



# When you know what to grow

When considering which trees to produce, several factors are important, but profitability is king

BY JON BELL

**W**HAT'S THE RECIPE FOR becoming a successful grower of trees?

Try one part climate and weather, another part land and inputs. Add in a solid team of employees and loyal customers, some business acumen and a dash of forecasting magic. Don't forget the ability to foresee consumer trends a few years into the future and the skill and planning to survive Mother Nature's curveballs, global economic trends and other unknown factors.

Mix it all up just right and, with a little luck, it might just work.

Obviously there's more to the magic of growing trees than that, but it's a start. To find out even more about it, *Digger* tapped into three Oregon Association of Nursery-member growers with footprints in Oregon.

## Everde Growers

For **Everde Growers**, a nursery with 14 farm locations across four states, all kinds of factors go into deciding what trees to grow.

David Kirby, executive vice president at Everde, said the

company is guided by a demand plan, which it creates by comparing market intelligence from its sales team along with production input from the operations team. The process is made more complicated because Everde has to take into consideration both the retail and landscape side of the nursery business.

"The demand from each channel can vary greatly," Kirby said. "Our goal is to grow and deliver the trees that will fill our customers' demand while taking consideration for 'New Genetics' and cultivars that our customers may not currently be aware of."

Additionally, Everde relies on trialing areas at its farms in Oregon, California, Texas and Florida, where it grows a mix similar varieties and new cultivars to determine what trees grow best and are likely to be popular sellers. Kirby said Everde works with tree breeders from around the world to figure out which trees to place into trials.

"The best selections and cultivars we can find have landscape appeal, contain some positive differentiating characteristic and offer us some competitive advantage," he said. 

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Every plant that goes into Everde's production plan gets priced on a mix of market value and margin requirements. Additionally, the nursery takes into account all costs associated with a plant, from mix ingredients and plant input costs to residency, labor and container costs.

Because Everde has such a wide range of customers — landscape contractors, garden retailers, wholesalers and landscape architects — it has a vast mix of plants and trees in its inventory. To help manage that inventory, Everde uses SKU rationalization.

This means they use a process to measure the profitability of the projects they are selling. Selling price and production costs are obviously the two main components, and with trees, many things are included in production costs, including land, labor and inputs.

“We continually rationalize our plant categories to eliminate redundant varieties,” Kirby said. “We strive to deliver the best of the best within each category and make sure that our customers are aware of our direction so we can transition their

demand to these best varieties. We gather feedback from our operations teams to ensure we are concentrating on the plants that not only are higher in demand but also grow best at our farms.”

Everde also puts technology to use for its tree operations, using GPS-guided planting machines, which can also be used for crop maintenance to ensure consistency, and an image grading process that's used during assembly. Through the process, all plants that move through a pruning machine or that are brought to the shipping docks go through the image grading process to ensure they meet required size and specification.

Looking ahead, Kirby said Everde will continue using ever-safer machines for maintenance and vertical integration, as employee safety is a key driver in the nursery's decision-making. The company is also building out its in-ground production areas to accommodate its expanding inventory, and more and more, it's looking for ways to overcome challenges connected to acquiring starter material from third-party

suppliers, which can be impacted by quality issues and supply chain shortages.

“In order to maintain consistent inventory,” Kirby said, “it is imperative that we find alternatives. Producing as much as we can in house is a good solution.”

### **Robinson Nursery Inc.**

Chris Robinson, co-owner and general manager of **Robinson Nursery Inc.** near McMinnville, said deciding what trees to grow is pretty straightforward: Grow what you can sell.

“If I spend money growing 100,000 of something and only sell 20, I'm going out of business fast,” he said.

So, Robinson Nursery uses a strategy that Robinson described as “customer-focused production.” The nursery, which specializes in shade and ornamental trees that it grows up till about four years, works closely with customers, often planning out three years into the future with them. Robinson Nursery also works with a software company, which helps the nursery with production planning and





forecasting out over a few years.

Robinson said the nursery also adheres to some fairly rigid rules for success. For starters, it needs to be able to finish a high percentage of the products it plants in the field. For Robinson, that means the nurs-

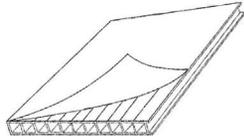
ery must be able to finish 80% of what's growing in the field; it's actually aiming for 85%, but 80% is the baseline. In the container yard, the baseline is 85%, but Robinson said his goal is 95%.

Robinson said the nursery is focused

on finishing high-quality products, but it also needs to do that as quickly as possible. As a result, no tree can be in the field for more than 48 months. If they need more than that, they're not part of Robinson Nursery's offerings. He 

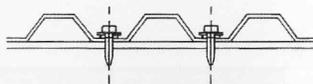
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also said the nursery aims to have no more than 10 SKUs per variety, and fewer than that is probably even better.

As for loss leaders, Robinson is not a fan.

“We don’t believe in loss leaders,” he said. “There’s not a reason a business should ever lose money.”

Another consideration for Robinson Nursery is space utilization. If a three-gallon container plant will bring in more revenue than a larger seven-gallon one, it makes more sense to go with the three-gallon size. Robinson recently decided to drop a species of ginkgo trees for another tree for that exact reason.

Grafting also can play a role in production efficiency, allowing Robinson Nursery to shave six months off production time for some species.

And while some growers limit their annual production increases, Robinson takes a different approach. “Some have rules to only increase production 5% a year,” he said. “We’re not like that, and it’s allowed us to be successful.”

### Surface Nursery

For Shawn Nerison, general manager at **Surface Nursery** in Gresham, there are some tell-tale signs when it might be time to add a new tree to the nursery’s lineup. There’s a buzz in the air. There will be chatter at tradeshow, requests from customers and suggestions from sales reps who’ve been out and about with their ears to the ground.

“You can tell when people are talking about something,” Nerison said. “There’s a buzz and a trend that builds up.”

When there’s enough saturation around a new or popular species, then it’s time to track down the patent owner and see if the owner will allow Surface to grow the tree. Nerison said sometimes they will; other times they can be a little more restrictive. But even if the nursery is allowed to grow the patented species, there’s more that goes into the decision whether or not to grow it.

“There’s a lot of research that needs to be done,” Nerison said.

Surface adds new trees to its catalog of

hundreds of species once a year. In addition to customer requests and sales rep suggestions, the nursery also looks into the ease of a tree’s cultivation. The survival rate can also play a big part, especially if a tree is of the more expensive sort.

“Every so often they’ll come out with something expensive, but the survival rate just isn’t worth it,” Nerison said. “Sometimes you don’t end up making any money on something like that, so it can be kind of trial and error. Every so often we’ll have a tree where we just have to say it’s not working and we’ve got to drop it.”

Some nurseries still employ loss leaders as a way to keep their customers happy and to keep them from shopping elsewhere. But Nerison said Surface doesn’t take that approach because it doesn’t work in its business model, which finds the grower selling largely to whole-

salers and retailers in the eastern U.S.

He also said there’s a great deal of trust that comes into play when filling specific requests from customers. For example, one customer once wanted every one of a specific pear tree that Surface was growing — about 4,000 trees. Surface grew them, but then the customers decided they didn’t want them anymore, and neither did anyone else.

“We could have asked for money down, but we don’t do that,” Nerison said. “You just have to be careful. And there is a certain level of trust with good paying customers. This is just one that didn’t work out.” ©

*Jon Bell is an Oregon freelance journalist who writes about everything from Mt. Hood and craft beer to real estate and the great outdoors. His website is [www.jbellink.com](http://www.jbellink.com).*

