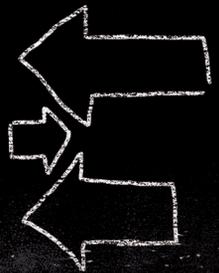




The essentials of retention

BY BILL GOLOSKI



MANY GROWERS CAN'T SET the price of their products in the national marketplace. They are competing for business with growers from states that don't have same high cost of doing business, which puts Oregonians at a competitive disadvantage.

This means business owners must focus on collecting high-value returns on high-cost labor expenses.

When compiling salaries and benefit packages to offer their staff, experienced hiring managers strive to balance the things they can influence while following the government-enforced employment laws they can't control.

Staffing needs

The nursery and greenhouse industry is in a tight bind to find enough laborers to get their projects done. Each operation has their list of hard-to-find laborers.

John Lewis, president of **JLPN Inc.** in Salem, Oregon, owns a seedling business that produces between 8–10 million plants a year. His payroll will average about 35 people for the majority of the year; keep-

ing a full-time crew of 25, and hiring up to 60 employees for peak season.

Lewis states hiring a bulk group of people to work for 1–4 months at a time is the most challenging staffing issue he faces. "You're not looking for somebody with an extensive list of skills, just somebody who can grade trees, plant seed, or make cuttings," Lewis said.

Kathy LeCompte, owner of **Brooks Tree Farm**, also states that finding seasonal workers is challenging, typically for digging up trees. "Just like everyone else," she begins, "we are forced to take just about anyone willing to work outside and only turn away those that look like obvious problems."

She started her family business, Brooks Tree Farm, with her husband Dave in 1980. They grow and sell with more than 5 million trees a year on spread across 200 acres of land on seven small farms across Marion County, Oregon. They need 30 employees throughout the year; hiring 75 seasonal employees to handle peak season.

As an example of hard times,

LeCompte shared a story from three years ago, where two back-to-back winters with very heavy rain left Brooks Tree Farm in a bad spot.

"That year bordered on emergency," LeCompte said. The winter gave Oregon pounding rain all week, and breaks in the weather only seemed to appear on Sundays — when employees wanted time off. The company had little choice left but to hire multiple contractors to do all the digging that needed to get done.

The staffing solution ended up backfiring.

The temporary staffers were compensated through contract, which was very different format than their year-over-year employees.

"Suddenly, very expensive and very low-quality employees bragged to our long-term people they were getting a better deal, which caused rifts and unexpected costly adjustments mid-budget," LeCompte said.

Lewis adds that the type of labor he's looking for is the same as many other businesses. The pool of inter-



Benefits

This page: Carlos Vargara, lean manager at JLPN, shows the Lean process board by the water station. Opposite page: Melissa Giancola of Peoria Gardens waters plants.



ested candidates is not only shrinking in size, but the candidates themselves are the typically the same individuals.

“You might fill the positions, but then you start losing people a couple here and a couple there to fruit growers, firefighting, or canneries,” Lewis said.

In other unfulfilled positions, Ben Verhoeven, president of **Peoria Gardens Inc.** in Linn County, Oregon finds that seasonal transportation positions are difficult to fill.

His bedding plant nursery produces annuals, perennials, vegetable starts, herbs and hanging baskets for the wholesale trade. The business employs 25 full-time, year-round staff members, and will take on about 30 more in peak season for trucking, order pulling, and transplanting.

Sweetening the deal

With employees so difficult to find the issue of retention becomes critical. That includes wages, benefits and intangibles.

Wage rates can often be straightforward, but Verhoeven takes a long-term, strategic approach to offering a benefits package. “It typically takes a year of careful consideration before introducing a new benefit or changing an existing one,” he said. “Once you add a benefit it is very difficult to remove it in the future.”

His company hires less people than Brooks Tree Farm or JLPN, stating, “We like to say we are a family farm that supports families.” Maintaining a healthy work-life balance is essential to the company’s culture.

Peoria Garden’s benefits package offers extremely generous benefits, such as 12 weeks of full pay parental leave, and four weeks of paid vacation.

“The result is a workforce with low turnover that is more stable, less stressed, and more engaged,” Verhoeven said. These benefits are more valuable to some staff than hourly wages or salary rates.

LeCompte’s company offers lots of other incentives that add up to a good value, too. “We provide a soccer field and allow

access to our ‘stuff,’ such as tables and chairs for personal parties,” she said. “Employees can talk to the company mechanic for help with car trouble, or use equipment to move to new apartments or houses — such as the company pickup, trailer, and boxes.”

Bonus benefits

At the end of the day, however, nice perks don’t always pay the bills.

“I realized several years ago that being competitive as an employer was going to be as essential as being competitive with products and pricing,” Lewis said. “It all comes down to money.”

Lewis understands from a higher level that compensation rates need to be proportionate to the employee’s responsibilities and dedication to the business’s success. Just shelling out more money isn’t an investment strategy when business owners don’t measure their returns.

“The question was how to deliver and compensate in a way that was financially beneficial to the employee, while also creating accountability on the employees’ side, so I knew that they are looking out for my best interest,” Lewis said.

JLPN offers an annual bonus to employees if they have been with the company for more than one year. The value of the bonus is proportionate to the company’s performance for that time period. “Simply stated, if JLPN makes a larger margin, bonuses are larger, and the opposite holds true as well,” Lewis said.

It engages staff to think beyond their daily duties. If employees stop and think of waste elimination so the company can create a more significant profit margin, they will recognize that inefficiencies are the only thing standing in their way of large bonuses and wage increase.

Regulations

When the legislature gets involved with employment laws, job applicants are now applying with revised expectations. A

clear example is minimum wage.

“Nobody starts at minimum wage anymore,”

Lewis said.

Jeff Stone, executive director of the Oregon Association of Nurseries, spends a lot of time in the Capitol building, talking about the impact that government regulations impose on agricultural businesses.

Stone repeats the message that the nursery industry is tethered to two things: a market that growers are not able to set the price on to cover for added costs, and a pool quality craftsman with select knowledge and skills that must be retained.

“In isolation, we understand why a legislator supports certain workforce policies,” Stone begins, “but there is a cumulative impact that goes on we need to give them experience with.”

2016’s Oregon Senate Bill 1532 mandated an incremental minimum wage increase over a six-year period. It did not start out as incremental — facing a potential well-funded ballot measure, the initial proposal had a wage rate of \$15 per hour starting the following January. As it moved forward, the bill dictated that wage rate increases were based on the region of the state the employee was working.

Many OAN members already pay above minimum wage, offer paid sick time and paid time off in their employee benefits, so regulations like these take the luster out of working in a nursery. Oregon already has one of the highest minimum wages in the country. It also forces the regularity of wage compression, where brand new employees make more than experienced ones.

Additionally, the bill showed an inherent misunderstanding that nurseries routinely ship products across the state.

“Nurseries would have had to GPS-track delivery drivers who start their day out in the rural areas and make deliveries into Portland,” Stone said. Micromanaging the movement of their drivers and pay them incrementally by their location is a labor-intensive demand.

Stone and the agricultural commu-



nity made these burdens known. The Oregon Bureau of Labor and Industries released clarifying language to a nursery can simply pay them at the rate of the highest minimum wage of any region they worked during that pay period.

Another example is Senate Bill 454 of 2015, or Oregon Sick Time law, which required all employees to implement paid sick leave for all employees.

Forcing businesses to pay sick leave was a huge change. “It comes out to about five paid sick days, which is a mandated cost we’ve never had in the state of Oregon before,” said Elizabeth Remley, partner at Thorn Run Partners and lobbyist for the Oregon Association of Nurseries.

Besides the forced financial burden

to employers, the regulation manifested into a significant amount of paperwork; because you have to count employees the way the state counts them for compliance reasons. If a business employed more than 10 people — or more than six within Portland city limits — owners had to pay them at their regular pay rate.

For family businesses that recruit any available hands in the household at crunch time, this was an expensive law.

Clarifying language was needed. “We were able to get family members exempted,” Remley said, “And, if you have an equivalent or better sick leave policy, you don’t have to follow adopt the mandated rules.”

OAN reviews hundreds of bills that impact the workplace each session. “There are countless bills that could have a devastating impact on the industry,” said Stone. Thankfully, we are able to work hard so that the membership never has to worry about it. If they saw what was coming — anger would turn into panic.”

Paid family leave regulations are coming up for 2019, which will come into play for a nursery’s ability to be competitive for the markets. For that discussion, Stone will be sharing the reality that nurseries are facing.

“The OAN is the best place for businesses and legislators to meet,” said Stone. “They can get out to a nursery, see how it works firsthand, and meet the people.” ☺

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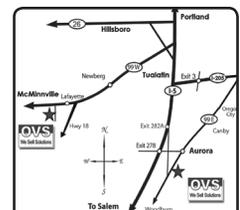
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