

GROWERS COUNCIL

Spring Meeting

March 19, 2023

1:30 p.m.-5:00 p.m. EST

Arlington, VA

MEMBERS PRESENT

Frank Arnosky

Austin Bryant

Pamela Duperly

Victor Giorgini

Rodi Groot

Sofia Herrera

Michelle Castellano Keeler*

David Register

F.J. Trzuskowski

STAFF PRESENT

Katie Butler, SVP, Council liaison

Kate Penn, CEO*

GUESTS

Joe Bischoff*

Marvin Miller

Sahid Nahim

**Denotes not present for the entire meeting

I. ITEMS REQUIRING COUNCIL APPROVAL

A. Reviewed and approved summary of Sept. 6, 2022, meeting.

B. Approved the following slate of candidates for Growers Council:

- **Susannah Ball**, Ball Horticultural Company
- **Paige Kennicott**, Kennicott Kutts
- **Ana Ramirez**, Danziger

C. Approved the following candidate for the SAF Board of Directors:

- **Janet Louie**, Green Valley Floral

II. ITEMS OF INFORMATION

A. Reviewed SAF's strategic plan pillars and five-year strategic plan roadmap.

- B. Discussed reasons for lack of participation in SAF webinars. Council members suggested 1) some people aren't receiving the emails (or the correct/enough people within the company aren't receiving the emails) 2) the timing (2:00 ET/11 Pacific) is tough for growers because it is in the middle of the day and they are out in the fields; early mornings or evenings would be better 3) owners need to do a better job of sharing the info with their team/assigning someone to go if they can't and 4) SAF should send emails from the same person/email address consistently so that emails are "searchable" by sender.
- C. Noted it is a challenge to maintain sales levels of last three years. Agreed sales were good through Valentine's Day (in dollars, not in stems) but since then many Council members have seen a decline.
- D. Noted sales of inputs are down from last year but still above pre-COVID levels. Suppliers are seeing hesitation from growers who are afraid they didn't order enough. A lot of growers who were dealing with big box stores last year cut back this year because there was a lot of dumping (sales down 10-18% from previous year).
- E. Discussed that mass market sales were down October-January.
- F. Noted the labor challenge across all positions at a grower. Managers don't have the technical expertise that they used to and as a result medium size growers are no longer dropping seeds; instead they are doing plugs and liners because they don't think they have the technical expertise on staff to bring seed to fruition. Noted that even those with collegiate level horticultural training don't have the proper technical knowledge. Agreed the problem is twofold: 1) How do we encourage more technical expertise being taught at the university level? 2) How do we recruit more students to horticulture?
- G. Agreed recruitment needs to start at high school level and perhaps encourage students to be trained with internships rather than go to college. Bischoff noted USDA has FSA beginning farmers and ranchers program; funds can go to universities but can go to individual farms. This program offers low-interest loans for people to get into industry; agreed SAF can disseminate this information.
- H. Agreed that buyers are more sensitive to shrink and growers are hearing shrink mentioned more often; buyers are more risk adverse and conservative under the cloud of a looming recession.
- I. Discussed challenge of the rising cost of labor. Colombia just passed a 16% minimum wage increase and another proposal is currently on the table for an additional 25-30% increase. Local employers in Ecuador and Colombia are offering "bonuses" to workers just for showing up and it's raising the cost of labor for everyone. The Adverse Effect Wage Rate rule increases in the U.S. were between 6-17%. H2A is changing overtime rules from 55 hours to 40 hours.

- J. Agreed that the amount of acres being farmed in South America increased significantly in last 18 months. Valentine's Day was strong in dollars but not stems. Projected that in the second half of 2023 there will be an oversupply, which will compound the effect of increased costs. Asked: How high can you raise prices (to cover increased costs) when sales are starting to decline?
- K. Noted house plant sales are still strong. New entrants to industry that didn't have an established customer base and larger box stores that wanted to put their name on product got stuck with a lot of product. The pendulum has now swung the other way. Noted that unless you were planting when you were stuck with product, you probably don't have enough product right now.
- L. Discussed the threat of a new thrip coming into Florida from China that is difficult to control with current pesticides. The state of Florida is already drafting quarantine paperwork; the question is whether the state will quarantine plants or entire facilities?
- M. Agreed there has been exponential growth in small/micro specialty cut flower growers. Categorized many as "farmer/florists" who are seasonal; many have other sources of income. Discussed how this group of growers is changing the way people buy flowers, fueling the interest in product produced by local farms. They also tend to have large social media followings that don't necessarily translate into sales---some have 100K+ in followers. Those followers are interested in flowers, but are they buying them? Agreed that there are two separate business models: growing flowers v. becoming an influencer.
- N. Agreed the industry is discounting the importance and growing influence of small growers. Discussed how SAF could potentially serve "farmer/florists"; access through Association of Specialty Cut Flower Growers that now has 3,000 members. Could SAF help them with the sales/retail aspect of their business? **Invited president of Specialty Cut Flower Association to attend fall Growers Council meeting to further brainstorm on this.**
- O. Discussed the potential sales opportunity in what used to be more "niche" markets/holidays. Cited Day of the Dead as an example of something more widely celebrated now.
- P. Noted floral CSA programs are driving sales force for small farms. Many subscription programs are short and seasonal (8-10 weeks).
- Q. Noted that a lot of small growers are popping up in Ecuador that don't pay royalties to breeders; customers don't understand the difference or what it means to propagate illegally, and the breeders aren't going after them. Encouraged breeders to give customers list of growers who pay royalties.

- R. Agreed that the sustainability trend that started in Europe is becoming bigger in US. Push from mass markets to have suppliers lessen carbon footprint. Discussed that growers need help with understanding how to measure it.
- S. Heard overview from Joe Bischoff on Congressional priorities and political landscape. Noted that debate over debt limit will affect political “oxygen” for other issues and fuel conservative approach to budget.
- T. Heard 2023 Farm Bills from Specialty Crop Farm Bill Alliance, including: 1) Block grants-- get language to make the program function better; 2) Specialty crop research initiative, 3) Pest and disease mitigation management and disaster prevention, 4) Crop insurance (AGI caps, money to go to farms in quarantine and 5) Natural Research Conservation Service; get money for climate-related farm modifications.
- U. Noted that every pesticide product going forward will most likely have mitigation requirements; working with USDA to try to limit cost impact to growers.
- V. Noted last Congress was closest in seven years to getting agreement on ag labor. Need to keep highlighting the issue so interest in solving it doesn't dip too low.
- W. Agreed that industry needs to do a better job of proactively sharing sustainability stories. Discussed need to better capitalize on farm environmental certifications and what they mean for the industry's environmental and social sustainability.
- X. Discussed that retailers need to share sustainability stories with their customers. Noted potentially SAF could be a hub for gathering those stories and then provide retailers with ready-made packaged content for consumers. Agreed it's important to put a face on the sustainability stories.
- Y. Agreed that highlighting the economic and social impact that growers have on H2A workers and their families is an effective packaging tool. (i.e. “Our farm employs X workers sending X amount of money back to X region, supporting X people for a year”).
- Z. Heard update on Seed Your Future's Green Career week and ways for growers to get involved.

SUMMARY

Retailers Council Meeting
Sunday, March 19, 2023
Doubletree Crystal City, Arlington, VA

OFFICERS PRESENT

Christopher Drummond, AAF, PFCI, Immediate Past President*

MEMBERS PRESENT

Jennifer Barnard, AAF, Chairperson
Lenzee Bilke, AIFD
Erin Davidson
Andy Fiannaca
Zoe Gallina
Nate Golter
Brian Kusuda
Nicole Palazzo, AAF
Cameron Pappas, AAF
Carma White

MEMBERS NOT PRESENT

Stacie Lee Banks, AAF
Danny Sanchez

GUESTS

Sherry Grimes-Jenkins*

STAFF PRESENT

Kate Delaney, AAF Council Liaison, Director Career Development
Joe Aldeguer, Director of IT*
Elizabeth Daly, Marketing and Communications Manager
Amanda Jedlinks, Senior Content Strategist*
Kate Penn, CEO *
Justine Seas, Membership Coordinator
Lillie Whiteman, Office Coordinator

*Denotes not present for the entire meeting

I. ITEMS REQUIRING APPROVAL

- a. Approved the minutes from the Fall 2022 Retailers Council
- b. Approved the Agenda for the meeting, with added agenda item of Engagement.
- c. Approved the following candidates for the 2023 Retailers Council election to be presented to Board:

EAST

Raya Ward, Nielsen's Florist, Darien CT
Carly Annechiarico, QG Floral, Queens, NY *Tentative

CENTRAL

Russ Griffin, Griffin's Floral, Newark, OH
Jodi McShan, McShan's Florist, Dallas, TX

WEST

Sam Bowles, Alan's Flowers, San Diego, CA
Michelle Jones, Flowers by Michelle, Las Vegas, NV

d. Approved the following candidates for the 2022 Board of Directors Retail Seat election to be presented to the Board:

Chris Norwood, Tipton & Hurst, Little Rock, AR
Danny Sanchez, South Florals Group, Miami, FL

II. ITEMS OF INFORMATION

- a) Discussed how to improve engagement with SAF's live events, and the council suggested utilizing social media, particularly with video, and consistent emailed calendars with dates well in advance. To improve registered-user access, SMS messaging and calendar invites are key.
- b) Acknowledged that throughout the course of the trends discussion, many topics were the same from florist to florist, and many topics are similar to ones discussed the last few meetings
- c) Discussed trend of decreased volume and increased sales, due to higher average price, driven substantially by increased costs.
- d) Acknowledged that hand-written greeting/enclosure cards is a profitable add-on, but the time-consuming nature cuts into its profitability.
- e) Discussed the pros and cons of implementing a tip program. Some retailers are still reluctant to implement due to accounting and culture concerns, while others are successfully collecting and distributing tips and able to put more money into the hands of their staff.
- f) Discussed the ongoing challenge of labor acquisition, retention, and engagement.

- g) Agreed that online order gatherers are still a major issue for florists. The volume of orders has increased, with no effective way to block or request to be put on a will-not-fill list.
- h) Discussed the topic of time management, which is a major barrier in accomplishing business tasks and goals. This not only includes tasks and goals within the business itself; it also includes being able to attend and engage in industry events, both in-person and virtually.
- i) Agreed that supply chain issues and rising costs are still affecting new vehicle acquisitions, although cost (vehicle and insurance) is more of a concern at this point than availability.
- j) Agreed that increased costs are an issue across the board. Council members are reacting to this through cost-cutting and increased pricing.
- k) Discussed the ongoing trend of third-party delivery services such as Shipt, Roadie, and Doordash. Many shops have had a few rounds of holidays with these services and have learned how to best utilize them for their needs.
- l) Acknowledged a trend of an increased amount of store pickups and a decreased number of deliveries.
- m) Discussed training options for new designers to determine need/desire for an SAF certification. Most volunteers agreed they prefer to do in-house training and a certificate would not carry more weight than the same training without. Acknowledged there are many competitors for certifications, many of whom are SAF members, which raised some political concerns.
- n) Agreed shop experience is more important than certification without shop experience, and that speed and efficiency are only slightly less important than design skill.
- o) Agreed that if SAF does move forward with a certification, it will hold more clout than other existing programs, but this will not guarantee users. It was suggested a focus group or committee be created to further investigate.
- p) Discussed ways in which SAF's PR fund could be used to develop high-end local marketing resources and it was again determined by all that video that can be posted on social media channels or their website would be the most sought-after resource. A "life of a flower" video (based off of the 2022 Next Gen Live session). Retailers would use this video to get consumers excited about the industry and invested in buying flowers.

- q) Also discussed the benefits of having long video along with b-roll that could be used in individual video production, creating a network of photographers for custom photos, a course on PPC advertising, and resources related to captions/descriptions/hashtags for social media posts.
- r) Discussed reaching out to non-engaged members using Floral Management as a means to connect. Being that it is a physical reminder of their membership, it should be used to start a dialog surrounding engagement related to articles, sources, or questions related to either. Using Member Spotlight is also a great touchpoint to use to engage.

SUMMARY

Wholesale Council Meeting
Sunday, March 19, 2023
Doubletree by Hilton Crystal City, VA

MEMBERS PRESENT

David Legge, Chairperson
David Armellini
Ryan Alders
Stacia Bartlett
Nicholas Chang
Evan Mickelsen
John Richards
Melanie Spilbeler
Anne Stewart
Alan Tanouye

MEMBERS NOT PRESENT

Amy Desperito
Patty Sormilich

GUESTS

Oscar Fernandez

STAFF PRESENT

Jazmin Albarran, Executive Director, Seed Your Future*
Joe Bischoff, Cornerstone*
Kate Penn, CEO*
Lillie Wightman*
Amanda Roberts

*Denotes not present for the entire meeting

I. ITEMS REQUIRING COUNCIL APPROVAL

- a. Approved the Summary from the Fall 2022 meeting, and the agenda for the meeting.
- b. Approved final candidates for the 2023 Wholesaler Council election:

Diego Betancur
Traze Software Solutions
Doral, FL

John Burk
DVFLORA
Sewell, NJ

Andrew Hamer
National Floral Supply
Orange, CT

- c. Approved final candidate for the 2023 Board of Directors Wholesaler Seat election:

Tom Alders
Alders Wholesale Florist
Campbell Hall, NY

II. ITEMS OF INFORMATION

- a. Agreed that most members, including Council members, are not aware that every employee at a member organization can have their own SAFnow.org account. There should be a campaign to make members aware to grow engagement and participation in webinars.
- b. Suggested that engagement with webinars is low because people have difficulty making an appointed time, but webinars could be short videos instead – and they should not be more than 10-15 minutes. These videos would be perfect content for LinkedIn, which the group discussed being an important place to grow.
- c. Considered whether having an SAF official app would increase engagement since people would not have to login each time they go to access something and they would have full access everywhere they go.
- d. On the topic of environmental sustainability, the Council suggested that SAF work with AFE on the research they are doing.
- e. Agreed that the entire floral industry needs to come together to create a plan to work towards becoming more environmentally sustainable and that without cooperation from all segments in a unified plan, there are too many unknowns and disagreements around what best practices would be.
- f. Suggested that SAF use more testimonials to spread awareness of its resources and benefits.
- g. Discussed the rising costs of insurance and how that's affecting every segment of the supply chain. Specifically discussed Cyber Insurance and the risks of ransomware attacks growing.
- h. Agreed that the Valentine's Holiday was overall very smooth – with pre-bookings up and logistics moving very well because of additional airline options.
- i. Explored the varying ways that pricing continues to creep up and expressed concern at potential consumer backlash.
- j. Discussed the high number of shops closing or selling and the various patterns we are all seeing – where shop owners who own the building are more likely to close the shop but keep the building and many owners do not seem to have a successor ready to take over. Suggested that SAF should attempt to gather information on what percentage of shop owners also own their building.
- k. Discussed the growing need in the industry for more expertise in marketing and marketing automation – many retail shops are floundering with their social media or able to create a successful digital marketing plan.

- l. Noted that wholesalers are starting to feel the effects of an economic slowdown and are having to adjust orders and pricing in what feels like a “yo-yo” of demand.
- m. Agreed that systems to track inventory have become necessary but are difficult to implement and still require reporting tools like Tableau or PowerBi in order to respond to the real time changes in inventory.
- n. Discussed how the growing trends of pop-ups and consumer facing classes create an unpredictable demand on the wholesalers.
- o. Agreed that the wage rate growth during COVID increased tremendously but there is no reduction offsetting it now. The challenge becomes how to increase productivity to make up for that.
- p. Agreed that consolidation of wholesale houses and retailers is continuing but seems to have slowed.