training
 - Gardening classes (novice to master levels - certification)
 - Master Growers

- Public Outreach: Civic and Charitable Projects (growers 20% excess/lost inventory)
 - Corporations (CDC)
 - Community Development
 - Habitat for Humanity
 - YMCA
 - Shelters
 - Service clubs
 - Junior League
 - Scouts
 - TMA
 - TBG
 - Erie St. Market
 - Area Farmer Markets
 - Toledo Grows
 - Church groups

- Festival and Fair participation
- Lake Erie Tour
- City/County - plantings
- Greek Hill
- Courthouse
- Branded flower each season
- Airport
- Metro Parks
- Streetscape blvd. plantings
- Gateway points
- Reynolds Rd improvements
- Misc. Mayoral/Commissioner
- events
- Chamber of Commerce's
- Public Outreach: Senior
 - Plant
 - Mentoring
 - Senior Centers
 - Little Sisters of the
 - Poor events
- Programs
 - Coupons/Discounts
 - Programs w/kids
 -
 -
- B2B Outreach: Retail Partnerships
 - The Andersons
 - Other Big Box events, activities, classes
 - Local retailer events, activities, classes
 - Business beautification programs
 - Manufacturers, Seed, supply companies, etc.
- B2B Outreach (Direct & Indirect Suppliers)
 - Electronic Newsletter
 - Targeted Marketing pieces
 - Tradeshows & conferences in related industries
 - Mortgage Programs
- Membership Outreach
 - Monthly meetings
 - Off season meetings/knowledge sharing
 - Newsletter
 - Online data resource

- Results tracking & sharing handouts/emails
- T-shirts, signage, magnets, labels, banners, decals

- Public Relations Outreach
 - Press releases
 - Representative Kaptur press releases
 - Cluster Information, handouts
 - Tax incentive programs
 - Special event promotions (Susan B. Komen, others)
 - Supporting communication vehicles (University publications, etc.)

- Advertising Outreach
 - Print Ads
 - Trade Journals
 - Newspapers
 - Billboards
 - Direct Mail
 - Brochures
 - UT, BGSU, Owens C.C., others
 - Television
 - Sponsor garden show
 - Partner with local television stations to promote win a Porch Makeover
 - BGSU - PBS (4-15 second spots)
 - The Editors
 - Radio Ads
 - Sponsor radio remote
 - WSPD
 - Web Site
 - POP Displays
 - Trade Event Displays
 - Incentive items

- Co-Op Advertising Programs
 - Toledo Zoo - animal friendly plant exhibit
 - Butterfly House - butterfly attracting plant exhibit
 - COSI - plant/science exhibit
 - Toledo Museum of Art - famous floral paintings exhibit
 - Mud Hens
 - Hospitals
 - Patio/Home Improvement Firms

- Television Stations - news set decorating and partner for viewers to win a porch or backyard makeover, holiday poinsettia program
- Cedar Point
- Jeep Gift: Silk Toledo Flower (purple wave petunia) - Silk with cd explaining its legend

7.0 Client Application and Selection Process

The MVGA organization will seek to attract a diverse range of individuals and businesses interested in the northwest Ohio greenhouse industry. Membership to the Maumee Valley Growers Association (MVGA) is open to all growers currently at no charge. It is also open to all interested parties in the public, private and academic sectors.

8.0 Staffing Plan and Structure

Because the initiative is grant funded, it is critical that the management team have hands-on experience in academic policy, small business management and knowledge in horticulture ...specifically the greenhouse industry. Much of the initial job duties are to organize and promote the organization to a level of self-sustainability. Upon reaching that goal, roles and responsibilities will change significantly. The following positions are paid positions currently supported by the grant.

▪ Program Manager	40 hours per week
▪ Champion	16 hours per week
▪ Intern	25 hours per week
▪ Academic Advisor	10 hours per week
▪ Webmaster	10 hours per week
▪ Grant Manager	10 hours per week
▪ <u>Consultant, Energy</u>	<u>Fixed Fee</u> 111 hours per week

Staff capabilities and experience levels vary.

- Small business
- Program management
- Administrative
- Marketing
- Horticulture

- Academic policy
- Finance
- Computer programming
- Energy purchasing

Should the initiative progress to the point of sustainability, like most small businesses, the management team will be trimmed significantly. Instead of the 111 hours of time currently dedicated to the effort, available funding sources is likely (best guess) to reduce that figure to 20-40 hours per week.

8.1 Job Descriptions

Program Manager: (Full-Time position)

The northwest Ohio greenhouse cluster program will be managed by Joe Perlaky from the University of Toledo.

- Liaison between the cluster champion, the Maumee Valley Growers Association Advisory Board, university researchers, and consultants
- Liaison between the northwest Ohio greenhouse cluster and other clusters in the region, particularly the alternative energy and transportation clusters
- Liaison between the greenhouse cluster and city, county, and regional economic development agencies in northwest Ohio
- Work with local media to attain maximum exposure for Maumee Valley Growers Association
- Assist in the writing of reports and publications in support of and resulting from the northwest Ohio greenhouse cluster initiative

Champion: (Part-Time Position, 2-days)

Also a part of the management team is Beth Fausey Scheckelhoff who brings years of horticultural experience to the organization.

- Identify challenges facing growers and opportunities for collaboration
- Organize activities to provide useful information and develop trust within members of Greenhouse Cluster
- Liaison between greenhouse industry and non-industry actors (e.g. university researchers)

- Assist members of Greenhouse Cluster in developing and maintaining high levels of administrative leadership, technical skills, communication, cooperation and program development
- Communicate public policy and decision information to those in the Greenhouse Cluster
- Assist and advise the Greenhouse Advisory Committee regarding all business functions relating to the Cluster
- Support and promote the greenhouse industry and related cluster committees
- Serve a role in conflict management issues appropriate to industry members of Greenhouse Cluster
- Attend Greenhouse Advisory Committee meetings
- Prepare quarterly reports and a final report 30 days after grant cycle termination.

Graduate Assistant (Part-Time Position, 25 hours)

To assist the Urban Affairs Center (UAC) in activities related to its Maumee Valley Growers (MVG) project.

- Assist with day-to-day running of the project.
- Organizing project related events
- Communicating project relevant information to growers and other stakeholders
- Identifying and assessing the feasibility of potential collaborative projects
- Implementing collaborative projects among growers
- Collection and analysis of data related to the project
- Generation of project related reports
- Attend Maumee Valley Growers Association Board meetings.
- Attend MVG Stakeholder meetings
- Attend MVG Management Team meetings

Webmaster: (Meet as needed, 10 hours)

- Originally designed by Thread, independent contractor Gregg Rice is now responsible for site maintenance and upkeep.

Grant Accounting: (Meet as needed, 10 hours)

- Shari Grayczyk holds this position and manages all financial issues pertaining to the grant.

8.2 Staff Selection and Training

Key qualifications are hands-on experience working in a small business environment with strong interpersonal skills. Ideally, the candidate would have a strong knowledge of the greenhouse industry and a network of business contacts within the northwest Ohio region. This background would allow the candidate to promote strategies and direct projects leading to self sustenance.

Hiring an experienced professional for this position would be critical to the success of the MVGA. Not only is the right mix of skill and experience important to ensure that client companies receive value, but also is necessary to build credibility for the cluster initiative. Offering a salary suitable for someone with the right skills and experience is essential, as well.

9.0 Financial Plan

9.1 Current Budget

The 2010-11 budget is attached. It remains 100% grant funded. Most line items are established with minimal variance; however, attention should be given to the marketing /promo allocations. Although the total budgetary amount is relatively fixed, there is some flexibility available in its sub categories. Discussions regarding the best use of these expenditures are on-going.

9.2 Funding and Sustainability Budget Model

Due to the inevitable grant termination which remains unknown, significant changes will have to be addressed as the MVGA organization transitions to a self-sustainable entity. The grant year cycle is from October - September of each year.

9.3 Key Stakeholders and Funding

Stakeholders are defined as organizations that would share some of the MVGA's key goals of promoting the greenhouse industry and its growth. Key stakeholders could be expected to have enough interest in the project to commit their time and funding to the MVGA efforts, provided

that the mutual benefit is clearly defined and developed. Commitments from these stakeholders and others will need to supply the funding necessary to transition the MVGA into financial independence.

At first glance, there is the issue of value creation and critical mass.

- Will the MVGA organization be able to create membership value substantive enough to support its operation? If so, at what level?
- Is there enough critical mass or number of growers even interested in investing dollars toward this effort? Consider the math. Currently there are approximately 35 of the 70 or so growers actively involved in the organization. If you take 35 x \$1,000 you get an amount this is less than 10% of the current funding level. Yes, cuts can be made. However, the likelihood of getting 35 members to commit \$1,000 is also unlikely. Even if the membership is tiered, it does present a challenging scenario.

There is still time... although the sense of urgency is more apparent as discussions toward this topic are increasing.

Interesting Comments from Michael Porter...

A clustering initiative needs broad community involvement, and the media is a key means of securing this. One person amongst the cluster's Leadership Group should have responsibility for maintaining media contact. As part of a pro-active media campaign, a newsletter primarily aimed at cluster members can usefully be distributed to both the local and national media.

At times a clustering initiative simply fails to fire. Maybe the benefits are too marginal to maintain the interest of the senior stakeholders, or lack of trust is too much to overcome or, priorities need redefining. When movement forward is difficult, it may be better to either exit gracefully, leaving the door open for a future re-start, or to scale down the level of resources committed to the cluster. A total walk-away can severely damage even the embryonic trust that may have started to develop between cluster participants. Exiting from a clustering initiative is never easy; but may be the key to reinvigorating the group. Information on successful clustering initiatives elsewhere may be sufficient to pull the group back together later on.

Facilitate the establishment of local partnerships involving private actors, non-government organizations and different levels and sectors of the public administration to arrive at agreements on individual responsibilities

Let the private sector lead in cluster-development initiatives, with the public sector playing a catalytic role.

Establish realistic time frames: a commitment of 3-4 years is usually required for a significant business development program.

Some degree of financial support, in seed finance, feasibility work, start-up activities, and the costs of network brokerage, is to be expected. However, funding should be modest, and should decline as the participants start to engage more formally and obtain benefits.