

Shrink – Your Business Partner That is Eating All Your Profits

Will Healy
Ball Horticultural Company
whealy@ballhort.com

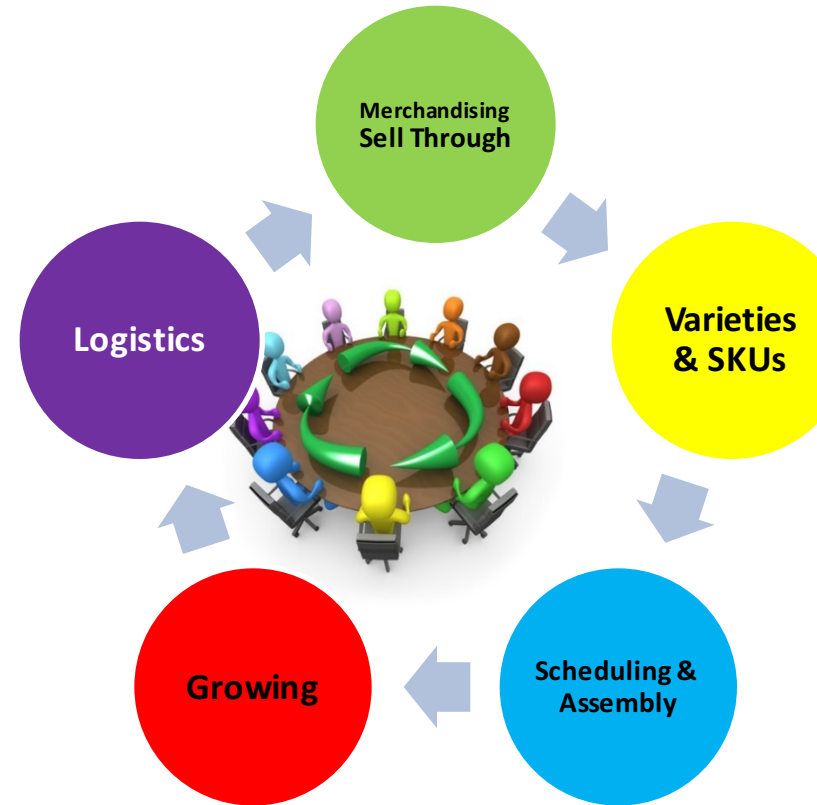


What Era are You In?



Green
Side
Up

*Field of
Dreams*



Plan for Profit
Plant to Plan

Shrink

“Stuff we do
that we
don't get
paid for”



Buffer is....

The grease that makes growing easier...



...and profits more elusive

Speculation is....

Sales opportunity to
grow the business

Shrink is....

Stuff you do that you
don't get paid for...

Where did all the Plants go??

1-Seed Production – 26%

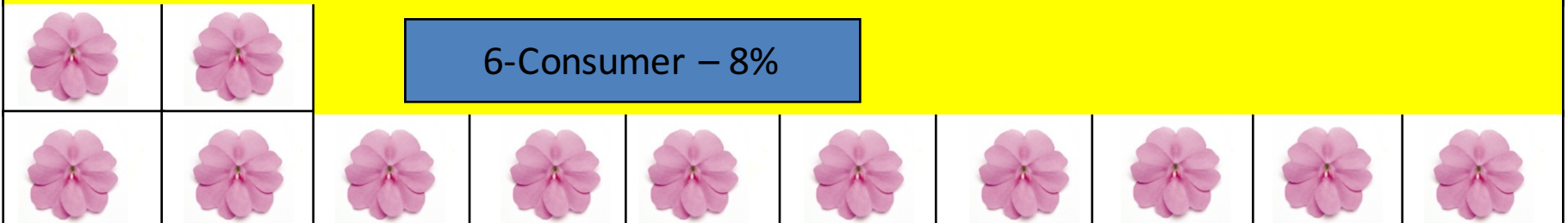
2-Distribution – 13%

3-Young Plant Production – 20%

4-Finish Production - 12%

5-Retail – 9%

6-Consumer – 8%



Shrink

“Mine”, “Ours” vs
“Shrink Shifting”



❖ My Shrink

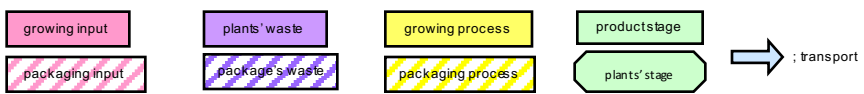
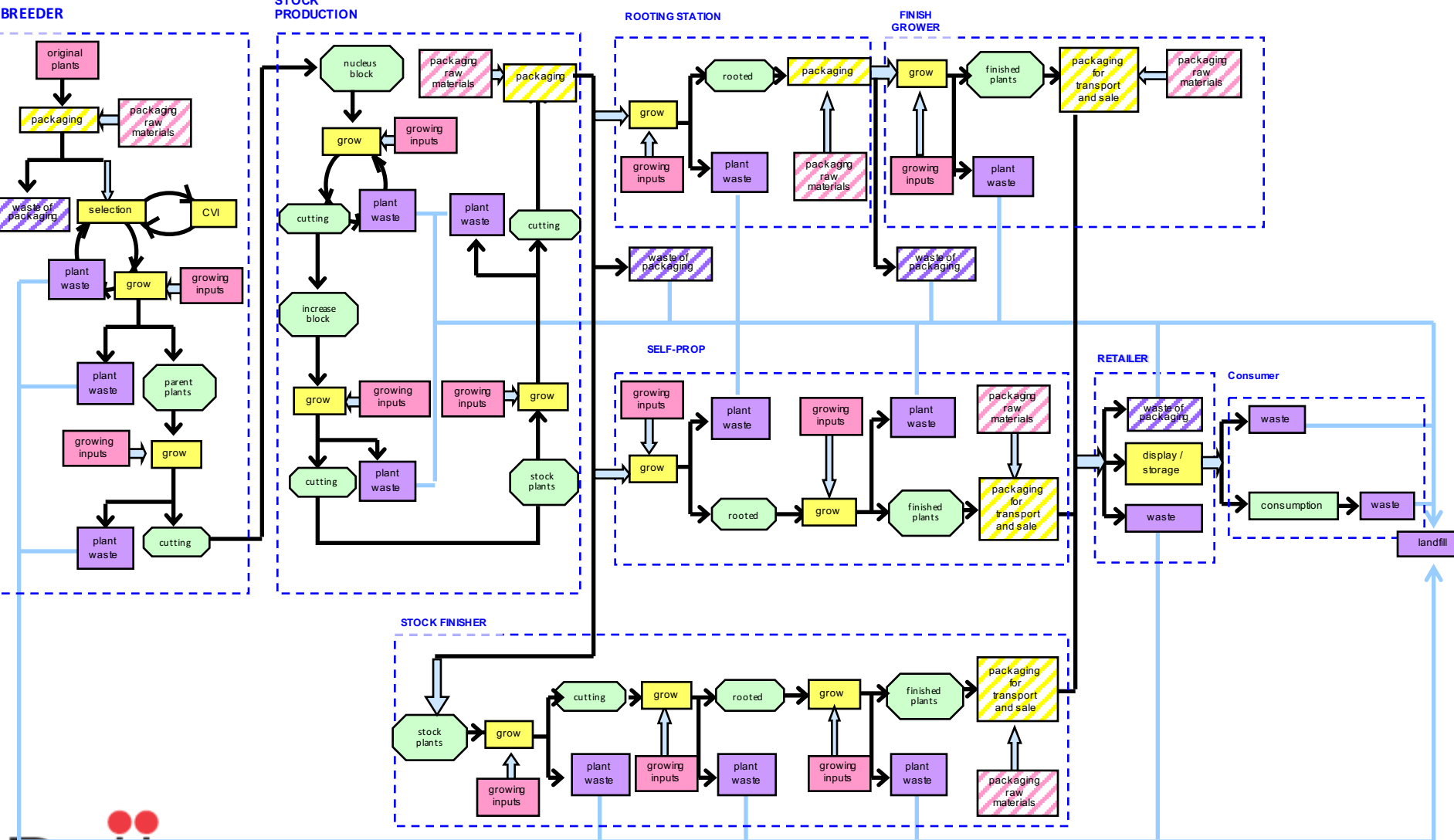
❖ Market Channel



❖ Shrink Shifting



< Vegetative Annual >



< Vegetative Annual >



Growing Input

Packaging Input

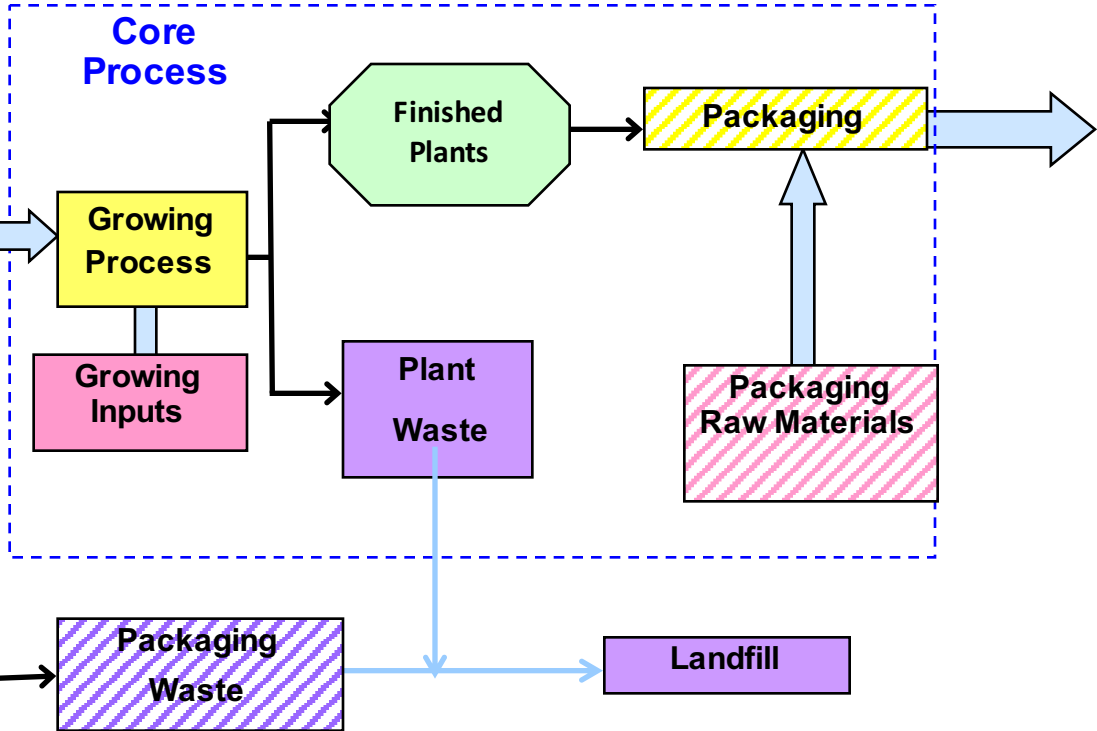
Growing Process

Packaging Process

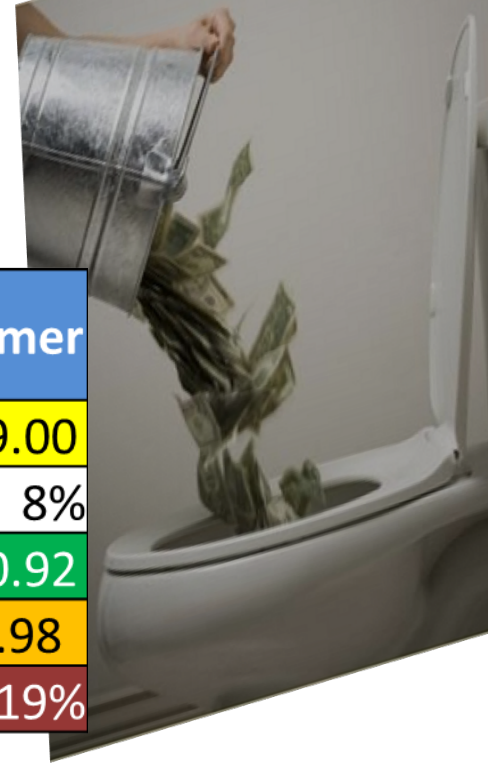
Plant Waste

Packaging Waste

Transport



Hidden Cost of Shrink



Sales/100 Units	Input	Young Plants	Finished	Retail	Consumer
D+I Cost	\$ 14.00	\$ 38.00	\$ 100.00	\$ 200.00	\$ 399.00
Shrink	39%	20%	12%	9%	8%
Full cost	\$ 19.46	\$ 45.60	\$ 112.00	\$ 218.00	\$ 430.92
Cumm Shrink\$	\$ 5.46	\$ 13.06	\$ 25.06	\$ 43.06	\$ 74.98
Cumm Shrink%	39%	34%	25%	22%	19%

Plan
for
Profit,
Plant
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Plan

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Cumm Shrink%	39%	34%	25%	22%	19%
Missed Finish\$	\$ 155.61	\$ 79.80	\$ 47.88	\$ 35.91	\$ 31.92
Cumm Miss Fin\$	\$ 155.61	\$ 235.41	\$ 283.29	\$ 319.20	\$ 351.12

Where's the Shrink Hiding?

❖ Facility & Equipment

- ✓ Energy
- ✓ Water
- ✓ Space

❖ Processes & Labor

- ✓ Manufacturing
- ✓ Production
- ✓ Collation

What's your target shrink?

- ✓ Manufacturing → 2-4%
- ✓ Production → <3%
- ✓ Collation → <0.1%



*„Measure it to
improve it“*

Input Shrink Management

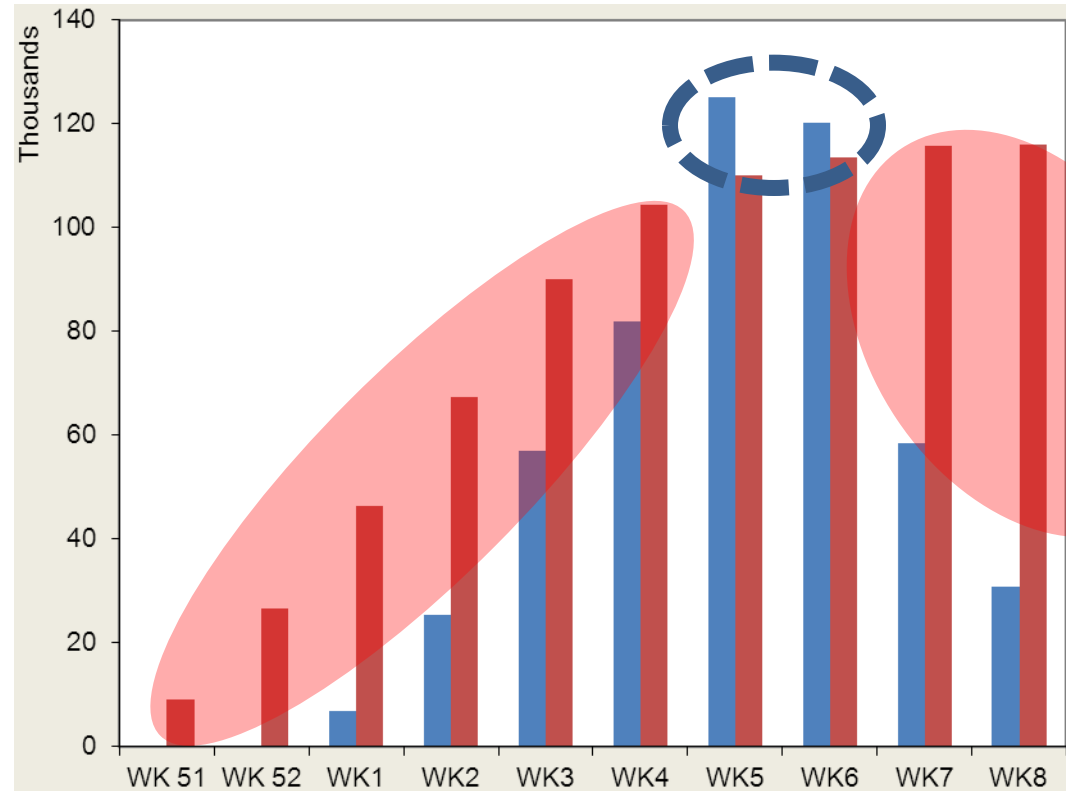
❖ Supply Chain Management

❖ Forecasting is key

- ✓ URC production

 - >50% Shrink

- ✓ Seed Availability



❖ Assortment Management

- ✓ “Grandma’s favorite”

Young Plant – Manufacturing Shrink

❖ Soil prep

- ✓ Starting pH & EC – NPK on or off target?
- ✓ Wetting agent & moisture
- ✓ Flat filling

Uniformity

❖ URC – Sticking efficiency

- ✓ One touch inventory
- ✓ Progressive sticking

❖ Seed – Germ commitment

- ✓ Fresh seed
- ✓ Sowing accuracy
- ✓ Seed placement



Young Plants – Production Shrink

❖ Water Management

Incorrect watering causes more loss than anything else we do....

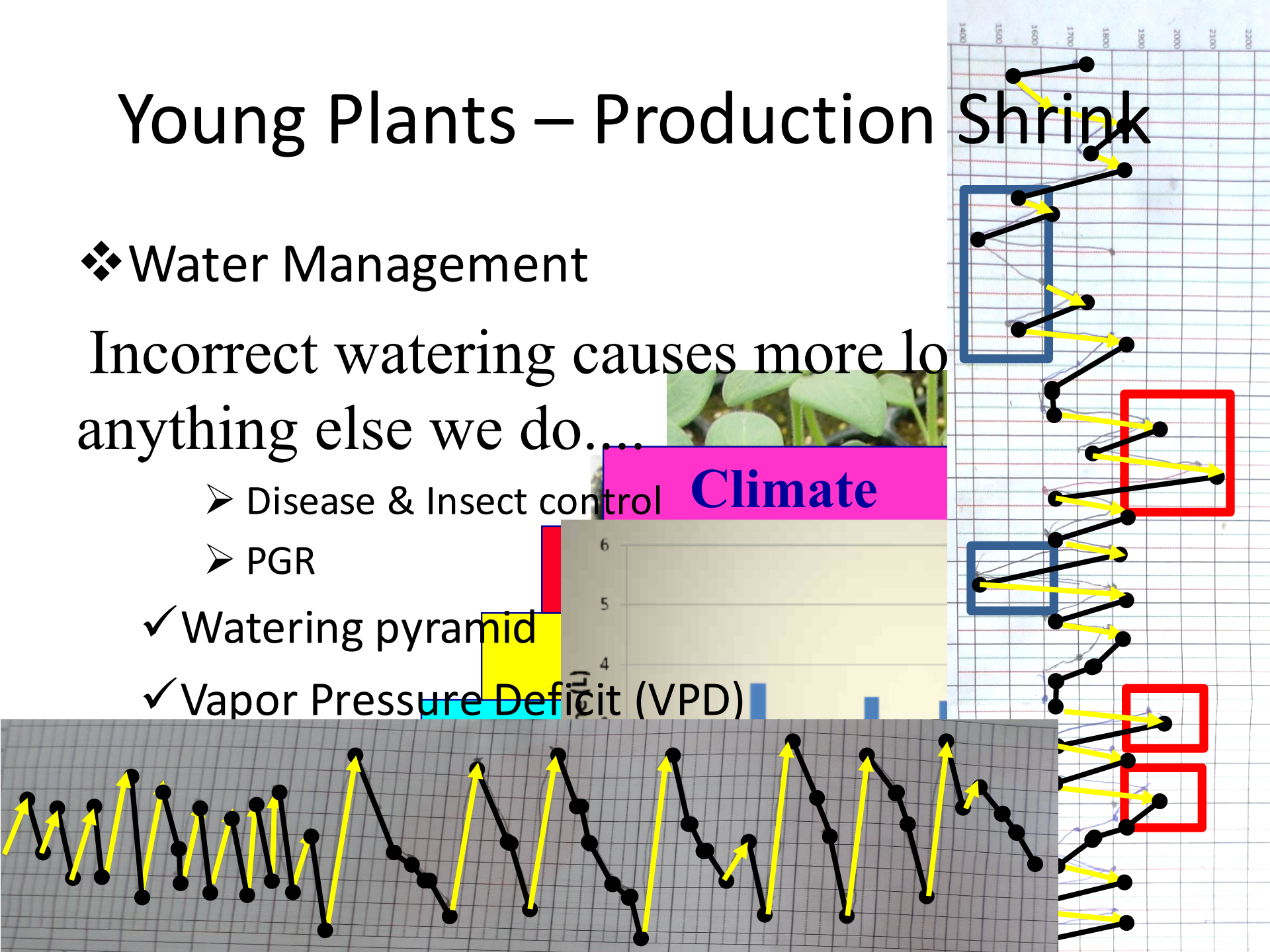
➤ Disease & Insect control

➤ PGR

✓ Watering pyramid

✓ Vapor Pressure Deficit (VPD)

Climate



Finished – Manufacturing Shrink

❖ Soil mixing
 ✓ Uniformity

❖ Nutrient testing

❖ Production planning
 ✓ Virtual Grower

	Soil 1	Soil 2	Normal
Nitrate	130	10	40-200
Ammonium	4	3	0-30
Phosphorus	8	9	5-30

The screenshot shows the 'Virtual Grower 2.6' software interface. The 'Current Greenhouses' list on the left includes 'Greenhouse 1'. The main window has tabs for Design, Heating Schedule, Lighting, Costs, Plant Growth, and Real Time Data. The 'Plant Growth' tab is active, displaying a warning about inductive photoperiods and a heating schedule for 'Jan 1 to Dec 31' with a constant temperature of 62 F. Below this, there are buttons for 'Calculate Plant Growth' and 'Generate Report'. A table lists plant species with their common names, scientific names, weeks to flower, weight at flowering, and photoperiod requirements. At the bottom, there are status indicators for 'Death: Too Cold', 'Below Optimum', 'Above Optimum', and 'Death: Too Hot', along with a 'No Flower: Schedule too Short' indicator.

Common Name	Scientific...	Weeks To Flower	Weight At Flo...	Photoperiod
Begonia, Wax: Sprint Series	Begonia ...	8	0.9 ounces	Day Neutral
Dahlia Fiagro Series	Dahlia x ...	7.5	3.42 ounces	Facultative Sh
Impatiens	Impatien...	4.5	0.35 ounces	Day Neutral
Petunia Easy Wave Series	Petunia x...	5.5	1.86 ounces	Facultative Lo
Petunia Wave Series	Petunia x...	7	3.14 ounces	Obligate Long

Finished - Production Shrink

❖ Cost accounting

- ✓ Accurate cost allocation critical – ‘SqFtWk’

❖ Sustainable certification

- ✓ Establish plan and schedule for improvements

❖ KPIs

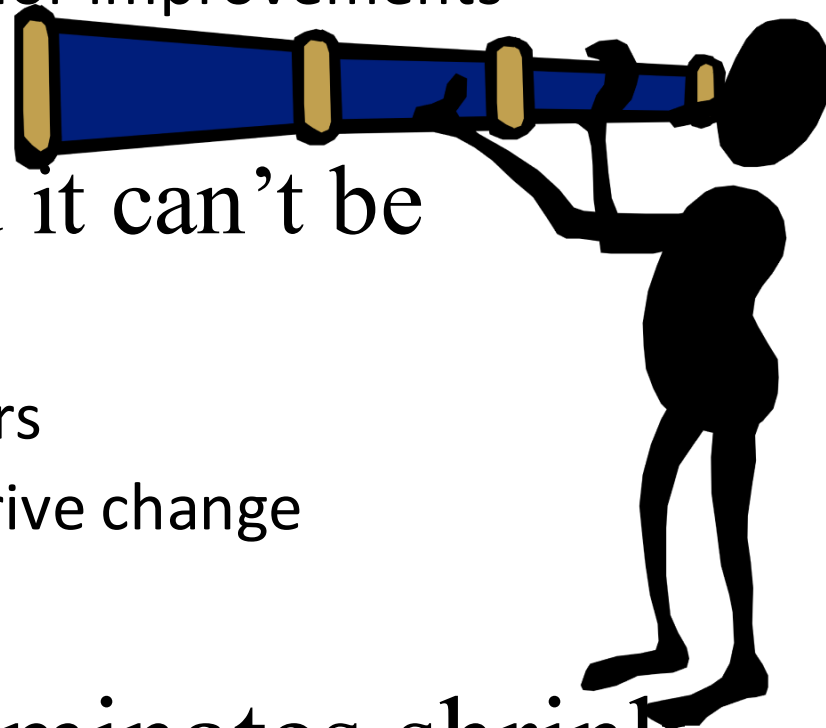
- ✓ If it is not measured it can't be improved

- ✓ Monitoring major cost drivers

- ✓ Create annual targets and drive change

❖ Water management

Correct watering eliminates shrink



Finished – Collation Shrink

❖ Planning for efficiency

- ✓ One touch strategy
 - 'Put away'
 - 'Collection'

❖ Lean Flow vs Custom Pick

- ✓ What are you shipping – plants or varieties?
- ✓ What is important – order fulfillment

❖ Prepared to survive

- ✓ Plants with 'Retail Tenacity'
- ✓ Use tested varieties
- ✓ Fertilizer program
- ✓ Crop Protocol



Retail Shrink



❖ Inventory management

✓ It is all about the Friday – Sunday weather

✓ Color sells – **green is not a color**

➤ Annuals – 3-5 day shelf life

Consumer Shrink

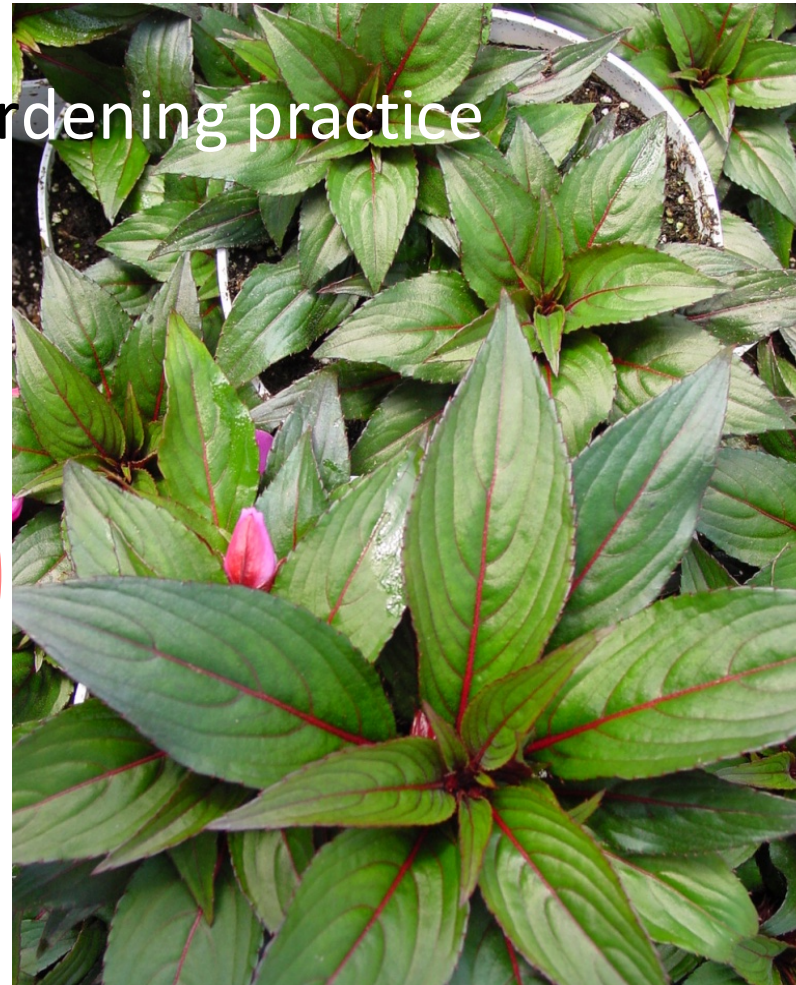
❖ “Gardener Pride” is a key to gardening success



ot a gardening practice
cess



ne



Garden Performance: Easy Wave White vs Other



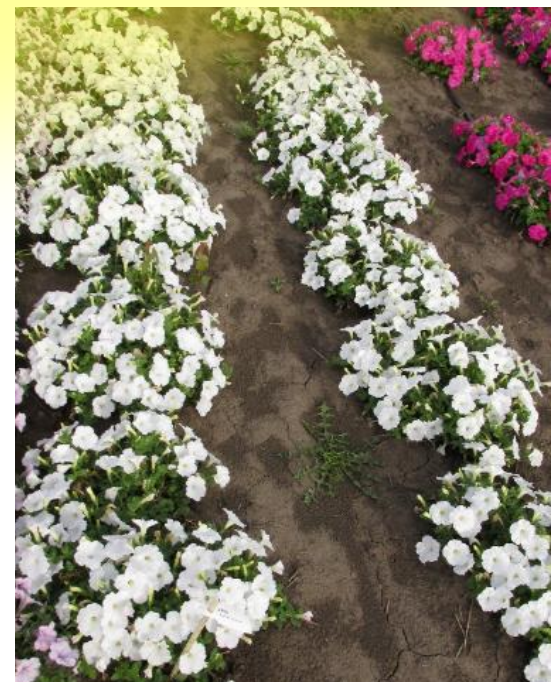
Elburn; July 2, 2015



Varieties do matter
Garden performance = future purchases



Elburn; July 22, 2015





Profits\$?

Shrink = bottom line \$\$

“Stuff that we do that we
don't get paid for”

Keep the

‘Eye of the Owner’

on the KPI

Comments & Questions?

