

# NURSERY PAPERS

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## The Role of Collaboration in Building a Sustainable Nursery Industry

This Nursery Paper looks at the changing landscape of commercial business where relationships are the corner stone of success. It has been found that the impact of collaborative relationships on business can be twice as significant as a company's aggressiveness in pursuing new market opportunities and five times as significant as the external market environment (Microsoft News Centre, 2006). First delving into cross sector partnerships with community outcomes in mind, we will then digress to the benefits of businesses working with each other within the industry. This culminates in the form of Business to Consumer (B2C) collaboration, where the economic model of comparative advantage plays a key role in establishing a more sustainable industry.



# The Role of Collaboration in Building a Sustainable Nursery Industry

Let's begin with a look at the structure of businesses. It is understood that businesses often exhibit behaviors that emerge from the complex interactions of those individual employees. The result of this often means that the emerging entity, the business, is greater than the sum of its parts, the employees. Therefore, effective leadership and management, guiding happy, skilled, educated employees will result in greater financial returns. This concept can also be applied to multiple businesses at macro industry level. Therefore, it may be said that businesses that come together in the form of a partnership will be stronger, producing greater outcomes than when one is operating in its own individual context. Without taking this too literally, let me explain what this might look like, and the importance of collaboration and specialisation.

## Collaborative Community Partnerships

Increasingly, large publicly listed companies are engaging with communities through cross sector collaboration. Their purpose is to uphold their social and environmental responsibilities which are increasingly driven by internal (employees) and external (shareholder) pressures.

While the financial return to the bottom line may not be as transparent as other structured relationships, this is not to say that as a nursery business, it's not worth exploring. As the 'green industry', we are best placed to educate the consumer, particularly retailers, building a loyal customer base through fostering community involvement opportunities.

Partnerships as a form of community involvement have been studied by many in

the academic arena and it has been found that they deliver the following returns to a business:

1. Brand differentiation,
2. Enhanced community reputation,
3. Improved employee recruitment,
4. Employee morale and retention,
5. Enhanced government/community relationships,
6. Improved competitive context, and the
7. Ability to reach new customer segments.

When establishing community relationships, this is typically carried out in one of two ways, and at differing degrees of engagement:

Transactional – Relationship increases beyond a plain donation, and may involve a particular project that demonstrates community involvement. An example of this may be support via fundraising initiatives.

Integrative – Embedded relationships with motives from both parties being strategic alliance. Value alignment between missions of the non-profit and the business also exists in the activities that are undertaken. This may be an ongoing relationship spanning multiple years – e.g. royalties collected through PBR offered to a non-profit organisation.

## Improving Supply Chain Through Collaboration

An integrated collaborative venture with mutual benefit will only ever be such if the values of each business are aligned to one another. Specialisation can play an important role in this process. Businesses that are experts in their area are those that hold a level of credibility and subsequently have a reputation of producing a quality product that ultimately fetches a premium price. If two such specialised businesses were to collaborate together to leverage resources from one another (i.e. they offer non-competitive, but complementary products), you may see:

1. Streamlined stock ranges with a reduction in production costs - simpler systems, reduced pest and disease management.
2. Improved supply chain management resulting again in reduced costs for logistics, both inwards and outwards.
3. Improved operating systems and streamlined processes of production.
4. Greater product offering to the retailer, greater marketing power and reduced sales costs.

The notion that business collaboration is essential for industry sustainability is fed by the end user – the consumer, and their demands on the industry. The customer

wants products now and they want to be the only one of their friends to have them. Collaborative Product Development (CPD) is a phrase coined to describe the need for personalisation of products and constant innovation as these are evident as drivers of successful business. Innovation to this degree will ultimately be fed by cross sector communication, backwards through the supply chain from consumer to producer.

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In the last decade we have seen a process of attrition impact on smaller businesses with the less effective and proactive pushed out of the marketplace. This has led to fewer, but typically, larger players in the market place. This continuing process will be coupled with an increase in specialisation that will produce the following effects:

- Less direct competition with staple green life lines. Discounters can continue to fight aggressively for market share.
- An increase in dollar value will be placed upon new release lines.
- Greater likelihood of collaborative relationships forming, improving supply chain.
- Increased use of technologies, requiring a technically skilled workforce where an investment in education is highly prized.

Further to the last point, development of specialised IT infrastructure will take place in the future to suit the nuances in business operation stemming from our industry's seasonality. This will mean the days of manual stock management will disappear, and the implementation of an integrated stock control and point of sale system for retailers will become standard.

For example, we are probably closer than many realise to utilising technologies such as radio frequency identification tags (RF-ID). The commercialisation of such technologies will see reductions in price, potentially allowing them to be embedded into the composition of plant containers. These tags will contain information that enables it to be tracked throughout the supply chain, but also general product information which could be downloaded by the consumer too via wireless devices – typically your mobile phone. This has potential to revolutionize the business-business (B2B) and business-consumer (B2C) supply chain landscape.



'Blender' Show Garden - Melbourne International Flower & Garden Show 2011  
photo: Anthony Curnow (Nursery & Garden Industry Victoria)

## Concept of Comparative Advantage

This need for an increase in collaborative relationships based upon specialisation requires one other significant factor to succeed as previously mentioned – innovation. It takes just one mind to have an idea, but it takes a collaborative set of minds to exchange ideas that will have a lasting result. One concept which demonstrates this in real figures is that of comparative advantage, which refers to the ability of a businesses to produce a particular good or service at a lower cost than another, possibly its competitor. The following demonstrates this concept in the context of the nursery and garden industry:

Suppose there are two nurseries, Jim's Nursery is exceptionally good at producing Pansies, and good at producing Chillies. Dave's Nursery on the other hand is inefficient at producing Pansies, but almost as efficient as Jim's Nursery at producing Chillies. Jim doesn't really need Dave to continue to be productive, although if they

decided to collaborate, the following would occur.

If Jim focused on producing Pansies, this means that over time his level of production would increase as he becomes better at that given task. Similarly, if Dave's Nursery focused on what he was better at, Chillies, then he would also eventually become more efficient than what Jim originally was in producing the crop.

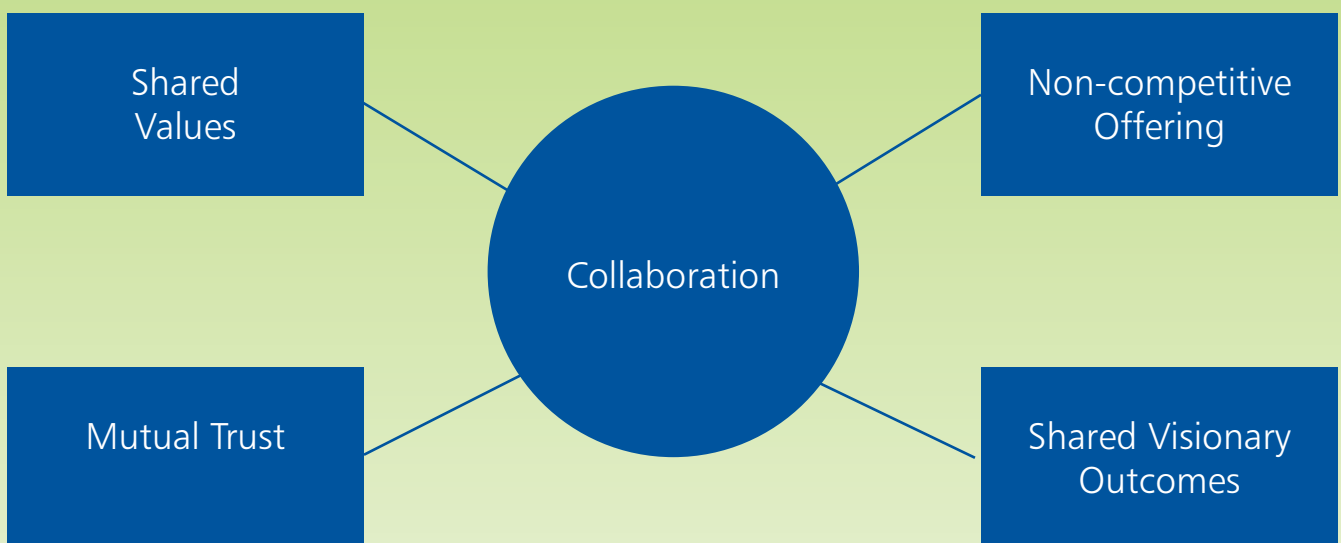
The more that they collaborate together, the more efficient they will become in their area of specialisation, reducing costs on both sides. There are obviously many assumptions to be made with this example; the most important of these is that both Dave and Jim are operating in a healthy trade environment.

The nursery and garden industry has immense opportunity for improved supply chain logistics, driving comparative advantage, specialisation and innovation.

The result of this over the coming years will be a self sustaining, organic system of interlinked relationships providing mutual benefit to all and consequent industry growth.

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### Influencing Factors of a Successful Collaborative Venture



## Case Study: Blender

At the 2011 Melbourne International Flower and Garden Show, collaboration abounded.

David Howard from Bay Road (Victorian garden center) decided that this year his business, in partnership with Warner's Nurseries and Semkin Landscaping, would go all out on a show garden.

Taking on the additional challenge of a corner site meant that Blender needed to cater for viewers from angles other than the typical front on vantage point. In fact a common remark among show patrons was that this was almost the only display where due attention was paid to the back of the garden. The snake motif and the installation of some beautiful shrubs meant that this was a full 360 degree experience. Of course the best view was still to be had standing in front of the garden with the dense foliage and artistic and structural features on display. David has pointed out that their focus from the start was on plants and art, not hard surfaces. "We were successful, and it was very well received by the public and the industry."

David further cautioned that "The scale of the entries was huge." and added, "We couldn't have done it without our partnership with Warner's and Semkin. The exercise was all about us promoting



'Blender' Show Garden - Melbourne International Flower & Garden Show 2011  
photo: Anthony Curnow (Nursery & Garden Industry Victoria)

what we're getting into more and more and from that point of view it was an outstanding success."

This is a primary example of collaboration across three core sectors of the nursery and garden industry. It solidifies their positions as being the best at what they

do, and strengthens the offering through the leveraging of the resources which each relationship brings to the circle. It is a testament to the successes of each of the three businesses involved, and has shaped a new model for independent garden centres.

## Concluding Questions to Ask Yourself

1. What are your businesses greatest strengths? How can you be the best at this one thing? What sacrifices do you need to make to maximise your businesses return?
2. Who do you know and which relationships could you be leveraging for mutual benefit?
3. What gaps are there in my learning to achieve the goals outlined in my business plan? Invest in yourself, get educated.

## Acknowledgments

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